UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)
X__Quarterly report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the period ended March 31, 2002.

___Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ______ to ______.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.

(Exact name of registrant as specified in its charter)

Nevada	0-31353	88-0404186
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

Unit 1, 3071 No. 5 Road Richmond, B.C., Canada	V6X 2T4
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (604) 718-2188

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ..X.. No ....

Applicable only to issuers involved in bankruptcy proceedings during the past five years.
Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ..... No .....

Applicable only to corporate issuers
State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: At March 31, 2002, there were 35,498,505 shares outstanding.

Transitional Small Business Disclosure Format (Check one): Yes ..... No ..X..

PART 1 - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND EXHIBITS

(a) The unaudited financial statements of registrant for the three months ended March 31, 2002, follow. The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

Quarter Ended March 31, 2002

INDEX TO FINANCIAL STATEMENTS:

MOEN AND COMPANY
CHARTERED ACCOUNTANTS

PO Box 10129
1400 IBM Tower
701 West Georgia Street
Vancouver, BC V7Y 1C6

Telephone: (604)662-8899
Fax: (604)662-8809

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors and Stockholders
T.Z.F. International Investments, Inc.
(A Nevada Corporation)

We have reviewed the accompanying Consolidated Balance Sheets of T.Z.F. International Investments, Inc. (A Nevada Corporation) as of March 31, 2002 and March 31, 2001, and the Consolidated Statements of Operations, Retained Earnings, Cash Flows and Changes in Stockholders' Equity for the three month periods then ended in accordance with Statements on Standards for Accounting and Review Services issued by the America Institute of Public Accountants. All information included in these financial statements is the representation of the management of T.Z.F. International Investments, Inc.

A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with United States generally accepted accounting principles (GAAP).

"Moen and Company"

Chartered Accountants

Vancouver, British Columbia, Canada
May 16, 2002

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(A Nevada Corporation)
Consolidated Balance Sheets
March 31, 2002 and March 31, 2001
(In US Dollars)
(Unaudited)

	2002	2001
Assets		
Current Assets		
Cash and cash equivalents (note 3)	$ 389,436	$ 866,922
Accounts receivable (note 4)	3,862,582	5,617,569
Prepaid expenses and deposits (note 5)	2,227,110	67,601
Subscriptions receivable (note 6)	--	406,434
Short-term investment - secured	--	1,354,293
Inventories, at lower cost or market (note 7)	2,117,601	1,566,665
TOTAL CURRENT ASSETS	8,596,729	9,879,484
Investment in Guangdon Hongkang Medical Company	--	532,044
Fixed Assets - Schedule A	6,518,558	6,215,551
Intangible Assets - Schedule A	4,135,052	4,139,817
Goodwill, at cost (note 11)	1,206,554	1,191,472
TOTAL ASSETS (Pledged as security for bank loans - Note 17)	$ 20,456,893	$ 21,958,368
Liabilities and Stockholders' Equity		
Current Liabilities		
Bank loans - secured (note 17)	$ 1,784,764	$ 1,579,202
Accounts payable and accrued (note 14)	2,385,467	2,615,196
Payable on acquisition of Shenzhen Tianzhifu Network Technology Ltd. (note 1)	--	518,590
Management fees payable (note 15)	--	176,671
Due to related parties, unsecured, non interest bearing, with no specific terms of repayment (note 16(b))	314,706	515,053
TOTAL CURRENT LIABILITIES	4,484,937	5,404,712
Long-term Liabilities		
Long-term debt (note 18)	254,219	295,399
Deferred liabilities - pensions (note 23)	212,562	212,562
	466,781	507,961
Stockholders' Equity		
Capital stock (note 19)		
Authorized		
100,000,000 common shares at $0.0001 par value		
Issued		
35,498,505 common shares (2001 - 35,897,309 shares) - par value	3,550	3,590
Paid in capital in excess of par value of stock	14,838,990	15,403,889
Retained earnings	657,648	633,841
Cumulative translation adjustment (note 2)	4,987	4,375
	15,505,175	16,045,695
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 20,456,893	$ 21,958,368

Approved on behalf of the board:

______________________, Director

______________________, Director

See Accompanying Notes and Independent Accountants' Review Report.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(A Nevada Corporation)
Consolidated Statements of Operations
(In US Dollars)
(Unaudited)

	Quarter Ended March 31, 2002	Quarter Ended March 31, 2001
Revenue		
Sales	$ 1,048,750	$ 1,286,546
Cost of sales	696,099	753,701
	352,651	532,845
Other income	11,376	163,630
	364,027	696,475
Expenses		
Selling expenses	110,194	76,319
Administration Costs	145,297	296,622
Depreciation	87,795	41,983
Amortization of Goodwill	--	15,082
	343,286	430,006
Profit (loss) before income taxes	20,741	266,469
Income taxes	--	36,597
Net profit (loss) for the period	$ 20,741	$ 229,872
Basic profit per share	$ 0.00	$ 0.01
Diluted profit per share	$ 0.00	$ 0.00
Weighted average number of common shares used to compute profit per share		
Basic	35,498,505	35,897,309
Diluted	45,788,512	46,187,316

See Accompanying Notes and Independent Accountants' Review Report.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(A Nevada Corporation)
Consolidated Statements of Retained Earnings (Deficit)
(In US Dollars)
(Unaudited)

		Quarter Ended March 31, 2002		2001
Retained earnings (deficit), beginning of period	$	636,907	$	403,969
Net profit (loss) for the period		20,741		229,872
Retained earnings, end of period	$	657,648	$	633,841

See Accompanying Notes and Independent Accountants' Review Report.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
Consolidated Statements of Cash Flows
(In US Dollars)
(Unaudited)

	Quarter Ended March 31, 2002	Quarter Ended March 31, 2001
Cash derived from (used for)		
Operating activities		
Net profit for the period	$ 20,741	$ 229,872
Items not requiring use of cash		
Depreciation	87,795	41,983
Amortization of goodwill	--	15,082
Cumulative translation	--	(8)
Changes in non-cash working capital items		
Accounts receivable	207,228	(412,592)
Prepaid expenses and deposits	(133,685)	(32,917)
Inventories	(127,730)	(322,023)
Accounts payable and accrued	73,149	(135,234)
	127,498	(615,837)
Financing activities		
Capital contributed	--	177,946
Management fees payable	--	26,667
Long-term debt	(14,771)	(10,739)
Due to related parties	6,105	--
	(8,666)	193,874
Investing activities		
Fixed assets acquired	(166,805)	(380,919)
Intangible assets	--	1,093
	(166,805)	(379,826)
Cash, increase (decrease) during the period	(47,973)	(801,789)
Cash, beginning of period	437,409	1,668,711
Cash, end of period	$ 389,436	$ 866,922

See Accompanying Notes and Independent Accountants' Review Report.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
Schedule of Fixed Assets/Intangible Assets
As at March 31, 2002
(In US Dollars)
(Unaudited)

	Cost	Accumulated Depreciation	Net
Fixed Assets			
Deferred lease expense	$ 3,556	$ 2,744	$ 812
Deferred expenses - other - TZF Jiangsu	256,256	14,418	241,838
Fixed assets of operating companies			
- note 8	2,995,295	846,222	2,149,073
- note 9	552,436	--	552,436
Construction in progress - Note 10	1,973,878	--	1,973,878
Rights of use of land			
Tianan - 50 years	370,508	9,929	360,579
TZF Jiangsu - 50 years (1)	1,239,942	--	1,239,942
	$ 7,391,871	$ 873,313	$ 6,518,558

Intangible Assets	
Technology rights - Note 13	$ 4,038,229
Deferred costs - Note 12	96,823
	$ 4,135,052

(1) To be amortized commencing when certificate of completion of building is received in 2002.

