



豐裕興業國際有限公司

L. P. Lammas International Limited (the “Company”)

(incorporated in the Cayman Islands with limited liability)

FIRST QUARTERLY REPORT (For the three months ended 30 June 2001)

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 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.

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This first quarterly results report, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange for the purpose of giving Information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this first quarterly results report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this first quarterly results report misleading; and (iii) all opinions expressed in this first quarterly results report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Summary

- The Group recorded a turnover of HK\$171,500 for the three months ended 30 June 2001
- Gross loss was HK\$1,188,983 for the three months ended 30 June 2001
- Loss attributable to shareholders was HK\$2,879,080 for the three months ended 30 June 2001
- The directors do not recommend the payment of an interim dividend for the three months ended 30 June 2001

Business Review

The board of Directors (the "Board") of L. P. Lammas International Limited (the "Company") would like to announce the unaudited results of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2001.

The Group recorded a turnover of HK\$171,500 for the three months ended 30 June 2001, as compared with approximately HK\$2,059,000 for the same period last year. The turnover declined as the Group had undergone a major structural and operational change after making reference to its US counterparts, and was in the course of adapting to the new mode of conducting business.

The Group posted a net loss of approximately HK\$2,879,000, while the net profit for the same period last year was approximately HK\$1,021,000. The loss was mainly attributed to the increase of overhead arising from an increase in payroll expenses and new office expenses.

Despite loss was reported for the quarter under review, the Group had identified and successfully piloted strategies and schemes for enhancing the revenue generating capability of the Group. In order to capture the high demand for the Group's Mergers and Acquisitions ("M&A") advisory services efficiently, the Directors believe that it is essential to raise the awareness of business owners of small and medium-sized enterprises ("SMEs") about the benefit and necessity of applying the Group's professional M&A services for their business objectives. Effective channels it has established to reach the business owners mentioned below being the Group's main target complement this strong branding of the Group for its business growth.

The Group achieves the following during the period:

CPA referral program

The CPA referral program launched since March 2001 had proven to be very successful. Many CPA firms had shown interest in the program and work with the Group for their common interests. Amongst the Group's pool of potential deals, considerable amount of them were referred by the CPA firms. In addition to the direct referrals, the CPA firms also assisted in recruiting business owners for the M&A seminars organized by the Group. Through such activities, potential businesses are uncovered.

Alliance with commercial banks

The Group had reached agreements with two commercial banks in Hong Kong to assist them in handling their non-performing loan ("NPL") portfolio. These services to be provided would include loan restructuring and asset disposal. The Group has started working on 2 NPL deals. For further business development, a seminar will also be held jointly with another commercial bank to provide the Group direct contacts with the bank's customers.

Alliance with HKPC

In view of the success of the seminar for SME business owners jointly held with HKPC since May 2001, the Group has regularized this activity. In the subsequent seminars held, the audience response continued to be encouraging. On a cumulative basis, a substantial number of the seminar attendees approached the Group actively afterwards to express interests for further study of their businesses. After preliminary evaluation, the Group assessed that some of the businesses are potential candidates for its M&A advisory services. The Group expects these business owners will mandate the Group for its service.

Alliance with Industry Federation of Business Owners & SME Communities

The group is making steady progress in building up relationship with industry federations of business owners & SME communities. In the form of luncheon talks, seminars, conferences and exhibitions, the Group proposed to more than 20 local federations its promotion plan to their members who are business owners, the benefits and usages of M&A services. The Group had reached agreements with more than 5 of them and will jointly organize suitable activities in August and September 2001.

Outlook

Despite the uncertain and unfavorable current market condition, the Directors are confident that the demand of business owners of SMEs for M&A services in Hong Kong would remain strong, especially when the local economy is undergoing structural changes, thus accelerating the consolidation and restructuring of enterprises. As a result, the Directors believe that the Group's inherent strength will come to prominence quickly when business community learned about the application of M&A service as a tool for businesses or enterprises to exit, grow and be more competitive. The Directors are also optimistic about the future development of M&A in the PRC market, because of the immense business opportunities evolving especially after the PRC accession to the WTO, and the PRC government's determination to develop the Western regions. Such view is also supported by the sustainably strong economic growth of the PRC.

