techpacific

Interim Report

For the
six months
ended
30 June
2005

Techpacific Capital Limited

(incorporated in the Cayman Islands with limited liability)

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange").

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Techpacific Capital Limited collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange for the purpose of giving information with regard to Techpacific Capital Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

ABOUT TECHPACIFIC CAPITAL LIMITED

Techpacific Capital Limited ("Techpacific" or the "Company" and, together with its subsidiaries, the "Group") is an independent investment banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with offices in China, Singapore, Indonesia, the United Kingdom and representation in other parts of Asia.

The Group operates the following lines of business:

(i) **The Techpacific Business –** a regional investment vehicle for early to late stage investments in the technology sector and the technology venture capital management business.

(ii) **The Crosby Business –** Asia's leading independent investment banking and asset management business. These activities are carried out by Crosby Capital Partners Inc. ("Crosby") and its subsidiaries. Crosby is listed on London's Alternative Investment Market (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

Total Revenue of the Group for the six months under review increased to US$55.7 million compared with US$13.0 million for the same period last year. Total Revenue of the Group for the quarter under review increased to US$47.4 million compared with US$12.2 million for the same quarter last year. This increase in Total Revenue is mainly attributable to the Crosby in which the Group has an 84.33% interest. In particular, further to the Company's announcements dated 31 March 2005 and 24 June 2005, Crosby recognised approximately US$41.2 million of revenue during the quarter on the revaluation of its warrants to subscribe for 107 million new ordinary shares in IB Daiwa Corp. (Stock code: 3587 JP). A more thorough analysis of this transaction is contained in the section below entitled "Divisional Review".

Total Operating Expenses of the Group for the six months under review increased to US$9.0 million compared with US$8.8 million for the same period last year. This increase in operating expenses has mainly arisen from the expansion of the Crosby during the later part of 2004 and 2005. Additionally, included in the administrative expenses for the quarter and six months under review are accounting charges of US$0.2 million and US$0.4 million respectively in respect of the Company's and Crosby's outstanding share options in accordance with International Financial Reporting Standards.

Minority Interests of the Group for the six months under review mainly arose from the minorities share of the profit attributable to Crosby.

As a result of the above factors, the Group's profit attributable to equity holders of the parent company for the quarter and six months under review increased to US$35.4 million and US$39.6 million respectively, compared with US$3.2 million and US$0.5 million respectively for the same periods last year. Significantly, the Group has now recouped all previous losses accumulated and now has retained profits of US$17.8 million.

Divisional Review

THE TECHPACIFIC BUSINESS

Technology Venture Capital Management

The Group manages two technology-focused venture capital funds, Nirvana Capital Limited (the "Nirvana Fund") and the Hong Kong SAR Government's Applied Research Fund ("ARF"), through the two fund management companies detailed below:

1. Softech Investment Management Company Limited ("Softech")

   Softech is a 50:50 joint venture company with Softbank, which is the approved manager of the ARF. The ARF is a HK$750 million fund, of which Softech manages HK$250 million, whose purpose is to provide funding support to Hong Kong-based technology ventures and research and development projects that have commercial potential. The longer-term objective of the ARF is to increase Hong Kong's technological capability and enhance the competitiveness of the local industry, thereby promoting higher value-added economic development in Hong Kong.

2. Techpacific.com Venture Capital Limited ("TPVC")

   TPVC is a 75.1% subsidiary, which is the investment manager of the Nirvana Fund, a technology investment fund. The Nirvana Fund, raised in early 2000, was closed on 30 April 2005 following the end of the Fund's tenure.

Technology Propriety Investments

The investment cost of earlier technology investments made by the Group was fully written off at the end of 2002 and therefore any proceeds received from such investments are credited directly to the income statement. The process of extracting value is ongoing.

THE CROSBY BUSINESS

Investment Banking

The investment banking arm has the following broad areas of activity:

1. A Merchant Banking group that is active in pursuing management buyout and leveraged buyout transactions in the more developed Asian markets (Australia, Indonesia, Hong Kong and Singapore are current areas of focus). Crosby benefits from these transactions by receiving advisory fees, success fees and equity interests in the target companies and their underlying assets. The Merchant Banking activity also provides opportunities for Crosby to make investments opportunistically but prudently with a minimal direct use of its own capital or via interests acquired in the form of in-kind success-based commissions.

