

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30th September, 2001, the turnover of the Group decreased to approximately HK\$40.9 million from approximately HK\$375.6 million compared to last corresponding period. The decrease in turnover was mainly attributable to the disposal of a subsidiary of the Group in January 2001, Asean Resources Holdings Limited, which engaged in the business of property developments and investments, and in turn the revenue generated from property development and investment decreased substantially.

The unaudited consolidated results for the six months ended 30th September, 2001 of the Group recorded a loss of approximately HK\$66.2 million, as compared with a profit of approximately HK\$29.4 million for the last corresponding period. The loss was mainly resulted from the loss on disposal of subsidiaries and assets including media interests and provision for decrease in value on investment securities, with balance from operations.

During the period under review, the Group's media business was:

- "Sing Pao" name and production facilities
A publication right of a Chinese newspaper in Hong Kong with over 62 years' history under the name of "Sing Pao Daily News" and "成報", together with a data library and related printing machinery and equipment.
- Magazine and Internet business
"Wide Angle" magazine, which is a public affairs magazine focused mainly on political and military news since 1972, and a 60% equity interest in a joint venture operating an Internet portal which provides news and information mainly related to China.

In July 2001, a subsidiary of Capital Strategic Investment Limited ("Capital Strategic") purchased approximately 60% of the entire issued share capital of the Company from China Strategic Holdings Limited ("China Strategic") and Star East Holdings Limited ("Star East") where the Group at the same time sold its media business back to China Strategic and Star East, details of which were set out in the circular to the Company's shareholders dated 18th June, 2001. The gross proceeds of HK\$110 million from the disposal of the media interests are being used as the general working capital for the Group.

Prospects

After the completion of the disposal of media business in July 2001, the principal assets of the Group continue to be properties and securities. The Group will continue to be engaged in property investment and development and securities trading and investment. The Board believes in the positive long-term prospects of the real estate property market throughout Asia and The PRC in particular.

The joining of the World Trade Organization and commencement of Asia Pacific Economic Conference in The PRC will have a positive impact to The PRC property market. The Group has full confidence in the PRC and will utilize its financial capabilities to exploit the investment opportunities in properties in China. Combined with the experience of the controlling shareholder the Group believed that it is well positioned to benefit from the anticipated growth in the China property market.

Financial Position

As at 30th September, 2001, the financial position of the Group remained stable and sound. The net asset was HK\$211.8 million. Total liabilities stood at HK\$78.8 million which was comprised of long-term borrowings of HK\$47.8 million. The Group's gearing ratios at 30th September, 2001 were 27.1% which was calculated by dividing the total liabilities and total assets.