In the near future, the Group will continue its strategy and effort to ally with the professional bodies, commercial banks and federations for reaching the business owners. The Directors expect that the combined effort of the seminars, referral programs and the associating plans will deliver results in the following quarters. Concurrently, the Group will continue to assess the business strategies, review the performance, and explore means to boarden the client base beyond the mid-size M&A market for shareholders' best interests. The listing proceeds of approximately HK\$12.9 million originally assigned for the enhancement of opphunt.com is currently deposited with a bank in Hong Kong, the Directors will evaluate the situation and may reallocate funding to other appropriate business plans.

First Quarterly Results

The unaudited consolidated results of the Group for the three months ended 30 June 2001 together with the unaudited comparative figures for the corresponding period in 2000 are as follows:

	Notes	For the three months ended 30 June	
		2001 HK\$	2000 HK\$
Turnover	3	171,500	2,059,260
Cost of services provided		(1,360,483)	(380,203)
Gross profit/(loss)		(1,188,983)	1,679,057
Other revenue		172,505	24,837
Administrative and general expenses		(1,862,602)	(413,356)
Profit/(loss) before tax		(2,879,080)	1,290,538
Tax	4	0	(270,000)
Net profit/(loss) attributable to shareholders		(2,879,080)	1,020,538
Dividends		Nil	Nil
Earnings/(loss) per share			
Basic	5	HK(0.4 cents)	HK0.2 cents
Diluted	5	N/A	N/A

Notes:

1. Group reorganisation and basis of preparation

The Company was incorporated in the Cayman Islands on 11 July 2000 as an exempted company with limited liability under the Company Law (2000 Revision) of the Cayman Islands.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in December 2000, the Company became the holding company of the companies now comprising the Group on 29 November

2000. This was accomplished by acquiring the entire issued share capital of L. P. Lammas International (BVI) Limited ("LPL-BVI") in consideration of and in exchange for the Company's allotted and issued share capital.

The shares of the Company were listed on the GEM of the Stock Exchange on 14 December 2000.

The consolidated results have been prepared using the merger basis of accounting as a result of the Group Reorganisation. On this basis, the Company has been treated as the holding company of its subsidiaries for the periods presented rather than from the date of their acquisitions pursuant to the Group Reorganisation. Accordingly, the consolidated results of the Group for the three months ended 30 June 2000 include the results of the Company and its subsidiaries with effective from 1 April 2000.

2. **Principal accounting policies**

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong and accounting standards issued by the Hong Kong Society of Accountants.

3. **Turnover**

Turnover represents the net invoiced value of services provided.

4. **Tax**

No provision for Hong Kong profits tax has been made for three months ended 30 June, 2001 as the Group has not generated any assessable profits arising in Hong Kong during the period. Hong Kong profits tax was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the three months ended 30 June 2000. No provision for overseas income tax has been made for both periods presented as the Group did not earn any profits in other jurisdiction during these periods.

As at 30 June 2001, there were no significant deferred tax assets and liabilities for which a recognition/provision has not been made (2000: Nil).

5. **Earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$2,879,080 (2000: profit of HK\$1,020,538) and the weighted average number of 800,000,000 (2000: 640,000,000) ordinary shares of the Company, calculated based on the assumption that the Group Reorganisation as further described in note 1 of this report had been completed on 1 April 1999.

Diluted loss per share for the period ended 30 June 2001 has not been shown as the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for the period. Diluted earnings per share for the period ended 30 June 2000 has not been calculated as no diluting event existed during that period.

6. Reserves

There were no movements in reserves of the Group, other than retained earnings, for the three months ended 30 June 2001.

7. Interim dividend

The directors do not recommend the payment of an interim dividend for the three months ended 30 June 2001 (2000: Nil).