2. A cross border corporate finance team that provides mergers and acquisitions, structured finance, fund raisings and financial advisory services for corporations in Asia. This business is largely based upon Crosby's presence in Singapore and Indonesia.

3. A corporate finance advisory business focused on China and Greater China, concentrating primarily on mid-cap private sector companies in China. Since August 2004, Crosby participates in this business through "SBI CROSBY", a 50:50 joint venture with SIIS XCapital Limited ("SIIS XCapital"). This partnership gives the China business of Crosby significant access to distribution and research capabilities to serve the expanding market of high growth private enterprises located in China.

Further to the Company's announcement on 31 March 2005, Crosby, acquired warrants to subscribe for 107 million new ordinary shares in IB Daiwa Corp. ("IB Daiwa"), a Japanese company that is publicly listed in Tokyo on the Japan Securities Dealers Association Quotation System ("JASDAQ") at the end of March 2005. The warrants are exercisable into ordinary shares of IB Daiwa at a price of JPY30 per share any time during the remainder of 2005 and thereafter at a price of JPY31 per share any time prior to the middle of July 2006. The warrants, when exercised (and assuming all other outstanding warrants are exercised), will result in a shareholding that represents approximately 34% of IB Daiwa's fully diluted ordinary share capital. Crosby would be the largest shareholder in IB Daiwa if its warrants were fully exercised.

Further to the Company's announcement on 24 June 2005, four executives of Crosby were appointed to the Board of IB Daiwa following the approval of shareholders of IB Daiwa at an AGM, of a total of seven directors of IB Daiwa. The share price of IB Daiwa closed at 30 June 2005 at JPY242 (US$2.19) giving an intrinsic value for the warrants to subscribe for 107 million shares of IB Daiwa of approximately US$205.2 million (of which only US$41.2 million has been recognized in the consolidated balance sheet as at 30 June 2005).

Further to the Company's announcement on 30 June 2005, IB Daiwa approached Crosby indicating their intention to make an offer to acquire 100% of the issued and to be issued share capital of Lodore Resources Inc. ("Lodore"). IB Daiwa has offered 1.599 IB Daiwa new ordinary shares for every 10 Lodore shares (the "Offer"). Crosby has agreed, subject to any regulatory approvals required, to accept the Offer. Based on the closing price at 30 June 2005, the Offer values Crosby's stake at approximately US$75.2 million (of which only US$35.4 million has been recognized in the consolidated balance sheet as at 30 June 2005).

Since the end of 30 June 2005, Crosby has exercised 10,000 warrants resulting in the issue of 10 million shares, and our interest in IB Daiwa is therefore now made up of warrants exercisable into 97 million shares and a direct equity interest of 10 million shares.

Asset Management

Crosby's Asset Management division comprising an institutional Fund Management business and a newly established Wealth Management business had over US$650 million under management at 30 June 2005.

1. Funds Management

   Crosby now manages over US$400 million in a variety of private equity and Government-sponsored funds.

   Crosby's current asset management activities continue to focus in Asia, where management see the greatest potential for rapid growth. Strategically, the asset management business is very important for the long term growth and development of the Crosby Business.

2. Wealth Management

   Crosby Wealth Management became fully operational in the second quarter of 2005 and had over US$250 million of assets under management at 30 June 2005. Crosby Wealth Management continues to perform well and to attract new assets to manage and as of the time of publishing this report has accumulated over US$350 million of assets under management, bringing the total assets managed within the Group to over US$750 million.

CORPORATE GOVERNANCE REPORT

(a) Corporate governance practices

(i) The Company is committed to achieving high standards of Corporate Governance and follows the principals set out in the Code of Best Practice for GEM listed companies as set out in Appendix 15 of the Listing Rules (the "Code").

(ii) The Company meets the code provisions set out in the Code.

(iii) The Company has not any deviations from the code provisions as set out in the Code, except as detailed below.

(b) Directors' securities transactions

(i) The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in rules 5.48 to 5.67 of the Listing Rules.

(ii) Having made specific enquiries of all Directors of the Company, the Directors of the Company have complied with the required standard of dealings set out in rules 5.48 to 5.67 of the Listing Rules and the Company's above code of conduct.

