

Review of operations

During the six months ended 30th September, 2002, the Group continued to hold significant interests, both directly or indirectly, in a number of companies listed in Hong Kong, Canada, Australia, Singapore and the United States and also high potential unlisted investments pursuant to its long term strategy of exploring potential investments and enhancing the value of its strategic investments by active participation in or close liaisons with the management of the companies invested by the Group. As at 30th September, 2002, the Group had the following strategic investments:

Listed strategic investments directly held

Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC")

The Paul Y. - ITC group's principal business includes, building construction, civil engineering, specialist works, property development and investment, and manufacturing and trading of construction materials. Paul Y. - ITC also holds 36.6% interest in Downer EDI Limited and 14.5% interest in China Strategic Holdings Limited as strategic investments. For the six months ended 30th September, 2002, Paul Y. - ITC reported a consolidated loss for the period of HK\$31.8 million and its after tax contribution to the Group was a loss of HK\$13.5 million.

Hanny Holdings Limited ("Hanny")

The Hanny group's principal business includes, inter alia, the manufacturing, distribution and marketing of data storage media (primarily floppy disks, CD-R and CD-RW) and the distribution and marketing of computer accessories, storage media drives, scanners, audio and video cassettes, minidisks, household electronic products and telecommunication accessories, through its core Memorex® business, and securities trading. Hanny also holds strategic investment in Provisions Suppliers Corporation Limited. For the six months ended 30th September, 2002, Hanny reported a consolidated loss for the period of HK\$144.9 million and its after tax contribution to the Group was a loss of HK\$40.6 million.

業務回顧

於截至二零零二年九月三十日止六個月，本集團繼續直接或間接持有多家具優厚增長潛力之香港、加拿大、澳洲、新加坡及美國上市公司及擁有優厚潛力之非上市投資項目之重大權益，以貫徹其物色具潛力投資項目之長遠策略及透過主動參與管理本集團所投資公司或與管理層緊密聯繫以提高策略性投資項目之價值。於二零零二年九月三十日，本集團之策略性投資項目如下：

直接持有之上市策略性投資項目

保華德祥建築集團有限公司（「保華德祥」）

保華德祥集團之主要業務包括樓宇建築、土木工程、專項工程、物業發展及投資、建築材料製造及貿易。保華德祥並持有 Downer EDI Limited 36.6%之權益及中策集團有限公司 14.5%之權益作策略性投資。於截至二零零二年九月三十日止六個月，保華德祥錄得之期內綜合虧損為31,800,000港元，而為本集團帶來之除稅後貢獻則為虧損13,500,000港元。

錦興集團有限公司（「錦興」）

錦興集團主要從事（其中包括）透過其核心之 Memorex® 生產、分銷及推廣資料儲存媒體（主要為軟磁碟、收錄光碟及重寫光碟）、分銷及推廣電腦配件及儲存媒體驅動器、掃描器、影音盒帶、迷你光碟、家居電子產品及電訊配件，以及證券投資。錦興並持有普威聯營有限公司之策略性投資項目。於截至二零零二年九月三十日止六個月，錦興錄得之期內綜合虧損為144,900,000港元，而為本集團帶來之除稅後貢獻則為虧損40,600,000港元。

Burcon NutraScience Corporation ("Burcon")

Burcon is a research and development company specialised in developing its plant protein extraction and purification technology. The goal of Burcon's research is to develop its patented process to utilise inexpensive oilseed meals for the production of purified plant proteins that exhibit certain nutritional, functional or nutraceutical profiles. Burcon is currently focusing its efforts in developing the world's first commercial canola proteins, namely Puratein® and Supertein™, with unique functional and nutritional profiles. Since Burcon was still in the stage of research and development of its business, its results and contribution to the Group for the six months ended 30th September, 2002 were not significant.

