

Riding on the Converging Forces of the New Economy
凝聚新經濟力量 締造業務新商機

HALF-YEAR

二零零一年半年
業績報告

REPORT

2001



Asian Information Resources (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

亞洲訊息(控股)有限公司

(於開曼群島註冊成立之有限公司)

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

INTERIM RESULTS

The board of directors (the “Board”) of Asian Information Resources (Holdings) Limited (the “Company”) present the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30th June 2001 together with the comparative figures for the corresponding period in 2000 as follows:

	Notes	For the three months ended 30th June		For the six months ended 30th June	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	1	1,141	3,785	2,444	6,723
Cost of services and merchandise sold		(574)	(1,346)	(1,398)	(2,114)
Content and project development costs		(1,144)	(422)	(2,749)	(422)
Selling expenses		(1,238)	(2,359)	(2,901)	(3,610)
General and administrative expenses		(10,905)	(5,390)	(22,575)	(11,083)
Other operating (expenses)/income		161	300	(461)	525
Amortization of goodwill		(116)	—	(195)	—
Loss from operations		(12,675)	(5,432)	(27,835)	(9,981)
Interest income		643	1,993	1,549	3,785
Interest expenses		(214)	—	(371)	—
Share of loss of associates		(2,910)	(1,573)	(4,805)	(1,629)
Loss before taxation		(15,156)	(5,012)	(31,462)	(7,825)
Taxation	2	(74)	(17)	(118)	(18)
Loss after taxation but before minority interests		(15,230)	(5,029)	(31,580)	(7,843)
Minority interests		41	308	171	326
Net loss		(15,189)	(4,721)	(31,409)	(7,517)
Loss per share					
— Basic	3	(3.18 cents)	(0.98 cents)	(6.59 cents)	(1.57 cents)

Notes:

1. Turnover

	For the three months ended 30th June		For the six months ended 30th June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Content solution service				
— distribution fees	626	537	1,329	1,042
— project fees	253	421	353	684
Internet solution service fees	262	1,996	649	3,584
Consultancy project fees	—	539	—	1,083
Sales of accessories	—	292	113	330
Total turnover	<u>1,141</u>	<u>3,785</u>	<u>2,444</u>	<u>6,723</u>

2. Taxation

	For the three months ended 30th June		For the six months ended 30th June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong profits tax	—	—	—	—
The People's Republic of China (the "PRC") enterprise income tax	74	17	118	18
	<u>74</u>	<u>17</u>	<u>118</u>	<u>18</u>

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit during the six months ended 30th June 2001 (2000: Nil). The PRC enterprise income tax for the Guangzhou representative office of Cyber Strategy Limited and the Beijing representative office of Asian Information Resources Limited have been provided at the rate of 33% on deemed net profit for the period based on total expenditures incurred by the representative offices.

Guangzhou Air Network Company Limited is a new-and-high technology enterprise established in the New-and-High Technology Development Zone and is subject to the PRC enterprise income tax at a rate of 15%. 廣州生活易信息服務有限公司, My Home Tech. Development Co., Ltd., 廣州精明眼信息服務有限公司 and Guangzhou Shilian Software Technological Co., Ltd. are subsidiaries established and operated in the PRC, and are subject to the PRC enterprise income tax at a rate of 33% (30% state tax and 3% local tax). All the PRC subsidiaries were in a loss position during the six months ended 30th June 2001.

No profit tax was provided for the Company and its subsidiaries operating outside Hong Kong and the PRC as they either were not subject to taxation in their respective jurisdiction of operations or were still in a tax loss position as at 30th June 2001. There was no material unprovided deferred taxation as at 30th June 2001.

3. Loss per share

The calculation of basic loss per share for the three months and six months ended 30th June 2001 was based on the net loss of approximately HK\$15,189,000 and HK\$31,409,000 respectively and the weighted average of approximately 476,237,000 ordinary shares in issue during the periods.

