



國際融資控股有限公司*

International Capital Network Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazette newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HALF-YEAR RESULTS FOR 2002

The Group has recorded a turnover of HK\$2,354,056 and a net loss attributable to shareholders of HK\$594,284 for the six months ended 31st January, 2002.

The Directors do not recommend the payment of an interim dividend for the six months ended 31st January, 2002.

The unaudited consolidated profit and loss account for the three months and six months ended 31st January, 2002 and the comparisons with last year are set out in the accompanying table.

BUSINESS REVIEW AND PROSPECTS

Analysis of results

During the Period, the Group continues to provide business development and corporate advisory services to its clients in Hong Kong. The turnover of the Group for the six months ended 31st January, 2002 (the “Period”) increased 3.1 times to HK\$2,354,056 as compared to turnover of HK\$580,000 for the six months ended 31st January, 2001. However, the increase in revenue was set off by the increase in staff cost, the Group has maintained in a profitable position for the three months ended 31st January, 2002 (the “Quarter Period”). Our costs comprised mainly staff cost and rental expenses which aggregated to about HK\$1,981,000 for the Period (6 months ended 31st January, 2001: HK\$628,000).

Operation

During the Period, the Group continued to concentrate our efforts in the provision of business development and corporate advisory services in Hong Kong and the Group has focused on achieving two primary objectives:

- Further development of the Group’s operation and to provide a wider range of financial services; and
- Improve the public awareness of the Group.

Both elements are critical in fulfilling the Group’s overall objective of becoming an active business development and corporate advisory services provider in Hong Kong. During the Period, our principal subsidiary, International Capital Network Limited, has participated in a number of initial public offering (“IPO”) projects and other fund raising exercises. It was the

financial adviser and underwriter for the IPOs of Rainbow International Holdings Limited and Inworld Group Limited, which were listed on GEM of the Stock Exchange in October 2001 and December 2001 respectively. It also acted as co-sponsor and underwriter in the IPOs of Hon Po Group (Lobster King) Limited and Water Oasis Group Limited, which were subsequently listed on the main board of the Stock Exchange in February 2002 and March 2002 respectively.

The Company's wholly-owned subsidiary, Top Advance (HK) Limited, has obtained the money lenders' licence in January 2002. The Group intends to provide the money lending and margin financing services which will be complementary and incidental to the provision of its business development and corporate advisory services to the Group's clients.

Liquidity and financial resources

During the Period, the Group's operation was carried out in Hong Kong and primarily financed with its cash revenue derived from its operating activities and internal resources. Furthermore, all the Group's revenue during the Period was denominated in Hong Kong dollars. Therefore, the Group did not expose to any fluctuation in exchange rates and any related hedges during the Period. As at 31st January, 2002, the Group had net current assets of approximately HK\$50,032,000 and there were no charges on the Group's assets and no borrowings. The liquidity position, in the opinion of the Directors, is sufficient to meet the needs of the Group for its operation, capital requirements and investments in future.

Capital structure

The shares of the Company were listed on the GEM of the Stock Exchange on 30th November, 2001. There has been no change in the capital structure of the Company since that date.

Capital commitments and significant investments

As at 31st January, 2002, the Group did not have any significant capital commitments and significant investments.

Material acquisition/disposals

The Group had no material acquisitions or disposals during the Period. As at 31st January, 2002, the Group had no future plans for material investments or capital assets other than the implementation plans set out in the section headed "Statement of Business Objectives" in the prospectus of the Company dated 20th November, 2001.

Employee information

As at 31st January, 2002, the Group employed a total of 9 employees. Employees of the Group were paid at market remuneration with salary, discretionary bonus and benefits of medical insurance, mandatory provident fund, share options and necessary training, if any. The total staff cost, including Directors' remuneration, for the Period was about HK\$1,511,000.

