



**i100 Limited**

## INTERIM RESULTS

The Board of Directors (the "Board") of i100 Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001, together with comparative figures for the corresponding period in 2000. These interim financial statements have not been audited, but have been reviewed by the Company's auditors, Messrs. Ernst & Young.

### Condensed Consolidated Profit and Loss Account

Six months ended 30 June 2001

	Notes	Six months ended 30 June	
		2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
<b>Turnover</b>	3	<b>86,832</b>	116,113
Cost of sales		<b>(75,123)</b>	(91,826)
Gross profit		<b>11,709</b>	24,287
Other revenue	4	<b>3,811</b>	7,961
Selling and distribution costs		<b>(10,754)</b>	(9,230)
Administrative expenses		<b>(34,695)</b>	(31,316)
Other operating expenses		<b>(44,423)</b>	(14,321)
<b>Loss from operating activities</b>	5	<b>(74,352)</b>	(22,619)
Finance costs	6	<b>(409)</b>	(689)
<b>Operating loss</b>		<b>(74,761)</b>	(23,308)
Share of profits less losses of:			
Jointly-controlled entity		<b>(5)</b>	–
Associate		<b>12,406</b>	460
<b>Loss before tax</b>		<b>(62,360)</b>	(22,848)
Tax	7	<b>(642)</b>	(714)
<b>Loss before minority interests</b>		<b>(63,002)</b>	(23,562)
Minority interests		<b>262</b>	(117)
<b>Net loss from ordinary activities attributable to shareholders</b>		<b>(62,740)</b>	(23,679)
<b>Loss per share</b>	8		
– Basic		<b>(6.27 cents)</b>	(7.81 cents)



## Condensed Consolidated Balance Sheet

30 June 2001

		<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Fixed assets		<b>33,250</b>	39,161
Investment properties		<b>15,170</b>	20,000
Interest in a jointly-controlled entity		<b>186</b>	180
Interest in an associate		<b>30,633</b>	16,000
Long term investments		<b>6,049</b>	5,836
Goodwill		<b>648</b>	–
		<b>85,936</b>	81,177
<b>CURRENT ASSETS</b>			
Inventories		<b>25,782</b>	29,752
Construction contracts		<b>31,797</b>	30,012
Trade receivables	10	<b>25,255</b>	37,471
Prepayments, deposits and other receivables		<b>8,946</b>	11,450
Pledged time deposit		<b>1,000</b>	–
Cash and cash equivalents		<b>55,173</b>	116,525
		<b>147,953</b>	225,210
<b>CURRENT LIABILITIES</b>			
Trade payables and accruals	11	<b>36,583</b>	43,575
Tax payable		<b>366</b>	644
Interest-bearing bank loans and overdrafts	12	<b>13,472</b>	15,564
		<b>50,421</b>	59,783
<b>NET CURRENT ASSETS</b>		<b>97,532</b>	165,427
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>183,468</b>	246,604
Minority interests		<b>(836)</b>	(1,437)
		<b>182,632</b>	245,167
<b>CAPITAL AND RESERVES</b>			
Issued capital	13	<b>100,187</b>	100,100
Reserves	14	<b>82,445</b>	145,067
		<b>182,632</b>	245,167

## Condensed Consolidated Statement of Recognised Gains and Losses

Six months ended 30 June 2001

	Notes	Six months ended 30 June	
		2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Exchange differences on translation of the financial statements of foreign entities	14	(60)	–
Deficit on revaluation of leasehold land and buildings	14	(189)	–
Losses not recognised in the profit and loss account		(249)	–
Net loss attributable to shareholders		(62,740)	(23,679)
Total recognised gains and losses		(62,989)	(23,679)
Capital reserve arising on acquisition eliminated directly to reserves		–	27
Goodwill arising on acquisition eliminated directly to reserves		–	(48,807)
		<b>(62,989)</b>	<b>(72,459)</b>



## Condensed Consolidated Cash Flow Statement

Six months ended 30 June 2001

	<b>Six months ended 30 June 2001 (Unaudited) HK\$'000</b>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<b>(48,834)</b>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<b>1,615</b>
TAX PAID	-
INVESTING ACTIVITIES	<b>(11,041)</b>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	<b>(58,260)</b>
FINANCING ACTIVITIES	<b>(3,000)</b>
DECREASE IN CASH AND CASH EQUIVALENTS	<b>(61,260)</b>
Cash and cash equivalents at beginning of period	<b>108,961</b>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>47,701</b>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	<b>7,487</b>
Time deposits	<b>47,686</b>
Bank loans and overdrafts repayable within three months from date of advance	<b>(7,472)</b>
	<b>47,701</b>

## Notes to Condensed Consolidated Financial Statements

### 1. Accounting Policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation used in the preparation of these condensed interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2000, except that the Group has changed certain of its accounting policies following the adoption of new and revised SSAPs which became effective for accounting periods commencing on or after 1 January 2001.

