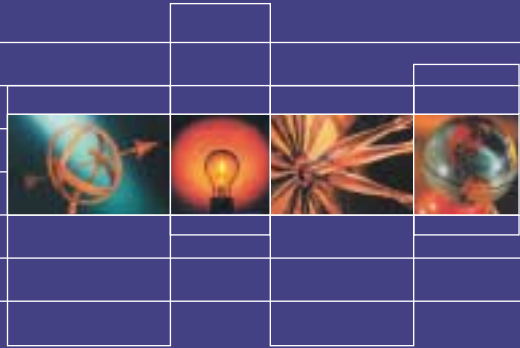




L.P. LAMMAS INTERNATIONAL LIMITED

豐裕興業國際有限公司

(incorporated in the Cayman Islands with limited liability)



Interim Report

2001



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)

HALF-YEARLY REPORT (For the six months ended 30 September 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.

The Stock Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document, for which the directors (the “Directors”) of L. P. Lammas International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities (“GEM Listing Rules”) on the Growth Enterprise Market of the Stock Exchange of Hong Kong

Limited for the purpose of giving Information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this document 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 document misleading; and (iii) all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

We would like to announce the results of L. P. Lammas International Limited (the "Company") and its subsidiaries (collectively the "Group") for three months and six months ended 30 September 2001.

Unlike many of the businesses in Hong Kong and the Greater China region who are facing very steep and sustained economic downturn, with their performance deteriorating rapidly, the Company improved its financial results for the three months ended 30 September 2001 over the last quarter. Such record evidences that the Group's business strategies implemented since February 2001 are starting to deliver results. The Group had put substantial effort to educate the target business owners the merits and application of Mergers and Acquisitions ("M&A") services, to build up its brand and business connections, for the purpose of broadening the client base, and in the long run securing the revenue of the Group. In the second quarter of fiscal 2002, our good relationships with various trade federations, professional firms and associations, and government agencies, complementary with the marketing activities such as seminars and presentations, acted as effective channels for the Group to recruiting customers as well as acquiring business intelligence. The TV commercials launched in mid September 2001 further enhanced the Group's image and professionalism in M&A services for Small and Medium Enterprises ("SMEs") in the Region.

Taking advantage of the prevailing buyers' market sentiment, the Group focused its effort in recruiting sellers in the initial stages. Indeed, the "sellers pool" which the Company has built up rapidly during the review period has attracted potential buyers and investors from the other end of the M&A transaction.

FINANCIAL HIGHLIGHTS

	For the three months period ended	
	30 September 2001	30 June 2001
	HK\$	HK\$
Turnover	826,500	171,500
Cost of sales	(1,340,845)	(1,360,483)
Gross loss	(514,345)	(1,188,983)
Loss attributable to shareholders	(2,104,366)	(2,879,080)

Financial performance

As shown above, the Group's turnover for the three months ended 30 September 2001 totaled HK\$826,500, representing a 3.8 times increase over the last quarter. With the unfavorable economic climate, especially after the September 11 event in the US, the increase in income reflects the Group's success in its business strategies and the growing and sustained demand of SMEs for M&A services. The gross loss and loss attributable to shareholders also reduced by 57% and 27% respectively. The Group is able to minimize its general and administrative expenses after implementation of tight cost control measures. However, the marketing expenses increased due to the launch of a series of promotional campaigns to support the Company strategies. Although the financial results still yet to improve, we believe that the Group is on its track to achieve the break-even position before it starts to produce profit.

Business review

Continuing efforts in the regular activities initiated in last fiscal year such as building up strategic alliances, hosting seminars and introduction of referral schemes, attracted many SME's for our services. New marketing campaigns were also implemented to multiply the penetrating effect of the M&A services to the potential customers. For the three months ended 30 September 2001, the Group had entered into 15 mandates and we anticipate that those deals in progress

would boost the turnover in the coming quarters. To accommodate the increased demands for the M&A services and to better service our customers, the Group had increased its work force by more than 10% during the period.

