

The directors present their annual report and the audited financial statements for the year ended 31st March, 2001.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 14 and 15 to the financial statements respectively.

SEGMENTAL INFORMATION

The turnover and contribution to operating results of the Group, analysed by principal activity, for the year ended 31st March, 2001 are as follows:

	Turnover	Contribution to operating results
	HK'000	HK'000
Continuing operations:		
Publishing and related business	44,422	(17,165)
Retailing	6,284	(7,910)
	50,706	(25,075)
Discontinued operation:		
Air ticketing and hotel reservation services	37,919	493
	88,625	
Loss from operations		(24,582)
Finance costs		(316)
Provision for other debtors and deposits		(11,367)
Unrealised loss on other investments		(22,302)
Gain on disposal of subsidiaries		986
Share of results of associates		(2,463)
Gain on disposal of discontinued operations		439
Loss before taxation		(59,605)

The activities of the Group are primarily based in Hong Kong and more than 90 per cent. of the Group's turnover and operating results are derived from Hong Kong.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and of the Group's associates at 31st March, 2001 are set out in notes 14 and 15 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group's five largest customers accounted for 50 per cent. of the Group's turnover, of which 18 per cent. was attributable to the largest customer which is an associate of the Group.

The aggregate purchases during the year attributable to the Group's five largest suppliers were less than 35 per cent. of the Group's total purchases.

Other than as disclosed above, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5 per cent. of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

RESULTS

The results of the Group for the year ended 31st March, 2001 are set out in the consolidated income statement on page 22.

DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31st March, 2001.

RESERVES

Details of movements during the year in the reserves of the Group and of the Company are set out in note 25 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 62.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$16.7 million on the acquisition of vehicles, furniture and equipment. In October 2000, the Group disposed of property, plant and equipment with a net book value of approximately HK\$0.5 million through the disposal of subsidiaries.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements during the year in the share capital and details of warrants and the share option scheme of the Company are set out in notes 22, 23 and 24 to the financial statements, respectively.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Cheung Wai Tung (*Chairman*)

Mr. Chu Bong Foo (*Vice-Chairman*)

Mr. Hui Hau Leung, Joseph (*Deputy Chairman*) (resigned on 18th May, 2001)

Mr. Cheung Kam Shing, Terry (*Managing Director*) (appointed on 1st April, 2000)

Mr. Henry Chang Manayan

Independent non-executive directors:

Mr. Lai Man To

Mr. Wang Tiao Chun

Ms. Juliet Wu (appointed on 18th May, 2001)

In accordance with Clauses 110(A) and 190(v) of the Company's Bye-Laws, Messrs. Henry Chang Manayan and Lai Man To retire by rotation at the forthcoming annual general meeting and, being eligible, offers themselves for re-election.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Wai Tung, aged 43, was appointed as the Chairman and Executive Director of the Company in December 1998 and is responsible for the corporate strategic planning and business development of the Group. Mr. Cheung holds a Bachelor of Arts degree in Accounts and Finance from Shanghai Maritime College, Shanghai. Prior to joining the Group, he was vice president and chief executive officer of COSCO Group in Hong Kong and Singapore respectively.

Mr. Chu Bong Foo, aged 63, was appointed as Vice-Chairman and Executive Director of the Company in May 1999 and is responsible for the design and development of computer application software of the Group. Mr. Chu is the inventor of Changjie Index System and has been engaging in the development of Chinese character coding system over 20 years.

Mr. Cheung Kam Shing, Terry, aged 38, was appointed as the Managing Director of the Company in April 2000, and is responsible for the Group's investment planning and corporate development. Mr. Cheung holds degree of a Bachelor and Master degree in Economics from University of Hong Kong and University of London respectively. Prior to this appointment, Mr. Cheung has over 16 years of experiences in financial investment.

Mr. Henry Chang Manayan, aged 45, was appointed as Executive Director of the Company in September 1999. He is the Mayor of Milpitas, California, the first Mayor of Asian ancestry ever elected in the City of Milpitas. He is also an attorney and business owner of a management consultancy firm. He was educated at Syracuse University, Oxford University (Great Britain), Yale-in-China College, Golden Gate University Graduate College of Banking and Finance and the University of Santa Clara School of Law, where he received his Juris Doctor. Mayor Manayan is the president and general counsel of Transpacific Capital Corporation, a finance and investment company. He also served as a board director, officer and legal counsel to several companies and organisation.

Independent Non-Executive Directors

Mr. Lai Man To, aged 71, was appointed as an Independent Non-Executive Director of the Company in March 1999. Mr. Lai is a mechanical engineering specialist and has over 30 years experience in finance and securities industry. Before his retirement in 1998, he has held various senior positions including Senior Manager of Sun Hung Kai Securities and chief executive officer of Cheerful (Holdings) Limited.

Mr. Wang Tiao Chun, aged 45, was appointed as an Independent Non-Executive Director of the Company in August 1999. Mr. Wang is currently holding various senior management positions in various companies in Taiwan.

