Contents

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Joseph LEUNG Wing-kong *(Chairman)*
James C. NG *(Chief Executive Officer)*
Alec KEUNG Sui-leung
Derek LEUNG Wai-choi

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAO Cheng-fen
Raymond LAU Wai-pun

COMPANY SECRETARY

CHENG Pui-man

AUDITORS

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

SHARE REGISTRARS

Central Registration Hong Kong Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

The Hongkong & Shanghai Banking Corporation Limited
JPMorgan Private Bank
Agricultural Bank of China

SOLICITORS

Woo, Kwan, Lee & Lo

REGISTERED OFFICE

Suite 1502, 15th Floor
Chinachem Golden Plaza
77 Mody Road, Tsimshatsui East
Kowloon, Hong Kong

INCORPORATION IN HONG KONG

27 April 1966

LISTING

16 November 1972

NO. OF EMPLOYEES

246

WEB SITE

www.enewmedia.com

STOCK CODE

Hong Kong Stock Exchange: 0128
American Depositary Receipt: ENEWY

CORPORATE COMMUNICATIONS

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CHAIRMAN'S STATEMENT

Year 2001 can be characterised as being a year of challenges. The world economy has yet to recover from the collapse of the high-tech boom in year 2000 and the September 11 crisis has further worsened the already adverse market conditions. For the year ended 31 December 2001, the Group recorded a turnover of HK$419,450,000, representing a decrease of 52% when compared to the turnover of the previous year. Loss attributable to shareholders for the year ended 31 December 2001 was HK$197,696,000. The Board does not recommend the payment of a dividend.

The Management Discussion and Analysis is set out on pages 3 to 6.

I would like to take this opportunity to express my sincere appreciation for the support received from our customers, suppliers and shareholders. I would also thank my fellow directors for their valuable contribution and all the staff members of our Group for their hard and dedicated work throughout the year.

Joseph LEUNG Wing-kong
Chairman

Hong Kong, 15 April 2002

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a turnover of HK$419,450,000 for the year and reported an after-tax loss of HK$197,696,000 with the diminution in value of short term investments being a dominant reason for the reported loss. The adverse trading environment in the audiotext market has led to a further deterioration in the results of the telecom business.

TELECOMMUNICATIONS INCLUDING INTERNATIONAL PREMIUM RATE SERVICES ("IPRS")

The business environment for IPRS has changed significantly. In particular, this has been on two fronts: (1) the pattern of behaviour from the major international telecommunications companies ("telcos") in making payments under the cascade system (2) a continuous reduction in settlement rates for international traffic routes. The payment cycle from originating and transit telcos is getting longer and longer, which places an extra burden on the Group since it essentially provides a factoring service to the Information Providers who generate the traffic flow. The settlement rates for many major international routes have been dramatically cut and sometimes such reductions have been imposed unilaterally by the originating telcos and on a retrospective basis. However, regardless of the manner in which such reductions have been imposed, mandatory policy guidelines imposed by the Federal Communications Commission with respect to international settlement rates are such that the IPRS business, as it has traditionally been based upon the "cascade accounting model", is effectively no longer viable for USA originated traffic. Reductions in international settlement rates have also been increasingly prevalent in both Europe and Asia, and particularly for traffic originating from UK and Japan.

As a result of the above trends, not only has traffic volume as well as the revenue associated therewith been substantially reduced, but cash flow has also been slower. Management has streamlined operations during the year to provide a smaller but efficient team to carry the business in new and more viable directions. Individually the Group has been strong in the voice format segment. As the market is changing towards data format, the Group made an investment in an established operator which has operations in US and Japan, two of the strongest markets. At the same time, Management has also put a great deal of effort into seeking to have major payments released to the Group, currently "stockpiled" by telcos both for the reasons given above and aggravated further by the announcement in the last quarter of 2001 of the dissolution of Concert (previously formed from the merger of AT&T's and British Telecom's international business). While a degree of success has been forthcoming by aggressively engaging the major telcos involved, Management will continue to exercise effort in this regard.

The Group has invested in the Short Message Service ("SMS") business under its own brand name "SMSinasia" which operates in Hong Kong and Singapore to offer SMS services to customers via "900" numbers (with connections provided by PCCW and Singtel) and mobile phones (with connections provided by SUNDAY, SmarTone, PEOPLES, CSL, Orange and New World Mobility) to access games, logo and message downloads. Agreements have been reached with several content providers (in Hong Kong SAR, China, Singapore and Australia). In many ways, this represents an extension of the Group's traditional core business, given that revenue is generated via telephone calls, with revenue sharing with the originating carriers.

INTERNET AND DIGITAL TECHNOLOGIES

Year 2001, as with (particularly the latter half of) the previous year, continued to be a very difficult year for technology investments and companies worldwide. Consequently, Management continued with the prudent decision initiated in 2001 to safeguard shareholders' assets and reduce exposure to possible continuing risks. As a result, options to further invest in several USA-based companies in the Group's portfolio of technology investments were not pursued and with a matching decision to withdraw from indigenous operations in the technology field. This development included shedding of some staff and refocusing of others to support core telecommunications business (including SMS referenced above) as well as being able to reduce the requirement for such extensive office space, with the Group moving into new premises in mid-year.

NEW INVESTMENTS

As referenced above, in the face of an uncertain market, Management pursued a very conservative investment strategy during the year. However, investment opportunities that could provide synergy with the Group's trading expertise in Hong Kong SAR and China were attributed special attention:

On 12 November 2001, for a consideration of US$1,000,000, a commitment was signed for the purchase of 666,667 Series B Convertible Preference Shares of ChinaPay.com Holdings Limited ("ChinaPay") representing a holding of approximately 7% of the enlarged share capital of the investee company. ChinaPay was established with the aim of building a unified national bank payment system in cooperation with other strategic partners in China. A sum equivalent to the purchase consideration has been deposited in an escrow account and eventual payment will be subject to satisfactory completion of the due diligence exercise and other closing conditions.

An approximately 9% shareholding was acquired in Cardima, Inc. ("Cardima"), a company based in Fremont, California and listed on the U.S. Nasdaq Stock Exchange. Cardima is developing an innovative microcatheter for the treatment of atrial fibrillation (irregular heartbeat), which afflicts an estimated 4.5 million population worldwide. Cardima has completed its Phase II trial under the U.S.A. Food and Drug Administration regulations. Phase III trial is currently underway and has shown promising results. Cardima is seeking to obtain U.S.A. approval for the device before the end of 2002.

Other than this investment in the U.S.A., Management is also proactively looking at investment opportunities in the medical and healthcare industries in the Greater China Region and Management is looking forward to significant progress in this area in 2002.

A 10% shareholding was also acquired in Lesen Technologies Ltd. ("Lesen"), a British Virgin Islands registered company with its operating headquarters based in Macau. Lesen is engaged in the anti-forgery technology business and has obtained the sole marketing and distribution rights for all the key Asian countries (with the exclusion of Japan, Taiwan, Thailand and Vietnam) to a unique and state-of-the-art anti-forgery technology, originally developed in Japan. The technology has wide applications and can be used in identity cards, passports, credit cards, legal tender, trademarks, etc. Lesen will initially focus on markets within China, where it believes strong demand exists for its technology.

NEW INVESTMENTS (CONTINUED)

During the year, the Group committed to invest in 20% of the enlarged share capital of Beijing Smartdot Technologies Ltd. ("Smartdot"), a company based in China. Smartdot is engaged in software development and solution projects, with its primary focus being in the area of Office Automation. Smartdot was founded in 1998 by a group of graduate students from Tsinghua University which is also a minority shareholder and provider of technology support, and has a strong client base in the government and state-owned corporate sector. Smartdot started to produce earnings in 1999 and has since enjoyed excellent revenue and profit growth. It is anticipated that in 2002 Smartdot will also show strong performance targeting an IPO either in its domestic market or overseas for 2003/04.

CLUB OPERATIONS

Despite the downturn of the Hong Kong economy and reduction in the level of spending by members and guests, the Hong Kong Hilltop Country Club has striven to stay competitive while continuing to provide quality services and as a result achieved stable performance in its business activities.

In the face of a continuing sluggish outlook for the Hong Kong economy in 2002, new marketing and promotion programmes to stimulate spending by members in the restaurants will be introduced from time to time together with event marketing programmes on major festivals and celebrations (such as food festival, Valentine's Day and Mid-Autumn Festival). With these and other promotional activities, the Club's management will seek to build a closer community with members to encourage more participation in Club events and to continue to build membership. Measures to improve the Club infrastructure in the areas of water, electrical, ventilation and safety systems have also been introduced to enhance the comfort and safety of its members.

The operating results for the Shanghai Hilltop Club have not been up to the expectations envisaged at its opening in 1999. This stems from two main reasons: the location of the Club and the restricted opening of its facilities. Being located at Putuo, which used to be a light industrial and mixed residential district, imposed constraints on development. However, this district is currently under development towards becoming more of a middle class residential neighbourhood and is likely to see significant investment from government to improve the surrounding environment and transportation services. The prospect of becoming a major recreational and sports centre for the rejuvenated locality bodes well for the Club's future. However, in the short-term the Club will continue to face difficulties in improving revenue, exacerbated by being only partially open. Since the beginning of 2002, various measures have been taken to strengthen the management and improve the operations of the Club, including changes in key employees, launching new promotional programmes (including targeting convention customers, as well as individual members), and the merging of various departments to reduce cost, achieve higher efficiency and better serve customer needs. Strategic marketing partnerships with transport services, travel agencies, and "event companies" (e.g. wedding services company) have also been developed.

SECURITIES

During the year, the Group recorded dividend income of HK$6,656,000 (2000:HK$8,658,000) and net realised and unrealised loss on investments in securities of HK$174,797,000 (2000: HK$108,177,000).

