1. CORPORATE INFORMATION

The register office of i100 Limited is located at Clarendon House, Church Street, Hamilton HM11, Bermuda.

During the year, the Group was involved in the following principal activities:

- sales of sanitary fixtures and fittings
- sales of hardware, industrial and consumer products
- drainage, plumbing and engineering contracting services
- provision of communication solutions consultancy services
- Internet operations
- wireless communication business

2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs")

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- 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"
- Interpretation 12: "Business combinations - subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

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2. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (Continued)

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of adopting these SSAPs and Interpretations, are summarised as follows:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date, is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained earnings on a separate line within the capital and reserves section of the balance sheet. The adoption of this revised SSAP has had no impact on the financial statements as there was no final dividend proposed for the current and previous years.

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, therefore no prior year adjustment has been required. The disclosure changes under the SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in note 28 to the financial statements.

SSAP 18 (Revised) prescribes the recognition of revenue and was revised as a consequence of the revision to SSAP 9 described above. Proposed final dividends from subsidiaries that are declared and approved by the subsidiaries after the balance sheet date are no longer recognised in the Company's own financial statements for the year. The adoption of this revised SSAP has no effect to the financial statements as there was no proposed final dividend from subsidiaries for the current and previous years.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of the SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 4 to the financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosure in respect thereof. The adoption of the SSAP has had no significant effect on the financial statements.

SSAP 29 prescribes the recognition and measurement criteria for intangible assets, together with the disclosure requirements. The adoption of this SSAP has no impact to the financial statements as there was no intangible asset for the years reported.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Negative goodwill is recognised in the consolidated profit and loss account depending on the circumstances from which it arose, as further described in the accounting policy for negative goodwill disclosed in note 3 to the financial statements. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in note 25 to the financial statements. The required new additional disclosures are included in note 25 to the financial statements.

2. IMPACT OF NEW STATEMENTS OF STANDARD ACCOUNTING PRACTICE ("SSAPs") (Continued)

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no significant impact on the preparation of these financial statements.

In addition to the above new and revised SSAPs and related Interpretations, certain minor revisions to the following SSAPs are effective for the first time for the current years' financial statements:

- SSAP 10: "Accounting for investments in associates"
- SSAP 17: "Property, plant and equipment"
- SSAP 21: "Accounting for interests in joint ventures"

The only significant effect of these revisions is that SSAP 17 requires that impairment losses on fixed assets are aggregated with accumulated depreciation in note 13 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties, and certain fixed assets and equity investments, as further explained below.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2001. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

SUBSIDIARIES

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

JOINT VENTURE COMPANIES

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distribution of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

JOINTLY-CONTROLLED ENTITIES

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities are included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of the net assets under the equity method of accounting less any impairment losses.

ASSOCIATES

An associate is a company, not being a subsidiary or jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interest in an associate is stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSOCIATES (Continued)

The results of an associate are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interest in an associate is treated as long term assets and are stated at cost less any impairment losses.

GOODWILL

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to 1 January 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

NEGATIVE GOODWILL

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEGATIVE GOODWILL (Continued)

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

In prior years, negative goodwill arising on acquisitions was credited to reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits negative goodwill on acquisitions which occurred prior to 1 January 2001, to remain credited to the goodwill reserve. Negative goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate. Any attributable negative goodwill previously credited to the goodwill reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

IMPAIRMENT OF ASSETS

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

FIXED ASSETS AND DEPRECIATION

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of a fixed asset, the expenditure is capitalised as an additional cost of that asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIXED ASSETS AND DEPRECIATION (Continued)

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained earnings as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	2%
Buildings	3–1/3 %
Furniture, fixtures and equipment	20% to 33–1/3 %
Motor vehicles	20% to 50%

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

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

Upon the disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

LEASED ASSETS

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to produce a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LONG TERM INVESTMENTS

Long term investments in listed and unlisted equity securities, intended to be held for a continuing strategic or long term purpose, are classified as investment securities and are stated at cost less any impairment losses, on an individual basis.

When impairments have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors, and the amounts of the impairments are charged to the profit and loss account for the period in which they arise. When the circumstances and events which led to the impairments cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged is credited to the profit and loss account to the extent of the amount previously charged.

Listed and unlisted equity securities which are not classified as investment securities are classified as other investments. Listed securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual basis. Unlisted securities are stated at their estimated fair values on an individual basis. The gains and losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

INVENTORIES

Inventories, which comprise finished goods, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs necessary to make the sale.

CONSTRUCTION CONTRACTS

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Revenue from cost plus construction contracts is recognised on the percentage of completion method, by reference to the recoverable costs incurred during the year plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED TAX

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

FOREIGN CURRENCIES

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and the jointly-controlled entity are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Prior to the MPF Scheme becoming effective, the Group operated a defined contribution retirement benefits scheme (the "ORSO Scheme") for those employees who were eligible to participate in this scheme. The ORSO Scheme operated in a similar way to the MPF Scheme, except that when an employee left the ORSO Scheme before his/her interest in the Group's employer contributions vested fully, the ongoing contributions payable by the Group were reduced by the relevant amount of the forfeited employer's contributions. With effect from 1 December 2000, the Group operates both schemes and those employees who were not eligible or elected not to participate in the ORSO Scheme before 1 December 2000, participate in the MPF Scheme.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from construction contracts, on the percentage of completion basis as further explained in the accounting policy for "Construction contracts" above;

(c) from the rendering of services, on completion of the transaction;

(d) rental income, on a time proportion basis over the lease terms;

(e) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable;

(f) dividends, when the shareholders' right to receive payment has been established; and

(g) advertising service fees, in the period in which the advertisement is displayed, on the straight-line basis over the terms of the contract, provided that no significant Group obligations remain.

RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

4. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as detailed in note 2 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- the sanitary fixtures and fittings segment consisted of importing, marketing, retailing and distributing sanitary fixtures and fittings;
- the hardware, industrial and consumer products segment consisted of importing, marketing, and distributing a large range of hardware, industrial and consumer products;
- the drainage, plumbing and engineering contracting services segment provides design and installation of plumbing and drainage systems and related engineering services;
- the wireless communication business segment develops technologies, in both applications and enabling sectors, to enhance the transaction and delivery of data and information through wireless networks; and
- the communication solutions consultancy services segment is engaged in services as a digital solutions provider and a multimedia enabler;
- the Internet operations segment is engaged in services as a publishing and content management solutions provider, an on-line expert site and the provision of a vertical trading platform;
- the corporate and other segment includes general corporate income and expense items.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. SEGMENT INFORMATION (Continued)

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments.

Group

	Sanitary fixtures and fittings		Hardware, industrial and consumer products		Drainage, plumbing and engineering contracting services	
	2001	2000	**2001**	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**79,464**	113,831	**46,270**	51,788	**60,159**	79,943
Intersegment sales	**78**	72	**-**	–	**-**	–
Other revenue	**1,121**	2,937	**539**	818	**-**	–
Total revenue	**80,663**	116,840	**46,809**	52,606	**60,159**	79,943
Segment results	**(23,414)**	(23,469)	**(3,427)**	(3,836)	**(18,495)**	(869)
Interest income and unallocated gains						
Loss from operating activities						
Finance costs						
Operating loss						
Share of profit/(loss) of:						
– An associate	**-**	–	**-**	–	**-**	–
– Jointly-controlled entities	**-**	–	**-**	–	**-**	–
Loss before tax						
Tax						
Loss before minority interests						
Minority interests						
Net loss from ordinary activities attributable to shareholders						
Segment assets	**53,890**	89,561	**30,232**	36,965	**17,605**	40,369
Interest in an associate	**-**	–	**-**	–	**-**	–
Interests in jointly-controlled entities	**-**	–	**-**	–	**-**	–
Unallocated assets						
Bank overdrafts included in segment assets	**-**	50	**-**	–	**-**	–
Total assets						
Segment liabilities	**42,941**	49,836	**6,306**	6,866	**12,247**	16,099
Unallocated liabilities						
Bank overdrafts included in segment assets	**-**	50	**-**	–	**-**	–
Total liabilities						
Other segment information:						
Capital expenditure	**1,297**	636	**1,006**	386	**-**	9
Depreciation	**2,165**	2,194	**623**	431	**51**	53
Deficit arising from revaluation of leasehold land and buildings	**2,024**	3,210	**-**	–	**-**	–
Deficit arising from revaluation of investment properties	**-**	2,500	**1,020**	800	**-**	–
Deficit on revaluation recognised directly in equity	**-**	–	**242**	512	**-**	–
Diminution in value of an investment property	**4,000**	–	**-**	–	**-**	–
Impairment of fixed assets	**-**	–	**-**	–	**-**	–
Provision for doubtful debts	**(384)**	10,521	**173**	348	**-**	446
Stock provisions	**6,188**	5,644	**132**	1,185	**-**	–

	Wireless communication business		**Communication solutions consultancy services**		**Internet operations**		**Corporate and other**		**Eliminations**		**Consolidated**	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	-	–	**10,275**	412	**1,966**	1,029	**-**	–	**-**	–	**198,134**	247,003
	-	–	**4,690**	1,279	**8**	37	**-**	–	**(4,776)**	(1,388)	**-**	–
	-	–	**691**	–	**15**	5	**297**	56	**(167)**	(41)	**2,496**	3,775
	-	–	**15,656**	1,691	**1,989**	1,071	**297**	56	**(4,943)**	(1,429)	**200,630**	250,778
	(10,185)	–	**(12,732)**	(5,484)	**(22,324)**	(29,731)	**(36,556)**	(33,393)	**(28)**	(648)	**(127,161)**	(97,430)
											4,321	11,585
											(122,840)	(85,845)
											(458)	(954)
											(123,298)	(86,799)
	-	–	**-**	–	**-**	–	**4,014**	(43,277)	**-**	–	**4,014**	(43,277)
	(10)	–	**-**	–	**-**	–	**(5)**	(35)	**-**	–	**(15)**	(35)
											(119,299)	(130,111)
											570	(3,056)
											(118,729)	(133,167)
											269	587
											(118,460)	(132,580)
	2,838	–	**11,802**	4,300	**6,062**	14,807	**216,920**	260,341	**(197,227)**	(156,186)	**142,122**	290,157
	-	–	**(16)**	–	**-**	–	**23,423**	16,000	**-**	–	**23,407**	16,000
	1,160	–	**-**	–	**-**	–	**158**	180	**-**	–	**1,318**	180
											277	–
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	50
											167,124	306,387
	14,974	–	**29,557**	9,427	**52,960**	42,100	**8,229**	9,984	**(132,098)**	(90,737)	**35,116**	43,575
											4,326	16,158
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	50
											39,442	59,783
	3,619	–	**558**	1,644	**4,972**	14,303	**701**	5,119	**(1,244)**	(376)	**10,909**	21,721
	2	–	**603**	232	**3,539**	1,785	**1,663**	814	**-**	–	**8,646**	5,509
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**2,024**	3,210
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**1,020**	3,300
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**242**	512
	-	–	**-**	–	**-**	–	**-**	–	**-**	–	**4,000**	–
	-	–	**-**	–	**5,681**	–	**-**	–	**-**	–	**5,681**	–
	-	–	**3,252**	–	**-**	–	**750**	–	**-**	–	**3,791**	11,315
	-	–	**708**	–	**-**	–	**-**	–	**-**	–	**7,028**	6,829

4. SEGMENT INFORMATION (Continued)

(b) Geographical segments

The following table presents revenue, loss and certain asset and expenditure information for the Group's geographical segments.

Group

	Hong Kong		Elsewhere in the PRC		Eliminations		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**174,939**	229,181	**23,195**	17,822	**-**	–	**198,134**	247,003
Segment results	**(115,403)**	(83,493)	**(15,003)**	(13,410)	**3,245**	(527)	**(127,161)**	(97,430)
Other segment information:								
Segment assets	**171,787**	305,844	**16,633**	11,843	**(21,296)**	(11,350)	**167,124**	306,337
Bank overdrafts included in segment assets	**-**	50	**-**	–	**-**	–	**-**	50
							167,124	306,387
Capital expenditure	**7,009**	19,021	**3,900**	2,700	**-**	–	**10,909**	21,721

5. TURNOVER, REVENUE AND GAINS

Turnover represents the net invoiced value of services rendered and goods sold, after allowances for returns and trade discounts, and an appropriate proportion of contract revenue of construction contracts during the year.

