

Report of Directors

The directors herein present their annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The Group is principally engaged in investing in and operating Information Technology companies through a network of divisions. These divisions incorporate a digital solutions provider, a multimedia enabler, a publishing and content management solutions provider, an on-line expert site, a vertical trading platform and other strategic investments in optical networking. The Group has a traditional non-IT related trading business which consists of importing, marketing, retailing and distributing sanitary fixtures and fittings and a range of hardware, industrial and consumer products. In addition, the Group is a specialist contractor in the design and installation of plumbing and drainage systems and provides related engineering services in Hong Kong.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at a special general meeting held on 24 March 2000, the Company changed its name from Acme Landis Holdings Limited to i100 Limited.

Report of Directors

SEGMENTAL INFORMATION

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

	2000		1999	
	Turnover	Contribution to loss from operating activities	Turnover	Contribution to profit from operating activities
	HK\$'000	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
By activity:				
Sanitary fixtures and fittings	113,831	(21,931)	120,696	2,750
Hardware, industrial and consumer products	51,788	(150)	48,972	1,942
Drainage, plumbing and engineering contracting services	79,943	(1,419)	279,455	2,233
Provision of communication solutions consultancy services	412	(5,880)	–	–
Internet operations	1,029	(27,423)	–	–
Others	–	(29,042)	–	–
	247,003	(85,845)	449,123	6,925
By geographical area:				
The People's Republic of China:				
Hong Kong	214,864	(69,730)	416,649	8,592
Macau	4,714	(799)	5,545	336
Elsewhere	27,425	(15,316)	26,929	(2,003)
	247,003	(85,845)	449,123	6,925

Report of Directors

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2000 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 37 to 78.

The directors do not recommend the payment of a dividend in respect of the year.

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 79.

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 12 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group are set out in note 13 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 14 to the financial statements.

JOINTLY-CONTROLLED ENTITY AND ASSOCIATE

Particulars of the Company's and the Group's interests in its jointly-controlled entity and associate are set out in notes 15 and 16 to the financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 38% of the total sales for the year and sales to the largest customer included therein amounted to approximately 28%. Purchases from the Group's five largest suppliers accounted for 33% of total purchases for the year and purchases from the largest supplier included therein amounted to 18%.

Report of Directors

As far as the directors are aware, neither the directors, their associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's issued share capital, had any interest in the Group's five largest customers or five largest suppliers referred to above.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in note 23 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 24 to the financial statements.

At 31 December 2000, the Company did not have any reserves available for distribution to shareholders. Under the laws of Bermuda, the Company's share premium account, in the amount of HK\$237,182,000, may be distributed in the form of fully paid bonus shares.

Under the Companies Act 1981 of Bermuda, the Company may make distributions from its contributed surplus in certain circumstances, prescribed by Section 54 thereof, which the Company was unable to satisfy as at 31 December 2000.

BANK BORROWINGS

Details of the Group's borrowings are set out in note 22 to the financial statements.

Report of Directors

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 29 to the financial statements.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

CHIU, Chit Ho Peter	(resigned on 31 May 2000)
CHIU, Chun Leong David	
CHIU, Chung Kwong John	
KAN, Siu Kei Laurie	(appointed on 31 May 2000)
VONG, Tat leong David	(appointed on 31 May 2000)
WONG, Yuen Cheung John	(resigned on 31 May 2000)

Non-executive directors:

CHAN, Jui Tun Jedi	(appointed on 31 May 2000)
HSU, Ta Lin	(appointed on 31 May 2000)
KO, Pil Jae Peter	(appointed on 31 May 2000)

Independent non-executive directors:

CHAN, Kai Ming Henry	(resigned on 31 May 2000)
CHAN, Kin Hang Johnny	(appointed on 15 September 2000)
LAM, Lee G.	(appointed on 31 May 2000 and resigned on 15 September 2000)
LAU, Chi Wang James	(resigned on 31 May 2000)
LEE, Yee Bui John	(resigned on 31 May 2000)
LEUNG, Nai Pang Norman	(appointed on 31 May 2000)
WONG, Ying Wai Wilfred	(appointed on 15 September 2000)

In accordance with bye-law 87(2) of the Company's Bye-laws, Mr. Chiu Chun Leong, David and Mr. Chiu Chung Kwong, John will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Report of Directors

In accordance with bye-law 86(2) of the Company's Bye-laws, each of Mr. Chan Kin Hang, Johnny and Mr. Wong Ying Wai, Wilfred holds office only until the forthcoming annual general meeting and, being eligible, will then offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Kan Siu Kei, Laurie and Mr. Vong Tat leong, David have entered into service contracts with the Company for a term of three years with effect from 1 June 2000 until 31 May 2003, which will continue thereafter until terminated by either party by not less than one month's prior written notice.

Save as disclosed above, none of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2000, the directors of the Company and their associates held the following interests in the issued share capital of the Company or its associated corporations as recorded in the register required to be kept by the Company under Section 29 Securities (Disclosure of Interests) Ordinance of Hong Kong (the "SDI Ordinance"):

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

Report of Directors

Note:

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

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

Other than the share option scheme, further details of which are set out in note 23 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company’s directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. No share options were in issue to any of the directors during the year.

DIRECTORS’ INTERESTS IN CONTRACTS

Other than as disclosed in note 28 to the financial statements, no director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and senior management of the Group are set out on pages 22 to 26 of the annual report.

Report of Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2000, according to the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance, the following persons were, directly and indirectly, interested in 10% or more of the Company's issued share capital:

Name of shareholder	<i>Notes</i>	Number of shares held
Asia Pacific Growth Fund III, L.P.	1	472,000,000
i100 Capital Corporation	1	317,000,000
i100 Holdings	2	137,000,000
Bev-Tiff	2	137,000,000
Romaine	2	137,000,000

Notes:

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

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

Report of Directors

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice as set out in Appendix 14 (the "Code") of The Listing Rules of The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

KAN, Siu Kei Laurie

President & Chief Executive Officer

Hong Kong

11 April 2001