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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this document, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in Sing Tao Media Holdings Limited, you should at once hand this document and the accompanying forms of acceptance to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted to, in or into the New Zealand, Malaysia, United States or the Philippines. This document should be read in conjunction with the accompanying forms of acceptance, the contents of which form part of the terms of the Offer.

A copy of this document, together with the documents specified in the paragraph headed "Documents delivered to the Registrar of companies" in Appendix IX to this document, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance, Chapter 32 of the laws of Hong Kong. The Registrar of Companies and the Securities and Futures Commission in Hong Kong take no responsibility as to the contents of this document or any other document referred therein.

The Stock Exchange of Hong Kong Limited and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

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## GLOBAL CHINA TECHNOLOGY GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

## SING TAO MEDIA HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*



## GLOBAL CHINA MULTIMEDIA LIMITED

*(Incorporated in the British Virgin Islands with limited liability)*

### VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER BY

### GLOBAL CHINA CORPORATE FINANCE LIMITED ON BEHALF OF

### GLOBAL CHINA MULTIMEDIA LIMITED A WHOLLY OWNED SUBSIDIARY OF

### GLOBAL CHINA TECHNOLOGY GROUP LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN

### SING TAO MEDIA HOLDINGS LIMITED OTHER THAN THOSE SHARES PRESENTLY OWNED BY GLOBAL CHINA MULTIMEDIA LIMITED

Financial adviser to  
Global China Multimedia Limited



GLOBAL CHINA CORPORATE FINANCE LIMITED

Financial adviser to  
independent board committee of  
Sing Tao Media Holdings Limited



KINGSWAY CAPITAL LIMITED

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A letter from Kingsway Capital Limited containing its recommendation to the independent board committee of Sing Tao Media Holdings Limited on the Offer is set out on page 29 of this document.

The procedure for acceptance of the Offer is set out on page 23 of this document and in the accompanying forms of acceptance. Acceptances of the Offer should be despatched as soon as possible, by hand or by post, to the Registrar, Computershare Hong Kong Investor Services Limited of Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event so as to be received by not later than 4:00 p.m. 20th September, 2002, or such later time and, or, date as the Offeror may decide.

The Offer, is not being made and will not be made, directly or indirectly, in or into and the Offer cannot be accepted from New Zealand, Malaysia, the United States or the Philippines or by the use of mails of, or by any means or instrumentality of interstate or foreign commerce of, or by any facilities of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. This includes, but is not limited to the post, facsimile transmission, telex and telephone or electronic means. Accordingly, copies of this document, the form of acceptance and any related offering documents are not being and must not be mailed or otherwise distributed or sent in, into or from New Zealand, Malaysia, the United States or the Philippines whether by the use of the mails or any means or instrumentality of interstate or foreign commerce of, or by any facility of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. Persons receiving such documents, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and, or, the accompanying forms of acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas shareholders" in the letter from Global China Corporate Finance Limited and in paragraph 7 of appendix 1 to this document before taking any action.

No prospectus in relation to the Offer has been lodged with, or registered by the Registrar of Companies in New Zealand, the Malaysia Securities Commission or the Securities Exchange Commission in the Philippines or the Securities Exchange Commission in the United States. No extensive disclosure regarding the Offer as may be required has been made nor the Offer is submitted for substantive review to any state of the United States. Accordingly, the new shares in Global China may not (except pursuant to an exemption from any applicable registration requirements and otherwise in compliance with all applicable legislation) be offered, sold, resold or delivered directly or indirectly in or into New Zealand, Malaysia, the United States or the Philippines or any other jurisdiction if to do so would constitute a violation of relevant laws.

30th August, 2002

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## SUMMARY OF THE OFFER

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### THE OFFER

The Offer is a voluntary conditional securities exchange offer on the following basis:

**for every 1 share in Sing Tao Media . . . . . 1.75 New GCT Shares**

With reference to the placing price of the Subscription Shares under the Placing, the issue price for each New GCT Share amounts to HK\$0.6388.

Shareholders of Sing Tao Media should be aware that fractional entitlements to New GCT Shares will not be issued under the Offer.

The Offer is conditional on the Listing Committee of the Stock Exchange approving the listing of, and granting the permission to deal in, the New GCT Shares.

If the condition above-mentioned is not satisfied by 5th September, 2002, the Offer will lapse. In that case, the Offeror and Global China will jointly issue a press announcement as soon as practicable thereafter.

### HOW TO ACCEPT THE OFFER

The procedure for acceptance of the Offer is set out on pages 23 and 24 of this document and in the accompanying form of acceptance.

Overseas Shareholders of Sing Tao Media are advised to read the section headed “Overseas shareholders” in the letter from Global China Corporate Finance and paragraph 7 of appendix I to this document as set out on page 56 of this document carefully.

Assuming the Condition is duly satisfied on 5th September, 2002 and the Offer becomes or is declared unconditional on 5th September, 2002, acceptances of the Offer must be received by not later than 4:00 p.m. on 20th September, 2002, or such later time and, or, date as the Offeror may decide subject to the Takeovers Code. Shareholders of Sing Tao Media are encouraged to read the section headed “Expected timetable” set out on page 7 of this document and the section headed “Acceptance period and revisions” in appendix I set out on page 52 of this document carefully.

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## DEFINITIONS

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*Unless the context requires otherwise, the following expressions have the following meanings in this document:*

“Associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of directors of Global China or Sing Tao Media, as the case may be
“Business Day”	any day on which banks in Hong Kong are generally open for business, except Saturday
“CCASS”	the Central Clearing and Settlement System operated by Hongkong Clearing
“Closing Date”	20th September, 2002, being the 21st day after the dispatch of this document, or if the Offer is extended, the then closing date of the Offer
“Companies Law”	the Companies Law (2001 2nd Revision) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the laws of Hong Kong
“Condition”	the condition of the Offer as more particularly described in the paragraph headed “Condition of the Offer”
“Conversion”	the conversion by Luckman Trading Limited of 36,000,000 convertible preference shares in the capital of Global China into GCT Shares in the ratio of one GCT Share for every convertible preference share
“Distribution”	the conditional payment of a special interim dividend by Sing Tao Holdings to be satisfied by a distribution in specie of the entire issued share capital of Sing Tao Media
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“forms of acceptance”	the forms of acceptance and transfer relating to the securities exchange available under the Offer

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## DEFINITIONS

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“GCT Share(s)”	share(s) of HK\$0.10 each in the ordinary share capital of Global China
“Global China”	Global China Technology Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Global China Corporate Finance”	Global China Corporate Finance Limited, an investment adviser registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong) being the financial adviser to the Offeror in relation to the Offer
“Global China Group”	Global China and its subsidiaries
“group of companies”	has the meaning ascribed thereto in the Companies Ordinance
“holding company”	has the meaning ascribed thereto in the Companies Ordinance
“Hongkong Clearing”	Hong Kong Securities Clearing Company Limited
“Independent Board Committee”	Mr. Fan Sheung Tak, Stephen, Mr. Tung Chee Chen and Mr. Yao Kang, who have been appointed to advise the STM Independent Shareholders in respect of the Offer
“Kingsway”	Kingsway Capital Limited, an investment adviser and dealer registered under the Securities Ordinance and the financial adviser to the independent board committee of Sing Tao Media
“Latest Practicable Date”	27th August, 2002, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ming Yuan”	Ming Yuan Investments Group Limited, a company incorporated in the British Virgin Islands wholly and beneficially owned by Mr. Yao Yuan and his family

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## DEFINITIONS

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“New GCT Share(s)”	the new GCT Shares proposed to be issued by Global China, credited as fully paid, pursuant to the Offer
“Offer”	the voluntary conditional securities exchange offer by Global China Corporate Finance on behalf of the Offeror to acquire the STM Shares, other than those STM Shares as are presently owned by the Offeror
“Offer Period”	the period commencing 11th July, 2002, being the date of the announcement giving details on the Offer and ending on the date when the Offer closes for acceptances or is declared to have lapsed
“Offeror”	Global China Multimedia Limited, a company incorporated in the British Virgin Islands and a wholly and beneficially owned subsidiary of Global China
“Options”	outstanding options to subscribe for 21,000,000 ST Shares granted under the share option scheme adopted by Sing Tao Holdings on 3rd September, 1999
“Overseas Shareholders”	shareholders of Sing Tao Media whose registered addresses as shown on its register of members are outside Hong Kong
“person(s) acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Placing”	the conditional placing by Global China of the Subscription Shares to CyberTime Limited, Concord Fortune Limited and Novel Investments (Overseas) Limited at a price of HK\$0.6388 per such Subscription Share, the particulars of which are contained in the announcement of 11th July, 2002 by Global China
“PRC”	the People’s Republic of China
“Preference Shares”	the 36,000,000 convertible preference shares in the capital of Global China held by Luckman Trading Limited to be converted into ordinary shares in Global China pursuant to the Conversion

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## DEFINITIONS

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“Record Date”	12th August, 2002, being the record date for ascertaining the entitlement of its shareholders to participate in the Distribution
“Registrar”	Computershare Hong Kong Investor Services Limited of Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 3rd July, 2002 entered into between Global China, Ming Yuan and Mr. Yao Yuan under which Ming Yuan agreed to purchase, and Global China agreed to procure to be sold, 312,624,443 shares representing approximately 74.5% of the issued share capital of Sing Tao Holdings
“SDI Ordinance”	Securities (Disclosure of Interests) Ordinance, Chapter 396 of the laws of Hong Kong
“Securities Ordinance”	Securities Ordinance, Chapter 333 of the laws of Hong Kong
“SFC”	The Securities and Futures Commission of Hong Kong
“Sing Tao Holdings”	Sing Tao Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Sing Tao Media” or “Company”	Sing Tao Media Holdings Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Sing Tao Holdings before the Distribution
“Sing Tao Media Group”	Sing Tao Media and its subsidiaries
“Sing Tao Shareholders”	holders of the ST Shares
“ST Share(s)”	share(s) of HK\$0.25 each in the capital of Sing Tao Holdings
“STM Independent Shareholders”	shareholders of Sing Tao Media other than members of Global China, the Offeror and any person acting in concert with any of them

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## DEFINITIONS

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“STM Share(s)”	share(s) of HK\$0.01 each in the ordinary share capital of Sing Tao Media
“STM Shareholders”	holders of the STM Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	124,500,000 new GCT Shares to be issued pursuant to the Placing
“subsidiary”	has the meaning ascribed thereto in the Companies Ordinance
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases as in force in Hong Kong from time to time
“United States” or “US” or “USA”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia, and all other areas subject to its jurisdiction
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong



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## EXPECTED TIMETABLE

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**Assuming the Condition is duly satisfied on 5th September, 2002 and the Offer becomes or is declared unconditional on 5th September, 2002<sup>(1)</sup>**

Offer opens ..... Friday, 30th August, 2002

Latest time for receiving acceptances

on the Closing Date ..... 4:00 p.m., Friday, 20th September, 2002

Press announcement of results of the Offer <sup>(2)</sup> ..... Monday, 23rd September, 2002

Despatch of share certificates for New GCT Shares

to STM Shareholders who accept the Offer<sup>(3)(5)</sup>

on or before ..... Monday, 30th September, 2002

Despatch of share certificates for STM Shares to

STM Shareholders who reject the Offer<sup>(4)(5)</sup>

on or before ..... Monday, 30th September, 2002

*Notes:*

- (1) In the event that the Offer has not become or been declared unconditional on or before 5:00 p.m. on 5th September, 2002, the Offer will lapse unless extended in accordance with the Takeovers Code.
- (2) A teletext announcement will be published through the Stock Exchange by 7:00 p.m. on the Closing Date announcing the results of the Offer.
- (3) For those STM Shareholders accepting the Offer in accordance with this document, share certificates for New GCT Shares, instead of STM Shares, will be dispatched to them.
- (4) For those STM Shareholders rejecting or otherwise not accepting the Offer in accordance with this document, share certificates for STM Shares will be dispatched to them as dividend in specie under the Distribution.
- (5) Share certificates for New GCT Shares or STM Shares, as the case may be, are expected to be despatched to the holders of the STM Shares within 10 calendar days of the latter of the date on which the Offer becomes, or is declared unconditional and the date of receipt of the form of acceptance by the Registrar. In the event that no form of acceptance is received by the Registrar by 4:00 p.m. on the Closing Date, share certificates for STM Shares will be despatched as dividend in specie under the Distribution.

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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### SING TAO MEDIA HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

*Directors:*

Mr. Charles Ho Tsu Kwok (*Executive Chairman*)  
Mr. Wong Wai Ming (*Deputy Chairman*)  
Ms. Miranda Chan Kwai Yin  
Mr. Morris Ho Kwok Fai  
Miss Judy Inn  
Mr. Lo Wing Hung

*Principal place of business:*

Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Hong Kong

*Non-executive Directors:*

Mr. Stephan Fan Sheung Tak\*  
Mr. Tung Chee Chen\*  
Mr. Yao Kang, JP\*

\* *Independent non-executive directors*

30th August, 2002

*To the STM Independent Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER  
BY  
GLOBAL CHINA CORPORATE FINANCE LIMITED  
ON BEHALF OF  
GLOBAL CHINA MULTIMEDIA LIMITED  
A WHOLLY OWNED SUBSIDIARY OF  
GLOBAL CHINA TECHNOLOGY GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
SING TAO MEDIA HOLDINGS LIMITED  
OTHER THAN THOSE SHARES PRESENTLY OWNED BY  
GLOBAL CHINA MULTIMEDIA LIMITED**

#### INTRODUCTION

On 11th July, 2002 the respective board of directors of Global China and Sing Tao Holdings announced that Sing Tao Holdings intends to distribute the entire issued share capital of Sing Tao Media to its shareholders by way of a special interim dividend in specie in the proportion of 1 STM Share for every ST Share held by the Sing Tao Shareholders. The Distribution was formally approved by the Board of Sing Tao Holdings and the Sing Tao Shareholders on 16th

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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July, 2002 and 19th August, 2002 respectively and was completed on 21st August, 2002. Global China Multimedia is interested in 312,624,443 STM Shares, representing about 74.5% of the issued share capital of Sing Tao Media.

It was also announced on 11th July, 2002 that Sing Tao Holdings has been informed by Global China that Global China has entered into a conditional agreement with Ming Yuan under which Global China agreed to procure to be sold, and Ming Yuan agreed to purchase 312,624,443 ST Shares, representing approximately 74.5% of the issued share capital of Sing Tao Holdings for a total consideration of HK\$163,800,000. The completion of the Sale and Purchase Agreement took place on 23rd August, 2002. Under Rule 26 of the Takeovers Code, Ming Yuan is obliged to make an unconditional mandatory cash offer, for all the issued ST Shares and Options in accordance with the Takeovers Code. Details of such mandatory offer, including a letter from Kingsway, will be included in the offeree document to be despatched by Sing Tao Holdings, which is expected to be despatched to the Sing Tao Shareholders on or before 13th September, 2002.

In view of the fact that the STM Shares are not listed on any stock exchange, as a means to provide liquidity in the STM Shares to be received by the Sing Tao Shareholders, it was announced on 11th July, 2002 that Global China Corporate Finance, on behalf of the Offeror, intended to make a voluntary conditional securities exchange offer to acquire all the issued STM Shares (other than those already owned by the Offeror) subject to the following pre-conditions being satisfied: (1) the shareholders of Sing Tao Holdings passing at a duly convened special general meeting such resolutions as may be necessary to implement the Distribution; (2) the completion of the Distribution; and (3) the completion of the Sale and Purchase Agreement. All such pre-conditions have been satisfied on 23rd August, 2002.

### **INDEPENDENT BOARD COMMITTEE**

In accordance with the Takeovers Code, an independent board committee comprising Mr. Stephen FAN Sheung Tak, Mr. TUNG Chee Chen and Mr. YAO Kang, who are the independent non-executive directors, has been established by Sing Tao Media to consider the terms of the Offer and to advise the STM Independent Shareholders. Kingsway has been appointed the independent financial adviser to consider the terms of the Offer and to advise the Independent Board Committee on whether the terms of the Offer are fair and reasonable so far as the STM Independent Shareholders are concerned and the action to be taken by the STM Independent Shareholders.

None of the other directors of Sing Tao Media is considered to be independent for the purpose of giving recommendations to the STM Independent Shareholders in relation to the Offer for the following reasons:

- (a) Mr. HO Tsu-Kwok, Charles is the chairman and controlling shareholder of Global China;

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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- (b) Ms. Miranda CHAN Kwai Yin, Mr. Morris HO Kwok Fai, and Mr. LO Wing Hung are executive directors of Sing Tao Media and salaried employees of the Sing Tao Media Group; and
- (c) Miss Judy INN and Mr. WONG Wai Ming are executive directors and salaried employees of the Global China Group.

STM Independent Shareholders are urged to read the respective letters from the independent board committee of Sing Tao Media and Kingsway on page 26 and page 29 respectively in this document before you take any action in respect of the Offer.

### CONDITIONS OF THE OFFER

The Offer is conditional on the Listing Committee of the Stock Exchange approving the listing of, and granting the permission to deal in, the New GCT Shares.

### THE OFFER

The Offer is a voluntary conditional securities exchange offer made by Global China Corporate Finance, on behalf of the Offeror, a wholly owned subsidiary of Global China, to acquire all the issued STM Shares, other than the 312,624,443 STM Shares already held by the Offeror, on the following basis:

**For each STM Share . . . . . 1.75 New GCT Shares**

**Number of STM Shares subject to the Offer . . 106,994,803**

The 106,994,803 STM Shares will be acquired by the Offeror fully paid and free from all liens, equities, charges and encumbrances and together with all rights now and hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid hereafter.

Assuming that the Offer becomes or is declared unconditional on 5th September, 2002, the closing date of the Offer is expected to be 20th September, 2002. The terms and conditions of the Offer and the procedures for acceptance of the Offer are contained in the letter from Global China Corporate Finance set out on pages 23 and 24 of this document, in appendix I to this document and in the accompanying form of acceptance.

### OVERSEAS SHAREHOLDERS

The Offer is not being made and will not be made, directly or indirectly, in or into any jurisdictions where the making of the Offer will be required to comply with any local filing and/or registration requirement with the relevant governmental or regulatory authorities pursuant to the laws of the jurisdiction concerned and as such, the Offer cannot be accepted from such jurisdictions.

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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In particular, the Offer is not being made and will not be made, directly or indirectly, in or into, and the Offer cannot be accepted from, New Zealand, Malaysia, the United States or the Philippines by the use of mails of, or by any means or instrumentality of interstate or foreign commerce of, or by any facilities of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. This includes, but is not limited to the post, facsimile transmission, telex and telephone or electronic means. The Offer cannot be accepted by any such use, means or instrumentality or facility or from within New Zealand, Malaysia, the United States or the Philippines. Accordingly, copies of this document, the forms of acceptance and any related offering documents are not being mailed or otherwise distributed or sent in, into or from New Zealand, Malaysia, the United States or the Philippines, whether by the use of the mails or any means or instrumentality of interstate or foreign commerce of, or by any facility of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, send or mail such documents in, into or from New Zealand, Malaysia, the United States or the Philippines, and doing so may invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility for any purpose, directly or indirectly, related to acceptance of the Offer. Persons receiving such documents, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and, or, the accompanying forms of acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in the paragraph headed “Overseas shareholders” in the letter from Global China Corporate Finance and in paragraph 7 of appendix I to this document before taking any action.

Pursuant to Rule 8.1 of the Takeovers Code, information about companies involved in an offer must be made equally available to all shareholders as nearly as possible at the same time and in the same manner. The Offeror has applied for a waiver from strict compliance with Rule 8.1 of the Takeovers Code pursuant to Note 3 to Rule 8 of the Takeovers Code from the SFC so that shareholders from Malaysia, New Zealand, the Philippines and the United States may be excluded from receiving this document on the ground that it would be unduly burdensome to do so in such overseas jurisdictions. Such waiver has been granted by the SFC.

### **NATURE OF STM SHARES**

The STM Shares distributed to the Sing Tao Shareholders pursuant to the Distribution are shares of an unlisted Cayman Islands company and are not readily tradable on an open market. Any transfer of such STM Shares will be regulated pursuant to the memorandum and articles of association of Sing Tao Media and the rights of the STM Shareholders will primarily be governed by the Companies Law.

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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### SHARE OPTIONS

There are no outstanding share options, warrants nor any other securities which are convertible into shares in Sing Tao Media.

### INFORMATION ON THE OFFEROR AND GLOBAL CHINA

Your attention is drawn to the section headed “Information on the Offeror and Global China” set out in the letter from Global China Corporate Finance on page 21 of this document.

### COMPULSORY ACQUISITION

If acceptances are received for not less than 90% in value of the STM Shares in respect of which the Offer is made, the Offeror intends to avail itself of the compulsory acquisition provisions under the Companies Law to acquire the outstanding STM Shares not owned by it. For that purpose, the Offeror must serve a notice of intention to acquire the relevant STM Shares in the prescribed manner under section 88 of the Companies Law on such holders to indicate its desire to acquire their STM Shares. Subject to the terms of the Companies Law, the Offeror as a transferee company shall be entitled and bound to acquire those STM Shares on the same terms as the Offer. In the event that the compulsory acquisition is not effected, Sing Tao Media will remain subject to the Takeovers Code.

### INFORMATION ON SING TAO MEDIA

Sing Tao Media is a company incorporated in the Cayman Islands and was a wholly-owned subsidiary of Sing Tao Holdings prior to the Distribution, and is principally engaged in the publishing of newspapers and magazines and the provision of media consultancy services. Sing Tao Media publishes Sing Tao Daily, The Standard, East Touch and Teens. STM Shares are not listed on any stock exchange. Sing Tao Media has never issued any options, warrants or other derivatives convertible into STM Shares since the date of its incorporation.

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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Summarised below are the unaudited combined results of Sing Tao Media for the years ended 31st March, 2000, 31st March, 2001 and the nine months ended 31st December, 2001 assuming that the Distribution had been effected:

	<b>Year ended 31st March, 2000 HK\$'000</b>	<b>Year ended 31st March, 2001 HK\$'000</b>	<b>Nine months ended 31st December, 2001 HK\$'000</b>
Turnover	<u>1,256,465</u>	<u>1,257,055</u>	<u>929,162</u>
Profit/(loss) before tax	48,638	(31,356)	(42,157)
Tax	<u>(39,583)</u>	<u>(42,975)</u>	<u>(20,133)</u>
Profit/(loss) after tax	9,055	(74,331)	(62,290)
Minority interests	<u>58</u>	<u>5</u>	<u>3</u>
Net profit/(loss) for the year/period attributable to shareholders	<u>9,113</u>	<u>(74,326)</u>	<u>(62,287)</u>
Earnings/(loss) per share — HK cents*	<u>2.2</u>	<u>(17.7)</u>	<u>(14.8)</u>
Dividend	<u>—</u>	<u>—</u>	<u>—</u>
Dividend per share	<u>—</u>	<u>—</u>	<u>—</u>

*Note*\*: The earnings/(loss) per share was calculated based on 419,619,246 ordinary shares of Sing Tao Media in issue and assuming that such number of shares had been in issue during the respective year/period.

The above financial information has been reported on in accordance with Rule 10 of the Takeovers Code by Ernst & Young, the auditors of Sing Tao Holdings and Global China Corporate Finance. Comfort letters issued to Sing Tao Media by Ernst & Young and Global China Corporate Finance are set out in Appendix IV.

The financial year end of Sing Tao Media has been changed from 31st March to 31st December during the last financial period.

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## LETTER FROM THE BOARD OF SING TAO MEDIA

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### FUTURE PROSPECTS OF SING TAO MEDIA

It is expected that the year ahead will be another challenging one with Hong Kong's economy yet to show signs of quick recovery. Directors of Sing Tao Media intend that Sing Tao Media will continue to concentrate on product improvement, sales efforts enhancement, and cost rationalization. The magazine titles "East Touch" and "Teens" acquired in the first quarter of 2002 are expected to serve as a springboard for Sing Tao Media Group to further expand its presence in the magazine publishing market. In the PRC, a number of new ventures are currently under discussion which are expected to extend Sing Tao Media Group's product offerings and geographic presence in the PRC.

The directors of Sing Tao Media believe that the ongoing restructuring plan is in the best interests of its long-term development as the group will be able to leverage on Global China's multimedia platform as well as other resources. The directors of Sing Tao Media are confident that the restructuring plan will propel Sing Tao Media Group into a new era of development and facilitate the group to achieve its goal of becoming a leading multimedia content provider and aggregator serving global Chinese communities.

### FURTHER INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and Kingsway on page 26 and page 29 of this document respectively, containing their recommendations and advice in respect of the Offer.

In considering what action to take in connection with the Offer, STM Independent Shareholders should consider their own tax position and, if they are in any doubt, they should consult their professional advisers.

Your attention is also drawn to the letter from Global China Corporate Finance and to Appendix I to this document, which set out the terms, conditions and procedure for acceptance of the Offer, and to the financial information on Global China and Sing Tao Media set out in Appendices II and III respectively to this document and the information required to be given to recipients of an offer under the Takeovers Code set out in Appendices V, VI, VII, VIII and IX to this document.

Yours faithfully,  
for and on behalf of  
**Sing Tao Media Holdings Limited**  
**Lo Wing Hung**  
*Director*





**GLOBAL CHINA CORPORATE FINANCE LIMITED**  
**泛華財務顧問有限公司**

30th August, 2002

*To the STM Independent Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER**  
**BY**  
**GLOBAL CHINA CORPORATE FINANCE LIMITED**  
**ON BEHALF OF**  
**GLOBAL CHINA MULTIMEDIA LIMITED**  
**A WHOLLY OWNED SUBSIDIARY OF**  
**GLOBAL CHINA TECHNOLOGY GROUP LIMITED**  
**TO ACQUIRE ALL THE ISSUED SHARES IN**  
**SING TAO MEDIA HOLDINGS LIMITED**  
**OTHER THAN THOSE SHARES PRESENTLY OWNED BY**  
**GLOBAL CHINA MULTIMEDIA LIMITED**

**INTRODUCTION**

On 11th July, 2002, it was announced that a proposed voluntary conditional securities exchange offer will be made, subject to certain conditions, by Global China Corporate Finance on behalf of the Offeror to acquire all the issued shares in Sing Tao Media, other than the 312,624,443 shares in Sing Tao Media (representing approximately 74.5% of the issued share capital of Sing Tao Media) presently owned by the Offeror.

This letter, together with Appendix I to this document and the form of acceptance set out, amongst other things, the terms and conditions of the Offer, information on the Offeror and Global China and the intentions of the Offeror regarding the future of Sing Tao Media. Unless the context requires otherwise, terms defined in this document shall have the same meanings therein.

As at 21st August, 2002, the Offeror controlled 312,624,443 shares in Sing Tao Media representing approximately 74.5% of the issued share capital of Sing Tao Media. Upon completion of the Distribution, the Offeror and persons acting in concert with it owned or controlled, in aggregate, 314,052,443 shares in Sing Tao Media, representing approximately

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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74.8% of the issued share capital of Sing Tao Media, of which Mr. Ho Tsu Kwok, Charles beneficially owned 1,428,000 shares, representing 0.34% of the issued share capital of Sing Tao Media.

Your attention is drawn to the information contained in the letter from the board of Sing Tao Media set out on page 8 of this document, the letter from the independent board committee of Sing Tao Media set out on page 26 of this document and the letter of advice from Kingsway to the independent board committee of Sing Tao Media set out on page 29 of this document.

### THE OFFER

Global China Corporate Finance offers, on behalf of the Offeror, to acquire all the issued shares in Sing Tao Media, other than the 312,624,443 shares in Sing Tao Media held by the Offeror, on the terms and subject to the conditions set out in this document and in the form of acceptance on the following basis:

**For each STM Share . . . . . 1.75 New GCT Shares**  
**Number of STM Shares under the Offer . . . . . 106,994,803**

The Offer values the STM Shares at HK\$1.12 per share on the basis of the issue price of HK\$0.6388 per New GCT Share pursuant to the Placing. On this basis, the Offer values the entire issued share capital of Sing Tao Media at about HK\$469.1 million and the 187,240,905 New GCT Shares to be issued at HK\$119.6 million. The issue price of HK\$0.6388 represents a premium of 38.9% to the closing price of HK\$0.46 per GCT Share as quoted on the Stock Exchange on 3rd July, 2002, the date prior to the suspension pending on the issue of the announcement jointly issued by Global China and Global China Multimedia with respect to the Offer, and a premium of 6.5% to the audited net tangible assets value of HK\$ 0.60 per GCT Share as at 31st December, 2001 and a premium of 93.6% to the closing price of HK\$0.33 on the Latest Practicable Date.

### NATURE OF STM SHARES

The 106,994,803 STM Shares will be acquired by the Offeror fully paid and free from all liens, equities, charges and encumbrances and together with all rights now and hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid hereafter.

The STM Shares distributed to the Sing Tao Shareholders pursuant to the Distribution are shares of an unlisted Cayman Islands company and will not be readily tradable on an open market. Any transfer of such STM Shares will be regulated pursuant to the memorandum and articles of association of Sing Tao Media and the rights of the STM Shareholders will primarily be governed by the Companies Law.

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### **Comparisons of value**

The offer terms per STM Share of HK\$1.12 under the Offer represents a 27.0% discount to the proforma unaudited combined net asset value per share of Sing Tao Media of HK\$1.535 as at 31st December, 2001.

### **Total consideration**

On the basis of the offer of 1.75 New GCT Shares for each STM Share at an issue price of HK\$0.6388 per New GCT Share, the entire issued share capital of 419,619,246 shares in Sing Tao Media as at the Latest Practicable Date was valued at approximately HK\$469.1 million. The Offer valued the 106,994,803 STM Shares held by the STM Shareholders (other than the Offeror) at approximately HK\$119.6 million.

On the basis that all holders of 106,994,803 STM Shares accept the Offer, the maximum number of the New GCT Shares to be issued shall amount to approximately 187,240,905 GCT Shares, representing approximately 12.7% of the existing share capital of Global China and 11.3% of the enlarged share capital of Global China of 1,657,586,178 GCT Shares only taking into account the number of GCT Shares to be allotted and issued pursuant to the full acceptance of the Offer. The New GCT Shares will be issued under the general mandate granted to the directors of Global China at the general meeting held on 28th May, 2002. The New GCT Shares will be allotted, issued and credited as fully paid and rank *pari passu* in all respects with the then existing issued GCT Shares. An application has been made to the Stock Exchange for the listing of and permission to deal in the New GCT Shares to be issued pursuant to the Offer. In addition, an application will also be made to the Bermuda Monetary Authority (if required) in connection with the issue of the New GCT Shares pursuant to the Offer.

### **Resources of the Offeror**

In view of the Offer being a securities exchange offer, Global China Corporate Finance is satisfied that Global China has the necessary resources to satisfy full acceptance of the Offer.

### **Persons acting in concert with the Offeror**

The Offer is made to all the STM Shareholders (other than the Offeror) which shall include Mr. Ho Tsu Kwok, Charles, the chairman of Global China and any parties acting in concert with him who (as at the Latest Practicable Date) holds 1,428,000 STM Shares representing 0.34% of the issued share capital of Sing Tao Media.

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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### Overseas shareholders

As the making of the Offer to Overseas Shareholders may be affected by the laws of the relevant jurisdictions, Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consents which may be required and compliance with other necessary formalities or legal requirements. Any such Overseas Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Offeror, Global China, Global China Corporate Finance and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Overseas Shareholder for any such issue, transfer or other taxes as such person may be required to pay.