(c) Board of Directors

(i) The Board is comprised of six Directors, of which three are Independent Non-Executive Directors, as follows:

Chairman and Non-Executive Director: Ilyas Tariq Khan

Chief Executive Officer and Executive Director: Johnny Chan Kok Chung

Non-Executive Director: Ahmad S. Al-Khaled

Independent Non-Executive Director: Daniel Yen Tzu Chen

Independent Non-Executive Director: Peter McIntyre Koenig

Independent Non-Executive Director: Joseph Tong Tze Kay

The biographies of the Directors are published on the Company's Annual Report and website (www.techpacific.com).

(ii) There have been four meetings of the Board during the six months period under review.

(iii) Attendance of individual Directors at meetings of the Board held during the six months period under review was as follows:

Name of Director	No. of Board Meetings Attended
Ilyas Tariq Khan	4
Johnny Chan Kok Chung	4
Ahmad S. Al-Khaled	2
Daniel Yen Tzu Chen	3
Peter McIntyre Koenig	2
Joseph Tong Tze Kay	3

(iv) The principal roles of the Board are to oversee the Company's strategic development, to approve the Company's objectives, strategies, policies and business plan and to monitor operating and financial performance of the Group. The Board also reviews and approves Quarterly, Interim and Annual Reports of the Company.

(v) The Company has complied with Rules 5.05(1) and (2) relating to the appointment of sufficient number of Independent Non-Executive Directors and an Independent Non-Executive Director has appropriate professional qualifications or accounting or related financial management expertise.

(vi) The Company considers that each of its Independent Non-Executive Directors are independent in accordance with the guidelines for assessing independence set out in Rule 5.09 of the Listing Rules.

(vii) The Company considers that there is no relationship (including financial, business, family or other material/relevant relationship) among the members of the Board.

(d) Chairman and Chief Executive Officer

(i) The Chairman of the Board is Ilyas Tariq Khan and the Company's Chief Executive Officer is Johnny Chan Kok Chung.

(ii) The Company has segregated the roles of Chairman and Chief Executive Officer. The Chairman of the Board is a non-executive and is responsible for the leadership and effective running of the Board. The Chief Executive Officer is delegated with the authority and responsibility of running the Group's business and implementing the Group's strategy in achieving its overall commercial objectives.

(e) Non-Executive Directors

The Non-Executive Directors are not appointed for a specific term. However, all Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment and every Director is subject to retirement by rotation at least once every three years.

(f) Remuneration of directors

(i) The Company has established a Remuneration Committee on 11 August 2005 which will meet at least once a year. The terms of reference of the Remuneration Committee are posted on the Company's website (www.techpacific.com). The principle functions of the Remuneration Committee include recommending to the Board the policy and structure for the remuneration of the Executive Directors and senior management, determining the specific remuneration packages of all the Executive Directors and senior management, reviewing and approving performance-based remuneration and compensation for loss or termination of office payable to Executive Directors and senior management, ensuring no Director is involved in deciding his own remuneration and approving the service contracts of Directors and senior management.

(ii) The Remuneration Committee, comprised of a majority of Independent Non-Executive Directors, is chaired by Peter McIntyre Koenig, an Independent Non-Executive Director and its membership includes Johnny Chan Kok Chung and another Independent Non-Executive Director, Daniel Yen Tzu Chen.

(iii) The Remuneration Committee has not yet met during the six months period under review.

(iv) During the six months period under review, the Board (in the absence of and prior to the establishment of a Remuneration Committee) has not approved any matter relating to the remuneration policy in respect of Directors of the Company.

(g) Nomination of directors

(i) The Company established a Nomination Committee on 11 August 2005 that will meet at least once a year. The terms of reference of the Nomination Committee are posted on the Company's website (www.techpacific.com). The principle functions of the Nominations Committee include assisting the Board with the formulation of the nomination policy for new directors, reviewing the structure, size and composition of the Board on a regular basis, consideration and nomination of candidates to fill casual vacancies to the Board, to assess the independence of Independent Non-Executive Directors and with other relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

(ii) The Nomination Committee, comprised of a majority of Independent Non-Executive Directors, is chaired by Daniel Yen Tzu Chen with membership consists of Ilyas Tariq Khan, and another Independent Non-Executive Director, Joseph Tong Tze Kay.

