

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30th September, 2001. (2000: Nil)

FINANCIAL REVIEW

The Group's consolidated turnover for the six months ended 30th September, 2001 was approximately HK\$84 million, representing a decrease of 22% against the comparative period in 2000. This reflects the difficult operating environment experienced by the Group amidst the prevailing regional economic downturn in 2001.

Continuous implementation of restructuring measures demonstrated improving operating efficiencies during the period under review. The Group has been sustaining improvement in its result performance whilst emerging as a stronger entertainment and media conglomerate with an expanded business portfolio. The Group's loss attributable to shareholders for the six months ended 30th September, 2001 was approximately HK\$227 million, representing a slight drop of 4% as compared to a loss of approximately HK\$237 million in 2000. It comprised net losses of approximately (i) HK\$22 million in movies, television dramas and documentary production, distribution and licensing; (ii) HK\$74 million in theme restaurant operation and franchising; (iii) HK\$35 million in property investment and development; (iv) HK\$52 million in investment in marketable securities; and (v) HK\$44 million in other operations and corporate business.

Net losses in the major segments of the Company are reviewed in the paragraphs headed "BUSINESS REVIEW" below. The net loss in property investment and development was mainly due to a provision for impairment loss of approximately HK\$28 million in respect of land and buildings held for development of a movie production house following the downturn in the Hong Kong property market. The net loss in investment in marketable securities was mainly due to the impairment loss provision of approximately HK\$52 million made for the investment in Planet Hollywood International, Inc. by taking consideration of the significant drop in its market price at the period end.

Loss per ordinary share for the six months ended 30th September, 2001 was HK\$0.18, representing a decrease of 45% when compared to HK\$0.33 in 2000.

To improve operating efficiencies and financial performance, the Group has implemented and will continue to implement cost rationalization measures and streamline operations.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

Leisure business

The regional economic downturn has a severe impact on the food and beverage industry with general contracted consumer spending power in Asia, as a result of which the Group's leisure business experienced a difficult operating environment during the period under review. Turnover from theme restaurant sales was one of the Group's major revenue contributor which accounted for approximately 57% of the Group's total turnover for the period under review. Leisure business contributed an operating loss of approximately HK\$47 million, which comprised operating loss of approximately HK\$42 million and HK\$5 million from theme restaurant sales and entertainment complexes and theme restaurant franchising and management respectively. Besides the start-up costs for preparation of the opening of new outlets, the operating loss was mainly attributable to the bad economic conditions and keen competitions prevailing in the regional market.

A series of repositioning plans for "Star East" and "Planet Hollywood" have been carried out progressively by the management to capture the changing market demand subsequent to 2000 year end when Planet Hollywood Asia became a wholly-owned subsidiary of the Group. It is the Group's strategy to extend its breadth of service through expansion in the Asia-Pacific region. In addition to the existing destinations across the Asia Pacific region, a new franchised outlet, Planet Hollywood Bali, was opened in June 2001 subsequent to the opening of 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 Shanghai. It is also expected to serve as a springboard for the Group's further expansion in the lucrative PRC market.

Notwithstanding the negative trends in the regional and global economies, the Group looks forward optimistically to the prospect of the PRC market. The Group continues to proactively expand its entertainment and dining empire in Asia through franchising with focus on further expansion in the PRC. In line with the Group's business strategy, new franchised "Star East" entertainment complex in Shenzhen and Macau will be the Group's next destinations. To further extend our reach to global diners and entertainment seekers, the grand opening of the flagship outlet in Japan – Planet Hollywood Tokyo is expected in early 2002. Catering for the changing needs of customers, innovative and exciting features will be continuously added into the theme restaurants so as to attract customers.

In anticipation that greater challenges will be imposed on the operating environment in the second half of the Group's financial year, the Group will continue to implement cost rationalization measures and streamline operation so as to improve the operating efficiencies and financial performance of its theme restaurants. The Group may further close down unprofitable outlets to reduce the operating loss. The implementation of these measures and the opening of new outlets are expected to result in an improvement to the overall performance of the leisure business in the forthcoming years.