Prospects

Following the granting of the money lenders' licence, the Group intends to provide money lending and margin financing services which will be complementary and incidental to the provision of its business development and corporate advisory services to the Group's clients. In addition, the Group will concentrate more on forming strategic alliances in order to widen its scope of business development and expansion.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS FOR THE PERIOD FROM 13TH NOVEMBER, 2001 TO 31ST JANUARY, 2002

According to the business objectives as stated in the prospectus of the Company dated 20th November, 2001

Actual business progress

Business development

- | | |
|---|--|
| 1. Apply for registration as a securities dealer and a money lender under the Securities Ordinance and Money Lenders Ordinance respectively | Money lenders' licence was obtained in January 2002. The application for securities dealer is in the process of preparation. |
| 2. Commence feasibility study on setting up a regional representative office in Singapore | Senior management has visited Singapore and performed preliminary assessment. |

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|--|---|
| 3. Commence feasibility study on setting up a representative office in Shanghai or Shenzhen, the PRC | Senior management has visited Shanghai and Shenzhen, the PRC and performed preliminary assessment. |
| 4. Recruit additional staff | Selected candidates have been arranged for interviews by the senior management. No additional staff has been recruited during the Period. |
| 5. Development of a wider range of financial services | Money lenders' licence was obtained in January 2002. Participation in underwriting of several IPO projects. |

Expansion of the alliance network

- | | |
|--|--|
| 1. Form two additional alliances in Hong Kong and the PRC | During the period, no suitable strategic alliance candidates has been found. |
| 2. Provide one training course for alliance members in the form of a seminar | None |

Enhancement of *www.hkicn.com*

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|---|--|
| 1. Continue to enhance the functions, features and contents of <i>www.hkicn.com</i> | In progress |
| 2. Commence development of an artificial intelligence search engine | Delayed to the fourth quarter of the financial year ending 31st July, 2002 |
| 3. Commence development of a real-time interactive medium for online seminar, training and conference | Delayed to the fourth quarter of the financial year ending 31st July, 2002 |
| 4. Launch simplified Chinese character version of <i>www.hkicn.com</i> | Delayed to the fourth quarter of the financial year ending 31st July, 2002 |

Improvement of public awareness

1. Organise seminars in the PRC regarding business development and corporate advisory services
A seminar relating to the listing on the Hong Kong Stock Exchange is in preparation.
2. Publish newsletters or periodicals to promote the Group's business
Participation in congratulation advertisements of clients upon new listing of their shares on the Stock Exchange.

REVISED USE OF PROCEEDS FROM ISSUANCE OF NEW SHARES FOR THE PERIOD FROM 13TH NOVEMBER, 2001 TO 31ST JANUARY, 2002

	Proposed <i>HK\$'000</i>	Actual <i>HK\$'000</i>
For further development of the Group's operation and to provide a wider range of financial services:		
● Setting up overseas representative offices/ business information centers	600	150
● Recruit additional staff	600	10
● Development/provision of new financial services	3,800	3,400
For the expansion of the alliance network	500	200
For enhancement of <i>www.hkicn.com</i>	900	100
For the improvement of public awareness	<u>600</u>	<u>100</u>
	<u>7,000</u>	<u>3,960</u>

REASONS FOR DIFFERENCE BETWEEN USAGE OF PROCEEDS AND THE FORECAST USAGE FOR THE PERIOD FROM 13TH NOVEMBER, 2001 TO 31ST JANUARY, 2002

Because of the downturn of the outlook for the overall global economy, the Group continues to implement cost-control measures which have resulted in the actual spending incurred for the Group's business activities being lower than that envisaged in the prospectus of the Company dated 20th November, 2001 in relation to the implementation plans of the business objectives of the Group. Furthermore, certain business activities, which were set out in the implementation plans, have been delayed. As a result, the Group has spent less money than envisaged in implementing its business objectives as stated in the prospectus.

