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enterpriseAsia plc

Directors' Report and
Financial Statements
for the year ended
31 December 2002

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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) Ka Hang Lai (Non-Executive Director)
Secretary	Phillip Brown
Company number	3907093 (England & Wales)
Registered office	Parkland Business Centre Greengates Bradford West Yorkshire BD10 9TQ
Auditors	Pridie:Brewster Carolyn House 29-31 Greville Street London EC1N 8RB
Bankers	HSBC Bank plc 47 Market Street Bradford West Yorkshire BD1 1LW
Nominated adviser	Altium Capital Limited 30 St James's Square London SW1Y 4AL
Nominated broker	Fiske plc Salisbury House London Wall London EC2M 5QS
Solicitors	Taylor Wessing 50 Victoria Embankment London EC4Y 0DX

CHAIRMAN'S STATEMENT

For the year ended 31 December 2002

RESULTS

The Company and its subsidiaries recorded an audited consolidated loss of £8,094,754 for the year ended 31 December 2002 (the "Year") (2001: £1,176,806). Of this loss £7,386,576 resulted from the provisions for permanent diminution in the value of several investment projects in our portfolio (2001: £494,614) and £89,711 was due to exchange losses.

As at 31 December 2002, the audited net asset value per share was 0.70p (2001: 4.07p), and the total cash balance under control was approximately 0.58p per share.

DIVIDENDS

The directors do not recommend the payment of a dividend.

BUSINESS STRATEGY

The Company faced a difficult year in 2002, with all investee projects under-performing, in particular those heavily depending on the Hong Kong economy which further deteriorated towards the end of the Year. Most of the projects also experienced shortage of funds, and it seemed increasingly unlikely that they would be able to sustain themselves into the medium term.

Your directors took the view that, in the light of these difficult conditions, the Company should not provide any further seed funding to the existing portfolio but, instead, concentrate on developing alternative strategies capable of delivering shareholder value.

To that end, your directors still take the view that the Greater China region offers significant potential despite the recent negative climate created following the outbreak of the SARS epidemic. Whilst there are certainly weaknesses in the region's progress, your board believes that political and economic developments in Mainland China, Hong Kong and Taiwan will continue to drive the need for a more open market and, with that, an increasing acceptance of western disciplines in business practice.

Your board believes, therefore, that the Company can still benefit from its strong position in the market, i.e. a U.K. company with an in-depth knowledge of, and excellent connections in, the Greater China market. This strength is particularly advantageous, we believe, as China leans towards western education and business methods, so your Company's strategy will increasingly focus on the education sector. As before, your Company will not look only at Greater China if opportunities arise in other markets for profitable investment and increased credibility in the sector, but China will remain our core market.

Your directors are aware that, as part of the successful implementation of our new strategy, it is vitally important that we contain our operating costs. Substantial cost cutting measures, including downsizing of our Hong Kong operations and significant reduction in directors' fees, began in the Year and their impact is expected to be progressively reflected in 2003.

Despite all our difficulties, therefore, I look forward with renewed confidence to the future and I should like to record my sincere thanks to all my fellow directors and our management team for their committed efforts during such an extraordinary period. I would also like to welcome Mr. Ka Hang Lai as our new non-executive director since September 2002.

PETER SO

Chairman

16 June 2003

YOUR INVESTMENT PORTFOLIO

Value Convergence Holdings Limited (“VC Holdings”)

Formerly known as iAsia Technology Limited, in December 2002, VC Holdings broadened its business scope from a securities trading systems developer and marketer to become a financial services provider, through the acquisition of 3 CEF companies in brokerage, futures and corporate finance (the “CEF Acquisition”).

The CEF Acquisition was funded by a rights and bonus share issue in early 2003, to which we did not subscribe in order to preserve the Company’s cash resources. As a result of the rights and bonus share issue, and the private placement of a substantial amount of new shares in July 2002, our shareholding in VC Holdings is now reduced to approximately 1.78%, and the value of our investment in VC Holdings has been written down to a level reflecting approximately HK\$0.0714 per share.

Net Fun Limited (“Net Fun”)

Net Fun provides interactive educational games for teenagers and children. The project’s strategy of developing its products and marketing in Mainland China, by means of local management and partnerships, is beginning to show some early signs of effectiveness as cash inflows from revenue start to take shape under limited funding support.

The online services offered by Net Fun are now accessible in about 8,000 households in residential estates developed and managed by the Cheung Kong Group of Companies, which also has interests in Net Fun.

