

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

As at 31st December 2001, the Group had a net tangible deficit of HK\$47,752,000 and a net current liability of HK\$55,609,000 (inclusive of amounts due to related companies of HK\$47,526,000). In order to ensure that the Group will have sufficient financial resources to sustain and further develop its current operations, the Company plans to raise a minimum of about HK\$50 million (before expenses) through an open offer of shares to its existing shareholders, which will be underwritten by Mr Chan Chak Shing, Chairman of the Company (note 28). Of the total proceeds, approximately HK\$15 million will be used to fund the current operations, while the remaining HK\$35 million will be applied towards the repayment of amounts due to related companies.

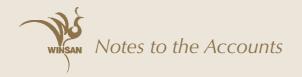
The directors of the Company recognise that in view of the uncertainty in the market in the immediate future, even taking account of the open offer as set out above, the continuation of the Group's business will depend on the financial support of its directors and major shareholders. In this connection, Mr Chan Chak Shing has confirmed that he will provide the necessary funding to the Group within twelve months from the date of approval of these accounts, up to maximum of HK\$20 million. Accordingly, the accounts have been prepared on a going concern basis.

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA"). They have been prepared under the historical cost convention.

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2001:

SSAP 14 (revised)	:	Leases (effective for periods commencing on or after
		1st July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting
		for investments in subsidiaries

The adoption of these new or revised SSAPs does not have a material effect on the comparative figures of the accounts.



(b) Group accounting

(i) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. Subsidiaries are entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill/negative goodwill taken to reserve which was not previously charged/recognised in the consolidated profit and loss account and also any related accumulated foreign currency translation reserve.

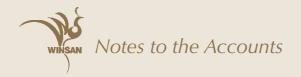
Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries of the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate. Exchange differences are dealt with as movements in reserves.



(c) Intangible assets

Goodwill represents the excess of the cost of acquisition of a subsidiary over the fair value of the Group's share of its net assets at the date of acquisition.

Goodwill on acquisitions is included in intangible assets and is amortised using the straight-line method over a period of not more than 20 years.

Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

(d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Fixed assets are depreciated at rates sufficient to write-off their costs less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvement	2 %
Computer equipment, furniture and fixtures	20 %
Motor vehicles	20 %

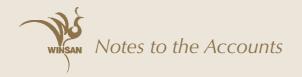
Major costs incurred in restoring other tangible fixed assets to their normal working condition to allow continued use of the overall assets are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(e) Assets under operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.



(f) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realisable value. Cost, calculated on the first-in, first-out basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(g) Contract work in progress

Contract work in progress is stated at cost plus attributable profit less provisions for foreseeable losses and progress payments on account. Cost includes direct materials, direct labour and an appropriate proportion of overhead.

Where contract costs incurred to date plus recognised profits less losses exceed progress payments on account, the net amount is shown as net amounts due from customers for contract work.

Where progress payments on account exceed contract costs incurred to date plus recognised profits less losses, the net amount is shown as amounts due to customers for contract work.

(h) Accounts receivable

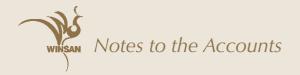
Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposit held with banks with original maturity within three months when acquired and bank overdraft.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.



(k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

(l) Deferred taxation

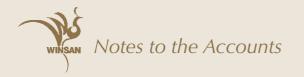
Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(m) Borrowing costs

Borrowing costs incurred in the acquisition and development of properties prior to their completion are capitalised as part of the carrying value of the properties concerned. The capitalisation rate is based on the weighted average cost of the borrowings and the amounts capitalised are allocated to each individual project based on the costs incurred. All other borrowing costs are charged to the profit and loss account in the period in which they are incurred.

(n) Revenue recognition

(i) Revenue from system integration contracts is recognised using the stage of completion method by reference to terms of the respective contracts in relation to the delivery of goods and the rendering of services. Provision is made for foreseeable losses as soon as they are anticipated.