The Group has adopted the transitional provisions of SSAP 30 “Business Combinations” such that goodwill previously eliminated against reserves need not be restated and will be charged to the profit and loss account at the time of disposal of the subsidiary or associate or at such time the goodwill is determined to be impaired. Goodwill arising on acquisition after 1 January 2001 is capitalised and amortised on a straight-line basis over its estimated useful life. Any impairment of goodwill will be recognised as an expense in the profit and loss account immediately.

The adoption of the other new and revised SSAPs has no significant effect to the results of the Group in current and prior periods.

### 2. Comparative Cash Flow Statement

The comparative cash flow statement for the six months ended 30 June 2000 has not been prepared as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

### 3. Segment Information

An analysis of the Group's turnover and contribution to loss from operating activities by principal activity and geographical area of operations is as follows:

	<b>Six months ended 30 June</b>			
	<b>2001</b>		<b>2000</b>	
	<b>Turnover (Unaudited) HK\$'000</b>	<b>Contribution to loss from operating activities (Unaudited) HK\$'000</b>	<b>Turnover (Unaudited) HK\$'000</b>	<b>Contribution to loss from operating activities (Unaudited) HK\$'000</b>
By activity:				
Sanitary fixtures and fittings	<b>32,863</b>	<b>(17,394)</b>	55,708	(6,707)
Hardware, industrial and consumer products	<b>22,019</b>	<b>(1,657)</b>	24,860	2,878
Drainage, plumbing and engineering contracting services	<b>23,215</b>	<b>(5,598)</b>	35,405	(2,120)
Provision of communication solutions consultancy services	<b>8,063</b>	<b>(11,090)</b>	–	(2,282)
Internet operations	<b>672</b>	<b>(13,470)</b>	140	(6,600)
Wireless communication business	–	<b>(12,457)</b>	–	–
Others	–	<b>(12,686)</b>	–	(7,788)
	<b><u>86,832</u></b>	<b><u>(74,352)</u></b>	<u>116,113</u>	<u>(22,619)</u>
By geographical area:				
The People's Republic of China:				
Hong Kong	<b>70,884</b>	<b>(66,053)</b>	102,224	(21,516)
Macau	<b>1,233</b>	<b>(472)</b>	11,179	246
Elsewhere	<b>14,715</b>	<b>(7,827)</b>	2,710	(1,349)
	<b><u>86,832</u></b>	<b><u>(74,352)</u></b>	<u>116,113</u>	<u>(22,619)</u>

### 4. Other Revenue

	<b>Six months ended 30 June</b>	
	<b>2001 (Unaudited) HK\$'000</b>	<b>2000 (Unaudited) HK\$'000</b>
Rental income	<b>874</b>	1,055
Interest income	<b>2,363</b>	3,182
Others	<b>574</b>	3,724
	<b><u>3,811</u></b>	<u>7,961</u>

## 5. Loss from Operating Activities

The Group's loss from operating activities is arrived at after charging:

	Six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Amortisation of goodwill	59	–
Deficit arising from revaluation of leasehold land and buildings	1,394	–
Deficit arising from revaluation of investment properties	830	–
Depreciation	4,741	1,666
Impairment loss of fixed assets	5,940	–
Information Technology business operating costs <sup>#</sup>	38,942	8,895
Loss on disposal of fixed assets	1,425	19
Provision for diminution in value of an investment property	4,000	–
Provision for doubtful debts	519	6,693
Stock provision (included in cost of sales)	6,311	2,390

# This amount included depreciation of HK\$2,658,000 (2000: HK\$225,000), impairment loss of fixed assets of HK\$5,940,000 (2000: Nil) and loss on disposal of fixed assets of HK\$1,014,000 (2000: Nil) as disclosed above.

## 6. Finance Costs

	Six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Interest on bank loans and overdrafts wholly repayable within one year or on demand	409	689

## 7. Tax

	Six months ended 30 June	
	2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Group:		
Hong Kong profits tax	114	714
Overprovision in prior years	(392)	–
	(278)	714
Share of tax attributable to an associate	920	–
Tax charge for the period	642	714

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.



