

## INTERIM RESULTS

The Board of directors of Sino-i.com Limited (“the Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“the Group”) for the period ended 30 September 2000. The interim results for the six months ended 30 September 2000 have not been audited by the Company’s auditors, but have been reviewed by the Audit Committee on 23 December 2000.

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

*For the six months ended 30 September 2000*

		<b>For the six months ended 30 September</b>	
	<i>Notes</i>	<b>2000 HK\$'000</b>	1999 HK\$'000
<b>TURNOVER</b>	2	<b>65,408</b>	80,690
Cost of sales		<b>(50,527)</b>	(36,172)
Other Revenue		<b>77,542</b>	2,197
Selling expenses		<b>(2,664)</b>	–
Administrative expenses		<b>(45,716)</b>	(42,436)
<b>PROFIT FROM OPERATING ACTIVITIES</b>	2	<b>44,043</b>	4,279
Finance costs		<b>(19,657)</b>	(46,573)
Share of results of associates		–	(133)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>24,386</b>	(42,427)
Taxation	3	<b>(215)</b>	(2,303)
<b>PROFIT/(LOSS) BEFORE MINORITY INTEREST</b>		<b>24,171</b>	(44,730)
Minority interests		<b>1,427</b>	(1,248)
<b>NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>25,598</b>	(45,978)
<b>EARNINGS/(LOSS) PER SHARE</b>	5		
– Basic		<b>0.83 cents</b>	(1.88 cents)
– Diluted		<b>0.59 cents</b>	(0.99 cents)

**CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES – UNAUDITED**

*For the six months ended 30 September 2000*

	<b>For the six months ended 30 September</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Exchange difference arising on translation of the financial statements for the financial statements of foreign entities	<b>335</b>	415
Net profit/(loss) for the period	<b><u>25,598</u></b>	<u>(45,978)</u>
Total recognised gains/(losses)	<b>25,933</b>	(45,563)
Goodwill eliminated directly against reserves	<b><u>(55,630)</u></b>	<u>–</u>
	<b><u><u>(29,697)</u></u></b>	<u><u>(45,563)</u></u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2000

	(Unaudited) 30th September 2000 <i>HK\$'000</i>	(Audited) 31st March 2000 <i>HK\$'000</i>
	<i>Notes</i>	
<b>NON-CURRENT ASSETS</b>		
Fixed assets	247,528	120,327
Intangible assets	28,263	–
Interests in a jointly-controlled entity	255,423	225,242
Interests in associates	1,152,484	1,104,729
Long term investments	138,985	138,985
Land held for development for sale	71,525	71,525
	<u>1,894,208</u>	<u>1,660,808</u>
<b>CURRENT ASSETS</b>		
Properties held for sale	2,669	37,949
Debtors, prepayment and deposits	6 492,164	328,247
Due from an associate	60,000	180,000
Due from related companies	39,026	35,995
Inventories	162,676	–
Pledged deposits	9,400	9,400
Cash and cash equivalents	39,857	12,427
	<u>805,792</u>	<u>604,018</u>
<b>CURRENT LIABILITIES</b>		
Tax payable	2,710	2,609
Creditors, other payables and accruals	7 310,933	35,949
Due to shareholders	8,710	10,659
Due to a director	27,878	4,829
Loan from minority interests	25,000	25,000
Interest-bearing bank and other borrowings, secured	428,290	303,916
	<u>803,521</u>	<u>382,962</u>
<b>NET CURRENT ASSETS</b>	<u>2,271</u>	<u>221,056</u>

	(Unaudited) 30th September 2000 Notes	(Audited) 31st March 2000 HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,896,479</b>	1,881,864
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings, secured	(128,427)	(96,984)
Finance lease payables	(1,363)	(15)
Deferred tax	(1,086)	(295)
	<u>(130,876)</u>	<u>(97,294)</u>
<b>MINORITY INTERESTS</b>	<b>(11,508)</b>	(778)
	<u><b>1,754,095</b></u>	<u>(1,783,792)</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	1,958,088	1,958,088
Share premium	472,735	472,735
Reserves	8 (676,728)	(647,031)
	<u><b>1,754,095</b></u>	<u>1,783,792</u>

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the six months ended 30 September 2000

	HK\$'000
Net cash outflow from operating activities	(16,609)
Returns on investments and servicing of finance	(7,553)
Tax paid	(221)
Investing activities	<u>(12,637)</u>
Net cash outflow before financing activities	(37,020)
Financing activities	<u>(11,251)</u>
Decrease in cash and cash equivalents	(48,271)
Cash and cash equivalents at beginning of period	12,427
Effect of foreign exchange rate changes, net	335
Cash and cash equivalents at end of period	<u><u>(35,509)</u></u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>	
Cash and bank balances	39,968
Bank overdrafts	<u>(75,477)</u>
	<u><u>(35,509)</u></u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2000