Content production

Movie and television production recorded significant decrease in turnover of approximately 84% during the period under review, which was mainly due to the reschedule of the launch of a major movie to late 2001. Further, the major turnover contributor for TV content was from executive producer fee instead of programme commissioning projects or co-production which had used to be the major revenue contributors to the Group in the previous years. An operating loss amounted to approximately HK\$21 million was recorded, with a substantial portion being attributable to the provision of approximately HK\$20 million for a foreseeable loss in movie inventory.

"The Avenging Fist" produced by Star East Bob, starring youngsters' idols Leehom Wang, Stephen Fung, Gigi Leung, Kristy Yeung, Sammo Hung and Ekin Cheng, is the Group's state-of-the-art production. With a combination of advanced computer animations and marshal arts, it is one of the major movies released in late 2001 and is expected to achieve outstanding recognition in Hong Kong and Asia. "Shadow" was another picture produced by the Group during the period and released after the period under review.

The Group's investment in the regional film production venture, Applause Pictures, has produced several regional premium movies including the widely acclaimed "Jan Dara" and "One Fine Spring Day", which were released recently. Investment in Applause Pictures has not only laid the foundation for extending the Group's market penetration in Asia but is also expected to generate satisfactory returns for the Group as Asian films are gaining popularity in the international film arena.

Throughout the period, the Group has been enthusiastically creating premium Chinese television content for both conventional and new media through its TV production arm, StarEastWorks, a 50% owned jointly controlled entity. During the period under review, StarEastWorks contributed net loss of approximately HK\$4 million to the Group as it was still in an early stage of development. StarEastWorks produces and distributes TV drama, variety programmes, artiste-based non-fiction programmes and documentaries. Among the popular TV programmes produced and released during the period are prime time TV drama "Healing Hearts", non-drama programmes "Love Paradox" and "Star Trek (II)", all of which were distributed to rich-content platforms in Asia. StarEastWorks also produced and distributed premium documentaries to international channels or distributors such as NGC Network International, LLC and Tohokushinsha Film Corporation.

In June 2001, StarEastWorks teamed up with GME, the holding company for WPP Group plc's media interests and the world's largest media investment management company with annual billings in excess of US\$28 billion, to establish MindWorks. MindWorks is a 50-50 joint venture which engages in television programme syndication in the Asian Pacific region and offers advertisers communication model of more sophisticated combination between TV commercials and content-related TV campaign management. This is a significant move for StarEastWorks to gain access to one of the world's leading advertising and marketing services networks to further extend the breadth of its distribution and syndication services across the region.

The proliferation of Asian free-to-air or pay cable TV, satellite TV and commercial video-on-demand networks has opened more windows for the distribution of the Group's content. Against the background of an anticipated recovery in the local film industry, the immense opportunities present in China following its entry into the WTO, and the increasing demand of quality content in Asia, the management looks to the future confidently for fruitful returns from its various content production arms.

Out-of-home media

In recognition of the continuous growth in the out-of-home advertising industry in the Asia Pacific market, the Group saw a major opportunity in the development of out-of-home media service business in the Asian Pacific region. Through its associated company, Mobile Media, the Group began to offer out-of-home media services by delivering multimedia content and television commercials through plasmas installed at a chain store network since mid 2000. Mobile Media has been actively pursuing strategic alliances to expand its network to public transit vehicles and upgrading its out-of-home media services. Aiming to increase its market penetration, Mobile Media undertook aggressive expansion in both Hong Kong and the PRC throughout the period under review.

To enhance Mobile Media's out-of-home media services and capture more audience, Mobile Media introduced M Channel which offers exciting infotainment content and real time information through screens and panels installed at out-of-home media platforms such as public transit vehicles and high traffic fixed locations. Currently, Mobile Media has an extensive geographical coverage in Hong Kong through diversified platforms, including green public light buses, buses operated by New World First Bus, chain stores and shopping arcades. Through a network of over 3,300 screens and monitors, M Channel reaches over approximately 1.5 million potential audience daily in Hong Kong, generating media sales revenue. Mobile Media's out-of-home advertising service offers the advantages of relatively low cost-per-thousand audience, its ability to reach large and captive audience and being conducive to impulse buying and targeted advertising.