The calculation of basic loss per share for the three months and six months ended 30th June 2000 was based on the net loss of HK\$4,721,000 and HK\$7,517,000 respectively and the weighted average of approximately 480,000,000 ordinary shares in issue during the periods.

Diluted loss per share for the three months and six months ended 30th June 2000 and 2001 were not presented because there was no dilutive potential ordinary shares in existence during the periods.

4. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2001 (2000: Nil).

RESERVES

There has been no transfer to or from reserves during the six months ended 30th June 2001.

FINANCIAL REVIEW

For the six months ended 30th June 2001, the Group's turnover and net loss were HK\$2,444,000 and HK\$31,409,000 respectively. The adverse results of the Group were mainly due to the unsatisfactory performance of the Group's strategic investments and the decline in content licensing market. During the reporting period, the management has taken a series of rightsizing and divesting measures to control the operating cost of the Group. Loss from operation for this quarter is HK\$12,675,000, representing a decrease of 16.4% over the first quarter of the year of HK\$15,160,000.

BUSINESS REVIEW

Content

During the period under review, the Group has completed the production of the second batch of the research reports alongside with English translation. The English versions of these reports will be distributed through the Group's proprietary platforms and the Group's global distribution partners.

To further reinforce the foothold in the global market, the Group has concluded distribution agreements with five established global distributors, namely Multex.com, Inc., Lexis-Nexis, Turpin, Internet Securities Inc. and APT Strategies Pty. Ltd., which is one of top online research firms in Australia, during the period.

In response to the rising demand for international standard business intelligence in the Greater China region, the Group is currently developing the strategic plan to distribute quality industry research reports from top tier international publishers to the region. Negotiation on distribution arrangements is underway and this presents a new challenge to the Group.

Lecture Kit Company Limited, the education arm of the Group, has started the enrollment of the Mandarin Proficiency Course, which was run by the East China Normal University, during the period. The course is one of the prerequisite courses listed by the Education Department of Hong Kong for those who wish to teach Mandarin in schools. The first tuition class of the course has been held in July 2001 in Shanghai, the PRC. The management believes that such collaboration will open up more co-operation opportunities with reputable traditional institutions on provision of on-line education and related value-added service.

Strategic Investment

The Group is in the process of divesting non-core businesses in which economies of scale cannot be achieved. The management believes that this strategy can strengthen the Group's cash position and retain the Group's ability for further development.

In July 2001, the Group has signed a provisional sales and purchase agreement to sell 33% interest in Forest Information Technology Company Limited ("FITCL") (formerly known as Cyber Quest Limited) to its management at a consideration of HK\$850,000. FITCL is a web page design house, which the Group acquired 63% interest in November 2000. FITCL remains as the Group's 30% associate after the disposal.

The Group will continue to invest in companies that can create new business opportunities for traditional businesses by using the force of internet. The Group will also keep its growth by making strategic investment in companies that can complement its core business.

Advantage Services Holdings Limited ("ASHL"), an associate of the Group, has extended its service from mortgage brokerage to a full suite of services, including mortgage origination and contract underwriting. During the period, ASHL is forming a joint venture with a Washington-based multinational investment agency to expand the business to the PRC. The first local joint venture will be set up in Beijing, the PRC within this year.

MAJOR CHANGE OF PERSONNEL

Mr. Leung Chung Wan, Chairman of the Company, has been appointed as Chief Executive Officer of the Group after Mr. Chan Chi Ming has resigned from the position on 20th June 2001.

Mr. Lo Mun Lam Raymond was appointed as a non-executive director of the Company on 8th June 2001.

Mr. Chau Tak Tin, formerly a non-executive director, was re-designated as an executive director of the Company on 8th June 2001.