Star East Holdings Limited ("Star East")

Star East is principally engaged in entertainment-related business with the goal to become a fully integrated entertainment and media conglomerate in the Asia Pacific region. Its major business includes the production, distribution and licensing of movies, television drama series, documentary and infotainment programmes; franchising and operation of "Planet Hollywood" and "Star East" theme restaurants in Asia Pacific region; strategic investment in M Channel Corporation Limited; talent management, music production, event marketing and property investment. For the six months ended 30th September, 2002, Star East reported a consolidated loss for the period of HK\$76.7 million and its after tax contribution to the Group was a loss of HK\$19.0 million.

*M Channel Corporation Limited ("M Channel")
(formerly 36.com Holdings Limited)*

M Channel is principally engaged in the out-of-home audio and video media business. Out-of-home audio and video advertising is proven to be an effective way of advertising that offers various advantages to advertisers such as production flexibility and cost effectiveness in comparison with television, newspapers and magazines. M Channel has expanded its client base to cover different business sectors, by installing multi-media telecasting systems in buses, public light buses and fixed locations. For the period under review, an impairment loss of HK\$16.8 million was recognised by the Group on its investment in M Channel.

Burcon NutraScience Corporation (「Burcon」)

Burcon乃一家研發公司，現正專注於發展植物蛋白質淨化及提取技術，其研究之目的是自行開發利用廉宜之油籽粉以生產營養價值高及效能廣泛之高度淨化植物蛋白質之專利工序。Burcon目前致力發展全球首種商用芥花籽蛋白質Puratein®及Supertein™，兩種產品均具有獨特之效能及營養價值。由於Burcon仍處於研究及開發本身業務之階段，故其於截至二零零二年九月三十日止六個月之業績及對本集團之貢獻並不重大。

東方魅力集團有限公司(「東方魅力」)

東方魅力主要經營與娛樂事業相關之業務，該公司之目標乃成為亞太區一間全面之綜合娛樂及媒體集團。該公司之主要業務包括製作、發行電影、電視連續劇、紀錄片及資訊娛樂節目以及有關之版權業務；在亞太區特許經營及營運「Planet Hollywood」及「Star East」主題餐廳；於流動廣告有限公司之策略投資；才藝管理、音樂製作、盛會推廣及物業投資。截至二零零二年九月三十日止六個月，東方魅力錄得之期內綜合虧損為76,700,000港元，而為本集團帶來之除稅後貢獻則為虧損19,000,000港元。

*流動廣告有限公司(「流動廣告」)
(前稱36.com Holdings Limited)*

流動廣告主要從事戶外影音媒體業務。戶外影音媒體廣告經證實為有效之廣告方式，而有關方式為廣告商提供多項優勢，包括製作靈活性及較電視、報章及雜誌更具成本效益。流動廣告已擴大其客戶基礎至涵蓋不同行業，並於巴士、公共小巴以及固定地點裝設多媒體電子廣播系統。於回顧期間內，本集團已就其於流動廣告之投資確認16,800,000港元之折損。

Listed strategic investments indirectly held*Downer EDI Limited (“Downer”)*

Downer is the second largest Australian listed engineering, infrastructure and resource services company. The Downer group is a value-adding service provider with focus on the Australian, New Zealand and Asian markets. The Downer group has been increasingly a preferred supplier in the provision of outsourced services and the management of assets for both public and private infrastructure, comprising mining, power, rail, road, and telecommunications.

Provisions Suppliers Corporation Limited (“PSC”)

The principal activities of PSC are those relating to the supply of household consumer products. The subsidiaries of PSC are principally engaged in investment holding; supply of agency products to supermarkets, hotels, institutions and provision shops; marketing and distribution of chemical products; and supply of provisions and household products. PSC also manages a well-established network of franchise stores and possesses various brand names.

China Strategic Holdings Limited (“China Strategic”)

China Strategic is an investment holding company and the subsidiaries of which are principally engaged in the business of tire manufacturing; manufacturing, retailing and distribution of Chinese medicine, western pharmaceuticals and health food under the brand names of Tung Fong Hung and Jean-Marie; and also investment in infrastructure projects.

