



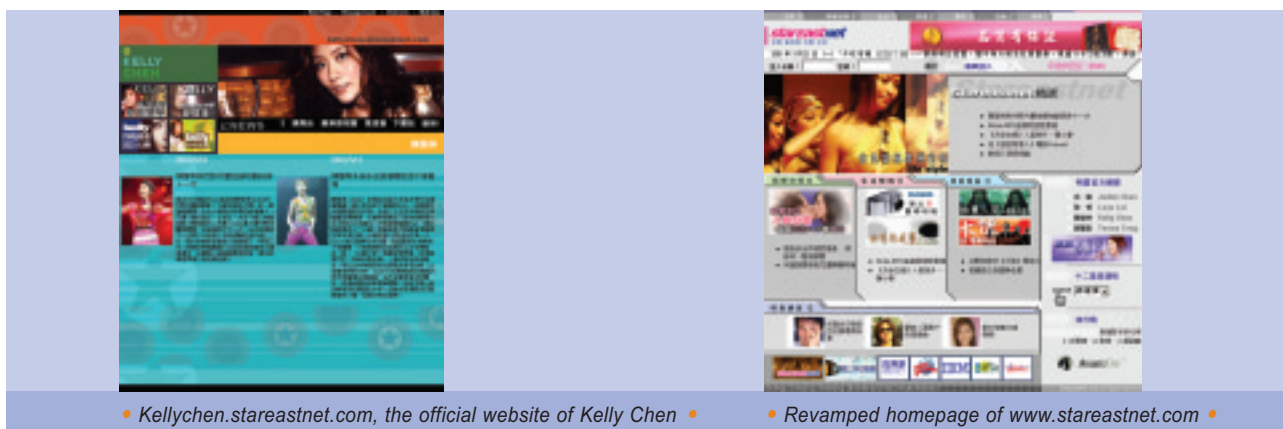
Looking ahead, the Group will continue its prudent strategy of expanding its entertainment and dining empire through franchising. Series of expansion plan are in the pipeline to further extend our reach to the global diners and entertainment seekers. In addition to the eleven destinations across the Asia Pacific region, including Auckland, Bali, Guam, Hong Kong, Jakarta, Kuala Lumpur, Melbourne, Singapore, Sydney, Taipei and Shanghai, we will soon open the new Planet Hollywood theme restaurant near Tokyo Disneyland, Japan.

starEastNet

Strategic IT Investment

The Group holds an effective interest of approximately 19.67% in STAREASTnet.com Corporation ("STAREASTnet.com"). STAREASTnet.com was one of the early movers being successfully listed on the Growth Enterprise Market. In face of the global downtrend of the dotcom market, it continued to streamline its operations and strengthen its financial position whilst maximizing revenue growth. Its efforts were well paid with continuous improvements in the financial year ended 31st March, 2001. STAREASTnet.com achieved a turnover of approximately HK\$48 million, representing a remarkable revenue growth of approximately 366%. As STAREASTnet.com was still under a stage of investment and development during the year, it has recorded net loss and contributed a net loss of approximately HK\$6 million to the Group after taking into account a gain arising from a dilution of the Group's interest in STAREASTnet.com upon its listing on the Growth Enterprise Market in June 2000.

Building on its continuous efforts, STAREASTnet.com has grown significantly with the launch of four superstar mega sites of renowned Asian artistes and a mainland PRC-focused website during the year. As one of the leading entertainment Internet content providers in the region, STAREASTnet.com managed to sustain steady growth of 100% and 274% growth in both average pageviews and registered users respectively for the year. Despite ongoing industry consolidation, the management believes that the investment in STAREASTnet.com will enable the Group to capitalise on high revenue growth opportunities.



Content Production

Content production recorded significant increase in turnover of 257% during the year, and accounted for about 53% of the Group's total turnover. Nevertheless, an operating loss of approximately HK\$47 million was incurred by the Group from content production, distribution and licensing in order to develop groundwork for paving its way as a leading content provider in the region.

It is the Group's objective to build strong regional brands and a formidable content library in order to establish itself as a leading content provider in the region to capitalise on the growing demand of Chinese entertainment content in Asia. Along with this, the Group has been focusing on creating premium content including movies and television content for both conventional and new media. Through Star East Bob, one of its production arms, the Group produced various acclaimed movies and approximately 180 hours of TV drama series. Movies released during the year included blockbusters "Sausalito", "Don't look back .. Or you'll sorry", "Healing Hearts" and "Conman in Tokyo". Highly popular TV dramas included primetime offerings "Movie Tycoon", "Beauty Legend" and "Healing Hearts" broadcast by ATV and "The Duke of Mount Deer" broadcast by TVB in Hong Kong, which attained superb ratings. A stable source of income was generated from these programme-commissioning projects.

Besides, the Group's investment in the regional film production venture, Applause Pictures, has consolidated the efforts of renowned and up-and-coming film directors in the region including Peter Chan Ho Sun, Teddy Chen, Hur Jin-Ho, Nonzee Nimibutr, the Pang brothers, and Huang Jian Xin, to produce regional premium movies. During the year, Applause Pictures completed production of "Jan Dara" and "The Marriage Certificate" and "One Fine Spring Day", which will soon be released in Asia. Investment in Applause Pictures enables the Group to enhance its market penetration in the region and the management looks forward to satisfactory returns from such investment.

StarEast BoB



• Movie "Conman in Tokyo" •

• TV Drama Series "The Duke of Mount Deer" •



• Movie "Healing Hearts" •

• TV Drama Series "Beauty Legend" •

Chairman's Statement

applause|pictures



• Movie "Jan Dara" •

• Movie "One Fine Spring Day" •

In November 2000, SPH MediaWorks Limited, a subsidiary of Singapore Press Holdings Limited, acquired 50% interest in StarEastWorks Limited ("StarEastWorks"), a conventional television content production company wholly owned by the Group, for a total consideration of HK\$150 million. Subsequent to such acquisition, StarEastWorks has become a jointly controlled entity of the Group and the Group shared approximately HK\$34 million of its loss which was mainly attributable to the write-off by StarEastWorks of all goodwill arising from its acquisition of certain subsidiaries and associates. Utilising the region's most resourceful artistes and best production personnel, StarEastWorks is set to be the single largest independent TV content provider for the flourishing regional TV platforms and specialty channel operators. StarEastWorks aims to be a pan-Asian Chinese content production house offering television programmes including drama & non-drama series, variety shows, documentaries, telemovies and other TV contents to rich-content platforms in Asia, mainly China, Hong Kong, Taiwan and Southeast Asia. StarEastWorks has commenced production prior to the year-end with plans to produce and distribute over 800 hours of regional contents annually.

Quality content shall be the stimulus of the media industry in the future. Commanding the top-line production manpower and renowned producers, the Group is well poised to tapping into the blossoming media market in Asia. Aiming to penetrate the lucrative markets of Asia, the Group will continue to build up regional distribution and syndication networks. Recently, StarEastWorks allied with global media company GME, the holding company for WPP Group's media interests and the world's largest media investment management company, in establishing MindWorks, a 50-50 joint venture, to engage in television programme syndication in the Asian Pacific region. With momentum gathered by the Group's production ventures during the year, we look forward to better returns from content production in the coming financial year.



• TV Programme "Star Treks" •