PROSPECTS

The new management is fully aware of the drastic changes amid the Internet environment. Learning from some mis-steps in certain strategies, the management will consciously tighten the cost control to retain the Group's ability for further development. The Group has repositioned itself to become an information aggregator to bring Greater China information to the world and reciprocally bring world class global information back to the Greater China region. The Group will concentrate its resources on the development of the on-line content business with focus on industry research, business news, laws and regulations and professional training courses. The Group will continue to make use of its knowledge in eBusiness to create collaboration opportunities with traditional content providers and education institutions. With clear focus on the PRC business and its established relationships in the region, the Group is positioned to thrive upon the PRC's accession to the World Trade Organization membership later this year.

USE OF PROCEEDS

The proceeds from the issue of new shares pursuant to an initial public offering exercise of the Company in December 1999, after deduction of related expenses, amounted to approximately HK\$135,000,000. Included in the above net proceeds of HK\$135,000,000, approximately HK\$36,000,000 was planned to provide additional working capital of the Group. The remaining net proceeds was planned and applied as follows:

	Originally planned* <i>HK\$'000</i>	Amount utilized up to 30th June 2001 <i>HK\$'000</i>
Promotion and marketing activities of the Group in Hong Kong, Taiwan and other regions	40,000	10,112
Development in e-commerce operation	24,000	23,238
Development in content and new products	18,000	17,838
Development of additional human resources for future business development and setting up representative offices in target regions	17,000	16,815
	<u>99,000</u>	<u>68,003</u>

* Amounts are extracted from the Company's prospectus dated 7th December 1999 issued in relation to the Company's initial public offering exercise and proposed listing of shares on the GEM.

PROGRESS AGAINST BUSINESS OBJECTIVES

According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 30th June 2000**

Content Development

1. Commence providing self-developed daily industrial news and periodical industrial reports covering selected industries in the PRC in Chinese and English

Industrial reports: The Group has provided major industrial reports per month (both in Chinese and English) since March 2000.

Daily industrial information: The Group has provided 12 industrial information reports. The report was updated daily since March 2000.
2. Commence providing periodical statistics and digest for about 30 major cities in the PRC

Periodical statistics and digest concerning 30 major cities in the PRC have been completed.
3. Complete translation into English of the first batch of selected national laws and regulations of the PRC

The Group translated the national laws and regulations of the PRC for the years 1997, 1998 & 1999. There were total 350 pieces of translated regulations.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 30th June 2000
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| 4. Start providing city reports on investment guide, statistics, economy, social development and news for about 18 selected cities in the PRC | City reports were compiled as scheduled. In response to the PRC's accession to the World Trade Organization, the Group has diverted its resources on the provision of business information to corporate clients. |
| 5. Commence providing periodical statistics and digest for about 13 selected Asian countries | Periodical statistics and digest concerning 13 selected Asian countries have been compiled. |
| 6. Complete translation into Japanese of the first batch of the selected national laws and regulations of the PRC | The cost of Japanese translation does not justify the benefits brought to the Group as it is only tailored for the Japan market. Instead, the Group plans to sell English version of PRC laws which are also well received in Japan. |
| 7. Launch Chinese version of China professional business information package such as taxation, customs and duty | Reports on taxation policy for a total of 28 provinces and 13 cities in the PRC were completed for launching. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 30th June 2000**

eCommerce Development

1. Soft launch of the China collections website through Oriental Cultural Resources Limited The soft launch of the website through BuyCollection.com Limited, formerly named as Oriental Cultural Resources Limited, took place in September 2000.

Product and Technology Development

1. Conduct the content and system re-engineering project The content and system re-engineering projects were completed in June 2000.
2. Launch the services which allow clients to put the Group's standard content package on their website through content licensing arrangements The Group launched *Chinareference.com* in March 2000. As the Group aims at providing market-niche products to targeted customers, *Chinareference.com* is undergoing a revamp to enhance its various features.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999

Actual business progress in respect of the six months period ended 30th June 2000

3. Launch the services which provide user free content and receive the income through sharing the revenue from advertising
FreeZone of *Chinareference.com* had already been launched in March 2000 and was in full operation in June 2000. As free service of this kind proves to be not viable, it will be discarded following the revamp of *Chinareference.com*.