### 1. SIGNIFICANT ACCOUNTING POLICIES

The interim report has been prepared in accordance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants except that comparative figures are not presented for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### 2. SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit from operating activities for the period ended 30 September 2000 by principal activity and geographical area of operations is as follows:

	Turnover Six months ended 30 September, 2000		Contribution to operating profit Six months ended 30 September, 2000	
	HK\$'000	1999 HK\$'000	HK\$'000	1999 HK\$'000
By activity:				
Continuing operations:				
Property investment and rental income	37,229	23,891	55,893	1,436
Telecommunication products	6,561	–	1,771	–
Consumer packaged electronics	13,598	–	3,670	–
Electronic manufacturing services	52	–	14	–
Operation of web site and related services	7,968	–	(17,305)	–
	<u>65,408</u>	<u>23,891</u>	<u>44,043</u>	<u>1,436</u>
Discontinued operations:				
Hotel operations	–	56,799	–	2,843
	<u>65,408</u>	<u>80,690</u>	<u>44,043</u>	<u>4,279</u>
By geographical location:				
Hong Kong	39,311	23,891	55,802	7,191
Europe	15,742	–	4,249	–
United States of America/Canada	2,387	–	644	–
The People's Republic of China (other than Hong Kong)	7,968	–	(16,652)	(5,755)
The Philippines	–	56,799	–	2,843
	<u>65,408</u>	<u>80,690</u>	<u>44,043</u>	<u>4,279</u>

### 3. TAXATION

Taxation in the condensed consolidated profit and loss account represents:

	<b>For the six months ended 30 September</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Provision for taxation in respect of profit for the period:		
Overseas	<u>(215)</u>	<u>(2,303)</u>
Taxation charges for the period	<u><b>(215)</b></u>	<u><b>(2,303)</b></u>

No provision for Hong Kong tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (1999:Nil).

Overseas tax has been provided on the profits of the overseas subsidiaries in accordance with tax laws of the country in which these subsidiaries operate.

### 4. DIVIDENDS

The Directors have resolved not to declare an interim dividend for the six months ended 30 September 2000 (1999: Nil).

### 5. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the period ended of HK\$25,598,000 (1999: loss of HK\$45,978,000) and the weighted average number of 3,100,181,091 (1999:2,451,516,199) ordinary shares in issue during the period.

	<b>For the six months ended 30 September</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
<b>Profit/(loss) for the period</b>		
Net profit /(loss) attributable to shareholder for the purpose of basic earning/(loss) per share	<b>25,598</b>	(45,978)
Interest saving on exercise of convertible note	<u>-</u>	<u>5,104</u>
Net profit/(loss) attributable to shareholder for the purpose of diluted earning/(loss) per share	<u><b>25,598</b></u>	<u><b>(40,874)</b></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earning/(loss) per share	<b>3,100,181,091</b>	2,451,516,199
Effect of dilutive potential ordinary shares:		
- Share options	<b>1,250,000,000</b>	1,335,000,000
- Convertible notes	<u>-</u>	<u>336,874,236</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u><b>4,350,181,091</b></u>	<u><b>4,123,390,435</b></u>

## 6. DEBTORS

A defined credit policy is maintained within the Group. The age analysis of trade debtors as at 30 September 2000 was as follows:

	<b>30 September 2000</b>	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 3 months	79,962	1,234
4 – 6 months	10,209	–
7 – 12 months	9,129	–
Over 1 year	18,354	–
	<u>117,654</u>	<u>1,234</u>

## 7. CREDITORS

The age analysis of trade creditors as at 30 September 2000 was as follows:

	<b>30 September 2000</b>	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 3 months	120,326	92
4 – 6 months	41,770	–
7 – 12 months	12,916	–
Over 1 year	23,917	–
	<u>198,929</u>	<u>92</u>

## 8. RESERVES

	Capital redemption reserve	General reserve	Currency translation reserve	Accumulated losses	Total
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
As at 1 April 2000	1,422	56,807	(5,887)	(699,373)	(647,031)
Net profit attributable to shareholders for the period	–	–	–	25,598	25,598
Arising on acquisition of subsidiaries	–	(55,630)	–	–	(55,630)
Exchange differences on consolidation	–	–	335	–	335
	<u>1,422</u>	<u>1,177</u>	<u>(5,552)</u>	<u>(673,775)</u>	<u>(676,728)</u>
As at 30 September 2000	<u>1,422</u>	<u>1,177</u>	<u>(5,552)</u>	<u>(673,775)</u>	<u>(676,728)</u>

## 9. CONTINGENT LIABILITIES

Contingent Liabilities as at 30 September 2000 were as follows:

	30 September 2000 <i>HK\$'000</i>	31 March 2000 <i>HK\$'000</i>
Guarantee given in connection with credit facilities granted to:		
– An associate	7,235	7,235
– Former subsidiaries	98,878	117,701
– A minority shareholder of a former subsidiary	29,760	29,760
Discounted bills of exchange	28,644	–
	<u>164,517</u>	<u>154,696</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

The Group's unaudited consolidated turnover for the six months ended 30 September 2000 decreased by 19% to approximately HK\$65 million when compared with HK\$81 million of the last corresponding period mainly due to the disposal of the hotel business on February 2000. Profit attributable to shareholders was approximately HK\$26 million representing an increase of 156% over the loss of HK\$46 million when compared with last corresponding period.