## 8. Loss per Share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$62,740,000 (2000: HK\$23,679,000) and the weighted average of 1,001,358,767 ordinary shares (2000: weighted average 303,247,253 ordinary shares) in issue during the period.

The diluted loss per share for the period ended 30 June 2001 has not been shown as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

The diluted loss per share for the period ended 30 June 2000 has not been calculated as no diluting events existed during that period.

## 9. Interim Dividend

The board of directors of the Company does not recommend the payment of an interim dividend for the year ending 31 December 2001 (2000: Nil).

## 10. Trade Receivables

The Group grants credit periods of up to 90 days to its customers. Details of the ageing analysis of trade receivables are as follows:

	<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
Current	<b>8,849</b>	16,489
1-3 months	<b>16,207</b>	22,089
Over 3 months	<b>16,077</b>	14,942
	<b>41,133</b>	53,520
Bad debts provision	<b>(15,878)</b>	(16,049)
	<b>25,255</b>	37,471

## 11. Trade Payables and Accruals

	<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
Trade and bills payables	<b>19,020</b>	17,090
Other payables and accruals	<b>14,689</b>	19,086
Fees in advance	<b>-</b>	4,832
Customer deposits	<b>2,874</b>	2,567
	<b>36,583</b>	43,575

### 11. Trade Payables and Accruals (continued)

Details of the ageing analysis of trade and bills payables are as follows:

	<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
Current	5,315	6,307
1-3 months	9,563	7,595
Over 3 months	4,142	3,188
	<u>19,020</u>	<u>17,090</u>

### 12. Interest-bearing Bank Loans and Overdrafts

	<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
Bank loans and overdrafts:		
Secured	13,472	14,984
Unsecured	-	580
	<u>13,472</u>	<u>15,564</u>
Bank overdrafts repayable within one year or on demand	-	50
Bank loans repayable within one year	13,472	15,514
	<u>13,472</u>	15,564
Portion classified as current liabilities	<u>(13,472)</u>	<u>(15,564)</u>
Long term portion	<u>-</u>	<u>-</u>

### 13. Share Capital

	<b>30 June 2001 (Unaudited) HK\$'000</b>	31 December 2000 (Audited) HK\$'000
Authorised:		
At 1 January	300,000	30,000
Increase during the period/year	-	270,000
	<u>300,000</u>	<u>300,000</u>
Issued and fully paid	<u>100,187</u>	<u>100,100</u>

### 13. Share Capital (continued)

A summary of the movements in the issued share capital of the Company during the period is as follows:

	Number of ordinary shares	Issued and fully paid (Unaudited) HK\$'000
At 1 January 2001	1,001,000,000	100,100
Share issued during the period	873,000	87
	<u>1,001,873,000</u>	<u>100,187</u>
At 30 June 2001	<u>1,001,873,000</u>	<u>100,187</u>

Pursuant to the business transfer agreement dated 7 September 2000 and its supplement (collectively the "Business Transfer Agreement") made between Shanghai Cyberway CompuComm Limited ("Shanghai Cyberway"), Cao Ming, Hong Zhou and Hong Yuan (the "Founding Shareholders"), i100Solutions Limited and the Company relating to the acquisition of the business of Shanghai Cyberway, including all the assets and liabilities which are employed in or arise from carrying on of the business, on 13 February 2001, the Company issued and allotted 873,000 ordinary shares of HK\$0.10 each, being ten per cent. of the consideration shares to the Founding Shareholders. The remaining 7,857,000 shares would be issued in three allotments to the Founding Shareholders, which are dependent on the achievement of three business milestones during the thirteen months period ending 28 February 2002.

### 14. Reserves

	Share premium account (Unaudited) HK\$'000	Leasehold land and buildings revaluation reserve (Unaudited) HK\$'000	Investment property revaluation reserve (Unaudited) HK\$'000	Goodwill reserve (Unaudited) HK\$'000	Exchange reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 January 2001	237,182	2,876	7,324	(48,780)	(14)	(53,521)	145,067
Issue of shares	367	-	-	-	-	-	367
Exchange realignments	-	-	-	-	(60)	-	(60)
Revaluation deficit	-	(189)	-	-	-	-	(189)
Net loss attributable to shareholders	-	-	-	-	-	(62,740)	(62,740)
	<u>237,549</u>	<u>2,687</u>	<u>7,324</u>	<u>(48,780)</u>	<u>(74)</u>	<u>(116,261)</u>	<u>82,445</u>
At 30 June 2001	<u>237,549</u>	<u>2,687</u>	<u>7,324</u>	<u>(48,780)</u>	<u>(74)</u>	<u>(116,261)</u>	<u>82,445</u>