An analysis of the Group's turnover, other revenue and gains, is as follows:

	2001	2000
	HK$'000	*HK$'000*
Turnover		
Sales of sanitary fixtures and fittings	**79,464**	113,831
Sales of hardware, industrial and consumer products	**46,270**	51,788
Drainage, plumbing and engineering contracting services	**60,159**	79,943
Provision of communication solutions consultancy services	**10,275**	412
Internet operations	**1,966**	1,029
	198,134	247,003
Other revenue		
Rental income	**1,319**	2,309
Interest income on bank deposits	**3,841**	7,851
Interest income on overdue balances from customers	**480**	933
	5,640	11,093
Gains		
Forfeited customer deposits	**–**	21
Compensation received from an ex-director of a subsidiary for breach of fiduciary duty	**–**	2,800
Others	**1,177**	1,446
	1,177	4,267
	204,951	262,363

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2001	2000
	HK$'000	*HK$'000*
Staff costs:*		
Wages and salaries	**72,393**	68,603
Staff accommodation expenses	**576**	–
Pension scheme contributions	**2,692**	1,930
Less: Forfeited contributions	**(145)**	(48)
Net pension contributions	**2,547**	1,882
	75,516	70,485
Auditors' remuneration	**1,060**	920
Cost of sales:		
Cost of inventories sold	**82,078**	110,923
Cost of services rendered	**81,066**	73,730
Stock provisions	**7,028**	6,829
	170,172	191,482
Deficit arising from revaluation of leasehold land and buildings	**2,024**	3,210
Deficit arising from revaluation of investment properties	**1,020**	3,300
Depreciation	**8,646**	5,509
Diminution in value of an investment property	**4,000**	–
Impairment of fixed assets	**5,681**	–
Information technology business operating costs**	**49,890**	35,963
Loss on disposal of fixed assets	**2,541**	182
Minimum lease payments under operating leases in respect of land and buildings***	**10,064**	8,548
Provision for doubtful debts	**3,791**	11,315
Dividend income from an unlisted investment	**–**	(38)
Exchange gains, net	**(296)**	(388)
Gross and net rental income	**(1,319)**	(2,309)
Interest income	**(4,321)**	(8,784)

* Staff costs include directors' remuneration as set out in note 7 below. As at 31 December 2001, the Group had no forfeited pension scheme contributions available to offset future contributions (2000: Nil).

** Included staff cost of HK$14,264,000 (2000: HK$19,892,000), depreciation of HK$4,144,000 (2000: HK$2,029,000), minimum lease payments under operating leases in respect of land and buildings of HK$2,605,000 (2000: HK$1,259,000) and interest income of HK$3,200 (2000: HK$5,000) as disclosed above.

*** Operating lease rentals include rental expenses of a staff quarter and a director's quarter totalling HK$576,000 (2000: Nil) which have also been included in staff accommodation expenses.

7. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	2001 **HK$'000**	2000 HK$'000
Fees paid to non-executive directors	**–**	–
Executive directors:		
Fees	**12**	16
Salaries, housing allowances and other benefits in kind	**7,711**	8,509
Performance related bonuses	**3,500**	800
Pension scheme contributions	**195**	252
	11,418	9,577

The above directors' remuneration fell within the following bands:

	2001 **No. of directors**	2000 No. of directors
Nil - HK$1,000,000	**8**	13
HK$2,500,001 - HK$3,000,000	**2**	3
HK$5,000,001 - HK$5,500,000	**1**	–
	11	16

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no share options were granted to any of the directors of the Company.

8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals included three (2000: three) directors, details of whose remuneration are set out in note 7 above. Details of the remuneration of the remaining two (2000: two) non-director, highest paid employees are set out below.

	2001	2000
	HK$'000	*HK$'000*
Salaries, housing allowances and other benefits in kind	**6,915**	3,828
Pension scheme contributions	**65**	52
	6,980	3,880

The remuneration of the two (2000: two) non-director, highest paid employees fell within the following bands:

	Number of employees	
	2001	2000
Nil - HK$1,000,000	**–**	–
HK$1,000,001 - HK$1,500,000	**–**	1
HK$2,000,000 - HK$2,500,000	**–**	1
HK$2,500,001 - HK$3,000,000	**1**	–
HK$4,000,001 - HK$4,500,000	**1**	–

During the year, 25,000,000 share options were granted to one of the two non-director, highest paid employees in respect of his services to the Company, further details of which are included in the disclosures set out under the heading "Share option scheme" in the Report of the Directors on pages 15 to 18. No value in respect of the share options granted during the year has been charged to the profit and loss account.

9. FINANCE COSTS

	Group	
	2001	2000
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within one year or on demand	**458**	954

10. TAX

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 year.

	Group	
	2001	2000
	HK$'000	*HK$'000*
Group:		
Provision for the year	**393**	2,473
Overprovision in prior years	**(1,484)**	(495)
	(1,091)	1,978
Share of tax attributable to an associate	**521**	1,078
Tax charge/(credit) for the year	**(570)**	3,056

The principal components of the Group's net deferred tax asset not recognised in the financial statements are as follows:

	Group	
	2001	2000
	HK$'000	*HK$'000*
Tax losses carried forward	**25,983**	10,727
Decelerated/(accelerated) capital allowances	**414**	(2,164)
Other timing differences	**–**	275
	26,397	8,838

The revaluation of the Group's leasehold land and buildings and investment properties do not constitute timing differences. Accordingly, no deferred tax has been provided thereon.

11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK$114,893,000 (2000: HK$134,599,000).

12. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK$118,460,000 (2000: HK$132,580,000) and the weighted average of 1,001,798,855 ordinary shares (2000: 653,079,452 ordinary shares) in issue during the year.

