

TECHPACIFIC CAPITAL LIMITED

Stock Code: 8088

1st Quarterly Report 2008

For the three months ended 31 March

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 merchant banking and asset management group listed on the Hong Kong Stock Exchange's GEM board (HK GEM 8088), with offices in China, Singapore, the United Kingdom and representation in other parts of Asia.

The Group is engaged in the businesses of merchant banking, asset management, venture capital fund management and direct investment. Its 82.27% subsidiary, Crosby Asset Management Inc. (formerly Crosby Capital Partners Inc., "CAM"), which carries out the Group's asset management business, is quoted on the AIM Market of the London Stock Exchange (CSB LN).

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the Group is disappointed to report a loss attributable to shareholders for the first quarter of 2008 of US\$24.8 million when compared to a loss of US\$34.4 million for the same quarter last year. The loss for the first quarter of 2008 is largely a result of US\$16.7 million of unrealised mark to market book losses within CAM, due to the decrease over the quarter of the share price of its investment in JASDAQ listed IB Daiwa Corporation ("IB Daiwa", 3587 JP) from ¥41 at 31 December 2007 to ¥17 at 31 March 2008.

Turnover increased to US\$7.9 million when compared to US\$5.4 million for the same quarter last year. Assets under management were approximately US\$2.4 billion as at 31 March 2008 as compared to US\$1.4 billion at 31 March 2007.

Over the quarter under review, Crosby Wealth Management ("CWM") experienced a small decline in assets under management and a significant contraction in margins due to market corrections and changes in investor sentiment. However, CWM remained profitable during the quarter.

The restructuring of the Crosby Forsyth business continued during the quarter under review with the appointment of a global head of sales and the re-branding of the business from Forsyth Partners to Crosby Forsyth. Over the quarter ended 31 March 2008, assets under management at Crosby Forsyth fell 15% as a result of a combination of declines in value broadly in line with markets and client redemptions.

Total operating expenses (excluding loss on financial assets, impairment against exploration prospects and finance costs) for the quarter ended 31 March 2008 were US\$15.4 million compared with US\$16.7 million for the same period last year. The quarter under review includes US\$5.3 million of other operating expense related to the Crosby Forsyth business that is not included in the same period last year.

SW1

In February 2008, CAM announced that it had taken a stake in SW1 Capital ("SW1"), a newly formed partnership that has been established with an institutional standard operating and management platform to facilitate the development of an integrated asset management business.

Orchard

A reserve audit completed in late 2007, and issued in January 2008, shows an increase in 2P reserves to 16mmboe from approx 10mmboe at the time of the acquisition in May 2007.

As of 31 March 2008, Orchard had 32 wells on production, with a further 5 wells (4 of them in the South Belridge field and one in the Forbes field) having been drilled and logged but awaiting completion and being tied into production.

Additionally there are 7 other wells have been drilled but not yet tested. It is expected that a number of these will be tested during the coming few weeks.

During the period under review a long-term financing package of approximately US\$240 million in debt and equity was put into place. Some of this financing has been completed and drawn-down, other parts are in late-stage documentation.

As part of this funding package, US\$50 million was drawn down in April and utilised to repay the original acquisition bridge facility from Commonwealth Bank of Australia. Orchard also used part of the facility and bought out (and effectively cancelled) in February a 4.25% royalty interest in South Belridge thus increasing net cash flow from the increasing number of producing wells in this field.

The fund raising package also enables Orchard to undertake a major accelerated drilling programme in which between 30 and 50 new wells will be drilled and bought into production over the next 12 months in the South Belridge Field. In addition, a number of development and exploration wells will be drilled in other leased areas that are held by Orchard.

Exchangeable Loan

As further detailed in the Company's announcement dated 4 March 2008, Coniston, a wholly owned subsidiary of the Company, entered into a loan agreement in the amount of US\$10 million with IB Daiwa which is repayable on or before 4 March 2011. The exchangeable loan is subordinated, secured (subject to a first ranking charge) and exchangeable into shares of Leed Petroleum. It has a yield to maturity of 15% per annum (taking into account of all interest and fees).

Share Consolidation

As further detailed in the Company's announcements dated 20 March 2008 and 25 April 2008 and following shareholder approval granted at the Company's Annual General Meeting, the Company effected a share consolidation by consolidating every ten Ordinary Shares of US\$0.001 into one Ordinary Share of US\$0.01 each.

Name Change

As further detailed in the Company's announcement dated 13 March 2008 and following shareholder approval granted at the Company's Annual General Meeting, the Company changed its name from "Techpacific Capital Limited" to "Crosby Capital Limited". The change of name has also involved the adoption of the Chinese name "高誠資本有限公司" in place of "亞科資本有限公司" for identification purposes. A further announcement will be made by the Company following the completion of the registration of the name change with the Companies Registry in Hong Kong.

