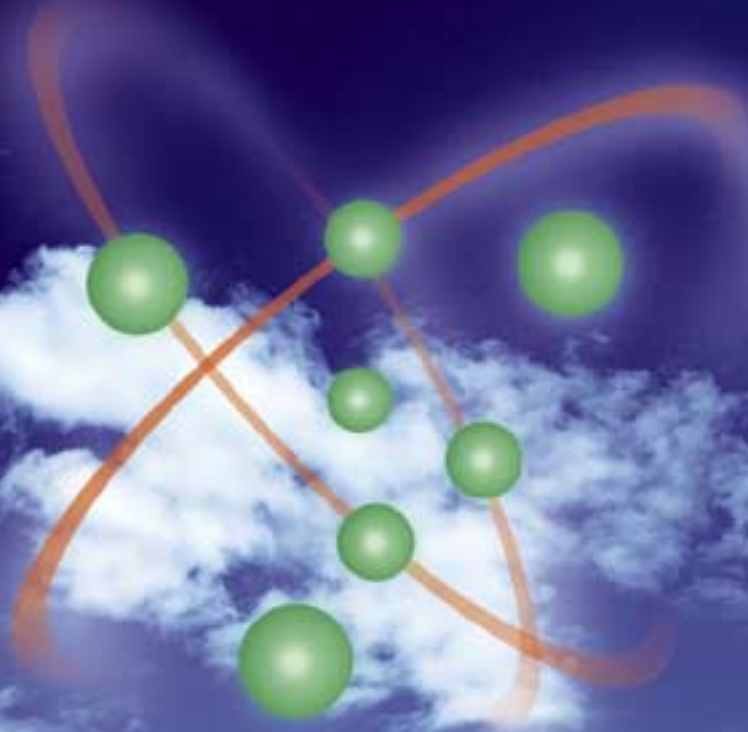




Global Green Tech Group Limited

高寶綠色科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)



Interim Report 2001



FINANCIAL HIGHLIGHTS

- Turnover increased 60.84% to HK\$117.32 million
- Profit from operating activities up by 22.94% to HK\$31.97 million
- Cash on hand and at banks amounted to HK\$42.47 million
- Gearing ratio (Total debts/Total assets x 100%) was 4.89%

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of Global Green Tech Group Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001, together with the comparative figures for the corresponding period in 2000 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2001

		For the six months ended 30 June	
	Notes	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
TURNOVER	2	117,324	72,946
Cost of sales		<u>(69,913)</u>	<u>(37,641)</u>
Gross profit		47,411	35,305
Other revenue	2	1,816	669
Selling and distribution expenses		(8,550)	(5,059)
Administrative expenses		(6,823)	(3,031)
Other operating expenses		<u>(1,880)</u>	<u>(1,876)</u>
PROFIT FROM OPERATING ACTIVITIES	4	31,974	26,008
Finance costs		<u>(719)</u>	<u>(999)</u>
PROFIT BEFORE TAX		31,255	25,009
Tax	5	<u>(4,516)</u>	<u>(2,702)</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>26,739</u>	<u>22,307</u>
Dividends	6	<u>–</u>	<u>20,000</u>
EARNINGS PER SHARE	7		
– Basic		HK10.50 cents	HK11.15 cents
– Diluted		<u>HK10.27 cents</u>	<u>N/A</u>

Other than the net profit for the period attributable to shareholders, the Group had no recognised gains or losses. Accordingly, a Condensed Consolidated Statement of Recognised Gains and Losses is not presented in the condensed financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2001

		30 June 2001	31 December 2000
	<i>Notes</i>	HK\$'000 (Unaudited)	<i>HK\$'000</i> <i>(Audited)</i>
NON-CURRENT ASSETS			
Fixed assets		64,333	57,083
Investment properties		16,000	16,000
Club debenture		350	350
		<hr/> 80,683	<hr/> 73,433
CURRENT ASSETS			
Due from a related company		–	5,317
Inventories		20,870	17,309
Trade and bills receivable	8	50,621	52,598
Prepayments, deposits and other receivables		10,549	3,413
Pledged bank deposits		10,000	10,000
Cash and cash equivalents		32,474	27,717
		<hr/> 124,514	<hr/> 116,354
CURRENT LIABILITIES			
Trade and bills payable	9	12,380	12,008
Accrued liabilities and other payables		9,687	9,934
Tax payable		6,792	11,646
Interest-bearing borrowings, secured		7,756	19,091
Lease payables		171	–
		<hr/> 36,786	<hr/> 52,679

