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CHAIRMAN'S STATEMENT

8 May, 2002

Dear Shareholder,

In 2001 your company entered its 2nd year of operations and I am pleased to present to you our annual business and financial report for the year ended 31 December, 2001 (the "Year").

Results

Your company and its subsidiaries recorded an audited consolidated loss of £1,176,806 for the Year (2000: £634,900). Of this loss £494,614 resulted from the provision for permanent loss in the value of two investment projects at the year-end.

Your company and its subsidiaries received total revenues of £213,589 in the Year (2000: £385,876). These included a net gain on disposal of investments of £22,800.

As at 31 December, 2001, the audited net asset value per share was 4.07p (2000: 4.56p), and the total cash balance under control was approximately 1p per share.

Dividends

The directors of your Company do not recommend the payment of a dividend.

Business Strategy

Your company was incorporated in January, 2000 and was floated on the Alternative Investment Market ("AIM") of the London Stock Exchange on 22 February, 2000. During its first 20 months of operations, your company aimed at investing in start-up and early stage Internet and information technology ("IT") related companies arising from the Asian market, with a focus upon the Far East. We provided the necessary financial

CHAIRMAN'S STATEMENT

support and management expertise to those companies with the potential to offer reasonable return over a medium to long term time frame, typically 3 to 5 years. As a general rule, your company did not take up a controlling interest in any investee project.

We used traditional business fundamentals to evaluate and manage our investment projects. We saw IT or the Internet as a means to enhance a business with sound fundamentals, not an end by itself. Notwithstanding our pragmatic approach, the market sentiment against investing in IT companies deteriorated during the Year, and we were increasingly affected by such a market trend. Furthermore, the inherent risk of investing in start-up companies overshadowed the potentially high returns, and your company's portfolio of early stage projects was not favourably perceived by the market.

In order to ensure that your company can maintain a business platform that correctly leverages on its key asset, i.e. a committed management team with experience in the fast growing Greater China (Mainland China, Hong Kong and Taiwan) market, your directors have reviewed the company's business strategy and decided that we should stop investing in new start-up projects in the Internet and IT sector and concentrate our resources on the more promising investments in the existing portfolio, while exit on those that underperformed by taking a modest profit or a contained loss. We should also plan for revenue generating activities in addition to the investment management work, and explore merger and acquisition opportunities offered by enterprises in the Greater China region with established revenue and profit track records, which may result in synergy with our existing assets.

Business Operations

Your company's existing investment portfolio is mainly derived from opportunities arising from the Greater China market, with an operating office based in Hong Kong which is located strategically in the centre of our key markets and offers a stable legal and financial environment. The management team in Hong Kong provides an extensive skill pool in various business functions, backed by experience gained in a variety of sectors. The combination of a geographical location on the doorstep to Greater China, and a management team with proven experience and accustomed to applying western disciplines, suggests that your company is well placed for benefiting from the fast economic growth in the region.





CHAIRMAN'S STATEMENT

The Investment Portfolio

Your company's portfolio in direct investments consisted of 7 projects at the beginning of the Year. In June, 2001, a new project, innoVision Holding Limited, was added to the portfolio. All these investments were made with the intention of relatively long term holding. The time frame was expected to be at least 3 years.

Direct investment projects	Month investment was made	Total investment up to 31 December, 2001 (approximate amount in £s)	% of equity held as on 31 December, 2001 or at time of disposal (if earlier)
Cybermax Network Technology Limited	Sept 2000	1,379,000	49%
UFO Solutions Limited	Sept 2000	1,280,000	49.87%
innoVision Holding Limited	June 2001	1,260,000	49%
Net Fun Limited	Sept 2000	1,223,000	8%
CFN (UK) Limited	July 2000	1,264,000	44%
ecAgent.com Limited	Aug 2000	1,258,000	100%
P & S International Limited	June 2000	856,000	2.178%
iBASE Holdings Limited	June 2000	257,000	49%
	Jan 2001	129,000	Loan

A description of the business nature and status of these projects can be found under "Your Investment Portfolio" after this Statement.

In September, 2001, your company and other shareholders of ecAgent.com Limited ("ecAgent") reached an agreement to terminate this project. Your company has now acquired total ownership of ecAgent and its residual cash of approximately HK\$13.3 million (approximately £1,183,000) as at 31 December, 2001, which will be used for your company's working capital and future investments. As a result of terminating ecAgent, a loss of approximately £110,000 has been provided in your company's 2001 financial results.

In December, 2001, your company completed a series of transactions for the disposal of all its interests in CFN (UK) Limited ("CFN UK"). As a result of these transactions, we received approximately 21,000,000 shares of iAsia Technology Limited ("iAsia"), a company listed on the Growth Enterprise Market ("GEM") of the Hong Kong Stock Exchange providing online trading service to brokers and financial institutions principally

CHAIRMAN'S STATEMENT

in Asia. In addition to bringing a small investment profit, the transactions switched our direct investment in CFN UK to more liquid, listed shares of a stronger player in the same business sector.