Board Changes

With effect from 1 April 2008, Mr. Ilyas Tariq Khan was re-designated as an Executive Director and took up the role of Chief Executive Officer, in addition to continuing in his role of Chairman, and Mr. Johnny Chan Kok Chung relinquished his role as Chief Executive Officer and was re-designated as a Non-Executive Director. This re-designation of roles on the Board took place concurrently with the appointment of Mr. Johnny Chan Kok Chung as an executive director and the re-designation of Mr. Ilyas Tariq Khan as a non-executive director on the board of directors of CAM. As further detailed in the Company's announcement dated 8 May 2008, Mr. Simon Fry, the Chief Executive Officer of CAM, will also be appointed to the Board with effect from 1 June 2008.

FIRST QUARTERLY RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 March 2008 (the "Review Period"), together with the comparative unaudited figures of the corresponding period in 2007, as follows:

		(Unaudited) Three Months Ended 31 March	
	<i>Notes</i>	2008 US\$'000	2007 US\$'000
Turnover/Revenue	3	7,944	5,396
Loss on financial assets at fair value through profit or loss		(22,200)	(7,829)
Gain on financial liabilities at fair value through profit or loss		80	32
Impairment of interest in oil and gas exploration prospects		–	(15,000)
Other income	3	892	612
Administrative expenses		(12,946)	(13,478)
Distribution expenses		(1)	(5)
Other operating expenses		(2,421)	(3,174)
Loss from operations		<u>(28,652)</u>	<u>(33,446)</u>
Finance costs		(363)	(295)
Amortisation of intangible assets		(155)	–
Share of profit of a jointly controlled entity		33	15
Share of profits/(losses) of associates		16	(54)
Loss before taxation		<u>(29,121)</u>	<u>(33,780)</u>
Taxation	4	(76)	(38)
Loss for the period		<u>(29,197)</u>	<u>(33,818)</u>
Attributable to:			
Equity holders of the Company		(24,766)	(34,392)
Minority interests		(4,431)	574
Loss for the period		<u>(29,197)</u>	<u>(33,818)</u>
Loss per share attributable to equity holders of the Company during the period	6	<i>US cents</i>	<i>US cents</i>
– Basic		(0.74)	(1.02)
– Diluted		N/A	N/A

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. Basis of presentation

The Company acts as the holding company of the Group. The Group is principally engaged in the business of merchant banking, asset management, venture capital fund management and direct investment. The Company is incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and, its principal place of business is 2701, Citibank Tower, 3 Garden Road, Central, Hong Kong.

The Board has adopted International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board. The unaudited consolidated financial statements comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited consolidated financial statements have been prepared under historical cost basis except for certain financial instruments which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the unaudited consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited consolidated financial statements, are consistent with those set out in the Company's annual audited consolidated financial statements for the year ended 31 December 2007.

These consolidated financial statements for the three months ended 31 March 2008 are unaudited but have been reviewed by the audit committee of the Company.

2. Principal accounting policies

The principal accounting policies adopted to prepare the unaudited consolidated financial statements are consistent with those adopted to prepare the Company's annual audited consolidated financial statements for the year ended 31 December 2007.

3. Turnover/Revenue and other income

Turnover/Revenue comprises corporate finance and other advisory fees, fund management fee and wealth management services fee.

Other income mainly comprises interest income, profits on disposal of investments, fee on arrangement of loans and bad debt recoveries.

4. Taxation

Hong Kong and overseas income tax for the three months ended 31 March 2008 have been calculated at the rates prevailing in the relevant jurisdictions.

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

5. Movements in reserves (unaudited)

	Share premium US\$'000	Capital reserve US\$'000	Capital redemption reserve US\$'000	Employee share-based compensation reserve US\$'000	Investment revaluation reserve US\$'000	Foreign exchange reserve US\$'000	(Accumulated losses)/ Retained profits US\$'000
At 1 January 2008	106,895	4,872	20	9,285	312	100	(63,231)
Effect on exercising share options of a subsidiary	-	-	-	(21)	-	-	-
Employee share-based compensation	-	-	-	1,237	-	-	-
Deficit on revaluation	-	-	-	-	(352)	-	-
Exchange difference on consolidation	-	-	-	-	-	1	-
Loss for the period	-	-	-	-	-	-	(24,766)
At 31 March 2008	106,895	4,872	20	10,501	(40)	101	(87,997)
At 1 January 2007	106,875	4,872	20	5,075	173	30	1,420
Effect on exercising share options of a subsidiary	-	-	-	(62)	-	-	-
Employee share-based compensation	-	-	-	1,444	-	-	-
Surplus on revaluation	-	-	-	-	28	-	-
Exchange difference on consolidation	-	-	-	-	-	60	-
Loss for the period	-	-	-	-	-	-	(34,392)
At 31 March 2007	106,875	4,872	20	6,457	201	90	(32,972)