See Accompanying Notes and Independent Accountants' Review Report.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(A Nevada Corporation)
Consolidated Statement of Changes in Stockholders' Equity
From Date of Inception on September 15, 1998 to March 31, 2002
(In U.S. Dollars)
(Unaudited)

	Number of Common Shares	par Value	Additional Paid-in Capital	Total Capital Stock	Retained Earnings (Deficit)	Cumulative Translation	Total Stockholders' Equity
9/25/98 issuance of common stock for cash	1,000,000	$1,000	$1,500	$2,500			$2,500
Net loss for the year ended December 31, 1998					(1,115)		(1,115)
Balance, December 31, 1998	1,000,000	1,000	1,500	2,500	(1,115)		1,385
2/17/99 issuance of common stock for cash	600,000	600	59,400	60,000			60,000
Net loss for the year ended December 31, 1999					(7,515)		(7,515)
Balance, December 31, 1999	1,600,000	1,600	60,900	62,500	(8,630)		53,870
4/30/00 cancellation of common stock and transfer of par value to paid-in capital (note 1)	(1,000,000)	(1,000)	1,000				
Balance, April 30, 2000 before forward split	600,000	600	61,900	62,500	(8,630)		53,870
05/15/00 10 to 1 forward split	6,000,000	600	61,900	62,500	(8,630)		53,870
05/15/00 issuance of common stock for services	250,000	25	252,375	252,400			252,400
05/15/00 issuance of common stocks for the BC Company	18,451,843	1,845	5,351,087	5,352,932			5,352,932
7/4/00 issuance of common stock for cash	340,000	34	343,216	343,250			343,250
9/30/00 issuance of common stock for cash	615,466	62	621,286	621,348			621,348
10/19/00 issuance of common stock for cash	10,000	1	10,999	11,000			11,000
11/19/00 issuance of common stock for cash	230,000	23	252,977	253,000			253,000
12/28/00 issuance of common stock for debt	10,000,000	1,000	4,999,000	5,000,000			5,000,000
Net profit for the year ended December 31, 2000					412,599		412,599
Negative goodwill - gain on acquisition TZF Jiangsu - note 1			3,333,103	3,333,103			3,333,103
Cumulative translation						4,383	4,383

Balance, December 31, 2000	35,897,309	3,590	15,225,943	15,229,533	403,969	4,383	15,637,885
1/1/01 capital contributed			177,946	177,946			177,946
12/31/01 capital contribution adjustment			(158,505)	(158,505)			(158,505)
12/31/01 cancellation of common stock	(398,804)	(40)	(406,394)	(406,434)			(406,434)
Net profit for year ended December 31, 2001					232,938		232,938
Cumulative translation						604	604
Balance, December 31, 2001	35,498,505	3,550	14,838,990	14,842,540	636,907	4,987	15,484,434
Net profit for three months ended March 31, 2002					20,741		20,741
Balance, March 31, 2002	35,498,505	$3,550	$14,838,990	$14,842,540	$657,648	$4,987	$15,505,175

See Accompanying Notes and Independent Accountants' Review Report

T.Z.F. INTERNATIONAL INVESTMENTS, INC.
(a Nevada Corporation)
Notes to Consolidated Financial Statements
March 31, 2002
(In U.S. Dollars)
(Unaudited)

Note 1. ORGANIZATION AND NATURE OF BUSINESS

The Company was incorporated under the laws of the State of Nevada on September 15, 1998, as Sabai Sabai Enterprises, Corp., and on May 25, 2000, changed its name to T.Z.F. International Investments, Inc.

Pursuant to a stock purchase agreement dated March 30, 2000, T.Z.F. International Herbs Investment Inc., ("BC Company") purchased 1,000,000 shares of the issued and outstanding common stock of the Company. These shares were purchased in anticipation of the subsequent completion of a share exchange transaction between the Company and the BC Company. In conjunction with completion of the share exchange transaction these shares were cancelled, effective April 30, 2000, and as a result, the amount of the par value of $1,000 attributable to such shares was transferred to paid-in capital.

Pursuant to the terms of the share exchange which was effective as of April 30, 2000, the Company acquired all of the issued and outstanding stock of the BC Company in exchange for the issuance of 18,451,843 shares of its authorized but previously unissued shares of common stock, which shares were valued at $5,352,932 for purposes of the acquisition. Assets and liabilities of the BC Company at the date of acquisition on April 30, 2000, were as follows:

Assets	
Cash and short term deposits	$1,040,372
Accounts receivable	13,217
Capital stock subscriptions receivable	374,546
Prepaid expense and deposit	5,382
Inventories	206,532
Deferred lease expense, net of amortization	5,047
Fixed assets, net of accumulated depreciation	59,927
Intangible assets, technology rights	4,038,229

	5,743,252
Liabilities	
Accounts payable and accrued	114,917
Accrued payroll deductions payable	45,767
Management fees payable	168,205
Due to related parties	60,755
	389,644
Net assets including cumulative translation	5,353,608
Cumulative translation, included in above, Booked in stockholders' equity of Sabai Sabai	(676)
Net value in exchange for 18,451,843 common Shares off Sabai Sabai and net equity on date of acquisition of the BC Company	$5,352,932

In May 2000, the Company completed a 10:1 forward split of its outstanding stock. This forward split increased the number of issued and outstanding shares from 600,000 (1,600,000 previously outstanding less the 1,000,000 shares which were cancelled) to 6,000,000.

Subsequent to completion of the share exchange on April 30, 2000, the BC Company (the Company's wholly-owned subsidiary) received subscriptions for 340,000 additional shares. The Company elected to convert such shares to shares of its own common stock on the same terms as it completed the share exchange. Therefore, effective as of July 4, 2000 the Company issued 340,000 additional shares in exchange for shares of the BC Company

In May 2000, following completion of the forward split, the Company authorized the issuance of 250,000 restricted shares as compensation for consulting services at a price of CAD$1.50 per share, to the following:

Name	Number of Shares	Consideration CAD $	Equivalent US $
Robert Gelfand	50,000	$75,000	$50,480
Fred Fisher	200,000	300,000	201,920
	250,000	$ 375,000	$ 252,400

Accordingly, the amount of $252,400 was recorded as stock-based compensation in the financial statements for the year ended December 31, 2000.

T.Z.F. International Herbs Investment Inc., which is now a wholly-owned subsidiary of the Company, owns the formula and all distribution and intellectual property rights, including trademark, patent and industry design rights, for Snow Lotus Tea products.

The Company and its wholly-owned subsidiary, the BC Company, are both based in Richmond, British Columbia, Canada.

On December 21, 2000 the BC Company acquired 100% of issued and outstanding shares of Tianan Investment Limited ("Tianan"), a British Virgin Islands company with an office in Hong Kong for the total price of HK$21,500,000 (US$2,758,847), which was paid in cash in three installments. The BC Company paid the first installment totaling HK $6,638,318.09 (approximately US $851,100) in two parts, on July 7 and July 10, 2000. The second installment of HK $6,261,681.91 (approximately US $802,800), and the final installment of HK$8,600,000.00 (approximately US $1,104,947), which were paid on October 20, 2000 and December 20, 2000, respectively, were both paid by Xin Chen, one of the principal shareholders.

The sole asset of Tianan is its 100% ownership of Tianan Pharmacy (Xiamen) Co., Ltd. ("Tianan Pharmacy"), a manufacturer of Chinese biological and herbal medicine products. Tianan Pharmacy has a plant which is located in the Torch High Tech Development Zone of Xiamen, China, where it currently conducts research and development and produces herbal and biological medicines which it distributes and sells in China.

As a result of the closing of this purchase transaction, Tianan became a wholly-owned subsidiary.

