



富泰大中華投資有限公司

FRIEDMANN PACIFIC GREATER CHINA INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)



Interim Report

2002/2003

CONTENTS

	<i>Page</i>
Condensed Income Statement	1
Condensed Balance Sheet	2
Condensed Cash Flow Statement	3
Notes to Condensed Interim Report	4
Dividend and Distributions	7
Closure of Register of Members	7
Management Discussion and Analysis	8
Directors' Right to Acquire Shares or Debt Securities	8
Substantial Shareholders	9
Audit Committee	10
Purchase, Sales or Redemption of Securities	10
Code of Best Practice	10

The board of directors (“Board”) of Friedmann Pacific Greater China Investments Limited (“Company”) is pleased to present the unaudited interim report of the Company for the period commencing from 26 April 2002, the date of incorporation of the Company and ended 30 September 2002 as follows:

CONDENSED INCOME STATEMENT

For the period commencing from 26 April 2002, the date of incorporation of the Company and ended 30 September 2002

	<i>Notes</i>	Date of Incorporation to 30 September 2002 (unaudited) <i>HK\$</i>
Turnover	3	—
Unrealized holding gain on		
Marketable securities		1,913,500
Other income		11,100
Administrative and other Operating expenses		<u>(60,365)</u>
Profit before taxation	4	1,864,235
Taxation	5	<u>—</u>
Net profit for the period		<u><u>1,864,235</u></u>
Dividend		<u><u>4,010,000</u></u>
Earnings per share — basic	6	<u><u>0.17</u></u>

There are no recognized gains or losses other than the net profit for the period.

CONDENSED BALANCE SHEET

At 30 September 2002

	<i>Notes</i>	30 September 2002 (unaudited) <i>HK\$</i>
Investments in securities	7	<u>4,400,000</u>
Current assets		
Investments in securities	7	13,568,000
Prepayments and other deposits		14,473
Cash and bank balances		<u>21,656,205</u>
		39,638,678
Current liabilities		
Other payable and accruals		<u>1,706,511</u>
Net current assets		<u><u>37,932,167</u></u>
Capital and reserves		
Share capital	8	802,000
Reserves	9	<u>37,130,167</u>
		<u><u>37,932,167</u></u>

CONDENSED CASH FLOW STATEMENT

For the period commencing from 26 April 2002, the date of incorporation of the Company and ended 30 September 2002

	Date of Incorporation to 30 September 2002
	(unaudited)
	<i>HK\$</i>
Net cash outflow from operating activities	(49,880)
Returns on Investments and servicing of finance	11,100
Net cash outflow from investing activities	(16,054,500)
Net cash inflow from financing	<u>37,749,485</u>
Increase in cash and cash equivalents	21,656,205
Cash and cash equivalents at 26 April 2002	<u>—</u>
Cash and cash equivalents at 30 September 2002	<u><u>21,656,205</u></u>

NOTES TO CONDENSED INTERIM REPORT

1. Basis of preparation

The condensed unaudited interim report (“Interim Report”) are prepared in accordance with the requirements of the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Statement of Standard Accounting Practice (“SAP”) No. 25, “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants except that, in this first year of implementation of the Standard, as permitted by the Listing rules, no comparative figures have been presented for the condensed income statement and condensed cash flow statement and condensed balance sheet.

2. Accounting Policies

The accounting policies and methods of computation of this Interim Report have been in accordance with the generally accepted accounting principles in Hong Kong (“HKGAAP”).

3. Turnover and revenue

The company is principally engaged in investment in listed and unlisted companies in Hong Kong, PRC and Taiwan. No turnover is recorded in the reporting period.

4. Profit before taxation

Date of Incorporation to

30 September 2002

(unaudited)

HK\$

Profit before taxation has been arrived at after charging:

Investment manager fee

24,958

5. Taxation

No Hong Kong profits tax has been provided as the Company did not generate any assessable profits during the period.

No provision for deferred tax has been made as there was no significant timing difference at the balance sheet date.

6. Earnings per share

The calculation of earnings per share is based on the net profits for the period of HK\$1,864,235 and the weighted average number of ordinary shares of 10,716,000 shares in issue during the period. No diluted earnings per share is presented as there were no dilutive effects on the basic earnings per share for the period.

7. Investments in securities

	30 September 2002 (unaudited) <i>HK\$</i>
Non-current	
Investment securities	
Listed equity securities	4,400,000
Current	
Other investments	
Equity securities listed	
in Hong Kong, at cost	11,654,500
Unrealized holding gain	1,913,500
Market value at 30 September 2002	13,568,000
	<hr style="border: 1px solid black;"/> 17,968,000 <hr style="border: 3px double black;"/>

8. Share capital

	Number of ordinary shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorized:		
At 26 April 2002 and 31 August 2002	39,000,000 <u>1,961,000,000</u>	390,000 <u>19,610,000</u>
At 30 September 2002	<u>2,000,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
At 24 May 2002	1	0.01
At 31 August 2002	<u>23,999,999</u>	<u>239,999.99</u>
Placing and new issue:		
At 19 September 2002	<u>56,200,000</u>	<u>562,000</u>
Placing and new issue		
At 30 September 2002	<u>80,200,000</u>	<u>802,000</u>