8. Directors' interests in share capital

At 30 June 2001, the interests of the directors and their associates in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of director	Number of issued ordinary shares		
	Personal interests	Corporate interests	Total
Mr. Pong Wai Yan	4,000,000	632,400,000 (note)	636,400,000
Mr. Kan Siu Lun	3,600,000	–	3,600,000

Note: These shares are held by WYP Holdings Limited, a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital in WYP Holdings Limited is registered in the name of and is beneficially owned by Mr. Pong Wai Yan.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the issued share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

9. Directors' right to acquire shares

Under the terms of the share option scheme (the "Share Option Scheme") adopted by the Company on 29 November 2000, the board of directors is authorised, at its absolute discretion, to grant options to employees, including executive directors of the Company or any of its subsidiaries, to subscribe for shares in the Company.

Prior to the listing of the Company's shares on the GEM of the Stock Exchange, the Company granted share options (the "Pre-IPO Share Options") to the executive directors to subscribe for the shares of the Company. Details of these Pre-IPO Share Options are as follows:

Name of director	Exercise period	Exercise price	Number of shares being subject of options granted to and held by the Directors up to 30 June 2001
Mr. Pong Wai Yan	14 June 2001 to 13 June 2006	HK\$0.20	1,400,000
	14 June 2002 to 13 June 2007	HK\$0.20	1,400,000
	14 June 2003 to 13 June 2008	HK\$0.20	1,400,000
	14 June 2002 to 13 June 2007	HK\$0.02	1,000,000
	14 June 2003 to 13 June 2008	HK\$0.02	1,400,000
Mr. Kan Siu Lun	14 June 2001 to 13 June 2006	HK\$0.20	1,200,000
	14 June 2002 to 13 June 2007	HK\$0.20	1,200,000
	14 June 2003 to 13 June 2008	HK\$0.20	1,200,000
	14 June 2002 to 13 June 2007	HK\$0.02	800,000
	14 June 2003 to 13 June 2008	HK\$0.02	1,200,000
			12,200,000

During the period, the 3,000,000 Pre-IPO Share Options granted to Mr. Tsang Chiu Tak were cancelled as he was resigned from the Group.

During the period, the Company terminated the development and maintenance agreement (the "BVT-HK Agreement") entered into between the Company, Opphant Limited and BonVision Technology (Hong Kong) Limited ("BVT-HK") in accordance with the termination clause stipulated therein and BVT-HK agreed to the termination. The share options of 800,000 shares in aggregate granted under the BVT-HK Agreement lapsed accordingly.

Apart from the foregoing, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

10. Outstanding share options

As at 30 June 2001, options to subscribe for an aggregate of 15,400,000 shares of the Company granted pursuant to the Pre-IPO Share Option Scheme were outstanding. Apart from the outstanding share options of 12,200,000 granted to the executive directors as disclosed in Note 9 above, the balance of 3,200,000 were granted to 3 senior management and 4 employees at an exercise price of HK\$0.2 per share.

11. Substantial shareholders

At 30 June 2001, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of issued shares
WYP Holdings Limited (Note)	632,400,000	79.05
Mr. Pong Wai Yan	636,400,000	79.55

Note: These share are held by WYP Holdings Limited, the entire issued share capital of which is registered in the name of and is beneficially owned by Mr. Pong Wai Yan.

Save as disclosed above, the directors were not aware of any person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company that was required to be recorded under section 16(1) of the SDI Ordinance.

12. Competition and conflict of interest

None of the directors, the management shareholders or the substantial shareholders of the Company, or any of their respective associates, have engaged in any business that competes or may compete with the business of the Group or any other conflict of interest with the Group.

13. Sponsors' interests

As at 30 June 2001 and as at the date of this report, Tai Fook Capital Limited (the "Sponsor"), its directors, employees or associates, did not have any interest in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the agreement dated 4 December 2000 entered into between the Company and the Sponsor, the Sponsor received, and will receive fees for acting as the Company's retained sponsor for the period from 15 December 2000 to 31 March 2003.

14. Audit committee

The Company set up an audit committee (the "Committee") on 29 November 2000 with written terms of reference for the purpose of reviewing and supervising the financial reporting process and internal control system of the Group. The Committee comprises two members, Ms. Yu Yuk Ying, Vivian and Mr. Lo King Yau, Edwin, who are independent non-executive Directors.

15. Purchase, sale or redemptions of listed securities

From 1 April 2001 to 30 June 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
L. P. Lammas International Limited
Pong Wai Yan
Chairman

Hong Kong, 10 August, 2001