Assets and liabilities of Tianan at the date of acquisition on December 21, 2000, were as follows:

Assets	
Cash and cash equivalents	$ 103,910
Accounts receivable, trade	198,910
Short-term loans	831,875
Prepaid expense and deposit	5,069
Inventories	449,147
Deferred expense, net of amortization	27,957

Fixed assets, net of accumulated depreciation	1,405,851
Rights of use of land - 50 years	370,508
	3,393,227
Liabilities	
Accounts payable, trade	9,921
Accounts payable, others	42,176
Taxes payable	33,222
Deferred liabilities, pension	212,562
Bank loan	483,676
	781,557
Net assets	2,611,670
Goodwill on acquisition	147,177
Total cash payments on acquisition	$2,758,847

On December 31, 2000, the BC Company completed the purchase of all of the shares of T.Z.F. International Herbs (Jiangsu) Co. Ltd. ("TZF Jiangsu") (formerly Second Pharmacy Factory of Yancheng City), ("Second Pharmacy"), a Chinese corporation. The assets were purchased from The People's Government of JianWu County, JiangSu Province, the People's Republic of China. The purchase was completed pursuant to the terms of an Acquisition and Investment Agreement dated September 12, 2000.

In accordance with the Acquisition and Investment Agreement, the purchase price was a total of RMB14,000,000.00 (US $1,786,591), which was paid in cash in two installments, plus assumption of liabilities totaling approximately RMB400,000 (approximately US$48,000). The first cash installment totaling RMB3,000,000.00 (approximately US $362,000) , was paid on September 18, 2000. The second cash installment of
RMB11,000,000.00 (approximately US $1,376,591) was paid in two parts, on November 22 and November 28, 2000.

The purchase price for the assets of TZF Jiangsu was determined through arms length negotiation with the seller.

The cash purchase price for the assets of TZF Jiangsu was paid on our behalf by Xin Chen, one of the principal shareholders. These payments were part of a total of US$5,000,000 which Mr. Chen paid or advanced on behalf of the Company during the fiscal year ended December 31, 2000.

The assets of TZF Jiangsu consist primarily of an automated assembly line used for the production of various pharmaceutical products. The Company will continue to use this equipment and factory for the production of pharmaceutical products and will seek to expand and improve the operations.

In addition to payment of the initial purchase price of RMB14,000,000 for purchase of the existing assets of TZF Jiangsu, the Acquisition and Investment Agreement contemplates that during the next three years we will invest an additional sum of RMB14,000,000 in fixed assets, technological improvements, research and development and marketing in order to improve and expand the operations of TZF Jiangsu. In return for the Company's commitment to make this additional capital investment, the seller, The People's Government of JianWu County, JiangSu Province, the People's Republic of China has agreed to grant the Company various incentives, including rent free occupancy of certain new plant space for 50 years, an agreement to refund certain Value Added Tax for 3 years, a 100% exemption from income taxes for three years commencing in 2001, a 50% exemption from income taxes for an additional 3 years thereafter, an exemption from the Industrial and Commercial Administration Charge and other industry fees for one year, and an exemption from a variety of other fees and surcharges during the period that the new plant space is under construction.

Assets and liabilities of TZF Jiangsu at the date of acquisition on December 31, 2000, were as follows:

Assets	
Cash and cash equivalents	$ 1,005,456
Accounts receivable, trade	1,675,847
Short-term loans	701,927
Inventories	79,095
Construction in progress	861,460
Fixed assets, net of accumulated depreciation	548,421
Fixed assets, other	239,261
Rights of use of land - 50 years	1,239,942
Liabilities	
Accounts payable, trade	913,669
Accounts payable, others	350,001

Taxes payable	389,934
Payroll and payroll deductions payable	94,821
Long-term liabilities	306,138
Bank loans	1,095,526
	3,150,089
Net assets	5,119,694
Gain - Negative goodwill on acquisition added to paid-in capital in these financial statements	3,333,103
Total cash payments on acquisition	$1,786,591

By an Acquisition and Investment Agreement dated December 31, 2000, the Company completed the purchase of all of the shares of Shenzhen Tianzifu Network Technology Ltd., ("Shenzhen TZF Net") (formerly Shenzhen Xinhaihu Industry Trading & Development Co., Ltd.), a Chinese corporation. The purchase price is $3,000,000, of which, $2,481,410 was paid, and the balance of $518,590 is recorded as payable on acquisition as a current liability in these financial statements.

The major businesses of Shenzhen TZF Net are in China and include pharmaceutical businesses, material supply, computer network software and hardware development and related business information consulting.

Shenzhen TZF Net. owns and operates a major health food and medicine online sales network, as outlined below through which Chinese products are marketed and brand products from North America and the rest of the world will be distributed under licenses. It also serves as T.Z.F's China headquarters, and will administer the operations of all current and future T.Z.F. subsidiaries in China.

Shenzhen TZF Net operates a Chinese-Language health food Web site. Its objective is to centralize the management of the entire T.Z.F. network in China and to improve its efficiency and economic scale, including that of the manufacturing, sales and marketing functions. It proposes to expand the existing distribution network and channels of distribution of all current subsidiaries of T.Z.F. in China with its competitive edge and unique resources. It will carry out the T.Z.F. plan of building 200 chain counters and stores in the top 200 major department stores nationwide, and to open 50 licensed drug stores, 60 chain stores and 20 distribution centers in selected locations in China. After Shenzhen TZF Net has completed building the sales network platform domestically in China, it will then focus on attracting international suppliers of health food or related health care products that wish to export their products to China, and use this expanding international network to market Chinese health food products and herbal medicines. Shenzhen TZF Net proposes to be the flagship operation of an effective, competitive China-North America manufacturing, sales and marketing network.

Shenzhen TZF Net will apply the computer network and database technology that it has developed and is currently using in-house to consolidate, standardize and specialize its management and distribution systems in order to maximize operating efficiencies. It will implement a Retailer Management System, an Electronic Ordering System and an Electronic Data Interchange. Network Technology's head office will control the organization of the chain stores. Its online network will be able to present a virtual sales platform for the eventual B2B and B2C transaction. Shenzhen TZF Net proposes to have seven departments: marketing, merchandise, sales, information center, distribution center, general management/administration and accounting.

Hongkang Pharmaceutical Company, is an 88% owned subsidiary of Shenzhen TZF Net. It was formed in 1995 and is located in Guangdong Province. It has a staff of 60 and is one of only few pharmaceutical wholesalers/retailers (out of 990 wholesale enterprises and 3,760 retailers) in Guangdong Province to meet the GSP requirements. Hongkang Pharmaceutical wholesales and retails chemical pharmaceutical preparation, antibiotic pharmaceutical preparations, Chinese traditional medicine preparations, Chinese traditional medicine tablets and health products throughout Southern China including Guanxi, Fujian and Hunan provinces. Hongkang Pharmaceutical plans to expand its facilities and market share in order to meet the growing demand for medicines and to become a major pharmaceutical distributor and wholesaler in Southern China.

During the fourth quarter of 2001, due to the problems of the approval from Chinese regulatory bodies relating to the acquisition of Hongkang Pharmaceutical Company. Directors and Management of Shenzhen TZF Net decided to cancel the acquisition. All the figures of Hongkang Pharmaceutical Company consolidated into the financial statements of Shenzhen TZF Net for the nine month period ended September 30, 2001, have been reversed during the fourth quarter of 2001. These resulted in negative sales in the consolidated financial statements for the fourth quarter of 2001.

The annual adjusted figures for Shenzhen TZF Net are disclosed in the Condensed Statement of Operations of subsidiaries in note 28, hereto.