Simultaneous with the disposal of CFN UK, your company has also acquired ownership of an additional quantity of approximately 21,400,000 iAsia shares as a result of the sale of shares in CFN Hongkong Limited ("CFN HK") by UFO Solutions Limited ("UFO Solutions"). Again, this has effectively switched our direct investment in UFO Solutions to the more liquid shares in iAsia.

The Future

We are now at the beginning of an eventful decade for Greater China, with the entry of the People's Republic of China into the World Trade Organization, the Beijing Olympics in 2008, and a faster than ever convergence of the regional economies in Mainland China, Hong Kong and Taiwan. All these will point to higher investors' interest and more buoyant business activities in these markets.

In addition to our ongoing efforts in investment management, a number of actions are now taking place in line with the business strategy outlined earlier :

- a change to your company's name so as to avoid negative sentiments about "dotcoms";
- establishing a business consultancy service for bridging needs of U.K. and U.S. companies in their Greater China investment plans. We are particularly grateful for the support shown for this approach by U.S. based Stratus Services Group Inc, our single largest shareholder;
- talks with companies with profit track records for possible co-operative arrangements.

Both your company and its investee projects faced a difficult market environment in 2001, and we foresee that such difficulty will, to some extent, continue in 2002. Given this situation, I would like to express my appreciation to your directors and the management team for their contribution during 2001. My special thanks go to Mr. Siu Fai Ng, who resigned as a non-executive director during the Year, for his invaluable contribution in the past. I also take this opportunity to welcome Mr. Philip Lam, who joined your company as a non-executive director in July, 2001.

Peter So
Chairman

YOUR INVESTMENT PORTFOLIO

Cybermax Network Technology Limited ("Cybermax")

Cybermax currently operates a Hong Kong based website displaying recruitment advertising for part-time, temporary and second jobs, and owns the domain name "Part-time.com". This is a fast growing market in Greater China, with escalating demand from both employers and jobseekers. As at the end of 2001, Part-time.com had over 180,000 registered jobseekers and over 15,000 registered recruiters. According to the latest independent reports available in the market, Part-time.com has consistently been Hong Kong's top traffic recruitment advertising website.

In addition to an initial investment of HK\$15 million, your company invested a further HK\$2,539,000 into Cybermax in January, 2002. Another investment of HK\$2,000,000 is expected to be made within 2002. A significant part of the new financing is in the form of convertible loans or carries warrants for Cybermax shares. The additional investment will be applied to fund the project's forthcoming development phase in which more revenue-generating functions, both online and offline, will be built to leverage on the marketing database of its growing young audience.

A new managing director with a background in consumer marketing and media sales has been recruited to strengthen business development and sales management in Cybermax.

UFO Solutions Limited ("UFO Solutions")

UFO Solutions planned to develop and market software systems in the trading and custodianship of securities products.

In June, 2001, UFO Solutions entered into an agreement with CFN HK for a merger of the two companies' operations. It was expected that the merger could significantly enhance the marketing effectiveness and financial resources of UFO Solutions. The merger was approved by the Securities and Futures Commission of Hong Kong on 10 September, 2001, and was completed on 28 September, 2001.

The merged operations had a significant impact in the relevant market sector, and UFO Solutions was approached by iAsia for a sale of its interests in CFN HK for consideration in the form of iAsia shares. On 5 December, 2001, UFO Solutions completed the sale and as a result your company has taken ownership of certain iAsia shares.

YOUR INVESTMENT PORTFOLIO



innoVision Holding Limited ("innoVision")

The shareholders of UFO Solutions are now exploring other market opportunities in the relevant sector which can build on the project team's strengths. However, your directors will not preclude the possibility that, should such opportunities do not materialize within a reasonable time frame, dissolution of UFO Solutions may be considered.

innoVision manufactures and markets a new form of light-box capable of displaying multiple advertising poster visuals with a pleasant "dissolve" effect based on a patented technology in China. The light-box will be introduced as a new standard of out-of-home advertising medium in Mainland China, followed by Hong Kong, Taiwan and other Asian countries.

innoVision has already established a sales office in Guangzhou in southern China, and a representative office in Shanghai. A manufacturing plant for production of the light-boxes has also been set up in Guangzhou, and production commenced in November, 2001.

The innoVision light-box is gaining foothold in the advertising media scene in southern China, with initial installation in such retail networks as CM Concepts, one of the largest telecom service providers in China, and Giordano, a leading fashion brand. Further north, installation in Shanghai recently started at such strategic sites as the city's subway system, and installation at other sites is expected to pick up quickly in the near future.

Net Fun Limited ("Net Fun")

Net Fun provides interactive entertainment and education services with contents tailor-made to the language and culture of children and teenagers in the Greater China region. Product development work and sales results have been disappointing to date and your company is seeking effective means to address this issue.

A major shareholder of Net Fun is a subsidiary of Cheung Kong (Holdings) Limited ("Cheung Kong") which has diversified interests in property, telecommunications, port operations, retail and IT related business. It is planned that within 2002, the online edutainment services of Net Fun will be offered to a significant number of housing



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estates developed and managed by Cheung Kong.

