

The background is a solid blue color with several overlapping, semi-transparent circles of varying shades of blue. A bright lens flare is located on the left side, near the top. The text "Chairman's Statement" is centered in the middle of the page in a white, sans-serif font.

Chairman's Statement

Chairman's Statement

I have pleasure to present to shareholders the annual report of Star East ("the Company" or "Star East") and its subsidiaries ("the Group") for the year ended 31st March, 2001.

FINANCIAL REVIEW

The Group's consolidated turnover for the year ended 31st March, 2001 was approximately HK\$239 million, representing an increase of 241% against that of the last year of approximately HK\$70 million. The increase was mainly attributable to significant increase in revenue generated from (i) movies, television dramas and documentary production, distribution and licensing of approximately HK\$92 million; (ii) sales of marketable securities of approximately HK\$45 million; and (iii) theme restaurant operation and franchising of approximately HK\$40 million as a result of its expanded operations in the region through the acquisition of the entire interest in Planet Hollywood Asia Pte Ltd completed in November 2000.

Year 2000 was a period of progression for the Group to achieve its regional ambitions. The management has been focusing its strenuous efforts in restructuring the acquired businesses, building its forces in content production and disposing non-core assets so as to establish a solid foundation to bring forth long-term success and bridge new opportunities. With the above initiatives, the Group's result performance was on an improvement track. The Group's loss attributable to shareholders for the year under review was approximately HK\$216 million, representing a significant drop of 36% when compared to a loss of approximately HK\$335 million in 2000. It comprised (i) net loss of approximately HK\$83 million in movies, television dramas and documentary production; (ii) net loss of approximately HK\$78 million in property investment; (iii) net loss of approximately HK\$45 million in sales of marketable securities; (iv) net loss of approximately HK\$64 million in theme restaurant operation; and (v) net gain of approximately HK\$54 million in other operations and corporate business.

Loss per ordinary share for the year ended 31st March, 2001 was HK\$0.28, representing a decrease of 75% when compared to HK\$1.13 in 2000.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31st March, 2001 (2000: Nil).

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• Planet Hollywood Hong Kong •



• Planet Hollywood Singapore •



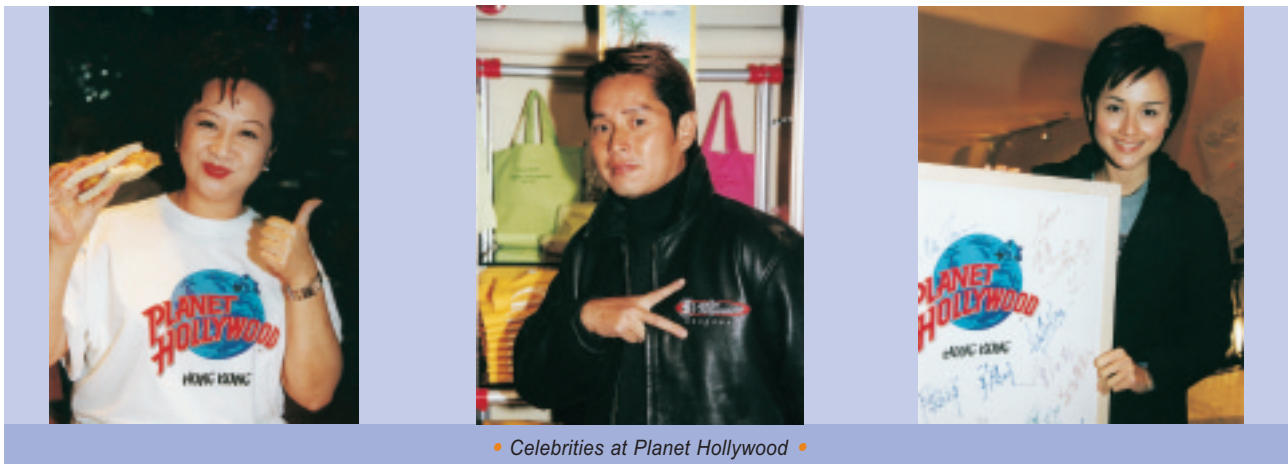
• Planet Hollywood Auckland •

BUSINESS REVIEW



Leisure Business

2000 marked a milestone year of the Group's leisure business for gaining its foothold in the Asian region. To further enhance the Group's competitiveness and market share in Asia, the Company acquired the remaining 66.67% equity interest in Planet Hollywood Asia Pte Ltd ("PHA") in November 2000, making PHA its wholly-owned subsidiary. Each of Planet Hollywood International, Inc. and Leisure Ventures Pte Ltd has in turn acquired a 6% shareholding interest in the Company. The Group's strategic alliance with eminent investors such as Mr. Robert Earl, Prince Alwaleed Bin Talal Bin Abdulaziz Al Saud, Mr. Ong Beng Seng and Singapore listed Hotel Properties Limited was further cemented as a result. The strategic alliance with "Planet Hollywood" creates beneficial synergies and enhances Star East's competence in the regional franchising business.



• Celebrities at Planet Hollywood •

Before the Group completed its acquisition of the entire interest in PHA, PHA was an associate of the Group and contributed loss of approximately HK\$36 million to the Group for this financial year, which was mainly attributable to its write-off of certain fixed assets and inventory following a prudent revaluation of assets. Repositioning of "Star East" and "Planet Hollywood" in the regional market has resulted in postponement of the Group's regional expansion. As a result, franchising business incurred an operating loss of approximately HK\$5 million during the year. In addition, an operating loss of approximately HK\$24 million was incurred from the operations of Planet Hollywood theme restaurants in the Asia Pacific region. The Group has been carrying out a series of rationalization measures to enhance the operating and financial performance of its theme restaurants, and an improved overall performance is expected to be reflected in the forthcoming years.

It is our aim to offer the best entertainment and dining experience that enthralls worldwide leisure seekers so as to secure greater market share and better returns in the region. With these goals as our priorities, we have revamped Planet Hollywood theme restaurants through refurbishment and the introduction of innovative elements including new menu launch, live band performance and karaoke facilities. It is also our strategy to extend the breadth of our service through regional expansion especially in the lucrative Mainland China market. Subsequent to the period end, we moved ahead to establish the flagship entertainment complex, Star East, Shanghai, in May 2001. Strategically located at Xintiandi, Star East, Shanghai is an up-and-coming entertainment landmark in the business hub of the PRC.



• Star East, Shanghai •