Assets and liabilities of Shenzhen TZF Net at the date of acquisition on December 31, 2000, were as follows:

Assets	
Cash and cash equivalents	$ 416,994
Accounts receivable, trade	274,132
Short-term loans	517,487
Short-term investment	1,354,293
Inventories	12,033
Prepaid expenses	23,260

Fixed assets, net of accumulated depreciation	78,193
Investment in subsidiary,	
Meixian Hengkang Pharmaceutical Company	532,044
Deferred Website development costs	74,724
	3,283,160
Liabilities	
Accounts payable, trade	6,829
Accounts payable, others	1,183,904
Taxes payable	151,804
	1,342,537
Net assets	1,940,623
Goodwill on acquisition (note)	1,059,377
Total payments required on acquisition	$ 3,000,000
Amounts paid by December 31, 2000	2,481,410
Amount unpaid at December 31, 2000	
and paid during the year ended December 31, 2001	$518,590

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, T.Z.F. International Herbs Investment Inc., Tianan Investment Limited (and its wholly-owned subsidiary Tianan Pharmacy (Xiamen) Co. Ltd.), TZF International Herbs (Jiangsu) Co. Ltd. and Shenzhen Tianzhifu Network Technology Ltd. All intercompany transactions and balances have been eliminated.

Basis of presentation

These consolidated financial statements have been prepared in accordance with Accounting Principles Generally Accepted in the United States (“USGAAP).

Development stage company

The consolidated financial statements of the Company to December 31, 2001 were been prepared in accordance with the provisions of Statement of Financial Accounting Standard No. 7, “Accounting and

Reporting by Development Stage Enterprises", which included cumulative figures for the statement of operations and cash flows from the date of inception on September 15, 1998 to December31, 2001. Commencing January 1, 2002, the Company is not considered to still be a development stage company and, accordingly, figures from date of inception are not disclosed.

Business Combinations

The Company uses the Purchase Method in accounting for its acquisitions.

Goodwill will be subject to review for impairment. This review would be at the lowest reporting level or levels that include the acquired business (i.e., the reporting unit). Goodwill would be considered impaired and subject to write-down if the fair value of the reporting unit's goodwill is less than its carrying amount. The fair value of goodwill would be determined by subtracting the fair value of the recognized net assets of the reporting unit (excluding goodwill) from the fair value of the reporting unit. The amount of the impairment would be the difference between the carrying amount and the fair value of the goodwill.

Use of estimates

The preparation of financial statements in conformity with USGAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit and highly liquid short-term interest bearing securities with a maturity at the date of purchase of three months or less.

Income Taxes

Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statement at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB Statement No. 109, Accounting for Income Taxes. As changes in tax laws or rate are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Compensated absences

Employees of the corporation are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The corporation's policy is to recognize the costs of compensated absences when paid to employees.

Net earnings per share

The Company adopted Statement of Financial Accounting Standards No. 128 that requires the reporting of both basic and diluted earnings per share. Basic earnings per share is computed by dividing net income available to common shareowners by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contacts to issue common stock were exercised or converted into common stock. In accordance with FASB 128, any anti-dilution effects on net loss per share are excluded.

Disclosure about fair value of financial instruments

The Company has financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at December 31, 2001 as defined in FASB 107, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is recorded on the following rates, based upon the useful life of the assets.

Office equipment	- 20% per annum on the declining balance basis
Leasehold improvement	- allocated on a straight-line basis over the term of lease
Vehicles	- 30% per annum on the declining balance basis
Computer equipment	- 30% per annum on the declining balance basis
Buildings	- 4.75% per annum on the straight-line basis
Mechanical devices	- 19% per annum on the straight-line basis
Electric devices	- 19% per annum on the straight-line basis
Shipping devices	- 19% per annum on the straight-line basis
Other devices	- 19% per annum on the straight-line basis

Long-lived assets

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset in question may not be recoverable. This standard does not have a material effect on the Company's results of operations, cash flows or financial position in these financial statements.

Foreign currency translation

The functional currency of the parent Company T.Z.F. International Investments, Inc. is the United States Dollar and of T.Z.F. International Herbs Investment Inc. is the Canadian Dollar, Tiana Pharmacy (Xiamen) Co. Ltd, T.Z.F. International Herbs (Jiangsu) Co. Ltd. and Shenzhen Tianzifu Network Technology Ltd. are in Chinese Yuan and the reporting currency on a consolidated basis is the United States Dollar.

The assets, liabilities, and operations of the Company are expressed in the functional currency of the Company in United States Dollars. Operations of the subsidiary, T.Z.F. International Herbs Investment Inc. are in Canadian Dollars and in conformity with US GAAP they are translated into the reporting currency, the United States Dollar.

Monetary assets and liabilities are translated at the current rate of exchange.

The weighted average exchange rate for the period is used to translate revenue, expenses, and gains or losses from the functional currency to the reporting currency.

The gain or loss on translation is reported as a separate component of stockholders' equity and not recognized in net income. Gains or losses on remeasurement are recognized in current net income.

Gains or losses from foreign currency transactions are recognized in current net income.

Fixed assets are measured at historical exchange rates that existed at the time of the transaction.

Depreciation is remeasured at historical exchange rates that existed at the time the underlying related asset was acquired.

An analysis of the changes in the cumulative translation adjustment as disclosed as part of stockholders' equity, is as follows:

	Three months Ended March 31,	
	2002	2001
Balance, Beginning of year	$ 4,987	$ 4,383
Change during the year		(8)
Balance, End of period	$ 4,987	$ 4,375

The effect of exchange rate changes on cash balances is reported in the statement of cash flows as a separate part of the reconciliation of change in cash and cash equivalents during the period.

Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents which are not collateralized. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

Inventories

The inventories are recorded at the lower of cost or market. As at March 31, 2002 the inventories total $2,117,601 (March 31, 2001 - $1,566,665) (see note 7)

Revenue Recognition

The Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) 101, Revenue Recognition in Financial Statements, in December 1999. The SAB summarizes certain of the SEC staff's views in applying generally accepted accounting principles to revenue recognition in financial statements. During the current year, the Company performed a review of its revenue recognition policies and determined that it is in compliance with SAB 101.

Web Site Development Expenses

Web site development expenses relate to the development of new online services and consist principally of employee compensation, as well as costs for content, facilities and equipment. The consensus in the Financial Accounting Standards Board Emerging Issues Task Force (EITF) Issue No. 00-2, Accounting for Web Site Development Costs, requires that certain costs to develop Web sites be capitalized or expensed, depending on the nature of the costs. Development expenses of $67,809 have been capitalized and will be either expensed in 2002 or amortized over a period of 30 months after completion the Web Site (note 13)

Shipping and Handing Fees and Costs

In September 2000, the Financial Accounting Standards Board Emerging Issues Task Force (EITF) reached a final consensus on EITF Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs. This consensus requires that all amounts billed to a customer in a sale transaction related to shipping and handling, be classified as revenue. The Company historically has netted shipping charges to customers with shipping and handling costs which are included in operating expenses in the Statements of Operations. With respect to the classification of costs related to shipping and handling incurred by the seller, the EITF determined that the classification of such costs is an accounting policy decision that should be disclosed. The Company adopted the consensus in the Issue in fiscal 2001.