The Group's achievements during the period are summarized as follows:

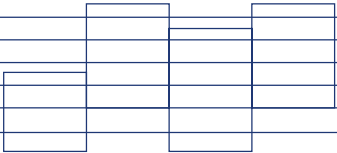
Strategic alliances

As part of the business strategy, the Group will continue to enhance its relations with its existing alliances such as the CPA firms, commercial banks, government agencies and trade federations, and to forge new alliances. Our mutually beneficial business connections enable the Group's access to market information and business opportunities, which are fundamental for the success of the Group's business. During the reporting period, the business intakes of the Group increased either by direct referrals from the alliances, or from the M&A seminars organized or co-organized with the alliances.

Besides regular seminars jointly held with HKPC, the Group also co-organized a number of seminars or presentations with various associations or media such as Hong Kong Stockbrokers Association, Chinese Manufacturers Association of Hong Kong, HKIT, Hong Kong Plastic Machinery Association, The Hong Kong Chinese Enterprises Association, Hong Kong Photographic & Optics Manufacturers Association, Hong Kong Diecasting Association, Hong Kong Chinese Importers & Exports Association and Cup Magazines etc. In light of the overwhelming response from the seminars, some professional bodies such as the Hong Kong Society of Accountants have also approached us for similar cooperative arrangements.

Brand building

Although the Group is an early mover in the market, it is important that the Group anchors its position by distinguishing itself from other service providers, thus establishing its leading status in the mid-sized M&A market. The Group has since formulated the marketing strategies accordingly to building its brand name as well as promoting public awareness of the SME's M&A services. The first series of advertisements were showed on TV in September 2001 and the Group attracted many positive and encouraging responses. Many potential customers approached us and showed their interest in our services. In view of the success



of the marketing campaigns, the Group will implement other promotional activities including but not limited to the distribution of newsletters together with our deal list to the strategic alliances, engaging in TV programs production, and advertising in newspaper.

PRC Markets

The impending accession of the PRC to the WTO, the PRC government's plans of developing the western regions, and the hosting of the Year 2008 Olympic Game in Beijing will undoubtedly create immense business opportunities in the PRC. To capture such potential evolving, the Group continues to put extensive efforts to maximize its exposure to the corporate community in the PRC. Following the presentation held in Heilongjiang in June 2001, the Group had co-organized a seminar with the local government in Chongqing City to promote M&A activities in the PRC. Since the Group has established presence in the PRC, many PRC entities including the governmental bodies had taken initiative to develop cooperative arrangements with the Group. Against such response, the Group is taking steps to increase the number of seminars, conferences and similar activities in other influential provinces and cities within the PRC. Comparing with the Company records, we also saw increased revenue contribution from this market for the review period.

Outlook

The gloomy economy worldwide has basically helped pushing consolidation in every trade and industry, to businesses of all sizes with SMEs occupying the lion's share in terms of quantity. The Greater China region including Hong Kong, where the Group focuses its business, is no exception. This situation is creating a high demand for the M&A services of the Group. Together with its new strategies and practices, the Group improved its performance during the review period. If the Group were to benefit from the dooms days, it would equally benefit in the rosy days ahead. Indeed, it is the firm belief of the Directors that entrepreneurs and business owners of the Region will apply M&A services increasingly to meet their corporate and personal objectives, as they become more and more aware of the tool of M&A. Looking ahead, the Directors are affirmative that the Company will continue to improve its performance in accordance with the new strategies, while the mid-sized M&A market of the Region grows steadily.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Business objectives as set out in the Prospectus: Actual business progress to date:

(1) Enhanced capability and capacity

Increase the number of business consultants The number of staff had increased by more than 10% and the cost incurred was approximately HK\$0.002 million.

Increase the number of staff in valuation and research team The Group will either acquire or establish the valuation function. It is in the stage of evaluating the two alternatives.