The diluted loss per share for the years ended 31 December 2001 and 2000 have not been shown as the share options outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

13. FIXED ASSETS

Group

	Leasehold land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:				
At beginning of year	18,800	34,330	3,075	56,205
Acquisition of business	–	118	–	118
Additions	–	9,568	1,223	10,791
Disposals	–	(12,906)	(551)	(13,457)
Deficit on revaluation	(3,400)	–	–	(3,400)
At 31 December 2001	**15,400**	**31,110**	**3,747**	**50,257**
At cost	–	31,110	3,747	34,857
At 2001 valuation	15,400	–	–	15,400
	15,400	31,110	3,747	50,257
Accumulated depreciation and impairment:				
At beginning of year	–	14,896	2,148	17,044
Provided during the year	1,134	6,957	555	8,646
Impairment during the year recognised in the profit and loss account	–	5,681	–	5,681
Disposals	–	(9,457)	(551)	(10,008)
Written back on revaluation	(1,134)	–	–	(1,134)
At 31 December 2001	**–**	**18,077**	**2,152**	**20,229**
Net book value:				
At 31 December 2001	**15,400**	**13,033**	**1,595**	**30,028**
At 31 December 2000	18,800	19,434	927	39,161

The Group's leasehold land and buildings were revalued at 31 December 2001 by Debenham Tie Leung, independent professional valuers, at HK$15,400,000 on an open market value, existing use basis giving rise to a revaluation deficit of HK$2,266,000. HK$242,000 of this deficit has been charged to the leasehold land and buildings revaluation reserve and the remaining balance of HK$2,024,000 has been charged to the profit and loss account.

All of the Group's leasehold land and buildings are situated in Hong Kong and are held under medium term leases.

13. FIXED ASSETS (Continued)

At 31 December 2001, had the Group's land and buildings been carried at historical cost less accumulated depreciation and impairment losses, their carrying value would have been HK$15,400,000 (2000: HK$18,800,000).

Certain land and buildings held by Group companies are pledged to secure banking facilities, as set out in note 23.

14. INVESTMENT PROPERTIES

	Group	
	2001	2000
	HK$'000	*HK$'000*
At beginning of year	**20,000**	23,300
Revaluation deficit charged to the profit and loss account	**(1,020)**	(3,300)
Diminution in value during the year	**(4,000)**	–
Disposal of a subsidiary	**(11,000)**	–
At end of year	**3,980**	20,000

All of the Group's investment properties are situated in Hong Kong and are held under the following lease terms:

	Group	
	2001	2000
	HK$'000	*HK$'000*
Medium term leases	**1,180**	1,500
Long term leases	**2,800**	18,500
	3,980	20,000

At the balance sheet date, the Group's investment properties were revalued on an open market value, existing use basis by Debenham Tie Leung, independent professional valuers, at HK$3,980,000. The investment properties are leased to third parties under operating leases, further summary details of which are included in note 28 to the financial statements.

In the prior year, an investment property held by a subsidiary was pledged to a bank to secure banking facilities. This subsidiary was disposed of during the year.

14. INVESTMENT PROPERTIES (Continued)

Particulars of the Group's investment properties as at 31 December 2001 are as follows:

Location	Lease terms	Use	Gross floor area (sq. ft.)	Group's interest
Units A & B 18th Floor Harbour Commercial Building 122-124 Connaught Road, Central Hong Kong	Long term	Commercial	1,598	100%
Unit B2 1st Floor 14 Sze Shan Street Yau Tong Kowloon Hong Kong	Medium term	Industrial	4,785	100%

15. INTERESTS IN SUBSIDIARIES

	Company	
	2001	2000
	HK$'000	*HK$'000*
Unlisted shares, at cost	**–**	–
Due from subsidiaries	**351,914**	278,345
Provision for impairment	**(249,737)**	(134,781)
	102,177	143,564

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

15. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ operations	Nominal value of issued/ registered share capital	Class of shares held	Percentage of equity attributable to the Company 2001	2000	Principal activities
IT-related subsidiaries						
ask100.com (BVI) Limited	British Virgin Islands	US$2	Ordinary	**66.67***	66.67*	Investment holding
ask100.com (Hong Kong) Limited	Hong Kong	HK$2	Ordinary	**66.67***	66.67*	Provision of an on-line expert site
ask100.com Corporation	Cayman Islands	US$30,000	Ordinary	**66.67***	66.67*	Investment holding
Beijing Footnet100 Information Technology Company Limited#	People's Republic of China	HK$1,200,000	–	**100***	100*	Electronic trading platform for food industry
Castlebright Limited	Hong Kong	HK$2	Ordinary	**100***	100*	Provision of management services
Foodnet100 Holdings Limited	Cayman Islands	US$15,750	Ordinary	**60***	60*	Investment holding
Golden Throne Holdings Limited	British Virgin Islands	US$1	Ordinary	**100***	100*	Investment holding
i100 Asiaweb Holdings Corporation	British Virgin Islands	US$1	Ordinary	**100**	100	Investment holding
i100 OnAir Limited	British Virgin Islands	US$1	Ordinary	**100***	100*	Investment holding

15. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ operations	Nominal value of issued/ registered share capital	Class of shares held	Percentage of equity attributable to the Company 2001	2000	Principal activities
IT-related subsidiaries (Continued)						
i100 Technological Shenzhen Company Limited#	People's Republic of China	HK$1,000,000	–	**100***	100*	Development of computer hardware and software and related technical advisory services
i100 Wireless Limited (formerly i100 Media Limited)	British Virgin Islands	US$1.00	Ordinary	**100***	100*	Investment holding
i100 Wireless (Hong Kong) Limited (formerly Capital100 Limited)	Hong Kong	HK$2.00	Ordinary	**100***	–	Wireless data service provider
OnAir100 Limited	Hong Kong	HK$2.00	Ordinary	**100***	100*	Multimedia enabler
solution100 (Shanghai) Limited#	People's Republic of China	US$750,000	–	**100***	100*	Provision of network solutions services
solution100 Corporation	Cayman Islands	US$50,000	Ordinary	**100***	100*	Investment holding
solution100 Limited	Hong Kong	HK$2	Ordinary	**100***	100*	Digital solutions provider
Non IT-related subsidiaries						
Acme Landis Operations Holdings Limited	British Virgin Islands	US$1	Ordinary	**100**	100	Investment holding
Acme Sanitary Ware Company, Limited	Hong Kong	HK$10,000 HK$3,958,000	Ordinary Deferred	**100*** **100***	100* 100*	Importing, marketing and distributing sanitary fixtures and fittings

15. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ operations	Nominal value of issued/ registered share capital	Class of shares held	Percentage of equity attributable to the Company 2001	2000	Principal activities
Non IT-related subsidiaries (Continued)						
Acme Sanitary Ware (Asia) Company, Limited	British Virgin Islands	US$1	Ordinary	**100***	100*	Selling and promoting sanitary fixtures and fittings, hardware, industrial and consumer products
Acme Sanitary Engineering Company Limited	Hong Kong	HK$1,000,000	Ordinary	**100***	100*	Designing and installing plumbing and drainage systems
Acme United Engineering Company Limited	Hong Kong	HK$1,000,000	Ordinary	**100***	100*	Designing and installing mechanical and electrical systems
Alpha Pacific International Limited	Hong Kong	HK$2	Ordinary	**100***	100*	Importing, marketing and distributing consumer products
Dai Fong Building Supplies (Hong Kong) Limited	Hong Kong	HK$2	Ordinary	**–**	100*	Property holding
Glory Top Building Materials Limited	Hong Kong	HK$100	Ordinary	**52***	52*	Selling and promoting sanitary fixtures and fittings
Landis Brothers & Company, Limited	Hong Kong	HK$10,000 HK$1,000,000	Ordinary Deferred	**100*** **100***	100* 100*	Importing, marketing and distributing hardware, industrial and consumer products
Landis Brothers (Asia) Company, Limited	British Virgin Islands	US$1	Ordinary	**100***	100*	Importing, marketing and distributing industrial products

15. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ operations	Nominal value of issued/ registered share capital	Class of shares held	Percentage of equity attributable to the Company 2001	2000	Principal activities
Non IT-related subsidiaries (Continued)						
Marrick Corporation	British Virgin Islands	US$1	Ordinary	**100***	100*	Investment holding
Snowball Corporation	British Virgin Islands	US$1	Ordinary	**100***	100*	Investment holding
U'Land Sanitary Ware Company Limited	Hong Kong	HK$100	Ordinary	**51***	51*	Retailing sanitary fixtures and fittings

* Held through subsidiaries.

Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets of jointly-controlled entities	**1,296**	141	**–**	–
Loan to a jointly-controlled entity	**22**	39	**–**	–
	1,318	180	**–**	–

The loan granted to a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the jointly-controlled entities are as follows:

			Percentage of			
Name	**Business structure**	**Place of incorporation/ operations**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
iSTT100 Limited*	Corporate	Cayman Islands/ Singapore	45	45	45	Provision of financial, technical, operational, marketing and strategic support to Internet, media, and technology businesses
Vector Entertainment Corporation*	Corporate	British Virgin Islands	45	50	45	Entertainment business

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

All of the above investments in jointly-controlled entities are indirectly held by the Company.

17. INTEREST IN AN ASSOCIATE

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Share of net assets	**13,584**	10,155	**–**	–
Loans to an associate	**9,823**	5,845	**8,919**	5,044

The loans to the associate are unsecured, interest-bearing at 10% per annum and are repayable on or before 15 June 2002 or such later date as may be agreed between the two parties.

Particulars of the associate are as follows:

Name	**Business structure**	**Place of incorporation/ and operations**	**Percentage of equity attributable to the Group**		**Principal activities**
			2001	2000	
AsiaWeb ASP Limited*	Corporate	Hong Kong	**49**	49	Investment holding

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The Group's voting power held and profit sharing ratio in relation to the associate is 49%.

The financial year end of the associate is 31 March, which is not coterminous with that of the Group.

The Group's financial statements have taken into account the results of AsiaWeb ASP Limited and its subsidiaries between 1 January 2001 and 31 December 2001.

18. LONG TERM INVESTMENTS

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Investment securities:				
Unlisted equity investments, at cost	**6,048**	5,448	**–**	–
Provision for impairment	**(350)**	–	**–**	–
	5,698	5,448	**–**	–
Other investments:				
Listed equity investments in Hong Kong, at market value	**1**	388	**–**	–
	5,699	5,836	**–**	–

19. CONSTRUCTION CONTRACTS

	Group	
	2001	2000
	HK$'000	*HK$'000*
Gross amount due from contract customers	**13,825**	30,012
Gross amount due to contract customers included in trade payables, other payables and accruals	**(3,059)**	–
	10,766	30,012
Contract costs incurred plus recognised profits less recognised losses to date	**674,745**	704,576
Less: Progress billings	**(663,979)**	(674,564)
	10,766	30,012

At 31 December 2001, no retention monies (2000: Nil) were held by customers for contract works.

At 31 December 2001, no advances were received from customers for contract works (2000: HK$4,832,000 was received and included in trade payables, other payables and accruals).

