

“We are confident that i100, having progressed through the difficult times of the past year, **will achieve our objectives in 2001 and become a leading player in the region’s communications market.** We look forward to rising above the challenges ahead.”

CEO's Statement

The year 2000 was a very eventful time for the information technology sector. We witnessed the proliferation of Internet businesses in the first half, and the dramatic downfall of many of them as industry consolidation began in the second half. The burst of what many describe as the "Internet bubble" highlights the importance of a commercially viable and profitable business model.

We believe that we have adapted well to the fast-changing market conditions and technological advances by adjusting our business model and focus. This, to a large extent, is made possible by our management depth, a corporate culture that encourages fertilization of ideas and support from our major shareholder, H&Q Asia Pacific. Beginning the latter part of 2000, our business focus is on three areas within the communications sector: solutions, wireless applications and infrastructure. We have achieved a series of accomplishments that form the solid foundation of our development and investment in these areas.

Looking ahead, we expect wireless data usage to grow exponentially in the coming years, and i100 is well positioned to ride on this wave.

Through the business merger with Shanghai Cyberway, renamed solution100, we have equipped ourselves with a leading digital solutions provider in Greater China. solution100 has secured significant strategic partnerships to bring new technologies to the region. Its alliances with Canadian 01 Communiqué and Korean EGC&C, to bring the latest unified messaging and multicasting technologies into Greater China, reaffirm our status as a leading technology and services solutions provider.

i100 has also acquired a 49% interest in AsiaWeb Technologies Group, a leading developer of Chinese language publishing software solutions. With the support of i100, AsiaWeb is now actively expanding its services to full content management in Greater China. This exemplifies how i100's participation generates a catalyst effect on a company's business growth and expansion.

CEO's Statement

Our investment in the US-based Caspian Networks is a project that indicates our involvement in latest technology. Founded by Larry Roberts, widely regarded as "Father of the Internet", Caspian Networks is about to launch a next-generation technology with capabilities that go beyond what current routers and switches can do for large communication networks. This optical-IP technology is expected to create a new order in the networking infrastructure arena.

The fast evolution of the IT industry is an innate factor that all successful operators have to acknowledge, embrace and move in tandem with. i100 has made it an ongoing process to identify our strengths, refine our business model and adjust our development and investment focus. This flexible, market-driven approach allows us to build on the relationships and investments we have already made.

Looking ahead, our aim for the near future is to become a leading player in the communications technology industry, offering our customers in Greater China the very best in cutting-edge wireless technology and telecommunications solutions services.

i100 believes there are many niche areas to be tapped in the wireless market. The business partnerships we have, backing from our investors and technological expertise, will allow us to become a leader.

We are witnessing the explosive growth of wireless adoption, which is fast outstripping fixed-line communication in many markets. A surge in the popularity of mobile data services, an area i100 is actively pursuing, is expected to be the key to this growth. The wireless data communication phenomenon is upon us, with growth in wireless handheld devices in the Asia Pacific region, excluding Japan, predicted to rise from 0.5 million in 2000 to 8.2 million in 2004, a 97% CAGR, and sales expected to rocket from US\$314 million in 2000 to US\$4.1 billion by 2004, according to IDC.

CEO's Statement

We see a tremendous growth opportunity for wireless data services in Asia. The key Asian markets have among the highest mobile penetration in the world, and draw heavy cultural references from Japan, which leads the rest of the world in wireless Internet users by a wide margin. In 1999, mobile penetration for Hong Kong, South Korea, Singapore and Taiwan was 56%, 51%, 46% and 46%, respectively, according to IDC. Wireless data has only scratched the surface in terms of tapping the potential of these markets. With the arrival of packet-based network and GPRS, we expect wireless data usage to grow exponentially in the coming years, and i100 is well positioned to ride on this wave.

i100 is well poised to capitalize on these promising market trends. Recognizing the problems tied to connectivity, usability, devices and content, in addition to the under-utilization of the current network, i100 believes there are many niche areas to be tapped in the current wireless market. The business partnerships we have formed so far, together with backing from our investors and technological expertise, will allow us to become a leader in this domain.

It is indeed an exciting and opportunity-laden era. We are confident that i100, having progressed through the difficult times of the past year, will achieve our objectives in 2001 and become a leading player in the region's communications market. We look forward to rising above the challenges ahead.

KAN, Siu Kei Laurie

President & Chief Executive Officer

Management Discussion and Analysis