Other shareholders of Net Fun are associated with Excel Technology International Holdings Limited ("Excel") which is a leading e-solutions provider in the banking and finance sector in Asia. Excel has been listed on the GEM since June, 2000. It is a well recognised group in the Asian information technology sector, and is playing an instrumental role in the creation of alliance and partnership opportunities for Net Fun.

CFN (UK) Limited ("CFN UK")

CFN UK planned to become a provider of value added services, specializing in Asian securities, to small to medium sized brokers and financial institutions in the UK. It is regulated by the Financial Services Authority Ltd.

In December, 2001, your company completed the disposal of all its interests in CFN UK, receiving a consideration in the form of iAsia shares.

ecAgent.com Limited ("ecAgent")

ecAgent had planned to provide virtual office services to insurance sales agents in Greater China, but its business development was significantly affected by a number of external and internal factors including :-

- the emergence of a similar service provider in Mainland China;
- a rapid decrease in the number of insurance agents in Hong Kong;
- the departure of the project's CEO.

This project has now been terminated.

P & S International Limited ("P & S International")

P & S International is involved in the development of total system solutions, including semiconductor chips, for facilitating the bi-directional communications connectivity between appliances and equipment with embedded microcontroller units (MCUs) and the Internet. Such connectivity will enable remote control and monitoring of home appliances, business, industrial and medical equipment.

The major shareholder of P & S International is based in Wuhan in central China, and

YOUR INVESTMENT PORTFOLIO

is experienced and well connected in the trading of MCU products. The Wuhan team currently constitutes the main engineering and marketing resources for the project, which aims at building a concrete customer platform in China before further expanding into the global market. An operating office has also been established in Phoenix, Arizona. It has filed applications for several U.S. patents, aiming at establishing an industry standard that is hitherto exclusive in the global market.

Subsequent to a successful 2nd stage funding in the 2nd half of 2001, P & S International has not yet been able to obtain further financing to fund its product and business development work, even though it received a positive market response after its product launch in September, 2001. The project has now taken active measures to reduce its overheads, significantly reducing the scale of its U.S. office which now functions mainly as a vehicle to hold its pending patents, and concentrating its sales efforts within the Mainland Chinese market until further financing is available.

iBASE Holdings Limited ("iBASE")

iBASE provides IT and e-business solutions to companies in Greater China. Apart from IT consultancy fee income, the project has struggled to secure profitable income from its products which are based on multi-lingual web-based email systems, website contents management and technologies associated with domain names in Asian characters.

iBASE also owns Goal4u, which operates a professional soccer magazine and website targeting soccer fans in Hong Kong and Mainland China. During the Year, Goal4u was not able to generate any significant revenue but its operating costs have also been reduced. It is now exploring prospective investors and strategic alliances which may ride on a soccer heatwave expected from the World Cup 2002 in Japan and South Korea. Nevertheless, until any concrete progress can be proven, your directors believe that the prospect of this project will be limited, and propose to write off the investment in our portfolio.

iAsia Technology Limited ("iAsia")

iAsia has been listed on the GEM since April, 2001. It is engaged in the provision of comprehensive real time online trading and related systems to securities brokers and other financial institutions in the Pan-Asian region. It is currently recognized as one of



YOUR INVESTMENT PORTFOLIO

the leaders and occupies a significant share in this market sector. Its earning base and market position is expected to be further strengthened after the acquisition of CFN HK and CFN UK.

Your company sees iAsia as a relatively long term investment, and currently holds a total of 42,470,227 iAsia shares, representing approximately 7.5% of iAsia's total shareholding as at 31 December, 2001. This is your company's first and only holding in listed shares.

iAsia is still in an early stage of business development and significant operating loss is being reported. However, according to iAsia's quarterly report for the quarter ended 31 December, 2001, its revenue has achieved a 21% growth over the previous quarter, and represents a 10-fold increase on a year-on-year basis. Supported by effective cost reduction programmes and a sizeable cash reserve, iAsia's business is expected to grow stably in an efficient manner in 2002.

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

During the year, the principal activity of the company and Group was to provide venture capital to start up and early stage IT and related businesses, focusing in Asia, particularly the Far East.

It is considered that the development of the Group and its position at 31 December 2001 are fairly set out in the accompanying financial statements.

Results and dividends

The results for the year are set out on page 16.

The directors do not recommend a dividend payment for the period.

Directors

The directors who have held office during the period:

	Appointed	Resigned
Peter So (Non-Executive Chairman)	18 January 2000	-
Benjamin Ng (Chief Executive Officer)	1 February 2000	-
Phillip Brown (Corporate Relations Director)	18 January 2000	-
Siu Fai Ng (Non-Executive Director)	18 January 2000	3 July 2001
Philip Bing Lun Lam (Non-Executive Director)	3 July 2001	-

DIRECTORS' REPORT

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	31 December 2000	31 December 2001
Peter So	20,000,000	20,000,000
Benjamin Ng	400,001	400,001
Phillip Brown	10,000,000	10,000,000
Philip Bing Lun Lam	-	-

enterpriseAsia.com plc executive share option scheme as at 31 December 2001

Director	Option Scheme	Number of ordinary shares	Exercise price per share	Exercise period	
				From	To
Peter So	Unapproved	200,000	5p	7 February 2000	7 February 2010
Benjamin Ng	Unapproved	400,000	5p	7 February 2000	7 February 2010
Phillip Brown	Unapproved	200,000	5p	7 February 2000	7 February 2010

Creditor payment policy

The Group agrees terms and conditions for its business transactions with suppliers. Payment is then made in accordance with these terms, subject to the supplier fulfilling its obligations. On average payment is made to suppliers around thirty days after invoice receipt.