LIQUIDITY AND FINANCIAL POSITION

Irrespective of the adverse trading environment, the Group maintained a position of financial stability underpinned by a cash holding of HK$657,272,000. As at 31 December 2001, the Group's total borrowing stood at HK$69,853,000 (2000:HK$242,713,000) with HK$63,303,000 repayment falling due within one year. The Group's gearing ratio, resulting from a comparison of the Group's total borrowing with total equity, was 6.8% (2000:19.7%). The current ratio at 31 December 2001 was 5.7 times (2000:3.2 times).

As at 31 December 2001, the Group's borrowing and bank balances were primarily denominated in Hong Kong dollars and United States dollars and exchange differences were reflected in the financial statements. All remaining convertible bonds were redeemed in the second half of the year and other remaining borrowings of the Group are either interest free or on a floating rate basis.

In the reporting year, the Group did not resort to acquiring any financial instruments for hedging purposes.

PLEDGE OF ASSETS

Particulars of the pledge of assets of the Group and the Company are set out in note 19 on the financial statements.

EMPLOYEE AND REMUNERATION POLICIES

As of the date of this report, the Group employs a total of 246 full time staff with its main workforce stationed in the Group's offices in Hong Kong. The Group's remuneration policies are performance based and are in line with the salary trends in the respective locations. The Group provides employee benefits such as staff insurance schemes, provident and pension funds, discretionary performance bonus, external training support, and a performance based share option scheme.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr Joseph LEUNG Wing-kong, 55, is the Chairman of the Board and a Director of Chinachem Group companies. Mr Leung joined the Group in December 2000 as an Executive Director and became Chairman in March 2001. He has over 30 years of experience in finance and management in property development. Mr Leung is a fellow of the Hong Kong Institute of Real Estate Administration and a member of the executive committee of Real Estate Developers Association of Hong Kong.

Mr James C. NG, 58, is the Chief Executive Officer of the Group. Prior to joining the Group in March 2001, Mr Ng was the CEO of the First Pacific Bank in Hong Kong and the CEO of the United Savings Bank in California, the United States of America. He is a Director of Chinachem Group companies and he also serves as Chairman of the Employer's Federation of Hong Kong.

Mr Alec KEUNG Sui-leung, 48, joined the Group as an Executive Director in May 2001. Mr Keung is responsible for the investments of the Group. Prior to his appointment, Mr Keung was the Executive Vice President and Alternative Chief Executive of First Pacific Bank where he was in charge of its overall commercial banking business. Mr Keung has a Bachelor of Social Sciences Degree from the University of Hong Kong.

Mr Derek LEUNG Wai-choi, 51, joined the Group in December 2000. He holds a BSc (Engineering) degree and is also a qualified chartered accountant. Mr Leung had been in the banking industry for 16 years and in charge of the treasury and capital markets division of a banking subsidiary of one of the largest banks in the world for about 10 years. He joined Chinachem Group in early 1997 and is responsible for the international investments of Chinachem Group companies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr CHAO Cheng-fen, 77, joined the Group in November 1988 and has extensive experience in the trading and distribution business. Before joining the Group, Mr Chao held various senior management positions with his previous employers.

Mr Raymond LAU Wai-pun, 52, joined the Group in March 2001. He is the Senior Partner of Ford, Kwan & Co. Solicitors & Notaries. He is a solicitor of the Supreme Court of Hong Kong and he is also qualified to practise in the United Kingdom and the Australian Capital Territory. He is also a notary public and China-appointed Attesting Officer. Mr Lau was a director of Pok Oi Hospital from 1987 to 1989 and a consultant of Pok Oi Hospital in 1990.

SENIOR MANAGEMENT

Mr YEUNG Wing-tung, 48, joined the Group as Executive Vice President in October 2001. Mr Yeung is responsible for the investments of the Group. Prior to his appointment, Mr Yeung was the Personal Assistant to the Managing Director of a listed company in Hong Kong for more than 10 years, in charge of project investments and developments in PRC and South East Asia. He had also worked in an American Bank as Manager of Commercial Banking and an international audit firm as Auditor. Mr Yeung obtained his MBA from Indiana University in USA and passed the board examination of the American Institute of Certified Public Accountants in the same year.

Dr Keith WHITE-HUNT, 51, joined the Group in December 2000 as Chief Operating Officer of a subsidiary. Dr White-Hunt previously worked at the Hong Kong University of Science and Technology as Director of Business Development and Chief Operating Officer for the HKUST RandD Corporation Limited. Before coming to Hong Kong in 1995, Dr White-Hunt held senior executive positions in Europe and the USA, including 10 years in California's "Silicon Valley".

Dr White-Hunt has also held several prestigious appointments as an advisor on technology policy and economic development including appointments with the OECD (Paris); and government agencies in the USA; United Kingdom and Europe; and the Gulf Region. He has over 70 publications, principally in the areas of technological change; technology transfer; new business development and international business.

Mrs Gladys C. CHEN, 51, joined the Group as Chief Financial Officer in June 2001. Prior to her appointment, Mrs Chen was Senior Vice President and Chief Financial Officer of First Pacific Bank. She is a member of the American Institute of Certified Public Accountants and the Hong Kong Society of Accountants.

Mr KHOO Kah-ho, 36, is an Advocate and Solicitor of the Supreme Court of Singapore. He joined the Group in August 2000 as the Senior Legal Officer. He is also an Executive Vice President in one of the Group's telecommunications subsidiary. Prior to this appointment, Mr Khoo was practicing law in Singapore - litigation and commercial practice for more than 10 years. He is a co-contributor to Halsbury's Laws of Singapore.

Mr LOO Hon-luen, 34, is the Chief Technical Officer of a subsidiary. Mr Loo obtained his B.Sc (Hon) degree in Management & System Science from the Simon Fraser University in Canada. He is currently responsible for the Group's overall IT management, project management, e-business development and wireless applications development. Prior to joining the Group in April 2000, Mr Loo held various senior management positions in publicly listed companies in both Hong Kong and Singapore.

Mr Danny KO Man-yiu, 44, joined the Group in October 2000 as Group Financial Controller. Prior to this appointment, Mr Ko held the positions of Administration & Staff Director and as acting Managing Director of the Hong Kong headquarters of a global telecommunication group. Mr Ko is a member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Hilltop Country Club, 10 Hilltop Road, Lo Wai, Tsuen Wan, New Territories, Hong Kong at 10:00 a.m. on Friday, 14 June 2002 for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 December 2001.

2. To re-elect the retiring Directors and authorise the Board of Directors to fix their remuneration.

3. To re-appoint Auditors and authorise the Board of Directors to fix their remuneration.

4. To consider as special business and if thought fit, pass with or without amendments, the following resolution as Ordinary Resolution:

   "**THAT**:

   (a) subject to paragraph (c) of this Resolution, pursuant to section 57B of the Companies Ordinance the exercise by the Directors of the Company during the Relevant Period of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

   (b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

   (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue or (ii) the exercise of options granted under the share option scheme of the Company, shall not in aggregate exceed 20 percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

   (d) for the purpose of this Resolution:

   "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier of:

   (i) the conclusion of the next Annual General Meeting of the Company;

   (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and

   (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the law of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

By order of the Board
CHENG Pui-man
Company Secretary

Hong Kong, 15 April 2002

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.

2. A proxy shall be deemed to be validly appointed if a duly completed form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, must be deposited at the Registered Office of the Company at Suite 1502, 15th Floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong NOT LESS THAN 48 hours before the time for holding the Meeting.

REPORT OF THE DIRECTORS

The directors present herewith their annual report together with the audited financial statements for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and securities trading. The principal activities of the subsidiaries are provision of telecommunications services, provision of data bureau services, operation of recreational clubs and investment holding.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries ("the Group") during the financial year are set out in note 11 on the financial statements.

Particulars of the Company's principal subsidiaries, associates, and jointly controlled entities at 31 December 2001 are set out in the financial statements on pages 63 to 65.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
The largest customer	34%	
Five largest customers in aggregate	84%	
The largest supplier		27%
Five largest suppliers in aggregate		47%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 December 2001 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 20 to 65.

DIVIDENDS

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

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$Nil (2000: HK$60,000).

FIXED ASSETS

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

DEBENTURES

Particulars of the club debentures of the Group are set out in note 22 on the financial statements.

CONVERTIBLE BONDS

Particulars of the convertible bonds of the Group and the Company are set out in note 23 on the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 on the financial statements.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in note 27 on the financial statements.

DIRECTORS

The directors during the financial year were:

Executive directors

Joseph LEUNG Wing-kong	
James C. NG	(appointed on 31 March 2001)
Alec KEUNG Sui-leung	(appointed on 30 May 2001)
Derek LEUNG Wai-choi	
CHEE Sing-chung	(resigned on 31 March 2001)
Cecilia IP Lai-ching	(resigned on 31 December 2001)

Independent non-executive directors

CHAO Cheng-fen	
Raymond LAU Wai-pun	(appointed on 31 March 2001)
Alex WONG Po-hang JP	(resigned on 31 March 2001)

Mr Alec KEUNG Sui-leung, having been appointed to the board since the date of the last annual general meeting, retires at the forthcoming annual general meeting in accordance with article 92 of the Company's articles of association and, being eligible, offers himself for re-election.