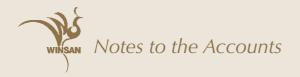


(n) Revenue recognition (continued)

- (ii) Revenue from sale of Transonline membership cards is recognised when services are provided.
- (iii) Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers.
- (iv) Revenue from sale of properties under development for sale or separately identifiable phases of projects is recognised upon the completion of the development of such projects or phases of projects.
- (iv) Revenue in respect of sale of completed properties is recognised upon conclusion of sale and purchase agreements.
- (v) Revenue from provision of gas installation services is recognised according to the stage of completion of installation services based on contract terms.
- (vi) Rental income is recognised on a time proportion basis.
- (vii) Property management fee is recognised when management services are rendered.
- (viii) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(o) Research and development costs

Research and development costs are expensed as incurred, except for development costs where the technical feasibility of the product under development has been demonstrated, costs are identifiable and a market exists for the product such that it is probable that it will be profitable. Such development costs are recognised as an asset and amortised on a straight-line basis over a period of not more than three years to reflect the pattern in which the related economic benefits are recognised.



(p) Retirement benefit costs

The subsidiaries of the Group in the PRC participate in employee pension schemes operated by the relevant local government authorities in the PRC. Contributions are made to these schemes, which are defined contribution schemes in nature, based on certain percentages of the applicable salaries of the employees.

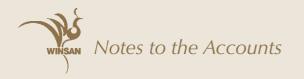
Following the adoption of the Mandatory Provident Fund ("MPF") Scheme in December 2000, the Group's employees in Hong Kong joint the MPF Scheme.

The Group's contributions to the retirement schemes are expensed as incurred. The assets of the scheme are held separately from those of the Group in independently administered funds.

(q) Segment reporting

The Group presents business segments analysis only. No geographical segment analysis is prepared as less than 10% of the consolidated turnover and results of the Group are attributable to markets outside the PRC.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, inventories, receivables and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets.

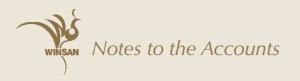


2 TURNOVER, REVENUE AND SEGMENT INFORMATION

The Group was previously engaged in property development, investment and management in the PRC and Hong Kong, the operation of network based transport logistic services ("Transonline") and the provision of gas installation services in the PRC. In October 2001, the Group disposed of its property and gas related operations in the PRC and acquired a 70% interest in Shenzhen DIC Information Technologies Company Limited ("Dico"), a company established in the PRC. Commencing in November 2001, the principal activities of the Group comprise the operation of Transonline and the provision of fully-integrated broadband and cable television related platform and equipment for cable television and telecommunication services operators.

Revenues recognised during the year are as follows:

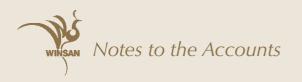
Revenues recognised during the year are as follows:		
	2001	2000
	HK\$'000	HK\$'000
	11114	
Turnover		
Continuing operations		
System integration services income	770	_
Sale of Transonline membership cards	222	_
Sale of goods	2,025	_
Sale of goods		
	3,017	
Discontinued operations		
Sale of properties	215,910	373,268
Gas installation services income	14,469	13,473
Rental income	4,598	5,976
Property management fee income	2,382	2,416
	237,359	395,133
	237,339	393,133
Other revenues		
Interest income	4,031	1,569
Investment income	-	2,065
	4,031	3,634
	<u></u>	
T . I	244 467	200.767
Total revenues	244,407	398,767



2 TURNOVER, REVENUE AND SEGMENT INFORMATION

Business segment analysis

	Continuing System integration 2001 HK\$'000	operations Transonline 2001 HK\$'000	Discontinued Property operations 2001 HK\$'000	l operations Gas installation 2001 HK\$'000	Group 2001 <i>HK</i> \$'000
Turnover	2,795	222	222,890	14,469	240,376
Operating results by segments Provision for impairment of goodwill Loss on disposal of investment properties Loss on disposal of leasehold	(41,324) (382,331) –	(6,125) - -	36,267 - (32,000)	2,998 - -	(8,184) (382,331) (32,000)
land and buildings			(6,383)		(6,383)
Segment results	(423,655)	(6,125)	(2,116)	2,998	(428,898)
Gain on disposal of subsidiaries Unallocated costs					8,756 (18,996)
Operating loss Finance costs					(439,138) (32,433)
Loss before taxation Taxation					(471,571) (10,821)
Loss after taxation Minority interests					(482,392) 2,992
Loss attributable to shareholders					(479,400)
Segment assets Unallocated assets	95,772	4,753	-	-	100,525
Total assets					102,138
Segment liabilities Unallocated liabilities Minority interests	44,168	1,142	-	-	45,310 41,247 1,078
Total liabilities					87,635
Capital expenditure Depreciation Amortisation of goodwill	20 670 3,736	261 868 -	1,548 2,667	587 92 -	2,416 4,297 3,736