GLOBAL GREEN TECH GROUP LIMITED

		30 June 2001	31 December 2000
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NET CURRENT ASSETS		<u>87,728</u>	<u>63,675</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		168,411	137,108
NON-CURRENT LIABILITIES			
Interest-bearing borrowings, secured		1,583	4,298
Lease payables		<u>528</u>	<u>–</u>
		<u>2,111</u>	<u>4,298</u>
		<u>166,300</u>	<u>132,810</u>
CAPITAL AND RESERVES			
Issued capital	10	25,844	25,000
Reserves		<u>140,456</u>	<u>107,810</u>
		<u>166,300</u>	<u>132,810</u>

Lau Jin Wei, Jim
Director

Hui Man, Herman
Director

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June 2001 HK\$'000 (Unaudited)
NET CASH INFLOW FROM OPERATING ACTIVITIES	17,708
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(307)
TAX PAID	(9,370)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(9,280)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	(1,249)
NET CASH INFLOW FROM FINANCING ACTIVITIES	<u>14,831</u>
INCREASE IN CASH AND CASH EQUIVALENTS	13,582
Cash and cash equivalents at beginning of the period	<u>16,661</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>30,243</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	32,474
Bank overdrafts	<u>(2,231)</u>
	<u><u>30,243</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

30 June 2001

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed financial statements have been prepared under the historical cost convention, modified with respect to the periodic remeasurement of certain fixed assets and investment properties.

The unaudited condensed financial statements have been prepared using the merger basis of accounting in accordance with Statement of Standard Accounting Practice No. 27 "Accounting for Group Reconstructions" as a result of a reorganisation scheme to rationalise the structure of the Group on 28 November 2000 (the "Reorganisation") in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented other than from the date of its acquisition of subsidiaries. Accordingly, the unaudited condensed consolidated results of the Group for the six months ended 30 June 2000 include the results of the Company and its subsidiaries with effect from 1 January 2000 or since their respective dates of incorporation or establishment, where this is a shorter period.

These unaudited condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants, except that comparative figures are not presented for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1 July 2000. Such departure from SSAP 25 are permitted under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31 December 2000.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and is recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and are depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

2. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the Group's turnover and revenue is as follows:

	For the six months ended 30 June	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
Turnover – sales of goods	117,324	72,946
Other revenue:		
Interest income	412	2
Rental income	812	655
Sales of raw materials	402	–
Gain on disposal of fixed assets	190	12
	<u>1,816</u>	<u>669</u>
Total revenue	<u>119,140</u>	<u>73,615</u>

3. SEGMENTAL INFORMATION

The Group's turnover by principal activity and by geographical area, disclosed pursuant to the requirements of the Listing Rules, were as follows:

	For the six months ended 30 June	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
(i) By principal activity:		
Manufacture and sale of home and personal care products	74,665	44,843
Manufacture and sale of industrial surfactants	42,659	28,103
	<u>117,324</u>	<u>72,946</u>
(ii) By geographical area:		
People's Republic of China ("PRC"):		
Hong Kong	8,930	12,078
Elsewhere	108,394	60,868
	<u>117,324</u>	<u>72,946</u>

3. SEGMENTAL INFORMATION (Continued)

The Group's profit from operating activities by principal activity and by geographical area, disclosed pursuant to the requirements of the Listing Rules, were as follows:

	For the six months ended 30 June	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
(i) By principal activity:		
Manufacture and sale of home and personal care products	17,277	15,238
Manufacture and sale of industrial surfactants	14,697	10,770
	<u>31,974</u>	<u>26,008</u>
(ii) By geographical area:		
PRC:		
Hong Kong	(2,414)	2,486
Elsewhere	34,388	23,522
	<u>31,974</u>	<u>26,008</u>

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
Cost of inventories sold	69,913	37,641
Depreciation	3,043	2,244
Interest on bank loans and overdrafts wholly repayable within five years	688	999
Interest on finance leases	31	-
Research and development costs	<u>1,881</u>	<u>1,876</u>

5. TAX

	For the six months ended 30 June	
	2001 HK\$'000 (Unaudited)	2000 HK\$'000 (Unaudited)
Current year provision:		
Hong Kong	-	-
Elsewhere	<u>4,516</u>	<u>2,702</u>
Tax charge for the period	<u><u>4,516</u></u>	<u><u>2,702</u></u>

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the period. For the period ended 30 June 2000, Hong Kong profits tax has not been provided as the Group has tax losses carried forward to offset the assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. DIVIDENDS

The Directors has resolved not to pay any interim dividend for the six months ended 30 June 2001.