Sing Pao Media Group Limited (“Sing Pao Media”)

The Sing Pao Media group is principally engaged in the printing media business with publications such as Sing Pao Daily News and Wide Angle magazine. The Sing Pao Media group also provides extensive news and entertainment content and related services through its websites, singpao.com and stareastnet.com.

*Rosedale Hotel Group Limited (“Rosedale Hotel”)
(formerly China Land Group Limited)*

Rosedale Hotel is principally engaged in hotel operations, property trading and development in the PRC. Upon completion of the group reorganisation on 2nd December, 2002, Rosedale Hotel continues its principal activities with an emphasis on hotel operations and investments, and other leisure-related business.

間接持有之上市策略性投資項目*Downer EDI Limited (「Downer」)*

Downer是澳洲第二大之工程、基建及資源服務上市公司。Downer集團作為以澳洲、紐西蘭及亞洲市場為主之增值服務供應商，並逐漸成為在公共及私人基建工程（包括採礦、能源、鐵路、道路及電訊）提供外判服務及管理資產之優質供應商。

普威聯營有限公司 (「普威聯營」)

普威聯營之主要業務乃提供家居消費產品，而普威聯營之附屬公司主要從事投資控股；供應代理產品予超級市場、酒店、機構及糧食店舖；推廣及分銷化工產品；以及供應糧食及家居產品。普威聯營亦管理一個完善之特許經營權店舖網絡並擁有多個品牌。

中策集團有限公司 (「中策」)

中策乃一家投資控股公司，而其附屬公司則主要從事輪胎生產；以東方紅及正美之品牌生產、零售及分銷中藥、西藥及保健食品；以及於基建項目之投資。

成報傳媒集團有限公司 (「成報傳媒」)

成報傳媒集團主要從事印刷媒體業務及出版刊物，例如《成報》及《廣角鏡》。成報傳媒集團亦透過其網站 singpao.com 及 stareastnet.com 提供豐富之新聞及娛樂內容。

*栢麗酒店集團有限公司 (「栢麗酒店集團」)
(前稱中國置地集團有限公司)*

栢麗酒店集團主要於中國從事酒店營運、物業買賣及發展。於二零零二年十二月二日完成集團重組後，栢麗酒店集團繼續經營其現有業務，並專注於酒店經營及投資，以及其他休閒相關業務。

China Enterprises Limited ("China Enterprises")

China Enterprises is one of the largest tire manufacturers in the PRC. China Enterprises manufactures and sells tires and other rubber products in both the PRC and overseas through its sino-foreign joint ventures in the PRC. To diversify away from being over dependence on a single vertical business, China Enterprises continues to seek other investment opportunities and takes an initial step in investing travel related business by acquiring a substantial interest in Ananda Wing On Travel (Holdings) Limited.

Australia Net.Com Limited ("Australia Net")

Given the substantial financial resources, Australia Net continues to look for strategic investment opportunities as they arise so as to maximise return on its capital resources.

*Dong Fang Gas Holdings Limited ("Dong Fang Gas")
(formerly Companion Building Material International Holdings Limited)*

Apart from the existing operation in the ceramic tile business, Dong Fang Gas has dedicated to the development of natural gas business in the PRC which, in its view, has tremendous business potential and is under active growth.

Ananda Wing On Travel (Holdings) Limited ("Ananda")

The Ananda group is principally engaged in the provision of package tours, transportation services and travel-related business. "Wing On Travel", being a business name used by the Ananda group, is recognised as the leader in Hong Kong outbound travel industry. The Ananda group is a well-known expert in the travel industry having extensive experience in marketing and promoting tour business with far-reaching global network and connections in tour operation.