(iii) There have been no vacancies or appointments to the Board during the six months period under review.

(iv) During the six months period under review the Board (in the absence of and prior to the establishment of a Nomination Committee) has not approved any matter relating to the appointment and removal of Directors of the Company.

(v) The Nomination Committee has not yet met during the six months period under review.

(h) Auditors' remuneration

A full analysis of the auditors' remuneration in respect of audit and non-audit services provided by the auditors will be given in the Company's forthcoming Annual Report. During the six months period under review, the Group has paid to its external auditors US$0.01 million for non-audit related activities in respect of the review of the Company's 1st quarterly report for 2005. Auditors' remuneration for the year ended 31 December 2004 was US$0.15 million.

(i) Audit Committee

(i) The Company established an Audit Committee on 31 March 2000 with the written terms of reference. The Audit Committee comprises three Independent Non-Executive Directors, Joseph Tong Tze Kay (Chairman), Daniel Yen Tzu Chen and Peter McIntyre Koenig. The duties of the Audit Committee are to manage the relationship with the Company's auditors, review the financial information of the Company and oversee the Company's financial reporting process and internal control systems. The Audit Committee reports its work, findings and recommendations to the Board after each meeting.

(ii) The Audit Committee has met two times during the six months period under review and the following table details the number of meetings attended by the members:

Name of Director	No. of Committee Meetings Attended
Joseph Tong Tze Kay	2
Daniel Yen Tzu Chen	2
Peter McIntyre Koenig	1

(iii) The Audit Committee has met with the Independent Auditors and the Chief Financial Officer during the six months period under review to review the 2004 Annual Report and the Quarterly Report for the quarter ended 31 March 2005. The Audit Committee has also met to review these interim figures and was satisfied with the outcome of its review.

(iv) The composition of the Audit Committee meets the requirements of Rule 5.28 of the Listing Rules.

RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the six months and three months ended 30 June 2005 (the "Review Periods"), together with the comparative unaudited figures of the corresponding periods in 2004, as follows:

CONSOLIDATED INCOME STATEMENT

For the six months and three months ended 30 June 2005

		Unaudited six months ended 30 June		**Unaudited three months ended 30 June**	
		2005	**2004**	**2005**	**2004**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	3	3,389	10,984	1,861	10,449
Other revenue	6	52,312	2,020	45,562	1,777
Total revenue		55,701	13,004	47,423	12,226
Administrative expenses		(6,895)	(5,098)	(3,581)	(1,963)
Distribution expenses		(81)	(5)	(63)	(3)
Other operating expenses		(2,010)	(3,741)	(1,543)	(3,392)
Profit from operations	7	46,715	4,160	42,236	6,868
Amortization of goodwill		–	(82)	–	(41)
Share of profits/(losses) of associates		171	(13)	(48)	(10)
Profit before and after taxation		46,886	4,065	42,188	6,817
Minority interests		(7,299)	(3,590)	(6,752)	(3,608)
Profit attributable to equity holders of the parent company		39,587	475	35,436	3,209
Earnings per share – Basic	8	USD1.42 cents	USD0.02 cent	USD1.27 cents	USD0.13 cent

