

interims 2003



enterpriseAsia plc

Interim Report
and Accounts
for the period
ended
30 June 2003

COMPANY INFORMATION

Directors	Davie Auyeung (Non-Executive Chairman) (appointed on 5 August 2003) Benjamin Ng (Chief Executive Officer) Ka Hang Lai (Business Development Director) Phillip Brown (Corporate Relations Director) Philip Bing Lun Lam (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	Insinger de Beaufort 44 Worship Street London EC2A 2JT
Nominated Broker	Fiske plc Salisbury House London Wall London EC2M 5QS
Solicitors	Orchard 6 Snow Hill London EC1A 2AY
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham, Kent BR3 4TU (Shareholder Helpline: 0870 162 3100)

CHAIRMAN'S STATEMENT

RESULTS

enterpriseAsia plc (the "Company") and its subsidiaries recorded an unaudited consolidated loss of £350,028 for the six months ended 30 June 2003, as compared to a loss of £6,608,372 in the corresponding period in 2002 (the "2002 Interim"). Of this loss, £150,865 resulted from the provisions for changes in the value of our portfolio of investments in IT-related projects (2002 Interim: £6,243,485), and £18,250 (2002 Interim: £32,865) was due to exchange rate differences. The provisions reflect a change in the Company's accounting policy as a result of the Company moving its business focus to the education and training sector. Total income for the period has reduced to £24,415 (2002 Interim: £72,923), as consultancy services provided to two investee projects were terminated.

As at 30 June 2003, the Company's unaudited net asset value per share was 0.55p (30 June 2002: 1.32p), and the cash balance under control was approximately 0.52p per share (2002: 0.75p per share).

DIVIDENDS

The directors are not recommending the payment of a dividend for the period.

BUSINESS STRATEGY

During the period under review the Company has been exploring new business opportunities, having moved away from the original strategy of investing in IT-related projects.

At the Extraordinary General Meeting held on 27 August 2003, the Company's shareholders approved a new strategy of developing a portfolio of businesses that focus on providing education and training services to meet increasing demand from the Greater China market. Your directors believe that this strategy can capitalize on their extensive knowledge and experience of the China market, as an understanding of the needs of the target users and capabilities for networking and collaboration are essential elements for success in this fast growing market. The U.K. origin and links of the Company may also offer tangible differentiation among similar players in the same sector.

A new Chairman and a new Business Development Director with strong credentials in networking, business development and corporate governance in the Greater China market have been appointed. They will be based in Hong Kong where a stable legal and financial system provides a desirable gateway to China. The Board's task now is to deliver the new strategy for positive results as quickly as possible.

Since last year, the Company has initiated substantial cost-cutting measures, including efforts on reducing staff costs and directors' fees, in order to preserve its cash resources for the implementation of the new strategy.

Davie Auyeung
Chairman

25 September 2003

THE INVESTMENT PORTFOLIO

Value Convergence Holdings Limited ("VC Holdings")

VC Holdings has diversified its principal activities from its base of providing online securities trading systems to Asian financial institutions. It now offers a range of financial services covering brokerage and trading services on the Hong Kong and other stock exchanges, and capital market and corporate finance advisory services. It has also established an office in Macau for providing investment banking services to well established enterprises in this Special Administrative Region and its adjacent areas in China.

Our current shareholding in VC Holdings is approximately 1.78%. Since its business nature is no longer within our core business strategy, this investment is now reported as marketable securities and valued at the lower of cost or market price in our financial statements.

Net Fun Limited ("Net Fun")

Net Fun provides interactive games for the Greater China market. Although some progress has been made in the formation of various local partnerships in China, business growth has been extremely slow.