Market Penetration

1. Commence promotion campaigns in Hong Kong and Taiwan to promote the Group's products and to build up the Group's corporate image. Promotion activities include advertising on Internet and professional magazines in Hong Kong and Taiwan; bundling offer with business partners and direct mail
The Group carried out marketing campaigns, which include the official launch of *Chinareference.com* and the participation in the "Internet World Asia @ Hong Kong 2000" in November 2000.
2. Form a distribution partnership in PRC for delivery of the Group's content
The Group is in the process of reviewing potential PRC distribution partners.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 30th June 2000
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| 3. Set up a representative office in Taiwan, US and Australia | The Taiwan office was set up in November 2000. The Group has no urgency in setting up offices in the United States and Australia as the market situation is monitored via its indirect channels to ascertain the appropriate timing for the establishment of representative offices. |
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Resources Employment

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| 1. Employ additional staff for content development | During the six months ended 30th June 2000, 5 additional staff for content development were employed. As at 30th June 2000, there were total 6 staff for content development. |
| 2. Employ additional staff for editing work | During the six months ended 30th June 2000, 1 additional staff for editing work was employed. As at 30th June 2000, there were total 2 staff for editing work. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 30th June 2000**

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| 3. Out-source the translation work to professional translators | The translation work of certain PRC laws and regulations, as well as the research reports, has been outsourced to professional translators. |
| 4. Employ additional staff for translation | During the six months ended 30th June 2000, no additional staff for translation was employed. |
| 5. Employ additional full time editors | During the six months ended 30th June 2000, 3 additional full time editors were employed. As at 30th June 2000, there were total 4 full time editors. |
| 6. Employ additional technical staff for systems development | During the six months ended 30th June 2000, 4 additional technical staff for systems development were employed. As at 30th June 2000, there were total 6 technical staff for systems development. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 30th June 2000**

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| 7. Budget to be allocated for promotion campaigns | For the six months ended 30th June 2000, the total costs for promotion campaigns amounted to approximately HK\$2,900,000. |
| 8. Budget to be allocated for setting-up representative offices | For the six months ended 30th June 2000, the total costs for setting up representative offices amounted to approximately HK\$160,000. |
| 9. Budget to be allocated for eCommerce development | For the six months ended 30th June 2000, the fund applied for eCommerce development amounted to approximately HK\$17,900,000. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999

Actual business progress in respect of the six months period ended 31st December 2000

Content Development

1. Complete translation into English of second batch of selected laws and regulations of the PRC

Translation of the second batch of selected laws and regulations had been completed by the end of November 2000. The whole spectrum encompassed 1,552 pieces of laws that totaled to 3,321,796 words.
2. Complete digitization of prospectuses, interim reports and annual reports of all companies listed in Shanghai and Shenzhen stock markets

The Group is reviewing the market potential of the digitization of prospectuses, interim reports and annual reports. Instead, the Group has completed the digitization of listed companies' profiles and posted them on *Chinareference.com* in March 2000.
3. Complete translation into Japanese of second batch of selected laws and regulations of the PRC

The Group is reviewing its strategy on penetrating into the Japan market and studying the possibility of promoting English version of PRC laws in the market.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 31st December 2000
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| 4. Set up another content development centre in Shanghai, the PRC | The Group has expanded its Beijing office into a content development centre with its own research team in the fourth quarter of 2000, there is no need for the Group to set up another content development centre in Shanghai, PRC. |
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eCommerce Development

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| 1. Launch the China collections website through Oriental Cultural Resources Limited | The website <i>BuyCollection.com</i> was launched in September 2000. |
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Product and Technology Development

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| 1. Launch the services which allow professional users to subscribe for standardized content package from the Group directly | The <i>Chinareference.com</i> is undergoing revamp to provide more specific contents for the targeted groups, including professional users. |
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According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 31st December 2000**

2. Launch SME web solutions package in Hong Kong The Group is reviewing the potential of the project in light of the highly competitive Application Service Providers market.
3. Launch legal office automations system, an office automation for law firms in Hong Kong The Group has aborted the plan due to limited market potential.