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the three months and six months ended 31st January, 2002

		For the three months ended 31st January,		For the six months ended 31st January,	
	<i>Notes</i>	2002 <i>HK\$</i>	2001 <i>HK\$</i>	2002 <i>HK\$</i>	2001 <i>HK\$</i>
Turnover	3	1,664,056	500,000	2,354,056	580,000
Cost of services provided		<u>(670,000)</u>	<u>—</u>	<u>(1,029,000)</u>	<u>—</u>
Gross profit		994,056	500,000	1,325,056	580,000
Bank interest income		291,504	14,359	345,095	14,359
Administrative expenses		(1,266,104)	(243,374)	(2,233,223)	(568,838)
Amortisation of goodwill		<u>(15,606)</u>	<u>(15,606)</u>	<u>(31,212)</u>	<u>(26,010)</u>
Profit / (loss) before taxation		3,850	255,379	(594,284)	(489)
Taxation	5	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit / (loss) for the period		<u>3,850</u>	<u>255,379</u>	<u>(594,284)</u>	<u>(489)</u>
Profit / (loss) per Share (cents)	6	<u>0.00</u>	<u>0.10</u>	<u>(0.21)</u>	<u>(0.00)</u>

CONSOLIDATED BALANCE SHEET AS AT 31ST JANUARY, 2002

	<i>Notes</i>	31st January, 2002 <i>HK\$</i> <i>(unaudited)</i>	31st July, 2001 <i>HK\$</i> <i>(audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,055,492	1,332,719
Goodwill	8	<u>218,497</u>	<u>249,709</u>
		<u>1,273,989</u>	<u>1,582,428</u>
CURRENT ASSETS			
Trade and other receivables	9	182,726	246,369
Other investment — unlisted, at fair value	10	—	250,000
Other investment — listed, at cost		652	—
Bank balances		<u>51,003,600</u>	<u>10,537,489</u>
		<u>51,186,978</u>	<u>11,033,858</u>
CURRENT LIABILITIES			
Other payables		754,504	262,670
Amount due to a Director	11	—	9,949,033
Dividend payable to former shareholders	12	—	1,000,000
Taxation payable		<u>400,000</u>	<u>400,000</u>
		<u>1,154,504</u>	<u>11,611,703</u>
NET CURRENT ASSETS (LIABILITIES)		<u>50,032,474</u>	<u>(577,845)</u>
NET ASSETS		<u>51,306,463</u>	<u>1,004,583</u>
CAPITAL AND RESERVE			
Share capital	13	3,200,000	780
Reserves	14	<u>48,106,463</u>	<u>1,003,803</u>
		<u>51,306,463</u>	<u>1,004,583</u>

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	For the six months ended 31st January, 2002 HK\$ (<i>unaudited</i>)	For the six months ended 31st January, 2001 HK\$ (<i>unaudited</i>)
Net loss for the period attributable to shareholders	<u>(594,284)</u>	<u>(489)</u>
Total recognised gains and losses	<u>(594,284)</u>	<u>(489)</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE
SIX MONTHS PERIOD FROM 1ST AUGUST, 2001 TO
31ST JANUARY, 2002**

	From 1st August, 2001 to 31st January, 2002 HK\$ (unaudited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(701,193)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	345,095
CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(124,270)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	<u>(480,368)</u>
FINANCING ACTIVITIES	
Gross proceeds from issue of shares	47,040,000
Share issue expenses	<u>(6,092,869)</u>
Net cash inflow from financing activities	<u>40,947,131</u>
INCREASE IN CASH AND CASH EQUIVALENTS	40,466,763
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>10,537,489</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>51,004,252</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	
Bank deposits	51,003,600
Other investment — listed	<u>652</u>
	<u><u>51,004,252</u></u>

1. General

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 12th July, 2001.

The Company's shares have been listed on the GEM of the Stock Exchange on 30th November, 2001. The Company is an investment holding company. The principal activities of the Group are the provision of business development and corporate advisory services.

2. Principal accounting policies and basis of preparation

The unaudited consolidated financial statements have been prepared under the historical cost convention.

The unaudited consolidated financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 "Interim Financial Reporting" except that, in the first year of implementation of the standard, as permitted by the GEM Listing Rules, no comparative figures have been presented for the unaudited condensed consolidated cash flow statement.