Backing with support from the Group and its strategic partnerships, Mobile Media aims to be the preeminent interactive out-of-home media in the region. With plans to scale up its out-of-home media business, it will continue to pursue strategic alliances with transit vehicle operators and expand further its fixed location network in Asia. Allied with the PRC bus operators for over 16,000 public transit vehicles, it is well poised to tap into the PRC advertising market. Complementing the interactive out-of-home media services, Mobile Media is also developing the bus body advertising service. Despite that ongoing sluggish economic environment is likely to impose further adverse impact on all advertising media in Hong Kong, such impact on Mobile Media is expected to be cushioned against with the launch in the PRC in 2002. The management is confident that its investment in Mobile Media will bring about substantial returns to the Group in the future.

Strategic investment in STAREASTnet.com Corporation

The Group currently holds an effective interest of approximately 25.56% in STAREASTnet. Facing intense competition among the market players, STAREASTnet continued to streamline operations, which has resulted in a significant year-on-year loss reduction. During the period, STAREASTnet contributed a net loss of approximately HK\$7 million to the Group mainly as a result of weaker advertising climate and continued global downtrend of the internet arena.

STAREASTnet laid the foundation of its cross media platform with the announcement in September 2001 of its acquisition of Sing Pao Daily News. It is expected that the acquisition will enable STAREASTnet to (1) strengthen its revenue-generating capability; (2) increase its product variety by offering advertisers integrated online and offline advertising packages; (3) enrich and expand the content of its portal; and (4) enhance its operational efficiency via the sharing of resources and contents. Despite continuation of the present cyclical downturn in the advertising market and ongoing internet consolidation, the management looks forward with confidence that the Group's investment in STAREASTnet will provide synergistic benefits to its business and enable it to capture the high revenue growth generated from the cross-media platform of STAREASTnet.

PROSPECTS

Looking ahead is a more difficult operating environment with general anticipations of continuing regional economic downtrend as exacerbated by the recent 11th September incident. To cope with such economic adversity, the Group will continue to maintain a prudent financial strategy with tight cost control measures whilst strengthening competence of its core businesses and striving to dispose its non-core assets. Asia Pacific market shall remain the focus of the Group's development. The management will continue its efforts in pursuing strategic investments, partnerships and alliances in Asia that will bring synergies, scale-building and complementary business to the Group in the long term.

The integrated cross-media platform of the Group is further enhanced with the addition of the new out-of-home media service business operated under Mobile Media. This strategy is expected to deliver significant commercial growth as the Group's market further expands in the PRC as well as to facilitate the Group to attain its ultimate goal of emerging as a leading entertainment and media conglomerate in the Asia-Pacific region.

Despite prevailing regional economic downturn, the Group looks forward to the immense opportunities emerging in the future following China's accession into the WTO. With the Group's several new initiatives focusing on the PRC market, the Group is well poised to establishing a strong foothold therein and capitalising on the future revenue growth opportunities.

MAJOR EVENTS SUBSEQUENT

In September 2001, the Group's 35% owned associated company entered into an agreement with STAREASTnet to dispose of its entire interest in Actiwater Resources Limited, a company which held the media interests comprising principally Sing Pao Daily News, Wide Angle magazine and 60% of the internet portal at www.cyo1.net, for a consideration of HK\$210 million, of which HK\$160 million was satisfied by the issue of 1,600 million new ordinary shares of STAREASTnet. As a result of such disposal, the Group was issued with 560 million new ordinary shares of STAREASTnet and has increased its shareholding in STAREASTnet to 25.56% upon completion on 4th December, 2001.

In September 2001, STAREASTnet simultaneously announced a rights issue of 1,538,250,000 new ordinary shares at a price of HK\$0.10 each on the basis of three rights shares for every two existing shares held, with warrants in the proportion of one warrant for every two rights shares subscribed. The Group subscribed to its entitlement in full under the rights issue which was completed at the end of November 2001.

FUND RAISING

As announced in April 2001, the Company placed a total of 205 million new ordinary shares to private and institutional investors at a price of HK\$0.14 per share and raised net proceeds of about HK\$27 million for general working capital purpose. Further, as announced in June 2001 the Company raised total net proceeds of about HK\$80 million for general working capital purpose through a private placement of 383 million new ordinary shares at a price of HK\$0.185 per share and the subscription of 67 million new ordinary shares by ITC Corporation Limited at a subscription price of HK\$0.185 per share.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30th September, 2001, net of pledged deposit, the Group had bank and cash balances of approximately HK\$61 million as compared to approximately of HK\$69 million as at 31st March, 2001.