The Offer is not being made and will not be made, directly or indirectly, in or into any jurisdictions where the making of the Offer will be required to comply with any local filing and/or registration requirement with the relevant governmental or regulatory authorities pursuant to the laws of the jurisdiction concerned and as such, the Offer cannot be accepted from such jurisdictions.

In particular, the Offer is not being made and will not be made, directly or indirectly, in or into, and the Offer cannot be accepted from, New Zealand, Malaysia, the United States or the Philippines by the use of mails of, or by any means or instrumentality of interstate or foreign commerce of, or by any facilities of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. This includes, but is not limited to the post, facsimile transmission, telex and telephone or electronic means. Accordingly, copies of this document, the form of acceptance and any related offering documents are not being and must not be mailed or otherwise distributed or sent in, into or from New Zealand, Malaysia, the United States or the Philippines whether by the use of the mails or any means or instrumentality of interstate or foreign commerce of, or by any facility of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines.

Persons receiving such documents, including, without limitation, custodians, nominees and trustees, must not distribute or send them in, into or from New Zealand, Malaysia, the United States or the Philippines and so doing may invalidate any purported acceptance of the Offer. Persons who wish to accept the Offer should not use such mails or any such means or instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing forms of acceptance should not be postmarked in or otherwise be despatched from New Zealand, Malaysia, the United States or the Philippines and all accepting shareholders must provide addresses outside New Zealand, Malaysia, the United States or the Philippines for the receipt of the New GCT Shares or the return of the relevant forms of acceptance, share certificate(s) and, or, transfer receipt(s) and, or other document(s) of title and, or, any satisfactory indemnity or indemnities in respect thereof.

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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No prospectus in relation to the Offer or the New GCT Shares has been approved by, lodged with, or registered by, the Registrar of Companies in New Zealand, the Malaysian Securities Commission or the Securities and Exchange Commission in the Philippines or the Securities Exchange Commission in the United States. No extensive disclosure regarding the Offer as may be required has been made nor the Offer is submitted for substantive review to any state of the United States. Accordingly, the new shares in Global China may not (except pursuant to an exemption from any applicable registration requirements and otherwise in compliance with all applicable legislation) be offered, sold, resold or delivered directly or indirectly in or into New Zealand, Malaysia, the United States or the Philippines or any other jurisdiction if to do so would constitute a violation of relevant laws and the Offer is not being made under this document in or into New Zealand, Malaysia, the United States or the Philippines or any jurisdiction where the making of the Offer will be required to comply with any local filing and/or registration requirement with the relevant governmental or regulatory authorities pursuant to the laws of the jurisdiction concerned. In particular, neither the Offeror nor Global China will authorise the delivery of any document of title in respect of any new shares in Global China to an address in New Zealand, Malaysia, the United States or the Philippines. The Offeror or Global China may authorise the delivery of any document of title in respect of any new shares in Global China in a manner that the Offeror or Global China in its absolute discretion determines is necessary or advisable in order to comply with any applicable law.

The Offeror reserves the right to notify any matter in relation to the Offer to Overseas Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Shareholder to receive or see that notice, if it is displayed at the registered office of Sing Tao Media.

STM Shareholders, including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this document and, or, the accompanying forms of acceptance to any jurisdiction outside of Hong Kong, should read the details in this regard which are contained in paragraph 7 of appendix I to this document before taking any action.

### **Compulsory acquisition**

If acceptances are received for not less than 90% in value of the STM Shares in respect of which the Offer is made, the Offeror intends to avail itself of the compulsory acquisition provisions under the Companies Law to acquire the outstanding STM Shares not owned by it. For that purpose, the Offeror must serve a notice of intention to acquire the relevant STM Shares in the prescribed manner under section 88 of the Companies Law on such holders to indicate its desire to acquire their STM Shares. Subject to the terms of the Companies Law, the Offeror as a transferee company shall be entitled and bound to acquire those STM Shares on the same terms as the Offer. In the event that the compulsory acquisition is not effected, Sing Tao Media will remain subject to the Takeovers Code.

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### **Condition of the Offer**

The Offer is conditional on the Listing Committee of the Stock Exchange approving the listing of, and granting the permission to deal in, the New GCT Shares.

### **Completion of the Offer**

If the Condition is not satisfied on or before 5th September, 2002, the Offer will lapse, unless extended by the Offeror. In such circumstances, the Offeror will issue a press announcement as soon as practicable thereafter.

### **SHARE OPTIONS**

There are no outstanding share options nor warrants nor any other securities which are convertible into shares in Sing Tao Media.

### **REASONS FOR THE OFFER**

There is an increasing convergence between the business of Sing Tao Media and that of Global China's media and information services business. Sing Tao Media's strategic objective of becoming a leading multimedia content provider and aggregator serving global Chinese communities may be best achieved by combining the respective strengths of Sing Tao Media and Global China, as well as the financial and management resources of the two groups. Given that the transactions between Global China and Sing Tao Holdings constitute connected transactions as defined in the Listing Rules and may require both companies to make disclosure and/or obtain independent shareholders' approval on each occasion the transaction arises pursuant to the Listing Rules, the directors of Sing Tao Holdings considered the requirement to be impractical and unduly onerous while not at the same time bringing any material benefit to public investors. Subsequently, the Distribution announced on 11th July, 2002 represents a further step in streamlining the structure of the Global China Group and allows the shareholders of Global China and Sing Tao Media to participate directly in the group's investment in the media-related group of companies. The directors of Sing Tao Holdings believe that the Distribution allows the group to operate more efficiently and effectively.

Pursuant to the Distribution, STM Shares were distributed to the shareholders of Sing Tao Holdings on 21st August, 2002.

In view of the fact that STM Shares are not listed on any stock exchange, the Offeror decided to make a voluntary conditional securities exchange offer to acquire all the STM Shares other than such STM Shares as owned by the Offeror, as a means to provide an alternative channel to realize the value in their illiquid STM Shares and take up the securities of Global China, a Hong Kong listed company.

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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### INFORMATION ON THE OFFEROR AND GLOBAL CHINA

#### The Offeror

The Offeror is a company which was incorporated in the British Virgin Islands on 25th December, 2000 and is a wholly owned subsidiary of Global China. The Offeror is an investment holding company and holds 312,624,443 STM Shares, representing approximately 74.5% of the issued share capital of Sing Tao Media. The directors of the Offeror are Mr. Wong Wai Ming and Miss Judy Inn.

#### Global China

Global China and its subsidiaries are principally engaged in (i) media and information services, (ii) human capital management which comprises the provision of on-line and off-line corporate training, recruitment services, and human resources management solutions and (iii) broadband technology and services in Hong Kong and the PRC.

Set out below is a summary of the audited consolidated results of Global China Group for the two years ended 31st March, 2001 and the nine months ended 31st December, 2001 and the consolidated net tangible asset as at 31st March, 2000, 31st March, 2001 and 31st December, 2001:

	For the 12 months ended 31st March, 2000 (HK\$ million)	For the 12 months ended 31st March, 2001 (HK\$ million)	For the 9 months ended 31st December, 2001 (HK\$ million)
Net loss before taxation and extraordinary items	92.0	236.5	135.1
Net loss after taxation and extraordinary items	94.2	250.9	154.0
Net loss attributable to shareholders	92.4	245.2	131.4
Consolidated net tangible asset	386.9	954.3	877.6
Consolidated net tangible asset per share	HK\$0.78 (Note 1)	HK\$0.71 (Note 2)	HK\$0.60 (Note 3)

Note 1: Based on 498,587,574 GCT Shares in issue as at 31st March, 2000.

Note 2: Based on 1,338,119,273 GCT Shares in issue as at 31st March, 2001.

Note 3: Based on 1,470,345,273 GCT Shares in issue as at 31st December, 2001.

\* The financial year end of Global China has been changed from 31st March to 31st December during the last financial period.

Further information on Global China Group is set out in “Financial information on Global China” in appendix II and “General information on Global China” in appendix VII to this document.

# LETTER FROM GLOBAL CHINA CORPORATE FINANCE

## FUTURE PROSPECTS OF GLOBAL CHINA

Directors of Global China intend to achieve more synergies between its media-related assets and Sing Tao Media with an aim to developing Sing Tao Media into one of the leading multimedia content providers and aggregators serving global Chinese communities. The directors of Global China believe that Global China has the financial strength to carry out the above ongoing restructuring plan which they consider will be in the best interest of its long-term development. The directors of Global China are also confident that the restructuring plan will propel the group into a new era of development.

## SHAREHOLDING IN GLOBAL CHINA

The change of the shareholding in Global China as a result of the completion of the Placing, the Conversion and the Offer is detailed as follows:

(1) Name of Shareholders	(2) Number of GCT Shares held as at the Latest Practicable Date	(3) % of the existing issued share capital (approximate)	(4) Number of Shares held immediately after the completion of the Placing	(5) % of the issued share capital as enlarged by the Placing (approximate)	(6) Number of Shares held immediately after the completion of the Placing and the Conversion (approximate)	(7) % of the issued share capital after the completion of the Placing and the Conversion (approximate)	(8) No of Shares held immediately after the completion of the Placing, the Conversion and the Offer	(9) % of the issued share capital after the completion of the Placing, the Conversion and the Offer (approximate)
Luckman Trading Limited and parties acting in concert with it <i>(note 1)</i>	739,396,000	50.3%	739,396,000	46.4%	775,396,000	47.5%	777,895,000	42.8%
							<i>(note 4)</i>	
Stagelight Group Limited and parties acting in concert with it <i>(note 2)</i>	165,169,000	11.2%	165,169,000	10.4%	165,169,000	10.1%	165,169,000	9.1%
Directors <i>(note 3)</i>	286,000	0.0%	286,000	0.0%	286,000	0.0%	286,000	0.0%
							<i>(note 4)</i>	
Public	565,494,273	38.5%	689,994,273	43.2%	689,994,273	42.4%	874,736,178	48.1%
Total	<u>1,470,345,273</u>	<u>100.0%</u>	<u>1,594,845,273</u>	<u>100.0%</u>	<u>1,630,845,273</u>	<u>100.0%</u>	<u>1,818,086,178</u>	<u>100.0%</u>
							<i>(note 5)</i>	

*Note 1:* Luckman Trading Limited is a company incorporated in the British Virgin Islands with limited liability, whose entire issued share capital is wholly and beneficially owned by Mr. Ho Tsu Kwok, Charles, the Chairman of the board of directors of Global China.



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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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*Note 2:* Stagelight Group Limited is a company incorporated in the British Virgin Islands with limited liability, whose entire issued share capital is wholly and beneficially owned by Fine Garden Group Limited, which is in turn wholly and beneficially owned by Mrs. Sy Wong Chor Fong, being an executive director of Global China, and her family members. The said 165,169,000 GCT Shares include the 1,250,000 GCT Shares held in the name of Mrs. Sy Wong Chor Fong.

*Note 3:* The column only sets out 186,000 and 100,000 GCT Shares respectively held by Mr. Wong Wai Ming, and Miss Inn Judy. The personal interests of the other directors, i.e. Mr. Ho Tsu Kwok, Charles and Mrs. Sy Wong Chor Fong have been included in those interests of Luckman Trading Limited and Stagelight Group Limited respectively.

*Note 4:* Mr. Ho Tsu Kwok, Charles personally holds 1,428,000 shares in Sing Tao Media and the said 777,895,000 GCT Shares stated in column 8 includes the 2,499,000 GCT Shares to be received by Mr. Ho Tsu Kwok, Charles pursuant to the Offer. Mr. Ho Tsu Kwok, Charles shall be deemed to be interested in 777,895,000 GCT Shares after the completion of the Placing, the Conversion and the Offer.

*Note 5:* The 1,818,086,178 GCT Shares are arrived at on the basis that all shareholders of Sing Tao Media will accept the Offer.

### INTENTIONS IN RELATION TO SING TAO MEDIA

#### Continuation of business

The directors of the Offeror and Global China have no plan for any re-deployment or disposal of the assets of the Sing Tao Media Group and the Sing Tao Media Group will continue with its existing businesses, without undertaking any major changes.

The Offeror and Global China do not have any intention to spin-off Sing Tao Media after completion of the Offer.

#### Directors, management and employees

It is the intention of the Offeror and Global China that the management and daily operations of Sing Tao Media will be carried out by the existing management of Sing Tao Media. It is also the intention of the Offeror and Global China that there will be no change to the board of directors and senior management and employees of Sing Tao Media solely by reason of the Offer. The Offeror and Global China do not expect any changes to be made to the continued employment of the employees of the Sing Tao Media Group, solely by reason of the Offer.

### PROCEDURE FOR ACCEPTANCE

There is a form of acceptance in respect of the securities exchange offer.

**If you decide to accept the Offer, please complete and sign the relevant enclosed form of acceptance in accordance with the instructions thereon in respect of your holdings of shares in Sing Tao Media. Please then return the original form of acceptance duly completed to the Registrar as soon as possible, and in any event so as to arrive not later than 4:00 p.m. on the Closing Date of the Offer. Acceptances received after 4:00 p.m. on the Closing Date will only be valid if the Offer is revised or extended before the Closing Date.**

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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No acknowledgement of receipt of any form(s) of acceptance, share certificate(s), and, or transfer receipt(s) and, or other document(s) of title and, or, any satisfactory indemnity or indemnities required in respect thereof will be given. Your attention is drawn to the further details regarding the procedure for acceptance of the Offer set out in appendix I to this document and the accompanying forms of acceptance.

Any form of acceptance received in an envelope postmarked in New Zealand, Malaysia, the United States or the Philippines or otherwise despatched from New Zealand, Malaysia, the United States or the Philippines may be rejected as an invalid acceptance of the Offer. For further information on overseas shareholders, please refer to the section headed “Overseas Shareholders” in this letter on page 18 and paragraph 7 of appendix I to this document.

**If you are in any doubt as to the procedure for acceptance, please contact the Registrar.**

### **SETTLEMENT OF CONSIDERATION**

Subject to the Offer becoming or being declared unconditional in all respects and provided that valid form(s) of acceptance and, or, transfer receipt(s) and, or, any other documents of title, are complete and in good order and have been received by the Registrar by 4:00 p.m. on the Closing Date, settlement of the relevant consideration will be made by delivery of share certificates for the relevant New GCT Shares to those STM Shareholders accepting the Offer within 10 calendar days of the latter of the date on which the Offer becomes, or is declared unconditional, and the date of receipt of the form of acceptance by the Registrar to render the acceptance under the Offer complete and valid. Certificates for shares in Global China will be sent to the STM Independent Shareholders by ordinary mail at their respective registered addresses. All such certificates will be sent at the risk of the persons entitled to them and none of the Offeror, Global China, Global China Corporate Finance or the Registrar will be responsible for any loss or delay in transmission. No share certificates will be sent to an address in New Zealand, the United States, the Philippines or Malaysia.

### **FURTHER TERMS AND CONDITIONS OF THE OFFER**

#### **Further terms**

Further terms and conditions of the Offer, including the procedure for acceptance, the acceptance period and revisions of the Offer, are set out in Appendix I to this document and the forms of acceptance.

#### **Additional information**

Your attention is drawn to the additional information set out in the appendices which form part of this document.

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## LETTER FROM GLOBAL CHINA CORPORATE FINANCE

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### GENERAL INFORMATION

Your attention is also drawn to: (i) the letter from the Board of Sing Tao Media as set out on page 8 of this document; (ii) the letter from the Independent Board Committee to the STM Independent Shareholders as set out on page 26 of this document; and (iii) the letter of advice from Kingsway to the Independent Board Committee as set out on page 29 of this document.

Yours faithfully,  
for and on behalf of  
**Global China Corporate Finance Limited**  
**Wong Wai Ming**  
*Director*

**SING TAO MEDIA HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

30th August, 2002

*To the STM Independent Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER  
BY  
GLOBAL CHINA CORPORATE FINANCE LIMITED  
ON BEHALF OF  
GLOBAL CHINA MULTIMEDIA LIMITED  
A WHOLLY OWNED SUBSIDIARY OF  
GLOBAL CHINA TECHNOLOGY GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
SING TAO MEDIA HOLDINGS LIMITED  
OTHER THAN THOSE SHARES PRESENTLY OWNED BY  
GLOBAL CHINA MULTIMEDIA LIMITED**

**INTRODUCTION**

We have been appointed as the Independent Board Committee to advise the STM Independent Shareholders on the terms of the Offer so far as the STM Independent Shareholders are concerned. Terms defined in this document shall have the same meanings when used in this letter unless the context otherwise requires.

We wish to draw your attention to (i) the letter from the Board of Sing Tao Media on pages 8 to 14 of this document; (ii) the letter from Global China Corporate Finance on pages 15 to 25 of this document, which sets out information relating to and the reasons for the Offer; (iii) the letter from Kingsway on pages 29 to 51 of this document containing its advice to us; and (iv) the additional information set out in the appendices to this document.

**RECOMMENDATIONS**

Having considered the principal factors and reasons contained in the letter from Kingsway and the advice given by Kingsway regarding the Offer, the Independent Board Committee concurs with the view of Kingsway that the terms of the Offer are fair and reasonable.

The Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a means to provide liquidity in the STM Shares which are not listed on any stock exchange. We are of the view that market price of shares of a private company may be traded at a discount to the market price of publicly listed shares given the lack of liquidity in the trading of private shares and less requirement for transparency in the financial performance of a private company compare to that of a publicly listed company.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE OF SING TAO MEDIA

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STM Independent Shareholders should note that upon completion of the Offer, which is subsequent to the completion of the Placing, Conversion, and the Sale and Purchase Agreement with an estimated increase in the net asset of about HK\$181 million and the estimated increase in the net asset of HK\$111.8 million upon disposal of certain subsidiaries, the following valuations of 1.75 GCT Shares, basis of the offer terms, represent discount to the unaudited combined net tangible asset value per STM Share of HK\$1.535 as at 31st December, 2001 (“STM NAV”):

	<b>1.75 GCT Shares (HK’\$)</b>	<b>Discount to STM NAV (%)</b>
Net tangible asset value per GCT Share upon completion of the Offer	1.208	21.3
Closing price of GCT Shares as at 3rd July, 2002, being the last trading day prior to the issue of the Announcement	0.805	47.5
Issue price of GCT Shares pursuant to the Offer	1.12	27.0

It is also noted in the letter from Kingsway that for those shareholders of Sing Tao Media who are also Sing Tao Shareholders (the “Shareholders”), completion of the Sale and Purchase Agreement will lead to the making of an unconditional mandatory cash offer by Ming Yuan for all the issued ST Shares and Options in accordance with the Takeovers Code (the “Ming Yuan Offer”). Ming Yuan shall make a cash offer of HK\$0.524 in cash for each ST Share. On the assumption that the Shareholder accepts the Offer and the Ming Yuan Offer, for every ST Share held, the Shareholder will hold 1.75 New GCT Shares and HK\$0.524 in cash, or a theoretical value of HK\$1.102 based on the closing price of HK\$0.33 per GCT Share as at the Latest Practicable Date. This represents a discount of about 28.2% over the STM NAV. However, we concur with Kingsway that it is unlikely that the STM NAV can be fully realized, in particular, amidst the intense competition within the Hong Kong newspaper publishing industry and continual challenging economy. We are also of the view that given the nature of the newspaper publishing business, operational assets cannot be sold without ceasing operations. To cease operations or terminating the business for the disposal of operational assets will incur substantial expenses. The time and opportunity costs, funding and carrying costs of the assets should also be taken into consideration if insist on disposing the assets at the net asset value. Therefore, we believe that the actual realizable value per share will be less than the net asset value per share.

It is further noted that on the assumption that the STM Shareholder accepts the Offer and the Ming Yuan Offer and the closing price of ST Shares as at 3rd July, 2002, being the last trading day immediately prior to the release of the Announcement, represent the market price of STM Shares should the shares be listed, for every ST Share held, the Shareholder will hold an investment with a theoretical value of HK\$1.329 (based on the closing price of HK\$0.46 per GCT Share or HK\$0.805 for 1.75 GCT Shares as at 3rd July, 2002 plus HK\$0.524 cash). This represents a premium of about 37.0% over the closing price of HK\$0.97 per ST Share as at 3rd July, 2002. On the same basis and on the assumption that the closing price of ST Shares as at 12th July, 2002, being the first trading day immediately following the release of the

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE OF SING TAO MEDIA

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Announcement, represent the market price of STM Shares should the shares be listed, for every ST Share held, the Shareholder will hold an investment with a theoretical value of HK\$1.364 (based on the closing price of HK\$0.48 per GCT Share or HK\$0.84 for 1.75 GCT Shares as at 12th July, 2002 plus HK\$0.524 cash) which represents a premium of about 8.3% over the closing price of HK\$1.26 per ST Share as at 12th July, 2002.

It is also noted that on the same basis and assumption as stated in the above, for every ST Share held, the Shareholder will hold an investment with a theoretical value of HK\$1.1015 (based on the closing price of HK\$0.33 per GCT Share a HK\$0.578 for 1.75 GCT Shares as at the Latest Practicable Date plus HK\$0.524 cash) represents a premium of about 104.0% over the closing price of HK\$0.54 per ST Share as at the Latest Practicable Date. We are of the view that the Offer and the Ming Yuan Offer together allow the Shareholders an opportunity to realize their investment at a price that is higher than the historical trading price of Sing Tao.

Details of the Ming Yuan Offer, including an independent advice from Kingsway, will be included in the offeree document to be dispatched by Sing Tao Holdings, which is expected to be dispatched to the Sing Tao Shareholders on or before 13th September, 2002.

The Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a means to provide liquidity in the STM Shares which are not listed on any stock exchange. We are of the view that market price of shares of a private company may be traded at a discount to the market price of publicly listed shares given the lack of liquidity in the trading of private shares and less transparency in the financial performance of a private company.

STM Independent Shareholders who continue to be interested in the future prospects of Sing Tao Media and consider retaining their shareholdings in Sing Tao Media may hold an illiquid investment for which no recognized market will exist. In addition, under this circumstance, shareholders of Sing Tao Media will become investors in a private company with less transparency, more limited financial reporting requirements and with fewer opportunities to vote on significant acquisitions or realizations of significant assets, than would be the case for a publicly traded company listed on the Stock Exchange.

Accordingly, taking into consideration the principal factors and reasons contained in the letter from Kingsway and the advice given by Kingsway, the Independent Board Committee recommends the STM Independent Shareholders to accept the Offer.

Notwithstanding our view that the terms of the Offer are fair and reasonable, STM Independent Shareholders are strongly advised that the decision to realize or to hold their investments in Sing Tao Media is subject to individual circumstances and investment objectives.

Yours faithfully,  
for and on behalf of  
**the Independent Board Committee**  
**Fan Sheung Tak, Stephen Tung Chee Chen Yao Kang**  
*Independent non-executive directors*

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## LETTER FROM KINGSWAY

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*The following is the full text of the letter of advice to the Independent Board Committee from Kingsway dated 30th August, 2002 prepared for incorporation in this document.*



30th August, 2002

*To The Independent Board Committee of  
Sing Tao Media Holdings Limited*

Dear Sirs,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER  
BY  
GLOBAL CHINA CORPORATE FINANCE LIMITED  
ON BEHALF OF  
GLOBAL CHINA MULTIMEDIA LIMITED  
A WHOLLY OWNED SUBSIDIARY OF  
GLOBAL CHINA TECHNOLOGY GROUP LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
SING TAO MEDIA HOLDINGS LIMITED  
OTHER THAN THOSE SHARES PRESENTLY OWNED BY  
GLOBAL CHINA MULTIMEDIA LIMITED**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the document dated 30th August 2002 (the "Document") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Document unless the context requires otherwise.

An Independent Board Committee comprising Mr. Stephen Fan Sheung Tak, Mr. Tung Chee Chen, and Mr. Yao Kang, JP has been formed to consider the terms of the Offer.

Mr. Ho Tsu Kwok, Charles is the controlling shareholder and Executive Chairman of Sing Tao Media and Global China, Mr. Wong Wai Ming and Miss Inn Judy are executive directors of Sing Tao Media and Global China, and Ms. Chan Kwai Yin, Miranda, Mr. Ho Kwok Fai, Morris and Mr. Lo Wing Hung are executive directors of Sing Tao Media and are not considered independent to make any advice or recommendations to the STM Independent Shareholders on the merits of the Offer.

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## LETTER FROM KINGSWAY

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In formulating our opinion, we have relied on the directors of Sing Tao Media to ensure that the information and facts supplied to us by Sing Tao Media are true, accurate and complete. We have also relied on the information contained in this Document and have assumed that the statements made in it are, and will continue to be, true for the period until the Offer lapses. We have also assumed that all statements of belief, opinion and intention made by the directors of Sing Tao Media in the Document were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the directors of Sing Tao Media and have been advised by the directors of Sing Tao Media that no material facts have been withheld or omitted from the information provided and referred to in the Document.

We have reviewed, among other things, the annual reports of Sing Tao Holdings and Global China for the past three financial years, the last of which ended 31st December, 2001, and the financial information on Sing Tao Media in appendix III to this Document. We have reviewed the past performance of the share price of Global China on the Stock Exchange. We have discussed the valuations of Sing Tao Media Group's property interests with the independent valuers. The valuations are set out in appendices V and VI of this Document. We have also taken into consideration the statements of intention made by the directors of Global China in connection of the Offer.

We consider that the information reviewed by us is sufficient for the purpose of our opinion set out in this letter. We have not, however, conducted any independent verification of the information nor have we conducted any form of independent investigation into the business and affairs or the future prospects of the Global China Group.

In assessing the terms of the Offer, we have not considered the tax affairs of, or the implications thereof, of the Offer on the independent shareholders. Accordingly, the independent shareholders, whether in Hong Kong or in any other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of approving the Offer or making any particular election under the Offer. Our analysis of the terms of the Offer, and the business and financial performance of Global China and Sing Tao Media are set out in the following sections in this letter.

### **THE OFFER**

#### **PRINCIPAL FACTORS CONSIDERED**

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

##### **Terms of the Offer**

As set out in the "Letter from the Board of Sing Tao Media" in this Document, on 11th July, 2002 the respective board of directors of Global China and Sing Tao Holdings announced that Sing Tao Holdings intends to distribute the entire issued share capital of Sing Tao Media to its shareholders by way of a special interim dividend in specie in the proportion of 1 STM Share for every ST Share held by the Sing Tao Shareholders.



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## LETTER FROM KINGSWAY

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It was also announced on 11th July, 2002 that following the Distribution, Global China Corporate Finance, on behalf of Global China Multimedia, intended to make a voluntary conditional securities exchange offer to acquire all the issued STM Shares (other than those already received by Global China Multimedia pursuant to the Distribution).

Under the Offer, STM Shareholders will be offered:

**1.75 New GCT Shares . . . . . for each STM Share held**  
**Number of STM Shares under the Offer . . . . . 106,994,803**

The Offer values the STM Shares at HK\$1.12 per share on the basis of the issue price of HK\$0.6388 per New GCT Share pursuant to the Placing. On this basis, the Offer values the entire issued share capital of Sing Tao Media at about HK\$469.1 million and the number of new GCT Shares to be issued at HK\$119.6 million. The issue price of HK\$0.6388 represents a premium of 38.9% to the closing price of HK\$0.46 per GCT Share as quoted on the Stock Exchange on 3rd July, 2002, the date prior to the suspension pending on the issue of the announcement jointly issued by Global China and Global China Multimedia with respect to the Offer (the “Announcement”), and a premium of 6.5% to the audited net tangible asset value of HK\$ 0.60 per GCT Share as at 31st December, 2001.

We note that Global China Corporate Finance is satisfied that sufficient resources are available to Global China for full acceptance of the Offer.

The Distribution was approved by the Board of Sing Tao Holdings and Sing Tao Shareholders on 16th July, 2002 and 19th August, 2002 respectively.

### *Nature of the STM Shares*

The STM Shares distributed to the Sing Tao Shareholders pursuant to the Distribution are shares of an unlisted Cayman Islands company and are not readily tradable on an open market. Any transfer of such STM Shares will be regulated pursuant to the memorandum and articles of association of Sing Tao Media and the rights of the shareholders of Sing Tao Media will primarily be governed by the Companies Law. The STM Shares will be acquired by Global China fully paid and free from all liens, equities, charges and encumbrances and together with all rights now and hereafter attaching thereto, including the right to receive and retail all dividends and other distributions declared, made or paid hereafter.

### **Reasons for the Offer**

The reasons for the Offer are set out in the section headed “Letter from Global China Corporate Finance” contained in this Document in which, in particular, it is noted that the Offer serves as a mean to provide liquidity in the STM Shares which are not listed on any stock exchange. We believe that in considering the rationale of the Offer, we must also take into account the reasons for the Distribution and the future plans of Global China.

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## LETTER FROM KINGSWAY

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It is stated in the section headed “Letter from Global China Corporate Finance” that the Distribution is proposed in order to realize the growing synergies that exist between the business operations and management of Sing Tao Holdings and Global China. As referred to in Global China’s offer document for Sing Tao Holdings of 2nd February, 2001, the transaction would establish Global China’s business in the media & information services sector given the strong brand equity of Sing Tao Holdings, a large information database and solid financial position. The objective of it becoming a leading multimedia content provider and aggregator serving global Chinese communities may be best achieved by combining the respective strengths of both companies, as well as the financial and management resources by leveraging the existing resources of both groups. The establishment of the database of the “Xinhuaonline” and the technology platform for “Infohub” in 2001 represented major initial steps in the business development of Global China. The Offer represents a further step to achieve the objective.

As noted by the directors of Sing Tao Holdings in the annual report of Sing Tao Holdings for the nine ended 31st December, 2001, there is an increasing convergence between the Sing Tao Holdings’ business and that of Global China’s media and information service business. Given that the transactions between Global China and Sing Tao Holdings may constitute connected transactions as defined in the Listing Rules and may require both companies to make disclosure and obtain independent shareholders’ approval on each occasion the transaction arises pursuant to the Listing Rules, the directors of Sing Tao Holdings consider the requirement to be impractical and unduly onerous while not at the same time bringing any material benefit to public investors. As such, the directors of Sing Tao Holdings believe that the Distribution allows the group to operate more efficiently and effectively.

Considering the above, it is established that Global China, since its incorporation, has been pursuing to build up a solid presence in the media industry. The acquisition of Sing Tao Holdings marked the expansion of Global China’s media business resulting in a controlling ownership of one of the most recognized global Chinese print media platforms. The global reach of Sing Tao Daily has given Global China an immediate access to readers around the world. Sing Tao Holdings provides rich content source for Global China and is complementary to the database of “Xinhuaonline” and the technology platform of “Infohub”. We believe that the Offer lays the ground work for and is in line with the business direction of Global China and should have the effect of strengthening Global China’s ongoing business development in the media industry.

### **Dilution Effect on shareholding of Global China**

A summary of the change in shareholding in Global China since the date of the Announcement is set out in the section headed “Letter from Global China Corporate Finance” of this document.

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## LETTER FROM KINGSWAY

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For ease of reference, the following table sets out the shareholding in Global China as at the Latest Practicable Date and after completion of the Offer:

	<b>Shareholding in Global China as at the Latest Practicable Date</b>	<b>Shareholding in Global China after completion of the Offer<sup>4</sup></b>
Luckman Trading Limited <sup>1</sup>	50.3%	42.8%
Stagelight Group Limited and parties acting in concert with it <sup>2</sup>	11.2%	9.1%
Directors <sup>3</sup>	0.0%	0.0%
Public	38.5%	48.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

*Notes:*

1. Luckman Trading Limited is wholly and beneficially owned by Mr. Ho Tsu Kwok Charles, the Chairman of the Board of Global China.
2. Stagelight Group Limited is wholly and beneficially owned by Mrs. Sy Wong Chor Fong and her family. Mrs. Sy is a director of Global China.
3. Mr. Wong Wai Ming and Miss Inn Judy hold 186,000 shares and 100,000 shares respectively. Mr. Wong and Miss Inn are directors of both Sing Tao Media and Global China.
4. Based on 1,818,086,178 GCT Shares in issue on the basis that all shareholders of Sing Tao Media will accept the Offer and upon completion of the Placing, the Conversion and the Offer.