All of the dividends declared for the six months ended 30 June 2000 were paid by subsidiaries of the Company to their then shareholders prior to the Reorganisation.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders for the period of HK\$26,739,000 (2000: HK\$22,307,000) and the weighted average of 254,731,000 (2000: 200,000,000) ordinary shares in issue during the period.

The number of shares used to calculate the earnings per share for the six months ended 30 June 2000 includes the pro forma issued share capital of the Company, comprising 100 shares issued nil paid on incorporation of the Company, 999,900 shares issued for the acquisition of the entire issued share capital of Global Success Properties Limited and the capitalisation issue of 199,000,000 shares, pursuant to the Reorganisation.

The calculation of diluted earnings per share for the period is based on the Group's unaudited consolidated net profit from ordinary activities attributable to shareholders for the period of HK\$26,739,000. The diluted earnings per share is based on 260,471,000 shares, which is the weighted average number of ordinary shares used in the calculation is 254,731,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 5,740,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

The diluted earnings per share for the six months ended 30 June 2000 has not been shown as there were no potential dilutive ordinary shares in existence during that period.

8. TRADE AND BILLS RECEIVABLE

The Group allows an average credit period of 30-90 days to its trade customers.

	30 June 2001 HK\$'000 (Unaudited)	31 December 2000 HK\$'000 (Audited)
Bills receivable	98	–
Trade receivables	<u>50,523</u>	<u>52,598</u>
	<u>50,621</u>	<u>52,598</u>

The ages of the Group's trade and bills receivable as at 30 June 2001 are analysed as follows:

	30 June 2001 HK\$'000 (Unaudited)	31 December 2000 HK\$'000 (Audited)
Current to 30 days	27,819	34,088
31 days to 60 days	19,385	7,696
61 days to 90 days	3,845	11,008
91 days to 180 days	1,430	1,073
181 days to 360 days	<u>250</u>	<u>605</u>
	52,729	54,470
Provision	<u>(2,108)</u>	<u>(1,872)</u>
Total after provision	<u>50,621</u>	<u>52,598</u>

9. TRADE AND BILLS PAYABLE

	30 June 2001 <i>HK\$'000</i> (Unaudited)	31 December 2000 <i>HK\$'000</i> (Audited)
Bills payable	728	944
Trade payables	<u>11,652</u>	<u>11,064</u>
	<u>12,380</u>	<u>12,008</u>

The ages of the Group's trade and bills payable as at 30 June 2001 are analysed as follows:

	30 June 2001 <i>HK\$'000</i> (Unaudited)	31 December 2000 <i>HK\$'000</i> (Audited)
Current to 30 days	11,891	8,680
31 days to 60 days	396	133
61 days to 90 days	-	4
91 days to 180 days	-	3,118
Over 180 days	<u>93</u>	<u>73</u>
	<u>12,380</u>	<u>12,008</u>

10. SHARE CAPITAL

During the period, 8,438,000 ordinary shares of HK\$0.10 each in the Company were issued upon the exercise of 8,438,000 share options granted pursuant to the share option scheme adopted by the Company on 28 November 2000 at a subscription price of HK\$0.80 per share, giving a total cash proceeds of HK\$6,750,400.

Save as aforementioned, there were no changes in the share capital of the Company for the six months ended 30 June 2001.

11. CONTINGENT LIABILITIES

As at 30 June 2001, the Company had provided corporate guarantees to banks for banking facilities provided to subsidiaries. These banking facilities has been utilised to the extent of approximately HK\$9,339,000 as at 30 June 2001.