China Enterprises Limited (「China Enterprises」)

China Enterprises是中國其中一家最大之輪胎製造商，並透過其在中國之中外合資企業，在中國及海外生產及銷售輪胎及其他橡膠產品。為免過份倚賴單一垂直業務及作多元化發展，China Enterprises繼續物色其他投資機會及透過收購辰達永安旅遊(控股)有限公司，首次投資旅遊相關業務。

Australia Net.Com Limited (「Australia Net」)

由於坐擁龐大財務資源，Australia Net不斷物色策略投資機會，以盡量提高其資本資源之回報。

*東方燃氣集團有限公司(「東方燃氣」)
(前稱友聯建築材料國際集團有限公司)*

除現有瓷磚業務外，東方燃氣致力發展其中國天然氣業務，並預期中國天然氣行業將展現龐大業務潛力及正在積極增長。

辰達永安旅遊(控股)有限公司(「辰達」)

辰達集團主要從事提供旅遊團、運輸服務及旅遊相關業務。辰達集團採用之商業名稱「永安旅遊」廣為人所熟悉為香港外遊渡假行業之翹楚。辰達集團為旅遊業之專家，於市場推廣及推動旅遊業務方面擁有豐富經驗，且在旅遊營運方面擁有無遠弗屆之全球網絡及聯繫。

The Group's interests in listed strategic investments are summarised below:

本集團於上市策略性投資項目之權益概述如下：

Listed strategic investments directly held

直接持有之上市策略性投資項目

Name of investee company 所投資公司之名稱	Place of listing 上市地點	Shareholding percentage 股權百分比	
		As at 30th September, 2002 於二零零二年九月三十日	As at the date of this report 於本報告刊發日期
Paul Y. - ITC 保華德祥	Hong Kong Stock Exchange 香港聯交所	42.6%	51.1%
Hanny 錦興	Hong Kong Stock Exchange 香港聯交所	28.3%	28.3%
Burcon	TSX Venture Exchange	26.0%	26.0%
Star East 東方魅力	Hong Kong Stock Exchange 香港聯交所	25.9%	25.9%
M Channel 流動廣告	The Growth Enterprise Market of the Hong Kong Stock Exchange 香港聯交所創業板	26.6% <i>Effective interest</i> (Note a) 實際權益 (附註 a)	26.7% <i>Effective interest</i> (Note a) 實際權益 (附註 a)

Listed strategic investments indirectly held

間接持有之上市策略性投資項目

Name of investee company 所投資公司之名稱	Place of listing 上市地點	Effective interest 實際權益	
		As at 30th September, 2002 於二零零二年九月三十日	As at the date of this report 於本報告刊發日期
Downer	Australian Stock Exchange New Zealand Stock Exchange 澳洲證券交易所 紐西蘭證券交易所	15.7% (Note b) (附註 b)	18.7% (Note b) (附註 b)
PSC 普威聯營	Singapore Exchange Securities Trading Limited 新加坡證券交易所	7.8% (Note c) (附註 c)	7.8% (Note c) (附註 c)
China Strategic 中策	Hong Kong Stock Exchange 香港聯交所	10.3% (Note d) (附註 d)	11.6% (Note d) (附註 d)
Sing Pao Media 成報傳媒	The Growth Enterprise Market of the Hong Kong Stock Exchange 香港聯交所創業板	11.7% (Note e) (附註 e)	11.9% (Note e) (附註 e)
Rosedale Hotel 栢麗酒店集團	Hong Kong Stock Exchange 香港聯交所	6.8% (Note f) (附註 f)	4.7% (Note g) (附註 g)
China Enterprises	New York Stock Exchange 紐約證券交易所	5.7% (Note f) (附註 f)	6.4% (Note f) (附註 f)
Australia Net	Australian Stock Exchange 澳洲證券交易所	5.9% (Note f) (附註 f)	6.6% (Note f) (附註 f)
Dong Fang Gas 東方燃氣	Hong Kong Stock Exchange 香港聯交所	4.4% (Note f) (附註 f)	5.0% (Note f) (附註 f)
Ananda 辰達	Hong Kong Stock Exchange 香港聯交所	1.8% (Note h) (附註 h)	2.1% (Note h) (附註 h)