CONSOLIDATED BALANCE SHEET

As at 30 June 2005

	Notes	Unaudited 30 June 2005 US$'000	Audited 31 December 2004 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	676	554
Interests in associates		448	281
Available-for-sale investments		542	604
Intangible assets	10	562	560
		2,228	1,999
Current assets			
Amounts due from related parties		28	102
Debtors, deposits and prepayments	11	9,799	1,664
Other receivables		21	59
Financial assets at fair value through profit or loss		87,810	49,227
Cash and bank balances		7,548	6,096
		105,206	57,148
Current liabilities			
Creditors and accrued charges	12	3,135	2,161
Deferred income		48	112
Provision for taxation		58	58
Current portion of obligations under a finance lease		5	5
		3,246	2,336
Net current assets		101,960	54,812
Total assets less current liabilities		104,188	56,811
Non-current liabilities			
Obligations under a finance lease		8	10
Net assets		104,180	56,801
EQUITY			
Share capital	13	2,795	2,795
Reserves	14	80,113	40,114
Equity attributable to equity holders of the parent company		82,908	42,909
Minority interests		21,272	13,892
Total equity		104,180	56,801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Share capital US$'000	Share premium US$'000	Capital reserve US$'000	Capital redemption reserve US$'000	Employee share-based compen-sation reserve US$'000	Investment revaluation reserve US$'000	Foreign exchange reserve US$'000	Retained profits/ (accumu-lated losses) US$'000	Minority interests US$'000	Total US$'000
At 1 January 2005	2,795	52,817	9,228	11	–	165	(280)	(21,827)	13,892	56,801
Recognition of employee share options granted	–	–	–	–	376	–	–	–	67	443
Deficit on revaluation	–	–	–	–	–	(37)	–	–	–	(37)
Exchange difference on consolidation	–	–	–	–	–	–	73	–	14	87
Profit for the period	–	–	–	–	–	–	–	39,587	7,299	46,886
At 30 June 2005	2,795	52,817	9,228	11	376	128	(207)	17,760	21,272	104,180
At 1 January 2004	2,503	52,209	9,228	11	–	72	(109)	(55,388)	76	8,602
Surplus on revaluation	–	–	–	–	–	9	–	–	–	9
Exchange difference on consolidation	–	–	–	–	–	–	(13)	–	–	(13)
Issue of non-voting convertible deferred shares	292	608	–	–	–	–	–	–	–	900
Deemed disposal of subsidiaries	–	–	–	–	–	–	–	–	573	573
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	813	813
Profit for the period	–	–	–	–	–	–	–	475	3,590	4,065
At 30 June 2004	2,795	52,817	9,228	11	–	81	(122)	(54,913)	5,052	14,949

CONDENSED CONSOLIDATED CASHFLOW STATEMENT

For the six months ended 30 June 2005

	Unaudited six months ended 30 June	
	2005 *US$'000*	**2004** *US$'000*
Net cash outflow from operating activities	(5,108)	(3,206)
Net cash inflow from investing activities	6,562	1,033
Net cash inflow/(outflow) from financing activities	(3)	1,411
Net increase/(decrease) in cash and cash equivalents	1,451	(762)
Cash and cash equivalents as at 1 January	6,096	8,027
Effect of exchange rate fluctuations	1	(1)
Cash and cash equivalents as at 30 June	7,548	7,264

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of presentation

The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

In 2005, the Group has adopted all new and revised IFRS which are effective for accounting periods beginning on or after 1 January 2005.

The adoption of IFRS 2 "Share-based Payments" has resulted in a change in accounting policy for the Group's Share Option Schemes. Prior to this, the provision of share options to employees did not result in a charge to the income statement. Following the adoption of IFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement. IFRS 2 should be applied retrospectively for all equity instruments granted to an employee of the Group after 7 November 2002 and not vested at 1 January 2005.

The effect on adopting IFRS 2 on the unaudited consolidated income statement for the three months and the six months ended 30 June 2005 is to decrease the profit before taxation and minority interests by US$213,141 and US$443,618 respectively. There is no significant impact to the unaudited consolidated results for the same quarter last year on adoption of IFRS 2 and accordingly, no prior period adjustment of the same quarter last year has been made.

The unaudited consolidated results of the Company include the results of all companies now comprising the Group. All significant intra-group transactions and balances have been eliminated in preparing the unaudited consolidated financial statements.

2. Principal accounting policies

The principal accounting policies adopted in the unaudited interim financial statements are consistent with those followed in the annual financial statements for the year ended 31 December 2004, except for share-based employee remuneration payment.

All share-based payment arrangements are recognised in the consolidated financial statements. The Group operates equity-settled share-based remuneration plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to additional paid-in capital, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

3. Turnover

Turnover comprises fees for corporate finance and other advisory services, fees from the placement of shares, fund management fees and wealth management services fee.

4. Segment information

(a) Primary reporting format – business segments:

The only material business segment the Group has is that of investment banking.

(b) Secondary reporting format – geographical segments:

The only material geographical segment where the Group operates is in Asia.

5. *Taxation*

No Hong Kong and overseas income tax has been provided for the six months ended 30 June 2005 as neither the Group nor any of its associated companies derived any profit that is subject to Hong Kong or overseas income tax.