On the basis that all holders of 106,994,803 STM Shares accept the Offer, the maximum number of the New GCT Shares to be issued shall amount to about 187,240,905 GCT Shares, representing about 12.7% of the existing issued share capital of Global China of 1,470,345,273 as at the Latest Practicable Date and 10.3% of the enlarged issued share capital of Global China of 1,818,086,178 GCT Shares upon completion of the Placing, the Conversion and the Offer while the adjusted net tangible asset per GCT Share will be improved from HK\$0.60 prior to the Offer to HK\$0.69 following completion of the Offer. It should also be noted that the loss per GCT Share will decrease from HK\$0.089 to HK\$0.072 following completion of the Offer due to the increase in the number of issued shares. The New GCT Shares will be allotted and issued credited as fully paid and rank pari passu in all respects with the then existing issued GCT Shares.

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## LETTER FROM KINGSWAY

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### Valuation Considerations

The following table sets out the comparables of the financial performances of 1 STM Share to 1.75 GCT Shares, based on the terms of the Offer:

	Prior to the Offer as at 31st December, 2001		Upon completion of the Offer
	1 STM Share (HK'\$)	1.75 GCT Shares (HK'\$)	1.75 GCT Shares (HK'\$)
Net tangible asset value	1.535 <sup>1</sup>	1.045 <sup>3</sup>	1.208 <sup>5</sup>
Loss	0.148 <sup>2</sup>	0.156 <sup>4</sup>	0.126 <sup>6</sup>

*Notes:*

1. Based on the unaudited combined tangible assets of Sing Tao Media of about HK\$644.1 million as at 31st December, 2001 and on 419,619,246 STM Shares in issue as at the Latest Practicable Date.
2. Based on the unaudited combined loss of Sing Tao Media for the nine months ended 31st December, 2001 of about HK\$62.3 million and on 419,619,246 STM Shares in issue as at the Latest Practicable Date.
3. Based on the latest audited adjusted net tangible asset value of Global China of about HK\$877.6 million and on 1,470,345,273 GCT Shares in issue as at 31st December, 2001, or HK\$0.60 per GCT share, multiply by 1.75 basis of the Offer terms.
4. Based on the latest audited net loss attributable to shareholders of HK\$131.4 million for the nine months ended 31st December, 2001 and on 1,470,345,273 GCT Shares in issue as at 31st December, 2001, or HK\$0.089 per GCT Share, multiply by 1.75 basis of the Offer terms.
5. Based on the unaudited pro forma adjusted consolidated net tangible assets of Global China of HK\$1,254.5 million and on 1,818,086,178 GCT Shares in issue after the completion of the Placing, the Conversion, the Offer and the estimated increase in the net asset of Global China Group of HK\$111.8 million upon disposal of certain subsidiaries (the "Adjustment"), or HK\$0.69 per GCT Share, multiply by 1.75 basis of the Offer terms.
6. Based on the audited net loss attributable to shareholders of HK\$131.4 million for the nine months ended 31st December, 2001 and on 1,818,086,178 GCT Shares in issue after the completion of the Placing, the Conversion and the Offer, or HK\$0.072 per GCT Share, multiply by 1.75 basis of the Offer terms.

### Net Asset

Given that the Offer is made following the Distribution, we consider it more relevant to assess the unaudited combined net asset value of Sing Tao Media with the unaudited pro forma adjusted consolidated net tangible asset value of Global China following completion of the Offer.

Upon completion of the Offer, which is subsequent to the completion of the Placing, the Conversion, the Sale and Purchase Agreement with an estimated increase in the net asset of about HK\$181 million and the Adjustment, it is noted that the absolute value of the net tangible asset of Global China is improved from the audited consolidated net tangible asset

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## LETTER FROM KINGSWAY

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value of the Global China Group as at 31st December, 2001 of HK\$877.6 million to the unaudited pro forma adjusted consolidated net tangible asset value of HK\$1,254.5 million. The per share net tangible asset value of Global China is improved from HK\$0.60 prior to the Offer to HK\$0.69 upon completion of the Offer accordingly.

However, despite the improved net asset value per GCT Share as mentioned above, the unaudited proforma adjusted consolidated net asset value of 1.75 New GCT Shares as at 31st December, 2001 pursuant to the Offer following completion of the Offer, which is subsequent to the completion of the Placing, the Conversion and the Sale and Purchase Agreement with an estimated increase in the net asset of about the HK\$181 million and the Adjustment, of HK\$1.208 represents a discount of 21.3% over the unaudited combined net tangible asset value per STM Share of HK\$1.535 as at 31st December, 2001.

### *Other comparables*

In connection with the assessment of the fairness of the offer price, we have reviewed other newspaper in Hong Kong as regards their price to their net tangible asset values and set out below are the findings. STM Shareholders are urged to read the following paragraphs on page 36 in relation to the discussion on the closing price discount of 1.75 GCT Shares as at the Latest Practicable Date to the unaudited combined net tangible asset per STM Share.

Name of issuer	Principal business	Net tangible asset value per share ("NTA") HK\$	Closing price per share <sup>4</sup> HK\$	Premium/ (Discount) of Closing to NAV %
MingPao Enterprise Corporation Limited	Publishing Ming Pao Daily News, periodicals and book, tour operation and property investment	1.46 <sup>1</sup>	1.35	(7.5)
Matsunichi Communication Holdings Limited (formerly known as Emperor Technology Venture Limited)	Publishing Hong Kong Daily News, magazines, trading business and internet content operations	0.17 <sup>2</sup>	0.249	46.5
Sing Tao Media	Publishing Sing Tao Daily, The Standard, magazines and media consultancy services	1.535 <sup>3</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>

### *Notes:*

1. Based on the latest audited net asset value as at 31st March, 2002 of HK\$574,524,000 and 392,345,000 shares in issue as at 31st March, 2002.

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## LETTER FROM KINGSWAY

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2. Based on the latest audited net asset value as at 31st March, 2002 of HK\$126,708,000 less the intangible asset of HK\$7,200,000 and publishing library of HK\$20,670,000 and 589,257,804 shares in issue as at 31st March 2002.
3. Based on the unaudited combined net tangible assets of Sing Tao Media of about HK\$644.1 million as at 31st December, 2001 and on 419,619,246 STM Shares in issue as at the Latest Practicable Date.
4. Closing price per share as at the Latest Practicable Date, being the last trading day prior to the issue of the Announcement.
5. The STM Shares are unlisted and there is no market reference of the trading price of STM Share available for evaluation purpose.

Shares of the above companies, which are engaged in similar business as compared to that of Sing Tao Media, are listed on the Stock Exchange. It is noted that the comparables were traded within a range from a discount of about 7.5% to a premium of about 46.5% to their respective net tangible asset value per share as at the Latest Practicable Date.

It is noted that the share price of Emperor Technology Venture Ltd., has been moving up with an increase in trading volume since the end of May. Announcement was made by Emperor Technology Venture Ltd. on 29th May, 2002 in relation to the possible change in controlling shareholder. On such bases, we consider that Emperor Technology Venture Ltd. may not be appropriate for our comparison purpose.

Under the Offer, the closing price of 1.75 GCT Shares, or HK\$0.578 as at the Latest Practicable Date, for 1 STM Share represents a discount of about 62.4% over the unaudited combined net tangible asset per STM Share of HK\$1.535 as at 31st December, 2001. This discount does not fall within the range recorded for the identified comparables. However, it is our view that it is unlikely that the unaudited combined net asset value per STM Share can be fully realized, in particular, the intense competition within the Hong Kong newspaper publishing industry and continual challenging economy. We are also of the view that given the nature of the newspaper publishing business, operational assets cannot be sold without ceasing operations. To cease operations or terminating the business for the disposal of operational assets will incur substantial expenses. The time and opportunity costs, funding and carrying costs of the assets should also be taken into consideration if insist on disposing the assets at the net asset value. Therefore, we believe that the actual realizable value per share will be less than the unaudited combined net tangible asset per STM Share of HK\$1.535.

As such, we believe that the trading price discount or the unaudited combined net asset value of 1.75 GCT Shares discount, both prior and after completion of the Offer, to the unaudited combined net asset value per STM Share, if considered alone, would not be a relevant factor in considering the fairness and reasonableness of the terms of the Offer.

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## LETTER FROM KINGSWAY

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### **Unaudited proforma adjusted consolidated net tangible assets per GCT Share immediately prior to the completion of the Offer**

Shareholders should note that immediately prior to the completion of the Offer, the unaudited proforma adjusted consolidated net tangible assets per GCT Share following completion of the Placing, Conversion and the Sale and Purchase Agreement based on 1,630,845,273 GCT Shares in issue before the completion of the Offer is HK\$0.70. This represents a slight premium of 1.45% to the unaudited proforma adjusted consolidated net tangible assets per GCT Share of HK\$0.69 based on 1,818,086,178 GCT Shares in issue after the completion of the Offer. It is noted that in the event the STM Shareholders do not accept the Offer, and on the assumption that the Placing, the Conversion and the Sale and Purchase Agreement are completed, the unaudited proforma adjusted consolidated net tangible asset per GCT Share should be HK\$0.70 which is HK\$0.01 more than the unaudited proforma adjusted consolidated net tangible assets per GCT Share if the STM Shareholders choose to accept the Offer. However, Taking into consideration the circumstances and terms of the Offer on the whole, we are of the view that discount of 1.43% in the unaudited proforma adjusted consolidated net tangible assets immediately prior to completion of the Offer of HK\$0.70 per GCT Share to unaudited proforma adjusted consolidated net tangible assets following completion of the Offer of HK\$0.69 is acceptable in particular, the Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a mean to provide liquidity in the STM Shares which are not listed on any other stock exchange.

### **Trading Volume**

#### *STM Shares*

The STM Shares are unlisted and the independent shareholders who have decided to retain their investments in Sing Tao Media and whose shares are not otherwise acquired by Global China may hold an illiquid investment for which no recognized market will exist. In addition, under this circumstance, shareholders of Sing Tao Media will become investors in a private company with less transparency, more limited financial reporting requirements and with fewer opportunities to vote on significant acquisitions or realizations of significant assets, than would be the case for a publicly traded company listed on the Stock Exchange.

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## LETTER FROM KINGSWAY

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### *GCT Shares*

The average daily volume of the GCT Shares traded on the Stock Exchange and the percentage of such average daily volume traded as compared to the total number of the shares in issue during the Relevant Period:

<b>Month/period</b> (2002)	<b>Total trading volume for the month/period</b> (in number of shares)	<b>Average daily trading volume for the month/period</b> (in number of shares)	<b>Percentage of average daily trading volume to the total number of the shares in issue</b> (%)
January	19,914,000	905,182	0.062
February	6,672,000	444,800	0.027
March	25,030,848	1,251,542	0.085
April	16,096,000	847,158	0.055
May	25,449,000	1,211,857	0.082
June	94,090,000	4,704,500	0.320
July (2nd and 3rd)	2,184,000	1,092,000	0.074
July (4th to 11th)	Trading suspended		
July (12th to the Latest Practicable Date)	21,339,000	646,636	0.044

*Note:* Percentage of average daily trading volume to the total number of shares in issue is based on 1,470,345,273 GCT Shares in issue as at the Latest Practicable Date.

*Source:* Bloomberg

As shown in the table above, although the average daily trading volume of the GCT Shares on the Stock Exchange in each month remained thin, turnover in trading of the GCT Shares was recorded for every trading day during the Relevant Period.

Since 1st January, 2002, the daily trading volume of the GCT Shares has been quite thin except for the month of June, in particular, during 5th to 7th June, 2002. It is noted that Global China issued an announcement on 5th June, 2002 that Global China is considering various proposals in relation to the possible business restructuring with the group (the "Preliminary Announcement"). Following the release of the Announcement and the resumption of trading in the shares on 12th July, 2002 and until the Latest Practicable Date, the average daily trading volume of the GCT Shares had decreased from an average daily trading volume of about 4,704,000 shares for the month of June and an average daily trading volume of about 4,376,000 shares for the period from 1st June, 2002 to 3rd July, 2002, being the last trading day immediately preceding the suspension date pending the release of the Announcement, to an average daily trading volume of about 646,636 shares for the period from 12th July, 2002 up to and including the Latest Practicable Date but excluding the suspension period from 4th to 11th July, 2002, which represents about 0.044% of the total numbers of the GCT Shares in issue.



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## LETTER FROM KINGSWAY

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We believe that the improvement on the average daily trading volume of the GCT Shares in June, 2002 was a result of the Preliminary Announcement of the possible Offer of 5th June, 2002. Subsequent to this, trading volume had gradually declined back to the previous level and had remained thin until the release of the Announcement.

The STM Independent Shareholders should note that there is no assurance as to whether the liquidity could be improved or sustained after the close of the Offer. In the event that the STM Independent Shareholders decide to dispose of any of their investments in Global China after the close of the Offer, there may be a risk that the liquidity of the GCT Shares could return to the level prevailing prior to the Offer.

### Trading Price

#### *STM Shares*

The STM Shares are unlisted and there is no market reference of the trading price of STM Share available for evaluation purpose. The STM Independent Shareholders who have decided to retain their investments in Sing Tao Media may hold an illiquid investment for which no recognized market will exist. Please refer to the section headed “Trading Volume” above for further details relating to the STM Shares.

#### *GCT Shares*

The following table sets out the movement of the highest, lowest and average daily closing prices of the GCT Shares on the Stock Exchange for the Relevant Period:

<b>Month 2002</b>	<b>Highest closing price (HK\$)</b>	<b>Lowest closing price (HK\$)</b>	<b>Average closing price (HK\$)</b>
January	0.36	0.30	0.321
February	0.30	0.265	0.281
March	0.36	0.265	0.315
April	0.365	0.325	0.348
May	0.41	0.33	0.382
June	0.55	0.39	0.450
July (2nd to 3rd)	0.46	0.44	0.450
July (4th to 11th)		Trading suspended	
July (12th to the Latest Practicable Date)	0.48	0.285	0.346

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## LETTER FROM KINGSWAY

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Following the release of the Announcement and the resumption of trading in the GCT Shares on 12th July, 2002 and until the Latest Practicable Date, the average daily closing price of the GCT Shares decreased from an average daily closing price of about HK\$0.45 per share for the period from 1st June, 2002 to 3rd July, 2002, being the last trading day immediately preceding the suspension date pending the release of the Announcement, to an average daily closing price of about HK\$0.346 per GCT Share for the period from 12th July, 2002 up to and including the Latest Practicable Date.

We believe, and for the same reasons as stated for the improvement on the average daily trading volume of the GCT Shares in June, the improvement on the average daily closing price per GCT Share in June 2002 was a result of the Preliminary Announcement. Subsequent to this, trading price had gradually declined back to the level prior to the announcement of 5th June, 2002. We are of the view that the share price may continue to be traded within a narrow range on an overall downward trend given the recent market sentiment, continual challenging economy without any sign of quick recovery and the intense competition within the Hong Kong newspaper publishing industry.

### Issue Price

On the basis of the Offer of 1.75 New GCT Shares for each STM Share at an issue price of HK\$0.6388 per New GCT Share, the entire issued share capital of 419,619,246 shares in Sing Tao Media as at the Latest Practicable Date was valued at about HK\$469.1 million. The Offer valued the 106,994,803 STM Shares held by the STM Shareholders (other than the Offeror) at approximately HK\$119.6 million.

For ease of reference, we set out below the premiums that the issue price of HK\$0.6388 per New GCT Share represent in the following:

	<b>GCT Share Price</b> <i>HK\$</i>	<b>Issue Price Premium</b> <i>%</i>
Closing price on 3rd July, 2002, the last trading day prior to the issue of the Announcement	0.46	38.9
Average closing price for the 10 trading days (inclusive) prior to the Announcement	0.424	50.7
Closing price on the Latest Practicable Date	0.33	93.6
Highest closing price during the Relevant Period	0.55	16.1
Lowest closing price during the Relevant Period	0.265	141.1

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## LETTER FROM KINGSWAY

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As set out in the section above, share price of Global China has been trading on an overall downward trend since the release of the Preliminary Announcement. It is also noted that the issue price of HK\$1.12 for each STM Share represents a discount of 27.0% to the unaudited combined net tangible asset value of HK\$1.535 per STM Share. The STM Independent Shareholders should note that there is no assurance as to whether the share price of Global China could be improved or sustained after the close of the Offer. As stated in the section above, we are of the view that the share price of Global China may continue to be traded within a narrow range on an overall downward trend given the recent market sentiment, continual challenging economy without any sign of quick recovery and the intense competition within the Hong Kong newspaper publishing industry. Taking into consideration the circumstance and terms of the Offer on the whole, we are of the view that the issue price discount of the New GCT Share to the unaudited combined net tangible asset value per STM Share is acceptable in particular the Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a means to provide liquidity in the STM Shares which are not listed on any other stock exchange.

### **Price earnings ratio**

Global China recorded an audited consolidated net loss of about HK\$131.4 million and Sing Tao Media recorded an unaudited pro forma combined net loss of HK\$62.3 million for the nine months ended 31st December, 2001 respectively. We do not consider a price earnings ratio calculation to be relevant in the circumstances.

It should also be noted that both Global China and Sing Tao Holdings have changed their financial year-end date from 31st March to 31st December. The results of Global China and Sing Tao Holdings represented the nine months ended 31st December, 2001 (the “Period”), whilst the previous corresponding period was for the year ended 31st March, 2001 and as such the two periods are not directly comparable.

### **Dividends**

The directors of Global China and Sing Tao Media did not declare a dividend in respect of the year ended 31st March, 2001 and the 9 months ended 31st December, 2001 owing to the losses incurred during the periods. Global China and Sing Tao Media have not indicated what dividend policy would be adopted. Accordingly, we consider that it is inapplicable to evaluate the Offer in terms of the dividend yield.

### **Other Considerations**

#### *Business and Financial Performance of Global China*

As stated in the section headed “Letter from Global China Corporate Finance”, it is intended that the Global China Group will continue its existing businesses and the daily operations of Sing Tao Media and Global China will be carried out by the existing management of the

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## LETTER FROM KINGSWAY

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respective groups. In view of the foregoing, we believe that it is fair for us to evaluate the terms of the Offer based on the financial performance and the future prospects of Global China and Sing Tao Media's existing businesses, which are discussed in this section and the following section of this letter.

Luckman Trading Limited, the ultimate holding company of Global China, became the controlling shareholder of Global China by its subscription of a controlling interest of approximately 54.9% in Perfect Treasure Holdings Limited ("Perfect Treasure") in July 2000 and Perfect Treasure was then renamed as Global China. Since then, Global China has expanded and diversified its businesses in the media and information services sector. In January, 2001, Global China acquired 51.36% in Sing Tao Holdings with the aim to develop Sing Tao Holdings into one of the leading multimedia content providers and aggregators serving global Chinese communities. The present business operations of Global China consist of (i) media and information services, (ii) human capital management which comprises the provision of on-line and off-line corporate training, recruitment services, human resources management solutions and (iii) broadband technology and services in Hong Kong and the PRC.

A summary of the audited consolidated financial statements of Global China for the year ended 31st March, 2001 and the audited consolidated financial statements for the nine months ended 31st December 2001 is set out in appendix II to this Document.

Set out below is a summary of the turnover and profit attributable to shareholders of Perfect Treasure for the year ended 31st March, 2000 and the summary of the turnover and profit attributable to shareholders of Global China for the year ended 31st March, 2001 and the nine months ended 31st December 2001.

	<b>For the 12 months ended 31st March, 2000</b>	<b>For the 12 months ended 31st March, 2001</b>	<b>For the 9 months ended 31st December, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i> (restated)	<i>HK\$'000</i>
Turnover			
Trading	577,365	281,540	99,823
Newspaper publishing	—	127,589	578,315
Commercial printing	—	72,062	347,444
Corporate & others	19,715	4,491	7,378
	<u>597,080</u>	<u>485,682</u>	<u>1,032,960</u>
Net loss attributable to shareholders	<u>(92,357)</u>	<u>(245,231)</u>	<u>(131,446)</u>

For the year ended 31st March, 2001, the Global China Group, formerly known as Perfect Treasure, recorded a turnover of approximately HK\$486 million and a net loss attributable to shareholders of approximately HK\$245 million, representing a drop of 19% and an increase of

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165% respectively over the previous financial year 2000. As stated above, there has been a change in the controlling interest in the shareholding of Global China in July during the year of 2000 due to the subscription of approximately 54.9% shareholding interest in Perfect Treasure by Luckman Trading Limited. Following completion of the takeover, the management of Global China reallocated resources of trading division to focus on higher profit margin products such as distribution of Nikon photographic products in China. The trading division recorded sales of approximately HK\$282 million for the year ended 31st March, 2001, 51% less than that of the previous year.

Global China entered into a joint venture agreement with Sanlian Group and China Shandong Group in September 2000 to establish Beelink Information Science and Technology Co., Ltd in which the group holds a 40% stake. The joint venture is principally engaged in developing advanced broadband technology and multimedia content services in the Shandong province, PRC. Beelink also provides comprehensive IT consulting services including system integration, system solution, software development and customization. In January, 2001, the Global China Group took a step in strengthening its media and information services division by acquiring 51.36% shareholding interest in Sing Tao Holdings and made a general offer for the remaining shareholding interests. In the same year, the group established Xinhua Online Info-tech Company Ltd, which is principally engaged in the provision of value-added business and economic information with a focus on the media and financial industries in the PRC. The newly acquired newspaper publishing division reported a turnover of approximately HK\$128 million, or 26% of the total turnover of Global China during the period. The major publications published by the newspaper publishing division are Sing Tao Daily, a Chinese-language newspaper and Hong Kong iMail (which has been renamed The Standard), an English-language newspaper. Turnover derived from commercial printing division amounted to approximately HK\$72 million for the year ended 31st March, 2001. Operating profit from commercial printing division increased as a result of tighter cost control. The corporate and others division recorded approximately HK\$4.5 million in turnover. These include radio broadcasting advertising income, sales of properties, gross rental income and others.

As stated in the section above headed “Price-Earnings Ratio”, it should also be noted that both Global China and Sing Tao Holdings have changed their financial year-end date from 31st March to 31st December. The results of Sing Tao Holdings represented the nine months ended 31st December, 2001 (the “Period”), whilst the previous corresponding period was for the year ended 31st March, 2001 and as such the two periods are not directly comparable.

During the Period, the Global China Group’s turnover amounted to approximately HK\$1,033 million, while net loss attributable to shareholders amounted to approximately HK\$131million. Global China continued to expand its multimedia business by establishing GCT InfoHub Limited (the “InfoHub”) in November 2001. This move also targets the increased demand for comprehensive and latest coverage on the Greater China region with China’s entry into the World Trade Organisation. At the same time, trading in photographic products continued to decrease in turnover to approximately HK\$100 million, about a 65% drop compared to the last period. Turnover in the newspaper publishing is reported to be approximately HK\$578 million.

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The increase is attributed to the full year results being consolidated into Global China's accounts while in the prior financial year, only two months were consolidated. Sing Tao Holdings has also been actively pursuing new opportunities and begun to establish its presence in the China market during these nine months, while in Hong Kong, acquired two magazine titles, namely "East Touch" and "Teens".

A series of business consolidation and operation restructuring exercises have also taken place during the Period to streamline Sing Tao Holdings' operations. This includes the sale of the commercial printing business at a consideration of about HK\$428 million in April, 2002. The disposal of the commercial printing business, continual expansion of the newspaper publishing division and the establishment of the InfoHub are signs of Global China's determination to focus on the media operations. On the whole, despite the fact that the Sing Tao Group has not turned black yet, implementation of cost control measures such as resource sharing systems enabled Global China Group to improve its gross profit margin to 34% and recorded net loss attributable to shareholders of HK\$131.4 million for the Period. Taking into consideration the circumstances and terms of the Offer on the whole, we are of the view that the above financial performance of Global China, which reflects the outcome of the company's initial steps to expand and diversify in media and information services sector, is acceptable in particular the Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a means to provide liquidity in the STM Shares which are not listed on any other stock exchange.

### **Future prospects of Global China**

It is noted that Global China intends to achieve more synergies between its media-related assets and Sing Tao Media with an aim to developing Sing Tao Media into a leading multimedia content provider and aggregator serving global Chinese communities.

We have not been provided with a profit forecast in respect of the businesses of the company. In the absence of such information, it is difficult for us to make a meaningful assessment of the offer price based on the future earnings of Global China. However, the directors of Global China believe that Global China has the financial strength to carry out the above ongoing restructuring plan which they consider will be in the best interest of its long-term development. The directors of Global China are also confident that the restructuring plan will propel the group into a new era of development.

As stated in the section headed "Reasons for the Offer" in this letter, it is noted that the business development of Global China since its incorporation has been in line with its aim to establish a strong presence in the media industry. On this basis, we believe that as Global China continues to pursue this goal, the Offer should have the effect of achieving more synergies by leveraging on the resource of both groups and as a result, streamlining Global China's ongoing business development efforts in the media industry. However, it should be noted that the future prospects of Global China will depend on the successful implementation of its business plans.

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### **Business and Financial Performance of Sing Tao Media**

The business operations of Sing Tao Media are described in detail in the section headed “Letter from Global China Corporate Finance” in this Document.

A summary of (i) the unaudited combined profit and loss accounts of Sing Tao Media for the 2 years ended 31st March, 2001 and nine months ended 31st December, 2001, (ii) the unaudited proforma statement of the unaudited combined assets and liabilities of Sing Tao Media as at 31st December, 2001 is set out in Appendix III to this Document.

As Sing Tao Media was incorporated in the Cayman Islands in June, 2002 for the purpose of the Distribution, and that Global China acquired controlling interest in Sing Tao Holdings in January, 2001 (as stated in the section under “Considerations in relation to Global China” headed “Business and financial performance” in this Document), we have reviewed the Sing Tao Holding’s annual report, in particular the section headed “operations review”, for the nine months ended 31st December, 2001 (the “Annual Report”) as the basis of Sing Tao Media’s operations going forward. It should also be noted that Sing Tao Holdings has changed its financial year-end date from 31st March to 31st December. The results of Sing Tao Holdings represented the nine months ended 31st December, 2001, whilst the previous corresponding period was for the year ended 31st March, 2001 and as such the two periods are not directly comparable.

As stated in the Annual Report, during the nine months ended 31st December, 2001, the operating environment remained challenging with the performance of “Sing Tao Daily” and “Hong Kong iMail” (renamed as “The Standard”) being adversely affected by the continuing weakness in the local economy. The media operations underwent a series of restructuring and re-strategizing exercise to streamline its operations. The restructuring exercise involved (i) disposal of non-core commercial printing business completed on 19th April, 2002 at HK\$428 million with gain on disposal estimated to be approximately HK\$146.9 million; (ii) an improved resource sharing system between the two newspapers while systems have been enhanced to simplify workflow. The number of staff has declined. The Group has also established a support center in Shenzhen to lower production costs; (iii) the re-positioning of Hong Kong iMail (renamed as “The Standard”) as an English language business newspaper focusing on financial news in the Greater China region; and (iv) a centralized structure so as to maximize synergistic benefits and to enhance the performance and efficient delivery as a media content provider for global Chinese communities.

During the Period, Sing Tao Holdings continued its expansion in the media sector in China through a cooperation formed in the PRC to provide services including circulation and advertising sales to an infotainment-focused magazine based in Beijing. At the same time, a new business unit was formed to spearhead Sing Tao Holdings’ efforts in multi-media business development. This includes the utilization of technology solutions to improve business operations as well as content management and the planned expansion of Job Market through the on-line channel.

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It is noted in the Annual Report that as Sing Tao Holdings continues to further its strategic objective of becoming a Greater China-focused multimedia content provider and aggregator, there is an increasing convergence between its business and that of Global China's media and information services. Significant synergies in terms of human resources sharing and pursuance of business opportunities exist between the two business operations and management of both companies have been working closely to explore the best ways in which such synergies may be realized. Taking into consideration the circumstances and terms of the Offer on the whole, we are of the view that the above, which reflects the outcome of the company's restructuring exercise and the adverse operating environment during the period, is acceptable in particular the Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a means to provide liquidity in the STM Shares which are not listed on any other stock exchange.

### **Future prospects of Sing Tao Media**

Directors of Sing Tao Media expect the year ahead will be another challenging one with Hong Kong's economy yet to show signs of quick recovery. It is intended that Sing Tao Media will continue to concentrate on product improvement, sales efforts enhancement, and cost rationalization. It is also noted that the Directors expect the magazine titles "East Touch" and "Teens" acquired in the first quarter of 2002 to serve as a springboard for Sing Tao Media Group to further expand its presence in the magazine publishing market. Furthermore, in the PRC, a number of new ventures are currently under discussion which the directors of Sing Tao Media believe will extend the group's product offerings and geographic presence in the PRC.

We have not been provided with a profit forecast in respect of the businesses of the company. In the absence of such information, it is difficult for us to make a meaningful assessment of the offer price based on the future earnings of Sing Tao Media. However, the directors of Sing Tao Media believe that Sing Tao Media has the financial strength to carry out the above ongoing restructuring plan which they consider will be in the best interest of its long-term development. The directors of Sing Tao Media are also confident that the restructuring plan will propel the group into a new era of development.

We note that the management, since the takeover of Sing Tao Holdings by Global China in January 2001, has kept to its strategy to become a premium information services provider serving global Chinese communities. During this period, Sing Tao Holdings has restructured its operation to enhance performances of global franchise which ensures that the most relevant content products are delivered to readers globally in the most efficient manner. The restructuring efforts also facilitate resource sharing, and a series of cost reduction exercises. On the basis that Sing Tao Media continues to pursue this strategy to becoming a premier information services provider serving global Chinese communities, we believe the Offer should have the effect of streamlining the ongoing business development. However, it should be noted that the future prospects of Sing Tao Media will depend on the successful implementation of its business plans.



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### Business and financial effects upon completion of the Offer

We believe the completion of the Offer will benefit Global China both in terms of business operations and financial impact. The directors of Global China believe that the completion of the Offer will facilitate Sing Tao Media's goal of becoming a leading multimedia content provider and aggregator serving global Chinese communities as the respective strengths of both companies are combined. In addition, as an integrated unit, Global China should be well positioned for the potential deregulation in China's multimedia industry after China's entry into the World Trade Organization.