The consolidated financial statements for the Period are unaudited and have been reviewed by the audit committee of the Company.

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the ultimate holding company of the Group on 9th November, 2001. Further details of the Reorganisation are set out in the prospectus of the Company dated 20th November, 2001. The ordinary shares of HK\$0.01 each of the Company (the "Shares") have been listed on the GEM of the Stock Exchange since 30th November, 2001.

The Reorganisation has been reflected in the financial statements by regarding the Group, which comprises the Company and its subsidiaries, as a continuing entity. Accordingly, the combined results of the Group for the Period and the corresponding financial period of last year have been prepared on a merger basis, which are based on the unaudited results of the Group as if the current group structure of the Group had been in existence throughout the relevant periods. All material intra-group transactions and balances have been eliminated on combination.

The accounting policies adopted in preparing the unaudited financial statements of the Company for the Period are consistent with those followed in the Group's accountants' report as set out in the prospectus of the Company dated 20th November, 2001.

3. Turnover

Turnover represents the net amounts received and receivable from services provided by the Group to outside clients in Hong Kong during the period.

4. Profit / (loss) from operation

	For the three months ended 31st January, 2002		For the six months ended 31st January, 2002	
	HK\$	HK\$	HK\$	HK\$
	<i>(unaudited)</i>		<i>(unaudited)</i>	
Profit (loss) from operation has been arrived at after charging:				
Directors' remuneration (excluding retirement benefits scheme contributions)	339,000	—	698,000	—
Retirement benefits scheme contributions	25,225	1,760	36,692	1,760
Other staff costs	<u>513,331</u>	<u>87,000</u>	<u>776,733</u>	<u>156,000</u>
Total staff costs	877,556	88,760	1,511,425	157,760
Amortisation of goodwill	15,606	15,606	31,212	26,010
Depreciation	214,012	4,500	401,497	6,000
Operating lease rental expenses in respect of a rented premise	<u>235,200</u>	<u>235,200</u>	<u>470,400</u>	<u>470,400</u>

5. Taxation

No provision for Hong Kong profits tax was made as the Company had no assessable profits for the Quarter Period and the Period (three months and six months ended 31st January, 2001: Nil). There were no material unprovided deferred tax liabilities as at 31st January, 2002 (2001: Nil).

6. Profit / (loss) per Share

The calculation of basic profit / (loss) per Share is based on the profit / (loss) attributable to shareholders of approximately HK\$3,850 (profit) and HK\$594,284 (loss) for the Quarter Period and the Period respectively (three months and six months ended 31st January, 2001: HK\$255,379 (profit) and HK\$489 (loss) respectively) and on the weighted average of 301,739,130 Shares and 282,869,565 Shares in issue during the Quarter Period and the Period respectively (three months and six months ended 31st January, 2001: on an assumption that 264,000,000 Shares in issued).

No diluted earnings per Share for the Quarter Period and the Period (three months and six months ended 31st January, 2001: Nil) have been presented because there were no dilutive potential ordinary shares in existence during the periods.

7. Property, plant and equipment

	Furniture and fixtures <i>HK\$</i> <i>(unaudited)</i>	Office equipment <i>HK\$</i> <i>(unaudited)</i>	Motor vehicles <i>HK\$</i> <i>(unaudited)</i>	Total <i>HK\$</i> <i>(unaudited)</i>
COST				
At 1st August, 2001	156,660	383,871	2,233,445	2,773,976
Additions	<u>70,540</u>	<u>53,730</u>	<u>—</u>	<u>124,270</u>
At 31st January, 2002	<u>227,200</u>	<u>437,601</u>	<u>2,233,445</u>	<u>2,898,246</u>
DEPRECIATION				
As 1st August, 2001	40,652	167,627	1,232,978	1,441,257
Provided for the period	<u>22,720</u>	<u>43,760</u>	<u>335,017</u>	<u>401,497</u>
At 31st January, 2002	<u>63,372</u>	<u>211,387</u>	<u>1,567,995</u>	<u>1,842,754</u>
NET BOOK VALUES				
At 31st January, 2002	<u>163,828</u>	<u>226,214</u>	<u>665,450</u>	<u>1,055,492</u>
At 31st August, 2001	<u>116,008</u>	<u>216,244</u>	<u>1,000,467</u>	<u>1,332,719</u>