In accordance with article 101 of the Company's articles of association, Messrs. Joseph LEUNG Wing-kong and Derek LEUNG Wai-choi retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

ALTERNATE DIRECTORS

The alternate directors during the financial year were:

CHEE Sing-chung, alternate director to Cecilia IP Lai-ching	(resigned on 31 March 2001)
CHEE Sing-chung, alternate director to CHAO Cheng-fen	(resigned on 31 March 2001)
CHEE Sing-chung, alternate director to Alex WONG Po-hang JP	(resigned on 31 March 2001)
Cecilia IP Lai-ching, alternate director to CHAO Cheng-fen	(resigned on 31 December 2001)
Cecilia IP Lai-ching, alternate director to Alex WONG Po-hang JP	(resigned on 31 March 2001)

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

The directors who held office at 31 December 2001 had the following interests in the issued share capital of the Company as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"):

	Ordinary shares of HK$0.50 each	
	Personal interests	Corporate interests
Joseph LEUNG Wing-kong	—	200,000
Cecilia IP Lai-ching	608,000	—
CHAO Cheng-fen	1,383,920	—

Save as disclosed above, no director, chief executive or any of their associates had any beneficial or non-beneficial interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTION SCHEME

Pursuant to a share option scheme (the "Scheme") approved by the shareholders of the Company on 30 December 1997, the board of directors may, at its discretion, invite executive directors or employees of the Group to take up options to subscribe for shares of the Company.

The purpose of the Scheme is to provide the executive directors and employees of the Group with an opportunity to have equity holdings in the Company, thus enabling them to participate in the Company's profits and providing them with an incentive to contribute further to the success of the Company.

The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company excluding any shares issued on the exercise of options from time to time.

The maximum number of shares in respect of which options may be granted to any one employee or director may not exceed 25% of the aggregate number of shares in respect of which options are issued and issuable under the Scheme.

SHARE OPTION SCHEME (CONTINUED)

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board to each grantee and in any event such period of time should not exceed a period of 10 years commencing on the date on which the option is granted and expiring on the last date of such period or 29 December 2007, being the date on which the Scheme expires, whichever is the earlier. The consideration of HK$1 is payable by the grantee of an option upon acceptance of the grant of the option.

The exercise price is the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of grant.

At 31 December 2001, the total number of ordinary shares available for issue under the Scheme was 9,256,000, representing 0.56% of the issued share capital as at that date.

The Scheme remains in force until 29 December 2007.

At 31 December 2001, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company granted under the Scheme. Each option gives the holder the right to subscribe for one share.

	Number of options outstanding at the beginning of the year	**Number of options cancelled during the year**	**Number of options outstanding at the year end**	**Date granted**	**Price per share on exercise of options**
Directors					
Cecilia IP Lai-ching *(Note)*	4,300,000	—	4,300,000	11 October1999	HK$1.528
CHEE Sing-chung	5,000,000	5,000,000	—	11 October1999	HK$1.528
Employees	7,464,000	2,508,000	4,956,000	11 October 1999 to 18 September 2000	HK$0.63 to HK$2.316

Note: Ms Cecilia IP Lai-ching resigned as a director of the Company with effect from 31 December 2001. Pursuant to the terms of the Scheme, options held by Ms IP lapsed on 31 January 2002.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 31 December 2001, the following parties had registered an interest of 10% or more in the share capital of the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance.

	Ordinary shares held	Percentage of total issued shares
Solution Bridge Limited	408,757,642	24.8
Ms Nina KUNG *(Note)*	571,642,145	34.6

Note: The interests disclosed under Ms Nina KUNG represent her deemed interests in the shares of the Company by virtue of her interest in Solution Bridge Limited and another shareholder.

Save as disclosed above, there were no other parties who were known to the directors to be the registered holders or have any interest or right to subscribe for 10% or more of the issued share capital of the Company at 31 December 2001.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2001 are set out in notes 20 and 24 on the financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 66 and 67 of the annual report.

RETIREMENT SCHEME

(a) Defined contribution provident fund scheme ("PF Scheme")

The PF Scheme is administered by an independent trustee. Under the PF Scheme, both the Group and staff make monthly contributions to the PF Scheme each with an amount of 5% of the employees' basic salaries (capped at HK$30,000). Any forfeited contributions and related accrued interest are used to reduce the employer's contributions. For the year ended 31 December 2001, the Group's net provident fund contributions charged to the consolidated income statement amounted to HK$118,000, after utilising the aggregate amount of employer's contributions forfeited during the current year of HK$179,000.

(b) Mandatory provident fund scheme ("MPF Scheme")

The MPF Scheme was established in December 2000 under the Mandatory Provident Fund Ordinance. As the Group has obtained exemption for its existing provident fund scheme, all staff who joined the PF Scheme were offered the choice of switching to the MPF Scheme or to stay in the PF Scheme. All new staff will join the MPF Scheme. Under the MPF Scheme, the Group and staff are required to contribute each at 5% of the employees' relevant income (capped at HK$20,000). For the year ended 31 December 2001, the Group's mandatory provident fund contributions charged to the consolidated income statement amounted to HK$1,128,000.

CHANGE IN USE OF NET PROCEEDS OF PLACING

By an ordinary resolution passed at an extraordinary general meeting of the Company held on 14 August 2001, it was resolved that the balance of the net proceeds from the placing of 235,000,000 new shares of the Company at the placing price of HK$3.75 per share, as disclosed in the Company's announcement dated 4 January 2000 (the "Placing Announcement"), in addition to the purposes previously stated in the Placing Announcement, be also used for the general working capital of the Company and for investments either in the industries in which the Company operates its existing businesses or in other industries as and when the directors consider appropriate.

CONNECTED TRANSACTIONS

On 27 April 2001, the Company entered into a tenancy agreement with Hollywood Palace Company Limited, a company controlled by a substantial shareholder, in respect of the letting of Suites 1502, 1521 and 1522 on the 15th floor, Chinachem Golden Plaza, 77 Mody Road, Tsimshatsui East, Kowloon, Hong Kong with a gross floor area of approximately 11,282 square feet for a term of two years commencing from 1 May 2001 at a monthly rental of HK$203,076. There is an option to renew the lease for a further two years at market rental to be agreed between the parties.

AUDIT COMMITTEE

The Group's Audit Committee, established in 1999, continues to exercise its authority to review and supervise the financial reporting process and internal control system of the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year.

AUDITORS

KPMG were first appointed as auditors of the Company in 2001 upon the retirement of RSM Nelson Wheeler.

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board
Joseph LEUNG Wing-kong
Chairman

Hong Kong, 15 April 2002

REPORT OF THE AUDITORS

KPMG

TO THE SHAREHOLDERS OF e-NEW MEDIA COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 20 to 65 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently, that judgements and estimates are made which are prudent and reasonable and that the reasons for any significant departure from applicable accounting standards are stated.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2001 and of the Group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

Hong Kong, 15 April 2002

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2001
(Expressed in Hong Kong dollars)

	Note	2001 $'000	2000 restated $'000
Turnover	2 & 11	**419,450**	878,169
Cost of sales		**(291,552)**	(649,721)
Gross profit		**127,898**	228,448
Other revenue	3	**10,709**	945
Other net loss	3	**(177,154)**	(102,401)
Administrative and selling expenses		**(107,439)**	(149,744)
Other operating expenses		**(41,824)**	(167,852)
Loss from operations		**(187,810)**	(190,604)
Finance costs	4(a)	**(5,486)**	(11,408)
Share of profits less losses of associates		**405**	(452)
Share of losses of jointly controlled entities		**(6,427)**	(11,541)
Impairment loss on goodwill	10	**—**	(473,061)
Loss before taxation	4	**(199,318)**	(687,066)
Taxation	5(a)	**1,622**	236
Loss after taxation		**(197,696)**	(686,830)
Minority interests		**—**	9,209
Loss attributable to shareholders	8 & 27(a)	**(197,696)**	(677,621)
Loss per share	9		
- Basic and diluted		**(12.0) cents**	(45.5) cents

The notes on pages 27 to 65 form part of these financial statements.

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001
(Expressed in Hong Kong dollars)

	Note	**2001**	2000 restated
		$'000	*$'000*
Deficit on revaluation of properties	27(a)	**—**	(365,467)
Exchange differences on translation of the financial statements of foreign entities	27(a)	**(239)**	422
Net losses not recognised in the income statement		**(239)**	(365,045)
Net loss for the year:			
As previously reported			(204,560)
Prior year adjustment arising from change in accounting policy for goodwill	10		(473,061)
Net loss for the year (2000: as restated)		**(197,696)**	(677,621)
Total recognised losses		**(197,935)**	(1,042,666)

The notes on pages 27 to 65 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2001
(Expressed in Hong Kong dollars)

	Note	2001 $'000	2001 $'000	2000 $'000	2000 $'000
Non-current assets					
Fixed assets					
- Investment properties			**3,600**		4,000
- Other property and equipment			**188,376**		217,649
	12(a)		**191,976**		221,649
Interest in associates	14		**4,636**		9,609
Interest in jointly controlled entities	15		**—**		—
Other non-current financial assets	16		**107,871**		238,261
			304,483		469,519
Current assets					
Short term investments	17	**164,067**		102,892	
Inventories		**452**		586	
Trade and other receivables	18	**71,086**		104,679	
Pledged deposits	19	**47,536**		109,098	
Cash and bank balances		**609,736**		810,434	
		892,877		1,127,689	
Current liabilities					
Bank loans and overdrafts					
- secured	20	**46,686**		50,139	
Trade and other payables	21	**88,387**		115,586	
Current portion of debentures	22	**11,410**		4,060	
Convertible bonds	23	**—**		167,046	
Other loans - unsecured	24	**5,207**		5,198	
Taxation	5(b)	**5,461**		6,098	
		157,151		348,127	
Net current assets			**735,726**		779,562
Total assets less current liabilities carried forward			**1,040,209**		1,249,081

CONSOLIDATED BALANCE SHEET
as at 31 December 2001
(Expressed in Hong Kong dollars)

	Note	**2001**		2000	
		$'000	***$'000***	*$'000*	*$'000*
Total assets less current liabilities brought forward			**1,040,209**		1,249,081
Non-current liabilities					
Debentures	22	**6,550**		16,270	
Deferred taxation	25(a)	**95**		1,312	
			6,645		17,582
NET ASSETS			**1,033,564**		1,231,499
CAPITAL AND RESERVES					
Share capital	26		**825,329**		825,329
Reserves	27(a)		**208,235**		406,170
			1,033,564		1,231,499

Approved and authorised for issue by the board of directors on 15 April 2002

Joseph LEUNG Wing-kong
Chairman

James C. NG
Chief Executive Officer

The notes on pages 27 to 65 form part of these financial statements.

