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i100 Limited (the "Company") and its subsidiaries (collectively the "Group") have a strong belief in the tremendous potential of wireless data and entertainment business, and a mission to become a pioneering force in the region's wireless data sector. As such, in 2001, the Group focused its strategy and resources on this goal, and is now set to launch a charge on this lucrative market.

Wireless data is now heralded as the key revenue generator for telecommunication companies. According to researchers, wireless data services will account for 30% of all wireless services by 2006, compared with just 10% last year.¹ Within the booming data sector, wireless entertainment applications and services are widely accepted as the keys to success. For example, Japanese operators have found that 55% of demand for their data services is entertainment related, a figure far outweighing the number of entertainment services actually available.²

The Group was quick to realise the potential of wireless data and entertainment, and has achieved a series of accomplishments in 2001 that form a solid base for development and investment in this market, firmly establishing the Group ahead of the competition. With packet-based networks and GPRS technology now available, the Group is well positioned to leverage on their expected growth with the launch in 2002 of a new wireless data service. In 2001, as well as developing unique wireless applications, we have secured numerous partnerships with content providers from around the world to form a content offering perfectly tailored to the mobile lifestyle of our target audience. The Group has witnessed the success of wireless data in Japan, and is now set to recreate that success, with a total wireless entertainment service, throughout the region.

Although mobile phone sales are declining worldwide due to saturated markets and economic difficulties, the outlook for Asia Pacific remains extremely strong. Regional mobile phone revenues are predicted to hit US\$274 billion by 2006, fuelled mainly by growth in China and Japan.³ The Asia Pacific region is also the major market for wireless entertainment. As the global number of wireless entertainment users grows seven-fold, from 143 million in 2002 to 1,060 million in 2006, the number of Asia Pacific users will increase even faster than the overall market. In fact, by 2006, Asia Pacific is expected to be the largest wireless entertainment market in the world with 360 million users.⁴

The Group acted on the potential for wireless entertainment in June 2001, announcing a joint venture with Korean wireless leader The Leadcorp (formerly known as Dong Teuk) to incorporate and unify wireless entertainment businesses. This partnership opens crucial links to South Korea, which is renowned for its hugely successful wireless entertainment industry and games development expertise.

Games are a huge part of the wireless entertainment sector and Asia Pacific has become the "goldmine", accounting for 87% of global wireless gaming revenue in 2001,⁵ with China standing out as the market with the greatest potential. With a huge market, an average of 5 million new mobile subscribers every month, and a growing international outlook, China's mobile data revenue is forecast to reach US\$3.68 billion by 2005.⁶ By pooling together the expertise of both companies, the Group and The Leadcorp are strategically positioned to lead in wireless entertainment and are already working with major Korean game developers to produce and distribute games in China.

We have always recognised the potential business opportunity in China, and solution100 has continued to deliver leading global solutions to businesses in China and Hong Kong. Looking forward, solution100 will focus on the long-term strategy of providing an integrated multimedia platform, incorporating voice, video, and messaging technologies. By building expertise in these high-demand software applications, solution100 can become a leader in the region and generate a solid revenue stream.

It is an exciting time for the Group and the results of this year's efforts will become apparent very soon with the launch of the new wireless data service. We look forward to continuing our ventures in China and our work as a wireless entertainment provider, in addition to our groundbreaking new venture. The Group, after a year of intensive planning and development, is truly set to become a wireless data and entertainment leader.

KAN, Siu Kei Laurie

Chief Executive Officer

Hong Kong, 22 April 2002

¹ The Yankee Group, 2002
² Fujitsu, 2002
³ The Yankee Group, 2002

⁴ The ARC Group, 2001
⁵ Datamonitor, 2001
⁶ BDA China, 2001