No recognition of potential deferred tax assets relating to tax losses of the Group has been made as the recoverability of the potential tax assets is uncertain.

6. *Other revenue*

	Unaudited six months ended 30 June	
	2005 *US$'000*	**2004** *US$'000*
Bank interest income	49	23
Bad debt recovery	149	317
Increase in fair value of financial assets at fair value through profit or loss	45,514	–
Profit on disposal of subsidiaries	–	1,550
Profit on disposal of investments	6,382	105
Others	218	25
	52,312	2,020

7. *Profit from operations*

	Unaudited six months ended 30 June	
	2005 *US$'000*	**2004** *US$'000*
Profit from operations is arrived at after charging:		
Auditors' remuneration	86	36
Depreciation		
– owned assets	140	90
– assets under finance leases	7	8
Loss on disposal of property, plant and equipment	4	–
Bad debt expenses	5	–
Operating lease rentals in respect of rented premises	236	277
Staff costs (excluding directors' remuneration and share-based employee remuneration but including provident fund contributions)	4,472	2,441
Directors' remuneration	686	383
Provident fund contributions	54	62
Share-based employee remuneration	444	–

8. *Earnings per share*

The calculation of the basic earnings per share for the six months ended 30 June 2005 is based on the profit attributable to equity holders of the parent company of US$39,587,269 (2004: US$475,269) and the weighted average number of shares of 2,795,077,245 (2004: 2,504,184,388).

The calculation of the basic earnings per share for the three months ended 30 June 2005 is based on the profit attributable to equity holders of the parent company of US$35,436,346 (2004: US$3,209,206) and the weighted average number of shares of 2,795,077,245 (2004: 2,505,791,531).

No diluted earnings per share is shown, as the outstanding share options were anti-dilutive.

9. *Property, plant and equipment*

	Unaudited *US$'000*
Net book value as at 1 January 2005	554
Additions	298
Disposals	(29)
Depreciation for the period *(Note 7)*	(147)
Net book value as at 30 June 2005	676

10. *Intangible assets*

	Trademark *US$'000*	**Goodwill** *US$'000*	**Unaudited Total** *US$'000*
Net book value as at 1 January 2005	478	82	560
Additions	2	–	2
Net book value as at 30 June 2005	480	82	562

11. *Trade debtors*

The Group allows a credit period ranging from 15 to 45 days to its customers.

At the balance sheet date, included in debtors, deposits and prepayments are trade debtors of US$1,363k (as at 31 December 2004: US$231k).

The aged analysis of the trade debtors is as follows:

	Unaudited 30 June 2005 *US$'000*	**Audited 31 December 2004** *US$'000*
0 – 30 Days	1,295	150
31 – 60 Days	–	1
61 – 90 Days	65	–
Over 90 Days	3	80
	1,363	231

12. *Creditors and accrued charges*

There are no trade creditors as at 30 June 2005 (as at 31 December 2004: Nil) included in creditors and accrued charges.

13. Share capital

	Number of ordinary shares	Number of convertible redeemable preference shares	Number of non-voting convertible deferred shares	Value US$
Authorised (par value of US$0.001 each)	20,000,000,000	1,000,000	–	20,001,000
Issued and fully paid (par value of US$0.001 each)				
At 1 January and 30 June 2005	2,502,577,245	–	292,500,000	2,795,077

There were no changes in the authorised share capital during the six months ended 30 June 2005 or the year ended 31 December 2004.

14. Reserves

	Unaudited 30 June 2005 US$'000	Audited 31 December 2004 US$'000
Share premium	52,817	52,817
Capital reserve	9,228	9,228
Capital redemption reserve	11	11
Employee share-based compensation reserve	376	–
Investment revaluation reserve	128	165
Foreign exchange reserve	(207)	(280)
Retained profits/(Accumulated losses)	17,760	(21,827)
	80,113	40,114

15. Related party transactions

	Unaudited six months ended 30 June	
	2005 US$'000	2004 US$'000
Advertising and marketing expenses to an associate	29	–
Fund management fee income from an investee company	25	–
Sales proceeds of investment received by an investee company on behalf of the Group	26	11
Management fee income from investee companies	108	–