	Prior to the Offer	Upon completion of the Offer
Number of GCT Shares	1,470,345,273 <sup>1</sup>	1,818,086,178 <sup>4</sup>
Loss per GCT Share	HK\$0.089 <sup>2</sup>	HK\$0.072 <sup>5</sup>
Adjusted net tangible asset (NTA) per GCT Share	HK\$0.60 <sup>3</sup>	HK\$0.69 <sup>6</sup>

*Notes:*

1. Based on 1,470,345,273 GCT Shares in issue as at the Latest Practicable Date.
2. Based on the net loss attributable to shareholders of about HK\$131.4 million for the nine months ended 31st December, 2001 and on 1,470,345,273 GCT Shares in issue as at 31st December, 2001.
3. Based on the latest adjusted audited consolidated net tangible asset value of Global China Group of about HK\$877.6 million and on 1,470,345,273 GCT Shares in issue as at 31st December, 2001.
4. The 1,818,086,178 GCT Shares are arrived at on the basis that the Placing of 124,500,000 GCT Shares and the Conversion of 36,000,000 GCT Shares are completed and that all shareholders of Sing Tao Media will accept the Offer of 187,240,905 New GCT Shares.
5. Based on the net loss attributable to shareholders of about HK\$131.4 million for the nine months ended 31st December, 2001 and on 1,818,086,178 GCT Shares in issue upon completion of the Placing, the Conversion and the Offer.
6. Based on the unaudited pro forma adjusted consolidated net tangible assets of Global China Group immediately after the completion of the Placing, the Conversion, the Sale and Purchase Agreement, the Adjustment the Offer of about HK\$1,254.5 million and on 1,818,086,178 GCT Shares in issue after the completion of the Placing, the Conversion and the Offer.

Upon completion of the Offer, which is subsequent to the completion of the Placing with proceeds of about HK\$79.5 million, the Conversion with proceeds of about HK\$20.7 million, the Sale and Purchase Agreement with an estimated increase in the net asset of about HK\$80.8 million, and the estimated increase in the net asset of about HK\$111.8 million upon disposal of its commercial printing business which consist of South China Printing Company (1988) Limited, Noble World Printing Company Limited, Roman Finance Press Limited, Valiant Packaging (Holdings) Limited and their Subsidiaries, the adjusted NTA per GCT Share is improved from HK\$0.60 prior to the Offer to HK\$0.69 following completion of the Offer. The

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loss per GCT Share will decrease from HK\$0.089 to HK\$0.072 due to the increase in the number of issued shares. It is also noted that the issue price of HK\$0.6388 per New GCT Share represents a discount of about 7.4% to the unaudited pro forma adjusted consolidated net tangible asset per GCT Share of HK\$0.69 following completion of the Offer.

For purpose of information only, for those shareholders of Sing Tao Media who are also Sing Tao Shareholders (the “Shareholders”), completion of the Sale and Purchase Agreement will lead to the making of an unconditional mandatory cash offer by Ming Yuan for all issued ST Shares and Options in accordance with the Takeovers Code (the “Ming Yuan Offer”). Ming Yuan shall make a cash offer of HK\$0.524 in cash for each ST Share. On the assumption that the Shareholder accepts the Offer and the Ming Yuan Offer, for every ST Share held, the Shareholder will hold 1.75 GCT Share and HK\$0.524 in cash, or a theoretical value of HK\$1.102 (based on the closing price of HK\$0.33 per GCT Share or HK\$0.578 for 1.75 GCT Shares as at the Latest Practicable Date plus HK\$0.524 cash). This represents a discount of about 28.2% over the unaudited combined net tangible asset per STM Share of HK\$1.535 as at 31st December, 2001.

Details of such mandatory offer, including an independent advice from Kingsway, will be included in the offeree document to be dispatched by Sing Tao Holdings, which is expected to be dispatched to the Sing Tao Shareholders on or before 13th September, 2002.

### **Intentions in relation to Sing Tao Media**

#### *Compulsory acquisition*

If acceptances are received for not less than 90% in value of the STM Shares in respect of which the Offer is made, it is the intention of the Offeror that it will avail itself of the acquisitions provisions under the Companies Laws to acquire the outstanding STM Shares not owned by it. For that purpose, the Offeror must serve a notice of intention to acquire the relevant STM Shares in the prescribed manner under section 88 of the Companies Law on such holders to indicate its desire to acquire their STM Shares. Subject to the terms of the Companies Law, the Offeror as a transferee company shall be entitled and bound to acquire those STM Shares on the same terms as the Offer. In the event that the compulsory acquisition is not effected, Sing Tao Media will remain subject to the Takeovers Code.

STM Independent Shareholders should note that the STM Shares are unlisted and the STM Independent Shareholders who have decided to retain their investments in Sing Tao Media and whose shares are not otherwise acquired by Global China may hold an illiquid investment for which no recognized market will exist. In addition, under this circumstance, Sing Tao Media will cease to be subject to the Listing Rules and these shareholders will become investors in a less regulated company with less transparency, more limited financial reporting requirements and with fewer opportunities to vote on significant acquisitions or realizations of significant

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assets, than would be the case for a publicly traded company listed on the Stock Exchange.

### *Continuation of business*

The directors of the Offeror and Sing Tao Media have (i) no intention to spin-off Sing Tao Media in the foreseeable future after completion of the Offer; (ii) no plan for any deployment of the fixed assets of Sing Tao Media and they envisage that that Sing Tao Media will continue with its existing businesses.

### *Directors, management and employees*

It is the intention of the Offeror and Sing Tao Media that (i) the management and daily operations of Sing Tao Media will be carried out by the existing management of Sing Tao Media; and (ii) there will be no change to the Board and senior management and employees of Sing Tao Media solely by reason of the Offer.

The Offeror and Sing Tao Media do not expect any material changes to be made to the continued employment of the employees of Sing Tao Media. Given that majority of the members of the Board of directors of Global China are also members of the board of directors of Sing Tao Holdings prior to the Distribution, we believe that they should be able to ensure a smooth continuation of the existing businesses of Sing Tao Media.

## RECOMMENDATION

Having considered the above principal factors and reasons and, in particular, taken into account the following:

- The following valuations of 1.75 GCT Shares, basis of the offer terms, represent discount to the unaudited combined net tangible asset value per STM Share of HK\$1.535 as at 31st December, 2001.

	<b>1.75 GCT Shares (HK'\$)</b>	<b>Discount to STM NAV (%)</b>
Net tangible asset value per GCT Share upon completion of the Offer	1.208	21.3
Closing price of GCT Shares as at 3rd July, 2002, being the last trading day prior to the issue of the Announcement	0.805	47.5
Issue price of GCT Shares pursuant to the Offer	1.12	27.0

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However, it is our view that it is unlikely that the unaudited combined net tangible asset value per STM Share of HK\$1.535 as at 31st December, 2001 can be fully realized, in particular, the intense competition within the Hong Kong newspaper publishing industry and continual challenging economy. We are also of the view that given the nature of the newspaper publishing business, operational assets cannot be sold without ceasing operations. To cease operations or terminate the business for the disposal of operational assets will incur substantial expenses. The time and opportunity costs, funding and carrying costs of the assets should also be taken into consideration if insist on disposing the assets at the net asset value. Therefore, we believe that the actual realizable value per share will be less than the unaudited combined net tangible asset per STM Share of HK\$1.535 as at 31st December, 2001.

- The Offer allows STM Shareholders to exchange their shareholdings of a private company for shares of Global China as a mean to provide liquidity in the STM Shares which are not listed on any stock exchange.
- Based on the latest audited net loss attributable to shareholders of Global China of HK\$131.4 million for the nine months ended 31st December, 2001, and based on 1,818,086,178 GCT Shares in issue after the completion of the Placing, the Conversion and the Offer, HK\$0.072 loss per GCT Share, or HK\$0.126 loss per 1.75 GCT Shares is less than the loss per STM Share of HK\$0.148 for the nine months ended 31st December, 2001 based on the latest audited net loss attributable to shareholders of STM of HK\$62.3 million and on 419,619,246 STM Shares in issue as at the Latest Practicable Date.
- At the time of completion of the Offer, which is subsequent to the completion of the placing, the Conversion, the Sale and Purchase Agreement and the Adjustment, the unaudited proforma adjusted consolidated net tangible asset value per GCT Share is expected to be improved from HK\$0.60 to HK\$0.69.
- The business synergies and operational efficiencies arising from the integration of Sing Tao Media and Global China would be beneficial to Global China.

We consider that the terms of the Offer on balance and in the circumstances are fair and reasonable so far as the interests of the STM Independent Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee to advise the STM Independent Shareholders to consider accepting the Offer.

Global China has expressed its intention to become a multimedia content provider utilizing resources form Global China and Sing Tao Media. STM Independent Shareholders who are interested in information technology companies and the future prospects of Global China may consider accepting and retaining their shareholdings in Global China.

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The STM Shares are unlisted and the independent shareholders who have decided to retain their investments in Sing Tao Media and whose shares are not otherwise acquired by Global China may hold an illiquid investment for which no recognized market will exist. In addition, under this circumstance, shareholders of Sing Tao Media will become investors in a private company with less transparency, more limited financial reporting requirements and with fewer opportunities to vote on significant acquisitions or realizations of significant assets, than would be the case for a publicly traded company listed on the Stock Exchange.

Notwithstanding our view that the terms of the Offer are fair and reasonable, STM Independent Shareholders are strongly advised that the decision to realize or to hold their investments in Sing Tao Media is subject to individual circumstances and investment objectives.

Yours faithfully,  
For and on behalf of  
**Kingsway Capital Limited**

**William Lam**  
*Managing Director*

**Sandy Yip**  
*Director*

**1. FURTHER PROCEDURES FOR ACCEPTANCE**

- If the share certificate(s) in respect of your shares in Sing Tao Holdings is or are in your name which result in the relevant shares in Sing Tao Media being issued and allotted pursuant to the Distribution also in your name, and you wish to accept the Offer, you must send the relevant form(s) of acceptance duly completed in respect thereof to the Registrar.
- If the share certificate(s) in respect of your shares in Sing Tao Holdings is or are in the name of a nominee company or some name other than your own which result in the relevant shares in Sing Tao Media being allotted and issued pursuant to the Distribution in the name of such nominee company or such other name, and you wish to accept the Offer, you must give instructions to the nominee company, or other nominee, authorising it to accept the Offer on your behalf and requesting it to deliver the form(s) of acceptance duly completed in respect thereof to the Registrar.
- If you elect to accept the Offer, you will receive share certificates representing the relevant New GCT Shares in respect of which acceptance has been duly made, in which event the share certificates of relevant STM Shares which have been issued and allotted in your name will be cancelled and new share certificates representing the said STM Shares will be allotted and issued to the Offeror.
- If you elect not to accept the Offer, you will receive share certificates of relevant STM Shares representing your entitlements pursuant to the Distribution.
- Acceptance of the Offer may, at the discretion of the Offeror, be treated as valid in whole or in part even if not entirely in order. Acceptances will be subject to validation before share certificates representing the relevant New GCT Shares will be despatched to the persons entitled to it provided that such share certificates shall be despatched within 10 calendar days of the latter of the date on which the Offer becomes, or is declared unconditional and the date of receipt of the form of acceptance by the Registrar.
- No acknowledgement of receipt of any form(s) of acceptance, share certificate(s), and, or, transfer receipt(s) and, or, any other document(s) of title and, or, any satisfactory indemnity or indemnities required in respect thereof will be given,

**2. ACCEPTANCE PERIOD AND REVISIONS**

- The Offeror reserves the right, subject to the Takeovers Code, to extend the Offer after the despatch of this document or to revise it, either in its terms and conditions or in the value or nature of the consideration offered or otherwise.

- Unless the Offer has previously been extended or revised or the Offer has previously become or been declared unconditional in all respects, the Offer shall lapse at 4:00 p.m. on the Closing Date.
- If the Offer is extended or revised, the announcement of such extension or revision will either state the next closing date or, if the Offer is then unconditional, state that the Offer will remain open for at least 14 days. If the Offer is extended or revised, it will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to the shareholders and, unless previously extended or revised, shall be closed at 4:00 p.m. on the subsequent closing date. The benefit of any revision of the Offer will be available to any shareholder of Sing Tao Media who has previously accepted the Offer. The execution by or on behalf of any shareholder of Sing Tao Media who has previously accepted the Offer of any form(s) of acceptance shall be deemed to constitute acceptance of the revised Offer, unless such shareholder becomes entitled to withdraw his, or, her acceptance and duly does so.
- In order to be valid, acceptances must be received by the Registrar in accordance with the instructions printed on the relevant form of acceptance by 4:00 p.m. on the Closing Date of the Offer, unless the Offer is extended or revised before the relevant closing date.
- If the Closing Date is not a business day, the closing date of the Offer shall be deemed to fall on the next day which is a business day and, any announcement required to be given on a closing date shall be properly given if made on the next following business day.
- The Offeror may introduce new conditions to be attached to any revision to the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised offer and subject to the consent of the Executive.
- If the Closing Date of the Offer is extended, any reference in this document and in the forms of acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

### **3. ANNOUNCEMENTS**

- By 6:00 p.m. on the Closing Date, or such later time and, or, date as the Executive agrees, the Offeror shall inform the Executive and the Stock Exchange of its intentions in relation to the extension, or expiry of the Offer. The Offeror shall

publish a teletext through the Stock Exchange announcement by 7:00 p.m. on the Closing Date stating whether the Offer has been revised or extended, or has expired. Such announcement will be republished in accordance with the Takeovers Code on the next business day thereafter, which shall state the total number of shares in Sing Tao Media:

- for which acceptances of the Offer have been received;
- held, controlled or directed before the Offer Period; and
- acquired or agreed to be acquired during the Offer Period by the Offeror or any persons acting in concert with it.

The announcement shall include the details of voting rights, rights over shares, derivatives and arrangements as required by Rule 3.5(c), (d) and (f) of the Takeovers Code. The announcement shall also specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

- In computing the number of shares in Sing Tao Media represented by acceptances, there may be included or excluded, for announcement purposes, acceptances which are not in all respects in order or are subject to verification.
- As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer in respect of which the Executive and (if applicable) the Stock Exchange have confirmed that they have no further comments, must be published as a paid announcement in at least one leading English language newspaper and one leading Chinese language newspaper, being in each case a newspaper which is published daily and circulating generally in Hong Kong.

#### **4. RIGHT OF WITHDRAWAL**

- Acceptances to the Offer tendered by STM Shareholders shall be irrevocable. No notice which is postmarked or otherwise appears to the Offeror or its agents as to have been sent from New Zealand, Malaysia, the United States or the Philippines will be treated as valid.
- If the Offeror is unable to comply with the requirements set out in paragraph 3 of this appendix, the Executive may require that acceptors be granted a right of withdrawal on terms acceptable to the Executive until the requirements set out in that paragraph are met.



**5. OFFER SHARES**

Subject to the Offer becoming or being declared unconditional, the shares in Sing Tao Media will be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of acceptance.

**6. GENERAL**

- All communications, notices, forms of acceptance, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from the shareholders of Sing Tao Media will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, Global China, Global China Corporate Finance, Sing Tao Media or the Registrar accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- The accidental omission to despatch this document and, or, the forms of acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way. The deliberate omission, if any, to despatch this document and, or the form of acceptance to the overseas shareholders of Sing Tao Media will not invalidate the Offer in any way.
- Notwithstanding any other provision in this appendix I, the Offeror and Sing Tao Media reserve the right to treat acceptances as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out in this document or in the forms of acceptance.
- If the Offer lapses, the relevant form of acceptance, will be returned by post within 14 days of the Offer lapsing, at the risk of the person entitled thereto, to the person or agent whose name and address outside New Zealand, Malaysia, the United States or the Philippines is set out in the relevant forms of acceptance or, if none is set out, to the first-named holder at his or her registered address outside New Zealand, Malaysia, the United States or the Philippines.
- The consideration payable to any STM Shareholders under the Offer will be settled by delivery of the relevant New GCT Shares in accordance with the terms of the Offers and without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such shareholder.

- As the STM Shares are shares of an overseas company of which register of members is kept outside Hong Kong, no stamp duty is payable in connection with the acceptance of the Offer.

## **7. OVERSEAS SHAREHOLDERS**

- The making of the Offer to overseas shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas shareholders of Sing Tao Media should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder wishing to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such overseas shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Offeror, Global China, Global China Corporate Finance and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such overseas shareholder for any such issue, transfer or other taxes as such person may be required to pay. Acceptances of the Offer by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.
- The Offer is not being made and will not be made, directly or indirectly, in or into any jurisdiction where the making of the Offer will be required to comply with any local filing and/or registration requirement with the relevant governmental or regulatory authorities pursuant to the laws of the jurisdiction concerned and as such, the offer cannot be accepted from such jurisdictions.
- In particular, the Offer is not being made and will not be made, directly or indirectly, in or into, and the Offer cannot be accepted from, New Zealand, Malaysia, the United States or the Philippines by the use of mails of, or by any means or instrumentality of interstate or foreign commerce of, or by any facilities of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. This includes, but is not limited to the post, facsimile transmission, telex and telephone or electronic means.
- Accordingly, copies of this document, the form of acceptance and any related offering documents are not being and must not be mailed or otherwise distributed or sent in, into or from New Zealand, Malaysia, the United States or the Philippines whether by the use of the mails or any means or instrumentality of interstate or

foreign commerce of, or by any facility of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines. Persons receiving such documents, including, without limitation, custodians, nominees and trustees, must not distribute or send them in, into or from New Zealand, Malaysia, the United States or the Philippines and so doing may invalidate any purported acceptance of the Offer. Persons who wish to accept the Offer should not use such mails or any such means or instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer.

- Envelopes containing forms of acceptance should not be postmarked in or otherwise be despatched from New Zealand, Malaysia, the United States or the Philippines and all accepting shareholders must provide addresses outside New Zealand, Malaysia, the United States or the Philippines for the receipt of the New GCT Shares or the return of the relevant forms of acceptance, share certificate(s) and, or, transfer receipt(s) and, or other document(s) of title and, or, any satisfactory indemnity or indemnities in respect thereof. Any accepting shareholder who is unable to give the representations and warranties set out in paragraph 8 of appendix I to this document may be deemed not to have accepted the Offer.
  
- No prospectus in relation to the Offer or the New GCT Shares to be issued pursuant to the Offer has been approved by, lodged with, or registered by, the Registrar of Companies in New Zealand, the Malaysian Securities Commission or the Securities and Exchange Commission in the Philippines or the Securities Exchange Commission in the United States. No extensive disclosure regarding the Offer as may be required has been made nor the Offer is submitted for substantive review to any state of the United States. Accordingly, the New GCT Shares may not (except pursuant to an exemption from any applicable registration requirements and otherwise in compliance with all applicable legislation) be offered, sold, resold or delivered directly or indirectly in or into New Zealand, Malaysia, the United States or the Philippines or any other jurisdiction if to do so would constitute a violation of relevant laws and the Offer is not being made under this document in or into New Zealand, Malaysia, the United States or the Philippines or any jurisdiction where the making of the Offer will be required to comply with any local filing and/or registration requirement with the relevant governmental or regulatory authorities pursuant to the laws of the jurisdiction concerned. In particular, neither the Offeror nor Global China will authorise the delivery of any document of title in respect of any New GCT Shares to an address in New Zealand, Malaysia, the United States or the Philippines or to any person who is unable to make the representations and warranties set out in paragraph 8 of appendix I. The Offeror or Global China may authorise the delivery of any document of title in respect of any New GCT Shares in a manner that the Offeror or Global China in its absolute discretion determines is necessary or advisable in order to comply with any applicable law.

- The Offeror reserves the right in its sole discretion to investigate, in relation to any acceptance whether the representations and warranties set out in paragraph 8 of this appendix I could have been truthfully given by the relevant independent shareholder and, if such investigation is made and as a result the Offeror determines (for any reason in its sole discretion) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.
  
- Notwithstanding the foregoing provisions, the Offeror reserves the right, in its sole discretion and subject to applicable law, to treat as valid an acceptance received from (a) person(s) who is, are, unable to give the representations and warranties set out in paragraph 8 below and, in the event of such acceptance being treated as valid, then if such person(s) do not make an election such person(s) shall be deemed to have given an authority to the Offeror and, or, Global China Corporate Finance and, or, their respective agents as agent(s) of such shareholder in respect of the New GCT Shares to which such person(s) thereby become(s) entitled:
  - to sell such shares on behalf of such acceptor in the market within 21 days of such shares being allotted;
  - to receive the share certificate(s) and, or, other document(s) as title and to execute instrument(s) of transfer in respect of such shares; and
  - to remit the net proceeds of such sale(s), after deducting therefrom the expenses of sale, as soon as reasonably practicable to the person or agent whose name and address are set out in the relevant forms of acceptance or, if none is set out, to the first-named holder at his or her, registered address.
  
- Neither the Offeror or Global China Corporate Finance nor any person acting on behalf of any of them shall have any liability to any persons for any loss or alleged loss arising from the price, timing or manner of any sale made pursuant to the authority set out above or otherwise in connection therewith.
  
- These provisions and any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific shareholders or on a general basis by the Offeror in its absolute discretion and subject to applicable laws. Subject thereto, the provisions of this paragraph 7 on overseas shareholders of this appendix I supersede any terms of the Offer inconsistent with them. References in this paragraph 7 to a shareholder or to an overseas shareholder shall include references to the person or persons executing the relevant forms of acceptance and, if more than one person executes the relevant forms of acceptance, the provisions of this paragraph 7 shall apply to them jointly and severally.

**8. FORMS OF ACCEPTANCE**

- Each shareholder of Sing Tao Media by whom, or on whose behalf, the relevant forms of acceptance is, or are, executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror, Global China, Global China Corporate Finance and Sing Tao Media, so as to bind him, or, her, his, or, her personal representatives, heirs, successors and assigns, to the following effect:
  - that in the event that you elect to accept the Offer, you are irrevocably and unconditionally authorizing Sing Tao Media or the Registrar to cancel the share certificates issued in your name pursuant to the Distribution in respect of the relevant STM Shares and to re-issue share certificates in relation to the same shares in name of the Offeror;
  - that the execution of the relevant forms of acceptance whether or not any boxes are completed shall constitute:
    - an acceptance of the Offer; and
    - an undertaking to execute any further documents, take any further action and give any further assurances which may be required in connection with the foregoing including, without limitation, to secure the transfer of the shares in Sing Tao Media in respect of which he, or, she has accepted or is deemed to have accepted the Offer to the Offeror and the benefit of all dividends and distributions paid, made or declared on or after the date of acceptance,

in each case on and subject to the terms and conditions set out or referred to in this document and in the relevant forms of acceptance and that, subject only to the rights of withdrawal set out or referred to in paragraph 4 of this appendix I, each such acceptance shall be irrevocable;

- that subject to the Offer becoming or being declared unconditional in all respects, the shares in Sing Tao Media acquired under the Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of acceptance;
- that such shareholder of Sing Tao Media has not received or sent copies of this document, the forms of acceptance or any related offering documents in, into or from New Zealand, Malaysia, the United States or the Philippines;

- that such shareholder has not utilized in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality, including, without limitation, facsimile transmission, telex and telephone or electronic means, of interstate or foreign commerce of, or any facilities of a national securities exchange of New Zealand, Malaysia, the United States or the Philippines;
- that such shareholder was outside New Zealand, Malaysia, the United States or the Philippines when the form(s) of acceptance was, or were delivered and at the time of accepting the Offer;
- that such shareholder is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal who is outside New Zealand, Malaysia, the United States or the Philippines at the time of accepting the Offer and when the form(s) of acceptance is, or are, delivered or such principal has given any instructions with respect to the Offer from outside New Zealand, Malaysia, the United States or the Philippines; and
- that if such accepting shareholder is an overseas shareholder, he or she has observed the laws of all relevant territories, obtained any requisite governmental, exchange control or other consents, complied with all requisite formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him or her in connection with such acceptance in any territory, that he or she has not taken or omitted to take any action which will or may result in the Offeror, Global China, Global China Corporate Finance or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his, her, acceptance thereof, and is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws;
- that such shareholder of Sing Tao Media will provide to the Offeror such additional written representations that the Offeror in its sole discretion determines are necessary or advisable in order to comply with any applicable law; provided that nothing in this paragraph shall constitute a waiver of the responsibility of such shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consent which may be required and compliance with other necessary formalities or legal requirements;
- that if such shareholder of Sing Tao Media accepts the Offer, presentation of the form(s) of acceptance in respect of his or her shares in Sing Tao Media constitutes a warranty that the person making the presentation is not in New Zealand, Malaysia, the United States or the Philippines nor is such person acting on the instructions of any person in New Zealand, Malaysia,

- the United States or the Philippines and such person is not acquiring the shares in Global China through the Offer with a view to the offer, sale, resale or delivery, directly or indirectly of any such shares in Global China in or into New Zealand, Malaysia, the United States or the Philippines;
- that the execution of the form of acceptance and delivery of the form of acceptance to the Registrar constitutes a separate and irrevocable authority and request to the Offeror to procure the despatch by post of the document(s) of title in respect of the New GCT Shares (in case of accepting the Offer), at the risk of such shareholder, to the person or agent whose name and address outside New Zealand, Malaysia, the United States or the Philippines is set out in the relevant form(s) of acceptance or, if none is set out, to the first-named or the sole registered holder of the relevant shares in Sing Tao Media at his or her registered address outside New Zealand, Malaysia, the United States or the Philippines.
  - that the terms and conditions of the Offer contained in this document shall be incorporated in and form part of the forms of acceptance, which shall be read and construed accordingly;
  - that he will do all such acts and things as shall be necessary or expedient to vest in the Offeror, or its nominees or such other person as it may decide, the STM Shares to which such acceptance relates; and
  - that he submits, in relation to all matters arising out of the Offer and the forms of acceptance, to the jurisdiction of the courts of Hong Kong.
- Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of shares indicated in the forms of acceptance is the aggregate number of shares held by such nominee for such beneficial owners who are accepting the Offer.

## 9. THE OFFER

- This Offer is made on 30th August, 2002 and is capable of acceptance from and after that date. The Offer is being made by the issue and despatch of this document and by means of an advertisement in English in The Standard and in Chinese in the Sing Tao Daily dated 30th August, 2002.
- The Offer is made in accordance with the Takeovers Code.
- The English text of this document and of the forms of acceptance shall prevail over the Chinese text.
- If the Offer lapses for any reasons, it shall cease to be capable of further acceptances and Global China, the Offeror and Global China Corporate Finance shall cease to be bound by prior acceptances.

## FINANCIAL SUMMARY

The following is a summary of the audited profit and loss account and the audited balance sheet of Global China Group for the financial years ended 31st March, 2000 and 31st March, 2001 and the nine months ended 31st December, 2001, extracted from the annual reports of Global China.

	Nine months ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i> <i>(Restated)</i>	Year ended 31st March, 2000 <i>HK\$'000</i>
<b>Results</b>			
Turnover	1,032,960	485,682	597,080
Loss before tax	(135,128)	(236,532)	(92,045)
Tax	(18,839)	(14,358)	(2,168)
Loss before minority interests	(153,967)	(250,890)	(94,213)
Minority interests	22,521	5,659	1,856
Net loss from ordinary activities attributable to shareholders	(131,446)	(245,231)	(92,357)
Loss per share — basic — HK cents	(9.2)	(23.4)	(20.6)
Dividend per share	—	—	—
<b>Assets and liabilities</b>			
Non-current assets	863,002	847,886	142,717
Current assets	744,649	863,051	374,921
Current liabilities	(353,559)	(378,071)	(126,385)
Net current assets	391,090	484,980	248,536
Total assets less current liabilities	1,254,092	1,332,866	391,253
Non-current liabilities	(130,145)	(130,528)	(3,989)
Minority interests	(225,791)	(248,015)	(354)
Net assets	898,156	954,323	386,910



The financial information set out below were extracted from the annual report of Global China for the period ended 31st December, 2001

### Consolidated Profit and Loss Account

Period from 1st April, 2001 to 31st December, 2001

	<i>Notes</i>	<b>Period from 1st April, 2001 to 31st December, 2001</b> <i>HK\$'000</i>	<b>Year ended 31th March, 2001</b> <i>HK\$'000</i> (Restated)
TURNOVER	6	1,032,960	485,682
Cost of sales		<u>(684,912)</u>	<u>(388,712)</u>
Gross profit		348,048	96,970
Other revenue and gains	6	13,192	40,197
Restructuring costs	7	(19,043)	—
Distribution costs		(134,532)	(36,844)
Administrative expenses		(253,550)	(96,791)
Other operating expenses		<u>(77,579)</u>	<u>(228,284)</u>
LOSS FROM OPERATING ACTIVITIES	8	(123,464)	(224,752)
Finance costs	9	(424)	(266)
Share of profits and losses of:			
Jointly-controlled entities		(16,256)	(5,312)
Associates		<u>5,016</u>	<u>(6,202)</u>
LOSS BEFORE TAX		(135,128)	(236,532)
Tax	12	<u>(18,839)</u>	<u>(14,358)</u>
LOSS BEFORE MINORITY INTERESTS		(153,967)	(250,890)
Minority interests		<u>22,521</u>	<u>5,659</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	13, 33	<u><u>(131,446)</u></u>	<u><u>(245,231)</u></u>
Loss per share — basic (HK cents)	14	<u><u>9.2</u></u>	<u><u>23.4</u></u>

**Consolidated Statement of Recognised Gains and Losses***Period from 1st April, 2001 to 31st December, 2001*

	<i>Notes</i>	<b>Period from 1st April, 2001 to 31st December, 2001 HK\$'000</b>	<b>Year ended 31st March, 2001 HK\$'000 (Restated)</b>
Surplus on revaluation of land and buildings	33	2,569	—
Exchange differences on translation of the financial statements of foreign entities	33	<u>(3,224)</u>	<u>(4,035)</u>
Net losses not recognised in the profit and loss account		(655)	(4,035)
Net loss for the period/year attributable to shareholders:	33		
Current period/prior year (as previously reported)		(131,446)	(94,310)
Effect of retrospective changes in accounting policy		<u>—</u>	<u>(150,921)</u>
		<u>(131,446)</u>	<u>(245,231)</u>
Total recognised gains and losses		(132,101)	(249,266)
Write-back of reserves on disposal of a subsidiary	33	—	5,214*
Capital reserve arising from acquisition of subsidiaries	33	<u>—</u>	<u>212,827</u>
		<u><u>(132,101)</u></u>	<u><u>(31,225)</u></u>

**Consolidated Statement of Recognised Gains and Losses (Continued)***Period from 1st April, 2001 to 31st December, 2001*

In addition to the gains and losses detailed above, certain gains and losses arose since 31st March, 2001 as a result of prior year adjustments arising from the changes in accounting policies summarised in note 3 to the financial statements, as follows:

	<b>Period from 1st April, 2001 to 31 December 2001 HK\$'000</b>
For the period ended 31st December, 2001, as reported above	(132,101)
Recognised gains and losses arising from prior year adjustments, relating to year ended 31st March, 2001	<u>(150,921)</u>
Total recognised gains and losses arising since the last annual report	<u><u>(283,022)</u></u>

\* The balance relates to reserve movements arising from the disposal of a subsidiary, as accounted for in the net loss for the year attributable to shareholders.