12. SUBSEQUENT EVENTS

On 11 July 2001, in a top-up subscription, Motivated Workforce Consultants Limited ("MWC"), a substantial shareholder of the Company has placed an aggregate of 10,000,000 existing ordinary shares of the Company at HK\$0.80 per share to an independent investor. MWC then subscribed for an aggregate of 10,000,000 new ordinary shares of the Company at HK\$0.80 per share.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 June 2001, the Group recorded a turnover of HK\$117.32 million, representing substantial growth of 60.84% compared with the previous corresponding period. Profit attributable to shareholders was HK\$26.74 million, increasing by approximately 19.87% compared to the HK\$22.31 million recorded last corresponding period. During the period under review, 92.39% of turnover was derived from the PRC while the remaining balance came from Hong Kong.

This remarkable increase was mainly attributable to the excellent performance of the two core businesses – home and personal care products and industrial surfactants. With vision and foresight, the Group focused on product diversification and market shares expansion with the aim to achieve exponential growth during the period under review. We placed tremendous effort on enriching our product portfolio, with the credits going to our research and development team that helped to broaden our product range. Furthermore, the Group organized various marketing campaigns and set up new sales offices in the PRC to secure greater market penetration. With these effective measures, the market share and brand awareness of various products improved substantially, in particular detergents. Despite the slight decrease of the Group's profit margins, its substantial business growth formed a solid foundation for our future development. As one of the pioneers in the industry, we are committed to building up our own brand into a well-known national brand in the PRC, for only then that we may generate even better revenue for the Group and bring fruitful returns to our shareholders.

OPERATIONAL REVIEW

Business	Product Line	Percentage
Sale of home and personal care products	Detergents	52.1%
	Softeners	6.8%
	Personal Care Products	4.7%
	Sub-total	63.6%
Sale of industrial surfactants	EA, RT, EAC & EC series	27.0%
	FA, FC & FD series	4.9%
	SB & SO series	4.5%
	Sub-total	36.4%
	Total	100%

HOME AND PERSONAL CARE PRODUCTS

The Group currently manufactures 47 different types of home and personal care products, which account for approximately 64% of the Group’s turnover. During the period under review, Global Green succeeded in launching 5 types of home and personal care products encompassing shower gels, toilet cleansers, foot-care products and hand jelly.

Detergents are marketed under the “Tinolux” and “Jiebao” brand names. “Tinolux” is ranked among the top five brands in the PRC’s detergent market. Its outstanding features which include solar bleaching and fragrance emission have enabled it to gain high market recognition. Softeners are marketed under the brand names of “Soulbio”, while personal care products are marketed under the “Naomi” brandname. In addition to our own brand of products, the Group also manufactures products on an OEM basis for reputable clients such as Park’n Shop, CRC, Wal-Mart, Polyclean, Marko, Lam Soon and AXE both in Hong Kong and the PRC.

INDUSTRIAL SURFACTANTS

Being one of the largest industrial surfactant manufacturers in the PRC, sales of industrial surfactants constituted nearly 36% of the Group’s turnover. Our major customers come from two industries namely the garment and textile industry as well as the home and personal cleansing industry. During the period under review, the Group introduced 5 new types of industrial surfactants out of a total of 21. They are marketed under three main series – the EA, RT, EAC and EC series, FA, FC and FD series as well as the SB and SO series.

BIOTECHNOLOGY PROJECTS

Research and development was one of the major emphases of Global Green in the first half of 2001. In April, the Group established a strategic alliance with Dr. Wan-Keung Wong, Dr. Nelson Cue and Dr. Edward Lam of the Hong Kong University of Science and Technology for the production of "rhEGF" (Recombinant Human Epidermal Growth Factor). It is a new cell ingredient, formulated using innovative DNA techniques, which is very effective in revitalizing human skin and delaying aging. This move marked the Group's first step in the diversification into the biotechnology business. A new series combining 30 types of "rhEGF" products manufactured by the Group ranging from cleansing gels, anti-wrinkle creams, whitening masks, eye creams, hand creams, etc is expected to be initially launched in the Hong Kong market in October 2001.

THE SALES NETWORK

Enlarging our market share in the PRC market, the Group established 4 new offices during the period under review in Shanghai, Guangzhou, Chongqing and Hangzhou, aiming to cover customer needs in the South East and Central regions of the PRC. Our sales and marketing specialists approach potential customers with new product introductions and also providing them with support services. The expansion in the sales network paves the way for Global Green to expand our market in other parts of the PRC.