Cybermax Network Technology Limited (“Cybermax”)

Cybermax owned the domain name “Part-time.com” and developed businesses in relation to recruitment advertising for part-time, temporary and second jobs. The Hong Kong website of Part-time.com was officially launched in April 2001 but was not successful. In February 2003 the directors of Cybermax resolved to terminate its Hong Kong operations as a result of a declining trend in recent sales performance and the failure to secure additional funding.

We invested HK\$15 million into the equity of Cybermax, and in 2002 we provided a total of HK\$3.539 million of additional loan financing to the project. HK\$3 million of this loan was secured. As a result of the termination of the Part-time.com operations in Hong Kong, we have now written off all of our investment in, and loan to, Cybermax. As a secured creditor, we have also appointed a receiver to facilitate acquisition of some remaining assets of Cybermax, including a collection of domain names related to the Part-time.com business.

innoVision Holding Limited (“innoVision”)

innoVision manufactures and markets a new form of multiple visual light-box for advertising use. Its sales office and production plant are based in Guangzhou in southern China.

innoVision’s sales were disappointing and it had no further cash resources by early 2003. Therefore, we disposed of our interests in innoVision to parties based in Guangzhou in March 2003. The consideration consisted of both cash and receivables, and the maximum realizable value of the total consideration is estimated at approximately HK\$160,000. As a result of the disposal, we have now written off all our investment in innoVision.

YOUR INVESTMENT PORTFOLIO

P & S International Limited (“P & S”)

P & S is based in Wuhan in central China, and is involved in the development of semiconductor chips for connecting appliances and equipment with the Internet. The project’s progress has not been satisfactory, so we do not expect it to be able to achieve its original business plans and have now fully written off this investment.

UFO Solutions Limited (“UFO”)

The shareholders of UFO have decided to terminate the project in the absence of alternative business opportunities. No provision by the Company will be required upon UFO’s dissolution.

DIRECTORS' REPORT*For the year ended 31 December 2002*

The directors present their report and financial statements for the year ended 31 December 2002.

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. On 1 July 2002, the company changed its name from enterpriseAsia.com plc to enterpriseAsia plc.

It is considered that the development of the Group and its position at 31 December 2002 are fairly set out in the accompanying financial statements.

Results and dividends

The results for the year are set out on page 12.

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

Directors

The directors who have held office during the period are as follows:

	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	-
Philip Bing Lun Lam (Non-Executive Director)	3 July 2001	-
Ka Hang Lai (Non-Executive Director)	26 September 2002	-

Directors' interests

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

	Ordinary shares of 1p each	
	31 December 2001	31 December 2002
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	-	-
Ka Hang Lai	-	-

enterpriseAsia plc executive share option scheme as at 31 December 2002

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

DIRECTORS' REPORT

For the year ended 31 December 2002

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.

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
Try On Limited	59,625,000	24.9%
Europasia Education 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 Europasia Education Plc represent the interests of Peter So and Phillip Brown, who are directors and shareholders of Europasia Education Plc. Their total shareholding in Europasia Education Plc amounts to 10.6%.

DIRECTORS' REPORT

For the year ended 31 December 2002

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 five 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' 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

16 June 2003

enterpriseAsia plc

INDEPENDENT AUDITORS' REPORT

To the shareholders of enterpriseAsia plc

We have audited the financial statements of enterpriseAsia plc on pages 12 to 27 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out in this Report.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 10, 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 the 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 31 December 2002 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

Carolyn House
29-31 Greville Street
London
EC1N 8RB

16 June 2003

enterpriseAsia plc



CONSOLIDATED PROFIT AND LOSS ACCOUNT*For the year ended 31 December 2002*

	Notes	Year ended 31 December 2002 £	Year ended 31 December 2001 £
Turnover			
Gain on disposal of investment		-	22,800
Consultancy fee income		85,996	-
		<u>85,996</u>	<u>22,800</u>
Administrative expenses		(825,400)	(849,688)
Impairment loss on investments		(7,386,576)	(494,614)
Provision for doubtful debts		(45,228)	-
		<u>(8,171,208)</u>	<u>(1,321,502)</u>
Other operating income		33,561	38,722
Operating loss	3	<u>(8,137,647)</u>	<u>(1,282,780)</u>
Other interest receivable and similar income		42,893	105,974
Loss on ordinary activities before taxation		<u>(8,094,754)</u>	<u>(1,176,806)</u>
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	14	<u>(8,094,754)</u>	<u>(1,176,806)</u>
		2002	2001
		Pence	Pence
Basic loss per share	6	<u>3.38</u>	<u>0.49</u>
Diluted loss per share	6	<u>3.38</u>	<u>0.49</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*As at 31 December 2002*