Ms. Juliet Wu, aged 44, was appointed as an Independent Non-Executive Director of the Company in May 2001. Ms. Wu is currently the Managing Director & Vice President of TCL Holdings Co., Ltd. and General Manager of TCL Information Technology Industrial (Group) Company Ltd.

Senior Management

Mr. Sung Wai Man, Peter, aged 47, appointed by the Group as Deputy CEO in March 2000. His prime function is to explore possible investment opportunities for the Group and to develop a comprehensive interactive e-trading portal. Mr. Sung has over 20 years of competence experience in the hotel and travel industry. Prior to joining the Group, he has dedicated to develop his own business network in Hong Kong, North America and China in the last decade.

Mr. Ho Koon Hing, Danny, aged 46, joined the Group in August 2000 and is currently the Executive Director of SNIIC Holdings Limited. He is responsible for the development of SNIIC project, both in software & hardware. He has more than 15 years experience in computer & IT business. He ran his own business in computer and internet service industry before he joined the Group.

Mr. Chu Chik Ming, Jack, aged 45, joined the Group as Vice President in April 1999 and is responsible for the strategic planning and development of the SNIIC project. Mr. Chu is also the non-executive director of ViaGOLD Capital Limited ("ViaGOLD"). Prior to joining the Group, Mr. Chu was a real estate consultant, consulting on project feasibility, site selection, as well as property market analysis. He is a Certified Commercial Investment Member. Mr. Chu holds a Master of Business Administration degree in real estate, a Bachelor of Science Degree in Business Management and an Associate Degree in Construction.

Mr. Chan Chung Shing, Ricardo, aged 40, joined the Group in June 2000. He is the General Manager of Chinese 2000 Technology Limited and responsible for the overall development and operation of the Chinese 2000 Linux-based software business. Mr. Chan holds a Bachelor of Engineering Science from the University of Western Ontario, Canada.

Ms. Lau Tien May, aged 47, joined the Group as Vice President in April 1999 and is responsible for the Group's development of electronic publishing business. Ms. Lau has over 20 years experience in publishing, printing, advertising and corporate development.

Mr. Lee Kin Chung, Michael, aged 46, joined the Group in June 1999 and is the Controller (Publishing) of the Group. He is responsible for development and marketing of the Group's publishing business. Mr. Lee has over 20 years experience in publication field and had involved in publication operation of various newspaper and magazine in Hong Kong.

Mr. Chen Man Lung, aged 35, joined the Group as Vice President in December 1998 and is responsible for the corporate finance and strategic investments of the Group. Mr. Chen is also the chief financial officer and company secretary of ViaGOLD. Prior to joining the Group, Mr. Chen served as an economist in consultant firm and Hang Seng Bank and has over 8 years experience in investment industry. Mr. Chen holds a Bachelor degree in Social Sciences and a Master degree in Chinese studies.

Mr. Wan Xiaolin, aged 43, joined the Group in January 2000 and is responsible for the group administration, human resources and training, accounts and finance and information technology related management activities. Mr. Wan holds a Bachelor of Arts in Economics from Shanghai Maritime University, Shanghai. Prior to joining the Group, he was the general manager of China Merchants Transportation Group for finance and accounting division.

Mr. Cheung Wai Keung, Cecil, aged 33, joined the Group in December 1998. He is the Group's Financial Controller and Company Secretary and also General Manager in investment department. He is an associated member of the Chartered Association of Certified Accountants.

DIRECTORS' INTERESTS IN SECURITIES OF THE COMPANY

(A) Directors' Interests in Shares

As at 31st March, 2001, the interests of Directors in the shares of the Company as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

THE COMPANY

Name of Director	Personal Interests	Corporate Interests	Total Number of Shares held
Mr. Cheung Wai Tung	10,000,000	—	10,000,000
Mr. Chu Bong Foo	142,264,000	152,008,000 (note 1)	294,272,000
Mr. Henry Chang Manayan	1,000,000	—	1,000,000

Note:

- 152,008,000 shares were held by Bay-Club Enterprises Inc., which was beneficially owned by Mr. Chu Bong Foo.

(B) Directors' Rights to Acquire Shares of the Company

As at 31st March, 2001, the interests of Directors in options of the Company and under their share option schemes as recorded in the register maintained under section 29 of the SDI Ordinance were as follows:

THE COMPANY

Name of Director		Number of Options	Exercise	Exercisable Period
			Price	
			HK\$	
Mr. Cheung Wai Tung	(i)	— (note 1)	0.264	27th August, 1999 to 26th August, 2009
	(ii)	4,565,000 (note 1)	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Chu Bong Foo	(i)	10,000,000 (note 2)	0.264	27th August, 1999 to 26th August, 2009
	(ii)	2,000,000 (note 2)	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Hui Hau Leung, Joseph	(i)	— (note 3)	0.264	27th August, 1999 to 26th August, 2009
	(ii)	2,000,000 (note 3)	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Cheung Kam Shing, Terry	(i)	3,000,000 (note 4)	1.680	3rd March, 2000 to 2nd March, 2010
Mr. Henry Chang Manayan	(i)	2,000,000 (note 5)	0.264	27th August, 1999 to 26th August, 2009
	(ii)	500,000 (note 5)	1.680	3rd March, 2000 to 2nd March, 2010