Notes:

- (a) The effective interest of the Group represents its direct interest of 18.8% and indirect interest held through the Group's direct interest in Star East and indirect interest in China Strategic.
- (b) The Group's interest is held through its direct interest in Paul Y. - ITC.
- (c) The Group's interest is held through its direct interest in Hanny.
- (d) The Group's interest is held through its direct interests in Paul Y. - ITC and Hanny.
- (e) The Group's interest is held through its direct interests in Hanny and Star East and indirect interest in China Strategic.
- (f) The Group's interest is held through its indirect interest in China Strategic.
- (g) The Group's interest is held through its indirect interests in China Strategic and Ananda.
- (h) The Group's interest is held through its indirect interest in China Enterprises.

Liquidity and financial resources

Cash, bank balances and deposits as at 30th September, 2002 amounted to approximately HK\$7.6 million. As at 30th September, 2002, the Group's bank overdrafts of approximately HK\$22.4 million are repayable within one year or on demand and other loan of approximately HK\$17.3 million is repayable more than one year but not exceeding two years. The convertible notes in issue at principal values of HK\$580 million will be redeemed within the next twelve months. Arrangements have been made for the redemption of the convertible notes by the issue of new convertible notes as disclosed in the Company's circular dated 23rd September, 2002 and under the section headed "Major events".

All the Group's borrowings are at floating interest rates and the Group's current ratio was 0.37 as at 30th September, 2002.

Exchange rate exposure

As at 30th September, 2002, approximately 9.2% of the cash, bank balances and deposits were in other currencies and only approximately 1.5% of the Group's total borrowings of HK\$618.9 million was denominated in Canadian dollars. The Canadian dollars denominated borrowings are directly tied in with the Group's business in Canada.

Gearing ratio

The Group's gearing ratio, which was calculated using the Group's net borrowings of HK\$611.3 million and the shareholders' funds of HK\$1,391.0 million, was 43.9% as at 30th September, 2002.

附註：

- (a) 本集團之實際權益乃指其18.8%直接權益及透過本集團於東方魅力之直接權益及中策之間接權益而持有之間接權益。
- (b) 本集團之權益透過其於保華德祥之直接權益持有。
- (c) 本集團之權益透過其於錦興之直接權益持有。
- (d) 本集團之權益透過其於保華德祥及錦興之直接權益持有。
- (e) 本集團之權益透過其於錦興及東方魅力之直接權益及於中策之間接權益持有。
- (f) 本集團之權益透過其於中策之間接權益持有。
- (g) 本集團之權益透過其於中策及辰達之間接權益持有。
- (h) 本集團之權益透過其於China Enterprises之間接權益持有。

流動資金及財務資源

於二零零二年九月三十日，現金、銀行結餘及存款約為7,600,000港元。於二零零二年九月三十日，本集團須於一年內或按通知償還之銀行透支約為22,400,000港元，而須於一年後但不超過兩年內償還之其他貸款約為17,300,000港元。本金值為580,000,000港元之已發行可換股票據將於未來十二個月內贖回。如本公司在二零零二年九月二十三日刊發之通函及下文「重大事項」一節所披露，已就透過發行新可換股票據以贖回有關可換股票據作出安排。

本集團全部借款均以浮息計算利息，而本集團於二零零二年九月三十日之流動比率為0.37。

匯率風險

於二零零二年九月三十日，約9.2%之現金、銀行結餘及存款以其他貨幣為單位，而本集團之借款總額618,900,000港元中僅有約1.5%以加元為單位。加元借款乃直接與本集團之加拿大業務有關。

資本負債比率

本集團於二零零二年九月三十日之資本負債比率（以本集團之借款淨額611,300,000港元及股東資金1,391,000,000港元計算）為43.9%。