20. TRADE RECEIVABLES

The Group grants credit periods of up to 90 days to its customers. An aged analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2001	2000
	HK$'000	*HK$'000*
Current	**8,641**	16,489
1 to 3 months	**12,926**	22,089
Over 3 months	**18,216**	14,942
	39,783	53,520
Bad debts provision	**(15,744)**	(16,049)
	24,039	37,471

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**6,113**	8,934	**478**	1,591
Time deposits	**25,529**	107,591	**23,051**	100,189
Pledged time deposit for bank facilities granted but not utilised	**1,120**	–	**–**	–
Cash and cash equivalents	**32,762**	116,525	**23,529**	101,780

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade and bills payables	**16,482**	17,090	**–**	–
Other payables and accruals	**13,819**	19,086	**99**	2,169
Due to contract customers	**3,059**	–	**–**	–
Fees in advance	**–**	4,832	**–**	–
Customer deposits	**1,756**	2,567	**–**	–
	35,116	43,575	**99**	2,169

An aged analysis of trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2001	2000
	HK$'000	*HK$'000*
Current	**6,371**	6,307
1 to 3 months	**4,956**	7,595
Over 3 months	**5,155**	3,188
	16,482	17,090

23. INTEREST-BEARING BANK LOANS AND OVERDRAFTS

	Group	
	2001	2000
	HK$'000	*HK$'000*
Bank overdrafts:		
Secured	**–**	7
Unsecured	**–**	43
	–	50
Bank loans:		
Secured	**4,326**	14,977
Unsecured	**–**	537
	4,326	15,514
	4,326	15,564
Bank overdrafts repayable within one year or on demand	**–**	50
Bank loans repayable within one year	**4,326**	15,514
	4,326	15,564
Portion classified as current liabilities	**(4,326)**	(15,564)
Long term portion	**–**	–

At 31 December 2001, certain of the Group's bank loans and overdrafts are secured by 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$13,900,000 (2000: HK$17,300,000).

In addition, the Group was granted bank facilities, which have not been utilised at the balance sheet date, secured by the pledge of the Group's time deposit of HK$1,120,000 (2000: Nil).

24. SHARE CAPITAL

Shares	**2001**	2000
	HK$'000	*HK$'000*
Authorised:		
3,000,000,000 (2000: 3,000,000,000) ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
1,001,873,000 (2000: 1,001,000,000) ordinary shares of HK$0.10 each	**100,187**	100,100

24. SHARE CAPITAL (Continued)

A summary of the movements of the Company's ordinary share capital during the year is as follows:

	Number of ordinary shares	Issued and fully paid *HK$'000*
At 1 January 2001	1,001,000,000	100,100
Shares issued for acquisition of business	873,000	87
At 31 December 2001	**1,001,873,000**	**100,187**

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 were to be issued in three allotments to the Founding Shareholders, conditional on the achievement of three business milestones during the thirteen month period ended 28 February 2002.

The directors are of the opinion that no additional ordinary shares will be issued to the Founding Shareholders as the relevant business milestones as set out in the Business Transfer Agreement have not been achieved.

Share options

The Company operates a share option scheme (the "Scheme"), further details of which are set out under the heading "Share option scheme" in the Report of the Directors on pages 15 to 18.

During the year, the Company granted a total of 49,060,000 share options under the Scheme. Summary of movements in the share options of the Company during the year were as follows:

		Number of share options			
Date of grant	**Subscription price per share**	**At 1 January 2001**	**Granted during the year**	**Lapsed during the year**	**At 31 December 2001**
2 August 2000	HK$0.75	7,270,000	–	3,795,000	3,475,000
6 October 2000	HK$0.47	3,140,000	–	1,600,000	1,540,000
26 March 2001	HK$0.385	–	9,650,000	2,775,000	6,875,000
31 August 2001	HK$0.4032	–	39,410,000	674,000	38,736,000
		10,410,000	49,060,000	8,844,000	50,626,000

As at 31 December 2001, the Company had 50,626,000 outstanding share options. The exercise in full of such share options would, under the present capital structure of the Company, result in the issue of 50,626,000 additional ordinary shares of HK$0.1 each and cash proceeds to the Company of approximately HK$21,595,000, before the related share issue expenses.

25. RESERVES

Group	**Share premium account**	**Leasehold land and building revaluation reserve**	**Investment property revaluation reserve**	**Goodwill reserve**	**Exchange fluctuation reserve**	**Retained profits/ (accumulated losses)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2000	30,786	3,388	7,324	–	–	79,059	120,557
Issue of shares	219,220	–	–	–	–	–	219,220
Share issue expenses	(12,824)	–	–	–	–	–	(12,824)
Capital reserve on acquisition of a subsidiary	–	–	–	27	–	–	27
Goodwill on acquisition of an associate	–	–	–	(48,807)	–	–	(48,807)
Exchange realignments	–	–	–	–	(14)	–	(14)
Revaluation deficit	–	(512)	–	–	–	–	(512)
Net loss attributable to shareholders	–	–	–	–	–	(132,580)	(132,580)
At 31 December 2000 and 1 January 2001	237,182	2,876	7,324	(48,780)	(14)	(53,521)	145,067
Issue of shares	367	–	–	–	–	–	367
Exchange realignments	–	–	–	–	(2)	–	(2)
Share of exchange fluctuation reserve of an associate	–	–	–	–	(64)	–	(64)
Revaluation deficit	–	(242)	–	–	–	–	(242)
Net loss attributable to shareholders	–	–	–	–	–	(118,460)	(118,460)
At 31 December 2001	237,549	2,634	7,324*	(48,780)	(80)	(171,981)	26,666
Reserves retained by:							
The Company and subsidiaries	237,549	2,634	7,324	(48,780)	(16)	(131,069)	67,642
Jointly-controlled entities	–	–	–	–	–	(50)	(50)
Associate	–	–	–	–	(64)	(40,862)	(40,926)
At 31 December 2001	**237,549**	**2,634**	**7,324**	**(48,780)**	**(80)**	**(171,981)**	**26,666**
The Company and subsidiaries	237,182	2,876	7,324	(48,780)	(11)	(9,131)	189,460
Jointly-controlled entities	–	–	–	–	–	(35)	(35)
Associate	–	–	–	–	(3)	(44,355)	(44,358)
At 31 December 2000	237,182	2,876	7,324	(48,780)	(14)	(53,521)	145,067

* The balance of the investment property revaluation reserve was transferred from the leasehold land and building revaluation reserve upon the reclassification of the related properties. This balance is frozen and is not available to offset the current and future years' revaluation deficits on investment properties. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained earnings as a movement in reserves.

25. RESERVES (Continued)

Group (Continued)

As detailed in note 3 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill/negative goodwill in respect of acquisitions which occurred prior to 1 January 2001, to remain eliminated against/credited to reserves.

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against reserves for impairment. Following this assessment, the directors are of the opinion that there is no impairment of goodwill previously included in the goodwill reserve.