### 15. Capital Commitments

	30 June 2001 (Unaudited) HK\$'000	31 December 2000 (Audited) HK\$'000
Capital commitments contracted for:		
Capital injection related to the Group's interests in jointly-controlled entities and non wholly-owned subsidiaries	<u>25,600</u>	<u>32,038</u>

## 16. Pledge of Assets

At 30 June 2001, the following assets of the Group were pledged to secure credit facilities granted to the Group and an associate:

- (i) Mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the balance sheet date of approximately HK\$11,000,000 (31 December 2000: HK\$15,000,000).
- (ii) Mortgages over certain of the Group's leasehold land and buildings, which had an aggregate net book value at the balance sheet date of approximately HK\$15,130,000 (31 December 2000: HK\$17,300,000).
- (iii) The Group's bank deposit of HK\$1,000,000 (31 December 2000: Nil) was pledged to a bank to secure an uncommitted short-term revolving loan facility granted to an associate.

## 17. Contingent Liabilities

There have been no material amount of and changes to the contingent liabilities of the Group since 31 December 2000, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 18. Related Party Transactions

During the period, the Group had the following material transactions with related companies:

	Notes	Six months ended 30 June	
		2001 (Unaudited) HK\$'000	2000 (Unaudited) HK\$'000
Office rental expenses paid to Avon Limited	(i)	1,386	1,207
Warehouse rental expenses paid to:	(i)		
Come Trend Limited		270	270
Chung Yuen Electrical Company Limited		240	240
Warehouse rental income received from	(i)		
Chung Yuen Electrical Company Limited		120	120
Purchase of an upgraded web content management system from Asiaweb Technologies Limited	(ii)	1,807	–

Notes:

- (i) The rental expenses and income were determined by the directors by reference to open market rentals, prevailing at the times when the tenancy agreements were entered into.
- (ii) Asiaweb Technologies Limited (formerly known as Compuserve Consultants Limited), is a wholly-owned subsidiary of Asiaweb ASP Limited, an associate of the Group. The purchases were carried out at prices and terms comparable with those charged by independent third party suppliers of the Group.

In the prior period, on 10 March 2000, the Company entered into a purchase agreement with Asiaweb Technologies Limited, for setting up a web publishing system for a total consideration of HK\$5,600,000. The purchase was carried out in the normal course of business of the Group and was conducted at prices and terms comparable with those charged by independent third party supplier of the Group.

**19. Post Balance Sheet Event**

On 22 June 2001, Marrick Corporation (a wholly-owned subsidiary of the Company) and Esna Park Limited entered into a sales and purchase agreement for the disposal by the Group of its entire equity interest in Dai Fong Building Supplies (Hong Kong) Limited ("Dai Fong") at a consideration of HK\$11,000,000. The transaction was completed on 10 July 2001 (the "Completion Date") upon which the legal charge of an investment property by a bank was released. That property was the principal asset of Dai Fong. In the opinion of the directors, the market value of the investment property as at 30 June 2001 was approximately HK\$11,000,000 (31 December 2000: HK\$15,000,000) and a provision for diminution in value of HK\$4,000,000 was made in the current period. Pursuant to the sales and purchase agreement, on the Completion Date, all outstanding debts due to i100 Group companies by Dai Fong were waived.

**20. Comparative Amounts**

Comparative amounts of administrative expenses and other operating expenses have been reclassified to conform with the current period's presentation.

**21. Approval of the Interim Financial Statements**

These condensed interim financial statements were approved by the board of directors on 20 September 2001.

## INDEPENDENT AUDITORS' REVIEW REPORT



**To the Board of Directors of  
i100 Limited (the "Company")**

### Introduction

We have been instructed by the Company to review the interim financial report set out on pages 1 to 12.

### Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

### Review work performed

We conducted our review in accordance with SAS 700 "Engagements to Review Interim Financial Reports" issued by the HKSA. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

### Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Group's interim financial report for the six months ended 30 June 2001.

Without modifying our review conclusion above, we draw attention to the fact that:

- (i) the comparative condensed consolidated profit and loss account and statement of recognised gains and losses for the six months ended 30 June 2000 have not been reviewed in accordance with SAS 700; and
- (ii) as disclosed in note 2 to the interim financial report, a comparative condensed consolidated cash flow statement in respect of the six months ended 30 June 2000 has not been prepared.