BALANCE SHEET

as at 31 December 2001
(Expressed in Hong Kong dollars)

	Note	2001		2000	
		$'000	**$'000**	$'000	$'000
Non-current assets					
Fixed assets					
- Investment properties			**3,600**		4,000
- Other property and equipment			**120,002**		120,040
	12(b)		**123,602**		124,040
Interest in subsidiaries	13		**188,077**		569,825
Interest in associates	14		**4,436**		6,366
Other non-current financial assets	16		**—**		225,937
			316,115		926,168
Current assets					
Short term investments	17	**161,558**		102,892	
Trade and other receivables		**2,434**		16,777	
Pledged deposits	19	**47,536**		109,098	
Cash and bank balances		**551,748**		787,267	
		763,276		1,016,034	
Current liabilities					
Bank loans and overdrafts					
- secured	20	**—**		237	
Trade and other payables		**1,860**		1,575	
Amounts due to subsidiaries		**14,167**		40,132	
Convertible bonds	23	**—**		167,046	
		16,027		208,990	
Net current assets			**747,249**		807,044
NET ASSETS			**1,063,364**		1,733,212
CAPITAL AND RESERVES					
Share capital	26		**825,329**		825,329
Reserves	27(b)		**238,035**		907,883
			1,063,364		1,733,212

Approved and authorised for issue by the board of directors on 15 April 2002

Joseph LEUNG Wing-kong
Chairman

James C. NG
Chief Executive Officer

The notes on pages 27 to 65 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2001
(Expressed in Hong Kong dollars)

	Note	2001		2000	
		$'000	**$'000**	$'000	$'000
Net cash inflow from operating activities	28(a)		**64,614**		43,941
Returns on investments and servicing of finance					
Interest paid		**(5,486)**		(11,408)	
Dividends received from associates		**262**		1,268	
Net cash outflow from returns on investments and servicing of finance			**(5,224)**		(10,140)
Taxation					
Hong Kong profits tax refund		**—**		168	
Overseas tax paid		**(249)**		(491)	
Tax paid			**(249)**		(323)
Investing activities					
Payment for purchase of property and equipment		**(4,616)**		(13,101)	
Payment for purchase of investments in securities		**(105,635)**		(96,601)	
Deposits paid in respect of acquisitions of securities		**(34,154)**		—	
Payment for purchase of licence rights		**—**		(28,925)	
Loans repaid by associates		**3,412**		598	
New loans to jointly controlled entities		**(9,326)**		(26,815)	
Proceeds from sale of property and equipment		**47**		56	
Proceeds from sale of a subsidiary		**—**		7,765	
Proceeds from sale of investments in securities		**72**		935	
Net cash outflow from investing activities			**(150,200)**		(156,088)
Net cash outflow before financing carried forward			**(91,059)**		(122,610)

	Note	**2001**		2000	
		$'000	***$'000***	*$'000*	*$'000*
Net cash outflow before financing brought forward			**(91,059)**		(122,610)
Financing					
Issue of ordinary shares	28(b)	**—**		885,418	
Expenses incurred in issue of shares	28(b)	**—**		(20,157)	
Redemption of debentures	28(b)	**(2,370)**		(60)	
Redemption of convertible bonds	28(b)	**(167,046)**		—	
Decrease/(increase) in pledged deposits	28(b)	**61,773**		(4,271)	
Net cash (outflow)/inflow from financing			**(107,643)**		860,930
(Decrease)/increase in cash and cash equivalents			**(198,702)**		738,320
Effect of foreign exchange rates			**1,547**		(366)
Cash and cash equivalents at 1 January			**806,885**		68,931
Cash and cash equivalents at 31 December			**609,730**		806,885
Analysis of the balances of cash and cash equivalents					
Cash and bank balances			**609,736**		810,434
Pledged deposits			**46,680**		46,590
Bank overdrafts and loans repayable within three months			**(46,686)**		(50,139)
			609,730		806,885

The notes on pages 27 to 65 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost modified by the revaluation of investment properties and land and buildings, and the marking to market of certain investments in securities.

(c) Subsidiaries and controlled entities

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Group has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(j)).

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over the economic activity of the entity.

1 **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(d) Associates and jointly controlled entities (continued)

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The consolidated income statement reflects the Group's share of the post-acquisition results of the associates and jointly controlled entities for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(e).

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the income statement.

In the Company's balance sheet, its investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 1(j)).

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired. In respect of controlled subsidiaries:

— for acquisitions before 1 January 2001, positive goodwill is eliminated against reserves and is reduced by impairment losses (see note 1(j)); and

— for acquisitions on or after 1 January 2001, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses (see note 1(j)).

In respect of acquisition of associates and jointly controlled entities, positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life. The cost of positive goodwill less any accumulated amortisation and any impairment losses (see note 1(j)) is included in the carrying amount of the interest in associates or jointly controlled entities.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill (continued)

Negative goodwill arising on acquisition of controlled subsidiaries, associates and jointly controlled entities represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition. Negative goodwill is accounted for as follows:

— for acquisitions before 1 January 2001, negative goodwill is credited to a capital reserve; and

— for acquisitions on or after 1 January 2001, to the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the consolidated income statement.

In respect of any negative goodwill not yet recognised in the consolidated income statement:

— for controlled subsidiaries, such negative goodwill is shown in the consolidated balance sheet as a deduction from assets in the same balance sheet classification as positive goodwill; and

— for associates and jointly controlled entities, such negative goodwill is included in the carrying amount of the interests in associates or jointly controlled entities.

On disposal of a controlled subsidiary, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

(f) Other investments in securities

The Group's and the Company's policies for investments in securities other than investments in subsidiaries, associates and jointly controlled entities are as follows:

(i) Investments held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less any provisions for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement, such provisions being determined for each investment individually.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Other investments in securities (continued)

(ii) Provisions against the carrying value of investment securities are written back when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

(iii) All other securities (whether held for trading or otherwise) are stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement as they arise. Securities are presented as short term investments when they were acquired principally for the purpose of generating a profit from short term fluctuations in price.

(iv) Profits or losses on disposal of investments in securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

(g) Fixed assets

(i) Fixed assets are carried in the balance sheet on the following bases:

— investment properties with an unexpired lease term of more than 20 years are stated in the balance sheet at their open market value which is assessed annually by external qualified valuers;

— land and buildings held for own use are stated in the balance sheet at their revalued amount, being their open market value at the date of revaluation less any subsequent accumulated depreciation (see note 1(i)). Revaluations are performed by qualified valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date; and

— plant, machinery and other fixed assets are stated in the balance sheet at cost less accumulated depreciation (see note 1(i)) and impairment losses (see note 1(j)).

(ii) Changes arising on the revaluation of investment properties and land and buildings held for own use are generally dealt with in reserves. The only exceptions are as follows:

— when a deficit arises on revaluation, it will be charged to the income statement if, and to the extent that, it exceeds the amount held in the reserve in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, immediately prior to the revaluation; and

— when a surplus arises on revaluation, it will be credited to the income statement if, and to the extent that, a deficit on revaluation in respect of that same asset, or, solely in the case of investment properties, the portfolio of investment properties, had previously been charged to the income statement.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Fixed assets (continued)

(iii) Subsequent expenditure relating to a fixed asset that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of a fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal. On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment properties revaluation reserve is also transferred to the income statement for the year. For land and buildings, any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(h) Leased assets

Leases of assets under which the lessee assumes substantially all the risks and benefits of ownership are classified as finance leases. Leases of assets under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases.

Where the Group has the use of assets under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Amortisation and depreciation

(i) No depreciation is provided on investment properties with an unexpired lease term of over 20 years or on freehold land.

(ii) Depreciation is calculated to write off the cost or valuation of other fixed assets over their estimated useful lives as follows:

— leasehold land and buildings are depreciated on a straight-line basis over the remaining term of the lease;

— other fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of remaining term of the lease and 5 - 6 years
Furniture, fixtures and equipment	3 - 6 years
Communications equipment	6 years
Motor vehicles	3 years

(j) Impairment of assets

The following assets are reviewed at each balance sheet date for any indications of impairment and/or to evaluate the appropriateness of any impairment loss provision previously made:

— property, plant and equipment (other than properties carried at revalued amounts);

— investments in subsidiaries, associates and jointly controlled entities; and

— goodwill (whether taken initially to reserves or recognised as an asset).

If any such indication exists, impairment loss is recognised to the extent of the excess of the carrying amount over its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (continued)

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Cash equivalents

Cash equivalents are short-term, highly liquid investments which are readily convertible into known amounts of cash without notice and which were within three months of maturity when acquired. For the purposes of the cash flow statement, cash equivalents would also include bank overdrafts and advances from banks repayable within three months from the date of the advance.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Telecommunications and data bureau services

Revenue from telecommunications and data bureau services, comprising proprietary services and carrier operations, are recognised when the services are rendered on the basis of traffic statistics agreed with international telecommunications carriers to the extent of the amounts expected to be received.

Revenue received from certain international telecommunications carriers is subject to clawback arrangements, whereby the originating/transit international telecommunications carriers may clawback amounts previously paid if subsequently they do not receive the corresponding payments from the end customers/other intermediate carriers respectively. Actual and potential clawbacks are taken into consideration in calculating the amount of revenue to be recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(ii) Recreational club operation

Entrance fees are recognised when the application for club membership is accepted and no significant uncertainty as to collectability exists. Annual subscription fees are recognised over the relevant period of the membership. Revenue from the provision of club facilities, catering and other services is recognised when goods are delivered or services are rendered.