Market Penetration

1. Form a distribution partnership in other countries such as US, Canada and Australia, respectively The Group sealed partnership agreements with world class distributors, including Thomson Financial, Dialog Corporation, Factiva, MarketResearch.com, Mindbranch, Inc., Geomarkets, Inc. and Info Access Group in the fourth quarter of 2000.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999

Actual business progress in respect of the six months period ended 31st December 2000

2. Continue the promotion campaigns in Hong Kong and Taiwan. Commence global promotion campaigns to promote the Group's products and corporate image by advertising on Internet and international professional magazines, bundling offers with overseas business partners and direct mail in overseas. Commence participation in exhibitions and seminars

The Group continued to participate in exhibitions, including the "Internet Commerce Expo & Conference Hong Kong 2000" in July 2000, "Taipei International eCommerce 2000" and "Internet World Asia @ Hong Kong Expo 2000" in November 2000 and "American Library Association Expo" in January 2001.
3. Set up a representative office in Japan

The Group will leverage on the distribution partners to penetrate into Japan market which is more cost-effective than setting up a representative office.
4. Form a distribution partnership in Japan

The Group is reviewing business opportunities in the Japan market.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 31st December 2000**

Resources Employment

1. Out-source the translation work to professional translators The translation work of PRC laws and regulations, as well as the research reports, has been outsourced to professional translators.
2. Employ additional staff for content development During the six months ended 31st December 2000, the Group employed 9 additional staff for content development in Beijing, the PRC. As at 31st December 2000, there were total 15 staff for content development, 9 in Beijing, the PRC, and 6 in Hong Kong.
3. Employ additional staff for editing work During the six months ended 31st December 2000, no additional staff for editing work was employed. As at 31st December 2000, there were total 2 staff for editing work.
4. Employ additional staff for translations During the six months ended 31st December 2000, no additional staff for translation was employed.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 31st December 2000
5. Employ additional full time editor	During the six months ended 31st December 2000, no additional full time editor was employed. As at 31st December 2000, there were total 4 full time editors.
6. Budget to be allocated for the digitization of the archives	For the six months ended 31st December 2000, the total costs for digitization of the archives amounted to approximately HK\$85,000.
7. Budget to be allocated for promotion campaigns	For the six months ended 31st December 2000, the total costs for promotion campaigns amounted to approximately HK\$2,052,000.
8. Budget to be allocated for setting up a representative office	For the six months ended 31st December 2000, the total costs for setting up a representative office amounted to approximately HK\$1,592,000.
9. Budget to be allocated for eCommerce development	For the six months ended 31st December 2000, the fund applied for eCommerce development amounted approximately to HK\$1,588,000.

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 30th June 2001
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Content Development

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| 1. Start providing daily industrial news and periodical industrial reports in Japanese covering selected industries in the PRC | The Group aborted the provision of daily industrial news and periodical industrial reports in Japanese as the cost does not justify the benefits. |
| 2. Start providing city reports in English and Japanese for selected cities in the PRC | The provision of city reports in Japanese was aborted, as the cost does not justify the benefits. |
| 3. Launch English version of China professional business information package such as taxation, customs and duty | The English version of China professional business information package will be provided via the information platforms of the Group. These platforms have entered into the final stage of their development. |

eCommerce Development

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| 1. Launch an eCommerce platform with local partner(s) for online shopping in the PRC | In line with the repositioning strategies, the Group withdrew the project due to global negative sentiments towards B2C. |
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According to the business objectives as stated in the Company's prospectus dated 7th December 1999 **Actual business progress in respect of the six months period ended 30th June 2001**