Auditors

Pridie Brewster were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

DIRECTORS' REPORT

Substantial interests

As at the date of this Report, the Company has been notified of the following interests in the issued share capital of the Company in accordance with section 198 of the Companies Act 1985 (as amended).

Company name	Number of shares	Percentage
Stratus Services Group Inc	62,625,000	26.1%
startIT.com plc	10,000,000	4.2%
Clarest Holdings Limited	10,000,000	4.2%

The shares held by Clarest Holdings Limited represent the interests of Peter So who is a director and shareholder of Clarest Holdings Limited.

The shares held by startIT.com plc represent the interests of Peter So and Phillip Brown, who are directors and shareholders of startIT.com plc. Their total shareholding in startIT.com plc amounts to 10.6%.

Corporate Governance

The Combined Code

The Group aims to comply with the principles set out in Section 1 of the Combined Code. The Board currently consists of four directors, two of whom are executives, one being full time and the other being part time.

Detailed below, are provisions that have not been complied with:

The Board has not established any committee during the period as it is considered that the structure of the Board is appropriate for the Group and Company.

The Group's business has not developed sufficiently, in the directors' opinion, to warrant the establishment of an audit committee and a remuneration committee. Consequently, there are no reports prepared by management relating to the interim and annual accounts and to the system of internal control. A report to the shareholders by the Board, detailing the remuneration policy and benefits has not been prepared.

Going Concern

The accounts have been prepared on a going concern basis, since the directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

DIRECTORS' REPORT

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- State whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Benjamin Ng

Director

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE
SHAREHOLDERS OF ENTERPRISE ASIA.COM PLC

We have audited the financial statements on pages 16 to 34 which have been prepared under the historical cost convention and the accounting policies set out in this Report.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 14, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company and the Group affairs as at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pridie Brewster

Chartered Accountants
Registered Auditor

8 May, 2002

Carolyn House
29-31 Greville Street
London EC1N 8RB

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Year ended 31 December 2001 £	Period ended 31 December 2000 £
Turnover	Notes		
Gain on disposal of investment		22,800	23,606
Administrative expenses		(849,688)	(632,386)
Exceptional costs		-	(388,390)
Impairment loss on investments		(494,614)	-
		<u>(1,321,502)</u>	<u>(997,170)</u>
Other operating income		38,722	2,060
Operating loss	3	<u>(1,282,780)</u>	<u>(995,110)</u>
Other interest receivable and similar income		105,974	360,210
Loss on ordinary activities before taxation		<u>(1,176,806)</u>	<u>(634,900)</u>
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	14	<u>(1,176,806)</u>	<u>(634,900)</u>
		<u>2001</u>	<u>2000</u>
		<u>Pence</u>	<u>Pence</u>
Basic loss per share	6	<u>0.49</u>	<u>0.3</u>
Diluted loss per share	6	<u>0.49</u>	<u>0.3</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CONSOLIDATED BALANCE SHEET

		31 December 2001		31 December 2000	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		9,008		4,483
Investments	8		8,655,923		7,353,691
			<u>8,664,931</u>		<u>7,358,174</u>
Current assets					
Debtors	10	71,105		38,212	
Investments	9	1,149,334		-	
Cash at bank and in hand		1,276,848		3,591,686	
			<u>2,497,287</u>		<u>3,629,898</u>
Creditors: amounts falling due within one year	11		(59,092)		(51,217)
Net current assets			<u>2,438,195</u>		<u>3,578,681</u>
Total assets less current liabilities			<u>11,103,126</u>		<u>10,936,855</u>
Creditors: amount falling due after more than one year	12		(1,343,077)		-
			<u>9,760,049</u>		<u>10,936,855</u>
Capital and reserves					
Called up share capital	13		2,395,985		2,395,985
Share premium account	14		9,175,770		9,175,770
Profit and loss account	14		(1,811,706)		(634,900)
Shareholders' funds – equity interests			<u>9,760,049</u>		<u>10,936,855</u>

The financial statements were approved by the Board on 8 May, 2002.