Segmented Information

The Company's identifiable assets as at March 31, 2002 are located in the following countries:

Canada	$4,697,701
China	15,747,048

The United States	12,144
	$20,456,893

The total for cash and equivalents as at March 31, 2002, is made up as follows:

	TZF US Company	The BC Company	Tian'an	JZF Jiangsu	Shenzhen TZF Net	Total
Petty cash	$	$ 417	$ 83	$ 29,532	$ 827	$ 30,859
Cash in trust		8,217				8,217
Cash in bank	3,317	55,297	169,370	88,093	6,597	322,674
Short-term deposits				27,686		27,686
Total	$ 3,317	$ 63,931	$169,453	$ 145,311	$ 7,424	$ 389,436

Note 4. ACCOUNTS RECEIVABLE - $3,862,582 (March 31, 2001 - $5,617,569)

This balance represents the following:

	TZF US Company	The BC Company	Tian'an	JZF Jiangsu	Shenzhen TZF Net	Total
Accounts receivable, trade	$ 8,827	$ 593,140	$511,619	$1,248,347	$ 7,046	$2,368,979
Accounts receivable, Canadian GST		28,179				28,179
Short-term loans			3,531		551,878	555,409
Accounts receivable, others		12,452		897,563		910,015
Total	$ 8,827	$633,771	$515,150	$2,145,190	$ 558,924	$3,862,582

Note 5. PREPAID EXPENSES AND DEPOSITS - $2,227,110

The balance of prepaid expense and deposit as at March 31, 2002, is as follows:

	The BC Company	Tian'an	Shenzhen TZF Net	Total

Rental deposits	$ 5,157	$	$	$ 5,157
Prepaid to Beijing Zhong Buo for website development			1,211,914	1,211,914
Prepaid new medicine application fees		846,433		846,433
Deposit for supplies		130,872	32,734	163,606
Total	$5,157	977,305	$1,244,648	$2,227,110

As at March 31 2002, Shenzhen TZF Net paid $1,211,914 (11,872,120 Yuan) to Beijing Zhongbuo Merchants Promotion Internet Co. Ltd. for the setting up of website and computer systems. This project is in progress as at March 31, 2002 and, accordingly, is recorded as a prepaid expense.

As at March 31, 2002, Tianan paid $846,433 (7,000,000 Yuan) to three medical companies as prepayment for three new product certificate. The medical companies would provide the certificate within six months, otherwise they will return the money, plus interest at the prime bank rate, calculated from the date of prepayment.

Note 6. SUBSCRIPTIONS RECEIVABLE

As at September 11, 2000, Mr. Chung Yiu Chung signed a subscription agreement with the Company, whereby he subscribed for 561,798 common share of the Company at a price of CAD$1.50 per share, of which, 162,994 common shares were issued and paid. The balance of $406,434 is unpaid. As at December 31, 2001 the latter amount has been reversed and the issued share capital reduced, accordingly.

Note 7. INVENTORIES - $2,117,601

The inventories as at March 31, 2002, are made up as follows:

	The BC Company	Tian'an	TZF Jiangsu	Shenzhen TZF Net	Total
Raw materials	$	$ 71,242	$ 100,850	$	$172,092
Packaging materials	22,947	24,532	711,558		759,037
Finished products		390,699	259,835		650,534
Other			337,053	198,885	535,938
Total	$ 22,947	$ 436,473	$1,409,296	$198,885	$2,117,601

Note 8. FIXED ASSETS

The totals for fixed assets and accumulated depreciation as at March 31, 2002, are made up as follows:

	The BC Company	Tian'an	TZF Jiangsu	Shenzhen TZF Net	Total
Cost					
Computer equipment	$ 14,364	$	$	$	$14,364
Office equipment	14,286				14,286
Vehicles	19,025				19,025
Buildings and improvements	38,426	1,312,794			1,351,220
Mechanic devices		321,187			321,187
Shipping devices		21,685			21,685
Electronic devices				100,072	100,072
Other		316,326	837,130		1,153,456
Total	86,101	1,971,992	837,130	100,072	2,995,295
Accumulated Depreciation					
Computer equipment	6,033				6,033
Office equipment	5,337				5,337
Vehicles	7,804				7,804
Buildings and improvements	12,152	305,234			317,386
Mechanic devices		142,851			142,851
Shipping devices		19,517			19,517
Electronic devices				20,107	20,107
Other		272,055	55,132		327,187
Total	31,326	739,657	55,132	20,107	846,222

Net book value

Computer equipment	8,331				8,331
Office equipment	8,949				8,949
Vehicles	11,221				11,221
Buildings and improvements	26,274	1,007,560		0	1,033,834
Mechanic devices		178,336		0	178,336
Shipping devices		2,168		0	2,168
Electronic devices		0		79,965	79,965
Other		44,271	781,998	0	826,269
Total (to Schedule A)	$ 54,775	$1,232,335	$ 781,998	$ 79,965	$2,149,073

Note 9. FIXED ASSETS - OTHERS

As at March 31, 2002, other fixed assets of $552,436 as disclosed in Schedule A, in addition to the above, represent the residual value of fixed assets located at TZF Jiangsu.

Note 10. FIXED ASSETS – CONSTRUCTION IN PROGRESS

The construction in progress of $1,973,878 as at March 31, 2002, applies to new buildings and related equipment located at TZF Jiangsu and will not be depreciated until the building has been completed and the equipment put into use. Certificate of completion is expected by mid 2002.

Note 11. GOODWILL

As at March 31, 2002, goodwill of $1,206,554 is made up as follows:

	Tian'an	Shenzhen TZF Net	Total
Goodwill on acquisitions	$147,177	$1,059,377	$1,206,554

The goodwill will be evaluated on an annual basis as to any possible impairment. The earnings of Tianan justify the goodwill. Shenzhen is expected to attain earnings to continue to justify the amount of goodwill and, accordingly, no adjustment has been made to the goodwill booked for Shenzhen.

Note 12. INTANGIBLE ASSETS - DEFERRED COSTS

As at March 31, 2002, deferred costs of $100,560 are made up as follows:

	Tian'an	Shenzhen TZF Net	Total
Website development - to be amortized over 30 months after completion of the Website in 2002	$	$67,809	$67,809
Net product development costs - to be expensed in 2002	32,751		32,751
Amortization		(3,737)	(3,737)
Net book value (to schedule A)	$ 32,751	$ 64,072	$96,823

Note 13. INTANGIBLE ASSETS - TECHNOLOGY RIGHTS

By agreement dated December 15, 1999, Shenzhen Hengyunda Enterprises Co. Ltd. of P.R. China agreed to sell and assign certain information and rights relating to a series of products known as the Snow Lotus Tea series products to the BC Company.

The BC Company agreed to pay consideration of $4,038,229 for acquisition of these assets, through the issuance of 6,000,000 shares of its Class B common stock, which were valued for purposes of the acquisition at a price of CAD$1.00 per share, for total consideration of CAD$6,000,000 (US$4,038,229).

Shenzhen Hengyunda Enterprises Co. Ltd. has warranted that there are no charges or encumbrances against the rights being acquired.

This agreement includes the sale, assignment and transfer of all the right, title and interest in and to the Product Information and all the rights to use, exploit, develop or otherwise deal with the Product Information or the Project, including the right to register any Intellectual Property in connection with the Product, the same to be held and enjoyed by the BC Company and its successors and assigns as fully and effectively as the same would have been held and enjoyed by Shenzhen Hengyunda Enterprises Co. Ltd. had this transfer and assignment not been made.

Shenzhen Hengyunda Enterprises Co. Ltd. further agrees to execute and deliver all such documents and further assurances as may be necessary or desirable to give effect to the sale and assignment.

Amortization of the cost of the technology will commence when the products relating to the technologies are available to be marketed; which is expected to be effective in 2002. The amortization period is for ten years on a straight-line basis. No amortization of these technology rights is included in these financial statements for the period ended March 31, 2002.

Note 14. ACCOUNTS PAYABLE AND ACCRUED

Details of the total of accounts payable and accrued as at March 31, 2002, are as follows:

	TZF US Company	The BC Company	Tian'an	TZF Jiangsu	Shenzhen TZF Net	Total
A/P, trade			$ 70,686	$1,203,819	$ 46,961	$1,321,466
Accrued payroll			7,815	22,790	9,928	40,533
Taxes payable			11,827	133,173	68,693	213,693
Other payables	7,674	598	48,332	467,906	285,265	809,775
Total	7,674	598	138,660	1,827,688	410,847	2,385,467

Note 15. MANAGEMENT FEES PAYABLE

There are no management fees incurred for the quarter ended March 31, 2002.