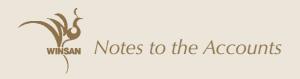


2 TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

Business segment analysis (continued)

	Continuing operations	Continuing Discontinued operations		
	Transonline 2000 HK\$'000	Property operations 2000 HK\$'000	Gas installation 2000 HK\$'000	Group 2000 <i>HK</i> \$'000
Turnover		381,660	13,473	395,133
Operating results by segments Deficit on revaluation of investment properties Write-off of pre-operating expenses	(13,421)	(22,215) (36,461)	2,335	(19,880) (36,461) (13,421)
Segment results	(13,421)	(58,676)	2,335	(69,762)
Unallocated costs				(11,082)
Operating loss Finance costs				(80,844)
Loss before taxation Taxation				(110,772)
Loss after taxation Minority interests				(111,773)
Loss attributable to shareholders				(111,145)
Segment assets Investment in an associated company Unallocated assets	12,845	1,817,856 (3,854)	23,900	1,854,601 (3,854) 5,530
Total assets				1,856,277
Segment liabilities Unallocated liabilities Minority interests	3,090	1,113,464	3,478	1,120,032 1,375 250,841
Total liabilities				1,372,248
Capital expenditure Depreciation	4,725 75	3,480 4,145	966 43	9,171 4,263

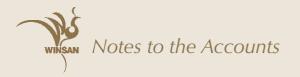
No geographical analysis is prepared as less than 10% of the consolidated turnover and results of the Group are attributable to markets outside the PRC.



3 OPERATING LOSS

Operating loss is stated after (crediting)/charging the following:

	2001 HK\$'000	2000 HK\$'000
Net exchange loss/(gain)	22	(322)
Cost of properties sold	149,647	362,447
Auditors' remuneration	550	1,236
Depreciation of fixed assets	4,297	4,263
Staff costs (including directors' remuneration (note 10))	21,614	22,550
Retirement benefits contributions (note 9)	699	799
Loss on disposal of other fixed assets	1,742	64
Operating leases	3,497	1,135
Amortisation of goodwill (note 11)	3,736	_
Provision for slow moving inventories	11,152	-
Provision for doubtful debt	21,497	_
Gain on disposal of subsidiaries (note 26(b))	(8,756)	_
Loss on disposal of interests in subsidiaries	_	2,766
Loss on disposal of investment properties	32,000	_
Loss on disposal of leasehold land and buildings	6,383	_
Provision for impairment loss on goodwill	382,331	_
Deficit on revaluation of investment properties	_	36,461
Write-off of pre-operating expenses		13,421



4 FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interests on loans and overdrafts from banks		
and financial institutions	46,252	75,036
Interests on other loans wholly repayable within five years	243	65
Interest element of finance leases	40	57
Mortgage loan interest	10,934	3,349
Total borrowing costs incurred	57,469	78,507
Less: Amount capitalised in properties held for/under		
development and properties held for sale	(25,036)	(48,579)
Amount charged to the profit and loss account	32,433	29,928

The capitalisation rate applied to funds borrowed generally and used for property development projects during the year was 8% per annum.

5 TAXATION

No provision for Hong Kong profits tax has been made in the accounts as the Group has no assessable profit in Hong Kong for the year.

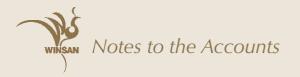
The amount of taxation charged to the consolidated profit and loss account represents:

	2001	2000
	HK\$'000	HK\$'000
PRC income tax		
– Current	10,821	4,827
- Deferred taxation	_	(3,826)
	10,821	1,001

The PRC income tax has been calculated on the estimated assessable profits of the PRC subsidiaries for the year at the rates of taxation prevailing in the PRC.