Benjamin Ng
Director

Phillip Brown
Director

BALANCE SHEET

	Notes	31 December 2001		31 December 2000	
		£	£	£	£
Fixed assets					
Tangible assets	7		318		506
Interests in subsidiaries	8		10,585,250		10,063,425
			<u>10,585,568</u>		<u>10,063,931</u>
Current assets					
Debtors	10		-		42
Cash at bank and in hand			978,574		1,258,558
			<u>978,574</u>		<u>1,258,600</u>
Creditors: amounts falling due within one year	11		(583,591)		(44,248)
Net current assets			<u>394,983</u>		<u>1,214,352</u>
Total assets less current liabilities			<u>10,980,551</u>		<u>11,278,283</u>
Capital and reserves					
Called up share capital	13		2,395,985		2,395,985
Share premium account	14		9,175,770		9,175,770
Profit and loss account	14		(591,204)		(293,472)
Shareholders' funds – equity interests			<u>10,980,551</u>		<u>11,278,283</u>

The financial statements were approved by the Board on 8 May, 2002.

Benjamin Ng
Director

Phillip Brown
Director

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended	Period ended
		31 December 2001	31 December 2000
		£	£
Net cash outflow from operating activities	16	(878,870)	(1,004,649)
Returns on investments and servicing of finance			
Bank interest received		99,805	360,210
Other interest income		6,169	-
		<u>105,974</u>	<u>360,210</u>
Net cash inflow for returns on investments and servicing of finance		105,974	360,210
Capital expenditure and financial investment			
Payments to acquire tangible assets		(7,732)	(5,545)
Payments to acquire fixed asset investments		(1,534,210)	(7,605,691)
Receipt from sale of fixed asset investment		-	275,606
		<u>(1,541,942)</u>	<u>(7,335,630)</u>
Net cash outflow for capital expenditure		(1,541,942)	(7,335,630)
Net cash outflow before management of liquid resources and financing		(2,314,838)	(7,980,069)
Financing			
Issue of ordinary share capital		-	11,979,924
Cost of share issue		-	(408,169)
		<u>11,571,755</u>	<u>11,571,755</u>
Issue of shares		-	11,571,755
Net cash inflow from financing		-	11,571,755
Increase/(decrease) in cash in the period		<u>(2,314,838)</u>	<u>3,591,686</u>



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment 33% Straight Line

1.4 Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less impairment losses for any permanent diminution in value.

1.6 Basis of consolidation

The consolidated accounts include the accounts of the parent company and its subsidiaries made up to 31 December 2001. Internal movements are eliminated on consolidation.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the

NOTES TO THE FINANCIAL STATEMENTS

date of transaction. All differences are taken to the profit and loss account.

1.8 Financial instruments

The group does not undertake any trading activity in financial instruments. Additional information on the Group's financial instruments are provided in note 19.

1.9 Pension costs

Statutory requirement, in accordance with Hong Kong law, for companies and individuals to contribute 5% of an individual's gross salary to a pension fund. This is a defined contribution scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate and are accounted for in accordance with FRS 17.

2 Parent Company result

As permitted by section 230 of the Companies Act 1985, the parent company profit and loss account has not been included as part of these financial statements. The parent company's loss for the financial year was £297,732.

3 Operating loss

	2001 £	2000 £
Operating loss is stated after charging:		
Exceptional cost of shareholders' Extraordinary General Meeting	-	388,390
Depreciation of tangible assets	3,207	1,062
Directors remuneration for qualifying services	111,053	80,421
Auditors' remuneration		
Hong Kong – audit fee	9,648	7,684
UK – audit fee	10,000	10,000
UK – other services	8,407	7,931



NOTES TO THE FINANCIAL STATEMENTS

4 Taxation

On the basis of these financial statements no provision has been made for corporation tax.

5 Employees

Number of employees

The average monthly number of employees (excluding directors) during the period was:

	2001 Number	2000 Number
Investment management	3	1
Administration	1	1
	<u> </u>	<u> </u>
Employment costs (excluding directors)	£	£
Wages and salaries	206,443	75,909
Other costs	38,833	4,838
	<u> </u>	<u> </u>
	245,276	80,747
	<u> </u>	<u> </u>

6 Loss per share

	2001 £	2000 £
Loss before taxation	1,176,806	634,900
	<u> </u>	<u> </u>
Weighted average number of shares in issue	239,598,496	211,331,260
Dilution effect of share in options	-	301,812
	<u> </u>	<u> </u>
Diluted weighted average number of shares	239,598,496	211,633,072
	<u> </u>	<u> </u>
Basic loss per share (pence)	0.49	0.3
	<u> </u>	<u> </u>
Diluted loss per share (pence)	0.49	0.3
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

7 Tangible fixed assets

	Group Office equipment £	Company Office equipment £
Cost		
Balance at 1 January 2001	5,545	568
Additions	7,732	-
At 31 December 2001	<u>13,277</u>	<u>568</u>
Depreciation		
Balance at 1 January 2001	1,062	62
Charge for the period	3,207	188
At 31 December 2001	<u>4,269</u>	<u>250</u>
Net book value		
At 31 December 2001	<u>9,008</u>	<u>318</u>
	<u> </u>	<u> </u>
Net book value		
At 31 December 2000	<u>4,483</u>	<u>506</u>
	<u> </u>	<u> </u>

8 Fixed asset investments

	2001 £	2000 £
Company		
Shares in group undertakings		
-subsidiary undertakings	10,584,251	847
Loans to group undertakings		
-subsidiary undertakings	999	10,062,578
	<u> </u>	<u> </u>
	10,585,250	10,063,425
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