Product and Technology Development

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| 1. Continue to develop and enhance the proprietary system, technology, products and services of the Group | The Group underwent the revamp of <i>Chinareference.com</i> , which will be re-launched. |
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Market Penetration

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|---|---|
| 1. Set up a representative office in Europe | The Group will leverage on the global distribution partners to penetrate into the European market. |
| 2. Form a distribution partnership in Europe and Singapore respectively | The Group further reinforced the global network with 5 more distribution partners, including Multex.com, Inc., Lexis-Nexis, Turpin, Internet Securities Inc. and APT Strategies Pty. Ltd.. Networked with 12 global distribution partners, the Group's products are available to the global market. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999	Actual business progress in respect of the six months period ended 30th June 2001
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| 3. Continue promotion and marketing activities in Greater China and other regions | The Group has participated in the "Asia International Book Fair/International Library Expo 2001" in Singapore in April 2001, the "Special Libraries Association Annual Conference" in U.S.A. in June 2001 and the "SME Market Day" in Hong Kong in July 2001. |
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On the other hand, the Group continues to leverage on its offices in Beijing, the PRC, Guangzhou, the PRC and Taiwan for business development in the Greater China region.

Resources Employment

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| 1. Employ additional staff for content development | During the six months ended 30th June 2001, no additional headcount was added. |
| 2. Employ additional staff for editing work | During the six months ended 30th June 2001, no additional headcount was added. |
| 3. Employ additional technical staff for systems development | During the six months ended 30th June 2001, no additional headcount was added. |

According to the business objectives as stated in the Company's prospectus dated 7th December 1999

Actual business progress in respect of the six months period ended 30th June 2001

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| 4. Out-source translation work to professional translators | Translation work of PRC law database and research report has been outsourced to professional translator during the period. |
| 5. Budget to be allocated for promotion campaigns | For the six months ended 30th June 2001, the total costs for promotion campaigns amounted to approximately HK\$2,901,000. |
| 6. Budget to be allocated for setting up a representative office | The Group has aborted its plan to set up a new representative office in Europe during the period. |
| 7. Budget to be allocated for eCommerce development | For the six months ended 30th June 2001, the fund applied for eCommerce development amounted approximately to HK\$3,750,000. |

DIRECTORS' INTERESTS IN EQUITY SECURITIES

As at 30th June 2001, the following directors of the Company had or were deemed to have interests in the equity securities of the Company within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company pursuant to Section 29 of the SDI Ordinance or which required, pursuant to rules 5.40 to 5.59 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") to be notified to the Company and The Stock Exchange of Hong Kong Limited were as follows:

Name	Number of shares held		Total
	Personal interest	Corporate interest *	
Mr. Leung Chung Wan	960,000	264,934,000 (<i>Note 1</i>)	265,894,000
Ms. Tam Yee Wa Jojo	—	264,934,000 (<i>Note 1</i>)	264,934,000
Mr. Chau Tak Tin	—	264,934,000 (<i>Note 1</i>)	264,934,000
Mr. Kwan Pun Fong Vincent	—	15,700,000 (<i>Note 2</i>)	15,700,000

- * Shares held in corporate interest represent those shares beneficially owned by a company in which the relevant director was deemed to be entitled under the SDI Ordinance to exercise or control the exercise of one third or more of the voting power at its general meeting.

Notes:

1. Asian Dynamics International Limited (“Asian Dynamics”) holds 264,934,000 shares of the Company. Asian Dynamics is beneficially owned, inter alia, as to 21.87% by Mr. Leung Chung Wan; 6.51% by Ms. Tam Yee Wa Jojo; and 10.94% by Mr. Chau Tak Tin.
2. Hinful Capital Limited (“Hinful Capital”) holds 15,700,000 shares of the Company. Hinful Capital is beneficially owned as to 24.625% by Mr. Kwan Pun Fong Vincent.