The Group's total borrowings amounted to approximately HK\$226 million mainly comprised bank borrowings of approximately HK\$124 million, a convertible note of HK\$100 million which is redeemable on 28th June, 2002 at a fixed interest rate and other borrowings of approximately HK\$2 million. During the period, a convertible note redeemable on 2nd September, 2002 was converted by the noteholder into 270,270,270 ordinary shares of HK\$0.10 each at the conversion price of HK\$0.185 per share. This conversion exercise reduced the Group's total borrowing by approximately HK\$50 million as compared to the Group's total borrowings of approximately HK\$274 million as at 31st March, 2001.

The bank borrowings were mainly made in Hong Kong Dollars with approximately HK\$16 million denominated in Japanese Yen. The Japanese bank borrowings have been used to hedge a substantial part of the Group's foreign currency investment in Japan.

The Group's gearing ratio as at 30th September, 2001 was approximately 31% (31.3.2001: 45%), which is calculated on the basis of the Group's total interest bearing debts net of cash balances and short-term marketable securities over the total equity interest as at the reporting date. The decrease of the Group's gearing ratio was mainly due to the conversion of a convertible note in the amount of approximately HK\$50 million during the period as described above.

The Group operates a central cash management system for all its subsidiaries. Bank arrangement and long term borrowing requirements for all subsidiaries are monitored and approved at the holding company level. The Group continued to follow the practice of prudent cash management and, when necessary, will engage in currency hedging against exchange risks.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September, 2001, the Company and its subsidiaries had 416 employees (2000: 130). The significant increase was mainly due to the Group's acquisition of Planet Hollywood Asia Pte Ltd in late 2000. Employee remuneration, excluding directors' emoluments, for the six months ended 30th September, 2001 totalled approximately HK\$32 million (2000: HK\$10 million). Remuneration packages comprised salary and year-end bonuses based on individual merits and performance.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 2001, the interests of the directors of the Company in the securities of the Company and its associated corporations, within the meaning of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") as recorded in the register kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") were as follows:

(a) Interests in the Company

Name of director	Number of ordinary shares held as personal interests
Tam Wing Lun, Alan	424,000
Tsang Chi Wai, Eric	394,000
Chan Pak Cheung, Natalis	394,000
Wong Yat Cheung	7,130,571
Chan Kong Sang, Jackie	394,000
Mui Yim Fong	26,000
Chan Chak Mo	270,000

(b) Interests in associated corporations

(i) The Saint News Limited

Mr. Wong Yat Cheung had, as at 30th September, 2001, a personal interest of 10 shares, representing 10% shareholding, in the issued share capital of The Saint News Limited, an indirect 51% owned subsidiary of the Company.

(ii) STAREASTnet.com Corporation ("STAREASTnet.com")

Name of director	Number of ordinary shares held as corporate interests
Tam Wing Lun, Alan	87,150,000 ^(Note)
Tsang Chi Wai, Eric	87,150,000 ^(Note)
Chan Pak Cheung, Natalis	87,150,000 ^(Note)

Note: These shares were beneficially owned by Gold Miracles Limited, a company in which each of Mr. Tam Wing Lun, Alan, Mr. Tsang Chi Wai, Eric and Mr. Chan Pak Cheung, Natalis held one third of its issued share capital. Each of these directors was therefore deemed to be interested in 87,150,000 shares in STAREASTnet.com.