The amounts of goodwill and negative goodwill remaining in reserves, arising from the acquisition of subsidiaries and associates, are as follows:

	Group	
	Goodwill included in goodwill reserve	**Negative goodwill included in goodwill reserve**
	HK$'000	*HK$'000*
Cost:		
At beginning of year and as at 31 December 2001	(48,807)	27
Accumulated impairment:		
At beginning of year and as at 31 December 2001	–	–
Net amount:		
At 31 December 2001	**(48,807)**	**27**
At 31 December 2000	(48,807)	27

25. RESERVES (Continued)

Company

	Share premium account	Contributed surplus	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2000	30,786	46,962	566	78,314
Issue of shares	219,220	–	–	219,220
Share issue expenses	(12,824)	–	–	(12,824)
Net loss attributable to shareholders	–	–	(134,599)	(134,599)
At 31 December 2000 and 1 January 2001	237,182	46,962	(134,033)	150,111
Issue of shares	367	–	–	367
Net loss attributable to shareholders	–	–	(114,893)	(114,893)
At 31 December 2001	**237,549**	**46,962**	**(248,926)**	**35,585**

The contributed surplus of the Company arose from the Group reorganisation in August 1991 and originally represented the excess of the fair value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2001	2000
	HK$'000	*HK$'000*
Loss from operating activities	**(122,840)**	(85,845)
Deficit arising from revaluation of leasehold land and buildings	**2,024**	3,210
Deficit arising from revaluation of investment properties	**1,020**	3,300
Depreciation	**8,646**	5,509
Diminution in value of an investment property	**4,000**	–
Impairment of fixed assets	**5,681**	–
Provision for impairment in value of an unlisted investment	**350**	–
Loss on disposal of fixed assets	**2,541**	182
Dividend income from an unlisted investment	**–**	(38)
Gain on disposal of a listed investment	**(103)**	–
Gain on disposal of a subsidiary	**(76)**	–
Interest income	**(4,321)**	(8,784)
Negative goodwill recognised as income	**(655)**	–
Unrealised holding loss of a listed investment	**–**	71
Decrease in inventories	**6,521**	8,506
Decrease in construction contracts	**16,187**	1,706
Decrease in trade receivables	**15,332**	14,761
Decrease/(increase) in prepayments, deposits and other receivables	**2,673**	(6,488)
Decrease in trade and bills payables	**(1,542)**	(7,481)
Increase/(decrease) in other payables and accruals	**(5,257)**	10,901
Increase in amounts due to contract customers	**3,059**	–
Increase/(decrease) in fees in advance	**(4,832)**	4,832
Decrease in customer deposits	**(515)**	(1,101)
Net cash outflow from operating activities	**(72,107)**	(56,759)

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Acquisition of a subsidiary

	2001 **HK$'000**	2000 *HK$'000*
Net assets acquired:		
Fixed assets	–	120
Inventories	–	8
Trade receivables	–	4,422
Prepayments, deposits and other receivables	–	126
Cash and bank balances	–	99
Trade payables	–	(3,457)
Other payables and accruals	–	(1,266)
Minority interests	–	(25)
	–	27
Capital reserve on acquisition	–	(27)
	–	–

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	2001 **HK$'000**	2000 *HK$'000*
Cash consideration	–	–
Cash and bank balances acquired	–	99
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	–	99

The subsidiary acquired during the prior year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated loss after tax and before minority interests for that year.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(c) Acquisition of a business

	2001
	HK$'000
Net assets acquired:	
Fixed assets	**118**
Trade receivables	**1,900**
Cash and bank balances	**25**
Trade payables	**(934)**
	1,109
Negative goodwill on acquisition	**(655)**
	454

The consideration of HK$454,000 was satisfied by the issuance of 873,000 ordinary shares of the Company which had no cash flow impact on the Group.

Negative goodwill of HK$655,000 arising on the acquisition of business during the year was recognised as an income to the profit and loss account during the year.

Analysis of the net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary:

	2001
	HK$'000
Cash consideration	**–**
Cash and bank balances acquired	**25**
Net inflow of cash and cash equivalents in respect of the acquisition of a subsidiary	**25**

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) Disposal of a subsidiary

	2001
	HK$'000
Net assets disposed of:	
Investment properties	**11,000**
Cash and bank balances	**13**
Prepayments and other receivables	**219**
Other payables and accruals	**(10)**
Customer deposits	**(296)**
Tax payable	**(2)**
	10,924
Gain on disposal of a subsidiary	**76**
	11,000
Satisfied by:	
Cash	**11,000**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2001
	HK$'000
Cash consideration	**11,000**
Cash and bank balances disposal of	**(13)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**10,987**

The subsidiary disposed of during the year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated loss after tax and before minority interests for the year.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(e) Analysis of changes in financing during the year

	Share capital (including share premium)	Minority interests	Bank loans and overdrafts
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2000	46,786	8	19,598
Net cash inflow/(outflow) from financing	200,000	2,000	(3,271)
Issue of new shares for non-cash consideration	103,320	–	–
Share issue expenses	(12,824)	–	–
Decrease in short term bank loans and overdrafts classified as cash equivalents	–	–	(763)
Acquisition of a subsidiary	–	25	–
Share of profit for the year	–	(587)	–
Share of exchange fluctuation reserve	–	(9)	–
At 31 December 2000 and at 1 January 2001	337,282	1,437	15,564
Net cash inflow/(outflow) from financing	–	–	(6,000)
Issue of new shares for non-cash consideration	454	–	–
Decrease in short term bank loans and overdrafts classified as cash equivalents	–	–	(5,238)
Share of loss for the year	–	(269)	–
Dividend paid to minority shareholders	–	(339)	–
At 31 December 2001	**337,736**	**829**	**4,326**

(f) Major non-cash transactions

The deficit arising from the revaluation of the Group's leasehold land and buildings of HK$2,024,000 (2000: HK$3,210,000) and the deficit arising from the revaluation of the Group's investment properties of HK$1,020,000 (2000: HK$3,300,000) had no cash flow impact on the Group.