The following movements in share capital were recorded:

- (a) Upon incorporation on 26 April 2002, the authorized share capital of the Company was HK\$390,000 divided into 39,000,000 ordinary shares of HK\$0.01 each, and one subscriber share was issued at HK\$0.5 for cash on 24 May 2002.
- (b) On 31 August 2002, the authorized share capital was increased to HK\$20,000,000. On the same day, 23,999,999 ordinary shares at HK\$0.01 each were issued and fully paid at HK\$0.5.
- (c) On 19 September 2002, the Company placed 40,200,000 ordinary shares of HK\$0.01 each to professional institutional and selected investors and issued 16,000,000 ordinary shares of HK\$0.01 each to the public, upon the listing of its shares on the Stock Exchange, at HK\$0.5 per shares for a total consideration, before related expense, of HK\$28,100,000.

9. Reserves

	Share premium HK\$	Retained profits HK\$	Total HK\$
At 26 April 2002 (date of incorporation)	—	—	—
Premium arising on issue of shares by means of placing and public offer	39,298,000	—	39,298,000
Expense incurred in connection with the issue of shares	(4,032,068)	—	(4,032,068)
Profit for the period	—	1,864,235	1,864,235
	<u>35,265,932</u>	<u>1,864,235</u>	<u>37,130,167</u>
At 30 September 2002	<u>35,265,932</u>	<u>1,864,235</u>	<u>37,130,167</u>

DIVIDEND AND DISTRIBUTIONS

The Directors have recommended the payment of an Interim dividend of 5 HK cents per share (the "Proposed Interim Dividend") for the period ended 30 September 2002 to shareholders whose names appear on the Company's register of members on 3 January 2003 (the "Record Date") subjected to the approval of ordinary resolution. The Proposed Interim Dividend will be paid in cash only.

The Proposed Interim Dividend is subject to the approval by ordinary resolution on capitalization of share premium account of the company. The Proposed Interim Dividend will be paid on or before 21 January 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2 January 2003 to 3 January 2003, both days inclusive. In order to qualify for the declared interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00pm on 31 December 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospect

The Company was successfully listed on the Stock Exchange on 19 September 2002 after placing of 40,200,000 shares and public offer of 16,000,000 new shares.

For the short period of 19 September 2002 to 30 September 2002, the Company recorded unrealized holding gain of HK\$1,913,500 on investment. The portfolio of the Company includes 45.3% in the equity of listed securities while 54.7% of investment is in cash form.

The directors will continuously follow the investment objectives and policies of the Company in order to enhance the goal of high growth of the Company.

Capital commitment and contingent liabilities

The Company did not have any borrowings during the period and there are no charges on the Company's assets. As at 30 September 2002, the Company had no material capital commitment and contingent liabilities.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES

The Company has adopted the Post-IPO Share Option Scheme under which certain selected classes of participants (including, among others, full-time employees) will be granted options to subscribe for Shares. The Company has adopted the Pre-IPO Share Option Scheme under which each of the executive and non-executive Directors have been granted options to acquire Shares. As at the date of this interim report, options to subscribe for a total of 3,200,000 Shares at HK\$0.60 per Share exercising during the period commencing from the expiry of six months from the date of listing of the Shares on the Stock Exchange ("Listing Date") and up to 19 September, 2004, have been granted under the Pre-IPO Share Option Scheme and no further options can be granted under the Pre-IPO Share Option Scheme after the Listing Day.

Options had been granted to the executive and non-executive Directors under the Pre-IPO Share Option Scheme for consideration of HK\$1 from each of them and details are as follows:

Grantee	Number of Shares subject to option	Expiry date of the exercise period
Mr. Liu Chen-chun	800,000	19 September 2004
Mr. Suen Hoi Wan, Steven	800,000	19 September 2004
Mr. Yuen Man Yiu	800,000	19 September 2004
Mr. Hsieh Chin-chen	400,000	19 September 2004
Mr. Leung Koon Sing	400,000	19 September 2004

The directors do not consider it appropriate to disclose a theoretical value of the share options granted. In the absence of a readily market value of the share options on the ordinary shares of the Company, the directors were unable to arrive at an assessment of the value of these shares options.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that as at 30 September 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital:

Name	Number of Shares	Percentage of issued Shares
Blaze Holdings Limited	14,000,000	approximately 17.5%

Note: Blaze Holdings Limited, a BVI company wholly owned by Ms. Cheng Sui-I. Each of Blaze Holdings Limited and Ms. Cheng Sui-I and associates of any of them are independent from and not connected with the Company and the investment manager or any of their respective associates except for the shareholdings of Blaze Holdings Limited in the Company.

AUDIT COMMITTEE

The audit committee, which comprises of two Independent Non-executive Directors of the Company, has reviewed with management the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters including a review of the unaudited Interim Report.

PURCHASE, SALES OR REDEMPTION OF SECURITIES

The Company did not purchase, sell or redeem any of the Company's listed securities following the listing of its shares on 19 September 2002 and up to the date of this report.

CODE OF BEST PRACTICE

In the opinion of the Directors, since the date of listing of the Company on 19 September 2002, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange.

On behalf of the Board

Yuen Man Yiu

Executive Director

27 November 2002