PROSPECTS

Looking ahead, further penetration into the PRC and Hong Kong markets, product diversification as well as biotechnology projects are Global Green's four major strategies in the second half of the year.

ENLARGE PRC MARKET SHARE

In view of the huge market potential, we will make every effort to consolidate our businesses while enlarging our market share in the PRC. With China's imminent entry into WTO, the domestic textile industries will benefit most as quota restrictions currently imposed by the US and European countries will be abolished. The market share for Chinese textiles overseas is expected to double from its existing 15% to 30%. This growth in the textile industry, a major customer for our industrial surfactants, will generate numerous business opportunities for the Group.

PENETRATION INTO THE HONG KONG MARKET

In the past few years, Global Green has placed great emphasis on exploring the PRC market. Success has been fully demonstrated by the Group's increasing market recognition. Hong Kong, acting as a bridge to other Asian countries, will mark an important step in accelerating business growth. The Group plans to market a variety of new products in Hong Kong with our first bathing gel, to be launched in September 2001. The launch will be accompanied by a series of promotional campaigns arousing awareness and achieving a bandwagon effect.

PRODUCT DIVERSIFICATION

In view of our extensive product base, Global Green will develop other new products which will suit different customer needs. The Group has approximately 3 month's forward orders on hand as at 30 June 2001. A new enzyme which is a major component of industrial surfactants, is our new focus for the future. Because of lack of supplies in the PRC market, most manufacturers import their materials from overseas countries, thereby suffering higher production costs. The Group is set to develop a new enzyme-based fabric treatment technology in 2001, a process that is currently used overseas. Leveraging our local pricing advantage, extensive network and branding, we expect this new product to be well received in the market.

BIOTECHNOLOGY PROJECTS

In conjunction with the diversification into biotechnology, the Group is proactively expanding production facilities as well as research and development capabilities. A new floor, consisting of a research and development laboratory equipped with cutting-edged technology is under construction and will be completed at the end of 2001. The laboratory will provide a base for professors from the HKUST to develop both "rhEGF" and more advanced biotechnology products. A new production line will also be installed for the production of "rhEGF" skin-care and other biotechnology products.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has applied the net proceeds from the listing in the following areas. Approximately HK\$17.67 million had been used. Nearly HK\$7.25 million was invested in expanding the Group's current production facilities and purchasing additional machinery to increase production capacity. HK\$1.40 million has been used on product research and development particularly for biotechnology products. Additionally, the Group invested HK\$6.42 million in setting up a logistics centre while HK\$2.60 million was used on setting up regional sales and promotional offices. The remaining HK\$22.33 million was used as general working capital.

The Company retains cash of approximately HK\$42.47 million as at the balance sheet date. As most of the retained cash was placed in Renminbi and Hong Kong Dollar short-term deposits with major banks in the PRC and Hong Kong, exposure to exchange fluctuations has been minimal. Shareholders' funds for the Group amounted to HK\$166.3 million as at 30 June 2001, compared to HK\$132.8 million as at 31 December 2000. The Group's total bank borrowings were all in Hong Kong dollars and were about HK\$10 million. They were mainly trade lines and term loan financing with respect to acquisition of fixed assets. Effective interest rates with respect to (a) bank overdrafts and trade line facilities and (b) term loan borrowings were approximately 7.83% and 9.82% respectively. The debt to equity ratio (total debt over shareholders' equity) and current ratio (current assets/ current liabilities) of the Group as at 30 June 2001 were 6% and 3.4 respectively while that ratio as at 31 December 2000 were 17.6% and 2.2.

The Group will take advantage of burgeoning opportunities while at the same time adopting a prudent policy in pursuing profit maximization and ensuring a strong financial position.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2001, the Group had 264 salaried employees of which 239 and 25 were stationed respectively in the PRC and in Hong Kong. Total remuneration paid during the period was approximately 2.84 million.

SHARE OPTIONS

On 4 January 2001, the Company granted 24,800,000 share options to certain directors of the Company and certain employees of the Group at a consideration of HK\$1.00 per grantee for the subscription of ordinary shares of the Company at a subscription price of HK\$0.80 per share. The share options granted are exercisable up to 3 January 2004. Up to the date of this report, 10,603,625 share options have been exercised.