8 Fixed asset investments (cont)	Shares in	Loans to
	group undertakings	group undertakings
	£	£
Cost at January 2001	847	10,062,578
Additions	10,583,404	-
Disposals	-	(10,061,579)
At 31 December 2001	10,584,251	999

Additional information on principal subsidiary undertakings:

Name of Company	Country of incorporation / registration	Class of share held	Proportion of the nominal value of equity held by the		Nature of business
			Group	Company	
			%	%	
enterpriseAsia.com Limited	Hong Kong	Ordinary	-	100	Investment holding
enterpriseAsia.com (B.V.I.) Limited	British Virgin Islands	Ordinary	-	100	Investment holding
Alternative Enterprises Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Behaviour International Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Cable First Holdings Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Electronic Commerce Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Electronic Industries Limited	British Virgin Islands	Ordinary	100	-	Investment holding
E-Market Assets Limited	British Virgin Islands	Ordinary	100	-	Investment holding
E-Force Enterprises Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Jobpro International Limited	British Virgin Islands	Ordinary	100	-	Investment holding
Laxton Consultants Limited	British Virgin Islands	Ordinary	100	-	Provision of consultancy services

NOTES TO THE FINANCIAL STATEMENTS

8 Fixed asset investments (cont)

The company's ex-subsiary London Technology Limited ("LTL") acquired 401 ordinary shares of CFN (UK) Limited ("CFN UK") at nil consideration. Accordingly the proportion of equity held by LTL has increased from 39.99% to 44%.

An ex-subsiary Capital Connection Limited ("CCL") acquired 2,400 ordinary shares from existing shareholders of CFN UK (other than LTL) at a consideration of £64,000.

enterpriseAsia.com Limited, a wholly-owned subsidiary of the company, entered into sale and purchase agreements with iAsia Technology Limited ("iAsia") and Global Financial Services Group Limited ("GFS"). GFS is a wholly-owned subsidiary of iAsia and iAsia is listed on the Growth Enterprise Market of the Hong Kong Stock Exchange. Under the agreements, enterpriseAsia.com Limited disposed of CCL and LTL to GFS. The Group has made a realised disposal gain of £22,800 on these transactions.

UFO Solutions Limited ("UFO"), an investee company of the Group, has disposed of its investment in CFN Hongkong Limited ("CFN HK") to GFS with sale proceeds of HK\$30,097,374 in the form of shares in iAsia. The company's subsidiary – E-Market Assets Limited ("EM") (a shareholder of UFO), then borrowed an unsecured loan from UFO, under which 21,444,513 iAsia shares were lent to EM. The loan agreement states that the loans must be settled by cash of HK\$15,011,159 (£1,343,077).

Behaviour International Limited ("Behaviour"), a wholly beneficially owned subsidiary of the company, entered into a sale and purchase agreement with all other shareholders of ecAgent.com Limited, the investee company of Behaviour. Under the agreement, Behaviour acquired 67% of the issued and outstanding shares of ecAgent.com Limited at a total consideration of HK\$1,005,296 (£87,624). Behaviour now owns 100% of the equity of ecAgent.com Limited. This includes the residual cash balance of HK\$13,384,936 (£1,182,572) as at the year end date, in ecAgent.net Limited, a wholly-owned subsidiary of ecAgent.com Limited. The company has suspended business activities of ecAgent.com Limited and ecAgent.net Limited, and intends for these to be dissolved in due course. An impairment loss on investments of HK\$1,250,000 (£108,533) has been included in the financial statements of enterpriseAsia.com Limited and Behaviour.

The beneficial interest of the company's subsidiary, Electronic Industries Limited, in the investee company, P & S International Limited ("P&S"), has been adjusted to 2.18% following the restructuring of the shareholding of P&S.

The value of the beneficial interest of the company's investee company, iBASE Holdings Limited, has been fully written off as a result of the provision for impairment loss on this investment.

NOTES TO THE FINANCIAL STATEMENTS

8 Fixed asset investments (cont)

Group	Listed investments	Investments	Loans	Total
	£	£	£	£
Cost at 1 January 2001	-	7,353,691	-	7,353,691
Additions	2,660,429	1,417,459	130,501	4,208,389
Disposal	-	(1,262,209)	-	(1,262,209)
Impairment loss	-	(364,113)	(130,501)	(494,614)
Reclassification as current asset investments	-	(1,149,334)	-	(1,149,334)
At 31 December 2001	<u>2,660,429</u>	<u>5,995,494</u>	<u>0</u>	<u>8,655,923</u>

Impairment loss in investee companies relates to the write down of ecAgent.com Limited and iBASE Holdings Limited.

Listed investments as at the year end consisted of the following:

Name of company	Place of incorporation	Class of shares held	Proportion of nominal value of issued capital held by the group
iAsia Technology Limited	Hong Kong	Ordinary	7.489%

The unlisted convertible loan is unsecured, interest will accrue on any outstanding loan amount on a daily basis at the prevailing Hong Kong Dollar prime lending rate less two percentage points, and is repayable in full, together with all interest in arrears on January 18, 2004.