6 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$479,400,000 (2000: HK\$110,359,000).



7 DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31st December 2001 (2000: Nil).

8 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$479,400,000 (2000: HK\$111,145,000) and the weighted average of 1,088,393,000 (2000: 1,038,829,000) ordinary shares in issue during the year.

The exercise of the share options granted under the share options scheme of the Company would not have a dilutive effect on the loss per share for the year ended 31st December 2001.

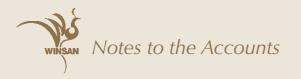
9 RETIREMENT BENEFIT CONTRIBUTIONS

The Group's PRC subsidiaries participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. The contributions to these schemes are calculated based on certain percentage of the salaries of employees. Following the adoption of the MPF Scheme in December 2000, the Group's directors and employees in Hong Kong joined the MPF Scheme.

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amounts of emoluments paid to the directors of the Company during the year are as follows:

2001	2000
HK\$'000	HK\$'000
360	360
3,828	4,525
_	11,225
44	_
4,232	16,110
	360 3,828 - 44



10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

The emoluments of the directors of the Company fell within the following bands:

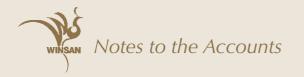
	Number of director	
Emolument bands	2001	2000
	HK\$'000	HK\$'000
HK\$Nil – HK\$1,000,000	9	3
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$2,000,001 to HK\$2,500,000	_	2
HK\$8,000,001 to HK\$8,500,000	_	1
	10	8

The directors' fees paid to the independent non-executive directors of the Company for the year ended 31st December 2001 amounted to HK\$360,000 (2000: HK\$360,000).

None of the directors of the Company has waived any emolument in respect of the year ended 31st December 2001 (2000: Nil).

(b) The five individuals whose emoluments were the highest in the Group for the year include four (2000: four) directors of the Company whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining individual (2000: one) during the year are as follows:

000
680
580
5



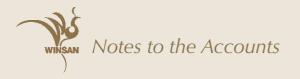
11 GOODWILL

	Group	
	2001	2000
	HK\$'000	HK\$'000
Acquisition of subsidiaries	448,322	_
Amortisation	(3,736)	_
Provision for impairment loss	(382,331)	_
At 31st December	62,255	
Cost	448,322	_
Accumulated amortisation and impairment loss	(386,067)	
Net book amount	62,255	

12 FIXED ASSETS – GROUP

	Investment properties HK\$'000	i Leasehold land and buildings HK\$'000	Leasehold mprovement, computer equipment, furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation					
At 1st January 2001 Additions at cost Acquisition of subsidiaries Disposals Disposal of subsidiaries	267,378 - (170,000) (97,378)	71,598 13 - (42,144) (29,467)	12,102 945 12,244 (2,275) (9,941)	19,989 1,483 - (1,029) (17,838)	371,067 2,441 12,244 (215,448) (154,624)
At 31st December 2001	_		13,075	2,605	15,680
Accumulation depreciation					
At 1st January 2001 Charge for the year Disposals Disposal of subsidiaries	- - - -	7,410 1,336 (4,081) (4,665)	3,638 1,765 (491) (3,668)	10,354 1,196 (640) (10,447)	21,402 4,297 (5,212) (18,780)
At 31st December 2001		_	1,244	463	1,707
Net book value					
At 31st December 2001			11,831	2,142	13,973
At 31st December 2000	267,378	64,188	8,464	9,635	349,665

The fixed assets of the Company represent furniture and fixtures.



13 INTERESTS IN SUBSIDIARIES

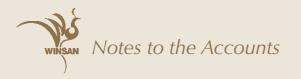
	Com	pany
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	_	368,000
Amounts due from subsidiaries	751,788	703,723
Amounts due to subsidiaries	_	(1,099)
	751,788	1,070,624
Less: Provisions	(711,945)	(550,089)
	39,843	520,535

Particulars of the subsidiaries of the Group as at 31st December 2001 are set out in note 27 to the accounts.