Further on 5 January 2001, the Company granted 200,000 share options to certain directors of the Company at a consideration of HK\$1.00 per grantee for the subscription of the ordinary shares of the Company at a subscription price of HK\$0.81 per Share. The share options granted are exercisable up to 4 January 2004. None of these share options has been exercised since the date of grant.

DIRECTORS' INTERESTS IN SHARE CAPITAL

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

Ordinary shares of the Company

Director	Number of ordinary shares of HK\$0.10 each in the Company held and nature of interest		
	Personal	Family	Corporate
Mr. Lau Jin Wei, Jim	250,000	66,000,000 (Note 1)	–
Mr. Choi Woon Man	313,000	–	85,000,000 (Note 2)
Mr. Hui Man, Herman	50,000	–	–
Mr. Li Kwong Mo, Peter	500,000	–	–
Ms. Wong Wai Kwan, Connie	126,000	–	–

Note 1: The 66,000,000 shares are owned by Motivated Workforce Consultants Limited ("MWC"), a company incorporated in the British Virgin Islands. The entire share capital of MWC is owned by Mr. Lau Ru Dong, who is the father of Mr. Lau Jin Wei, Jim.

Note 2: The 85,000,000 shares are owned by Inviting Finance Limited ("IFL"), a company incorporated in the British Virgin Islands. The entire share capital of IFL is owned by Mr. Choi Woon Man.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 June 2001, none of the directors or chief executives of the Company or their respective 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the terms of a share option scheme adopted by the Company on 28 November 2000 (the "Option Scheme"), the board of directors may, at its discretion, invite full-time employees and directors of the Company or any of its subsidiaries to take up options to subscribe for shares in the Company. The Option Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 18 December 2000. Details of share options granted during the six months ended 30 June 2001 under the Option Scheme are set out below:

Director	Number of share options at 1 January 2000	Number of share options granted during the period	Number of share options exercised during the period	Number of share options outstanding at end of the period	Exercise price of share options HK\$
Mr. Lau Jin Wei, Jim	-	5,000,000	(500,000)	4,500,000	0.80
Mr. Choi Woon Man	-	5,000,000	(500,000)	4,500,000	0.80
Mr. Hui Man, Herman	-	1,875,000	(625,000)	1,250,000	0.80
Mr. Li Kwong Mo, Peter	-	5,000,000	(500,000)	4,500,000	0.80
Ms. Wong Wai Kwan, Connie	-	1,250,000	(126,000)	1,124,000	0.80
Professor Ouyang Fan	-	100,000	-	100,000	0.81
Mr. Ou Ying Ji	-	100,000	-	100,000	0.81
Mr. Yip Wai Leung, Jerry	-	100,000	-	100,000	0.80
	-	<u>18,425,000</u>	<u>(2,251,000)</u>	<u>16,174,000</u>	

In accordance with the terms of the Option Scheme, the share options are exercisable within a period of three years from the date when the share options are granted and were granted at HK\$1 each per grantee.

Apart from the foregoing, at no time during the period was the 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 or debentures of the Company or any other body corporate.

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 ordinary shares	Percentage of holding
Motivated Workforce Consultants Limited	66,000,000	25.5%
Inviting Finance Limited	<u>85,000,000</u>	<u>32.9%</u>

Save as disclosed above, no person, other than the directors of the Company whose interests are set out above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

For the six months ended 30 June 2001, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

AUDIT COMMITTEE

The Company established an audit committee in accordance with Appendix 14 of the Listing Rules on 28 October 2000. The Committee comprises two independent non-executive directors, Professor Ou Ying Ji and Mr. Yip Wai Leung, Jerry. The principal duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. The unaudited interim report for the six months ended 30 June 2001 has been reviewed by the audit committee.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2001, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information that is required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the Stock Exchange of Hong Kong Limited's website on or about 10 September 2001.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their continued commitment and contribution and to thank shareholders for their confidence in the Group. We will continue with our every effort to fulfill our mission as a leader in the market and to generate significant returns for shareholders in the Company.

By Order of the Board
Lau Jin Wei, Jim
Chairman

Hong Kong
3 September 2001