

FINANCIAL HIGHLIGHTS

The Group had achieved satisfactory performance since the restructuring of the management team and the transformation and diversification of businesses in May 2000. For the six months ended 31st October 2000, the Group recorded a net profit of approximately HK\$15 million, compared to a loss of approximately HK\$40.3 million in the corresponding period last year. Basic earnings per share was 0.29 cents compared to a basic loss per share of 6.08 cents in 1999. The Group's turnover during the period dropped from HK\$34.57 million to HK\$17.6 million. The Group remained financially sound with over HK\$475 million cash on hand. It was almost debt-free and was well positioned to grasp opportunities in Internet-enabling and related technology businesses.

BUSINESS REVIEW

During the six month period under review, the Group has made significant progress in streamlining the freight-forwarding business, which it intends to divest by the end of 2001.

In co-operation with Microsoft Hong Kong Limited, the Mobile Internet Solution Alliance ("MISA") which aims to foster the development of mobile Internet solutions was launched in June 2000. The objective of the alliance is to secure equity stakes in promising mobile Internet solution providers and to enjoy profit contribution as well as appreciation of these investments.

As part of the MISA initiative, in July 2000 the Group successfully acquired a 20% stake and has become the largest single shareholder in Future Solutions Laboratory Limited, which is a market leading wireless and mobile internet solutions provider in Hong Kong.

In July 2000, the Group completed its second strategic investment under the MISA by successfully acquired up to 20% interest in Core Solutions Limited, a highly profitable provider of e-commerce solutions and consulting services to blue-chip corporations in Asia.

The Group is confident that the above two new investments will contribute strong capital appreciation potential to the Group and should strengthen its investment portfolio.

NEW STRATEGY FOR GREATER CHINA REGION

In response to the dramatic shift in market sentiment towards technology companies and the subsequent global slowdown of the sector from mid-2000, the Directors have revised its business strategy. The Group remains committed to its mission to establish a network of successful and synergetic technology companies across the Asia Pacific region. However, given the prevailing market environment, the Group intends to pursue a more prudent investment strategy, focusing on taking majority stakes in companies with steady revenue and profits and applying its own management expertise and experience to help these companies to expand. The Group is particularly interested in the high-growth opportunities in the Greater China market - particularly Mainland China.

OUTLOOK AND PROSPECTS

Moving forward, the Group remains firmly wedded to its strategy of building on the growth opportunities presented by the technology sector in the Greater China region. According to the China Internet Network Information Centre, Mainland China already has over 17 million Internet users, a number that has doubled in the past six months. In addition, independent research projects that the IT market in Mainland China will grow to US\$31 billion by 2004, with IT services and software solutions growing at a projected compound annual growth rate of 42% and 39% respectively.

The Group will continue to search for strong solutions, strategy and service businesses in the technology field to invest in and operate in order to provide revenue and profit contributions to shareholders over the medium to long term.

No growth opportunity comes without risks and challenges however, and the Group is well aware of the uneven nature of growth in developing IT markets. The Group's biggest challenges in the coming months will be dealing with the volatility and consolidation in a market at a crossroads in its evolution.

In the coming year, the Group will focus primarily on opportunities in the Greater China region, where it will look for investments and alliances to capture the opportunities presented by growth.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period (six months period ended 31 st October, 1999: nil).

DIRECTORS' INTERESTS

As at 31 st October, 2000, the interests of the directors and chief executive in the securities of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Interest in the Shares

Name of Directors	Number of Shares		
	Personal interests	Family interests	Corporate interests
Walter J. Sousa	—	—	260,000,000 (Note a)
Fung Wing Cheung, Tony	—	—	780,000,000 (Note b)
Jimmy Wong	—	—	100,000,000 (Note c)
Michael Tsang	—	—	100,000,000 (Note d)

Interest in options of the Company

Name of Directors	Exercise price HK\$	Number of options		
		Personal interests	Family interests	Corporate interests
Walter J. Sousa	0.10	—	—	74,934,000 (Note a)
Fung Wing Cheung, Tony	0.10	—	—	224,800,000 (Note b)
Jimmy Wong	0.10	—	—	120,600,000 (Note c)
Michael Tsang	0.10	—	—	120,600,000 (Note d)

Notes:

- (a) Mr. Walter J. Sousa is beneficially interested in these Shares and options to subscribe for Shares through his interest in Woodgrain Group Limited and Handsworth Group Limited respectively.
- (b) These Shares and options to subscribe for Shares are held by Long Lead Investments Limited. Mr. Fung Wing Cheung, Tony is beneficially interested in these Shares and options to subscribe for Shares through his interest in Yu Ming Investments Limited which in turn holds 100 per cent. interest in Long Lead Investments Limited.
- (c) Mr. Jimmy Wong is beneficially interested in these Shares and options to subscribe for Shares through his interest in Prime Code Investment Limited.

(d) Mr. Michael Tsang is beneficially interested in these Shares and options to subscribe for Shares through his interest in Prime Code Investment Limited.

Save as disclosed above, none of the Directors or chief executive or their respective associates have, or are deemed to have, any interest in the securities of the Company or any of its associated corporations (as defined in the SDI Ordinance), and none of the Directors or chief executive, or their respective spouses or their children under the age of 18, have any right to subscribe for the Shares, or have exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31st October, 2000 as far as the Directors were aware, the register of substantial shareholders maintained by the Company, pursuant to Section 16(1) of the SDI Ordinance, showed that the following shareholders had an interest of 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.

Name	Number of Shares Held
Long Lead Investments Limited	780,000,000
Yu Ming Investments Limited (Note)	780,000,000

Note: Yu Ming Investments Limited holds the interest in the Company by virtue of its shareholding in Long Lead Investments Limited.

Save as disclosed above, the Company has not been notified of any other interest representing 10% or more in the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31st October, 2000, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group as well as the unaudited interim financial statements.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited throughout the six months ended 31st October, 2000 covered by this interim report.

By Order of the Board of
vLink Global Limited
Walter J. Sousa
Chairman

Hong Kong, 10th January, 2001