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	7		11,588		9,008
Investments	8		310,841		8,655,923
			<u>322,429</u>		<u>8,664,931</u>
Current assets					
Debtors	10	75,547		71,105	
Investments	9	2,336,676		1,149,334	
Cash at bank and in hand		1,377,960		1,276,848	
		<u>3,790,183</u>		<u>2,497,287</u>	
Creditors: amounts falling due within one year	11	<u>(2,447,317)</u>		<u>(59,092)</u>	
Net current assets			<u>1,342,866</u>		<u>2,438,195</u>
Total assets less current liabilities			<u>1,665,295</u>		<u>11,103,126</u>
Creditors : amount falling due after more than one year	12		-		(1,343,077)
			<u>1,665,295</u>		<u>9,760,049</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		(9,906,460)		(1,811,706)
Shareholders' funds – equity interests	15		<u>1,665,295</u>		<u>9,760,049</u>

The Board approved the financial statements on 16 June 2003.

Benjamin Ng
Director

Phillip Brown
Director

BALANCE SHEET*As at 31 December 2002*

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Tangible assets	7		131		318
Investments	8		1,667,998		10,585,250
			<u>1,668,129</u>		<u>10,585,568</u>
Current assets					
Debtors	10	12,797		-	
Cash at bank and in hand		711,242		978,574	
		<u>724,039</u>		<u>978,574</u>	
Creditors: amounts falling due within one year	11	(598,548)		(583,591)	
Net current assets			125,491		394,983
Total assets less current liabilities			<u>1,793,620</u>		<u>10,980,551</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		(9,778,135)		(591,204)
Shareholders' funds – equity interests			<u>1,793,620</u>		<u>10,980,551</u>

The Board approved the financial statements on 16 June 2003

Benjamin Ng
Director

Phillip Brown
Director

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 December 2002*

		Year ended 31 December 2002 £	Year ended 31 December 2001 £
Net cash outflow from operating activities	16	(688,957)	(878,870)
Returns on investments and servicing of finance			
Bank interest received	28,903	99,805	
Other interest income	13,990	6,169	
		<u>42,893</u>	<u>105,974</u>
Net cash inflow for returns on investments and servicing of finance		42,893	105,974
Capital expenditure and financial investment			
Payments to acquire tangible assets	(7,249)	(7,732)	
Payments to acquire fixed asset investments	(316,586)	(1,534,210)	
		<u>(323,835)</u>	<u>(1,541,942)</u>
Net cash outflow for capital expenditure		(323,835)	(1,541,942)
Net cash outflow before management of liquid resources and financing		(969,899)	(2,314,838)
Financing			
Loan from investee company	1,071,011	-	
		<u>1,071,011</u>	<u>-</u>
Net cash inflow from financing		1,071,011	-
Increase/(decrease) in cash in the period		101,112	(2,314,838)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

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:

Leasehold improvements	50% Straight Line
Furniture and fixtures	25% Straight Line
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

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 2002. Internal movements are eliminated on consolidation.

1.7 Foreign currency translation

Monetary assets, current asset investments and monetary liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rate ruling at the date of transaction. All gains or losses arising on exchange 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

There is a statutory requirement, under 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 FRS17.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***1.10 Deferred taxation**

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred Tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future. The change in policy has not required a prior period adjustment.

2 Parent company results

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 £9,186,931 (2001: £297,732).

3 Operating loss

	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	4,669	3,207
Directors' remuneration for qualifying services	118,398	111,053
Auditors' remuneration		
Hong Kong – audit fee	7,120	9,648
UK – audit fee	13,932	10,000
UK – other services	10,244	8,407
	<u> </u>	<u> </u>

4 Taxation

	2002	2001
	£	£
Taxation: current tax charge	-	-
	<u> </u>	<u> </u>
Factors affecting the tax charge for the period:		
Loss on ordinary activities before tax	(8,094,754)	(1,176,806)
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2001:30%)	(2,428,426)	(353,042)
	<u> </u>	<u> </u>
Effects of:		
Non deductible expenses	298	18,921
Provision against investments	2,215,469	148,384
Tax losses unutilised - UK	80,606	70,399
- Overseas	132,053	115,338
	<u> </u>	<u> </u>
	2,428,426	353,042
	<u> </u>	<u> </u>
Current tax charge	-	-
	<u> </u>	<u> </u>

The company has estimated losses of £795,000 (2001: £527,000) available for carry forward against future taxable profits.