Notes:

- Pursuant to the Company's share option scheme adopted on 15th June, 1993 ("the Company's share option scheme"), Mr. Cheung Wai Tung was granted options by the Company (i) on 27th August, 1999 to subscribe for 10,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 4,565,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010. Mr. Cheung Wai Tung exercised his options to subscribe for the aggregate of 10,000,000 shares of the Company at the exercise price of HK\$0.264 on 25th May, 2000 and 22nd August, 2000 respectively.
- Pursuant to the Company's share option scheme, Mr. Chu Bong Foo was granted options by the Company (i) on 27th August, 1999 to subscribe for 10,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 2,000,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010.

3. Pursuant to the Company's share option scheme, Mr. Hui Hau Leung, Joseph was granted options by the Company (i) on 27th August, 1999 to subscribe for 5,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 2,000,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010. Mr. Hui Hau Leung, Joseph exercised his options to subscribe for 5,000,000 shares of the Company at the exercise price of HK\$0.264 on 17th January, 2000. The outstanding share options granted to Mr. Hui Hau Leung, Joseph lapsed upon his resignation as Deputy Chairman and Executive Director of the Company on 18th May, 2001.
4. Pursuant to the Company's share option scheme, Mr. Cheung Kam Shing, Terry was granted options by the Company to subscribe for 3,000,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010 upon his appointment as Managing Director of the Company on 1st April, 2000.
5. Pursuant to the Company's share option scheme, Mr. Henry Chang Manayan was granted options by the Company (i) on 27th August, 1999 to subscribe for 3,000,000 shares at the exercise price of HK\$0.264 per share for the exercise period from 27th August, 1999 to 26th August, 2009; and (ii) on 3rd March, 2000 to subscribe for 500,000 shares at the exercise price of HK\$1.680 per share for the exercise period from 3rd March, 2000 to 2nd March, 2010. Mr. Henry Chang Manayan exercised his options to subscribe for 1,000,000 shares of the Company at the exercise price of HK\$0.264 on 18th February, 2000.

Save as disclosed above, no Directors had exercised their options during the year and none of the Company's Directors or their associates had any personal, corporate or other interests in any securities of the Company as defined in the SDI Ordinance, and none of the Directors or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

- (1) On 1st November, 1999, Culturecom Holdings (BVI) Limited, a wholly owned subsidiary of the Company, had entered into a service agreement with Tin Tin Publication Development Limited ("Tin Tin"), 70% of its shareholding was beneficially owned by ViaGOLD Capital Limited, the substantial shareholder of the Company at that time, for the provision of the following services ("Services"):
 - (a) management, personnel administration, security and cleaning services, centralised computer services for the business of Tin Tin;
 - (b) access to and use of the computer system and equipment and miscellaneous office equipment; and
 - (c) access to and use of phototypesetting, composing and scanning equipment.

The fees payable by Tin Tin for the above Services (a) and (b) is HK\$3,240,000 per year and for the Service (c) above is HK\$3,374,000 per year.

The term of Services is one year end renewable automatically for successive periods of one year unless terminated by not less than three months' notice given by one party to the other.

- (2) On 1st November, 1999, Culturecom Centre Limited, a wholly owned subsidiary of the Company, had entered into a lease agreement with Tin Tin for leasing of the premises known as "9th Floor, 10th Floor and 11th Floor of Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong" to Tin Tin for a period of one year. The annual rental charges and annual utility charges are HK\$1,872,000 and HK\$819,000 respectively.

The above two transactions were approved at a special general meeting of the Company held on 16th October, 1999.

Save as disclosed above, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholder had an interest of 10 per cent. or more in the issued share capital of the Company:

Name	Number of Shares held
Mr. Chu Bong Foo (<i>note 1</i>)	294,272,000

Note:

- 152,008,000 shares out of the total 294,272,000 shares were held by Bay-Club Enterprises Inc. which was beneficially owned by Mr. Chu Bong Foo.

Other than as disclosed above, the Company had not been notified of any interests representing 10 per cent. or more of the issued share capital of the Company as at 31st March, 2001.

SIGNIFICANT POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

BORROWINGS

Details of bank borrowings of the Group are set out in note 21 to the financial statements.

No interest was capitalised by the Group during the year.

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March, 2001 with those paragraphs of 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 (the "Stock Exchange") except that the Independent Non-Executive Directors of the Company were appointed without specific term as they were subject to retirement by rotation in accordance with the Bye-laws of the Company.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice, an audit committee was formed in March 1999 comprising two members, namely Messrs. Lai Man To and Wang Tiao Chun (the Independent Non-Executive Directors of the Company) to review the Group's financial reports and internal control.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board



Cheung Wai Tung
Chairman

Hong Kong, 17th July, 2001