**Consolidated Balance Sheet***31st December, 2001*

	<i>Notes</i>	<b>31st December, 2001</b> <i>HK\$'000</i>	<b>31st March, 2001</b> <i>HK\$'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Fixed assets	<i>15</i>	550,269	575,926
Goodwill	<i>16</i>	5,952	—
Investment in an unconsolidated subsidiary	<i>18</i>	—	—
Interests in jointly-controlled entities	<i>19</i>	276,302	245,937
Interests in associates	<i>20</i>	15,541	10,200
Long term investments	<i>21</i>	13,470	13,470
Other investments		1,468	2,353
		<u>863,002</u>	<u>847,886</u>
<b>CURRENT ASSETS</b>			
Inventories	<i>22</i>	72,126	109,576
Short term investments	<i>21</i>	37,596	132,733
Properties held for sale		23,965	34,599
Trade and bills receivables	<i>23</i>	232,449	213,682
Prepayments, deposits and other receivables		45,769	77,145
Tax recoverable		712	236
Pledged time deposits	<i>24</i>	46,349	15,184
Cash and cash equivalents	<i>25</i>	285,683	279,896
		<u>744,649</u>	<u>863,051</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>26</i>	112,628	102,332
Other payables and accruals		154,451	170,057
Tax payable		52,563	40,387
Interest-bearing bank borrowings	<i>27</i>	29,206	—
Due to a jointly-controlled entity	<i>19</i>	4,711	65,295
		<u>353,559</u>	<u>378,071</u>
<b>NET CURRENT ASSETS</b>		<u>391,090</u>	<u>484,980</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,254,092	1,332,866

**Consolidated Balance Sheet (Continued)***December 2001*

	<i>Notes</i>	<b>31st December, 2001</b> <i>HK\$'000</i>	<b>31st March, 2001</b> <i>HK\$'000</i> (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Other payables	28	109,907	109,907
Interest-bearing bank borrowings	27	7,250	—
Provision for long service payments	29	5,608	11,616
Deferred tax	30	7,380	9,005
		<u>130,145</u>	<u>130,528</u>
<b>MINORITY INTERESTS</b>		<u>(225,791)</u>	<u>(248,015)</u>
		<u>898,156</u>	<u>954,323</u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	31	221,103	216,312
Reserves	33	677,053	738,011
		<u>898,156</u>	<u>954,323</u>

**Consolidated Cash Flow Statement***Period from 1st April, 2001 to 31st December, 2001*

	<i>Notes</i>	<b>Period from 1st April, 2001 to 31st December, 2001</b> <i>HK\$'000</i>	<b>Year ended 31st March, 2001</b> <i>HK\$'000</i> (Restated)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<i>34(a)</i>	(12,279)	(64,439)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		8,304	32,903
Dividend received from an unlisted investment		2,332	225
Dividends received from listed investments		42	352
Dividends received from jointly-controlled entities		—	3,255
Dividend received from an associate		—	1,450
Interest paid		(424)	(266)
Net cash inflow from returns on investments and servicing of finance		10,254	37,919
TAX			
Hong Kong profits tax refunded/(paid)		504	(1,836)
Overseas taxes paid		(8,838)	(4,222)
Taxes paid		(8,334)	(6,058)
INVESTING ACTIVITIES			
Purchases of short term investments		(25,984)	(122,088)
Purchases of fixed assets		(48,894)	(27,405)
Proceeds from disposal of fixed assets		9,918	11,330
Proceeds from disposal of short term investments		106,371	32,249
Acquisition of subsidiaries	<i>34(c)</i>	(1,733)	(355,474)
Acquisition of jointly-controlled entities		(104,757)	(69,007)
Increase in pledged time deposits		(31,165)	(3,329)
Proceeds from disposal of a subsidiary	<i>34(d)</i>	—	3,471
Advances to jointly-controlled entities		—	(3,354)
Proceeds from disposal of an associate		—	786
Advances to associates		—	(583)
Net cash outflow from investing activities		(96,244)	(533,404)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(106,603)	(565,982)

**Consolidated Cash Flow Statement** *(Continued)*  
*Period from 1st April, 2001 to 31st December, 2001*

	<i>Notes</i>	<b>Period from 1st April, 2001 to 31st December, 2001</b>	<b>Year ended 31st March, 2001</b>
		<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(106,603)	(565,982)
FINANCING ACTIVITIES	<i>34(b)</i>		
Proceeds from issue of ordinary shares		75,981	529,162
Proceeds from issue of preference shares		—	82,500
Share issue expenses		(47)	(13,024)
New bank loans		38,206	—
Repayment of bank loans		(1,750)	(4,858)
Net cash inflow from financing activities		112,390	593,780
INCREASE IN CASH AND CASH EQUIVALENTS		5,787	27,798
Cash and cash equivalents at beginning of period/year		279,896	252,098
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		<u>285,683</u>	<u>279,896</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		145,588	178,680
Time deposits with original maturity of less than three months when acquired		140,095	101,216
		<u>285,683</u>	<u>279,896</u>

**Balance Sheet***31st December, 2001*

	<i>Notes</i>	<b>31st December, 2001</b> <i>HK\$'000</i>	<b>31st March, 2001</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Fixed assets	<i>15</i>	8,544	12,557
Interests in subsidiaries	<i>17</i>	765,125	892,407
Investment in an unconsolidated subsidiary	<i>18</i>	—	—
Interests in associates	<i>20</i>	—	(329)
		<u>773,669</u>	<u>904,635</u>
<b>CURRENT ASSETS</b>			
Short term investments	<i>21</i>	—	245
Prepayments, deposits and other receivables		1,387	5,148
Cash and cash equivalents	<i>25</i>	6,577	1,671
		<u>7,964</u>	<u>7,064</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		19,174	18,972
Tax payable		17	53
		<u>19,191</u>	<u>19,025</u>
<b>NET CURRENT LIABILITIES</b>		<u>(11,227)</u>	<u>(11,961)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>762,442</u></u>	<u><u>892,674</u></u>
<b>CAPITAL AND RESERVES</b>			
Issued capital	<i>31</i>	221,103	216,312
Reserves	<i>33</i>	541,339	676,362
		<u>762,442</u>	<u>892,674</u>



**NOTES TO THE FINANCIAL STATEMENTS****1. CORPORATE INFORMATION**

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors, Luckman Trading Limited (“Luckman”) is the ultimate holding company of the Company, which is incorporated in the British Virgin Islands.

During the period, the Group was involved in the following principal activities:

- trading of photographic and electronic products
- newspaper publishing
- commercial printing
- property holding

**2. CHANGE OF FINANCIAL YEAR END DATE**

The financial year end date of the Company was changed from 31 March to 31 December with effect from 19th November, 2001. These financial statements cover a period of nine months from 1st April, 2001 to 31st December, 2001. Accordingly, the comparative amounts presented for the profit and loss account, statement of recognised gains and losses, cash flows statement and related notes are not for a comparable time period.

**3. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”)**

The following recently-issued and revised SSAPs and related Interpretations are effective for the first time for the current period’s financial statements:

- SSAP 9 (Revised): “Events after the balance sheet date”
- SSAP 14 (Revised): “Leases”
- SSAP 18 (Revised): “Revenue”
- SSAP 26: “Segment reporting”
- SSAP 28: “Provisions, contingent liabilities and contingent assets”
- SSAP 29: “Intangible assets”
- SSAP 30: “Business combinations”
- SSAP 31: Impairment of assets”
- SSAP 32: “Consolidated financial statements and accounting for investments in subsidiaries”
- Interpretation 12: “Business combinations — subsequent adjustment of fair values and goodwill initially reported”
- Interpretation 13: “Goodwill — continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves”

These SSAPs prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of those SSAPs and Interpretations which have had a significant effect on the financial statements, are summarised as follows:

SSAP 9 (Revised) prescribes which type of events occurring after the balance sheet date require adjustment to the financial statements, and which require disclosure, but no adjustment. Its principal impact on these financial statements is that the proposed final dividend which is not declared and approved until after the balance sheet date, is no longer recognised as a liability at the balance sheet date, but is disclosed as an allocation of retained earnings on a separate line within the capital and reserves section of the balance sheet. The revised SSAP requirements have not had a material effect on the amounts presented in these financial statements.

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. The revised SSAP requirements have not had a material effect on the amounts previously recorded in the financial statements, therefore no prior year adjustment has been required. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in note 36 to the financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management assesses whether the Group's predominant risks or returns are based on business segments or geographical segments and determines one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The impact of this SSAP is the inclusion of significant additional segment reporting disclosures which are set out in note 5 to the financial statements.

SSAP 28 prescribes the recognition criteria and measurement bases to apply to provisions, contingent liabilities and contingent assets, together with the required disclosures in respect thereof.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has resulted in a prior year adjustment, further details of which are included in note 16 to the financial statements. The required new additional disclosures are included in notes 16, 19 and 33 to the financial statements.

SSAP 31 prescribes the recognition and measurement criteria for impairments of assets. The SSAP is required to be applied prospectively and therefore, has had no effect on amounts previously reported in prior year financial statements.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of certain fixed assets and investment in securities, as further explained below.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period ended 31st December, 2001. The results of subsidiaries acquired or disposed of during the period are consolidated from or to their effective date of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

**Subsidiaries**

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

**Joint venture companies**

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

- (a) a subsidiary, if the Company has unilateral control over the joint venture company;
- (b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control over the joint venture company;
- (c) an associate, if the Company does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if the Company holds less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

**Jointly-controlled entities**

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill or negative goodwill arising from the acquisition of jointly-controlled entities, which was not previously eliminated or recognised in reserves, is included as part of the Group's interests in jointly-controlled entities.

**Associates**

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as long term assets and are stated at cost less any impairment losses.

**Goodwill**

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 3 to 10 years. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to 1st April, 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event. The impairment loss arising on goodwill previously eliminated against reserves is recognised in the profit and loss account for the year in which the impairment arises. A prior year adjustment has been made for the impairment prior to 1st April, 2001 of goodwill previously eliminated against reserves. Further details are set out in note 16 to the financial statements.

**Negative goodwill**

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

In prior years, negative goodwill arising on acquisitions was credited to the capital reserve in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits negative goodwill on acquisitions which occurred prior to 1st April, 2001, to remain credited to the capital reserve. Negative goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the profit and loss account and any relevant reserves, as appropriate. Any attributable negative goodwill previously credited to the capital reserve at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

### **Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### **Impairment of assets**

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

**Fixed assets and depreciation**

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in values of fixed assets are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuation is transferred to retained earnings as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life, after taking into account its estimated residual value, if any. The principal annual rates used for this purpose are as follows:

Freehold land	Nil
Leasehold land	Over the lease terms
Buildings	2%-5%
Leasehold improvements	20%
Furniture, fixtures and equipment	6%-30%
Motor vehicles	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net proceeds on disposal and the carrying amount of the relevant asset.

**Leased assets**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

**Long term investments**

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis.

Long term investments are stated at cost less provisions for any impairment losses, on an individual investment basis.

When impairments in values have occurred, the carrying amounts of the securities are reduced to their fair values, as estimated by the directors and the amounts of the impairments are charged to the profit and loss account in the period in which they arise. Where the circumstances and events which led to an impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

**Short term investments**

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account in the period in which they arise.

**Other investments**

Other investments represent club memberships which are intended to be held for long term purposes. They are stated at cost less any impairment losses, on an individual investment basis.

**Properties held for sale**

Properties held for sale are stated at the lower of cost, comprising land, construction and borrowing costs where appropriate, and net realisable value.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on actual cost, first-in, first-out basis or weighted average basis, where appropriate and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

**Cash equivalents**

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.

**Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the finance costs in the profit and loss account.

**Deferred tax**

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (d) dividends, when the shareholders' right to receive payment is established;
- (e) circulation income, when the newspapers are delivered;
- (f) advertising income, when the advertisements are published or broadcasted;
- (g) from the rendering of services, when the services are rendered; and
- (h) revenue from sale of properties, upon the completion of the formal sale and purchase agreement.

**Dividends**

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within capital and reserves in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because bye-law 140 of the Company's byelaws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

**Borrowing costs**

Borrowing costs are charged to the profit and loss account in the period in which they are incurred.

**Foreign currencies**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.



**Retirement benefits schemes**

The Group operates defined contribution retirement benefits schemes in Hong Kong and overseas for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Mandatory Provident Fund Exempted ORSO retirement benefits scheme in Hong Kong or other retirement benefits schemes in overseas prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. In respect of the Mandatory Provident Fund retirement benefits scheme, the Group's employer contributions vest fully with the employees when contributed into the scheme.

**5. SEGMENT INFORMATION**

SSAP 26 was adopted during the period, as detailed in note 3 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

- (a) the trading segment trades photographic and electronic products;
- (b) the newspaper publishing segment publishes and distributes newspapers to readers in Hong Kong, Canada, the United States of America, Europe and Australia;
- (c) the commercial printing segment provides the services of printing of illustrated books, typesetting and printing of financial documents; and
- (d) the corporate and others segment comprises the Group's Internet and information consultancy services, investment and property holding business, and hotel operations together with corporate expense items.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## (a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments.

Group	Trading		Newspaper publishing		Commercial printing		Corporate and others		Eliminations		Consolidated	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	99,823	281,540	578,315	127,589	347,444	72,062	7,378	4,491	—	—	1,032,960	485,682
Intersegment sales	—	—	15,061	3,295	2,358	591	2,277	456	(19,696)	(4,342)	—	—
Other revenue	107	2,203	—	—	—	—	1,418	274	—	—	1,525	2,477
Intersegment other revenue	—	—	—	—	—	—	1,586	4,697	(1,586)	(4,697)	—	—
<b>Total</b>	<b>99,930</b>	<b>283,743</b>	<b>593,376</b>	<b>130,884</b>	<b>349,802</b>	<b>72,653</b>	<b>12,659</b>	<b>9,918</b>	<b>(21,282)</b>	<b>(9,039)</b>	<b>1,034,485</b>	<b>488,159</b>
Segment results	(2,103)	(12,017)	(78,728)	(5,031)	47,439	3,077	(67,098)	(39,885)			(100,490)	(53,856)
Interest and dividend income											10,678	33,480
Unallocated gains											989	4,240
Restructuring costs											(19,043)	—
Unallocated expenses											(15,598)	(208,616)
Loss from operating activities											(123,464)	(224,752)
Finance costs											(424)	(266)
Share of profits and loss of:												
Jointly-controlled entities	—	—	(1,484)	(2,680)	—	—	(14,772)	(2,632)			(16,256)	(5,312)
Associates	(105)	(1,170)	—	—	—	—	5,121	(5,032)			5,016	(6,202)
Loss before tax											(135,128)	(236,532)
Tax											(18,839)	(14,358)
Loss before minority											(153,967)	(250,890)
Interests											22,521	5,659
Minority interests												
Net loss from ordinary activities attributable to shareholders											(131,446)	(245,231)
Segment assets	64,059	92,997	598,582	657,607	347,663	324,093	252,258	231,311	—	—	1,262,562	1,306,008
Interests in jointly-controlled entities	—	—	55,062	54,249	—	—	221,240	191,688	—	—	276,302	245,937
Interests in associates	198	304	—	—	—	—	15,343	9,896	—	—	15,541	10,200
Unallocated assets	712	232	12,164	13,049	680	680	39,690	134,831	—	—	53,246	148,792
<b>Totals assets</b>	<b>64,969</b>	<b>93,533</b>	<b>665,808</b>	<b>724,905</b>	<b>348,343</b>	<b>324,773</b>	<b>528,531</b>	<b>567,726</b>	<b>—</b>	<b>—</b>	<b>1,607,651</b>	<b>1,710,937</b>
Segment liabilities	17,139	19,196	131,357	133,435	60,081	64,862	178,728	241,714	—	—	387,305	459,207
Unallocated liabilities	213	—	62,793	30,571	25,126	11,825	8,267	6,996	—	—	96,399	49,392
<b>Total liabilities</b>	<b>17,352</b>	<b>19,196</b>	<b>194,150</b>	<b>164,006</b>	<b>85,207</b>	<b>76,687</b>	<b>186,995</b>	<b>248,710</b>	<b>—</b>	<b>—</b>	<b>483,704</b>	<b>508,599</b>

## APPENDIX II

## FINANCIAL INFORMATION ON GLOBAL CHINA

Group	Trading		Newspaper publishing		Commercial printing		Corporate and others		Eliminations		Consolidated	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Other segment information:												
Capital expenditure	216	2,440	34,519	340,474	13,661	172,118	805	45,082	—	—	49,201	560,114
Depreciation and amortisation	770	1,205	18,245	—	12,172	—	3,291	8,208	—	—	34,478	9,413
Impairment losses recognised in the profit and loss account	—	—	—	—	—	—	1,059	151,622	—	—	1,059	151,622
Other non-cash expenses	814	11,223	1,519	—	45	—	27,199	64,267	—	—	29,577	75,490
Revaluation deficit on land and buildings	313	1,278	20,997	—	7,350	—	2,334	448	—	—	30,994	1,726
Provision for properties held for sale	—	—	1,000	—	—	—	4,208	—	—	—	5,208	—

### (b) Geographical segments

The following table presents revenue, profit/(loss) and certain asset and expenditure information for the Group's geographical segments.

	Hong Kong and PRC		North America		Australia and New Zealand		Europe		Eliminations		Consolidated	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001	31st December, 2001	31st March, 2001
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segments revenue:												
Sales to external customers	541,230	383,611	371,174	77,982	29,857	7,553	90,699	16,536	—	—	1,032,960	485,682
Other revenue	1,525	2,477	—	—	—	—	—	—	—	—	1,525	2,477
	<u>542,755</u>	<u>386,088</u>	<u>371,174</u>	<u>77,982</u>	<u>29,857</u>	<u>7,553</u>	<u>90,699</u>	<u>16,536</u>	<u>—</u>	<u>—</u>	<u>1,034,485</u>	<u>488,159</u>
Segment results*	<u>(132,119)</u>	<u>(57,219)</u>	<u>16,678</u>	<u>2,536</u>	<u>(127)</u>	<u>116</u>	<u>15,078</u>	<u>711</u>	<u>—</u>	<u>—</u>	<u>(100,490)</u>	<u>(53,856)</u>
Other segment information:												
Segment assets	1,303,983	1,384,198	257,083	285,301	16,191	16,551	30,394	24,887	—	—	1,607,651	1,710,937
Capital expenditure	33,101	447,825	15,502	96,708	338	1,914	260	13,667	—	—	49,201	560,114

\* disclosed pursuant to the requirements of the Listing Rules

## 6. TURNOVER, REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; circulation income, after allowances for returns; net advertising income, after trade discounts; the value of services rendered; and gross rental income received and receivable during the period/year.

Revenue from the following activities has been included in turnover. An analysis of turnover, other revenue and gains is as follows:

	<b>Period from 1st April, 2001 to 31st December, 2001 HK\$'000</b>	<b>Year ended 31st March, 2001 HK\$'000</b>
<b>Turnover</b>		
Sales of photographic products	97,196	272,100
Newspapers:		
— circulation income	114,117	21,823
— advertising income	421,826	96,314
Rendering of printing services	344,536	72,287
Radio broadcasting advertising income	12,975	2,082
Sales of properties	4,400	1,674
Gross rental income	6,255	1,582
Others	31,655	17,820
	<u>1,032,960</u>	<u>485,682</u>
<b>Other revenue</b>		
Interest income	8,304	32,903
Dividend income from an unlisted investment	2,332	225
Dividend income from listed investments	42	352
Others	304	2,477
	<u>10,982</u>	<u>35,957</u>
<b>Gains</b>		
Gain on disposal of short term investments, net	989	4,240
Gain on disposal of an associate	486	—
Exchange gains, net	735	—
	<u>13,192</u>	<u>40,197</u>

## 7. RESTRUCTURING COSTS

During the period, the Group incurred a total cost of HK\$19,043,000 for a series of restructuring exercises to streamline its operations which include the repositioning of Hong Kong iMail into a newspaper focusing on financial news in the Greater China region.

## 8. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	Period from 1st April, 2001 to 31st December, 2001 HK\$'000	Year ended 31st March, 2001 HK\$'000 (Restated)
Goodwill:		
Amortisation for the period/year*	1,463	—
Impairment arising during the period/year*	—	150,921
	<u>1,463</u>	<u>150,921</u>
Auditors' remuneration:		
Current period/year	2,897	1,091
Underprovision in prior year	140	280
	<u>3,037</u>	<u>1,371</u>
Depreciation	33,015	9,413
Loss on disposal of fixed assets	1,816	4,587
Minimum leases payments under operating leases:		
Land and buildings	10,028	4,526
Other equipment	313	301
	<u>10,341</u>	<u>4,827</u>
Staff costs (including directors' remuneration — note 10)		
Wages and salaries	392,899	107,349
Retirement benefits scheme contributions	16,458	4,488
Less: Forfeited contributions	(5,927)	(1,728)
Net retirement benefits scheme contributions**	10,531	2,760
Total staff costs	<u>403,430</u>	<u>110,109</u>
Gross rental income	(6,255)	(1,582)
Less: outgoings	1,619	408
Net rental income	<u>(4,636)</u>	<u>(1,174)</u>
Revaluation deficit on land and buildings	30,994	1,726
Loss on changes in fair values of short term investments, net	15,598	35,226
Provisions for bad and doubtful debts	591	540
Provision for loss on disposal of fixed assets	—	10,657
Provision against an amount due from a jointly-controlled entity	11,572	1,360
Impairment of interests in associates	174	701
Provision for properties held for sale	5,208	—
Impairment of other investments	885	—
Provision against an investment in an unconsolidated subsidiary	—	18,000
Loss on disposal of a subsidiary	—	4,469
Exchange (gains)/losses, net	(735)	662
Loss/(gain) on disposal of an associate	(486)	651
Write-back of provision for long service payments	<u>(2,929)</u>	<u>—</u>

\* The amortisation and impairment of goodwill for the period/year are included in "Other operating expenses" on the face of the consolidated profit and loss account.

\*\* At 31st December, 2001, forfeited contributions available to the Group to reduce its contributions to retirement benefits schemes in future years amounted to approximately HK\$1,946,000 (year ended 31st March, 2001: HK\$698,000).

## 9. FINANCE COSTS

	<b>Period from 1st April, 2001 to 31st December, 2001 HK\$'000</b>	<b>Year ended 31st March, 2001 HK\$'000</b>
Interest expense on bank loans wholly repayable within five years	<u>424</u>	<u>266</u>

## 10. DIRECTORS' REMUNERATION

Directors' remuneration, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

	<b>Period from 1st April, 2001 to 31st December, 2001 HK\$'000</b>	<b>Year ended 31st March, 2001 HK\$'000</b>
Fees:		
Executive directors	90	19
Non-executive directors	90	83
Independent non-executive directors	<u>270</u>	<u>173</u>
	<u>450</u>	<u>275</u>
Other emoluments to executive directors:		
Salaries and other benefits	14,251	11,595
Retirement benefits scheme contributions	<u>57</u>	<u>291</u>
	<u>14,308</u>	<u>11,886</u>
Other emoluments to an independent non-executive director:		
Salaries and other benefits	<u>—</u>	<u>239</u>
Total remuneration	<u>14,758</u>	<u>12,400</u>

The remuneration of the directors fell within the following bands:

	Number of directors	
	Period from 1st April, 2001 to 31st December, 2001	Year ended 31st March, 2001
Nil to HK\$1,000,000	7	13
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,500,001 to HK\$4,000,000	—	1
HK\$4,500,001 to HK\$5,000,000	1	—
HK\$5,000,001 to HK\$5,500,000	1	—

There was no arrangement under which a director waived or agreed to waive any remuneration during the period/year.

During the period, 12,100,000 share options of the Company and 8,500,000 share options of Sing Tao Holdings Limited were granted to certain of the directors in respect of their services to the Group. No value in respect of the share options granted during the period has been included in the directors' remuneration or charged to the profit and loss account because in the absence of a readily available market value of these share options, the directors were unable to arrive at an assessment of the value of these share options.

#### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the period included two (year ended 31st March, 2001: four) directors, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining three (year ended 31st March, 2001: one), non-director, highest paid employees are as follows:

	Period from	Year ended
	1st April, 2001 to 31st December, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other benefits	5,729	1,048
Compensation for loss of office	4,113	—
Performance related bonuses	3,200	—
Pension contributions	278	—
	<u>13,320</u>	<u>1,048</u>

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	Period from 1st April, 2001 to 31st December, 2001	Year ended 31st March, 2001
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$4,000,001 to HK\$4,500,000	1	—
HK\$6,500,001 to HK\$7,000,000	<u>1</u>	<u>—</u>

During the period, 4,000,000 share options of Sing Tao Holdings Limited, were granted to the three non-director, highest paid employees in respect of their services to the Group. No value in respect of the share options granted during the period has been included in the employees' remuneration or charged to the profit and loss account because in the absence of a readily available market value of these share options, the directors were unable to arrive at an assessment of the value of these share options.

## 12. TAX

Hong Kong profits tax has been provided at the rate of 16% (year ended 31st March, 2001: 16%) on the estimated assessable profits arising in Hong Kong during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Group:		
The People's Republic of China:		
Hong Kong	5,417	425
Elsewhere	66	20
Elsewhere	15,886	14,583
Overprovision in prior years	(1,360)	(279)
Deferred tax — <i>note 30</i>	<u>(1,631)</u>	<u>867</u>
	18,378	15,616
Share of tax attributable to:		
Jointly-controlled entities	<u>461</u>	<u>(1,258)</u>
Tax charge for the period/year	<u>18,839</u>	<u>14,358</u>

## 13. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company was HK\$206,166,000 (year ended 31st March, 2001: HK\$87,614,000).



## 14. LOSS PER SHARE

The calculation of the basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the period of HK\$131,446,000 (year ended 31st March, 2001: HK\$245,231,000 (restated)) and the weighted average of 1,431,873,113 (year ended 31st March, 2001: 1,049,351,298) ordinary shares in issue during the period.

The diluted loss per share for the period ended 31st December, 2001 and year ended 31st March, 2001 has not been presented as there was no dilutive effect on the basic loss per share during the current period and the prior year. The conversion of the preference shares and the outstanding share options would have an anti-dilutive effect on the basic loss per share for the current period and the prior year.

## 15. FIXED ASSETS

	Land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Group</b>					
Cost or valuation:					
At 1st April, 2001	438,216	2,816	418,226	1,022	860,280
Additions	1,511	1,415	45,968	—	48,894
Acquisition of subsidiaries	—	—	307	—	307
Disposals	(5,193)	—	(56,577)	—	(61,770)
Deficit on revaluation	(36,165)	—	—	—	(36,165)
Exchange realignment	(1,568)	—	(124)	—	(1,692)
At 31st December, 2001	<u>396,801</u>	<u>4,231</u>	<u>407,800</u>	<u>1,022</u>	<u>809,854</u>
Analysis of cost or valuation:					
At cost	—	4,231	407,800	1,022	413,053
At 31st December, 2001 valuation	<u>396,801</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>396,801</u>
	<u>396,801</u>	<u>4,231</u>	<u>407,800</u>	<u>1,022</u>	<u>809,854</u>
Accumulated depreciation:					
At 1st April, 2001	1,480	511	282,158	205	284,354
Provided during the period	7,338	782	24,742	153	33,015
Disposals	(193)	—	(48,843)	—	(49,036)
Deficit on revaluation	(8,620)	—	—	—	(8,620)
Exchange realignment	(5)	—	(123)	—	(128)
At 31st December, 2001	<u>—</u>	<u>1,293</u>	<u>257,934</u>	<u>358</u>	<u>259,585</u>
Net book value:					
At 31st December, 2001	<u>396,801</u>	<u>2,938</u>	<u>149,866</u>	<u>664</u>	<u>550,269</u>
At 31st March, 2001	<u>436,736</u>	<u>2,305</u>	<u>136,068</u>	<u>817</u>	<u>575,926</u>

<b>Company</b>	<b>Land and buildings HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000</b>
<b>Cost or valuation:</b>				
At 1st April, 2001	7,000	5,318	521	12,839
Additions	1,300	32	—	1,332
Disposals	—	(4,835)	—	(4,835)
Deficit on revaluation	(200)	—	—	(200)
	<u>8,100</u>	<u>515</u>	<u>521</u>	<u>9,136</u>
At 31st December, 2001	<u>8,100</u>	<u>515</u>	<u>521</u>	<u>9,136</u>
<b>Analysis of cost or valuation:</b>				
At cost	—	515	521	1,036
At 31st December, 2001 valuation	<u>8,100</u>	<u>—</u>	<u>—</u>	<u>8,100</u>
	<u>8,100</u>	<u>515</u>	<u>521</u>	<u>9,136</u>
<b>Accumulated depreciation:</b>				
At 1st April, 2001	—	177	105	282
Provided during the period	105	232	78	415
Disposals	—	—	—	—
Deficit on revaluation	(105)	—	—	(105)
	<u>—</u>	<u>409</u>	<u>183</u>	<u>592</u>
At 31st December, 2001	<u>—</u>	<u>409</u>	<u>183</u>	<u>592</u>
<b>Net book value:</b>				
At 31st December, 2001	<u>8,100</u>	<u>106</u>	<u>338</u>	<u>8,544</u>
At 31st March, 2001	<u>7,000</u>	<u>5,141</u>	<u>416</u>	<u>12,557</u>

At 31st December, 2001, the Group leased to third parties certain land and buildings under operating leases, further details of the operating leases are included in note 36 to the financial statements.

The land and buildings of the Group included above are held under the following lease terms:

	<b>Hong Kong HK\$'000</b>	<b>PRC HK\$'000</b>	<b>Elsewhere HK\$'000</b>	<b>Total HK\$'000</b>
Freehold	—	—	90,801	90,801
Long term leases	46,600	1,300	—	47,900
Medium term leases	224,300	33,800	—	258,100
	<u>270,900</u>	<u>35,100</u>	<u>90,801</u>	<u>396,801</u>

The land and buildings of the Company included above are held under the following lease terms:

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>PRC</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Long term leases	—	1,300	1,300
Medium term leases	<u>6,800</u>	<u>—</u>	<u>6,800</u>
	<u>6,800</u>	<u>1,300</u>	<u>8,100</u>

All of the land and buildings of the Group and of the Company were revalued individually at 31st December, 2001 by Chung, Chan & Associates, Jones Lang LaSalle Limited and Cushman & Wakefield of Asia Limited, independent professionally qualified valuers, at an aggregate value of HK\$396,801,000 and HK\$8,100,000, respectively, on an open market value and existing state/use basis. An aggregate revaluation surplus of HK\$3,449,000 attributable to the Group has been credited to the Group's land and building revaluation reserve. An aggregate revaluation deficit attributable to the Group and the Company of HK\$30,994,000 (31st March, 2001: HK\$1,726,000) and HK\$95,000 (31st March, 2001: HK\$448,000), respectively, have been charged to the profit and loss account.

Had all the land and buildings of the Group and the Company been carried at cost less accumulated depreciation, the carrying values of these properties would have been stated at approximately HK\$434,805,000 (31st March, 2001: HK\$444,863,000) and HK\$9,444,000 (31st March, 2001: HK\$8,505,000), respectively.

At 31st December, 2001, certain of the Group's fixed assets with an aggregate net book value of approximately HK\$155,000,000 (31st March, 2001: HK\$180,000,000) were pledged to secure general banking facilities granted to the Group.

## 16. GOODWILL AND NEGATIVE GOODWILL

SSAP 30 was adopted during the period, as detailed in note 3 to the financial statements. The amounts of the goodwill capitalised as an asset in the consolidated balance sheet, arising from the acquisition of subsidiaries and jointly-controlled entities, are as follows:

<b>Group</b>	<b>Goodwill arising on acquisition of subsidiaries HK\$'000</b>	<b>Goodwill arising on acquisition of jointly controlled entities (Note 19) HK\$'000</b>
Cost:		
At beginning of period	—	—
Acquisition of a subsidiary	5,952	—
Acquisition of jointly-controlled entities	—	16,130
	<u>—</u>	<u>16,130</u>
At 31st December, 2001	<u>5,952</u>	<u>16,130</u>
Accumulated amortisation and impairment:		
At beginning of period	—	—
Amortisation provided during the period	—	(1,463)
	<u>—</u>	<u>(1,463)</u>
At 31st December, 2001	<u>—</u>	<u>(1,463)</u>
Net book value:		
At 31st December, 2001	<u>5,952</u>	<u>14,667</u>
At 31st March, 2001	<u>—</u>	<u>—</u>

As detailed in note 3 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill and negative goodwill in respect of acquisitions which occurred prior to 1st April, 2001, to remain eliminated against reserves or credited to the capital reserve, respectively.