### Business Review

Diversification of the Group's investment in Internet business is successful by having recognized profit of approximately HK\$44 million in the fiscal year ended 31 March 2000. The operating profit for the six months ended 30 September 2000 was HK\$25,598,000 representing a very substantial improvement by comparing to the operating loss of HK\$45,978,000 during the corresponding period in 1999. The management of the Group would not be easily satisfied with such improvement, but the Group has been actively focusing on strategic and technological development within the Group's subsidiaries and has achieved success in establishing market share and obtaining satisfactory operational revenue.

China Enterprise ASP Limited ("China Enterprise"), our 80% owned subsidiary, continues to be our most successful investment in the Internet application services area. Our proprietary e-commerce transaction platform, Purchaser-Product-Supplier, which we developed with the assistance of Sun Microsystems in the USA, was officially launched in October 2000, providing a state-of-the-



art technological medium for our enterprise members to conduct transactions with other mainland and overseas enterprises on line. Since November 2000, the monthly sales figure of China Enterprise has reached RMB10 million milestone, and we are very optimistic that China Enterprise will continue to maintain its strong industry leader position in the ever-growing China ASP market. Moreover, the web-site of China Enterprise was endorsed by China Internet Network Information Centre (CNNIC) in July 2000 as one of the most influential web-sites in the PRC.

Hong Kong Network TV Limited (“NETV”), our wholly-owned subsidiary, officially signed the Domestic Pay TV Subscription License with the Hong Kong Government on 21 December 2000, for operating pay TV in Hong Kong. NETV plans to commence its broadcast of not less than 40 channels for Hong Kong viewers in the third quarter of 2001 and will gradually increase to 65 channels. In addition to traditional TV broadcasting, NETV will also offers Convergence Services to broaden its revenue stream. Such services include broadband Internet access, telephone and television commerce by utilizing the DSL infrastructure provided by Pacific Century Cyberworks HK Telecom and IP backbone by Hutchison Global Crossing network infrastructure. Combining NETV’s proprietary application platform with the broadband capability from the Network infrastructure and the highly sophisticated IP based set-top-box, we aim to transform the ordinary television set at home into the most advanced convergence appliance in today’s world. This architecture will promise the best value-for money and affordable solution to people in Hong Kong to experience an exciting convergent experience.

China Education Online Limited (“CEO”), our wholly-owned educational service enterprise. Following the successful injection of CEO into Savoy Concepts Limited (“Savoy Concepts”), substantial progress has been made in restructuring and integration of the merged enterprises. The Group expects that significant improvement in management cost and satisfactory profit will be realized and generated respectively in the coming financial year. In view of the change in business focus, Savoy Concepts will be renamed as “Learning Concepts Holding Limited” in January 2001.

The Group is also working closely with our substantial shareholder and partner, CITIC Guoan Company Limited (“CITIC Guoan”) in the areas of cable TV and online commercial services. China International Trust Investment Company, the holding company of CITIC Guoan, has agreed that we may have the shares in CITIC Guoan Information Industry Company Limited (“CITIC Information”) upon

formal approval by the governing authorities in the PRC. Following our exercise of the share option to acquire shares in CITIC Information in October 2000, we are waiting for the approval by the relevant governing authorities in China for our acquisition of shares in CITIC Information.

Much more business opportunities in China are generally anticipated subsequent to China becoming a member of the World Trade Organization. The Group will keep on enlarging its market share in Internet business in China through organic growth, and mergers and acquisitions. In addition to the above-mentioned enlargement, the Group's property and Internet investments in China are expected to generate remarkable returns in the forthcoming year.