Save as disclosed above, as at 30th June 2001, neither the directors nor their associates, had any interests in any equity securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the share option scheme adopted by the Company on 2nd December 1999, a duly authorized committee of the board of directors may, at its discretion, invite any full-time employee (including executive directors) of the Company and its subsidiaries to take up options to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

During the six months ended 30th June 2001, no share options had been granted or exercised.

As at 30th June 2001, the outstanding share options granted in favour of the directors were as follows:

Name	Number of share options	Exercisable period		Exercise Prices
		From	To	
Mr. Leung Chung Wan	320,000	25th January 2000	24th January 2003	HK\$0.89
	1,000,000	15th June 2000	14th June 2003	HK\$0.47
Ms. Tam Yee Wa Jojo	320,000	25th January 2000	24th January 2003	HK\$0.89
	1,500,000	15th June 2000	14th June 2003	HK\$0.47

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable any of the Company's directors or members of its management, their respective spouse, or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2001, the following entities (not being a director or chief executive of the Company) had or were deemed to have interests, being 10% or more in the issued share capital of the Company, as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance.

Name	Number of shares	Percentage of shareholding
Asian Dynamics International Limited	264,934,000	55.63%
Aldgate Agents Limited (<i>Note 1</i>)	66,120,000	13.88%
New World CyberBase Limited (<i>Note 1</i>)	66,120,000	13.88%

Note:

1. Aldgate Agents Limited is a wholly-owned subsidiary of New World CyberBase Limited. Their interests in the shares of the Company duplicate with each other.

Save as disclosed above, the Company had no notice of any interests to be recorded under Section 16(1) of the SDI Ordinance as at 30th June 2001.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30th June 2001. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30th June 2001.

SPONSOR'S INTEREST

The Company's sponsor, Tai Fook Capital Limited ("Tai Fook"), and its associates (as referred to in Note 3 to rule 6.35 of the GEM Listing Rules) were interested in 4,800,000 and 77,300,000 shares of the Company as at 30th June 2001 respectively.

Pursuant to the agreement dated 13th December 1999 entered into between the Company and Tai Fook, Tai Fook has received and will receive a fee for acting as the Company's retained sponsor for the period from 16th December 1999 to 31st December 2001.

COMPETING INTERESTS

Pursuant to rule 11.04 of the GEM Listing Rules, the interest of each director, management shareholder (as defined in the GEM Listing Rules) and their respective associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group are set out below:

Director	Entity that competes or may compete with business of the Group	Position of the director in the entity	Competing business of the entity
Ms. Yvette Ong	New World CyberBase Limited	Managing director	Provision of eCommerce solutions in the Greater China market and investment in companies which operate, inter-alia, as eCommerce, Internet content provider and Internet service provider
Mr. Kwan Pun Fong Vincent	ChinaHowFun.com Corporation Limited	Director	Internet content provider
	Finet Holdings Limited	Director	Internet content provider
Mr. To Hin Tsun Gerald	New World CyberBase Limited	Non-executive director	Provision of eCommerce solutions in the Greater China market and investment in companies which operate, inter-alia, as eCommerce, Internet content provider and Internet service provider
Mr. Peter Francis Amour	SunCorp Information Technologies (Asia) Limited	Director	Provision of unified messaging and other services

Save as disclosed above, none of the directors or management shareholders of the Company or their respective associates had an interest in a business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

In compliance with rule 5.23 of the GEM Listing Rules, the Company has established an audit committee comprising three independent non-executive directors and has adopted the terms of reference governing the authorities and duties of the audit committee. The present members of the audit committee are Mr. To Hin Tsun Gerald, Mr. Peter Francis Amour and Mr. Law Shiu Kai Andrew.

By Order of the Board
Leung Chung Wan
*Chairman and
Chief Executive Officer*

Hong Kong, 8th August 2001



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