There is no corporation tax charge for the year due to the losses incurred during the year.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***5 Employees**

	2002	2001
Number of employees		
The average monthly number of employees (excluding directors) during the period was:		
Investment management	3	3
Administration	1	1
	<u>4</u>	<u>4</u>
Employment costs (excluding directors)	£	£
Wages and salaries	170,678	206,443
Other costs	22,867	38,833
	<u>193,545</u>	<u>245,276</u>

6 Loss per share

	2002	2001
	£	£
Loss before taxation	<u>8,094,754</u>	<u>1,176,806</u>
Weighted average number of shares in issue	239,598,496	239,598,496
Dilution effect of share in options	-	-
Diluted weighted average number of shares	<u>239,598,496</u>	<u>239,598,496</u>
Basic loss per share (pence)	<u>3.38</u>	<u>0.49</u>
Diluted loss per share (pence)	<u>3.38</u>	<u>0.49</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

7 Tangible fixed assets

	GROUP				COMPANY
	Leasehold improvements £	Furniture and fixtures £	Office equipment £	Total £	Office equipment £
Cost					
Balance at 1 January 2002	-	-	13,277	13,277	568
Additions	3,909	1,800	1,540	7,249	-
At 31 December 2002	3,909	1,800	14,817	20,526	568
Depreciation					
Balance at 1 January 2002	-	-	4,269	4,269	250
Charge for the period	163	37	4,469	4,669	187
At 31 December 2002	163	37	8,738	8,938	437
Net book value					
At 31 December 2002	3,746	1,763	6,079	11,588	131
Net book value					
At 31 December 2001	-	-	9,008	9,008	318

8 Fixed asset investments

Company	2002 £	2001 £
Shares in group undertakings		
-subsidiary undertakings	10,584,251	10,584,251
-provision for impairment in the year	(8,917,252)	-
	1,666,999	10,584,251
Loans to group undertakings		
-subsidiary undertakings	999	999
	1,667,998	10,585,250
	Loan to group undertakings £	Shares in group undertakings £
Cost at 1 January 2002	999	10,584,251
Additions	-	-
Provision for impairment during the year	-	(8,917,252)
At 31 December 2002	999	1,666,999

The amounts due from subsidiary undertakings are unsecured, interest free and repayable after one year.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***8 Fixed asset investments (cont)****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 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
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
enterpriseAsia Consultants Limited	British Virgin Islands	Ordinary	100	-	Provision of consultancy services

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***8 Fixed asset investments (cont)****Group**

	Listed investments £	Unlisted investments £	Convertible loans £	Secured loans £	Unsecured loans £	Total £
Cost						
1 January 2002	2,660,429	6,251,074	130,501	-	-	9,042,004
Additions	-	57	44,581	263,700	8,248	316,586
Reclassification to current assets	-	(1,275,092)	-	-	-	(1,275,092)
At 31 December 2002	2,660,429	4,976,039	175,082	263,700	8,248	8,083,498
Provision for impairment						
At 1 January 2002	-	255,580	130,501	-	-	386,081
Provision for impairment loss	2,388,957	4,681,090	44,581	263,700	8,248	7,386,576
At 31 December 2002	2,388,957	4,936,670	175,082	263,700	8,248	7,772,657
Net book value						
At 31 December 2002	271,472	39,369	-	-	-	310,841
At 31 December 2001	2,660,429	5,995,494	-	-	-	8,655,923

Information on the listed investments:

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
Value Convergence Holdings Limited (formerly iAsia Technology Limited)	Hong Kong	Ordinary	6.24% (2001: 7.49%)

The market value of 42,470,227 shares of Value Convergence Holdings Limited at 31 December 2002 was £271,492 (2001: £1,913,665).

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***8 Fixed asset investments (cont)****Information on the unlisted investments:**

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 business solutions
P & S International Limited	Hong Kong	Ordinary	2.18%	Design and marketing of semi-conductor chips
Net Fun Limited	Hong Kong	Ordinary	8%	Games provider
Cybermax Network Technology Limited	Hong Kong	Ordinary	49%	Recruitment advertising
innoVision Holding Limited	Hong Kong	Ordinary "A"	49%	Advertising

Information on the loans:*Convertible loans*

The convertible loans comprise of two loans.