(iii) Consulting and other services

Revenue from the provision of consulting and other services is recognised when the relevant services have been provided and the Group's right to receive payment is established.

(iv) Dividends

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(p) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the income statement.

The results and balance sheet items of foreign enterprises are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

On disposal of a foreign enterprise, the cumulative amount of exchange differences which relates to that foreign enterprise is included in the calculation of the profit or loss on disposal.

(q) Retirement costs

Contributions to the Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and defined contribution provident fund scheme and retirement costs in respect of overseas employees according to local requirements are charged to the income statement when incurred.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidated process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

2 TURNOVER

The principal activities of the Group are provision of telecommunications services, provision of data bureau services, operation of recreational clubs, and investment holding. The amount of each significant category of revenue recognised in turnover is as follows:

	2001	2000
	$'000	$'000
Telecommunications and data bureau services	**349,980**	784,174
Recreational club operation	**26,937**	27,585
Dividend income	**6,656**	8,658
Interest income	**35,877**	57,061
e-commerce enabling technologies	**—**	691
	419,450	878,169

3 OTHER REVENUE/OTHER NET LOSS

	2001	2000
	$'000	$'000
Other revenue		
Consulting services fees	**10,000**	—
Others	**709**	945
	10,709	945
Other net loss		
Net realised and unrealised loss on investments in securities	**174,797**	108,177
Additional consideration received from disposal of a subsidiary in prior year	**—**	(7,765)
Net loss on disposal of fixed assets	**2,409**	1,989
Others	**(52)**	—
	177,154	102,401

4 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

	2001	2000
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans and overdrafts	**2,826**	6,033
Factoring fees	**191**	2,025
Interest on convertible bonds	**2,469**	3,350
	5,486	11,408
(b) Other items:		
Cost of inventories sold	**3,757**	4,622
Depreciation	**13,961**	28,150
Auditors' remuneration	**1,232**	1,228
Amortisation of licence rights	**—**	7,615
Staff costs, including directors' remuneration (including retirement costs of $1,344,000 (2000: $473,000))	**54,505**	67,971
Exchange loss	**313**	3,712
Deficit on revaluation of investment properties	**400**	1,000
Deficit on revaluation of land and buildings	**16,058**	52,961
Operating lease charges on land and buildings	**5,984**	2,888
Provision for impairment of licence rights	**—**	21,310
Provision for diminution in value of and non-recoverable amounts due from associates	**1,707**	5,563
Provision for diminution in value of and non-recoverable amounts due from jointly controlled entities	**2,904**	15,274
Provision for non-recoverable deposits and other receivables	**4,705**	13,628
Impairment loss on fixed assets	**198**	—

5 TAXATION

(a) Taxation in the consolidated income statement represents:

	2001	2000
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	—	342
Over-provision in respect of prior years	**(373)**	(2,121)
	(373)	(1,779)
Overseas taxation	**215**	412
(Over)/under-provision in respect of prior years	**(244)**	105
Deferred taxation (note 25(a))	**(1,220)**	1,026
	(1,622)	(236)

No provision for Hong Kong Profits Tax has been made for the year as the Group did not earn profit subject to Hong Kong Profits Tax during 2001. The provision for Hong Kong Profits Tax for 2000 is calculated at 16% of the estimated assessable profits for the year ended 31 December 2000. Overseas taxation is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Taxation in the balance sheet represents:

	The Group	
	2001	2000
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	—	342
Provision for overseas taxation	**215**	412
Overseas tax paid	**(249)**	(491)
Balance of tax provision relating to prior years	**5,495**	5,835
	5,461	6,098

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2001	2000
	$'000	*$'000*
Fees	**152**	269
Other emoluments paid to executive directors:		
— Salaries and other emoluments	**5,997**	5,436
— Retirement scheme contributions	**48**	25
	6,197	5,730

Included in the directors' remuneration were fees of $40,000 (2000: $160,000) paid to independent non-executive directors during the year.

In addition to the above emoluments, certain directors were granted share options under the Company's share option scheme approved in 1997. In the absence of a ready market for the options granted on the shares of the Company, the directors are unable to arrive at an accurate assessment of the value of the options granted to the respective directors. No options were granted or exercised during the year.

The remuneration of the directors is within the following bands:

	2001	2000
	Number of directors	Number of directors
$Nil - $1,000,000	**6**	8
$1,000,001 - $1,500,000	**2**	2
$1,500,001 - $2,000,000	**—**	1
$2,500,001 - $3,000,000	**1**	—

In the year ended 31 December 2001, none of the directors waived directors' fees (2000: one director waived $13,000).

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2000: 2) are directors whose emoluments are disclosed in note 6. The aggregate of the emoluments in respect of the other 2 (2000: 3) individuals are as follows:

	2001	2000
	$'000	*$'000*
Salaries and other emoluments	**3,120**	4,886
Retirement scheme contributions	**12**	—
	3,132	4,886

The emoluments of the 2 (2000: 3) individuals with the highest emoluments are within the following bands:

	2001	2000
	Number of individuals	Number of individuals
$1,500,001 - $2,000,000	**2**	3

8 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The consolidated loss attributable to shareholders includes a loss of $669,848,000 (2000: $237,502,000) which has been dealt with in the financial statements of the Company.

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to shareholders of $197,696,000 (2000 (restated): loss of $677,621,000) and the weighted average of 1,650,658,000 ordinary shares (2000: 1,489,514,000 shares) in issue during the year.

(b) Diluted loss per share

The diluted loss per share for the years ended 31 December 2001 and 2000 is the same as the basic loss per share as the exercise of outstanding share options and the conversion of the convertible bonds in full would have an anti-dilutive effect on the loss per share.

10 IMPAIRMENT LOSS ON GOODWILL

Following the requirements of Statement of Standard Accounting Practice 31 "Impairment of Assets", the directors have assessed the recoverable amount of the goodwill and consider that there was an impairment loss of $473,061,000 as at 31 December 2000, which has been recognised as an expense in the consolidated income statement for the year ended 31 December 2000 as a prior year adjustment, according to the transitional provisions under Statement of Standard Accounting Practice 30 "Business Combinations". Consequently the Group's loss for the year ended 31 December 2000 has been increased by $473,061,000. The Group's net assets at 31 December 2001 and 2000 are not affected as the goodwill has already been set-off against reserves in prior years.

11 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Telecommunications and data bureau services: the provision of telecommunications services and data bureau services

Recreational club operation: the provision of recreational facilities and catering services

Investment holding and trading of securities: the holding and trading of investments for short term and long term investment returns

e-commerce enabling technologies: the provision of e-commerce enabling technologies

11 SEGMENT REPORTING (CONTINUED)

Business segments (continued)

	Telecommunications and data bureau services		Recreational club operation		Investment holding and trading of securities		e-commerce enabling technologies		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000 restated
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover from external customers	**349,980**	784,174	**26,937**	27,585	**42,533**	65,719	**—**	691	**419,450**	878,169
Other revenue	**199**	605	**291**	169	**180**	171	**10,039**	—	**10,709**	945
Segment revenue	**350,179**	784,779	**27,228**	27,754	**42,713**	65,890	**10,039**	691	**430,159**	879,114
Segment result	**(5,305)**	42,564	**(13,123)**	(25,179)	**(137,974)**	59,938	**(11,934)**	(201,832)	**(168,336)**	(124,509)
Other group expenses									**(3,016)**	(12,134)
Deficit on revaluation of land and buildings									**(16,058)**	(52,961)
Deficit on revaluation of investment properties									**(400)**	(1,000)
Loss from operations									**(187,810)**	(190,604)
Finance costs									**(5,486)**	(11,408)
Share of profit less losses of associates	**315**	(432)	**—**	—	**90**	(20)	**—**	—	**405**	(452)
Share of losses of jointly controlled entities	**—**	—	**—**	—	**—**	—	**(6,427)**	(11,541)	**(6,427)**	(11,541)
Impairment loss on goodwill									**—**	(473,061)
Taxation									**1,622**	236
Minority interests									**—**	9,209
Loss attributable to shareholders									**(197,696)**	(677,621)

11 SEGMENT REPORTING (CONTINUED)

Business segments (continued)

	Telecommunications and data bureau services		Recreational club operation		Investment holding and trading of securities		e-commerce enabling technologies		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Depreciation and amortisation for the year	**6,093**	6,354	**6,671**	20,552	**10**	46	**1,187**	8,813	**13,961**	35,765
Impairment loss for the year	**—**	—	**—**	—	**—**	—	**198**	21,309	**198**	21,309
Significant non-cash expenses (other than depreciation and amortisation)	**2,875**	7,534	**—**	—	**174,815**	5,907	**4,137**	117,589	**181,827**	131,030
Segment assets	**156,386**	124,875	**174,458**	198,102	**856,279**	1,244,707	**2,001**	15,915	**1,189,124**	1,583,599
Interest in associates and jointly controlled entities	**—**	3,133	**—**	—	**4,636**	6,476	**—**	—	**4,636**	9,609
Unallocated assets									**3,600**	4,000
Total assets									**1,197,360**	1,597,208
Segment liabilities	**75,472**	91,650	**32,730**	34,130	**2,062**	1,575	**1,290**	13,759	**111,554**	141,114
Unallocated liabilities									**52,242**	224,595
Total liabilities									**163,796**	365,709
Capital expenditure incurred during the year:										
— in respect of investments	**54,460**	—	**—**	—	**85,329**	228,900	**—**	125,525	**139,789**	354,425
— in respect of fixed assets	**4,017**	5,456	**406**	1,719	**76**	17	**117**	5,909	**4,616**	13,101
	58,477	5,456	**406**	1,719	**85,405**	228,917	**117**	131,434	**144,405**	367,526