14 INVENTORIES

	Gr	oup
	2001	2000
	HK\$'000	HK\$'000
Raw materials	9,547	-
Finished goods	13,522	-
	23,069	-
Provision for slow moving stock	(11,152)	-
	11,917	_

At 31st December 2001, the carrying amount of inventories that are carried at net realisable value amounted to HK\$10,891,000 (2000: Nil).



15 CONTRACT WORK IN PROGRESS

	Gr	oup
	2001	2000
	HK\$'000	HK\$'000
Contract costs incurred plus attributable profits less foreseeable losses	E 202	
Less: progress payment on account	5,393 (2,322)	_
Less. progress payment on account	(2,322)	
	3,071	
Represented by:		
Net amounts due from customers for contract work	3,772	_
Net amounts due to customers for contract work	(701)	_
	3,071	_

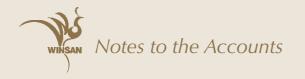
16 TRADE AND OTHER RECEIVABLES

	Gro	oup	Company		
	2001	2000	2001	2000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Trade receivables	3,912	41,872	_	_	
Other receivables and prepayments	3,333	269,235	28	-	
	7,245	311,107	28	_	

The Group's revenues from the provision of system integration services are billed based on the terms of the sale and purchase contracts and are normally receivable upon issue of invoices.

At 31st December 2001, the ageing analysis of the trade receivables was as follows:

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Current to 90 days	2,777	22,677	
91 to 180 days	133	6,945	
181 to 365 days	_	12,106	
Over one year	1,002	144	
			
	3,912	41,872	



17 AMOUNTS DUE TO RELATED COMPANIES

These represent the amounts due to companies beneficially owned by the Chairman of the Company, Mr Chan Chak Shing. The amounts are unsecured and interest bearing at prime rate. Pursuant to a proposed open offer of share of the Company for subscription by its existing shareholders, approximately HK\$35 million of the balances will be repaid by the application of the funds raised through the open offer (note 28). The remaining balances are repayable on demand.

18 TRADE AND OTHER PAYABLES

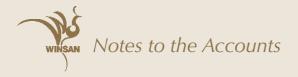
	Gro	oup	Company		
	2001	2000	2001	2000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Trade payables	3,004	90,881	_	_	
Other payables and accrued charges	13,963	103,036	1,689	_	
Deposits received	_	62,679	_	_	
	16,967	256,596	1,689	_	

At 31st December 2001, the ageing analysis of the trade payables was as follows:

	Gr	oup
	2001	2000
	HK\$'000	HK\$'000
Current to 90 days	231	26,841
91 to 180 days	127	1,236
181 to 365 days	329	14,893
Over one year	2,317	47,911
	3,004	90,881

19 SHORT-TERM LOANS

	Gr	oup
	2001	2000
	HK\$'000	HK\$'000
Bank and financial institutions		
Secured (note (a))	9,429	264,458
– Unsecured	_	274,994
Government loans, unsecured (note (b))	3,771	_
	13,200	539,452



19 SHORT-TERM LOANS (continued)

Notes:

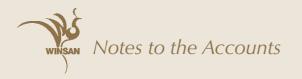
- (a) The bank loans as at 31 December 2001 are guaranteed by 深圳市迪科網絡有限公司(Shenzhen Dico Net Company Limited) ("Dico Net"), a third party.
- (b) Government loans comprise a loan of HK\$943,000 granted by Shenzhen Futian District Science and Technology Bureau, the PRC, which is interest bearing at 2.5% per annum and guaranteed by a third party, and a loan of HK\$2,828,000 granted by Shenzhen Finance Bureau, the PRC, which is interest free and guaranteed by Dico Net.