6. Loss per share attributable to equity holders of the Company

(a) Basic loss per share

The calculation of the basic loss per share for the three months ended 31 March 2008 is based on the loss attributable to equity holders of the Company of US\$24,766,000 (2007: US\$34,392,000) and the weighted average number of ordinary shares of 3,362,881,256 (2007: 3,358,881,256) in issue during the three months ended 31 March 2008.

(b) Diluted loss per share

No diluted loss per share for the three months ended 31 March 2008 and 31 March 2007 are shown, as the outstanding share options were anti-dilutive.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2008 (2007: Nil).

DISCLOSURE OF INTERESTS

(a) Directors

As at 31 March 2008, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 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 Rule 5.46 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

(i) *Interests in the ordinary shares of the Company*

Name of Directors	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)	82,494,076	-	418,282,794	500,776,870	16.31
Johnny Chan Kok Chung (Note 3)	151,553,205	16,097,387	-	167,650,592	5.46
Joseph Tong Tze Kay	5,000,000	-	-	5,000,000	0.16
Daniel Yen Tzu Chen	2,000,000	-	-	2,000,000	0.07
Peter McIntyre Koenig	3,500,000	-	-	3,500,000	0.11

Note 1: TW Indus Limited held 193,399,147 ordinary shares. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 224,883,647 ordinary shares. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 224,883,647 ordinary shares owned by 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 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 Directors	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 %
Ilyas Tariq Khan	26 April 2006	HK\$0.770	60,000,000	
	11 February 2008	HK\$0.180	25,000,000	
			<hr/>	2.77
Johnny Chan Kok Chung	26 April 2006	HK\$0.770	60,000,000	
	11 February 2008	HK\$0.180	30,000,000	
			<hr/>	2.93
Ahmad S. Al-Khaled	24 March 2006	HK\$0.770	5,000,000	
	29 January 2007	HK\$0.365	2,500,000	
	11 February 2008	HK\$0.180	5,000,000	
			<hr/>	0.41
Daniel Yen Tzu Chen	24 March 2006	HK\$0.770	5,000,000	
	29 January 2007	HK\$0.365	2,500,000	
	11 February 2008	HK\$0.180	5,000,000	
			<hr/>	0.41
Peter McIntyre Koenig	24 March 2006	HK\$0.770	5,000,000	
	29 January 2007	HK\$0.365	2,500,000	
	11 February 2008	HK\$0.180	5,000,000	
			<hr/>	0.41
Joseph Tong Tze Kay	24 March 2006	HK\$0.770	5,000,000	
	29 January 2007	HK\$0.365	2,500,000	
	11 February 2008	HK\$0.180	5,000,000	
			<hr/>	0.41

(iii) Short Positions

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

(iv) Interests in the shares of an Associated Corporation

Name of Directors	Associated corporation	Personal interest	Corporate interest	Aggregate long position in shares of the Associate	Percentage which the aggregate long position in shares of the Associate represents to the issued share capital of the Associate %
Ilyas Tariq Khan (Note 1 & 2)	Crosby Capital Partners (Hong Kong) Limited	1	110,001	110,002	0.04
	Crosby Capital Partners Inc. (currently Crosby Asset Management Inc.)	100,000	-	100,000	0.04
Johnny Chan Kok Chung	Crosby Capital Partners (Hong Kong) Limited	30,000	-	30,000	0.01
	Crosby Capital Partners Inc. (currently Crosby Asset Management Inc.)	40,000	-	40,000	0.02

Note 1: TW Indus Limited held 40,001 shares in Crosby Capital Partners (Hong Kong) Limited. TW Indus Limited was beneficially wholly-owned by Ilyas Tariq Khan.

Note 2: ECK & Partners Limited held 70,000 shares in Crosby Capital Partners (Hong Kong) Limited. ECK & Partners Limited was beneficially owned as 88.86% by Ilyas Tariq Khan. Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, he is deemed to be interested in 70,000 shares owned by ECK & Partners Limited.