11 SEGMENT REPORTING (CONTINUED)

Geographical segments

The Group's business is conducted on a worldwide basis, in six principal economic environments.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong SAR		PRC (excluding Hong Kong SAR)		Japan		Other Asia Pacific regions		Europe		North America		Others		Consolidated	
	2001	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**70,679**	95,541	**2,583**	2,704	**139,371**	292,981	**29,783**	20,833	**104,229**	227,515	**64,698**	204,934	**8,107**	33,661	**419,450**	878,169
Segment assets	**990,425**	1,471,231	**87,803**	71,275	**—**	—	**35,813**	8,314	**1,136**	21,118	**79,242**	9,983	**2,941**	15,287	**1,197,360**	1,597,208
Capital expenditure incurred during the year:																
— in respect of investments	**—**	228,900	**34,154**	—	**—**	—	**30,000**	—	**—**	—	**75,635**	125,525	**—**	—	**139,789**	354,425
— in respect of fixed assets	**3,902**	11,774	**14**	337	**—**	—	**631**	436	**69**	256	**—**	—	**—**	298	**4,616**	13,101
	3,902	240,674	**34,168**	337	**—**	—	**30,631**	436	**69**	256	**75,635**	125,525	**—**	298	**144,405**	367,526

12 FIXED ASSETS

(a) The Group

	Land and buildings $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Communications equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:								
At 1 January 2001	192,911	2,644	21,966	40,495	2,502	260,518	4,000	264,518
Exchange adjustments	—	5	(116)	(2,514)	(29)	(2,654)	—	(2,654)
Additions	—	1,880	1,446	523	767	4,616	—	4,616
Deficit on revaluation	(22,911)	—	—	—	—	(22,911)	(400)	(23,311)
Disposals	—	(1,351)	(7,322)	(866)	(750)	(10,289)	—	(10,289)
At 31 December 2001	**170,000**	**3,178**	**15,974**	**37,638**	**2,490**	**229,280**	**3,600**	**232,880**
Representing:								
Cost	—	3,178	15,974	37,638	2,490	59,280	—	59,280
Valuation - 31 December 2001	170,000	—	—	—	—	170,000	3,600	173,600
	170,000	**3,178**	**15,974**	**37,638**	**2,490**	**229,280**	**3,600**	**232,880**
Aggregate amortisation and depreciation:								
At 1 January 2001	1,087	999	16,377	22,214	2,192	42,869	—	42,869
Exchange adjustments	—	2	(110)	(1,300)	(30)	(1,438)	—	(1,438)
Charge for the year	5,766	534	2,189	5,117	355	13,961	—	13,961
Written back on revaluation	(6,853)	—	—	—	—	(6,853)	—	(6,853)
Written back on disposals	—	(257)	(6,505)	(321)	(750)	(7,833)	—	(7,833)
Impairment loss	—	—	—	198	—	198	—	198
At 31 December 2001	**—**	**1,278**	**11,951**	**25,908**	**1,767**	**40,904**	**—**	**40,904**
Net book value:								
At 31 December 2001	**170,000**	**1,900**	**4,023**	**11,730**	**723**	**188,376**	**3,600**	**191,976**
At 31 December 2000	191,824	1,645	5,589	18,281	310	217,649	4,000	221,649

12 FIXED ASSETS (CONTINUED)

(b) The Company

	Land and buildings $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Sub-total $'000	Investment properties $'000	Total $'000
Cost or valuation:						
At 1 January 2001	120,000	2,124	526	122,650	4,000	126,650
Deficit on revaluation	—	—	—	—	(400)	(400)
Disposals	—	(2,121)	(526)	(2,647)	—	(2,647)
At 31 December 2001	**120,000**	**3**	**—**	**120,003**	**3,600**	**123,603**
Representing:						
Cost	—	3	—	3	—	3
Valuation - 31 December 2001	120,000	—	—	120,000	3,600	123,600
	120,000	**3**	**—**	**120,003**	**3,600**	**123,603**
Aggregate amortisation and depreciation:						
At 1 January 2001	—	2,084	526	2,610	—	2,610
Charge for the year	2,526	11	—	2,537	—	2,537
Written back on revaluation	(2,526)	—	—	(2,526)	—	(2,526)
Written back on disposals	—	(2,094)	(526)	(2,620)	—	(2,620)
At 31 December 2001	**—**	**1**	**—**	**1**	**—**	**1**
Net book value:						
At 31 December 2001	**120,000**	**2**	**—**	**120,002**	**3,600**	**123,602**
At 31 December 2000	120,000	40	—	120,040	4,000	124,040

12 FIXED ASSETS (CONTINUED)

(c) The analysis of net book value of properties is as follows:

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
In Hong Kong under medium-term lease	**123,600**	125,824	**123,600**	124,000
In the People's Republic of China under medium-term lease	**50,000**	70,000	**—**	—
	173,600	195,824	**123,600**	124,000

Investment properties of the Group and the Company were revalued at 31 December 2001 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, on an open market value basis. The revaluation deficit of $400,000 (2000: $1,000,000) has been charged to the income statement.

The Group's and the Company's land and buildings held for own use were revalued at 31 December 2001 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, on an open market value basis. The net revaluation deficit of $16,058,000 for the Group was charged to the consolidated income statement (2000: deficit of $446,945,000, of which $365,467,000 was offset against revaluation reserve, $28,517,000 was absorbed by minority interests, and $52,961,000 was charged to the consolidated income statement). The revaluation surplus of $2,526,000 for the Company was credited to the income statement (2000: deficit of $271,583,000, of which $251,398,000 was offset against revaluation reserve and $20,185,000 was charged to the income statement).

The carrying amount of the land and buildings held for own use by the Group and the Company at 31 December 2001 would have been $143,956,000 (2000: $149,881,000) and $35,263,000 (2000: $36,038,000) respectively had they been carried at cost less accumulated depreciation.

13 INTEREST IN SUBSIDIARIES

	The Company	
	2001	2000
	$'000	*$'000*
Unlisted shares, at cost	**12,700**	12,700
Amounts due from subsidiaries	**1,005,071**	847,738
	1,017,771	860,438
Less: impairment loss	**(829,694)**	(290,613)
	188,077	569,825

Details of principal subsidiaries are shown in pages 63 and 64.

14 INTEREST IN ASSOCIATES

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Unlisted shares, at cost	**—**	—	**1**	1
Share of net assets	**2,288**	2,142	**—**	—
Amounts due from associates	**12,967**	16,379	**4,435**	6,365
	15,255	18,521	**4,436**	6,366
Less: impairment loss	**(10,619)**	(8,912)	**—**	—
	4,636	9,609	**4,436**	6,366

Details of principal associates are shown on page 65.

15 INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group	
	2001	2000
	$'000	*$'000*
Share of net liabilities	**(17,913)**	(11,541)
Amounts due from jointly controlled entities	**36,141**	26,815
	18,228	15,274
Less: impairment loss	**(18,228)**	(15,274)
	—	—

Details of principal jointly controlled entities are shown on page 65.

16 OTHER NON-CURRENT FINANCIAL ASSETS

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Investment securities				
Equity securities listed in Hong Kong	**—**	225,937	**—**	225,937
Equity securities listed outside Hong Kong	**2,236**	9,843	**—**	—
	2,236	235,780	**—**	225,937
Unlisted equity securities	**54,460**	—	**—**	—
	56,696	235,780	**—**	225,937
Other securities				
Equity securities listed in Hong Kong	**—**	2,481	**—**	—
Equity securities listed outside Hong Kong	**21,175**	—	**—**	—
	21,175	2,481	**—**	—
Unlisted equity securities	**30,000**	—	**—**	—
	51,175	2,481	**—**	—
	107,871	238,261	**—**	225,937
Market value of listed securities	**66,353**	238,210	**—**	225,937

17 SHORT TERM INVESTMENTS

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Trading securities (at market value)				
Equity securities listed in Hong Kong	**164,067**	102,892	**161,558**	102,892

Included in trading securities were ordinary shares of $2 each of China Motor Bus Company, Limited, which is incorporated in Hong Kong, as follows:

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Market value of ordinary shares of China Motor Bus Company, Limited	**136,990**	102,747	**136,171**	102,747
Proportion of ownership interest	**4.5%**	4.5%	**4.5%**	4.5%

18 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are deposits paid in respect of acquisition of equity interests in two companies, as disclosed in note 29(b).

Included in trade and other receivables are trade receivables (net of provisions for bad and doubtful debts) with the following ageing analysis:

	The Group	
	2001	2000
	$'000	*$'000*
0 - 1 month	**14,474**	45,206
2 - 3 months	**9,724**	27,371
Over 3 months	**1,945**	53
	26,143	72,630

The Group maintains a defined credit policy for its trade customers and the credit terms given vary according to the business activities. The financial strengths of and the period of business with individual customers are considered in arriving at respective credit terms. Reviews of major receivables are conducted regularly.

19 PLEDGED DEPOSITS

Pledge of the Company's fixed deposits of US$6,110,000 (2000: US$14,050,000) and corporate guarantees were given to bankers to secure short term loans, bank overdrafts and factoring facilities to the extent of US$11,600,000 (2000: US$22,050,000).

20 BANK LOANS AND OVERDRAFTS - SECURED

	The Group		**The Company**	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Bank loans	**46,680**	49,418	**—**	—
Bank overdrafts	**6**	721	**—**	237
	46,686	50,139	**—**	237

The bank loans and overdrafts were secured by pledge of fixed deposits and were repayable on demand.

21 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of $67,541,000 (2000: $83,891,000). All trade payables are due within one month.