The market value of 42,470,227 shares of iAsia Technology Limited at 31 December 2001 was £1,913,665.

NOTES TO THE FINANCIAL STATEMENTS

Additional information on unlisted investments as at 31 December 2001:

Name of company	Country of incorporation / registration	Class of shares held	Proportion of nominal value of issued capital held by the group	Nature of business
iBASE Holdings Limited	Hong Kong	Ordinary	49%	e-commerce solutions
P & S International Limited	Hong Kong	Ordinary	2.18%	Design and marketing of semi-conductor chips
UFO Solutions Limited	Hong Kong	Ordinary "A"	49.17%	Financial software systems provider
Net Fun Limited	Hong Kong	Ordinary	8%	Game provider
Cybermax Network Technology Limited	Hong Kong	Ordinary	49%	Recruitment advertising
innoVision Holding Limited	Hong Kong	Ordinary "A"	49%	Advertising

NOTES TO THE FINANCIAL STATEMENTS

15 Reconciliation of movements in shareholders' funds

	<i>Group</i> 2001 £	<i>Group</i> 2000 £
Loss for the financial period	(1,176,806)	(634,900)
Proceeds from issue of shares	-	11,979,924
Cost of share issue written off to share premium account	-	(408,169)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	(1,176,806)	10,936,855
Opening shareholders' funds	10,936,855	-
	<u> </u>	<u> </u>
Closing shareholders' funds	9,760,049	10,936,855
	<u> </u>	<u> </u>
Total shareholders' funds comprises solely of equity.		

16 Reconciliation of operating loss to net cash outflow from operating activities

	2001 £	2000 £
Operating loss	(1,282,780)	(995,110)
Depreciation of tangible assets	3,207	1,062
Increase in debtors	(32,893)	(38,212)
Increase in creditors within one year	7,875	51,217
Impairment loss	494,614	-
Exchange gain	(46,093)	-
Gain on disposal of investment	(22,800)	(23,606)
	<u> </u>	<u> </u>
Net cash outflow from operating activities	(878,870)	(1,004,649)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

17 Analysis of net funds

	31 January 2001 £	Cash flow £	Other non- cash changes £	31 December 2001 £
Net cash:				
Cash at bank and in hand	3,591,686	(2,314,838)	-	1,276,848
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net funds	3,591,686	(2,314,838)	-	1,276,848
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Reconciliation of net cash flow to movement in net funds

	2001 £	2000 £
Increase/(decrease)in cash in the period	(2,314,838)	3,591,686
	<u> </u>	<u> </u>
Movement in net funds in the period	(2,314,838)	3,591,686
Opening net funds	3,591,686	-
	<u> </u>	<u> </u>
Closing net funds	1,276,848	3,591,686
	<u> </u>	<u> </u>

19 Financial instruments

Financing

The Group's financial instruments comprise cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial instruments is to raise finance for the Group's operations. The Group does not undertake any hedging activities as exposure to exchange rate fluctuations are limited.

20 Related party transactions

The following related party transactions took place:

Administrative service fees amounting to £3,525 (2000 - £3,525) were charged by startIT.com plc.



NOTES TO THE FINANCIAL STATEMENTS

startIT.com plc reimbursed the company for expenses incurred on its behalf amounting to £1,126. startIT.com plc is a related party by virtue of the investment this company holds in enterpriseAsia.com plc, and by virtue of the fact that the two companies have directors in common.

Rental and administrative fees were paid to CFN HK, and amounted to £76,865 (2000- £22,580). CFN HK is a related party by virtue of the fact that Peter So has been a minority beneficial shareholder.

Advisory service fees were paid to Communications Express Limited, and amounted to £53,011 (2000 - £42,337). Communications Express Limited is a related party by virtue of the fact that Benjamin Ng, a director and shareholder in enterpriseAsia.com plc, is also a director and shareholder in this company.

Web site design and maintenance fees were paid to iBASE Consultants Limited, and amounted to £10,539 (2000 - £1,270). iBASE Consultants Limited is a related party by virtue of the fact that Benjamin Ng, a director and shareholder in enterpriseAsia.com plc, is also a director of the ultimate holding company of this company.

Rental and administrative fees were received from UFO Solutions Asia Limited, and amounted to £14,022 (2000-nil). UFO Solutions Asia Limited is a related party by virtue of the fact that Benjamin Ng, a director and shareholder in enterpriseAsia.com plc, has also been a director of CFN HK and UFO Solutions Limited, both of which have been shareholders of UFO Solutions Asia Limited during the year.

Rental and administrative fees were received from P & S International Limited, and amounted to £9,012 (2000-£2,060). P & S International Limited is a related party by virtue of the fact that Benjamin Ng, a director and shareholder in enterpriseAsia.com plc, is also a director of this company.

Equipment has been purchased from ecAgent.net Limited by Laxton Consultants Limited and enterpriseAsia.com Limited for £2,329 (2000-nil).