16. Contingencies

The Group had no material contingent liabilities at the balance sheet date.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2005 (2004: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 30 June 2005, the interests and short positions of the Directors or any chief executive of the Company in the shares and underlying shares (within the meaning of the Securities and Futures Ordinance ("SFO")) of the Company and any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by directors of a listed issuer as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Interests in the ordinary shares of the Company

Name of Director	Personal Interest	Family Interest	Corporate Interest	Aggregate Long Position in ordinary shares of the Company	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue %
Ilyas Tariq Khan *(Notes 1 & 2)*	79,994,076	–	513,498,147	593,492,223	23.72
Johnny Chan Kok Chung *(Note 3)*	207,805,852	16,097,387	–	223,903,239	8.95

Note 1: TW Indus Limited held 188,208,147 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 325,290,000 ordinary shares. ECK & Partners Limited was beneficially owned as to 61.43% by Ilyas Tariq Khan, and as to 18.57% by Johnny Chan Kok Chung. Ilyas Tariq Khan is deemed to have interests in 325,290,000 ordinary shares since he is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited.

Note 3: Yuda Udomritthiruj held 16,097,387 ordinary shares. Yuda Udomritthiruj, an employee of a subsidiary of the Company, is the wife of Johnny Chan Kok Chung and, accordingly, he is deemed to have interests in her shares.

(ii) Interests in the non-voting convertible deferred shares of the Company

None of the Directors held interests in the non-voting convertible deferred shares of the Company.

(iii) Interests in the underlying shares of the Company

The interests in the underlying shares of the Company arise from unlisted share options (physically settled equity derivatives) granted to the Directors of the Company under the Company's Share Option Scheme, details of which are provided below:

Name of Director	Date of Grant	Subscription Price	Aggregate Long Position in Underlying Shares of the Company	Percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue %
Daniel Yen Tzu Chen *(Note 1)*	14 May 2003	HK$0.0350	5,000,000	0.20
Peter McIntyre Koenig	20 Aug 2004	HK$0.0350	5,000,000	0.20
Ahmad S. Al-Khaled	20 Aug 2004	HK$0.0350	5,000,000	0.20
Joseph Tong Tze Kay	20 Aug 2004	HK$0.0350	5,000,000	0.20

Note 1: Daniel Yen Tzu Chen exercised 3,000,000 of his above share options subsequent on 4 July 2005.

(iv) Short Positions

None of the Directors held short positions in the shares and underlying shares of the Company or any Associated Corporation.

(v) Interests in the shares of an Associated Corporation

Name of Director	Associated Corporation	Personal Interest	Corporate Interest	Aggregate Long Position in shares of the Associated Corporation	Percentage which the aggregate long position in shares of the Associated Corporation represents to the issued share capital of the Associated Corporation %
Ilyas Tariq Khan *(Note 1)*	Crosby Capital Partners (Hong Kong) Limited	1	110,001	110,002	0.04
Johnny Chan Kok Chung	Crosby Capital Partners (Hong Kong) Limited	30,000	–	30,000	0.01

Note 1: TW Indus Limited held 110,001 shares in Crosby Capital Partners (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Save as disclosed above, as at 30 June 2005, none of the Directors of the Company had interests and short positions in the shares and underlying Shares of the Company and any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by directors of a listed issuer as referred to in Rule 5.46 of the GEM Listing Rules.

As at 30 June 2005, the Company had not issued any debentures.

Save as disclosed herein, as at 30 June 2005, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or which were required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Substantial Shareholders and Other Persons

As at 30 June 2005, the following persons, other than the Directors of the Company, had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

(i) Interests in the ordinary shares of the Company

Name	Number or approximate attributable number of ordinary shares	Percentage which the aggregate long position in ordinary shares represents to the total ordinary shares of the Company in issue
ECK & Partners Limited *(Note 1)*	325,290,000	13.00%
TBV Holdings Limited *(Note 2)*	302,055,000	12.07%
TW Indus Limited *(Note 3)*	188,208,147	7.52%
Suzanna Tanojo *(Note 4)*	167,560,000	6.7%

Note 1: ECK & Partners Limited held a direct interest in 325,290,000 ordinary shares. Ilyas Tariq Khan was beneficially interested in 61.43% of the share capital of ECK & Partners Limited and, therefore, Ilyas Tariq Khan was also interested in these 325,290,000 ordinary shares which are duplicated within the 593,492,223 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

Note 2: TBV Holdings Limited is a company wholly-owned by the Kuwait Fund for Arab Economic Development, a development finance agency owned by the government of Kuwait.