(2) Implement and develop AI and other advance technologies

Introduce intelligent CRM features to Opphunt.com In April 2001, the Group had frozen the arrangement of enhancing Opphunt.com, implementation of AI and other advanced technologies. The Group will re-enforce the clicks and mortar business model if the Group will be able to benefit more from IT investment for its business growth in the future. 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.

Provide translation services and online video description services on Opphunt.com

Distribute customized periodic deal listings to subscribers via Opphunt.com

Develop and install ASP model for supporting franchise/affiliate system



(3) Establish alliances and collaborative customers in targeted sectors

Form alliance with trade and business promotion bodies in Hong Kong

The Group had successfully built up strategic relationships with CPA firms, commercial banks, government agencies and trade federations. The Group has incurred approximately HK\$0.05 million as described in the Prospectus.

Enter into collaboration arrangement with institutions in the consumer products sector in the PRC

As a more effective substitute to promote the M&A services, the Group had co-organized seminars, conferences and similar activities with PRC entities including governmental bodies in the influential provinces and cities.

Co-operate with AMCs in PRC (e.g. China Orient Asset Management Corporation) to search for global investors for their assets disposal

The Group had signed a cooperative agreement with the one of the AMCs, China Orient Asset Management Corporation (“COAMC”) to dispose of the NPL assets. The Group is taking steps to negotiate with the remaining three AMCs of the national banks.

(4) Geographical expansion and establishment of franchise/affiliate system

Commence feasibility study on setting up of representative office in London

In light of the unfavorable and uncertain global economy, the Group will postpone the geographical expansion plan and focus on promoting the M&A services in Hong Kong and the PRC.

Commence feasibility studies on setting up of franchise affiliate system in the PRC

Develop the scheme for the franchise affiliate system

Increase the number of staff in San Francisco and Beijing offices to about 5 and 16 respectively

(5) Brand building

Commission tertiary institutions in Hong Kong to conduct annual survey with business owners on business/disposal plans in Hong Kong and release analysis by press conference

The Group sponsored the survey conducted by HKPC to investigate the enterprise growth situation for Hong Kong's SME's, and to construct the SME Growth Index for the reference of the community at large in Hong Kong.

Organize annual regional conference with CPTTM & similar organization in Hong Kong on business brokering

The Group had co-organized with various professional bodies, banks, government agencies and trade federations a number of seminars and conferences on SME's M&A and the cost incurred was approximately HK\$0.05 million.

Analyze postings and matching of opportunities by Opphunt.com and release analysis results by press conference

The Group had withheld its AI development and will not rely on the postings and matching of opportunities by Opphunt.com at the moment.

Advertise the services of Opphunt.com to selected sectors in Hong Kong

Organize regional and industry specific conferences in the PRC to facilitate the acquisition of assets derived from NPLs by US investors

The Group had co-organized presentation and seminar in Heilongjiang province and Chongqing and Beijing city respectively and the cost incurred was approximately HK\$0.01 million.

Set up information booths at industry specific conferences and trade fairs in the US to promote assets derived from NPLs to investors

Current market conditions are not strong enough to justify the setting up of information booths in US, but the Group will look for the right timing to organize activities to promote assets derived from NPLs to the US investors.

The net proceeds from the public listing was about HK\$23.9 million. The proceeds had been applied in the following areas:

	Amount to be used up to 30 September 2001 as disclosed in the Prospectus	Actual amount used up to 30 September 2001
	<i>HK\$'M</i>	<i>HK\$'M</i>
Enhanced capability and capacity	1.7	0.962
Implement and develop AI and other advanced technologies	5.82	Nil
Establish alliances and collaborative customers in targeted sectors	0.1	0.05
Geographical expansion and establishment of franchise/affiliate system	1.2	0.02
Brand building	0.67	0.06
Total	<u>9.49</u>	<u>1.092</u>