Note 16. RELATED PARTY TRANSACTIONS

a) The amount of $314,706 represents loans to the Company by related parties as at March 31, 2002, is unsecured, non interest bearing, with no specific terms of repayment.

b) The principal shareholders offered to all warrant holders to exchange their warrants for shares held by the principal shareholders pursuant to such ratio so that, with the completion of the warrant/share exchange, the per share cost of the share/warrant held by the minority shareholder effectively stands at CAD$0.75 per share. The share/warrant change became effective as of December 17, 2000.

c) During the fiscal year ended December 31, 2000, Mr. Xin Chen, Director and Chairman of Board of Directors of the Company, advanced a total of approximately $5,500,000 on behalf of the Company. These funds were used in part for purchase of the assets of TZF Jiangsu, and in part for purchase of all of the issued and outstanding stock of Tian'an Investments Limited, a British Virgin Islands Corporation (which was completed on December 21, 2000) and part of the payment on the acquisition of 100% issued and outstanding shares of Shenzhen T.Z.F. Network Technologies Co., Ltd.

On December 28, 2000, the Company signed a Debt Settlement Agreement with Mr. Xin Chen. Mr. Chen agreed to take 10,000,000 common shares of the Company at a price of CAD$0.75 (US$0.50) per share to repay $5,000,000 of his loan. These shares have warrants attached entitling the holder to purchase additional 10,000,000 common shares of the Company at a price of CAD$1.50 per share until December 28, 2001 (expired), and thereafter, at a price of CAD$2.50 per share until December 28, 2002.

Note 17. BANK LOANS

Details of bank loans as at March 31, 2002, are as follows:

a) Tianan

As at March 31, 2002, Tianan has bank loans, as follows, secured by its assets:

	Period of Loan	Principal Chinese RMB	Principal Equivalent to US $	Interest Rate/Monthly
Bank of China	12/30/00 - 4/30/02	2,700,000	326,481	0.558%
China Construction Bank	5/18/01 - 5/18/02	3,000,000	362,757	0.53625%
Total		5,700,000	689,238	

b) TZF Jiangsu

As at March 31, 2002, TZF Jiangsu has bank loans, as follows, secured by its assets:

	Period of Loan	Principal Chinese RMB	Principal Equivalent to US $	Interest Rate/Monthly
Industries and Commerce Bank of Jianhu, China	6/30/01 - 6/30/02	9,060,000	1,095,526	0.63375%

Management of the company proposes to apply for renewal of these loans prior to their due date.

c) Summary of Bank loans

	Tian'an	TZF Jiangsu	Total
Bank of China Xiamen Branch	$ 326,481	$	$ 326,481
Industries and Commerce Bank of Jianhu		1,095,526	1,095,526
China Construction Bank	362,757		362,757
Total	$ 689,238	$1,095,526	$1,784,764

Note 18. LONG-TERM LIABILITIES

a) The long-term debt of $254,219 represents long-term accounts payable owing by Second Pharmacy.

b) The deferred liabilities for pensions applies to Tianan. This is a provision for pension liabilities.

Note 19. CAPITAL STOCK

a) Authorized: 100,000,000 common shares with a par value of $0.0001 each per share.

b) Issued and outstanding common shares as at March 31, 2002 are as follows:

	Issued Date	Number of Shares	Par Value	Additional Paid-in Capital	Total
Private placement	9/25/98	1,000,000	$1,000	$1,500	$2,500
Balance	12/31/98	1,000,000	1,000	1,500	2,500
Private placement	2/17/99	600,000	600	59,400	60,000
Balance	12/31/99	1,600,000	1,600	60,900	62,500
Cancellation of common stock	4/30/00	(1,000,000)	(1,000)	1,000	
Balance, before forward split	4/30/00	600,000	$600	$61,900	$62,500
10:1 forward split	5/15/00	6,000,000	600	61,900	62,500
Issuance of stock for services	5/15/00	250,000	25	252,375	252,400
Acquisition of the BC Company	5/15/00	18,451,843	1,845	5,351,087	5,352,932
Issuance for cash	7/4/00	340,000	34	343,216	343,250
Issuance for cash	9/30/00	615,466	62	621,286	621,348
Issuance for cash	10/19/00	10,000	1	10,999	11,000
Issuance for cash	11/19/00	230,000	23	252,977	253,000
Issuance for debt	12/28/00	10,000,000	1,000	4,999,000	5,000,000
Negative goodwill	12/31/00			3,333,103	3,333,103
Capital contributed	1/1/01			177,946	177,946

Capital contribution adjustment	12/31/01			(158,505)	(158,505)
Cancellation of common stock	12/31/01	(398,804)	(40)	(406,394)	(406,394)
Balance	12/31/01	35,498,505	$ 3,550	$14,838,990	$14,842,540

c) Outstanding Warrants at March 31, 2002

290,007 warrants to purchase 290,007 common shares exercisable at CAD$1.50 per share until December 17, 2001 (expired and subsequently extended, see note 30)

10,000,000 warrants to purchase 10,000,000 common shares exercisable at CAD$2.50 per shares until December 28, 2002.

10,290,007

Note 20. INCOME TAXES

a) The most recent Federal Income Tax filing for the Company for the US was for he year ended December 31, 2000, disclosing no income taxes payable to the US Internal Revenue Service.

b) The BC Company has filed Federal Income Tax Returns for the years ended December 31, 1999 and 2000. To December 31, 2000, the BC Company had a total loss of CAD$482,634 (equivalent to US$321,756). No provision for Canadian Income Taxes is provided for in these consolidated financial statements as the profit is reduced by the losses brought forward and other costs of the Company.

Note 21. FINANCIAL INSTUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses and deposits, inventories, bank loans, accounts payable and accrued, balances due to related parties and long-term liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial statements approximates their carrying values.

Note 22. LEASE OBLIGATIONS

a) Canon Copier (NP-3825) Lease

On October 1, 1999, the Company entered into a 48 month lease with Dominion Technologies for a Canon Copier to be used by the Company. Lease payments are expensed as they are incurred. Lease obligations are as follows:

2002	CAD$ 1,327

2003	CAD$	995

b) Computer Lease

On October 1, 1999, the Company entered into a 36 month lease with Dominion Technologies for computer equipment to be used by the Company. Lease payments are expensed as they are incurred. Lease obligations are as follows:

2002	CAD$	2,210

c) Vehicle Leases

On July 29, 1999, the Company entered into a 36 month lease with Mercedes-Benz Credit of Canada Inc. for two vehicles to be used by the Company. Lease payments are expensed as they are incurred. Lease obligations are as follows:

2002	CAD$	12,207

(4) Lease of Premises

The Company entered into a lease for offices on April 26, 1999 with Omnia Overseas Trading Ltd. for three years for monthly rent and costs of CAD$3,133.51, that commenced on July 1, 1999.

The first and the last months rent of CAD$6,631.15 is due at the time of signing. This amount has been paid and is recorded as prepaid expense and deposit as at March 31, 2002.

Summary of lease obligations

Year	CDN$	Equivalent US$
2002	$34,545	$23,250
2003	995	670
	$35,540	$23,920

These lease payments are not capitalized, but are expensed as they are incurred.

Note 23. PENSION AND EMPLOYMENT LIABILITIES

The Company has liabilities which are deferred as at March 31, 2002, for pension, post-employment benefits or post-retirement benefits in Tianan in the amount of $212,562. This liability is unchanged from March 31, 2002. The parent company and other subsidiary companies, (except for Tianan) do not have any liabilities for pensions and related costs.

Note 24. DISTRIBUTORSHIP AGREEMENTS

The Company and/or its subsidiaries enter into various distributorship agreements with independent third parties to market products of the Company and its subsidiaries.