20 SHARE CAPITAL

	Compan Number of shares	y Total <i>HK\$′</i> 000
Ordinary shares of HK\$0.10 each		
Authorised: At 31st December 2001 and 2000	1,500,000,000	150,000
Issued and fully paid: At 1st January 2000 Issue of shares	1,000,000,000 68,100,000	100,000 6,810
At 31st December 2000	1,068,100,000	106,810
At 1st January 2001 Issue of shares	1,068,100,000 45,100,000	106,810 4,510
At 31st December 2001	1,113,200,000	111,320

The movements in share capital of the Company during the year were:

- (a) On 28th June 2001, 42,000,000 ordinary shares of HK\$0.10 each were issued and allotted at HK\$0.25 per share pursuant to a share placement. The proceeds arising from the share placement, net of issuing costs, amounted to HK\$9,338,000.
- (b) During the year, 3,100,000 ordinary shares of HK\$0.10 each were issued and allotted at HK\$0.173 per share pursuant to the exercise of share options by certain employees of the Group. The net proceeds arising from the exercise of the share options amounted to HK\$536,000.



20 SHARE CAPITAL (continued)

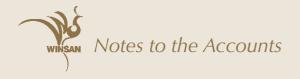
Under the Share Option Scheme of the Company, the directors of the Company shall have power at any time within a period of ten years from 5th July 1997 to make offers to directors and employees of the Group to take up options to subscribe for shares in the Company subject to certain terms and conditions. At 31st December 2001, the share options outstanding were as follows:

Year granted	Number of options	Exercise price HK\$	Expiry date
1997	21,100,000	1.53	August 2007
1998	58,900,000	0.36	March 2008
2000	8,980,000	0.173 to 0.24	February 2010
			to October 2010
	88,980,000		

21 RESERVES

Group

	Share			Exchange		
	premium	Reserve on	Surplus	fluctuation	Accumulated	
	account	consolidation	reserves	reserve	losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2000	598,938	30,000	20,321	(7,646)	(177,651)	463,962
Issue of shares	23,616	-	-	-	-	23,616
Loss for the year	-	-	_	-	(111,145)	(111,145)
Transfer	-	-	2,061	-	(2,061)	-
Exchange differences				786		786
At 31st December 2000	622,554	30,000	22,382	(6,860)	(290,857)	377,219
At 1st January 2001 Issue of shares,	622,554	30,000	22,382	(6,860)	(290,857)	377,219
net of expenses (note 20)	5,364	_	_	_	_	5,364
Loss for the year	_	_	_	_	(479,400)	(479,400)
Transfer	(11,249)	(30,000)	(22,382)	6,877	56,754	
At 31st December 2001	616,669			17	(713,503)	(96,817)

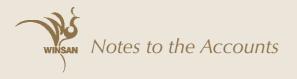


21 RESERVES (continued)

Company

	Share premium	Accumulated	
	account	losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1st January 2000	905,232	(441,270)	463,962
Issue of shares	23,616	_	23,616
Loss for the year		(110,359)	(110,359)
At 31st December 2000	928,848	(551,629)	377,219
At 1st January 2001	928,848	(551,629)	377,219
Issue of shares, net of expenses (note 20)	5,364	_	5,364
Loss for the year		(479,400)	(479,400)
At 31st December 2001	934,212	(1,031,029)	(96,817)

- (a) Surplus reserves comprise statutory surplus reserve, discretionary surplus reserve and statutory public welfare fund of the subsidiary companies in the PRC, which form part of shareholders' funds.
- (b) Under the Cayman Islands Companies Law, the share premium account of the Company is distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

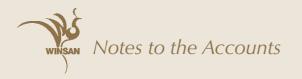


22 LONG-TERM LIABILITIES

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Long-term loans from banks and financial institutions			
– Secured	_	221,022	
Unsecured	8,163	30,091	
Obligation under finance leases	_	535	
	8,163	251,648	
Amounts repayable within one year	(3,125)	(26,571)	
	5,038	225,077	

At 31st December 2001, the Group's long-term liabilities were repayable as follows:

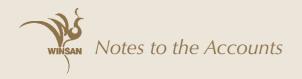
			,	gation
	Long-ter	m loans	under fina	ance leases
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	3,125	26,348	_	223
In the second year	2,616	17,915	_	312
In the third to fifth years	2,422	33,001	_	_
After the fifth year	_	173,849	_	_
	8,163	251,113		535



23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating loss to net cash outflow from operating activities