22 DEBENTURES

Each debenture holder is entitled to be a debenture member of the Hilltop Country Club (the "Club") subject to the Club Rules and By-laws for so long as the debentures shall remain outstanding, and has the right to use and enjoy all the facilities of the Club free from monthly subscription. At 31 December 2001, the Group's debentures were redeemable as follows:

	The Group	
	2001	2000
	$'000	*$'000*
Within one year	**11,410**	4,060
In the second year	**4,440**	11,290
In the third to fifth year	**2,110**	4,980
	17,960	20,330
Current liabilities	**11,410**	4,060
Non-current liabilities	**6,550**	16,270
	17,960	20,330

All redeemable debentures of $60,000 and $250,000 may be renewed every 5 years and debentures of $40,000 may be renewed every 3 years thereafter upon the Club's prior consent.

23 CONVERTIBLE BONDS

All convertible bonds carried interest at 2% per annum payable in arrears and carried the right to convert the outstanding principal amount of the bonds into the Company's ordinary shares at any time following the date of issue of the bonds at a conversion price of $1 per share.

All convertible bonds were redeemed during 2001 at the outstanding principal amount of the bonds together with interest accrued thereon.

24 OTHER LOANS - UNSECURED

The loans are due to a minority shareholder of a subsidiary, and are unsecured, interest free and repayable on demand.

25 DEFERRED TAXATION

(a) Movements on deferred taxation comprise:

	The Group	
	2001	2000
	$'000	*$'000*
At 1 January	**1,312**	286
Exchange difference	**3**	—
Transfer (to)/from the income statement (note 5(a))	**(1,220)**	1,026
At 31 December	**95**	1,312

(b) Major components of deferred tax (assets)/liabilities of the Group are set out below:

	2001		2000	
	Provided	**Potential liabilities/ (assets) unprovided**	Provided	Potential liabilities/ (assets) unprovided
	$'000	***$'000***	*$'000*	*$'000*
Depreciation allowances in excess of related depreciation	**175**	**1,388**	1,312	688
Tax losses	**(80)**	**(32,139)**	—	(33,595)
	95	**(30,751)**	1,312	(32,907)

(c) Major components of deferred tax assets of the Company are set out below:

	2001		2000	
	Provided	**Potential liabilities/ (assets) unprovided**	Provided	Potential liabilities/ (assets) unprovided
	$'000	***$'000***	*$'000*	*$'000*
Depreciation allowances in excess of related depreciation	**—**	**—**	—	249
Tax losses	**—**	**(14,880)**	—	(18,983)
	—	**(14,880)**	—	(18,734)

26 SHARE CAPITAL

	2001		2000	
	No. of shares *('000)*	***$'000***	No. of shares *('000)*	*$'000*
Authorised:				
Ordinary shares of $0.50 each	**2,000,000**	**1,000,000**	2,000,000	1,000,000
Issued and fully paid:				
At 1 January	**1,650,658**	**825,329**	1,248,960	624,480
Issue for acquisition of an investment	**—**	**—**	163,500	81,750
Share placement	**—**	**—**	235,000	117,500
Exercise of share options	**—**	**—**	3,198	1,599
At 31 December	**1,650,658**	**825,329**	1,650,658	825,329

At 31 December 2001, the outstanding options were:

Date of grant	**Exercise price**	**Number of options outstanding at the year end**
11 October 1999	$1.528	4,936,000
22 October 1999	$1.530	300,000
1 December 1999	$1.804	144,000
20 December 1999	$2.316	800,000
27 March 2000	$1.900	1,950,000
1 August 2000	$0.630	576,000
1 September 2000	$0.694	50,000
18 September 2000	$0.670	500,000

These share options are exercisable before 29 December 2007.

The exercise in full of the remainder of the share options would, under the present capital structure of the Company, result in the issue of 9,256,000 additional ordinary shares of $0.50 each at a total consideration of approximately $14,551,000.

27 RESERVES

(a) The Group

	Revaluation reserve $'000	Share premium $'000	Capital redemption reserve $'000	Exchange reserve $'000	Goodwill reserve $'000	Accumulated losses $'000	Total $'000
At 1 January 2000	365,467	296,409	478	607	(501,862)	(77,437)	83,662
Issue for acquisition of an investment	—	147,150	—	—	—	—	147,150
Share placement	—	763,750	—	—	—	—	763,750
Exercise of share options	—	2,569	—	—	—	—	2,569
Share issue expenses	—	(20,157)	—	—	—	—	(20,157)
Deficit on revaluation	(365,467)	—	—	—	—	—	(365,467)
Exchange differences	—	—	—	422	—	—	422
Net goodwill on consolidation	—	—	—	—	(1,199)	—	(1,199)
Impairment loss on goodwill	—	—	—	—	473,061	—	473,061
Loss for the year	—	—	—	—	—	(677,621)	(677,621)
At 31 December 2000	—	1,189,721	478	1,029	(30,000)	(755,058)	406,170
At 1 January 2001							
— as previously reported	—	1,189,721	478	1,029	(503,061)	(281,997)	406,170
— prior year adjustment *(note 10)*	—	—	—	—	473,061	(473,061)	—
— as restated	—	1,189,721	478	1,029	(30,000)	(755,058)	406,170
Exchange differences	—	—	—	(239)	—	—	(239)
Loss for the year	—	—	—	—	—	(197,696)	(197,696)
At 31 December 2001	**—**	**1,189,721**	**478**	**790**	**(30,000)**	**(952,754)**	**208,235**

The accumulated losses of the Group include profit of $200,000 (2000: profit $110,000) retained by associates.

27 RESERVES (CONTINUED)

(b) The Company

	Revaluation reserve *$'000*	Share premium *$'000*	Capital redemption reserve *$'000*	Accumulated losses *$'000*	Total *$'000*
At 1 January 2000	251,398	296,409	478	(44,814)	503,471
Issue for acquisition of an investment	—	147,150	—	—	147,150
Share placement	—	763,750	—	—	763,750
Exercise of share options	—	2,569	—	—	2,569
Share issue expenses	—	(20,157)	—	—	(20,157)
Deficit on revaluation	(251,398)	—	—	—	(251,398)
Loss for the year	—	—	—	(237,502)	(237,502)
At 31 December 2000	—	1,189,721	478	(282,316)	907,883
At 1 January 2001	—	1,189,721	478	(282,316)	907,883
Loss for the year	—	—	—	(669,848)	(669,848)
At 31 December 2001	**—**	**1,189,721**	**478**	**(952,164)**	**238,035**

28 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of loss before taxation to net cash inflow from operating activities:

	2001	2000 restated
	$'000	$'000
Loss before taxation	**(199,318)**	(687,066)
Impairment loss on goodwill	**—**	473,061
Depreciation	**13,961**	28,150
Amortisation of licence rights	**—**	7,615
Share of results of associates	**(405)**	452
Share of results of jointly controlled entities	**6,427**	11,541
Interest expenses	**5,486**	11,408
Loss on disposal of property and equipment	**2,409**	1,989
Gain on disposal of a subsidiary in prior year	**—**	(7,765)
Loss/(gain) on disposal of investments in securities	**19**	(105)
Deficit on revaluation of land and buildings	**16,058**	52,961
Deficit on revaluation of investment properties	**400**	1,000
Provision for diminution in value of investments in securities	**174,778**	108,177
Provision for diminution in value of and non-recoverable amounts due from associates	**1,707**	5,563
Provision for diminution in value of and non-recoverable amounts due from jointly controlled entities	**2,907**	15,274
Provision for impairment of licence rights	**—**	21,310
Provision for impairment of fixed assets	**198**	—
Decrease in inventories	**134**	52
Decrease in trade and other receivables	**67,747**	30,024
Decrease in trade and other payables	**(27,199)**	(30,298)
Foreign exchange	**(695)**	598
Net cash inflow from operating activities	**64,614**	43,941

28 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Analysis of changes in financing:

	Share capital (including premium)	Debentures	Other loans	Convertible bonds	Pledged deposits
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
At 1 January 2000	920,889	20,390	5,178	167,046	(58,005)
Increase in issue	885,418	—	—	—	—
Expenses on new issue	(20,157)	—	—	—	—
Increase in pledged deposits	—	—	—	—	(4,271)
Redemption of debentures	—	(60)	—	—	—
Shares issued for non-cash consideration	228,900	—	—	—	—
Effect of foreign exchange	—	—	20	—	(232)
At 31 December 2000	2,015,050	20,330	5,198	167,046	(62,508)
At 1 January 2001	2,015,050	20,330	5,198	167,046	(62,508)
Redemption of debentures	—	(2,370)	—	—	—
Redemption of convertible bonds	—	—	—	(167,046)	—
Decrease in pledged deposits	—	—	—	—	61,773
Effect of foreign exchange	—	—	9	—	(121)
At 31 December 2001	**2,015,050**	**17,960**	**5,207**	**—**	**(856)**

29 COMMITMENTS

(a) Operating lease commitments

At 31 December 2001, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Company	
	2001	2000	**2001**	2000
	$'000	*$'000*	***$'000***	*$'000*
Within 1 year	**2,967**	2,314	**2,640**	—
After 1 year but within 5 years	**1,050**	170	**880**	—
After 5 years	**—**	141	**—**	—
	4,017	2,625	**3,520**	—

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

(b) Acquisition of equity interests

A wholly-owned subsidiary of the Company entered into an agreement with a software development company based in the People's Republic of China ("PRC"), to acquire 20% of the enlarged share capital of the software development company at a consideration of RMB28,000,000 ($26,374,000) which was remitted before 31 December 2001. Upon the completion of the acquisition in January 2002, the software development company became an associate of the Group.

Another wholly-owned subsidiary of the Company entered into a subscription agreement with a PRC based company specialising in the development of electronic payment systems, to acquire 666,667 shares (representing approximately 7% of the enlarged share capital) of the investee company for a consideration of US$1,000,000 ($7,780,000). An amount equivalent to the purchase consideration was paid into an escrow account before 31 December 2001. Closing of the acquisition is subject to satisfactory completion of the due diligence exercise and other closing conditions.