NOTES TO THE FINANCIAL STATEMENTS

21 Net asset value per share

The net asset value per share and the net asset value attributable to ordinary shareholders were as follows:

	Net Asset Value per share	Net Asset Value Attributable to Ordinary Shareholders	Net Asset Value per share	Net Asset Value Attributable to Ordinary Shareholders
	31 December 2001	31 December 2001	31 December 2000	31 December 2000
Ordinary 1p shares	4.07p	£9,760,049	4.56p	£10,936,855

Basic net asset value per ordinary share is 4.07p which is based on net assets at the year end and on 239,598,496 ordinary shares, being the number of ordinary shares in issue at the year end.

22 Post balance sheet events

After the balance sheet date, the company's subsidiary, Cable First Holdings Limited, has entered into a loan agreement with the Group's investee company, Cybermax Network Technology Limited ("CNT"). The loan is secured on Cybermax assets, and carries detachable warrants for subscribing for shares in CNT.

Details of the loan arrangement are as follows:

Stage	Drawdown	Loan Amount	Equivalent Amount in Sterling	Due Date
		HK\$	£	
A	January 28, 2002	2,000,000	169,348	January 31, 2004
B	June 30, 2002	1,000,000	84,674	June 30, 2005
C	September 30, 2002	1,000,000	84,674	September 30, 2005
		4,000,000	338,696	

NOTES TO THE FINANCIAL STATEMENTS

The loan is interest bearing at the Hong Kong dollar prime rate per annum as quoted by the Hong Kong and Shanghai Banking Corporation Limited and repayable as per schedule stated above.

After balance sheet date, the company's subsidiary, Jobpro International Limited, has entered into a loan agreement with its investee company, CNT, for granting an unsecured convertible loan of HK\$490,000 (£41,490). The loan is interest bearing at the Hong Kong dollar prime rate per annum as quoted by the Hong Kong and Shanghai Banking Corporation Limited and repayable within 30 days after the occurrence of relevant events as stated in the loan agreement. An additional HK\$49,000 loan between CNT and Jobpro International Limited has been granted. The loan is unsecured, non convertible and non interest bearing.

The subsidiary enterpriseAsia.com Limited has changed its name in the post balance sheet period to enterpriseAsia Limited.

The subsidiary Laxton Consultants Limited is in the process of changing its name to enterpriseAsia Consultants Limited.



THE COMPANY DIRECTORS

Peter So

Non-Executive Chairman

Peter So, ACMA, ACIB, aged 49, has a career focused on banking and finance. He has held senior management positions in Hang Seng Bank Limited, Citicorp International Limited, Wardley James Capel Limited and Jinhui Holdings Company Limited. He is currently Executive Director and Chief Operating Officer of Pacific Century Insurance Holdings Limited, and Director of Melco International Limited (both listed on the Hong Kong Stock Exchange), and is Non-Executive Chairman of startIT.com plc, an AIM listed company. He also serves as Non-executive Director of Lupus Capital plc (London listed), Jinhui Holdings Company Limited (Hong Kong listed) and Jinhui Shipping and Transportation Limited (Oslo listed).

Benjamin Ng

Chief Executive Officer

Benjamin Ng, B.Sc., CGA (Canada), aged 45, offers a combined background in marketing and finance in Hong Kong, Beijing and Vancouver. He has held senior positions in a number of leading advertising agencies including Bates and J. Walter Thompson, managing client accounts in fast moving consumer goods, banking, airlines, telecommunications, and IT products and services. Before joining enterpriseAsia.com plc, he was Executive Director of DDB Greater China based in Hong Kong. Formerly, he was director of Bestform Corporate Finance Limited and has worked for Citibank Canada. He is currently an Affiliate Member of the Association For Investment Management And Research.

Phillip Brown

Corporate Relations Director

Phillip Brown, M.A., aged 54, has had a career in marketing and business development. He is ex-divisional director of Yorkshire Electricity Group plc where he was responsible for new business ventures, including the formation of Torch Telecom Limited, a company specializing in delivering voice and data communications in the corporate sector. In addition, he has experience in a wide range of new business ventures from fine alloys to cable TV. He was also UK representative on an advisory committee of DGXII (research and development) of the EU. Currently, he is the Chief Executive of startIT.com plc (AIM listed).

Philip Lam

Non-Executive Director

Philip Lam, FCMA, AHKSA, CMA (Canada), ACIS, ACIB, aged 57, is currently the Director of Finance for the University of Hong Kong, overseeing the university's whole finance function. He first joined the university in 1975, and has held the present position since 1990. He spent 3 years in Canada from 1982 to 1985, where he worked as the Chief Accountant and Comptroller in the Overseas Bank Canada. Prior to 1975, he worked for the Hang Seng Bank, a principal member of the HSBC Group. He has also participated actively in community services, having been a member of the Board of Review of the Hong Kong Inland Revenue Department for several years and committee member of a number of government and professional bodies.

COMPANY INFORMATION

Directors

Peter So (Non-Executive Chairman)
Benjamin Ng (Chief Executive Officer)
Phillip Brown (Corporate Relations Director)
Philip Bing Lun Lam (Non-Executive Director)

Secretary

Tim Stocks

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