**Ernst & Young**  
*Certified Public Accountants*

Hong Kong  
20 September 2001



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

For the first six months of the current fiscal year, turnover of the Group was HK\$86.8 million, representing a 25% decrease from the previous period.

Operating expenses were HK\$89.9 million for the period, compared to HK\$54.9 million for the same period in 2000. The increase in expenses was primarily due to investment expenditure in potential IT and wireless ventures.

#### *Liquidity and Capital Resources*

At 30 June 2001, the cash and cash equivalents stood at HK\$55.2 million. The Group's cash is denominated in currencies of Hong Kong Dollars, US Dollars and Renminbi, and placed in leading commercial banks as time deposits with various maturities. Bank borrowings amounted to HK\$13.5 million. These borrowings are all short-term bank borrowings and trade facilities.

#### *Employees*

At 30 June 2001, the Group employed approximately 283 full time employees. Among these, 166 were in the Acme Landis division. The Group continues to use the share option scheme to motivate and retain valued employees.

### Business Review

i100 continued to actively pursue its corporate strategy of focusing on the wireless communication sector, in which we envisage exponential growth. Industry statistics indicate that wireless communication will be the fastest technology growth area in the coming years, especially in the Asia-Pacific region. With an anticipated annual growth rate of 20%, it will overtake Europe as the world's largest mobile communication market (The Yankee Group, 2001).

To fully maximize the wireless opportunity, we are currently in close dialogue with leading telecommunication carriers and operators, content providers and device manufacturers regarding the viable launch of a comprehensive mobile data service that will set new precedence in Hong Kong.

According to Bear, Stearns & Co., mobile data penetration will rise from the current level of 9.2% to 45.6% (that is, over 600 million users) in 2005, offering a number of compelling applications to drive consumer adoption as well as revenue for carriers and third-party providers. As ARPU is expected to drop approximately 10% per annum on the voice side, carriers regard the delivery of mobile data applications to be a lucrative revenue stream.

In June 2001, i100 announced a strategic joint venture with Korea-listed Dong Teuk Co. Ltd to create a global leader in wireless entertainment. The joint venture company serves as an international platform for i100 to leverage upon Korea's innovative and leading wireless entertainment content and technology. It will also drive the Group's aggressive pursuit of the hugely promising wireless entertainment industry worldwide.

Meanwhile, the business models of Ask100 and OnAir100 are being transformed and re-deployed for the wireless communication platform.

#### *Wireless Telecommunication Solutions*

While we continue to set our sights on offering markets in Greater China cutting-edge wireless technology and telecommunication solution services, our solutions flagship is adjusting to a slower pace of growth in the telecommunication industry. The revamped three-pronged strategy for solution100 is to firstly "productize" its existing portfolio of solutions and expand market reach.

Secondly, solution100 will build partnerships with new telecommunication service providers and operators that are expected to emerge from industry deregulation. We believe that solution100's innovative offering will enable these companies to expedite their market entry.

Finally, solution100 will focus on building business relationships with established telecommunication equipment manufacturers.

solution100 has already refined its growth strategy, by scaling down operating costs and consolidating offices in Hong Kong. The company has also made necessary investments in opening new sales offices in Beijing and Hangzhou, which will help expand sales coverage in Greater China. Looking to the future, the industry will see the entrance of the new telecommunications operators in China, the continued migration to broadband and 2.5G Internet, and new uses for infrastructure, which will provide exciting opportunities for solution100 in the coming six months.

### *Acme Landis*

Turnover for the Acme Landis division for the first half was lower as economic conditions in Hong Kong continued to deteriorate. In the face of the depressed residential market, property developers significantly scaled back their building programs. As a result, both sanitary ware sales and plumbing installation business was adversely affected. The chemical adhesive business, which is heavily reliant on the sale of industrial adhesive products to local and mainland export manufacturers, was hit by the slowing US and European markets.

The outlook for the second half remains depressed. The Hong Kong Government's decision to suspend sales of flats under the Home Ownership Scheme ("HOS") will reduce the number of HOS units being built. We expect this will negatively impact sales of sanitary ware as well as plumbing installation business. The other businesses of the division, especially the chemical adhesive business, are likely to underperform as the ramifications of the recent tragedy in the United States start to filter through.