29 COMMITMENTS (CONTINUED)

(c) Other commitments

As at 31 December 2001, the Company, acting on behalf of the Hill Top Country Club Limited, was party to a co-operative joint venture agreement with a PRC joint venture partner in respect of the Shanghai Hilltop Country Club Limited ("SHCCL"). According to the terms of the co-operative joint venture agreement, the Company committed to pay the PRC joint venture partner any shortfall in the profit distributed by SHCCL to the PRC joint venture partner below the amount of US$268,000 ($2,085,000) per annum from 2000 up to 2022. As at 31 December 2001, the aggregate of the maximum amount payable by the Company to the PRC joint venture partner up to 27 December 2022 in excess of the amount provided for in these financial statements amounted to US$5,628,000 ($43,786,000).

30 CONTINGENT LIABILITIES

At 31 December 2001, there were contingent liabilities in respect of the following:

(a) In November 2000, a telecommunications carrier served a notice of arbitration on a subsidiary in respect of various services provided to the subsidiary in connection with the transit of telecommunications traffic. On 31 October 2001, the arbitrator (appointed by American Arbitration Association) ruled against the subsidiary and made an award of US$1,960,000 to the carrier, together with pre-award interest, arbitrator's fees and expenses, arbitration administrative fees and expenses, and interest thereon. The subsidiary does not have the funds available to pay the amounts awarded and there is uncertainty as to whether the award is enforceable against the subsidiary.

The Group is consulting its legal advisors and reviewing the merits of available options, including contesting the award, negotiating with the claimant, and/or whether to provide funding to the subsidiary to discharge any such liability in the event that it is enforceable. As it is not practicable at this stage to determine whether, and if so, the extent to which, any liability to the Group will ultimately become payable, no provision has been made in the financial statements in connection with the award.

(b) One of the telecommunications content providers of a subsidiary issued a letter through its solicitors in March 2002 claiming damages of US$1,500,000 from that subsidiary in relation to rate changes applied by that subsidiary for services delivered by the content provider. The claimant also disputes traffic volumes generated in the past and claims to have been underpaid by at least US$2,736,125.

Management is studying the allegations raised and is seeking legal advice on the subsidiary's legal rights and liabilities. To date, the basis of the claims has not been clearly specified and the Group is not aware of any legitimate grounds for such claims. In the meantime, no provision has been made in the financial statements in connection with these claims.

30 CONTINGENT LIABILITIES (CONTINUED)

(c) A dispute has arisen with regard to the terms of a strategic partner agreement between the Group and a joint venture partner. The joint venture partner alleges that the Company failed to fulfil its obligations in funding and in marketing the joint venture partner's products.

Although no formal legal proceedings have begun and there is no information regarding the amount of potential exposure, the Company has nevertheless obtained legal advice and has been advised that it has a good defence to the allegations. Therefore, no provision has been made in the financial statements in connection with these allegations.

(d) During the year ended 31 December 2001, the Company executed corporate guarantees as part of the security for general banking facilities granted to certain subsidiaries to the extent of US$11,600,000.

31 MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2001, the Company paid interest of $663,000 (2000: $Nil) in respect of convertible bonds held by a company controlled by a substantial shareholder of the Company. As at 31 December 2001, the amount of the Company's outstanding convertible bonds held by that company were $Nil (2000: $35,123,000).

During the year, the Company received interest income amounting to $398,000 (2000: $810,000) from an associated company.

On 27 April 2001, the Company entered into a tenancy agreement with a company controlled by a substantial shareholder of the Company. Rental expense paid and payable under the agreement during the year ended 31 December 2001 amounted to $1,218,000. The terms of the tenancy agreement are on an arm's length basis.

32 COMPARATIVE FIGURES

Certain comparative figures have been restated as a result of the adoption of Statement of Standard Accounting Practice 31 "Impairment of Assets" and the transitional provisions under Statement of Standard Accounting Practice 30 "Business Combinations" as discussed in note 10.

Comparative figures in respect of operating lease commitments in note 29(a) have been restated as a result of the adoption of Statement of Standard Accounting Practice 14 "Leases".

Comparative figures for the analysis of other operating expenses and other revenue, in the consolidated income statement have been reclassified to conform with the current year's classification of income and expense items, and an additional line item in respect of other net loss has been added.

GROUP STRUCTURE

(a) The following is a list of the principal subsidiaries at 31 December 2001:

Name of company	Place of incorporation/ operation *	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	held by the Company	held by subsidiary	Principal activities
Asia Pacific Telecommunications Limited	Hong Kong	Ordinary HK$2,000	100%	—	100%	Provision of international telecommunications services
e-New Media Technology Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	100%	—	Investment holding
e-Media Telecom Limited (formerly e-New Media (Shenzhen) Limited)	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	Investment holding
ENM Investments Limited (name changed from Digital Information Services Limited to e-New Media Investments Limited and further changed to ENM Investments Limited)	Cayman Islands/ Hong Kong	Ordinary US$1	100%	100%	—	Investment holding
Hill Top Country Club Limited	Hong Kong	Ordinary HK$10,000,000	100%	100%	—	Club management
Inasia.com Limited	Hong Kong	Ordinary HK$2,500,000	100%	—	100%	Telecommunications business
Lion Dragon Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	Investment holding
New Media (Aust) Pty Limited	Australia	Ordinary A$100	100%	—	100%	Engineering support services
New Media Corporation	Cayman Islands/ Hong Kong	Ordinary US$2,227,280	100%	—	100%	Investment holding
New Media Telecom Asia Limited	Taiwan	Ordinary N$2,000,000	100%	—	100%	Data bureau services

* where different from the place of incorporation

(a) The following is a list of the principal subsidiaries at 31 December 2001: (continued)

Name of company	Place of incorporation/ operation *	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	held by the Company	held by subsidiary	Principal activities
New Media Telecom (Singapore) Pte Limited (formerly Media Partners Asia Pte Limited)	Singapore	Ordinary SGD100,000	100%	—	100%	Telecommunications business
Richtime Management Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	Investment holding
Shanghai Hilltop Country Club Limited	The People's Republic of China	US$7,200,000	80%	—	80%	Club management
Ventures Triumph Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	—	100%	Investment holding
Voice Information Systems Limited	Hong Kong	Ordinary "A", HK$3,000,000 Ordinary "B", HK$2,000,000	100%	—	100%	Bureau services

* where different from the place of incorporation

(b) The following is a list of the principal associates at 31 December 2001:

Name of Company	Place of incorporation	Attributable equity interest held by the Group	Principal activities
Acorn Management SA	British Virgin Islands	30%	Information services
Alpha Sky Limited	Hong Kong	40%	Information services
Ventile Investments Limited	British Virgin Islands	35%	Provision of finance

(c) The following is a list of the principal jointly controlled entities at 31 December 2001:

Name of Company	Place of incorporation	Attributable equity interest held by the Group	Principal activities
e-Brilliant Company Limited	Cayman Islands	50%	Investment holding
e-Brilliant Pte Limited	Singapore	50%	Production and distribution of 3D animation content for the internet and other multimedia application

FIVE YEAR SUMMARY

(Expressed in Hong Kong dollars)

RESULTS

	Year ended 31 March 1998	Year ended 31 March 1999	9 months ended 31 December 1999	Year ended 31 December 2000 restated *(Note)*	**Year ended 31 December 2001**
	$'000	*$'000*	*$'000*	*$'000*	***$'000***
Turnover	100,479	52,670	223,176	878,169	**419,450**
Loss from operations	(48,427)	(54,628)	(248)	(190,604)	**(187,810)**
Finance costs	(1,514)	(2,048)	(6,473)	(11,408)	**(5,486)**
Share of results of associates	(35)	14	6	(452)	**405**
Share of results of jointly controlled entities	—	—	—	(11,541)	**(6,427)**
Impairment loss on goodwill	—	—	—	(473,061)	**—**
Loss before taxation	(49,976)	(56,662)	(6,715)	(687,066)	**(199,318)**
Taxation	(1,444)	141	(1,442)	236	**1,622**
Minority interests	92	—	2,721	9,209	**—**
Loss attributable to shareholders	(51,328)	(56,521)	(5,436)	(677,621)	**(197,696)**
Dividends	10,664	—	—	—	**—**
Loss retained	(61,992)	(56,521)	(5,436)	(677,621)	**(197,696)**

Note:

Following the requirements of Statement of Standard Accounting Practice 31 "Impairment of Assets", the directors have performed an assessment of the fair value of its assets, including goodwill that had previously been eliminated against reserves, and have retrospectively restated the 2000 result for the impairment of goodwill arising from the acquisition of subsidiaries according to the transitional provisions of Statement of Standard Accounting Practice 30 "Business Combinations".

FIVE YEAR SUMMARY

(Expressed in Hong Kong dollars)

ASSETS AND LIABILITIES

	31 March 1998 $'000	31 March 1999 $'000	31 December 1999 $'000	31 December 2000 $'000	**31 December 2001 $'000**
Non-current assets	578,466	548,318	724,423	469,519	**304,483**
Net current assets	113,304	59,018	208,973	779,562	**735,726**
Total assets less current liabilities	691,770	607,336	933,396	1,249,081	**1,040,209**
Non-current liabilities	(16,100)	(19,340)	(187,482)	(17,582)	**(6,645)**
Minority interests	(11,691)	(11,353)	(37,772)	—	**—**
	663,979	576,643	708,142	1,231,499	**1,033,564**
Share capital	355,464	355,465	624,480	825,329	**825,329**
Reserves	308,515	221,178	83,662	406,170	**208,235**
	663,979	576,643	708,142	1,231,499	**1,033,564**