Save as disclosed above, as at 30th September, 2001, none of the directors of the Company, or their associates, had any interests in any securities of the Company or any of its associated corporations, within the meaning of the SDI Ordinance, as recorded in the register kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30th September, 2001, certain directors of the Company had share options granted by the Company and its associated corporation to subscribe for ordinary shares as follows:

(a) The Company

Name of director	Date of grant	Exercisable period	Exercise price HK\$	Outstanding as at 1.4.2001	Number of share options		Outstanding as at 30.9.2001
					Granted during the period	Exercised during the period	
Tam Wing Lun, Alan	14.9.1999	14.3.2000 to 13.3.2003	1.5880	6,900,000	–	–	6,900,000
	20.12.1999	20.6.2000 to 19.6.2003	1.7400	5,000,000	–	–	5,000,000
	17.3.2000	17.9.2000 to 16.9.2003	1.1600	4,500,000	–	–	4,500,000
	23.12.2000	23.6.2001 to 22.6.2004	0.2256	2,000,000	–	–	2,000,000
	13.6.2001	13.12.2001 to 12.12.2004	0.1700	–	4,000,000	–	4,000,000
Tsang Chi Wai, Eric	3.11.2000	3.5.2001 to 2.5.2004	0.2680	2,000,000	–	–	2,000,000
	23.12.2000	23.6.2001 to 22.6.2004	0.2256	2,000,000	–	–	2,000,000
	13.6.2001	13.12.2001 to 12.12.2004	0.1700	–	4,000,000	–	4,000,000
Chan Pak Cheung, Natalis	14.9.1999	14.3.2000 to 13.3.2003	1.5880	6,900,000	–	–	6,900,000
	20.12.1999	20.6.2000 to 19.6.2003	1.7400	5,000,000	–	–	5,000,000
	17.3.2000	17.9.2000 to 16.9.2003	1.1600	4,500,000	–	–	4,500,000
	23.12.2000	23.6.2001 to 22.6.2004	0.2256	2,000,000	–	–	2,000,000
	13.6.2001	13.12.2001 to 12.12.2004	0.1700	–	4,000,000	–	4,000,000
Chau Mei Wah, Rosanna	14.9.1999	14.3.2000 to 13.3.2003	1.5880	6,900,000	–	–	6,900,000
	20.12.1999	20.6.2000 to 19.6.2003	1.7400	5,000,000	–	–	5,000,000
	17.3.2000	17.9.2000 to 16.9.2003	1.1600	4,500,000	–	–	4,500,000
	23.12.2000	23.6.2001 to 22.6.2004	0.2256	1,000,000	–	–	1,000,000
	13.6.2001	13.12.2001 to 12.12.2004	0.1700	–	2,000,000	–	2,000,000

Wong Kun To	14.9.1999	14.3.2000 to 13.3.2003	1.5880	6,900,000	–	–	6,900,000
	20.12.1999	20.6.2000 to 19.6.2003	1.7400	5,000,000	–	–	5,000,000
	17.3.2000	17.9.2000 to 16.9.2003	1.1600	4,500,000	–	–	4,500,000
	23.12.2000	23.6.2001 to 22.6.2004	0.2256	2,000,000	–	–	2,000,000
	13.6.2001	13.12.2001 to 12.12.2004	0.1700	–	4,000,000	–	4,000,000
Robert Ian Earl	3.11.2000	3.5.2001 to 2.5.2004	0.2680	5,000,000	–	–	5,000,000
Lau Buong Lik, Stephen	23.12.2000	23.6.2001 to 22.6.2004	0.2256	1,000,000	–	–	1,000,000

(b) STAREASTnet.com

Pursuant to the Pre-IPO Share Option Scheme and the Employee Share Option Scheme of STAREASTnet.com, share options were granted to the directors of the Company to subscribe for shares in STAREASTnet.com as follows:

Name of director	Date of grant	Exercise price HK\$	Number of underlying shares comprised in the options ^(note 1)			
			Outstanding as at 1.4.2001	Granted during the period	Exercised during the period	Outstanding as at 30.9.2001
Tam Wing Lun, Alan	26.5.2000	1.18	12,500,000	–	–	12,500,000
Tsang Chi Wai, Eric	26.5.2000	1.18	10,000,000	–	–	10,000,000
Chan Pak Cheung, Natalis	26.5.2000	1.18	12,500,000	–	–	12,500,000
Wong Yat Cheung	26.5.2000	1.18	4,910,000	–	–	4,910,000
Chau Mei Wah, Rosanna	26.5.2000	1.18	2,000,000	–	–	2,000,000
Wong Kun To	26.5.2000	1.18	12,500,000	–	–	12,500,000
	10.1.2001	1.10	6,000,000	–	–	6,000,000
Chan Kong Sang, Jackie	26.5.2000	1.18	6,000,000	–	–	6,000,000
Chan Yan Kin, Philip	26.5.2000	1.18	1,100,000	–	–	1,100,000
	10.1.2001	1.10	2,000,000	–	–	2,000,000
Robert Ian Earl ^(note 2)	5.9.2000	1.75	3,000,000	–	–	3,000,000
Lai Ming, Leon	26.5.2000	1.18	6,000,000	–	–	6,000,000

