

MANAGEMENT STATEMENT

The Board of Directors of Friedmann Pacific Greater China Investments Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiary (the “Group”) for the period from 26 April 2002 (date of incorporation) to 31 March 2003.

FINANCIAL RESULTS

For the period ended 31 March 2003, the Group recorded a net profit of HK\$1.9 million. The net profit represents the difference between the net unrealised gain from listed securities and administrative and operating expenditure. As compared with HK\$1.8 million unaudited interim net profit of the Company, the net profit for the period is mainly due to the increase of net unrealised gain from the listed securities.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 March 2003, the Group had no borrowing and no credit facilities obtained from financial institutions. The Group had bank balances and cash on hand of HK\$8,253,275, which was mainly placed in bank as call deposits.

Capital Structure

- a) Upon incorporation on 26 April 2002, the authorised 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\$0.01 for cash.
- b) On 31 August 2002, the authorised 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\$0.50 each.
- 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\$0.50 per share for a total consideration, before related expense, of HK\$28,100,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company was incorporated on 26 April 2002 and commenced operations on 19 September 2002. The Company is an investment company with the primary objective of achieving medium-term capital appreciation by investing in listed and unlisted companies in the Greater China region. There has been no change in the Company’s investment objectives and policies as stated in the prospectus of the Company dated 10 September 2002.

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INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

The year 2003 marked a significant era for the Company. On 19 September 2002, the Company was successfully listed on the Stock Exchange after placing of 40,200,000 shares and public offer of 16,000,000 new shares. The proceeds arising from the initial public offering, after deduction of related expenses, amounted to approximately HK\$24.4 million and have been applied in investments in listed securities and a subsidiary. As at 31 March 2003, there were no unused proceeds from the initial public offering on 19 September 2002.

DIVIDEND

An interim dividend of HK\$0.05 per ordinary share amounting to HK\$4,010,000 was declared by the Board of Directors of the Company and paid on 21 January 2003.

The Board of Directors did not recommend the payment of a final dividend for the period ended 31 March 2003.

EMPLOYEES

As at 31 March 2003, the Company had one employee. Total staff costs of the Company, excluding directors' remuneration, for the period under review amounted to HK\$51,499. Staff remuneration packages are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employee.

PROSPECTS

In 2004, the Company will continue to identify and pursue investment opportunities in Hong Kong, the People's Republic of China and Taiwan in accordance with the Company's investment objectives and policies which continue to work satisfactorily.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2003, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

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APPRECIATION

On behalf of the Board of Directors, I would like to express my appreciation to the shareholders for their continued support and the Investment Manager for their dedicated efforts since the Company's listing on the Stock Exchange.

By Order of the Board

LIU Chen-chun

Executive Director

Hong Kong, 23 July 2003