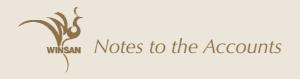
	2001	2000
	HK\$'000	HK\$'000
Operating loss	(439,138)	(80,844)
Gain on disposal of subsidiaries	(8,756)	_
Loss on disposal of interests in subsidiaries	_	2,766
Loss on disposal of investment properties and		
land and buildings	38,383	_
Provision for impairment on goodwill	382,331	_
Deficit on revaluation of investment properties	_	36,461
Provision for slow moving inventories	11,152	_
Provision for doubtful debts	21,497	_
Amortisation of goodwill	3,736	_
Depreciation of fixed assets	4,297	4,263
Loss on disposal of other fixed assets	1,742	64
Investment income	_	(1,569)
Interest income	(4,031)	(2,065)
Decrease in amount due to an associated company	(29,005)	(4,069)
(Increase)/decrease in properties held for sale,		
net of finance costs capitalised	(26,390)	52,326
Decrease in inventories	2,622	_
Decrease in net amounts due from customers for		
contract work	1,680	_
(Increase)/decrease in trade and other receivables	(23,943)	22,147
Decrease in net amounts due to customers for		
contract work	(5,923)	_
Increase/(decrease) in amounts due to related companies	28,917	(10,876)
Decrease in trade and other payables	(6,038)	(24,012)
, ,		
Net cash outflow from operating activities	(46,867)	(5,408)
о по	(12,237)	(5) (50)



23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(b) Analysis of changes in financing during the year

	Share	capital	Obligatio		Short-term	loans and		
	and pr	remium	finance	leases	long-term liabilities		Minority	interests
	2001	2000	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	729,364	698,938	535	246	790,565	787,066	250,841	239,115
Cash items:								
Share placement								
(note 20(a))	9,338	26,730	_	_	_	_	-	_
Options exercised								
by directors and								
employees								
(note 20(b))	536	3,696	_	-	_	-	_	-
New loans raised	_	-	_	-	8,163	749,526	_	-
Repayment of loans	_	-	_	-	(76,967)	(746,027)	_	-
Repayment of capital								
element of								
finance leases	_	-	(223)	(180)	_	-	-	-
Contribution from								
minority shareholders								
of subsidiaries								
in the PRC	-	-	-	-	-	-	-	9,588
Non-cash items:								
Inception of								
finance leases	-	-	-	469	-	-	-	-
Transfer to reserve	(11,249)	-	-	-	-	-	-	-
Minority's share of								
losses of subsidiaries	-	-	-	-	-	-	(2,992)	(628)
Purchase of subsidiaries	-	-	-	-	13,200	-	9,461	-
(Decrease)/increase								
upon disposal of								
subsidiaries			(312)		(713,598)		(256,232)	2,766
	_		_		_		_	
At 31st December	727,989	729,364		535	21,363	790,565	1,078	250,841



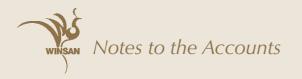
23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Disposal of subsidiaries

	2001 HK\$'000
Net assets disposed of:	
Fixed assets	135,844
Properties held for/under development	89,886
Interest in an associated company	25,151
Other investments	8,531
Properties held for sale	961,622
Trade and other receivables	339,463
Bank balances and cash	186,743
Amount due to the ultimate holding company	(34,607)
Trade and other payables	(246,666)
Taxation	(25,958)
Bank and other loans	(713,598)
Bank overdrafts	(11,935)
Minority interests	(256,232)
	458,244
Gain on disposal of subsidiaries	8,756
Consideration payable	467,000
Satisfied by: Investment in subsidiaries (note 23(d))	467,000

Analysis of the net outflow of cash and cash equivalent in respect of the disposal is as follows:

	HK\$'000
Bank balances and cash disposed	(186,743)
Bank overdraft disposed	11,935
	(174,808)



23 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

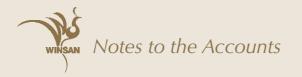
(d) Purchase of subsidiaries

	2001 HK\$'000
Net assets acquired:	
Fixed assets	12,244
Inventories	25,691
Net amounts due from customers for contract work	5,452
Trade and other receivables	33,155
Bank balances and cash	2,141
Amounts due to related companies	(17,957)
Net amounts due to customers for contract work	(6,624)
Trade and other payables	(9,365)
Bank and other loans	(13,200)
Minority interests	(9,461)
	22,076
Goodwill	448,322
Cost of acquisition	470,398
Satisfied by:	
Consideration for disposal of subsidiaries (note 23(c))	467,000
Cash	3,398
	470,398

The subsidiaries acquired during the year contributed HK\$4,163,000 to the Group's net operating cash outflows, paid HK\$424,000 in respect of the servicing of finance and utilised HK\$20,000 for investing activities.