RESULTS

The Board of Directors (the "Board") of L. P. Lammas International Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and six months ended 30 September 2001 together with the comparative unaudited figures for the corresponding periods in 2000 as follows:

	Notes	Three months ended 30 September		Six months ended 30 September	
		2001	2000	2001	2000
		HK\$	HK\$	HK\$	HK\$
Turnover	3	826,500	929,693	998,000	2,988,953
Cost of services provided		(1,340,845)	(673,710)	(2,701,328)	(1,053,913)
Gross profit/(loss)		(514,345)	255,983	(1,703,328)	1,935,040
Other revenue		150,061	164,564	322,565	189,401
General and administrative expenses		(1,740,082)	(737,090)	(3,602,684)	(1,150,446)
Profit/(loss) from operating activities		(2,104,366)	(316,543)	(4,983,447)	973,995
Tax	4	–	270,000	–	–
Net profit/(loss) from ordinary activities attributable to shareholders		(2,104,366)	(46,543)	(4,983,447)	973,995
Dividends	7	–	–	–	–
Retained profit/(loss) for the period		(2,104,366)	(46,543)	(4,983,447)	973,995
Earnings/(loss) per share					
– Basic	5	(0.3 cents)	(0.01 cents)	(0.6 cents)	0.2 cents
– Diluted	5	N/A	N/A	N/A	N/A



Notes:

1. Group reorganization 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 reorganization (the “Group Reorganization”) to rationalize 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. Lamma 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 for the three months and six months ended 30 September 2000 have been prepared using the merger basis of accounting as a result of the Group Reorganization. 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 Reorganization. Accordingly, the consolidated results of the Group for the three months and six months ended 30 September 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 the three months and six months ended 30 September 2001 as the Group has not generated any assessable profits arising in Hong Kong during the periods. Hong Kong profits tax was provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the three months and six months ended 30 September 2000. No provision for overseas income tax has been made for three months and six months ended 30 September 2001 and the corresponding periods in 2000 as the Group did not earn any profits in other jurisdiction during these periods.

As at 30 September 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 for the three months and six months ended 30 September 2001 is based on the respective loss attributable to shareholders of HK\$2,104,366 and HK\$4,983,447 and the weighted average number of 800,000,000 ordinary shares of the Company in issue during the respective periods. Diluted loss per share for the three months and six months ended 30 September 2001 has not been shown as the potential ordinary shares outstanding had an anti-dilutive effect on the basic loss per share for the periods.

The basic earnings/(loss) per share in respect of the three months and six months ended 30 September 2000 is based on the net loss from ordinary activities attributable to shareholders of HK\$46,543 and respective net profit of HK\$973,995 respectively and on the assumption that 640,000,000 shares had been in issue throughout the respective periods. Diluted earnings/(loss) per share for the three months and six months ended 30 September 2000 has not been calculated as no diluting event existed during the periods.

6. Reserves

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

7. Interim dividend

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

8. Directors' interests in share capital

At 30 September 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		Total
	Personal interests	Corporate interests	
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 authorized, 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 September 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 six months ended 30 September 2001, the 3,000,000 Pre-IPO Share Options granted to Mr. Tsang Chiu Tak were cancelled as he resigned from the Group.

In April 2001, the Company terminated the development and maintenance agreement (the "BVT-HK Agreement") entered into between the Company, Opphunt 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 September 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 September 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 (<i>Note</i>)	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 September 2001, 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 a fee 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 audit committee comprises three members, Ms. Yu Yuk Ying, Vivian, Mr. Lo King Yau, Edwin and Mr. Leung Wai Man, Raymond, who are independent non-executive Directors.

15. Purchase, sale or redemptions of listed securities

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

16. Registered office

The registered office of the Company at the offices of Codan Trust Company (Cayman) Limited has changed to Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies" with effect from 22 October, 2001.

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

Hong Kong, 12 November, 2001