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill previously eliminated against capital reserve for impairment. As a result, the Group has recognised impairment of goodwill of HK\$150,921,000 in respect of the Group's acquisition of interests in a jointly controlled entity in the prior year. This change of accounting policy has been accounted for retrospectively as a prior year adjustment in accordance with the transitional provisions of SSAP 30. Accordingly, the cumulative effect on the prior year was to increase the net loss from ordinary activities attributable to the shareholders for the year ended 31st March, 2001 and the Group's accumulated losses and capital reserve at 31st March, 2001 by HK\$150,921,000. The prior year adjustment has no effect on the Group's net assets at 1st April, 2001.

The aggregate amount of the negative goodwill remaining in capital reserve, arising from the acquisition of subsidiaries prior to 1st April, 2001 was HK\$212,827,000 as at 1st April, 2001 and 31st December, 2001.

## 17. INTERESTS IN SUBSIDIARIES

	Company	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Unlisted shares, at cost	115,258	110,268
<i>Less: provisions for impairment</i>	<u>(110,258)</u>	<u>(88,108)</u>
	<u>5,000</u>	<u>22,160</u>
Due from subsidiaries	1,030,764	942,069
<i>Less: provisions against amounts due from subsidiaries</i>	<u>(245,425)</u>	<u>(66,504)</u>
	<u>785,339</u>	<u>875,565</u>
Due to subsidiaries	<u>(25,214)</u>	<u>(5,318)</u>
	<u><u>765,125</u></u>	<u><u>892,407</u></u>

The balances with subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Particulars of the principal subsidiaries as at 31st December, 2001 are set out in note 40 to the financial statements.

## 18. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

	Group and Company	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Unlisted shares, at cost	36,000	36,000
<i>Less: Provisions for impairment</i>	<u>(36,000)</u>	<u>(36,000)</u>
	<u>—</u>	<u>—</u>

The investment represents the cost incurred by the Company under an agreement completed in January 2000 (the "Agreement") to acquire a 70% equity interest in Artland International Limited ("Artland"), an investment holding company incorporated in Hong Kong, the sole asset of which is a 50% equity interest in Sichuan Allday TV Development Co., Ltd. ("Sichuan Allday") a Sino-equity joint venture established in the PRC. As at 31st December, 2001 and 31st March, 2001, of the total consideration of HK\$36,000,000, the Company had paid HK\$18,000,000; the remaining HK\$18,000,000 of the original purchase consideration has been included as a liability in other payables and accruals.

Pursuant to the Agreement, the vendors are responsible, inter alia, to procure for the appointment of the Company's representatives as directors of Sichuan Allclay. However, up to the date of approval of these financial statements, the vendors have not been able to honour their obligations under the Agreement, including significantly the obligations relating to the appointment of directors representing Artland, and

hence the Company, in Sichuan Allday. As a result, the Group has been unable either to participate in the management of its investment, or to obtain any financial information of Sichuan Allday. Against this background, the directors consider that in substance the Group is unable to exercise effective control over its investment as a whole and, accordingly, have accounted for Artland as an unconsolidated subsidiary.

Although the Group had resumed discussion with the PRC joint venture partner of Sichuan Allday, up to the date of approval of these financial statements, the Group had not been able to obtain the financial information of Sichuan Allday nor has there been any progress on the discussion of cooperation.

In view of the significant uncertainty over the vendors' ability to fulfill their obligations in respect of the Group's investment in Sichuan Allday and the uncertainty regarding future cooperation opportunities with the joint venture partner and, hence the Group's ability to participate in the management and secure its interest in Sichuan Allday the directors consider it is prudent to make a full provision of HK\$36,000,000 against the Group's interest in Artland.

As extracted from the unaudited management accounts, the deficiency of assets of Artland as at 31st December, 2001 was HK\$23,041,000 (31st March, 2001: HK\$23,024,000) and the Group's share thereof was HK\$16,129,000 (31st March, 2001: HK\$16,117,000). The post-acquisition loss of Artland for the period ended 31st December, 2001 was HK\$17,000 (year ended 31st March, 2001: HK\$133,000) and the Group's share thereof was HK\$12,000 (year ended 31st March, 2001: HK\$93,000).

No guarantee had been given by the Group to Artland or its creditors and thus no contingent liability in respect thereof is considered likely to arise.

#### 19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	31st December, 2001 HK\$'000	31st March, 2001 HK\$'000
Share of net assets	181,371	165,100
Goodwill on acquisition — <i>note 16</i>	14,667	—
	<u>196,038</u>	<u>165,100</u>
Due from jointly-controlled entities	417,377	414,739
<i>Less:</i> Provisions against amounts due from jointly-controlled entities	(337,113)	(325,541)
	<u>80,264</u>	<u>89,198</u>
	276,302	254,298
Due to jointly-controlled entities	—	(8,361)
	<u>276,302</u>	<u>245,937</u>

Except for an amount of HK\$4,711,000 due to a jointly-controlled entity which was unsecured, interest-free, repayable on or before 3rd March, 2002 and, accordingly, has been included in current liabilities, the remaining balances with the jointly-controlled entities have no fixed terms of repayment.

Particulars of the principal jointly-controlled entities, which are held indirectly through subsidiaries, are as follows:

Name	Business structure	Place of incorporation/ registration/ and operations	Percentage of equity attributable to the Group		Principal activities
			31st December, 2001	31st March, 2001	
Beelink Information Technology Co., Ltd.	Corporate	People's Public of China	40	40	Provision of technical support and consultancy services for Internet service providers
Beijing Xinhua TV Broadcasting Limited <sup>#</sup>	Corporate	People's Republic of China	49	—	Provision of consultancy services on film production and sale of film broadcasting rights
Liancheng Hudong Software Co. Ltd. <sup>#</sup>	Corporate	People's Republic of China	20	—	Software development
Xinhua Online Into-tech Company Limited	Corporate	People's Republic of China	55	—	Provision of value-added PRC business information
Premier Printing Group Limited	Corporate	Hong Kong	37	37	Printing
Sing Tao Daily Limited	Corporate	Canada	19	19	Newspaper Publishing
Sing Tao Newspapers (Canada 1988) Limited	Corporate	Canada	37	37	Newspaper production
Singdeer Joint Venture <sup>#</sup>	Unincorporated	Canada	37	37	Hotel operations

The financial statements of the above jointly-controlled entities are coterminous with those of the Group except for Singdeer Joint Venture ("Singdeer") which has a financial year ended 31st March, 2002. The Group's financial statements have taken into account the results of Singdeer between 1st April, 2001 and 31st December, 2001.

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

All the above investments in jointly-controlled entities are indirectly held by the Company.

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## 20. INTERESTS IN ASSOCIATES

	Group		Company	
	31st December, 2001 HK\$'000	31st March, 2001 HK\$'000	31st December, 2001 HK\$'000	31st March, 2001 HK\$'000
Unlisted shares, at cost	—	—	10,729	10,729
Less: Provisions for impairment	—	—	(10,729)	(10,559)
	—	—	—	170
Share of net assets	5,320	478	—	—
Due from associates	21,358	21,358	—	—
Less: Provisions for amounts due from associates	(11,137)	(11,137)	—	—
	15,541	10,699	—	170
Due to associates	—	(499)	—	(499)
	15,541	10,200	—	(329)

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal associates are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of interest attributable to the Group		Principal activities
			31st December, 2001	31st March, 2001	
Tianjin Jinke Electronics Industry Co., Ltd.#	Corporate	People's Republic of China	49	49	Manufacturing and sale of communication and electronic products
Dragon Fly Assets Limited	Corporate	British Virgin Islands	37*	37*	Investment holding

\* Held indirectly through a subsidiary

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The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

## 21. INVESTMENTS

Long term investments, at cost

	<b>Group</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments:		
Hong Kong	3,279	3,279
Elsewhere	872	872
	<u>4,151</u>	<u>4,151</u>
Unlisted equity investments	4,999	4,999
Unlisted debt securities	4,320	4,320
	<u>13,470</u>	<u>13,470</u>
Market value of listed equity investments included above at cost	<u>4,141</u>	<u>3,469</u>

Short term investments, at fair value

	<b>Group</b>		<b>Company</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments:				
Hong Kong	36,562	105,469	—	245
Elsewhere	1,034	—	—	—
	<u>37,596</u>	<u>105,469</u>	<u>—</u>	<u>245</u>
Unlisted debt securities	—	27,264	—	—
	<u>37,596</u>	<u>132,733</u>	<u>—</u>	<u>245</u>
Market value of listed investments	<u>37,596</u>	<u>101,306</u>	<u>—</u>	<u>245</u>

## 22. INVENTORIES

	<b>Group</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	43,517	58,033
Work in progress	7,611	12,623
Finished goods	3,637	1,633
Inventories held for resale	17,361	37,287
	<u>72,126</u>	<u>109,576</u>

The cost of inventories recognised as an expense during the period amounted to HK\$389,913,000 (year ended 31st March, 2001: HK\$318,032,000).

The carrying amount of inventories at net realisable value included in the above is HK\$4,307,000 (31st March, 2001: HK\$8,766,000).

## 23. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. An aged analysis of trade and bills receivables, as at the balance sheet date, based on the payment due date, is as follows:

	<b>Group</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Current to 30 days	210,247	189,286
31 to 60 days	12,491	16,704
61 to 90 days	9,239	7,901
91 to 120 days	5,763	5,547
Over 120 days	7,626	6,336
	<u>245,366</u>	<u>225,774</u>
<i>Less: Provisions for bad and doubtful debts</i>	<u>(12,917)</u>	<u>(12,092)</u>
	<u>232,449</u>	<u>213,682</u>

In the opinion of the directors, it is more appropriate to disclose the aged analysis of trade and bills receivables based on the payment due date. Accordingly, the comparative aged analysis of trade and bills receivables is restated.

## 24. PLEDGED TIME DEPOSITS

The pledged time deposits were used to secure general banking facilities granted to the Group.

## 25. CASH AND CASH EQUIVALENTS

	Group		Company	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Cash and bank balances	145,588	178,680	6,577	454
Time deposits	140,095	101,216	—	1,217
	<u>285,683</u>	<u>279,896</u>	<u>6,577</u>	<u>1,671</u>

## 26. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables, as at the balance sheet date, based on the payment due date, is as follows:

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i> (Restated)
Current to 30 days	84,455	89,518
31 to 60 days	13,810	6,841
61 to 90 days	5,581	3,364
91 to 120 days	520	970
Over 120 days	8,262	1,639
	<u>112,628</u>	<u>102,332</u>

Included in the balance is HK\$18,844,000 (31st March, 2001: HK\$12,879,000) due to a jointly-controlled entity arising from printing services transactions, which is payable in accordance with the credit terms granted by the jointly-controlled entity.

In the opinion of the directors, it is more appropriate to disclose the aged analysis of trade and bills payables based on the payment due date. Accordingly, the comparative aged analysis of trade and bills payables is restated.

## 27. INTEREST-BEARING BANK BORROWINGS

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Secured bank loans repayable:		
Within one year or on demand	29,206	—
In the second year	3,000	—
In the third to fifth years, inclusive	4,250	—
	<u>36,456</u>	<u>—</u>
Portion classified as current liabilities	(29,206)	—
Long term portion	<u>7,250</u>	<u>—</u>

The Group's bank loans are secured by:

- (i) mortgages over the Group's land and buildings, with an aggregate carrying amount of approximately HK\$155,000,000 (31st March, 2001: Nil);
- (ii) floating charge over certain of the Group's machinery with an aggregate carrying amount of approximately HK\$6,583,000 (31st March, 2001: Nil); and
- (iii) certain of the Group's pledged time deposits with an aggregate carrying amount of HK\$26,206,000 (31st March, 2001: Nil).

## 28. LONG TERM OTHER PAYABLES

The balance is payable to a joint venture partner of a jointly-controlled entity and is unsecured, interest-free and payable on or before 7th December, 2005.

## 29. PROVISION FOR LONG SERVICE PAYMENTS

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Balance at beginning of period/year	11,616	—
Acquisition of a subsidiary	—	12,029
Write-back during the period/year	(2,929)	—
Payments during the period/year	(3,092)	(351)
Exchange realignment	13	(62)
	<u>5,608</u>	<u>11,616</u>
Balance at end of period/year	<u>5,608</u>	<u>11,616</u>

This mainly represented provisions for long service payments for eligible employees in accordance with Part VB of the Employment Ordinance of Hong Kong and reduced by any part of such payments that would be met out of the Group's retirement benefits schemes.

## 30. DEFERRED TAX

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Balance at beginning of period/year	9,005	—
Acquisition of a subsidiary	—	8,136
Charge/(credit) for the period/year — <i>note 12</i>	(1,631)	867
Exchange realignment	6	2
	<u>7,380</u>	<u>9,005</u>

The principal components of the Group's provision for deferred tax, and the net deferred tax asset position not recognised in the financial statements, are as follows:

	Provided		Not provided	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Accelerated depreciation allowances	7,261	7,843	9,609	8,799
Tax losses	—	—	(125,780)	(97,028)
Others	119	1,162	(2,904)	(2,951)
	<u>7,380</u>	<u>9,005</u>	<u>(119,075)</u>	<u>(91,180)</u>

No provision has been made for taxes which would arise on the remittance to Hong Kong of retained profits of overseas companies as it is not anticipated that these amounts will be remitted in the near future.

The potential tax benefits attributable to tax losses of certain subsidiaries have not been recognised as they are not expected to be utilised in the foreseeable future.

The revaluations of the Group's land and buildings do not constitute timing differences and, consequently, the amount of potential deferred tax thereon has not been quantified.

The principal components of the Company's net deferred tax asset position not recognised in the financial statements are as follows:

	Not provided	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Accelerated depreciation allowances	30	64
Tax losses	(4,163)	(3,381)
	<u>(4,133)</u>	<u>(3,317)</u>

The revaluations of the Company's land and buildings do not constitute timing differences and, consequently, the amount of potential deferred tax thereon has not been quantified.

## 31. SHARE CAPITAL

	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
<i>Authorised:</i>		
4,708,513,092 ordinary shares of HK\$0.10 each	470,851	470,851
1,291,486,908 5% redeemable cumulative convertible preference shares of HK\$0.10 each	<u>129,149</u>	<u>129,149</u>
	<u><u>600,000</u></u>	<u><u>600,000</u></u>
<i>Issued and fully paid:</i>		
1,470,345,273 (31st March, 2001: 1,338,119,273) ordinary shares of HK\$0.10 each	147,035	133,812
<i>Issued and partly paid:</i>		
1,159,486,908 (31st March, 2001: 1,291,486,908) 5% redeemable cumulative convertible preference shares of HK\$0.10 each	<u>74,068</u>	<u>82,500</u>
	<u><u>221,103</u></u>	<u><u>216,312</u></u>

A summary of the movements in the share capital of the Company during the period is as follows:

## (a) Ordinary shares

	<i>Notes</i>	Number of ordinary shares	Issued and fully paid <i>HK\$'000</i>
As at 1st April, 2001		1,338,119,273	133,812
Issue of new shares to Luckman	<i>(i)</i>	132,000,000	13,200
Exercise of options	<i>(iii)</i>	<u>226,000</u>	<u>23</u>
As at 31st December, 2001		<u><u>1,470,345,273</u></u>	<u><u>147,035</u></u>

(i) On 20th June, 2001, Luckman paid up the remaining 90% of the cash subscription price of HK\$0.6388 per share for 132,000,000 preference shares so as to enable it to exercise the conversion rights attached to these fully paid-up preference shares. The net proceeds received by the Company therefor amounted to approximately HK\$76 million and such conversion resulted in 132,000,000 ordinary shares of the Company being issued to Luckman and credited as fully paid. Upon completion of the conversion, Luckman became interested in 739,396,000 ordinary shares or 50.29% of the Company's then enlarged issued ordinary share capital.

(ii) The subscription rights attaching to 226,000 share options were exercised at the subscription price of HK\$0.4032 per share, resulting in the issue of 226,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$91,000.

**(b) Preference shares**

	<b>Number of preference shares</b>	<b>Issued and partly paid <i>HK\$'000</i></b>
As at 1st April, 2001	1,291,486,908	82,500
Converted into ordinary shares	<u>(132,000,000)</u>	<u>(8,432)</u>
As at 31st December, 2001	<u><u>1,159,486,908</u></u>	<u><u>74,068</u></u>

During the year ended 31st March, 2001, 1,291,486,908 preference shares were issued at a cash subscription price of HK\$0.6388 per share to Luckman and, have been partly paid up as to 10% of the subscription price, except for the 132,000,000 preferences shares, which were fully paid up during the period and converted into ordinary shares. At 31st December, 2001, there were 1,159,486,908 preferences shares in issue, and such preference shares were partly paid up as to 10% of the subscription price.

The holders of the preference shares may elect to advance to the Company all or part of moneys uncalled or unpaid on any such preference shares. However, the Company is not permitted to make calls with respect to amounts unpaid on such partly paid preference shares.

The holders of preference shares are entitled to fixed cumulative preferential dividends at the rate of 5% per annum provided that the preference shares have been fully paid up.

The preference shares are convertible into new ordinary shares of the Company upon being fully paid up, in the period between 20th July, 2000 and 19th July, 2002, in the ratio of one new ordinary share for every preference share. In June 2001, Luckman converted 132,000,000 preference shares into ordinary shares upon the relevant preference shares being paid up.

In addition, the preference shares are redeemable at any time by their holders for the amount paid up together with any arrears or accruals of the fixed cumulative preferential dividend on the preference shares, subject to the provisions of the Companies Act of Bermuda.

**32. SHARE OPTION SCHEME**

The Company operates a share option scheme (the "Scheme"), further details of which are set out in the Report of the Directors on pages 33 to 35 of the Annual Report.

No cash consideration was received by the Company for the options granted during the period.

At the beginning of the period, there were 75,185,000 options outstanding under the Scheme, which entitled the holders to subscribe for shares of the Company at any time during periods ranging from 1st October, 1999 to 21st March, 2011. The subscription prices payable upon the exercise of these options range from HK\$0.4256 to HK\$2.6, subject to adjustment.

During the year, the Company granted a total of 21,890,000 share options under the Scheme. The share options granted entitle the holders to subscribe for shares of the Company at any time during periods ranging from 2nd April, 2001 to 23rd December, 2011. The subscription price per share payable upon the exercise of these options was HK\$0.3528 to HK\$0.584, subject to adjustment.

A total of 226,000 share options were exercised during the period at an exercise price of HK\$0.4032, and 11,543,000 share options with exercise prices ranging from HK\$0.3992 to HK\$2.6 were lapsed during the period.

At the balance sheet date, the Company had 85,306,000 share options outstanding under the Scheme, with exercise periods ranging from 25th September, 2000 to 23rd December, 2011 and exercise prices ranging from HK\$0.3528 to HK\$1.35. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 85,306,000 additional shares of HK\$0.10 each for an aggregate consideration, before expenses, of approximately HK\$65,659,000.

### 33. RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Land and building revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>Group</b>							
At 1st April, 2000	329,420	9,899	13,892	68	—	(16,228)	337,051
Exchange realignment	—	—	—	(4,035)	—	—	(4,035)
Issue of shares	445,209	—	—	—	—	—	445,209
Share issue expenses	(13,024)	—	—	—	—	—	(13,024)
Write-back on disposal of a subsidiary	—	—	5,214	—	—	—	5,214
Goodwill on acquisition of a jointly-controlled entity	—	—	(150,921)	—	—	—	(150,921)
Capital reserve on acquisition of subsidiaries	—	—	212,827	—	—	—	212,827
Impairment of goodwill remaining eliminated against capital reserve ( <i>note 16</i> )	—	—	150,921	—	—	—	150,921
Net loss for the year (as restated)	—	—	—	—	—	(245,231)	(245,231)
At 31st March, 2001	<u>761,605</u>	<u>9,899</u>	<u>231,933</u>	<u>(3,967)</u>	<u>—</u>	<u>(261,459)</u>	<u>738,011</u>
At 1st April, 2001							
As previously reported	761,605	9,899	81,012	(3,967)	—	(110,538)	738,011
Prior year adjustments:							
SSAP 30 — Impairment of goodwill remaining eliminated against capital reserve ( <i>note 16</i> )	—	—	150,921	—	—	(150,921)	—
As restated	<u>761,605</u>	<u>9,899</u>	<u>231,933</u>	<u>(3,967)</u>	<u>—</u>	<u>(261,459)</u>	<u>738,011</u>
Exchange realignment	—	—	—	(3,224)	—	—	(3,224)
Issue of shares	71,190	—	—	—	—	—	71,190
Share issue expenses	(47)	—	—	—	—	—	(47)
Surplus on revaluation	—	—	—	—	2,569	—	2,569
Net loss for the period	—	—	—	—	—	(131,446)	(131,446)
As 31st December, 2001	<u>832,748</u>	<u>9,899</u>	<u>231,933</u>	<u>(7,191)</u>	<u>2,569</u>	<u>(392,905)</u>	<u>677,053</u>



	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Land and building revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reserves retained by:							
Company and subsidiaries	832,748	9,899	231,933	(1,228)	2,569	(367,688)	708,233
Jointly-controlled entities	—	—	—	(6,094)	—	(20,239)	(26,333)
Associates	—	—	—	131	—	(4,978)	(4,847)
At 31st December, 2001	<u>832,748</u>	<u>9,899</u>	<u>231,933</u>	<u>(7,191)</u>	<u>2,569</u>	<u>(392,905)</u>	<u>677,053</u>
Company and subsidiaries	761,605	9,899	231,933	324	—	(248,717)	755,044
Jointly-controlled entities	—	—	—	(4,422)	—	(4,054)	(8,476)
Associates	—	—	—	131	—	(8,688)	(8,557)
At 31st March, 2001	<u>761,605</u>	<u>9,899</u>	<u>231,933</u>	<u>(3,967)</u>	<u>—</u>	<u>(261,459)</u>	<u>738,011</u>

Certain amount of negative goodwill arising on the acquisition of subsidiaries remains credited to the capital reserve, as explained in note 16 to the financial statements.

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	
<b>Company</b>					
At 1st April, 2000		329,420	104,950	(102,579)	331,791
Issue of shares		445,209	—	—	445,209
Share issue expenses		(13,024)	—	—	(13,024)
Loss for the year		—	—	(87,614)	(87,614)
At 31st March, 2001 and 1st April, 2001		761,605	104,950	(190,193)	676,362
Issue of shares		71,190	—	—	71,190
Share issue expenses		(47)	—	—	(47)
Loss for the period		—	—	(206,166)	(206,166)
At 31st December, 2001		<u>832,748</u>	<u>104,950</u>	<u>(396,359)</u>	<u>541,339</u>

The contributed surplus of the Group represents the difference between the nominal value of shares issued by Perfect Treasure Holdings (BVI) Limited in exchange for the aggregate nominal value of the issued share capital of subsidiaries acquired pursuant to the group reorganisation in 1996, prior to the listing of the Company's shares.

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the same reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

## 34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

## (a) Reconciliation of loss from operating activities to net cash outflow from operating activities

	Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i> (Restated)
Loss from operating activities	(123,464)	(224,752)
Interest income	(8,304)	(32,903)
Dividend income from an unlisted investment	(2,332)	(225)
Dividend income from listed investments	(42)	(352)
Provisions for bad and doubtful debts	591	540
Loss on changes in fair values of short term investments, net	15,598	35,226
Gain on disposal of short term investments, net	(989)	(4,240)
Revaluation deficit on land and buildings	30,994	1,726
Provision against an investment in an unconsolidated subsidiary	—	18,000
Loss on disposal of a subsidiary	—	4,469
Provision against an amount due from a jointly controlled entity	11,572	1,360
Impairment of interests in associates	174	701
Impairment of other investments	885	—
Write-back of provision for long service payments	(2,929)	—
Impairment of goodwill	—	150,921
Decrease in amounts due to jointly-controlled entities	(8,361)	—
Provision for loss on disposal of fixed assets	—	10,657
Provision for properties held for sale	5,208	—
Loss/(gain) on disposal of an associate	(486)	651
Depreciation	33,015	9,413
Goodwill amortisation	1,463	—
Loss on disposal of fixed assets	1,816	4,587
Decrease in inventories	37,484	1,852
Decrease in properties held for sale	5,426	8,984
Decrease in trade and bills receivables, prepayments, deposits and other receivables	6,473	9,710
Increase in amount due from a jointly-controlled entity	(2,638)	(807)
Decrease in amount due to an associate	(13)	—
Decrease in trade and bills payables, other payables and accruals	(9,074)	(55,789)
Decrease in provision for long service payments	(3,092)	(351)
Effect of foreign exchange rate changes	(1,254)	(3,817)
Net cash outflow from operating activities	<u>(12,279)</u>	<u>(64,439)</u>

## (b) Analysis of changes of financing during the period/year

	<b>Issued capital (including share premium)</b> <i>HK\$'000</i>	<b>Bank loan</b> <i>HK\$'000</i>	<b>Minority interests</b> <i>HK\$'000</i>
Balance at 1st April, 2000	379,279	4,858	354
Exchange realignment	—	—	1
Proceeds from issue of ordinary shares	529,162	—	—
Proceeds from issue of preference shares	82,500	—	—
Share issue expenses	(13,024)	—	—
Repayment during the year	—	(4,858)	—
Acquisition of subsidiaries	—	—	255,143
Share of loss for the year	—	—	(5,659)
Share of reserves	—	—	(1,824)
	<hr/>	<hr/>	<hr/>
Balance at 31st March, 2001 and 1st April, 2001	977,917	—	248,015
New bank loan	—	38,206	—
Issue of shares	75,981	—	—
Share issue expenses	(47)	—	—
Repayment during the period	—	(1,750)	—
Acquisition of a subsidiary	—	—	183
Share of loss for the period	—	—	(22,521)
Share of revaluation reserve	—	—	880
Share of exchange reserve	—	—	(766)
	<hr/>	<hr/>	<hr/>
Balance at 31st December, 2001	<u>1,053,851</u>	<u>36,456</u>	<u>225,791</u>

## (c) Acquisition of subsidiaries

	Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Net assets acquired:		
Fixed assets	307	532,709
Interests in jointly controlled entities	—	158,118
Interests in associates	—	10,990
Long term investments	—	13,470
Other investments	—	2,353
Properties held for sale	—	43,583
Inventories	34	67,191
Trade and bills receivables, prepayments, deposits and other receivables	387	256,995
Pledged time deposits	—	11,855
Cash and bank balances	424	173,146
Trade and bills payables, other payables and accruals	(754)	(222,931)
Tax payable	—	(30,724)
Provision for long service payments	—	(12,029)
Deferred tax	—	(8,136)
Minority interests	(183)	(255,143)
	<u>215</u>	<u>741,447</u>
Capital reserve arising from acquisition	—	(212,827)
Goodwill on acquisition	5,952	—
	<u>6,167</u>	<u>528,620</u>
Satisfied by:		
Cash	2,157	528,620
Consideration included under other payables and accruals	4,010	—
	<u>6,167</u>	<u>528,620</u>

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

Cash consideration	(2,157)	(528,620)
Cash and bank balances acquired	424	173,146
	<u>(1,733)</u>	<u>(355,474)</u>

The subsidiaries acquired during the period made no significant contribution to the Group in respect of the cash flows, turnover and consolidated loss after tax and before minority interests for the period.

The subsidiaries acquired in the prior year contributed HK\$204,142,000 to the Group's turnover, HK\$18,325,000 to the Group's loss after tax and before minority interests, and HK\$5,413,000 to the Group's net cash inflow from operating activities; received HK\$5,874,000 in respect of the net returns on investments and servicing of finance; paid HK\$5,330,000 in respect of tax; and utilised HK\$11,250,000 for investing activities for the year ended 31st March, 2001.

(d) **Summary of effects of disposal and reclassification of a subsidiary**

	<b>Year ended 31st March, 2001 HK\$'000</b>
Net assets disposed of:	
Fixed assets	87
Inventories	8,136
Trade and bills receivables, prepayments, deposits and other receivables	13,844
Cash and bank balances	1,783
Bank overdrafts	(203)
Trade and bills payables, other payables and accruals	(17,867)
	<u>5,780</u>
Net assets disposed of:	5,780
Goodwill realised on disposal	5,214
Reclassification to interests in associates, previously accounted for as a subsidiary	(1,474)
Loss on disposal	(4,469)
	<u>5,051</u>
Satisfied by:	
Cash consideration	<u>5,051</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	<b>Year ended 31st March, 2001 HK\$'000</b>
Cash consideration	5,051
Cash and bank balances disposed of	(1,783)
Bank overdrafts disposed of	203
	<u>3,471</u>

The subsidiary disposed of in the prior year made no significant contribution to the Group in respect of the cash flows, turnover and consolidated loss after tax and before minority interests during the year ended 31st March, 2001.

## 35. CONTINGENT LIABILITIES

- (a) At 31st December, 2001, the Company had outstanding corporate guarantees of approximately HK\$31,450,000 (31st March, 2001: HK\$123,450,000) issued in favour of banks to secure general banking facilities granted to its subsidiaries. These subsidiaries had not utilised any of the facilities as at 31st December, 2001 (31st March, 2001: Nil).
- (b) A 74.5% owned subsidiary of the Group has given several guarantees in favour of a bank to secure 50% of the credit facilities granted to, and utilised by, a jointly-controlled entity. As at 31st December, 2001, the Group's proportionate share of such utilised credit facilities was approximately HK\$49,408,400 (31st March, 2001: HK\$52,642,000).
- (c) The Group has an interest in a joint venture which, until December 1996, owned a property which was financed in part by a loan secured by a mortgage on the property. Each joint venturer is committed to the repayment of its proportionate share of the liability under the mortgage and this is reflected in a several guarantee given by the venturers to the mortgagee. During 1996, the property was sold by the mortgagee and the Group has written off its investment in the joint venture and provided for its proportionate share of the mortgage liability under the guarantee. There is a contingent liability in respect of the remaining excess mortgage liability of approximately HK\$110 million as at 31st December, 2001, in the event that the Group's obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. The Group has obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.
- (d) Claims have been made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the directors consider that the likelihood of the Group suffering any material loss in respect of these claims is remote and, accordingly, no provision has been made in the financial statements.

## 36. OPERATING LEASE ARRANGEMENTS

## (a) As lessor

The Group leases some land and buildings (note 15 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease rental receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31st December, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	4,052	5,376
In the second to fifth years, inclusive	4,740	6,588
After five years	—	842
	<u>8,792</u>	<u>12,806</u>

**(b) As lessee**

The Group leases certain of its office properties and printing equipment under operating lease arrangements. Leases for these properties and printing equipment are negotiated for terms ranging from two to five years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases failing due as follows:

	<b>Group</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Within one year	15,854	10,745
In the second to fifth years, inclusive	15,706	12,136
	<u>31,560</u>	<u>22,881</u>

SSAP 14 (Revised), which was adopted during the period, requires lessors under operating leases to disclose the total future minimum operating lease receivables under non-cancellable operating leases, as detailed in note (a) above. This disclosure was not previously required. SSAP 14 (Revised) also requires lessees under operating leases to disclose the total future minimum operating lease payments, rather than only the payments to be made during the next year as was previously required. Accordingly, the prior year comparative amounts for operating leases as lessee in note (b) above, have been restated to accord with the current year's presentation.

