

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK0.5 cent per share for the six months ended 30th September, 2001 payable on Wednesday, 9th January, 2002 to shareholders whose names appear on the Register of Members of the Company on Friday, 28th December, 2001.

CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24th December, 2001 to Friday, 28th December, 2001 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong, not later than 4:00 p.m. on Friday, 21st December, 2001.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 the September, 2001, the interests of the directors in the share capital of the Company and its associated corporations as recorded on the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(i) Directors' interests in shares

Director	Number of shares held and nature of interest			
	Personal	Family	Corporate	Other
Mr. Lui Shing Ming, Brian	–	–	130,447,500 (Note 1)	–
Mr. Lui Shing Cheong	3,125,000	–	130,447,500 (Note 1)	–
Mr. Lui Shing Chung, Victor	1,250,000	625,000 (Note 2)	130,447,500 (Note 1)	–
Mr. Lung Wai Kee	1,250,000	2,500,000 (Note 3)	–	–

Notes:

1. The 130,447,500 shares are owned by Harmony Link Corporation, a company incorporated in the British Virgin Islands. Approximately 48.4% of the issued share capital of Harmony Link Corporation is held by The Lui Family Company Limited as trustee of The Lui Unit Trust. All units (except one unit which is owned by Mr. Lui Shing Ming, Brian) of The Lui Unit Trust are held by a discretionary trust, the discretionary objects of which include Messrs. Lui Shing Ming, Brian, Lui Shing Chung, Victor, Lui Shing Cheong and other family members of Mr. Lui Chi. Each of Messrs. Lui Shing Ming, Brian, Lui Shing Chung, Victor and Lui Shing Cheong further owns approximately 24.13%, 14.59% and 12.88% of the issued share capital of Harmony Link Corporation, respectively.
2. The 625,000 shares are owned by the spouse of Mr. Lui Shing Chung, Victor.
3. The 2,500,000 shares are owned by the spouse of Mr. Lung Wai Kee.

Save as disclosed above, none of the directors of the Company or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

(ii) Directors' rights to acquire shares

Pursuant to the share option scheme of the Company adopted on 27th December, 1996 (the "Scheme"), the directors may, at their discretion, grant directors and employees of the Company or any of its subsidiaries options to subscribe for ordinary shares in the Company in accordance with the terms and conditions of the Scheme. Details of the share options granted under the Scheme to the directors of the Company and remained outstanding as at 30th September, 2001 were as follows:

Director	Number of share options at exercise price of		
	HK\$0.35072 per share	HK\$0.224 per share	HK\$2.7744 per share
Mr. Lui Chi	1,250,000	1,875,000	–
Mr. Lui Shing Ming, Brian	1,250,000	3,125,000	–
Mr. Lui Shing Chung, Victor	–	1,875,000	–
Mr. Brad Huang	–	–	7,500,000

In addition, share options to subscribe for 625,000 shares at HK\$0.224 per share were granted to the spouse of Mr. Lui Shing Chung, Victor and remained outstanding as at 30th September, 2001.

The share options are exercisable up to 26th December, 2006 and were granted at nil cash consideration. The above share option prices and the corresponding number of share options held by the above directors were adjusted as a result of bonus issue on 31st August, 2001.

The 6,300,000 share options with exercise price of HK\$1.37 granted to Mr. Brad Huang under the Scheme were cancelled on 10 July 2001.

Save as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Lui Chi, Mr. Lui Shing Ming, Brian, Mr. Lui Shing Cheong, Mr. Lui Shing Chung, Victor and Mr. Lung Wai Kee entered into a service agreement with the Company for a term of three years commencing on 1st January, 2000.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2001, the following persons (other than the directors or chief executive of the Company) were directly or indirectly interested in 10% or more of the issued share capital of the Company as recorded on the register maintained by the Company under section 16(1) of the SDI Ordinance:

Name	Number of Shares	% of total
Harmony Link Corporation (Note)	130,447,500	31.22

Note: Approximately 48.4% of the issued share capital of Harmony Link Corporation is held by The Lui Family Company Limited as trustee of The Lui Unit Trust. All units (except one unit which is owned by Mr. Lui Shing Ming, Brian) of The Lui Unit Trust are held by a discretionary trust, the discretionary objects of which include Messrs. Lui Shing Ming, Brian, Lui Shing Chung, Victor, Lui Shing Cheong and other family members of Mr. Lui Chi. Each of Messrs. Lui Shing Ming, Brian, Lui Shing Chung, Victor and Lui Shing Cheong further owns approximately 24.13%, 14.59% and 12.88% of the issued share capital of Harmony Link Corporation, respectively.

Save as disclosed herein, and in the section "Directors' Interests in Securities" above, there is no person known to the directors who was, as at 30th September, 2001, directly or indirectly, interested in 10 per cent. or more of the Company's issued share capital.

EMPLOYMENT AND REMUNERATION POLICIES

During the period under review, the Group had an average available workforce of approximately 1,000, of which approximately 850 were based in the People's Republic of China.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and bonuses paid on an annual basis based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30th September, 2001 has been reviewed by the Audit Committee of the Company and the Group's auditors, Ernst & Young.

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

During the period under review, 176,000,000 ordinary shares of HK\$0.1 each was repurchased from Sega.com, Inc. pursuant to the Agreement. The conditions as laid down in the Agreement were completed on 7th May, 2001 and the 176,000,000 repurchased shares were cancelled accordingly. Except as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30th September, 2001.

CODE OF BEST PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th September, 2001, in compliance with Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, except that the independent non-executive directors were not appointed for specific terms.

By Order of the Board

Lui Chi
Chairman

Hong Kong, 7th December, 2001