Notes:

- (1) The options are exercisable in accordance with the terms of the Pre-IPO Share Option Scheme and the Employee Share Option Scheme at any time during the period commencing 1 year after the date of grant and ending 5 years after the date of grant in accordance with the following schedule:

Period since date of grant	Percentage of shares comprised in options which become exercisable
Year 1	zero
Year 2	up to 25%
Year 3	up to 50% (less the percentage of shares which arose upon the exercise of options between the first anniversary and the second anniversary)
Year 4	up to 75% (less the percentage of shares which arose upon the exercise of options between the first anniversary and the third anniversary)
Year 5	all shares in respect of which the option has not been previously exercised

- (2) The option was granted to Mrs. Patricia Earl, the spouse of Mr. Robert Ian Earl. Mr. Earl was therefore deemed to be interested in the same option.

Details of the employee share option scheme of the Company are set out in note 32 to the financial statements of the Company's Annual Report 2001.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2001, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed the following persons as having an interest of 10% or more in the issued ordinary shares of the Company:

Name of shareholder	Number of ordinary shares held	Approximate shareholding percentage
Dr. Chan Kwok Keung, Charles ("Dr. Chan")	366,622,479	20.93%
Chinaview International Limited ("Chinaview")	366,622,479	20.93%
Galaxyway Investments Limited ("Galaxyway")	366,622,479	20.93%
ITC Corporation Limited ("ITC")	366,622,479	20.93%
ITC Investment Holdings Limited ("ITC Investment")	366,622,479	20.93%
Vigour Services Limited ("Vigour")	241,750,479	13.80%

Note: Dr. Chan owned the entire interest in Chinaview which in turn owned the entire interest in Galaxyway. Galaxyway owned more than one-third of the issued ordinary share capital of ITC. ITC owned the entire interest in ITC Investment which in turn owned the entire interest in Vigour and Coxson Limited ("Coxson"). Vigour and Coxson held 241,750,479 and 124,872,000 shares of the Company respectively. Accordingly, each of Dr. Chan, Chinaview, Galaxyway, ITC and ITC Investment was deemed to be interested in an aggregate of 366,622,479 shares of the Company.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued ordinary share capital of the Company as at 30th September, 2001.

DISCLOSURE UNDER PRACTICE NOTE 19 OF THE LISTING RULES

As at 30th September, 2001, the amounts due from the Group's affiliated companies in respect of advances made by the Group were approximately HK\$104,115,000, and the guarantees given by the Group to banks in respect of banking facilities granted to its affiliated companies amounted to HK\$42,000,000.

The total value of all amounts due from and guarantees given to secure obligations of the various affiliated companies was approximately HK\$146,115,000 as at 30th September, 2001, which represented approximately 37% of the net asset value of the Group as set out in the unaudited consolidated balance sheet on page 2 of the interim report.

The proforma combined balance sheet of these affiliated companies, to which advances and guarantees are given, as at 30th September, 2001 is as follows:

	Proforma combined balance sheet
	HK\$'000
Non-current assets	263,420
Current assets	299,859
Current liabilities	(233,164)
Non-current liabilities	(623,916)
	<u>(293,801)</u>
Group's attributable interests	<u>(131,843)</u>

PURCHASE, SALE AND REDEMPTION OF THE COMPANY SHARES

During the six months ended 30th September, 2001, neither the Company nor any of its subsidiaries had repurchased, redeemed or sold any of the listed securities of the Company.

CODE OF BEST PRACTICE

Save that the non-executive directors of the Company are not appointed for a specific term and are subject to retirement by rotation at annual general meeting in accordance with the Company's bye-laws, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the period.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

On behalf of the Board
Tam Wing Lun, Alan
Chairman

Hong Kong, 21st December, 2001