The first is a convertible loan of HK\$1,500,000 (£130,501) due from iBASE Holdings Limited to the company's subsidiary, Alternative Enterprises Limited. It is unsecured and 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 the interest in arrears, on 18 January 2004.

The second was a transaction during the year. The company's subsidiary, Jobpro International Limited ("Jobpro"), has entered into a loan agreement with its investee company, Cybermax Network Technology Limited ("CNT"), for granting an unsecured convertible loan of HK\$490,000 (£44,581). The loan is interest bearing at prime rate per annum as quoted by The Hongkong and Shanghai Banking Corporation Limited and repayable within 30 days after the occurrence of relevant events as stated in the loan agreement.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***8 Fixed asset investments (cont)***Secured loans*

Cable First Holdings Limited ("Cable First"), a subsidiary of the company, has entered into a loan agreement with CNT for granting a secured loan of maximum HK\$4,000,000 (£343,607) of which HK\$3,000,000 (£263,700) has been granted during the year. The loan is secured and interest bearing at prime rate per annum as quoted by The Hongkong and Shanghai Banking Corporation Limited. Details of the loan arrangement are as follows:

Stage	Drawdown date	Amounts		Due date
		Loans in HK\$	£ equivalent	
A	28 January 2002	2,000,000	181,227	31 January 2004
B	9 October 2002	1,000,000	82,473	30 June 2005

Stage	Expected drawdown date	Amounts		Due date
		Loans in HK\$	£ equivalent	
C	30 September 2002 or *	1,000,000	79,907	30 September 2005

*The loans will be drawn down when the drawing conditions as stated in the loan agreement are fulfilled or satisfied.

Unsecured loans

During the year an unsecured loan of HK\$49,000 (£4,332) has been granted to CNT by Jobpro. This loan is non-interest bearing and non-repayable except and until the situation of winding up of CNT.

During the year an unsecured loan of HK\$49,000 (£3,916) has been granted by the company's subsidiary, Electronic Commerce Limited to innoVision Holding Limited ("iV"). This loan is non-interest bearing and non-repayable except and until the situation of liquidation or winding up of iV.

9 Current asset investments

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Unlisted investments	2,336,676	1,149,334	-	-
	<u>2,336,676</u>	<u>1,149,334</u>	<u>-</u>	<u>-</u>

Included within Investments under current assets is a 49.87% interest in the ordinary shares of UFO Solutions Limited and a 100% interest in the ordinary shares of ecAgent.com Limited. Both companies are in the process of being liquidated. The current asset value is the lower of cost and net realisable value. Upon liquidation the proceeds realised by the group are expected to be sufficient to repay all the loans due from the group to these investee companies, which amounted to HK\$28,414,427 (£2,414,088) as at 31 December 2002. During the year, the investment in 10,000 equity shares of ecAgent.com Limited was transferred from Behaviour International Limited, a wholly beneficially owned subsidiary, to another wholly owned subsidiary, enterpriseAsia Limited, for a consideration of HK\$14,559,258 (£1,259,547). This transaction has been eliminated from the group's results.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***10 Debtors**

	Group 2002	Group 2001	Company 2002	Company 2001
	£	£	£	£
Trade debtors	12,613	14,920	-	-
Other debtors	1,110	1,126	-	-
Prepayments and accrued income	61,824	55,059	12,797	-
	<u>75,547</u>	<u>71,105</u>	<u>12,797</u>	<u>-</u>

11 Creditors: amounts falling due within one year

	Group 2002	Group 2001	Company 2002	Company 2001
	£	£	£	£
Trade creditors	4,663	14,908	1,669	7,990
Other creditors	2,414,486	5,364	571,607	557,019
Accruals and deferred income	28,168	38,820	25,272	18,582
	<u>2,447,317</u>	<u>59,092</u>	<u>598,548</u>	<u>583,591</u>

Included within other creditors are amounts due to two investee companies, ecAgent.com Limited and UFO Solutions Limited, of HK\$28,414,427 (£2,414,088). These investee companies have entered into voluntary liquidation and the amounts due to them are expected to be fully repaid upon capital repayment from these companies during liquidation.