Note 3: TW Indus Limited held a direct interest in 188,208,147 ordinary shares of which 167,560,000 shares were charged to Ms Suzanna Tanojo. Ilyas Tariq Khan was beneficially interested in 100% of the share capital of TW Indus Limited and, therefore, Ilyas Tariq Khan was also interested in these 188,208,147 ordinary shares which are duplicated within the 593,492,223 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

Note 4: Suzanna Tanojo has a charge over 167,560,000 shares owned by TW Indus Limited.

(ii) Interests in the non-voting convertible deferred shares of the Company

Name	Number or approximate attributable number of non-voting convertible deferred shares	Percentage which the aggregate long position in non-voting convertible deferred shares represents to the total non-voting convertible deferred shares currently in issue
Simon Fry *(Note 1)*	292,500,000	100%

Note 1: Simon Fry is the Chief Executive Officer of Crosby Capital Partners Inc., which is a 84.33% subsidiary of the Company as at 30 June 2005. Further to the Company's announcement dated 31 March 2004, 292,500,000 non-voting convertible Deferred Shares were allotted to Simon Fry. Simon Fry has also purchased 25,000,000 shares from the Company's Employee Share Ownership Plan and has committed to purchase a further 85,186,587 shares on deferred payment terms.

(iii) Short Positions

No person held short positions in the Shares and Underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, as at 30 June 2005, the Directors of the Company were not aware of any other person who had an interest or short position in the Shares and Underlying Shares of the Company that was required to be recorded in the register required to be kept under Section 336 of the SFO.

(c) Share Options

Pursuant to the Company's Share Option Scheme, a duly authorised committee of the board of Directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of (i) the closing price of the Shares of the Company on the Exchange on the date of grant of the particular option or (ii) the average of the closing prices of the Shares of the Company for the five trading days immediately preceding the date of the grant of the options or (iii) the nominal value of the shares.

Share options granted under the Share Option Scheme are exercisable as follows:

(a) the first thirty percent of the options between the first and tenth anniversary of the date of grant;

(b) the next thirty percent of the options between the second and tenth anniversary of the date of grant; and

(c) the remaining options between the third and tenth anniversary of the date of grant.

The following table sets out information relating to the Share Option Scheme:

Date of Options Grant	Options Granted	Options Exercise Price	Options Lapsed since grant	Options Outstanding	Options exercisable as at 30 June 2005
27 March 2002	248,244,700	HK$0.0704	247,944,700	300,000	300,000
18 March 2003	54,000,000	HK$0.0350	54,000,000	–	–
14 May 2003	15,000,000	HK$0.0350	10,000,000	5,000,000	3,000,000
18 June 2003	26,064,000	HK$0.0350	26,064,000	–	–
11 July 2003	312,000,000	HK$0.0350	312,000,000	–	–
1 December 2003	21,000,000	HK$0.0350	21,000,000	–	–
20 August 2004	15,000,000	HK$0.0350	–	15,000,000	–
	691,308,700		671,008,700 (1)	20,300,000	3,300,000

Note 1: Includes 518,564,000 of share options that have lapsed and are not available for re-use.

No options granted under the Share Option Scheme had been exercised as at 30 June 2005.

Subsequent to period ended 30 June 2005, 3,000,000 share options have been exercised on 4 July 2005.

(d) Competing Interests

So far as the Directors are aware, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or their respective associates have any interests in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company, or any of its subsidiaries, did not purchase, sell or redeem any of its listed securities during the three and six months ended 30 June 2005 (2004: Nil).

By Order of the Board
Ilyas Tariq Khan
Chairman

Hong Kong, 11 August 2005

As at the date of this report, the Directors of the Company are

Executive Director: Johnny Chan Kok Chung

Non-Executive Directors: Ilyas Tariq Khan, Ahmad S. Al-Khaled

Independent Non-Executive Directors: Daniel Yen Tzu Chen, Peter McIntyre Koenig and Joseph Tong Tze Kay