### **Prospects**

We are cautious about the global economic downturn that has its roots in the US. It is expected that IT spending will remain slow in the telecommunication sector. However, based on our discussions with telecommunication companies, the sector's investment on wireless equipment and solutions will be in a healthy state. i100 has been focusing on capitalizing on opportunities in this sector and is hopeful that major developments will begin to materialize towards the end of the second-half of 2001. As in the past, i100 will continue to apply stringent cost control over its operations.

We have recognized the need for substantial alliances and partnerships as we progress into the territory of mobile data services, and are actively seeking business partnerships and acquisitions throughout the region, in order to expedite our market success.





## OTHER INFORMATION

### Director's Interests In Shares

As at 30 June 2001, the interests of the Directors in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong (the "SDI Ordinance")) as recorded in the register required to be kept under Section 29 of the SDI Ordinance were as follows:

Name of director	Number of ordinary shares and nature of interest		
	Personal interests	Corporate interests	Total interests
CHIU, Chun Leong David	100,000	–	100,000
KAN, Siu Kei Laurie ( <i>Note</i> )	–	137,000,000	137,000,000
VONG, Tat leong David ( <i>Note</i> )	–	137,000,000	137,000,000

*Note:*–

Messrs. Kan Siu Kei, Laurie and Vong Tat leong, David were interested in an aggregate of 137,000,000 shares through their respective interests in i100 Holdings Corporation ("i100 Holdings"). i100 Holdings is beneficially owned as to 50 % by Mr. Kan Siu Kei, Laurie through Romaine Investment Limited ("Romaine"), and 40 % by Mr. Vong Tat leong, David through Bev-Tiff Corporation ("Bev-Tiff"). Romaine and Bev-Tiff are 100% owned and controlled by Mr. Kan Siu Kei, Laurie and Mr. Vong Tat leong, David, respectively.

Save as disclosed above, none of the directors of the Company or their associates had any personal, family, corporate or other interest in the share capital of the Company or any of its associated corporations required to be disclosed pursuant to the SDI Ordinance.

### Directors' Rights to Acquire Shares

At no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. No share options were in issue to any of the directors during the period.

## Substantial Shareholders

As at 30 June 2001, the register of shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that the following shareholders were, directly and indirectly, interested in 10% or more of the Company's issued share capital.

Name of shareholder	Notes	No. of shares held
Asia Pacific Growth Fund III, L.P.	1	472,000,000
i100 Capital Corporation	1	317,000,000
i100 Holdings	2	137,000,000
Bev-Tiff	2	137,000,000
Romaine	2	137,000,000

Notes:–

- (1) Asia Pacific Growth Fund III, L.P. ("H&Q AP Fund") held a direct interest in 155,000,000 shares. H&Q AP Fund is beneficially interested in 69.4% of the share capital of i100 Capital Corporation ("i100 Capital"). By virtue of the SDI Ordinance, H&Q AP Fund is therefore also deemed to be interested in the 317,000,000 shares held by i100 Capital.
- (2) i100 Holdings is owned as to 50% by Romaine, 40% by Bev-Tiff and 10% by Amie Corporation. Each of Romaine and Bev-Tiff is entitled to exercise or control the exercise of more than one-third of the voting power at the general meeting of i100 Holdings. By virtue of the SDI Ordinance, Romaine and Bev-Tiff are deemed to be interested in the 137,000,000 shares held by i100 Holdings.

Save as disclosed above, no person, other than Messrs. Kan Siu Kei, Laurie and Vong Tat leong, David, whose interests are set out under "Director's Interests in Shares" above, had registered an interest in the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

## Code of Best Practice

In the opinion of the Directors, the Company has complied 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 ("Code of Best Practice") during the six months ended 30 June 2001, except that Non-Executive Directors are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws as well as the Audit Committee is not maintained.

## Audit Committee

As required by the Code of Best Practice, the Company established an audit committee on 10 May 1999. The written terms of reference was adopted on 18 September 2000, it records clearly and concisely the audit committee's authority, responsibilities and specific duties. The Audit Committee previously comprised Mr. Johnny Chan and Mr. Wilfred Wong. As Mr. Johnny Chan resigned on 29 May 2001 as an Independent Non-Executive Director, he also ceased to act as an Audit Committee member. The Company is in the process of searching an appropriate person to act as new Audit Committee member.

## Purchase, Sale or Redemption of Securities

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2001.



## Appreciation

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to all management and staff for their hard work and dedication throughout the period.

By Order of the Board

**KAN, Siu Kei Laurie**

*President & Chief Executive Officer*

Hong Kong, 20 September 2001