Note 25. LAWSUITS

Expediter Sales Ltd. ("Expediter") v. the BC Company

There is a claim filed against the BC Company by Expediter alleging a breach of contract and misrepresentation. Expediter is seeking damages for alleged loss of profits, loss of business and goodwill, misrepresentation, set-up expenses and the alleged wrongful use of Expediter's name, and an injunction to prevent the BC Company from selling an herbal tea in Canada. The BC Company terminated the contract of Expediter for non-performance and has, accordingly, counterclaimed against Expediter for outstanding debts unpaid by Expediter. No provision has been made in these financial statements for any potential costs or contingent assets relating to this matter as the results of the claim and counterclaim are not determinable at this time.

Note 26. SALES IN CANADA

The Company maintains a products analysis and quality control system in Canada, for its products to be distributed, in order to ensure that its products conform to relevant regulatory and health requirements. Where any products are found not to meet the regulatory requirements, the Company will immediately take such measures as necessary, or cause such measures to be taken, so that the said regulatory requirements are complied with.

Note 27. REVENUES OF ACQUISITIONS

The Company has acquired four subsidiary companies and they are recorded as a purchase. Operating figures of these acquisitions are disclosed from the date of acquisition. Details of the operating figures for the Company and the four subsidiary companies for the three months ended March 31, 2002, extracted from the applicable financial statements of those companies, are as follows:

	TZF US Company	The BC Company	Tian'an	TZF Jiangsu	Shenzhen TZF Net	Total
Revenue						
Sales	$	$	$ 160,146	$ 877,376	$ 11,228	$1,048,750
Cost of sales			71,258	613,376	11,465	696,099
Gross profit			88,888	264,000	(237)	352,651
Other income		7,551	3,825			11,376
		7,551	92,713	264,000	(237)	364,027

Selling expenses			23,764	76,727	9,703	110,194
Administrative costs		54,397	14,654	53,624	22,622	145,297
Depreciation		3,408	37,019	38,871	8,497	87,765
		57,805	75,437	169,222	40,822	343,286
Profit before income taxes		(50,254)	17,276	94,778	(41,059)	20,741
Income taxes			37,142		46,922	84,064
Net profit for the period	$	$ (50,254)	$ 17,276	$94,778	$(41,059)	$ 20,741

Refer to note 1, showing reconciliation of operations of Shenzhen TZF Net due to cancellation of proposed acquisition of Hengkang Pharmaceutical Company.

Note 28 DISTRIBUTION AGREEMENTS

a) By agreement dated December 15, 2000, effective January 1, 2001, Trophic Canada Ltd. (“the Supplier”), granted TZF International Investments, Inc. (“TZF”) the exclusive right to promote, distribute, and sell the supplier’s products within the “Territory” of China, which includes Hong Kong, SAR, for a period of five years. Continuation of this exclusive right is continent upon meeting or exceeding the purchase of products for a minimum of CAD$50,000 within the first distribution year, a minimum of CAD$200,000 within the second distribution year, and increases of approximately 20% in each of the subsequent distribution years.

The supplier may terminate the distribution agreement if TZF breaches any terms of the agreement, including but not restricted to the annual sales requirements, if any breaches are not remedied within three months after written notice.

TZF cannot assign the agreement or subcontract its obligations under the agreement without the consent in writing of the supplier. The supplier is an arms length party unrelated to TZF.

b) By agreement dated June 22, 2001, effective June 22, 2001, Puresource Inc. (“the Supplier”) granted TZF International Investments, Inc. (“TZF”) the exclusive right to promote, distribute, and sell the supplier’s products within the “Territory” of China, which includes Hong Kong, SAR, for a period of five years. Continuation of this exclusive right is continent upon meeting or exceeding the purchase of products for a minimum of US$20,000 within 12 months after the initial Product has been approved for sale in the Territory by the appropriate Government department.

The supplier may terminate the distribution agreement if TZF breaches any terms of the agreement, including but not restricted to the annual sales requirements, if any breaches are not remedied within 45 days after written notice.

This agreement shall be renewed for additional successive renewal periods of five year terms upon written notice by either of the parties, delivered at lease 60 days prior to the expiration of the preceding period and in any case the Distributor will always have the first choice of renewal.

c) By agreement dated July 25, 2001 effective July 25, 2001, Flora Manufacturing and Distributing Ltd. ("the Supplier"), granted TZF International Investments, Inc. ("TZF") the exclusive right to promote, distribute, and sell the supplier's products within the "Territory" of the Peoples' Republic of China (excluding Hong Kong and Macao) for a period of three years. Continuation of this exclusive right is continent upon meeting or exceeding the purchase of products for a minimum of US$50,000 within 12 months after the initial Product has been approved for sale in the Territory by the appropriate government department and in the next two years thereafter or US$200,000 in the second year and US$400,000 in the third year.

The supplier may terminate the distribution agreement if TZF breaches any terms of the agreement, including but not restricted to the annual sales requirements, if any breaches are not remedied within three months after written notice.

This agreement shall be renewed for additional successive renewal periods of three year terms upon written notice by either of the parties, delivered at least 60 days prior to the expiration of the preceding period and, in any case, the Distributor will always have the first choice of renewal.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward Looking Statements.

Certain statements in this report, including statements in the following discussion which are not statements of historical fact, are what are known as "forward looking statements,"which are basically statements about the future, and which for that reason, involve risk and uncertainty, since no one can accurately predict the future. Words such as "plans," "intends," "will," "hopes," "seeks," "anticipates," "expects," "goal" and "objective" often identify such forward looking statements, but are not the only indication that a statement is a forward looking statement. Such forward looking statements include statements of our plans and objectives with respect to the present and future operations of the Company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the Company to change such plans and objectives, or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this Form 10QSB and in the Company's other filings with the Securities and Exchange Commission, and that no statements contained in the following discussion or in this Form 10QSB should be construed as a guarantee or assurance of future performance or future results.

General. In the fiscal year ended December 31, 2001, the Company began the process of consolidating and reorganizing the business of the various subsidiaries it acquired in late 2000. During the fiscal year ended December 31, 2001, the Company deeply studied the existing operations of each of its subsidiaries, including, all aspects of productions, marketing and sales and focused efforts on reorganizing those operations. Primarily as a result of its focus on reorganization efforts, overall sales and profits for the fiscal year ended December 31, 2001 were significantly lower than results for the preceding fiscal year. However, management has modified its business plan to focus more of its efforts on marketing, and believes that financial results will begin to show improvement during the fiscal year ended December 31, 2002. The expected improvement in financial results was not evident in the financial results for the first quarter of the 2002 fiscal year, and as a result, the Company's overall financial condition did not improve during the period.

During the period, the Company had revenues of $1,048,750, and a net profit before taxes of $20,741, as compared to revenues of $1,286,546 and a net profit of $229,872 during the first quarter of the previous fiscal year. Total current assets were $8,596,729 as of the end of the quarter and were essentially unchanged from total current assets of $8,590,515 as of the end of the fiscal year. However, the composition of total current assets changed. Cash on hand declined from $437,409 as of the end of the fiscal year to $389,436 as of the end of the first quarter and accounts receivable declined from $4,069,810 as of the end of the fiscal year to $3,862,582 as of the end of the first quarter. However, prepaid expenses increased during the quarter from $2,093,425 to $2,227,110, and inventories increased from $1,989,871 to $2,117,601.

The results of operations of the parent company and each of the subsidiaries for the first quarter of 2002 are outlined below:

TZF International Investments, Inc. TZF International Investments, Inc., is the parent company. On July 25, 2001, the Company entered into an agreement with Flora Manufacturing and Distributing Ltd. which granted the Company the exclusive right to promote, distribute, and sell the supplier's products within China (excluding Hong Kong and Macau) for a period of three (3) years, subject to certain sales volume conditions. Continuation of the exclusive right is continent upon the ability of the Company to meet or exceed certain minimum purchase quotas. In order to maintain its exclusivity, the Company must purchase a minimum of US$50,000 of products within 12 months after the initial Product has been approved for sale in the designated territory. The quota is US$200,000 in the second year and US$400,000 in the third year.