Included in the profit and loss account is a provision for doubtful debts of HK$3,791,000 (2000: HK$11,315,000), which had no cash flow impact on the Group.

During the year, the Group acquired all assets (including cash and bank of HK$25,000 and accounts receivable of HK$1,900,000) and liabilities (including trade payable of HK$934,000) of Shanghai Cyberway for a consideration of HK$454,000 which was satisfied by the issuance of 873,000 ordinary shares of the Company at HK$0.52 each, which had no cash flow impact on the Group.

In the previous year, the Group acquired a 49% equity interest in AsiaWeb ASP Limited for a consideration of HK$103,320,000 which was satisfied by the issuance of 41,000,000 ordinary shares of the Company at HK$2.52 each, which had no cash flow impact on the Group.

27. CONTINGENT LIABILITIES

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Bank guarantees given to secure general banking facilities granted to subsidiaries	**–**	–	**87,100**	107,100

Such banking facilities were utilised by the Group companies to the extent of HK$4,326,000 (2000: HK$15,564,000) at the balance sheet date.

28. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for a term of 2 years.

At 31 December 2001, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**558**	1,996	–	–
In the second to fifth years, inclusive	**406**	–	–	–
	964	1,996	–	–

(b) As lessee

The Group leases certain of its office and warehouse properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 3 years.

At 31 December 2001, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**7,930**	9,403	**368**	–
In the second to fifth years, inclusive	**3,567**	8,176	**–**	–
	11,497	17,579	**368**	–

28. OPERATING LEASE ARRANGEMENTS (Continued)

SSAP 14 was revised and implemented during the year, as detailed in note 2 to the financial statements. Certain new disclosures are required and have been included above. The prior year comparative amounts for the new disclosures have also been included where appropriate.

29. CAPITAL COMMITMENTS

	Group		Company	
	2001	2000	**2001**	2000
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Capital commitments contracted for:				
Capital injection related to the Group's interests in jointly-controlled entities and non wholly-owned subsidiaries	**24,238**	32,038	**–**	–

Save as disclosed above, the Company and the Group had no other significant commitments at the balance sheet date.

30. RELATED PARTY TRANSACTIONS

During the year, certain Group companies had the following transactions with related companies:

		Group	
		2001	2000
	Notes	***HK$'000***	*HK$'000*
Office rental expenses paid to Avon Limited	*(i), (iii)*	**2,690**	2,593
Warehouse rental expenses paid to:	*(ii), (iii)*		
Come Trend Limited		**540**	540
Chung Yuen Electrical Company Limited		**480**	480
Warehouse rental income received from Chung Yuen Electrical Company Limited	*(ii), (iii)*	**240**	240
Purchase of an upgrade web content management system from AsiaWeb Technologies Limited	*(iv)*	**1,807**	–
Purchase of a web publishing systems from AsiaWeb Technologies Limited	*(v)*	**–**	5,600

30. RELATED PARTY TRANSACTIONS (Continued)

Notes:

(i) The office expenses were calculated by the directors by reference to open market rentals, prevailing at the times when the tenancy agreements were entered into, as confirmed to the Group by a firm of independent professional valuers.

Details of the office rental expenses paid to Avon Limited during the year are as follows:

Group company	**Location of Premises**	**Lease terms**	*HK$'000*
Acme Sanitary Ware Company, Limited	Part of basement & 1/F., Acme Building	1 January 2000 to 31 December 2001	528
Acme Sanitary Ware Company, Limited	G/F., Acme Building	1 April 2000 to 31 March 2003	1,320
Acme Sanitary Ware Company, Limited	12/F., Acme Building	1 January 2000 to 31 December 2001	336
Acme Sanitary Engineering Company, Limited	Part of basement, Acme Building	1 January 2000 to 31 December 2001	168
Acme Sanitary Engineering Company, Limited	Room C, 9/F., Acme Building	1 January 2000 to 31 December 2001	42
Landis Brothers & Company, Limited	6/F., Acme Building	1 October 1999 to 30 September 2001	222
		1 October 2001 to 30 September 2003	74
			2,690

(ii) The warehouse rental income and expenses were determined by the directors by reference to open market rentals, prevailing at the times when the tenancy agreements were entered into.

(iii) Chiu Chung Kwong, John have minority equity interests in Come Trend Limited. Chiu Chung Kwong, John and Chiu Chun Leong, David are beneficiaries under various discretionary trusts which have minority equity interests in Avon Limited. Chiu Chung Kwong, John and Chiu Chun Leong, David have indirect beneficial interests in Chung Yuen Electrical Company Limited.

In the opinion of the directors, including the independent directors, all of the above transactions were carried out in the ordinary course of the Group's business.

(iv) 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.

(v) In the prior year, 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. AsiaWeb ASP Limited became an associate of the Group on 31 May 2000. In the opinion of the directors, 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 suppliers of the Group.

30. RELATED PARTY TRANSACTIONS (Continued)

In addition to the related party transactions as set out above, during the year, HK$1 million was deposited with a bank as security for the bank facility of HK$1 million granted to AsiaWeb Technologies Limited. The security over the HK$1 million deposit was released by the bank on 20 August 2001.

In the prior year, on 11 August 2000, the Company through its wholly-owned subsidiary, i100 Telemedia Limited (''i100 Telemedia''), entered into a joint venture agreement with STT Communications Pte Ltd. (''STT'') and Pacific Star Capital Partners Ltd. (''PSCP'') to establish an Asian investment and fund management business, owned as to 45%, 45% and 10% by i100 Telemedia, STT and PSCP, respectively. Further details of the joint venture are included in note 16 to the financial statements. PSCP is beneficially owned by Mr. Lee G. Lam, a former independent non-executive director of the Company. Accordingly, the transaction constituted a connected transaction of the Company pursuant to Rule 14.26 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. On 15 September 2000, Mr. Lee G. Lam ceased to be an independent non-executive director of the Company.

31. COMPARATIVE AMOUNTS

As further explained in note 2 to the financial statements, due to the adoption of new and revised SSAPs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 April 2002.