As the business nature of Net Fun is no longer within our core business strategy and its progress has been unsatisfactory, we have now written off the value of all our investment in this project. Our shareholding in Net Fun is 8%.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Unaudited 6 months ended 30-Jun-03 £	Unaudited 6 months ended 30-Jun-02 £	Year Ended 31-Dec-02 £
Turnover			
Consultancy fee income	11,002	-	85,996
Administration costs	(223,358)	(437,810)	(825,400)
Provision for diminution in value of investments	(150,865)	(6,243,485)	(7,386,576)
Provision for doubtful debts	(220)	-	(45,228)
Other operating income	1,671	22,082	33,561
Operating loss	<u>(361,770)</u>	<u>(6,659,213)</u>	<u>(8,137,647)</u>
Other interest receivable and similar income	11,742	50,841	42,893
Loss for the period before taxation	<u>(350,028)</u>	<u>(6,608,372)</u>	<u>(8,094,754)</u>
Taxation	-	-	-
Loss for the period after taxation	<u>(350,028)</u>	<u>(6,608,372)</u>	<u>(8,094,754)</u>
Basic loss per share	<u>(0.15p)</u>	<u>(2.76p)</u>	<u>(3.38p)</u>

CONSOLIDATED BALANCE SHEET

	Unaudited as at 30-Jun-03	As at 31-Dec-02
	£	£
Tangible fixed assets	8,214	11,588
Fixed asset investments	152,025	310,841
	<u>160,239</u>	<u>322,429</u>
Current assets		
Debtors	37,377	75,547
Investments	1,275,092	2,336,676
Bank	1,245,416	1,377,960
	<u>2,557,885</u>	<u>3,790,183</u>
Current liabilities	(1,402,857)	(2,447,317)
Net current assets	<u>1,155,028</u>	<u>1,342,866</u>
Total assets less liabilities	<u>1,315,267</u>	<u>1,665,295</u>
Called up share capital	2,395,985	2,395,985
Share premium account	9,175,770	9,175,770
Profit & loss account	(10,256,488)	(9,906,460)
Equity shareholders' funds	<u>1,315,267</u>	<u>1,665,295</u>
Net asset value per ordinary share		
- Basic	<u>0.549p</u>	<u>0.694p</u>

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months ended 30-Jun-03 £	Unaudited 6 months ended 30-Jun-02 £	Year ended 31-Dec-02 £
Net Cash Outflow from Operating Activities			
Operating loss	(361,770)	(6,659,213)	(8,137,647)
Depreciation of tangible assets	3,378	2,311	4,669
Decrease/(Increase) in debtors	38,170	(25,259)	(4,442)
Increase/(Decrease) in creditors	26,551	(6,940)	(27,824)
Provision for diminution in value of investment	150,865	6,243,485	7,386,576
Exchange (gain) / loss on investments	(1,588)	33,548	89,711
	<u>(144,394)</u>	<u>(412,068)</u>	<u>(688,957)</u>
Returns on Investments and Servicing of Finance			
Interest received	11,742	50,841	42,893
Investing/Financing Activities			
Payment to acquire tangible fixed assets	(62)	(1,445)	(7,249)
Receipts from disposal of tangible fixed assets	170	-	-
Payments to acquire fixed asset investments	-	(230,197)	(316,586)
Loan from an investee company	-	418,211	1,071,011
	<u>(132,544)</u>	<u>(174,658)</u>	<u>101,112</u>
Increase/(Decrease) in cash balances			
Reconciliation of net cash flow to movement in funds			
Increase/(Decrease) in cash in period	(132,544)	(174,658)	101,112
Movement in net funds in period	(132,544)	(174,658)	101,112
Opening net funds	1,377,960	1,276,848	1,276,848
	<u>1,245,416</u>	<u>1,102,190</u>	<u>1,377,960</u>
Closing net funds			

INTERIM ANNOUNCEMENT - NOTES

1. The information relating to the six month periods ended 30 June 2002 and 30 June 2003 is unaudited. The information relating to the year ended 31 December 2002 is extracted from the audited accounts of the Company which have been filed at Companies House and on which the auditors issued an unqualified opinion.
2. The above financial information does not constitute statutory accounts within the meaning of Section 240 Companies Act 1985.
3. The above financial information was approved by the Board of Directors on 25 September 2003.
4. Loss per share is based on the number of shares in issue during the period ended 30 June 2003 of 239,598,496 (2002: 239,598,496).

INDEPENDENT REVIEW REPORT

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2003 set out on pages 4 to 6, and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where changes, and the reason for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

PRIDIE BREWSTER

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25 September 2003