8. Goodwill

	Cost <i>HK\$</i> <i>(unaudited)</i>	Amortisation <i>HK\$</i> <i>(unaudited)</i>	Net book value <i>HK\$</i> <i>(unaudited)</i>
Arising on acquisition of a subsidiary	<u>312,136</u>	<u>93,639</u>	<u>218,497</u>

9. Trade and other receivables

Included in trade and other receivable of the Group is trade receivable of nil (31st July, 2001: HK\$80,000 which is aged over 90 days).

10. Other investment — unlisted, at fair value

The amount represented less than 1% interest in an unlisted company engaging in the wholesaling and retailing of beauty products. Subsequent to 31st July, 2001, that company became a listed company on the GEM of the Stock Exchange. The investment was disposed during the Quarter Period.

11. Amount due to a Director

The balance represented an amount due to Mr Hui Chuen Kin, Daniel, a Director of the Company. The amount was unsecured, interest free and had been fully repaid during the Period.

12. Dividend payable to former shareholders

The amount had been fully repaid during the Period.

13. Share capital

	Number of shares <i>(unaudited)</i>	Share capital HK\$ <i>(unaudited)</i>
Shares of HK\$0.01 each Authorised:		
At 31st January, 2002	<u>1,000,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
At 31st January, 2002	<u>320,000,000</u>	<u>3,200,000</u>

The following changes in the Company's authorised and issued share capital took place during the period from 12th July, 2001 (date of incorporation) to 31st July, 2002.

- (a) As at the date of incorporation of the Company, its authorised share capital was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share was issued and allotted, credited as fully paid, to the initial subscriber of the Company.
- (b) Pursuant to a written resolution of the sole shareholder of the Company passed on 9th November, 2001, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares of HK\$0.01 each ranking passu in all respects with the existing share capital of the Company.
- (c) On 9th November, 2001, an aggregate of 9,999 shares of HK\$0.01 each were allotted and issued, credited as fully paid, pursuant to the Reorganisation.
- (d) On 10th November, 2001, a total of 263,990,000 shares of HK\$0.01 each were allotted and issued, credit as fully paid, to the then shareholders of the Company by way of capitalization of a sum of HK\$2,639,900 standing to the credit of the contributed surplus account.
- (e) On 27 November, 2001, 56,000,000 shares of HK\$0.01 each were issued at HK\$0.84 each by way of placing and public offer for a total cash consideration, before expenses, of HK\$47,040,000.

The comparative balance of the share capital as at 31st July, 2001 as shown on the consolidated balance sheet represents the share capital of the then holding company of the Group before the Reorganisation.

14. Reserves

	Share premium HK\$ (<i>unaudited</i>)	Contributed surplus HK\$ (<i>unaudited</i>)	Profit and loss HK\$ (<i>unaudited</i>)	Total HK\$ (<i>unaudited</i>)
At 1st August, 2001	—	—	1,003,803	1,003,803
Arising from the acquisition of the then holding company pursuant to the Reorganisation	—	9,949,713	—	9,949,713
Capitalised on capitalisation issue pursuant to the Reorganisation	—	(2,639,900)	—	(2,639,900)
Arising from the new issues to public in November 2001	46,480,000	—	—	46,480,000
Share issue expenses	(6,092,869)	—	—	(6,092,869)
Net loss for the Period	<u>—</u>	<u>—</u>	<u>(594,284)</u>	<u>(594,284)</u>
At 31st January, 2002	<u>40,387,131</u>	<u>7,309,813</u>	<u>409,519</u>	<u>48,106,463</u>

15. Operating lease commitments

As at 31st January, 2002, the Group had an outstanding commitment payable under a non-cancellable operating lease in respect of a rented premise which falls due as follows:

	31st January, 2002 HK\$ (<i>unaudited</i>)	31st July, 2001 HK\$ (<i>audited</i>)
Within one year	940,800	940,800
In the second to fifth year inclusive	<u>627,200</u>	<u>1,097,600</u>
	<u>1,568,000</u>	<u>2,038,400</u>

16. Capital commitment

At 31st January, 2002 and 31st July, 2001, the Group has no significant capital commitment.