12 Creditors: amounts falling due after more than one year

	Group 2002	Group 2001	Company 2002	Company 2001
	£	£	£	£
Loan from investee company	-	1,343,077	-	-
	<u>-</u>	<u>1,343,077</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002*

13 Share capital	2002	2001
	£	£
Authorised		
500,000,000 ordinary shares of 1p each	5,000,000	5,000,000
Allotted, issued & fully paid		
239,598,496 ordinary shares of 1p each	2,395,985	2,395,985

As at 31 December 2002 the company has a share option scheme under which options for 1p ordinary shares have been granted to the Directors as an incentive to achieve the company's strategy. The company also has further options granted for 1p ordinary shares as part of the original placing and offer for subscription.

	Number of shares	Exercise price per share	Exercise period ending
Directors	800,000	5p	7 February 2010
Others	1,200,000	5p	7 February 2010

14 Statement of movements on reserves	Share premium account	Profit and loss account
	£	£
Group		
At 1 January 2002	9,175,770	(1,811,706)
Retained profit/(loss) for year	-	(8,094,754)
Balance at 31 December 2002	9,175,770	(9,906,460)
Company		
At 1 January 2002	9,175,770	(591,204)
Retained profit/(loss) for year	-	(9,186,931)
Balance at 31 December 2002	9,175,770	(9,778,135)

15 Reconciliation of movements in shareholders' funds	Group 2002	Group 2001	Company 2002	Company 2001
	£	£	£	£
Loss for the financial period	(8,094,754)	(1,176,806)	(9,186,931)	(297,732)
Net reduction from shareholders' funds	(8,094,754)	(1,176,806)	(9,186,931)	(297,732)
Opening shareholders' funds	9,760,049	10,936,855	10,980,551	11,278,283
Closing shareholders' funds	1,665,295	9,760,049	1,793,620	10,980,551

Total shareholders' funds comprise solely of equity.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***16 Reconciliation of operating loss to net cash outflow from operating activities**

	2002	2001
	£	£
Operating loss	(8,137,647)	(1,282,780)
Depreciation of tangible assets	4,669	3,207
Increase in debtors	(4,442)	(32,893)
(Decrease)/increase in creditors within one year	(27,824)	7,875
Impairment loss	7,386,576	494,614
Exchange loss/(gain)	89,711	(46,093)
Gain on disposal of investment	-	(22,800)
	<hr/>	<hr/>
Net cash outflow from operating activities	(688,957)	(878,870)
	<hr/>	<hr/>

17 Analysis of net funds

	1 January	Cash flow	31 December
	2002		2002
	£	£	£
Net cash:			
Cash at bank and in hand	1,276,848	101,112	1,377,960
	<hr/>	<hr/>	<hr/>
Net funds	1,276,848	101,112	1,377,960
	<hr/>	<hr/>	<hr/>

18 Reconciliation of net cash flow to movement in net funds

	2002	2001
	£	£
Increase/(decrease) in cash in the period	101,112	(2,314,838)
	<hr/>	<hr/>
Movement in net funds in the period	101,112	(2,314,838)
Opening net funds	1,276,848	3,591,686
	<hr/>	<hr/>
Closing net funds	1,377,960	1,276,848
	<hr/>	<hr/>

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 is limited.

NOTES TO THE FINANCIAL STATEMENTS*For the year ended 31 December 2002***20 Related party transactions**

Related Party	Relationship	Nature	2002 £	2001 £
Part-time.com Ltd	Common director	Consultancy service fee received	41,388	-
UFO Solutions Asia Ltd	Common director	Rental & admin fees received	-	14,022
P & S International Ltd	Common director	Rental & admin fees received	-	9,012
Europasia Education plc	Common director & shareholder	Consultancy fee received Administration service fee paid	5,000 3,525	- 3,525
innoVision Holding Ltd	Common director	Consultancy, rental & administrative services fees received	26,995	-
SecondCurve Consultants Ltd	Common director	Rental & administrative services fee received	958	-
Communications Express Ltd	Common director	Marketing advisory fee paid	45,546	53,011
iBASE Technologies Ltd	Common director at holding company level	Asset purchases, repair and maintenance fee, web-site costs and fees for installation and set-up of computer system paid	6,246	-
Cybermax Network Technology Ltd	Common director	Loan interest income received	10,265	-
iBASE Holdings Ltd	Common director	Loan interest income received	3,890	6,169
CFN Hongkong Ltd	Common director	Rent and administrative fees paid	-	76,865
iBASE Consultants Ltd	Common director at holding company level	Website design and maintenance fee paid	-	10,539

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 2002	31 December 2002	31 December 2001	31 December 2001
Ordinary 1p shares	0.70p	£1,665,295	4.07p	£9,760,049

Basic net asset value per ordinary share is 0.70p 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.