On June 22, 2001 the Company signed a distribution agreement with Puresource pursuant to which the Company has the exclusive rights to distribute the Puresource's products in China and Hong Kong. The Company intends to seek to become the largest distributor of Canadian health products into China. Puresource is Canada's leading health products wholesaler and broker, founded in 1989. Puresource delivers Canadians over 4500 brand name health products through an extensive network of dedicated health food retailers located from coast to coast. Puresource offers a broad range of products covering herbal, nutritional and sport supplements, herbal and medicinal teas, homeopathics, personal care products, non-dairy beverages and energy bars. Leading manufacturers represented by Puresource include; Herbal Select, Now Foods, Nonu International, Select Teas, Uncle Lee's Tea, Algonquin Tea Company, Homeocan, Natra-Bio, Naturade, Tea Tree Therapy, Rachel Perry, Imagine Foods, Pacific Foods, Vitasoy, Peak Bar, Clif Bar, Balance Foods and PowerBar.

During the fiscal year ended December 31, 2001, the parent company had separate sales of $146,234 and net profits of $27,391, as compared to 0 revenue and a net loss of $300,962 during the fiscal year ended December 31, 2000. For the first quarter of the 2002 fiscal year, this entity had no separate revenues or expenses.

T.Z.F. International Medical (Xiamen) Co. Ltd. In the fiscal year ending December 31, 2001, this subsidiary company maintained the existing market for the products of this subsidiary and began the process of developing new markets. As part of this process, this company changed some existing sales policies and set up a more suitable sales network. At same time, the company focused on cost controls and new product research and development. It completed the second stage testing of its LingLong product, which it hopes to have available for distribution during the fiscal year ending December 31, 2001.

During the fiscal year ended December 31, 2001, this subsidiary had sales revenue of $1,160,518, and a net profit from operations of $206,032, as compared to sales revenue of $1,251,866 and a net profit of $359,041 during the fiscal year ended December 31, 2000. During the first quarter of the 2002 fiscal year, this subsidiary had revenues of $160,146 and a net profit before taxes of $17,276, as compared to revenues of $246,175 and a net profit before taxes of $70,310 for the first quarter of the previous fiscal year.

T.Z.F. International Herbs (Jiangsu) Co. Ltd. In April of 2001, this subsidiary acquired a license from the government of Jiangsu province for production of pills, capsules and syrups. The injection production line of this subsidiary also received GMP approval from both the Jiangsu province government and from the national government of China. Sales of injection product represent approximately 60% of total sales of this subsidiary. During the fiscal year ended December 31, 2001, this subsidiary company evaluated its product costs and elected to lower its prices in order to increase its market size. This subsidiary is also in the process of seeking new products for production and sale.

Revenue of this subsidiary during the first half of the fiscal year ended December 31, 2001, was decreased compared as the first half of 2000. The reason for the reduction was that during the first half of 2001 this subsidiary moved its operations to a new facility and concentrated on obtaining GMP approval for its injection production line. During the second half of the year, this subsidiary increased its sales of injection products to almost 60,000 bottles per day, and as a result, revenues during the second half of the year were substantially higher than during the first half of the year. Overall, for the fiscal year ended December 31, 2001, this subsidiary had sales revenue of $1,621,745 and a net profit of $125,354, as compared to revenues of $3,637,046 and a net profit of $1,407,119 during the fiscal year ended December 31, 2000.

During the first quarter of the 2002 fiscal year, the results of operation of this subsidiary continued to improve. It had revenues of $877,376 and a net profit before taxes of $94,778 for the quarter, as compared to revenues of $240,972 and a net profit before taxes of $126,577 for the first quarter of the previous fiscal year.

T.Z.F. (Shenzhen) Co., Ltd. As the Company's headquarters in China, T.Z.F. (Shenzhen) (sometimes referred to herein as "Shenzhen TZF Net") reorganized its operations during the fiscal year ended December 31, 2001 in order to improve its ability to manage the business of all the subsidiaries in China. This subsidiary has opened product counters southwest and central China and plans to continue to expand its operations to include counters in the northeast and south, and in the cities of Guangdong, Beijing and Shanghai. This subsidiary has also focused efforts on strengthening its product line and on attempting to locate some good local health products for distribution on its counters.

The revenues and profits of this subsidiary for the fiscal year ended December 31, 2001 were significantly less than anticipated for two reasons. During the fourth quarter of 2001, this subsidiary elected to cancel its acquisition of Hongkang Pharmaceutical Company because of problems in obtaining approval of the acquisition from Chinese regulatory bodies. As a result, the financial results of Hongkang Pharmaceutical Company for the nine month period ended September 30, 2001, which had previously been consolidated into the financial statements of Shenzhen TZF Net, were reversed during the fourth quarter resulting in negative sales for the fourth quarter (See Note 1 to the Financial Statements). In addition, this subsidiary spent a significant amount of time and money on establishing on the process of building and opening its initial product counters. Company management believes that these counters will begin to provide positive returns prior to the end of 2002.

After eliminating the results of Hongkang Pharmaceutical Company from the financial results, total revenues of this subsidiary for the fiscal year ended December 31, 2001, were $951,954 as compared to total revenues of $1,347,541 for the fiscal year ended December 31, 2000. For the first quarter of the 2002 fiscal year, this subsidiary had revenues of $11,228 and a net loss of $41,059. Comparable results for the first quarter of 2001 are not available because the results for that period included revenues from

Hongkang Pharmaceutical Company. As discussed above, during the fourth quarter of 2001 the Company elected to cancel its acquisition of Hongkang Pharmaceutical Company. Accordingly, the reported results for the first quarter of 2002 do not include any results of operation of Hongkang Pharmaceutical Company.

TZF International Herbs Co., Ltd. On June 6, 2001, this subsidiary acquired the exclusive distribution rights for the product named "Bitter Melon Powder" in North American. This subsidiary has applied to the Canadian government for the necessary permits to distribute this product in Canada and has also begun initial efforts to develop a market for this product.

During the fiscal year ended December 31, 2001, this subsidiary had revenues of $1,233,791 and a net loss of $14,513, as compared to revenues of $1,633,897 and a net profit of $606,584 for the fiscal year ended December 31, 2000. During the first quarter of the 2002 fiscal year, this subsidiary had no sales revenue and a net loss of $50,254, as compared to sales of $210 and a net loss of $163,639 for the first quarter of 2001.

PART II

ITEM 1. LEGAL PROCEEDINGS

Expediter Sales Ltd. ("Expediter") v. the BC Company

There is a claim filed against the BC Company by Expediter alleging a breach of contract and misrepresentation. Expediter is seeking damages for alleged loss of profits, loss of business and goodwill, misrepresentation, set-up expenses and the alleged wrongful use of Expediter's name, and an injunction to prevent the BC Company from selling an herbal tea in Canada. The BC Company terminated the contract of Expediter for non-performance and has, accordingly, counterclaimed against Expediter for outstanding debts unpaid by Expediter. No provision has been made in these financial statements for any potential costs or contingent assets relating to this matter as the results of the claim and counterclaim are not determinable at this time.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the security holders of the Company during the third quarter ending March 31, 2002.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

There were no reports on Form 8-K filed during the quarter ended March 31, 2002.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

T.Z.F. INTERNATIONAL INVESTMENTS, INC.

By:/S/ CHUNG YU

Chung Yu, President, Chief Executive Officer, and a Director

By: /S/ XIN CHEN

Xin Chen, Chairman of the Board

By: /S/ HONG LI

Hong Li, a Director

By: /S/ CHUN SHENG GUO

Chun Sheng Guo, a Director

By: /S/ QING LIU

Qing Liu, Vice President and a Director

Date: May 21, 2002