### **DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES**

As at 30 September 2000, the interests of the Directors and their associates in the equity or debt securities of the Company or any of its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as required to be recorded in the register maintained pursuant to Section 29 of the SDI Ordinance were as follows:—

<b>Name of Directors</b>	<b>Number of shares of HK\$0.10 each</b>			
	<b>Personal Interest</b>	<b>Corporate Interests</b>	<b>Family Interests</b>	<b>Total Interests</b>
Mr. Yu Pun Hoi	–	1,458,325,316	50,000,000	1,508,325,316
Mr. Wong Wai Ming	1,000,000	10,000,000	–	11,000,000
Mr. Zhang Hong Ren	504,000	–	–	504,000

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by a director of the Company, as at 30 September 2000, none of the Directors or their associates had or were deemed to have any interest in any equity or debt securities of the Company or any of its associated corporation as defined in the SDI Ordinance.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Pursuant to the Company's share option scheme, the Company has granted options on the Company's ordinary shares in favour of certain directors, the details of which are as follows:–

Name of director	Number of share options outstanding as at 1 April 2000	Number of share options granted during the period	Number of share options exercised during the period	Number of share options outstanding at end of the period	Exercise period of share options	Exercise price of share option
Yu Pun Hoi	1,296,000	–	–	1,296,000	1 Feb 2000 to 31 Jan 2003	HK\$0.50
	1,296,000	–	–	1,296,000	1 Feb 2001 to 31 Jan 2003	HK\$0.50
	1,728,000	–	–	1,728,000	1 Feb 2002 to 31 Jan 2003	HK\$0.50
Lam Bing Kwan	612,000	–	–	612,000	1 Feb 2001 to 31 Jan 2003	HK\$0.50
	816,000	–	–	816,000	1 Feb 2002 to 31 Jan 2003	HK\$0.50
Zhang Hong Ren	504,000	–	–	504,000	1 Feb 2001 to 31 Jan 2003	HK\$0.50
	672,000	–	–	672,000	1 Feb 2002 to 31 Jan 2003	HK\$0.50
	–	5,000,000	–	5,000,000	1 Nov 2000 to 31 Oct 2001	HK\$0.50
	<u>6,924,000</u>	<u>5,000,000</u>	<u>–</u>	<u>11,924,000</u>		

Pursuant to an agreement entered into between the Company and Mr. Yu Pun Hoi (“Mr. Yu”) during the year on 21 June 1999 for the acquisition from Mr. Yu the entire issued share capital of Powerful Resources Limited, a company incorporated in the British Virgin Islands, at a total consideration of HK\$870 million, a total of 200,000,000 new shares in the Company were issued during the year at a price of HK\$0.60 each to Mr. Yu as settlement of part of the total consideration payable. The remaining portion of the acquisition consideration payable will be satisfied by the issuance of 1,250,000,000 new shares in the Company at the same price of HK\$0.60 each to Mr. Yu upon the fulfillment of certain conditions.

Apart from the foregoing, at no time during the period under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company or their respective spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2000, the following persons (other than the Directors or chief executive of the Company whose interests are disclosed above) were interested in 10% or more of the issued share capital of the Company as recorded in the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance:–

<b>Name</b>	<i>Notes</i>	<b>Number of shares</b>
MPH Limited	<i>1</i>	235,553,418
CIM Company Limited	<i>1</i>	251,766,648
Sequence Investments Limited	<i>1</i>	251,766,648
Pippen Limited	<i>1</i>	578,225,668
Actinna Development Limited	<i>1</i>	578,225,668
Rosewood Assets Limited	<i>1</i>	628,333,000
Mr. Yu	<i>1</i>	1,508,325,316
Staverley Assets Limited	<i>2</i>	600,000,000
Elstrong Limited	<i>2</i>	600,000,000
Citic Guoan Company Limited	<i>2</i>	600,000,000

*Note:*

1. MPH Limited is a wholly owned subsidiary of CIM Company Limited ("CIM"). Its interests in the Company are included as part of the interests held by CIM. Approximately 50.56% of the issued share capital of CIM are held by Sequence Investments Limited, a company wholly owned by Mr. Yu. CIM's interest in the Company is included as part of the interest held by Sequence Investments Limited and Mr. Yu.

Pippen Limited is a wholly-owned subsidiary of Actinna Development Limited, which in turn is wholly-owned by Mr. Yu. Pippen Limited's interest in the Company is included as part of the interest held by Actinna Development Limited and Mr. Yu.

Rosewood Assets Limited is wholly-owned by Mr. Yu. Rosewood Assets Limited's interest in the Company is included as part of the interest held by Mr. Yu.

2. Staverley Assets Limited is wholly owned by Elstrong Limited, which is in turn wholly-owned by Citic Guoan Company Limited. Staverley Assets Limited's interest in the Company is included as part of the interest held by Elstrong Limited and Citic Guoan Company Limited.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

There has been no purchase, sale or redemption of the Company's listed securities by any company in the Group during the six months ended 30 September 2000.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30 September 2000.

## CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months period ended 30 September 2000, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that non-executive directors are not appointed for a specific terms as recommended in paragraph 7 of Appendix 14. All Directors of the Company are subjected to retirement and rotation requirements in accordance with articles 87 and 94 of the Company's articles of association.

By order of the Board

**Lam Bing Kwan**

*Director*

Hong Kong, 27 December 2000