Analysis of the net inflow of cash and cash equivalent in respect of the acquisition is as follows:

	HK\$'000
Bank balances and cash acquired	2,141



24 COMMITMENTS UNDER OPERATING LEASES

At 31st December 2001, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Not later than one year	2,155	1,091
In the second to fifth years	577	_
	2,732	1,091

The comparative figures of lease commitments have been restated as a result of the adoption of SSAP 14 (revised), which became effective for accounting period commencing on or after 1st July 2000.

25 CONTINGENT LIABILITIES

At 31st December 2001, a subsidiary of the Company provided a corporate guarantee in respect of banking facilities granted by banks to Dico Net to the extent of HK\$18,857,000, in return for the provision of corporate guarantee by Dico Net for bank loans granted to the subsidiary to the extent of HK\$12,257,000 (note 19).

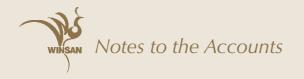
26 RELATED PARTY TRANSACTIONS

(a) Apart from those disclosed in note 17 and 19 above, other significant related party transactions carried out in the normal course of the Group's business were as follows:

	Group		
	2001	2000	
	HK\$'000	HK\$'000	
Interest payable to related companies	2,781	3,945	
1 /		,	

This represents interest calculated at prime rate on the amounts due to companies beneficially owned by Mr Chan Chak Shing, Chairman of the Company (note 17).

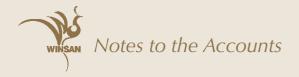
(b) In August 2001, the Company entered into agreements in respect of the disposal of the property and gas related operations in the PRC to Winsan International Holdings Limited ("WIHL") for a consideration of HK\$467 million. The disposal was completed in October 2001. The Group derived a gain of HK\$8,756,000 from the disposal. Details of the disposal are set out in the circular of the Company dated 8th August 2001.



SUBSIDIARIES

At 31st December 2001, the Company held interests in the following principal subsidiaries which, in the opinion of the directors, were significant to the results of the year and/or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would result in particulars of excessive length.

Company	Place of incorporation/ establishment and operation	Principal activities	Particulars of issued/ registered capital	Effective interest held
Indirectly held:				
Evergrow High Technology Investment Group Ltd.	Hong Kong	Investment holding	2 ordinary shares ofHK\$1 each	100%
Cheeryork Investment Ltd.	Hong Kong	Property investment	2 ordinary shares of HK\$1 each	100%
Shenzhen DIC Information Technologies Co., Ltd.	PRC	Provision of broadband and cable television related platform and equipment for cable television and telecommunication services operators	RMB40,000,000	70%
Evergrow Trans China Beijing Information Technology Co., Ltd.	PRC	Provision of network based transport logistics services	RMB10,000,000	70%
Evergrow Trans China Network Beijing Information Technology Co., Ltd.	PRC	Provision of network based transport logistics services	RMB30,000,000	70%



28 SUBSEQUENT EVENTS

Pursuant to a resolution passed on 19th April 2002, the Company proposed to raise a minimum of approximately HK\$50 million, before expenses, by an open offer of not less than 445,280,000 offer shares at a subscription price of HK\$0.115 per offer share on the basis of an allotment of two offer shares for every five existing shares held by the qualifying shareholders. The open offer is not available for overseas shareholders. Of the total proceeds, approximately HK\$15 million will be used to fund the current operations, while the remaining HK\$35 million will be applied towards the repayment of amounts due to related companies. The open offer will be underwritten by Mr Chan Chak Shing, Chairman of the Company. Details of the open offer will be included in a seperate announcement to be published by the Company on or around 24th April 2002.

29 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 19th April 2002.