17. Contingent liabilities

At 31st January, 2002 and 31st July, 2001, the Group did not have any significant contingent liabilities.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Quarter Period (three months ended 31st January, 2001: Nil).

DIRECTORS' INTEREST IN SHARES

As at 31st January, 2002, the interests of the Directors and their respective associates in the share capital of the Company or its associated corporations, if any, as recorded in the register required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or which required, pursuant to Rules 5.40 to 5.59 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") to be notified to the Company and the Stock Exchange, immediately following the listing of the Shares, were as follows:

Name of Directors	Number of Shares				Total
	Corporate interests	Personal interests	Family interests	Other interests	
Hui Chuen Kin, Daniel	126,256,800 (Note)	—	—	—	126,256,800

Note: These Shares are held by International Capital Network Investor Limited ("ICN Investor"). Mr Hui Chuen Kin, Daniel own ICN Investor as to 76.34%.

Save as disclosed above, none of the Directors, or their respective associates had, as at 31st January, 2002, any interests in the share capital of the Company or its associated corporations, if any, as recorded in the registrar required to be kept under Section 29 of the SDI Ordinance or which, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

During the Period, none of the Directors was granted options to subscribe for Shares. As at 31st January, 2002, none of the Directors had any rights to acquire Shares.

SUBSTANTIAL SHAREHOLDERS

As at 31st January, 2002, the register, which is required to be kept under Section 16(1) of the SDI Ordinance, revealed that the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company.

Name of Shareholder	Number of Shares	Percentage of issued share capital
International Capital Network Investor Limited (<i>Note 1</i>)	126,256,800	39.46
International Technology Capital Limited (<i>Note 2</i>)	77,846,400	24.33

Notes:

1. These Shares are held by International Capital Network Investor Limited (“ICN Investor”). Mr Hui Chuen Kin, Daniel and Mr Lui Bing Kin, Michael own ICN Investor as to 76.34% and 23.66% respectively.
2. These Shares are held by International Technology Capital Limited (“IT Capital”). Ms Chu Oi Wan, Cecilia owns the entire issued share capital of IT Capital.

Save as disclosed above, the Directors are not aware of any other person having an interest in the issued share capital representing 10% or more of the issued share capital of the Company.

COMPETING INTERESTS

None of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the businesses of the Company.

SPONSOR’S INTEREST

As at 31st January, 2002, the Company’s sponsor, Celestial Capital Limited (“Celestial”), its directors, employees or associates did not have any interest in the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company.

Pursuant to the Sponsor's agreement dated 19th November, 2001 entered into between the Company and Celestial, Celestial has received and will receive a fee for acting as the Company's retained sponsor for the period from 30th November, 2001 to 31st July, 2004.

AUDIT COMMITTEE

An audit committee was established on 13th November, 2001 with written terms of reference in compliance with Rule 5.23, 5.24 and 5.25 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Company.

The audit committee comprises two members namely, the two independent non-executive Directors, Dr Lo Wing Yan, William and Mr Wong Wai Ho.

The audit committee, who were of the opinion that the preparation of unaudited results complied with applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made, has reviewed the Company's unaudited results for the Period.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

The Company has complied throughout the Period the minimum standards of good practice concerning the general management responsibilities of the board of directors as set out in Rule 5.28 to 5.39 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Period, the Company did not purchase, sell or redeem any of the Company's Shares.

By Order of the Board
Michael Lui
Vice Chairman

Hong Kong, 15th March, 2002

** For identification purpose only*

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for 7 days from the day of its posting.