Save as disclosed above, as at 31 March 2008, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required 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 recorded in the register 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 to Rule 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

(b) Disclosure of Interests of Substantial Shareholders and Other Persons

So far as is known to any Director or the chief executive of the Company, as at 31 March 2008, the following persons, other than the Directors or chief executive of the Company, had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(i) Interests in the ordinary shares and underlying shares of the Company

Name	Number or approximate attributable number of ordinary shares	Aggregate long position in underlying shares of the Company	Approximate percentage or approximate attributable percentage holding of ordinary shares currently in issue and/or percentage which the aggregate long position in underlying shares of the Company represents to the total ordinary share capital of the Company in issue
Deutsche Bank Aktiengesellschaft	–	432,874,006	14.10%
PMA Capital Management Limited (Note 1)	388,926,005	–	12.67%
TBV Holdings Limited (Note 2)	302,055,000	–	9.84%
ECK & Partners Limited (Note 3)	224,883,647	–	7.32%
PMA Prospect Fund (Note 1)	202,414,000	–	6.59%
TW Indus Limited (Note 4)	193,399,147	–	6.30%
Diversified Asian Strategies Fund (Note 1)	186,512,005	–	6.07%

Note 1: PMA Capital Management Limited is the investment advisor of PMA Prospect Fund and Diversified Asian Strategies Fund, which are Independent Third Parties. The interest of PMA Prospect Fund and Diversified Asian Strategies Fund in 202,414,000 ordinary shares and 186,512,005 ordinary shares respectively are included in the interest of PMA Capital Management Limited in 388,926,005 ordinary shares.

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: Since Ilyas Tariq Khan is entitled to exercise more than one third of the voting power at general meetings of ECK & Partners Limited, the interest of ECK & Partners Limited in 224,883,647 ordinary shares is duplicated in the 500,776,870 ordinary shares in which Ilyas Tariq Khan is interested as a Director.

Note 4: TW Indus Limited held a direct interest in 193,399,147 ordinary shares. 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 193,399,147 ordinary shares which are duplicated within the 500,776,870 ordinary shares in which Ilyas Tariq Khan was interested as a Director.

(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 Jeremy Fry (<i>Note</i>)	292,500,000	100%

Note: Simon Jeremy Fry is the Chief Executive Officer of Crosby Capital Partners Inc. (currently Crosby Asset Management Inc.), which is a 82.27% subsidiary of the Company as at 31 March 2008. Further to the Company's announcement dated 31 March 2004, 292,500,000 non-voting convertible deferred shares were allotted to Simon Jeremy Fry. Simon Jeremy Fry has also held a direct interest in 110,186,587 ordinary shares. Simon Jeremy Fry was also granted 60 million options to subscribe for ordinary shares in the Company at an exercise price of HK\$0.77 per share on 26 April 2006 and 30 million options at an exercise price of HK\$0.18 per share on 11 February 2008 respectively.

(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 31 March 2008, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 March 2008, no other person had interests which were 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 31 March 2008
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)	-	-
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	-	-	-
24 March 2006	40,000,000	HK\$0.7700	-	40,000,000	24,000,000
26 April 2006	180,000,000	HK\$0.7700	-	180,000,000	54,000,000
29 January 2007	10,000,000	HK\$0.3650	-	10,000,000	3,000,000
11 February 2008	117,500,000	HK\$0.3650	-	117,500,000	-
	<u>1,038,808,700</u>		<u>(671,008,700)^(Note)</u>	<u>347,800,000</u>	<u>81,300,000</u>

Note: 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 during the three months ended 31 March 2008.

(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.

AUDIT COMMITTEE

The Company established an audit committee on 31 March 2000 with the written terms of reference in compliance with the GEM Listing Rules. The audit committee comprises three independent non-executive directors, Messrs. Joseph Tong Tze Kay, Daniel Yen Tzu Chen and Peter McIntyre Koenig. The primary duties of the audit committee are to review and supervise the Company's financial reporting process and internal control systems.

The audit committee meets at least quarterly with the most recent meeting held on 6 May 2008. The unaudited quarterly results of the Company for the three months ended 31 March 2008 have been reviewed by the audit committee.

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

During the three months ended 31 March 2008, the Company purchased through the Stock Exchange 3,620,000 ordinary shares at prices between HK\$0.104 and HK\$0.131 which were cancelled on 16 April 2008.

Neither the Company, nor any of its subsidiaries, has sold or redeemed any of the Company's listed securities during the three months ended 31 March 2008 (2007: Nil).

By Order of the Board

Ilyas Tariq Khan

Chairman and Chief Executive Officer

Hong Kong, 8 May 2008

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

Executive Director: Ilyas Tariq Khan

Non-Executive Directors: Johnny Chan Kok Chung and Ahmad S. Al-Khaled

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