**37. COMMITMENTS**

In addition to the operating lease commitments detailed in note 36(b) above, the Group had the following commitments at the balance sheet date:

**(a) Capital commitments**

	<b>Group</b>	
	<b>31st December, 2001</b>	<b>31st March, 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments:		
Contracted for	17,578	31,832
Authorised, but not contracted for	8,421	—
	<u>25,999</u>	<u>31,832</u>

In addition, the Group's shares of jointly-controlled entities' own capital commitments which are not included in the above, were as follows:

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Contracted, but no provided for	1,915	—
Authorised, but not contracted for	—	—
	<u>1,915</u>	<u>—</u>
(b) Forward foreign exchange contracts	<u>4,365</u>	<u>16,528</u>

At the balance sheet date, the Company had no material commitments (31st March, 2001: Nil).

### 38. POST BALANCE SHEET EVENTS

- (a) On 9th January, 2002, the Group entered into a joint venture agreement to invest approximately HK\$9.9 million (RMB10.5 million) for a 70% equity interests in Beijing Jing Hua Human Capital Management Company Limited. The joint venture is registered in Zhong Guan Cun, Beijing, the PRC and its principal business is the provision of on-line education and corporate training programs.
- (b) On 21st January, 2002, the Group entered into a business purchase agreement with an independent third party to purchase certain business assets, including data library, copyright, trademark, domain name and certain equipment of "Teens" magazine at a cash consideration of approximately HK\$7 million. The said acquisition gave rise to intangible assets of approximately HK\$6 million, which will be capitalised and amortised over a period of not more than 20 years on the straight-line basis.
- (c) On 21st December, 2001, the Group entered into a sale and purchase agreement with an independent third party to purchase certain business assets, including data library, copyright, trademark and domain name of "East Touch" magazine at a cash consideration of HK\$16.3 million. The said acquisition gave rise to intangible assets of HK\$16.3 million, which will be capitalised and amortised over a period of not more than 20 years on the straight-line basis.
- (d) On 25th January, 2002, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire interests in Roman Enterprises Holdings Limited and Super Grand Holdings Limited, which together hold the Group's entire interests in South China Printing Company (1988) Limited, Noble World Printing Company Limited, Roman Financial Press Limited, Valiant Packaging (Holdings) Limited and their subsidiaries (collectively referred to as "Disposal Assets"), for a consideration of HK\$428 million, subject to adjustments. The Disposal Assets were principally engaged in the provision of commercial printing and financial printing services in Hong Kong and overseas. Details of the revenue and results of the Disposal Assets for the current period are included in note 5(c) to these financial statements under the heading "Commercial Printing".

The transaction was completed on 19th April, 2002 and the Disposal Assets ceased to be the subsidiaries of the Group for accounting purposes with effect from 20th April, 2002. As the disposal was completed reasonably close to the date on which these financial statements were approved by the directors of the Company, the gain on this transaction cannot be reliably estimated at the date of approval of these financial statements.

Details of the transaction are also set out in the Company's announcement dated 25th January, 2002 and the Company's circular to shareholders dated 8th February, 2002.



## 39. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

		<b>Group</b>	
		<b>Period ended 31st December, 2001</b>	<b>Year ended 31st March, 2001</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income received from associates	<i>(i)</i>	122	205
News services fee income received from a jointly controlled entity	<i>(ii)</i>	6,000	1,333
Printing services charges paid and payable to a jointly controlled entity	<i>(iii)</i>	52,578	9,669
Reimbursement of expenses paid on behalf of the Company to an affiliate of the Company's ultimate holding company	<i>(iv)</i>	621	617
Management fee income received from an associate		—	200
Sales of photographic products to an associate		—	471
Acquisition of fixed assets from an affiliate of the Company's ultimate holding company		—	500
Acquisition of a subsidiary from an affiliate of the Company's ultimate holding company		—	624

*Notes:*

- (i) The rental income was determined between parties with reference to the prevailing market price.
- (ii) The news services fee was charged on an annual fixed amount basis pursuant to the news services agreement.
- (iii) The printing service was charged on a cost plus mark-up basis pursuant to the printing agreement.
- (iv) The reimbursement of expenses was charged at cost.

Details of the Group's balances with jointly-controlled entities and associates as at the balance sheet date are disclosed in notes 19 and 20 to the financial statements.

## 40. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st December, 2001 were as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Artland International Limited	Hong Kong	HK\$1,000 ordinary shares	70	—	Investment holding
北京泛華滙通軟件 科技有限公司**	People's Republic of China	RMB3,000,000 registered capital	—	100	Software development
Beijing Meitian Yingfu Network Co., Ltd.#	People's Republic of China	US\$1,200,000 registered capital	55	—	Sale of photographic Products
Excellent Gain Investment Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	100	Dormant
Flash Bright Development Limited	Hong Kong	HK\$5,000,000 ordinary shares	—	100	Distribution of photographic products
Global China Broad Band Network Company Limited	Hong Kong	HK\$1,000 ordinary shares	—	100	Investment holding
Global China Convergence Software Limited (formerly known as International Concept Limited)	British Virgin Islands/ Hong Kong	US\$1 ordinary share	100	—	Investment holding
Global China Corporate Finance Limited	Hong Kong	HK\$5,000,000 ordinary shares	100	—	Provision of corporate finance advisory services
Global China Infohub Limited (formerly known as Cosmos Glory Limited)	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	100	Investment holding
Global China Information Services Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	100	Investment holding

**APPENDIX II**
**FINANCIAL INFORMATION ON GLOBAL CHINA**

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Global China Information Technology (Beijing) Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	100	Investment holding
Global China Management Services Limited	Hong Kong	HK\$20 ordinary shares	100	—	Provision of management services to Group companies
Global China Marketing Limited	Hong Kong	HK\$10,000,000 ordinary shares	—	100	Distribution of watches
Global China Media Technology Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	100	—	Investment holding
Global China Multimedia Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	100	—	Investment holding
Global China Trade Development Limited	Hong Kong	HK\$1,000 ordinary shares HK\$50,000,000 non-voting deferred shares	—	100	Dormant
Global China Training Service and Technology Limited (formerly known as Jubilee Way Limited)	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	100	Investment holding
Golden Glory Technology Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	100	—	Investment holding
Grandyear Inc.	Western Samoa/ Hong Kong	US\$1 ordinary share	—	100	Dormant
Palun Trading Limited	Hong Kong	HK\$10,000 ordinary shares	—	100	Dormant
Perfect Treasure Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1,000 ordinary shares	100	—	Investment holding

**APPENDIX II**
**FINANCIAL INFORMATION ON GLOBAL CHINA**

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Perfect Treasure Investment Limited	Hong Kong	HK\$100,000 ordinary shares	—	100	Securities trading and investing
Topgain Trading Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	100	—	Group treasury
Bindaree Trading Limited	British Virgin Islands/ Hong Kong	HK\$8 ordinary shares	—	74.5	Property holding
Evergreen Gardens Project Inc.	Canada	C\$100 ordinary shares	—	74.5	Property investment
Hong Kong iMail Newspapers Limited	Hong Kong	HK\$3,435,000 ordinary shares	—	74.5	Newspaper Publishing and property holding
King Yip (Dongguan) Printing and Packaging Factory Limited **	People's Republic of China	HK\$64,550,880 registered capital	—	74.5	Printing
Mapleleaf Holdings Limited	Cayman Islands/ Hong Kong	US\$1 ordinary share US\$2 redeemable preference shares	—	74.5	Investment holding
Noble World Printing Company Limited	Hong Kong	HK\$300,000 ordinary shares	—	74.5	Printing
Roman Enterprises Holdings Limited	British Virgin Islands/ Hong Kong	HK\$2,000 ordinary shares	—	74.5	Investment holding
Roman Financial Press Limited	Hong Kong	HK\$1,000,000 ordinary shares	—	74.5	Financial Printing and advertising agency services
Roman Property Management Limited	The Republic of Liberia/ Hong Kong	HK\$1 ordinary share	—	74.5	Property holding

**APPENDIX II**
**FINANCIAL INFORMATION ON GLOBAL CHINA**

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Rosario Gardens Inc.	Canada	C\$100 ordinary shares	—	74.5	Property investment
Sing Tao (Canada) Limited	Canada	C\$1 ordinary share C\$5,500,000 preference shares	—	74.5	Investment holding and property holding
Sing Tao Finance Limited	Hong Kong	HK\$2 ordinary shares	—	74.5	Financing intermediary
Sing Tao Holdings (BVI) Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	—	74.5	Investment holding
Sing Tao Holdings Limited*	Bermuda	HK\$104,904,812 ordinary shares	—	74.5	Investment holding
Sing Tao Limited	Hong Kong	HK\$77,650,000 ordinary shares	—	74.5	Newspaper publishing and property holding
Sing Tao Newspapers Los Angeles Ltd.	United States of America	US\$100,000 ordinary shares	—	74.5	Newspaper publishing
Sing Tao Newspapers New York Ltd.	United States of America	US\$1,750,000 ordinary shares	—	74.5	Newspaper publishing
Sing Tao Newspapers Pty. Limited	Australia	A\$250,000 ordinary shares	—	74.5	Newspaper publishing
Sing Tao Newspapers San Francisco Ltd.	United States of America	US\$250,000 ordinary shares	—	74.5	Newspaper publishing
Sing Tao (U.K.) Limited	United Kingdom	£100 ordinary shares	—	74.5	Newspaper publishing
South China Binding Limited	Hong Kong/ People's Republic of China	HK\$2 ordinary shares	—	74.5	Book binding
South China Printing Company (1988) Limited	Hong Kong	HK\$2 ordinary shares	—	74.5	Printing

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Valiant Packaging (Holdings) Limited	British Virgin Islands/ Hong Kong	HK\$10,000 ordinary shares	—	74.5	Investment holding
Valiant Printing (Far East) Limited	Hong Kong	HK\$3,000,000 ordinary shares	—	74.5	Printing
Wealthpop Limited	Hong Kong	HK\$2 ordinary shares	—	74.5	Property holding

\* Listed on The Stock Exchange of Hong Kong Limited

# The subsidiary is a sino-foreign equity joint venture. It is not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms

## The subsidiary is a wholly foreign owned enterprise

In December 2001, Sing Tao Holdings Limited, a 74.5% owned subsidiary of the Company, acquired a 54% interest in and a shareholders' loan of 北京生活資訊文化發展有限責任公司 from independent third parties at a total cash consideration of approximately HK\$6,167,000. Further details of this acquisition are included in note 34(c) to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets and/or liabilities of the Group. To give details of all the Company's subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

#### 41. COMPARATIVE AMOUNTS

As further explained in note 3 to the financial statements, due to the adoption of certain new and revised SSAPs during the current period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified to conform with the current period's presentation.

#### 42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24th April, 2002.

**INDEBTEDNESS****Borrowings**

As at the close of business on 30th June, 2002, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this document, the Global China Group had outstanding secured bank borrowings of approximately HK\$13.2 million comprising a bank loan of approximately HK\$11.7 million and bank overdrafts of approximately HK\$1.5 million. The bank borrowings are secured by a fixed charge over a property situated in Hong Kong and certain of the time deposits of Global China Group.

**Contingent liabilities**

As at 30th June, 2002, the Global China Group had the following contingent liabilities:

1. A 74.5% owned subsidiary has given several guarantees in favour of a bank to secure 50% of the bank facilities granted to, and utilised by, a jointly-controlled entity. As at 30th June, 2002, the Global China Group's proportionate share of such utilised bank facilities was approximately HK\$67.9 million;
2. The Global China Group has an interest in a joint venture which, until December 1996, owned a property financed in part by a loan secured by a mortgage on the property. Each joint venturer is committed to the repayment of its proportionate share of the liability under the mortgage and this is reflected in a several guarantee given by the venturers to the mortgagee. During 1996, the property was sold by the mortgagee and the Global China Group has written off its investment in the joint venture and provided for its proportionate share of the mortgage liability under the guarantee. There is a contingent liability in respect of the remaining excess mortgage liability of approximately HK\$118.5 million as at 30th June, 2002, in the event that the Global China Group's obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. The Global China Group has obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.
3. Claims have been made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the directors consider that the likelihood of the Global China Group suffering any material loss in respect of these claims is remote.

Save as aforesaid, at the close of business on 30th June, 2002, the Global China Group did not have any outstanding mortgages, charges, debentures or other loan capital issued or outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, or hire purchase contracts or guarantees or other material contingent liabilities.

**ESTIMATED TAX LIABILITIES**

The estimated maximum tax liability on disposing of the properties as set out in Appendix V at their respective valuated or revalued amounts, without considering any existing tax losses or relief that can be used to offset the gain on disposing of the aforesaid properties, is approximately HK\$16 million. Global China Group currently has no intention to dispose any of the aforesaid properties; hence, the chance of such tax liability being crystallized is remote.

**UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The following statement of the unaudited pro forma adjusted consolidated net tangible assets of the Global China Group is based on the audited consolidated net assets of the Global China Group as at 31st December, 2001 and adjusted as described below:

	<i>HK\$'million</i>
Audited consolidated net assets of the Global China Group as at 31st December, 2001	898.2
<i>Less:</i> Goodwill arising on acquisition of subsidiaries and jointly-controlled entities	<u>(20.6)</u>
Adjusted audited consolidated net tangible assets of the Global China Group as at 31st December, 2001	877.6
<i>Less:</i> Deficit on revaluation of the Global China Group's properties ( <i>Note 1</i> )	(15.8)
Estimated decrease in net tangible assets of the Global China Group upon acquisition of certain business assets ( <i>Note 2</i> )	(22.3)
Estimated increase in net assets of the Global China Group upon disposal of certain properties ( <i>Note 3</i> )	2.6
<i>Add:</i> Proceeds from issue of 124,500,000 GCT Shares upon completion of the Placing ( <i>Note 4</i> )	79.5
Proceeds from the Conversion ( <i>Note 5</i> )	20.7
Estimated increase in net assets of the Global China Group upon completion of the Sale and Purchase Agreement ( <i>Note 6</i> )	80.8
Estimated increase in net assets of the Global China Group upon disposal of certain subsidiaries ( <i>Note 7</i> )	<u>111.8</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Global China Group immediately before the completion of the Offer	1,134.9
Estimated increase in net assets of the Global China Group upon completion of the Offer ( <i>Note 8</i> )	<u>119.6</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Global China Group immediately after the completion of the Offer	<u><u>1,254.5</u></u>



*HK\$'million*

Adjusted audited consolidated net tangible assets per GCT Share as at 31st December, 2001 based on 1,470,345,273 GCT Shares in issue as at the Latest Practicable Date HK\$0.60

Unaudited pro forma adjusted consolidated net tangible assets per GCT Share based on 1,630,845,273 GCT Shares in issue before the completion of the Offer HK\$0.70

Unaudited pro forma adjusted consolidated net tangible assets per GCT Share based on 1,818,086,178 GCT Shares in issue after the completion of the Offer HK\$0.69

*Notes:*

1. The properties of the Global China Group were revalued for the specific and sole purpose of this composite offer document and therefore the valuation will not be incorporated in the interim consolidated accounts of the Global China Group for the six months ended 30th June, 2002. The texts of the letter, summary of valuation and valuation certificates issued by Jones Lang LaSalle Limited, Cushman & Wakefield (HK) Limited, and Chung, Chan & Associates in respect of such valuations are set out in Appendix V to this composite offer document.
2. In January 2002, the Global China Group purchased from independent third parties of certain business assets, including data library, copyright, trademark, domain name of "East Touch" magazine and "Teen" magazine at an aggregate consideration of approximately HK\$23.4 million. The said acquisitions gave rise to intangible assets of approximately HK\$22.3 million.
3. A sale and purchase agreement date 10th May, 2002 was entered into with Emwell Limited to dispose of workshops 1,2,3 and 24 on 3rd floor (each including the flat roof thereof) of Block B: workshops 4,5 and 6 on 3rd floor of Block B (excluding the flat roofs thereof): workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of Block B: and workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of Block A. Shatin Industrial Centre. Nos. 5-7 Yuen Shun Circuit. Shatin. New Territories. Hong Kong at a consideration of HK\$27,250,000.
4. Global China entered into conditional subscription agreements all dated 3rd July, 2002 with independent third parties for the subscription of an aggregate of 124,500,000 new GCT Shares at HK\$0.6388 per GCT Share. The Placing is conditional upon, among others, the completion of the Distribution and the approval by the shareholders of Global China for the allotment and issue of the 124,500,000 new GCT Shares. The Distribution was completed on 21st August, 2002 and the shareholders' approval was obtained at the special general meeting convened on 19th August, 2002.
5. The conditional conversion of the 36,000,000 Preference Shares by Mr. Ho Tsu Kwok, Charles at the conversion price of HK\$0.6388 per Preference Share, such Preference Shares had been partly paid up to 10%, is conditional upon the completion of the Placing. Global China received a conditional conversion notice duly served by Luckman Trading Limited on 19th July, 2002.

6. The estimated increase in net assets of the Global China Group upon completion of the Sale and Purchase Agreement are calculated based on deducting from the sale proceeds of HK\$163.8 million the adjusted unaudited net asset value of HK\$83 million of the Sing Tao Holdings and its subsidiaries as at 31st December, 2001 after adjusting for the revaluation effects of HK\$4.9 million and assuming that the Distribution had been effected prior to this date. The revaluation effect arises due to Global China Group, and Sing Tao Holdings and its subsidiaries using different accounting policies to record land and buildings. Global China Group states the land and buildings at valuation less accumulated depreciation and any impairment losses whereas Sing Tao Holdings and its subsidiaries state the land and buildings at cost less accumulated depreciation and any impairment losses.
7. On 25th January, 2002, the Global China Group disposed of its entire interests in Roman Enterprises Holdings Limited and Super Grand Holdings Limited to an independent third party, which together hold the Global China Group's entire interests in South China Printing Company (1988) Limited, Noble World Printing Company Limited, Roman Financial Press Limited, Valiant Packaging (Holdings) Limited and their subsidiaries (collectively referred to as the "Printing Entities"), for a total cash consideration of HK\$428 million, subject to adjustments. The Printing Entities were principally engaged in the provision of commercial printing and financial printing services in Hong Kong and overseas. The transaction was completed on 19th April, 2002.
8. The estimated increase in net assets of the Global China Group upon completion of the Offer are calculated with reference to the value of STM Shares held by independent shareholders at approximately HK\$119.6 million, based on the maximum number of 187,240,905 New GCT Shares to be issued on full acceptance of the Offer at an issue price of HK\$0.6388 each.

## FINANCIAL INFORMATION RELATING TO SING TAO MEDIA GROUP

Save as disclosed in this Appendix III, there is no other primary statement shown in the unaudited combined accounts of Sing Tao Media Group for the nine months ended 31 December 2001.

## Unaudited combined profit and loss accounts of Sing Tao Media Group for the years ended 31 March 2000 and 31 March 2001, and the nine months ended 31 December 2001

		Year ended 31 March 2000 HK\$'000	Year ended 31 March 2001 HK\$'000	Nine months ended 31 December 2001 HK\$'000
	<i>Notes</i>			
Turnover	2	1,256,465	1,257,055	929,162
Costs of sales		<u>(721,023)</u>	<u>(857,446)</u>	<u>(598,017)</u>
Gross profit		535,442	399,609	331,145
Other revenue		12,210	12,565	6,399
Profit on disposal of investment in securities	3	20,345	—	—
Hong Kong newspapers relaunch related expenses	4	(41,383)	—	—
Restructuring costs	5	—	—	(19,043)
Selling and distribution expenses		(58,322)	(162,438)	(133,561)
Administrative expenses		(301,831)	(259,109)	(195,820)
Other operating expenses		<u>(137,931)</u>	<u>(26,152)</u>	<u>(34,348)</u>
Profit/(loss) from operating activities		28,530	(35,525)	(45,228)
Finance costs	6	<u>(9)</u>	<u>—</u>	<u>(424)</u>
		28,521	(35,525)	(45,652)
Share of profits and losses of:				
Jointly controlled entities		18,999	3,403	(1,626)
Associates		<u>1,118</u>	<u>766</u>	<u>5,121</u>
Profit/(loss) before tax		48,638	(31,356)	(42,157)
Tax	7	<u>(39,583)</u>	<u>(42,975)</u>	<u>(20,133)</u>
Profit/(loss) after tax		9,055	(74,331)	(62,290)
Minority interests		<u>58</u>	<u>5</u>	<u>3</u>
Net profit/(loss) for the year/period attributable to shareholders		<u>9,113</u>	<u>(74,326)</u>	<u>(62,287)</u>
Earnings/(loss) per share — HK cents*		<u>2.2</u>	<u>(17.7)</u>	<u>(14.8)</u>
Dividend		<u>—</u>	<u>—</u>	<u>—</u>
Dividend per share		<u>—</u>	<u>—</u>	<u>—</u>

*Note:* The earnings/(loss) per share was calculated based on 419,619,246 ordinary shares of Sing Tao Media in issue and assuming that such number of shares had been in issue during the respective year/period.

**Statement of the unaudited combined assets and liabilities of Sing Tao Media Group as at 31 March 2001 and 31 December 2001**

		<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	367,592	373,249
Goodwill		—	5,952
Interests in jointly controlled entities	9	152,845	150,617
Interests in associates	10	10,222	15,343
Investment in securities	11	10,458	11,130
Club memberships		2,353	1,468
		<u>543,470</u>	<u>557,759</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		4,407	—
Inventories	12	72,289	54,765
Trade and other receivables		263,893	263,452
Pledged time deposits		15,184	45,909
Cash and bank balances		95,415	55,965
		<u>451,188</u>	<u>420,091</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		223,526	225,837
Interest-bearing bank loans	13	—	29,206
Tax payable		39,097	52,332
		<u>262,623</u>	<u>307,375</u>
<b>NET CURRENT ASSETS</b>		<u>188,565</u>	<u>112,716</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		732,035	670,475
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	13	—	(7,250)
Provision for long service payments	14	(11,616)	(5,608)
Deferred tax	15	(9,005)	(7,380)
		<u>(20,621)</u>	<u>(20,238)</u>
Minority interests		53	(127)
<b>NET ASSETS</b>		<u><u>711,467</u></u>	<u><u>650,110</u></u>

**Unaudited combined cash flow statement of Sing Tao Media Group for the year ended 31 March 2001 and the nine months ended 31 December 2001**

	<b>Year ended 31 March 2001 HK\$'000</b>	<b>Nine months ended 31 December 2001 HK\$'000</b>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(1,443)	5,219
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	10,042	4,067
Interest paid	—	(424)
Dividend received from an unlisted investment	2,523	2,332
Dividends received from jointly controlled entities	3,255	—
Dividend received from an associate	1,450	—
Net cash inflow from returns on investments and servicing of finance	<u>17,270</u>	<u>5,975</u>
TAX		
Hong Kong profits tax refunded/(paid)	(4,486)	690
Overseas taxes paid	(18,131)	(8,782)
Taxes paid	<u>(22,617)</u>	<u>(8,092)</u>
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(42,584)	(48,187)
Proceeds from disposal of property, plant and equipment	4,805	1,292
Acquisition of subsidiaries	(1,179)	(1,733)
Decrease/(increase) in pledged time deposits	4,419	(30,725)
Additions to club memberships and investment in securities	(71)	—
Proceeds from disposal of an associate	786	—
Repayment from associates	3,641	—
Advances to jointly controlled entities	(10,533)	—
Net cash outflow from investing activities	<u>(40,716)</u>	<u>(79,353)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	<u>(47,506)</u>	<u>(76,251)</u>
FINANCING ACTIVITIES		
New bank loans	—	38,206
Repayment of bank loans	—	(1,750)
Net cash inflow from financing activities	<u>—</u>	<u>36,456</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(47,506)	(39,795)
Cash and cash equivalents at beginning of year/period	147,405	95,415
Effect of foreign exchange rate changes, net	(4,484)	345
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>95,415</u></u>	<u><u>55,965</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>95,415</u></u>	<u><u>55,965</u></u>

## NOTES TO FINANCIAL INFORMATION RELATING TO SING TAO MEDIA GROUP

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the summary of the combined profit and loss accounts, the statement of combined assets and liabilities and the combined cash flow statement (collectively the “Financial Information”) of Sing Tao Media Group, as set out on pages 121, 122 and 123, respectively, are summarised below:

**Basis of preparation**

The Financial Information is prepared on the assumption that the current group structure of Sing Tao Media had been in existence throughout the years ended 31st March, 2000 and 31st March, 2001, and the nine months ended 31 December 2001 and the group reorganisation, as set out in the deed of reorganisation dated 23 August 2002 between Sing Tao Holdings Limited and Sing Tao Media Group, had been completed prior to 1 April 1999. Details of the deed of reorganisation are set out in Appendix VIII under the heading “Material Contracts”.

The significant accounting policies adopted by Sing Tao Media Group in arriving at the Financial Information, which conform with accounting principles generally accepted in Hong Kong and Hong Kong Statements of Standard Accounting Practice, are as follows. The Financial Information is prepared under the historical cost convention, except for the periodic remeasurement of investment in securities, as further explained below.

**Subsidiaries**

A subsidiary is a company whose financial and operating policies Sing Tao Media controls, directly or indirectly, so as to obtain benefits from its activities.

**Joint venture companies**

A joint venture company is a company set up by contractual arrangement, whereby Sing Tao Media Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which Sing Tao Media Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company’s operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture company is treated as:

- (a) a subsidiary, if Sing Tao Media has unilateral control over the joint venture company;
- (b) a jointly controlled entity, if Sing Tao Media does not have unilateral control, but has joint control over the joint venture company;
- (c) an associate, if Sing Tao Media does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company’s registered capital and is in a position to exercise significant influence over the joint venture company; or
- (d) a long term investment, if Sing Tao Media holds less than 20% of the joint venture company’s registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

**Jointly controlled entities**

A jointly controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

Sing Tao Media Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the combined profit and loss accounts and combined reserves, respectively. Sing Tao Media Group's interests in jointly controlled entities are stated in the statement of combined assets and liabilities at Sing Tao Media Group's share of net assets under the equity method of accounting, less any impairment losses.

**Associates**

An associate is a company, not being a subsidiary or a jointly controlled entity, in which Sing Tao Media Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

Sing Tao Media Group's share of the post-acquisition results and reserves of associates is included in the combined profit and loss accounts and combined reserves, respectively. Sing Tao Media Group's interests in associates are stated in the statement of combined assets and liabilities at Sing Tao Media Group's share of net assets under the equity method of accounting, less any impairment losses.

**Goodwill**

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over Sing Tao Media Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the statement of combined assets and liabilities as an asset and amortised on the straight-line basis over its estimated useful life of 10 years. In the case of associates and jointly controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the statement of combined assets and liabilities.

Prior to the financial year ended 31 March 2001, goodwill arising on acquisitions was eliminated against combined reserves in the year of acquisition. Sing Tao Media Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to 1 April 2001, to remain eliminated against combined reserves. Goodwill on subsequent acquisition is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate. Any attributable goodwill previously eliminated against combined reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

The carrying amount of goodwill, including goodwill remaining eliminated against combined reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

**Impairment of assets**

An assessment is made at each balance sheet date subsequent to 1 April 2001 of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years/periods.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the assets are carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life.

The gain or loss on disposal or retirement of an asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

**Investment in securities**

Investment in securities are non-trading investments in listed equity securities and unlisted debt and equity securities intended to be held on a long term basis.

Listed equity securities are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Unlisted debt and equity securities are stated at their estimated fair values on an individual investment basis. These are determined by the directors having regard to, inter alia, the prices of the most recently reported sales or purchases of the securities and the attributable net asset value of the securities.

The gains or losses arising from changes in the fair values of a security are dealt with as movements in the investment revaluation reserve, until the security is sold or otherwise disposed of, or until the security is determined to be impaired, when the cumulative gain or loss derived from the security recognised in the investment revaluation reserve, together with the amount of any further impairment, is charged to the profit and loss account for the period in which the impairment arises. Where the circumstances and events which



led to an impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future, the amount of the impairment previously charged and any appreciation in fair value is credited to the profit and loss account to the extent of the amount previously charged.

Upon disposal, the cumulative gain or loss representing the difference between the net sale proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

#### **Club memberships**

Club memberships are intended to be held for long term purposes. They are stated at cost less any impairment losses, on an individual investment basis.

#### **Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value.

#### **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Sing Tao Media Group is the lessor, assets leased by Sing Tao Media Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where Sing Tao Media Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on actual cost or the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### **Deferred tax**

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

#### **Foreign currencies**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On combination, the Financial Information of overseas subsidiaries, jointly controlled entities and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are dealt with as movements in retained profits.

#### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

**Borrowing costs**

Borrowing costs are charged to the profit and loss account in the period in which they are incurred.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to Sing Tao Media Group and when the revenue can be measured reliably.

**Cash equivalents**

For the purpose of the combined cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of the statement of combined assets and liabilities classification, cash and bank balances represent assets which are not restricted as to use.

**2. TURNOVER**

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; circulation income, after allowances for returns; net advertising income, after trade discounts; the value of services rendered; and gross rental income received and receivable during the year/period.

**3. PROFIT ON DISPOSAL OF INVESTMENT IN SECURITIES**

This represented the profit on disposal of 121,247,017 shares of Culturecom Holdings Limited.

**4. HONG KONG NEWSPAPERS RELAUNCH RELATED EXPENSES**

This represented the expenses related to the relaunch of the Sing Tao Daily and the launch of the Hong Kong iMail (formerly the Hong Kong Standard and now renamed as The Standard), as approved by the board of directors in October 1999, with a view to increasing their readership and revenue base.

**5. RESTRUCTURING COSTS**

During the nine months ended 31 December 2001, Sing Tao Media Group incurred a total cost of HK\$19,043,000 for a series of restructuring exercises to streamline its operations which include the repositioning of Hong Kong iMail (formerly the Hong Kong Standard and now renamed as The Standard) into a newspaper focusing on financial news in the Greater China region.

