

INTERIM REPORT

FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2001

BUSINESS OUTLOOK

With the net loss of HK\$29.3 million for the current period, the Group virtually has a net liability value of HK\$20.4 million. With cash or cash equivalent amounting to approximately HK\$7.0 million, net current liability however stands at HK\$18.4 million which includes bank loans of approximately HK\$4.5 million, as at end of December, 2001. With the imminent surge of the world economic recovery from the second half of this year, the Board expects a turnaround result to the Group with the introduction and acceptance of a credit card security system (“DNA Security System”) which provides a security to credit card holders with whom subscribes the services. The Company therefore needs funds to solve the short-term liquidity problem and to help develop and market the product of DNA security System in the long-term.

On 6th February, 2002 the Company has entered into conditional agreements with Sheung Hai Development Limited (“Sheung Hai”) with which our chairman, Mr. Wong Kam Fu is the beneficial owner, and with Win Channel Investments Limited (“Win Channel”) respectively to subscribe total of 4,500,000,000 of the Company’s shares at HK\$0.01 per share. An announcement on same and on the proposal of changing the name of the Company to Credit Card DNA Security System (Holdings) Limited, was made on 27th February, 2002 accordingly. A circular with letters from the Board and from the independent board committee is going to be dispatched as soon as possible advising shareholders of the particulars of these agreements and of the date and place of the special general meeting to be held.

Should the resolutions be passed by shareholders, there will be an injection of capital of about HK\$44.0 million to the Company. The Company intends to use HK\$25.0 million to develop and enhance the marketability of the credit card security system, HK\$5.0 million for the existing businesses and to use HK\$14.0 million for working capital purposes and repayment of bank loans and other payables.

As mentioned earlier the Company intends to develop and enhance the DNA Security System which is a specially designed alert system for credit card security. The system will enable the subscribers of this service through the card issuers to alert the card holders should their card is being used for amounts which needs authorization. With this system, it will prevent any unauthorized use of card for any transaction by advising the cardholders immediately who will then stop the proceedings of the transaction. This system is being used by one of the banks in Hong Kong and the Company intends to promote this system to other major banks in Hong Kong. With the financial market being expected to be open in the PRC after the WTO accession and the hosting of 2008 Olympic events, credit cards will be widely used in both Hong Kong and the PRC. The Company sees this lucrative opportunity and therefore will be divesting most of its resources to this respect. Nevertheless the Company will not overlook other existing projects such as the health products, environmental projects and other IT business. With the upgraded version of the pen size electronic dictionary which can almost translate all popular languages, the Company intends to develop this business into other Asian countries including the PRC.