## 6. FINANCE COSTS

	Year ended 31 March 2000 <i>HK\$'000</i>	Year ended 31 March 2001 <i>HK\$'000</i>	Period ended 31 December 2001 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	9	—	424

## 7. TAX

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong during the year/period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which Sing Tao Media Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 March 2000 <i>HK\$'000</i>	Year ended 31 March 2001 <i>HK\$'000</i>	Period ended 31 December 2001 <i>HK\$'000</i>
Sing Tao Media Group:			
Hong Kong	5,480	6,351	5,417
Elsewhere	29,409	33,602	15,886
Deferred	1,605	224	(1,631)
	<u>36,494</u>	<u>40,177</u>	<u>19,672</u>
Share of tax attributable to:			
Jointly controlled entities	2,979	2,735	461
Associates	110	63	—
	<u>3,089</u>	<u>2,798</u>	<u>461</u>
Tax charge for the year/period	<u><u>39,583</u></u>	<u><u>42,975</u></u>	<u><u>20,133</u></u>

## 8. PROPERTY, PLANT AND EQUIPMENT

	<b>Land and buildings</b> <i>HK\$'000</i>	<b>Plant and equipment</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Cost:			
At beginning of period	301,386	407,375	708,761
Additions	2,810	45,377	48,187
Acquisition of a subsidiary	—	351	351
Disposals	—	(51,673)	(51,673)
Exchange realignments	(165)	(124)	(289)
At 31 December 2001	<u>304,031</u>	<u>401,306</u>	<u>705,337</u>
Accumulated depreciation and impairment:			
At beginning of period	61,208	279,961	341,169
Depreciation provided during the period	5,575	23,568	29,143
Impairment during the period recognised in the profit and loss account	10,708	—	10,708
Acquisition of a subsidiary	—	44	44
Disposals	—	(48,817)	(48,817)
Exchange realignments	(36)	(123)	(159)
At 31 December 2001	<u>77,455</u>	<u>254,633</u>	<u>332,088</u>
Net book value:			
At 31 December 2001	<u><u>226,576</u></u>	<u><u>146,673</u></u>	<u><u>373,249</u></u>
At 31 March 2001	<u><u>240,178</u></u>	<u><u>127,414</u></u>	<u><u>367,592</u></u>

Sing Tao Media Group's land and buildings included above are held under the following lease terms:

	<b>Hong Kong</b> <i>HK\$'000</i>	<b>Elsewhere</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Freehold	—	68,325	68,325
Long term leases	22,392	—	22,392
Medium term leases	170,187	43,127	213,314
	<u><u>192,579</u></u>	<u><u>111,452</u></u>	<u><u>304,031</u></u>

## 9. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	72,815	70,728
Due from jointly controlled entities	414,739	417,002
<i>Less: Provisions against amounts due from jointly controlled entities</i>	<u>(325,541)</u>	<u>(337,113)</u>
	89,198	79,889
Due to jointly controlled entities	<u>(9,168)</u>	<u>—</u>
	<u><u>152,845</u></u>	<u><u>150,617</u></u>

The amounts due from the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal jointly controlled entities are as follows:

<b>Name</b>	<b>Business structure</b>	<b>Place of incorporation/ registration and operations</b>	<b>Percentage of equity attributable to Sing Tao Media Group</b>	<b>Principal activities</b>
Premier Printing Group Limited	Corporate	Hong Kong	50	Printing
Sing Tao Daily Limited	Corporate	Canada	25	Newspaper publishing
Sing Tao Newspapers (Canada 1988) Limited	Corporate	Canada	50	Newspaper production
Singdeer Joint Venture	Unincorporated	Canada	50	Hotel operations

All the above investments in jointly controlled entities are indirectly held by Sing Tao Media.

## 10. INTERESTS IN ASSOCIATES

	<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	1	5,122
Due from associates	21,358	21,358
<i>Less: Provisions against amounts due from associates</i>	<i>(11,137)</i>	<i>(11,137)</i>
	<u>10,221</u>	<u>10,221</u>
	<u><u>10,222</u></u>	<u><u>15,343</u></u>

The amounts due from associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal associate are as follows:

<b>Name</b>	<b>Business structure</b>	<b>Place of incorporation/ registration and operations</b>	<b>Percentage of equity attributable to Sing Tao Media Group</b>	<b>Principal activity</b>
Dragon Fly Assets Limited	Corporate	British Virgin Islands	50	Investment holding

## 11. INVESTMENT IN SECURITIES

	<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments, at market value:		
Hong Kong	2,690	2,732
Elsewhere	779	1,409
	<u>3,469</u>	<u>4,141</u>
Unlisted equity investments, at fair value	<u>4,999</u>	<u>4,999</u>
Unlisted debt investments, at fair value	<u>1,990</u>	<u>1,990</u>
	<u><u>10,458</u></u>	<u><u>11,130</u></u>

## 12. INVENTORIES

	<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	58,033	43,517
Work in progress	12,623	7,611
Finished goods	1,633	3,637
	<u>72,289</u>	<u>54,765</u>

## 13. INTEREST-BEARING BANK LOANS

	<b>31 March 2001</b>	<b>31 December 2001</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loans repayable:		
Within one year or on demand	—	29,206
In the second year	—	3,000
In the third to fifth years, inclusive	—	4,250
	<u>—</u>	<u>36,456</u>
Portion classified as current liabilities	<u>—</u>	<u>(29,206)</u>
Long term portion	<u><u>—</u></u>	<u><u>7,250</u></u>

Sing Tao Media Group's bank loans are secured by:

- (i) mortgages over certain of Sing Tao Media Group's land and building with an aggregate carrying amount of approximately HK\$64,291,000;

- (ii) floating charge over certain of Sing Tao Media Group's machinery with an aggregate carrying amount of approximately HK\$6,583,000; and
- (iii) pledge of certain of Sing Tao Media Group's time deposits with an aggregate carrying amount of approximately HK\$26,206,000.

#### 14. PROVISION FOR LONG SERVICE PAYMENTS

	<b>Year ended 31 March 2001 HK\$'000</b>	<b>Period ended 31 December 2001 HK\$'000</b>
At beginning of year/period	21,186	11,616
Write-back during the year/period	(4,051)	(2,929)
Payments during the year/period	(5,458)	(3,092)
Exchange realignments	(61)	13
	<u>11,616</u>	<u>5,608</u>

This mainly represented provision for long service payments for eligible employees made in accordance with Part VB of the Employment Ordinance of Hong Kong, and reduced by any part of such payments that would be met out of Sing Tao Media Group's retirement benefit schemes.

#### 15. DEFERRED TAX

	<b>Year ended 31 March 2001 HK\$'000</b>	<b>Period ended 31 December 2001 HK\$'000</b>
Balance at beginning of year/period	8,779	9,005
Charge/(credit) for the year/period	224	(1,631)
Exchange realignments	2	6
	<u>9,005</u>	<u>7,380</u>



**INDEBTEDNESS****Borrowings**

As at the close of business on 30 June 2002, being the latest practicable date for ascertaining information regarding this indebtedness statement, and assuming that the group reorganisation (the “Group Reorganisation”) of Sing Tao Holdings and Sing Tao Media, as covered in the deed of reorganisation dated 23 August 2002 of which the details are set out in paragraph 9 of Appendix VIII under the heading “Material Contracts”, had been completed on the same date, Sing Tao Media Group had outstanding secured bank borrowings of approximately HK\$13.2 million comprising a bank loan of approximately HK\$11.7 million and bank overdrafts of approximately HK\$1.5 million. The bank borrowings are secured by a fixed charge over a property situated in Hong Kong and certain of the time deposits of Sing Tao Media Group.

**Contingent liabilities**

As at 30 June 2002, Sing Tao Media Group had the following contingent liabilities:

1. A wholly-owned subsidiary of Sing Tao Media had given a several guarantee in favour of a bank to secure 50% of the bank facilities granted to, and utilised by, a jointly controlled entity. As at 30 June 2002, Sing Tao Media Group’s proportionate share of such utilised bank facilities was approximately HK\$67.9 million.
2. Sing Tao Media Group has an interest in a joint venture which, until December 1996, owned a property financed in part by a loan secured by a mortgage on the property. Each joint venturer is committed to the repayment of its proportionate share of the liability under the mortgage and this is reflected in a several guarantee given by the venturers to the mortgagee. During 1996, the property was sold by the mortgagee and Sing Tao Media Group wrote off its investment in the joint venture and provided for its proportionate share of the mortgage liability under the guarantee. There is a contingent liability in respect of the remaining excess mortgage liability of approximately HK\$118.5 million as at 30 June 2002, in the event that Sing Tao Media Group’s obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. Sing Tao Media Group had obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.
3. Claims have been made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the directors consider that the likelihood of Sing Tao Media Group suffering any material loss in respect of these claims is remote.

Save as aforesaid, at the close of business on 30 June 2002, Sing Tao Media Group did not have any outstanding mortgages, charges, debentures or other loan capital issued or outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, or hire purchase contracts or guarantees or other material contingent liabilities.

Prior to the Group Reorganisation, Sing Tao Media did not have any outstanding mortgages, charges, debentures or other loan capital issued or outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, or hire purchase contracts or guarantees or other material contingent liabilities.

### **ESTIMATED TAX LIABILITIES**

The estimated maximum tax liability on disposing of the properties as set out in Appendix VI at their respective valuated or revaluated amounts, without considering any existing tax losses or relief that can be used to offset the gain on disposing of the aforesaid properties, is approximately HK\$16 million. Sing Tao Media Group currently has no intention to dispose any of the aforesaid properties; hence, the chance of such tax liability being crystallized is remote.



15th Floor  
Hutchison House  
10 Harcourt Road  
Central  
Hong Kong

30th August, 2002

The Directors  
Sing Tao Media Holdings Limited  
Global China Technology Group Limited  
Global China Corporate Finance Limited

Dear Sirs,

We have performed the procedures detailed below in connection with the financial information under the headings “Unaudited combined profit and loss accounts of Sing Tao Media Group for the years ended 31st March, 2000 and 31st March, 2001, and the nine months ended 31st December, 2001”, “Statement of the unaudited combined assets and liabilities of Sing Tao Media Group as at 31st March, 2001 and 31st December, 2001” and “Unaudited combined cash flow statement of Sing Tao Media Group for the year ended 31st March, 2001 and the nine months ended 31 December 2001” as set out on pages 121, 122 and 123, respectively, of the Company’s composite offer document dated 30th August, 2002. The preparation of the financial information is the sole responsibility of the directors (the “Directors”) of Sing Tao Media Holdings Limited. Our responsibility is to report on the results of our procedures.

Our procedures consisted of the following:

- (a) enquires of the Directors as to the accounting policies based on which the financial information has been prepared;
- (b) a comparison of the accounting policies based on which the financial information has been prepared with those adopted in the preparation of the audited financial statements of Sing Tao Holdings Limited and its subsidiaries (collectively referred to as “Sing Tao Group”) for the years ended 31st March, 2000 and 31st March, 2001, and the nine months ended 31st December, 2001; and
- (c) a check of the arithmetical calculation relating to the financial figures based on which the financial information is prepared.

The procedures do not constitute an audit or a review performed in accordance with auditing standards generally accepted in Hong Kong and, accordingly, we do not express an audit or a review opinion on the financial information.

Based on our procedures, so far as the accounting policies and calculations are concerned, the financial information has been properly prepared on the basis of the assumptions made by the Directors and is prepared on a basis consistent in all material respects with those accounting policies adopted by Sing Tao Group in its financial statements for the years ended 31st March, 2000 and 31st March, 2001, and the nine months ended 31st December, 2001.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong



**GLOBAL CHINA CORPORATE FINANCE LIMITED**  
**泛華財務顧問有限公司**

30th August, 2002

The directors of Sing Tao Media Holdings Limited  
Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

The directors of Global China Technology Group Limited  
Suite 6605-09  
66/F., The Center  
99 Queen's Road Central  
Hong Kong

Dear Sirs,

We refer to the financial information of Sing Tao Media Holdings Limited under the headings “Unaudited combined profit and loss accounts of Sing Tao Media Group for the years ended 31st March, 2000 and 31st March 2001, and the nine months ended 31st December 2001”, “Statement of the unaudited combined assets and liabilities of Sing Tao Media Group as at 31st March, 2001 and 31st December, 2001” and “Unaudited combined cash flow statement of Sing Tao Media Group for the year ended 31st March, 2001 and the nine months ended 31 December, 2001” as set out on pages 121, 122 and 123 of the composite offer document of Sing Tao Media Holdings Limited dated 30th August, 2002 (the “**Financial Information**”).

We have discussed with you the bases upon which the Financial Information has been prepared. We have also considered the letter dated 30th August, 2002 addressed to the directors of Sing Tao Media Holdings Limited and Global China Technology Group Limited from Ernst & Young relating to the accounting policies and calculations upon which the Financial Information has been prepared.

On the bases adopted by you and the procedures performed by Ernst & Young in relation to the accounting policies and calculations, we are of the opinion that the Financial Information for which the directors of Sing Tao Media Holdings Limited are solely responsible, has been prepared after due and careful consideration.

Yours faithfully,  
For and on behalf of  
**Global China Corporate Finance Limited**  
**Wong Wai Ming**  
*Director*

*Set out below are the texts of a letter, summary of valuations and valuation certificates received from Jones Lang LaSalle, independent property valuers, in connection with their valuation, as at 31st July, 2002, of certain property interests of the Global China Group in Hong Kong prepared for the purpose of inclusion in this document.*



JONES LANG  
LASALLE<sup>SM</sup>

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Jones Lang LaSalle Limited  
Valuation Advisory Services  
16/F., Dorset House, 979 King's Road, Hong Kong  
tel + 852 2846 5000 fax + 852 2968 1688

仲量聯行有限公司  
物業估價部  
香港英皇道979號多盛大廈16樓  
電話 + 852 2846 5000 傳真 + 852 2968 1688

30th August, 2002

The Directors  
Global China Technology Group Limited  
Suite 6605-09  
66/F, The Center  
99 Queen's Road Cenral  
Hong Kong

Dear Sirs

**Re: Valuation of Various Property Interests in Hong Kong**

In accordance with your instruction for us to carry out valuations in respect of the various property interests of Global China Technology Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") in Hong Kong, we confirmed that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the property interests, as at 31st July, 2002 ("the date of valuation").

**Basis of Valuation**

Unless otherwise stated, our valuation report is prepared in accordance with the "Hong Kong Guidance Notes on the Valuation of Property Assets" published by the Hong Kong Institute of Surveyors ("HKIS"). If the Guidance Notes are silent on subjects requiring guidance, we refer to the "Appraisal and Valuation Manual" published by the Royal Institution of Chartered Surveyors subject to variation to meet local established law, custom, practices and market conditions.

Our valuation is made on the basis of the “open market value” defined by HKIS as “the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

We have applied the definition of open market value to each property interest independently. We have therefore ignored the potential effect of selling the entire portfolio at one time. Likewise, we have valued each property as a singly property interest and we have ignored the potential effect of selling the properties on a strata title basis.

### **Valuation Methodology**

In forming our opinion of values of the property interests we have adopted direct comparison method of valuation, cross-referenced to the income capitalization approach. The direct comparison approach is based on comparing the property to be valued directly with other comparable properties, which have recently transferred its legal ownership. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The income capitalization approach is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and our interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in our valuation have reference to our view of recent lettings, within the subject building and other comparable premises.

**Valuation Assumptions**

Our valuations have been based on our experience of valuing property interests in Hong Kong and have been made on the assumption that the owners sell the property interests on the open market without the benefit of a deferred-terms contract, leaseback, joint venture, management agreements or any similar arrangements which would serve to affect the values of such property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

**Property Inspections**

We have inspected the exterior and, where possible, the interior of the properties. In the capacity as an external valuer, we have not carried out any building survey, nor have we inspected those parts of the properties which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of the uninspected parts of the properties. This report should not be taken as making any implied representation or statement about such parts. We are not able to report that the property is free from rot, infestation or any other structural defects. No tests have been carried out to any of the services.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

**Source of Information**

We have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas, the identification of the property and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in copies of documents provided to us and are therefore only approximations. No on-site measurements have been taken.

**Title Investigation**

We have not been provided with copies of the title documents relating to the property interests in Hong Kong. However, we have caused searches to be made for the properties at the appropriate Land Registries in Hong Kong. We have not scrutinized the original documents to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear on the copies handed to us.

**Plant and Machinery**

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation.

Our summary of valuations and the valuation certificates are attached hereto.

Yours faithfully

For and on behalf of

**Jones Lang LaSalle Limited**

**Rita Wong** BBus, AHKIS, AAPI, RPS(GP)

*National Director*

Licence No:E-130557

*Note:* Ms. Wong is a Chartered Surveyor and a National Director with the Valuation Advisory Services Department of Jones Lang LaSalle Limited. She has over 9 years of valuation and advisory experience in various key markets in the North Asia region.



## SUMMARY OF VALUATIONS

<b>Property</b>	<b>Capital value in existing state as at 31st July, 2002 (HK\$)</b>
1. Sing Tao Building No.1 Wang Kwong Road Kowloon Bay Kowloon Hong Kong	146,000,000 Value attributable to the Group: 108,770,000
2. Flat roofs of Workshops 4-6 (inclusive) on the 3rd Floor of Block B, Workshops 1-19 (inclusive) on the 5th floor (including the flat roofs of Workshop 3 and 4) of Blocks A and B, Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) of Blocks A and B Shatin Industrial Centre Nos. 5-7 Yuen Shun Circuit, Siu Lek Yuen Sha Tin, New Territories Hong Kong	31,000,000 Value attributable to the Group: 23,095,000
	<b>Total:</b> <u><u>177,000,000</u></u>

*Note:* Please refer to footnote (1) to valuation certificate of the respective property interest with regard to value attributable to the Group.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
1. Sing Tao Building, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	The property comprises a 7-storey plus mezzanine floor industrial building erected on a site of approximately 44,714ft <sup>2</sup> (4,154m <sup>2</sup> ). The building was completed in 1988.	The majority portion of the property was by the Group.	146,000,000 100% property interest
New Kowloon Inland Lot No. 5925	The Ground and 1st Floor of the Property are mainly used for car parking, paper storage, printing and ancillary office purposes. The mezzanine and upper floors are mainly used as ancillary offices, storage and workshop. The staff canteen is located on the 2nd Floor of the building.  The property has a total gross floor area of approximately 277,719ft <sup>2</sup> (25,800.72m <sup>2</sup> ) excluding parking, loading and unloading areas.  The property is held from the Government under Conditions of Sale No. 11579 for a term of 99 years less the last 3 days from 1st July, 1898. The lease has been extended for a term expiring on 30th June, 2047 by virtue of the New Territories Leases (Extension) Ordinance.  The annual government rent payable is an amount equal to 3% of the prevailing rateable value of the property.	Portion of 1st Floor of Block A and Rooms B505-510 in Block B on 5th Floor were let to third party tenants for a term of 2 years. Rooms A501-505 in Block A were also currently let to third party tenants for a term of 3 years. The total monthly rent receivable by the tenanted portion of the property is approximately HK\$217,553, exclusive of rates and management fees.	Value attributable to the Group: 108,770,000

*Notes:*

- (1) The registered owner of the property is Hongkong Standard Newspapers Limited, which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$108,770,000.
- (2) The following encumbrances are registered against the property:
  - Mortgage dated 25th August, 1994 vide Memorial No. 6121639 in favour of The Hongkong and Shanghai Banking Corporation Limited.
  - Assignment of Rentals dated 25th August, 1994 vide Memorial No.6121640 in favour of The Hongkong and Shanghai Banking Corporation Limited.
  - Assignment of Rentals dated 25th August, 1994 vide Memorial No. 6121641 in favour of The Hongkong and Shanghai Banking Corporation Limited by Sing Tao Limited re 8/9th of Sing Tao Building
- (3) The property has been valued with the benefit of vacant possession for the portions occupied by the Group and the premises leased to third parties have been valued subject to the existing tenancies.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
2. Flat roofs of Workshops 4-6 (inclusive) on 3rd Floor of Block B, Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) of Blocks A and B, Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) of Blocks A and B, Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Siu Lek Yuen, Sha Tin, New Territories, Hong Kong	The property comprises various units and floors, flat roofs and portion of main roof in two 7-storey industrial blocks, namely Block A and B of Shatin Industrial Centre. The development was completed in 1988.	The property was occupied by the Group and used for printing business, as at the date of valuation.	31,000,000
576/4,620th shares of and in Sha Tin Town Lot No. 261	The property has a total saleable area of approximately 89,855ft <sup>2</sup> (8,348m <sup>2</sup> ) together with Flat Roofs of approximately 17,162ft <sup>2</sup> (1,594.4m <sup>2</sup> ) and Main Roof of approximately 25,911ft <sup>2</sup> (2,407.19m <sup>2</sup> ).		100% property interest
	The property is held from the government under New Grant No. 11936 for a term from 23rd January, 1986 to 30th June, 2047. The annual government rent payable is an amount equal to 3% of the prevailing rateable value of the property.		Value attributable to the Group: 23,095,000

*Notes:*

- (1) The registered owner of the property is Wealthpop Limited, which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$23,095,000.
- (2) According to our recent land registry search, the following encumbrances are registered against the property:
  - The property is subject to a Sealed Copy Writ of Summons dated 14th June, 1997 in favour of KML Limited “Plaintiff” and Wealthpop Limited “Defendant” in the Supreme Court of Hong Kong High Court No. A6338 of 1997 vide Memorial No. 962697 (Re: Workshops 1-6 (inclusive) and 24 on the 3rd Floor (including the flat roofs of Workshops 1-6 (inclusive) and 24) of Block B).
  - Sealed Copy Order dated 9th September, 1998 registered vide Memorial No. 1051702 in favour of KML Limited “Plaintiff” and Wealthpop Limited “Defendant” in the Supreme Court of Hong Kong High Court No. A6338 of 1997 (Re: Workshops 1-6 (inclusive) and 24 on the 3rd Floor (including the flat roofs of Workshops 1-6 (inclusive) and 24) of Block B and Car Parking Spaces Nos. V20 and V25 on the First Floor).
  - Lease in favour of South China Printing Company Limited “the Tenant” for a term of 5 calendar years from 19th April, 2002 to 18th April, 2007 at a consideration of HK\$1.0 exclusive of the service charges, rates and government rent (Re: Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) and Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) in Block A and Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) and Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) in Block B, Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Sha Tin, New Territories))
- (3) The Property has been valued with the benefit of vacant possession.

*Set out below are the texts of a letter, summary of valuations and valuation certificates received from Cushman & Wakefield, independent property valuers, in connection with their valuation, as at 31st January, 2002 or 13th August, 2002, of certain property interests of the Global China Group outside Hong Kong and the PRC, prepared for the purpose of inclusion in this document.*

**Cushman & Wakefield (HK) Limited**

6/F, Henley Building

5 Queen's Road Central, Hong Kong

Tel: (852) 2956 3888

Fax: (852) 2526 7460



30th August, 2002

The Directors

Global China Technology Group Limited

Suite 6605-09

66/F, The Center

99 Queen's Road Central

Hong Kong

Dear Sirs

In accordance with your instructions for us to carry out valuations in respect of various property interests of Global China Technology Group Limited (the "Company") and its subsidiaries (hereinafter together with the Company referred to as the "Group") outside Hong Kong and the People's Republic of China, we have pleasure in reporting to you as follows:

**1. SCOPE OF INSTRUCTIONS**

- 1.1 We have considered those properties of the Group as set out in Appendix I to this letter.
- 1.2 We are instructed to prepare this valuation for the purposes of The Codes on Takeovers and Mergers and Share Repurchase of Hong Kong.
- 1.3 The effective date of the valuation is as at 31st January, 2002 and 13th August, 2002 as the case may be.
- 1.4 The valuation has been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of Property Assets, published by The Royal Institute of Chartered Surveyors (Hong Kong Branch) and The Hong Kong Institute of Surveyors, together with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## 2. BASIS OF VALUATION

- 2.1. As instructed and in accordance with the statutory requirements, the valuations have been prepared on the basis as set out below.
- 2.2. Properties which are held as investments or held for sale have been valued on the following basis:

### **Open Market Value**

This is defined as “An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
  - (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
  - (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
  - (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
  - (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”
- 2.3. The valuation of properties primarily occupied by the Group has been prepared on the following basis;

### **Open Market Value — Existing Use Value**

This is defined as “An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming;

- (a) a willing seller;

- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest;
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion;
- (f) that the property can be used for the foreseeable future only for the existing use; and
- (g) that vacant possession is provided on completion of the sale of all parts of the property occupied by the business.”

### 3. TENURE AND TENANCIES

- 3.1 We have not had access to the title deeds or leases and our valuation has been based on the information which you have supplied to us as to tenure, tenancies and statutory notices.
- 3.2 Unless disclosed to us to the contrary and recorded in Appendix II to this letter, our valuation is on the basis that:
  - (a) based on the advice given by the Group’s legal adviser practising in the relevant jurisdiction, each property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;
  - (b) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;
  - (c) leases to which the properties are subject contain no unusual or onerous provisions or covenants which would affect value;
  - (d) in respect of leases subject to impending or outstanding rent reviews and lease renewals, we have assumed that all notice have been served validly and within appropriate time limits; and

- (e) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or any member of the Group or by their respective employees on service occupancies.

#### **4. PLANNING AND ZONING**

- 4.1 We have not made formal searches, but have generally relied on verbal inquiries and any informal information received from the local planning authority.
- 4.2 In the absence of information to the contrary, our valuation is on the basis that the properties are not affected by proposals for road widening or Compulsory Purchase.
- 4.3 Our valuation is on the basis that each property has been erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach.

#### **5. STRUCTURE**

- 5.1 We have neither carried out a structural survey of any property nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, our valuation takes into account any information supplied to us and any defects noted during our inspection. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation.
- 5.2 We have not inspected those parts of any property that are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.
- 5.3 We have not investigated the presence or absence of high alumina cement, calcium chloride, asbestos and other deleterious materials. In the absence of information to the contrary, we have taken into account any information which you have supplied to us on these aspects, but otherwise our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of any property. You may wish to arrange for investigations to be carried out to verify this.

## 6. SITE AND CONTAMINATION

- 6.1 We have not investigated ground conditions/stability and our valuation is on the basis that all buildings have been constructed having appropriate regard to existing ground conditions. In respect of the properties with development potential, our valuation is on the basis that there are no adverse ground conditions that would affect building costs. However, where you have supplied us with a building cost estimate, we have relied on it being based on full information regarding existing ground conditions.
- 6.2 We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water). Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation. Should this basis be unacceptable to you or should you wish to verify that this basis is correct, you should have appropriate investigations made and refer the results to us so that we can review our valuation.

## 7. PLANT AND MACHINERY

- 7.1 In respect of the freehold properties, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. In the case of the leasehold properties, unless advised to the contrary, these items have been treated as belonging to the landlord upon reversion of the lease.
- 7.2 Process related plant/machinery and tenants' fixtures/trade fittings have been excluded from our valuation.
- 7.3 We have assumed that any building services that incorporate electronic devices necessary for their proper functioning, and the software that operates such devices, are Millennium compliant, or can be rendered so compliant at no significant cost. You should satisfy yourself by taking appropriate expert advice as to the validity of this assumption.

## 8. INSPECTIONS

- 8.1 We, or companies within our global network, have inspected the properties internally and externally from ground level. We have calculated in accordance with locally accepted valuation practise, those floor areas referred to in Appendix II to this letter. Both those and any reference to the age of buildings are approximate.



**9. GENERAL PRINCIPLES**

- 9.1 Our valuation is based on the information which either you have supplied to us or which we have obtained from our inquiries. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation.
- 9.2 In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. We have not been supplied with any information to indicate that there are material arrears or that the occupiers are unable to meet their commitments under the leases. Our valuation is on the basis that this is correct. You may wish to obtain further information to verify this.
- 9.3 No allowances have been made for any expenses of realization or any taxation liability arising from a sale or development of any property.
- 9.4 No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over the properties.
- 9.5 Our valuation is exclusive of any local government taxes.
- 9.6 A purchase of the properties is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared. The valuation of the properties has been undertaken by a qualified valuer in the country where the property is located.
- 9.7 Where grants have been received, no allowance has been made in our valuation for any requirement to repay the grant in the event of a sale of any property. The valuation of any property on the basis of depreciated replacement cost has been assessed gross of any grant which may be receivable.
- 9.8 Our valuation does not make allowance either for the cost of transferring sale proceeds from the country in which the properties are located to another or elsewhere within the Group, or for any restrictions on doing so.

**10. VALUATION**

10.1 Subject to the foregoing, and based on values current as at 31st January, 2002 and 13th August, 2002 as the case may be, we are of the opinion that the Open Market Value/Existing Use Value of the properties, as set out in Appendix I to this letter, is the total sum of HK\$85,450,864 (Eighty-five million four hundred fifty thousand eight hundred and sixty four Hong Kong dollars)

10.2 This sum may be apportioned as follows :

	<b>Freehold</b> <i>HK\$</i>
(i) Properties primarily occupied by the Group	82,339,529
(ii) Properties held as investments	<u>3,111,335</u>
<b>TOTAL</b>	<b><u><u>85,450,864</u></u></b>

10.3 The property interests have been valued in foreign currencies and such valuations have been translated into Hong Kong dollars at the rates of exchange stated in appendix I to this letter.

10.4 We set out the value ascribed to each property in appendix I and appendix II to this letter.

10.5 The valuation stated above represents the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

Yours faithfully  
For and on behalf of  
**Cushman & Wakefield (HK) Limited**  
**Simon Lynch**  
BSc (Hons), MRICS, AHKIS  
*Associate Director*

*Note :* Mr. Simon Lynch is a Member of the Royal Institution of Chartered Surveyors and an Associate of the Hong Kong Institute of Surveyors and has 10 years experience in the valuation of property in Hong Kong and the United Kingdom.

## APPENDIX I

## SUMMARY OF VALUATION

## Group I — Properties owned and occupied by the Group

		Capital value in existing state as at 13th August, 2002 (100% property interest) (Note 1)	Value attributable to the Group as at 13th August, 2002 (HK\$) (Note 2)
<i>United States of America</i>			
1.	215 Littlefield Avenue South, San Francisco, USA	US\$2,000,000	11,621,702
2.	625 Kearny Street, San Francisco, USA	US\$950,000	5,520,308
		Capital value in existing state as at 31st January, 2002	Value attributable to the Group as at 31st January, 2002 (HK\$)
<i>United States of America</i>			
3.	907-11 Flushing Ave., 449-51 Bushwick Ave., Brooklyn, New York, Block 3123, Lots 2 and 67, USA	US\$1,000,000	5,810,851
4.	188 Lafayette Street, New York, USA	US\$3,000,000	17,432,553
<i>United Kingdom</i>			
5.	46 Dean Street, London, W1, England	£1,100,000	9,002,781
<i>Canada</i>			
6.	411-7 Dundas Street West, Toronto, Canada	C\$3,275,000	11,954,754

## Group II — Properties held for investment purposes

*Canada*

7.	125 Parliament Street, Toronto, Canada	C\$635,000	2,317,944
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*Note 1:* The properties are 100% owned and held by certain of the non-wholly owned subsidiaries of Global China.

*Note 2:* Please refer to footnote (1) to valuation certificate of the respective property interest with regard to value attributable to the Group.

## APPENDIX II

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 13th August, 2002
<i>USA</i>			
1. 215 Littlefield Ave, South San Francisco, California, USA	<p>A single storey concrete tilt-up industrial building. The property is used for light industrial purposes (printing).</p> <p>The property has 46 on-site surface parking spaces for a parking ratio of 3.25 spaces per 1,000ft<sup>2</sup>. There are two dock-high overhead doors.</p> <p>The building was constructed in 1958 and has a gross floor area of 1,387.4m<sup>2</sup>. (14,935ft<sup>2</sup>) on a site area of 4,977m<sup>2</sup>. (53,580ft<sup>2</sup>).</p> <p>The existing site coverage ratio is 28% and we understand city zoning will permit up to a 60% coverage ratio.</p> <p>The property is held freehold.</p>	The property is occupied by Sing Tao Newspapers.	<p>US\$2,000,000</p> <p>Value attributable to the Group: HK\$11,621,702</p>

*Notes:*

- (1) The registered owner of the property is Sing Tao Newspapers San Francisco Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$11,621,702.
- (2) The property has a good corner location with good truck access. Given the excess land we believe that potential purchasers of the building may look to expand the existing facility on site.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 13th August, 2002
2. 625 Kearny Street, San Francisco, California, USA	<p>A three storey masonry office building with ground floor retail use. The property is used for office and retail purposes.</p> <p>The property is situated at the northeast corner of Kearny Street and Commercial Street on a 762 square foot site.</p> <p>The building was constructed in 1907 and has a gross floor area of 2,800ft<sup>2</sup>.</p> <p>The property is held freehold.</p>	The property is occupied by Sing Tao Newspapers.	<p>US\$950,000</p> <p>Value attributable to the Group: HK\$5,520,308</p>

*Notes:*

- (1) The registered owner of the property is Sing Tao Newspapers San Francisco Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$5,520,308.
- (2) The property has a good corner location and excellent commercial exposure.
- (3) The San Francisco properties were valued by Mr. John Vaughan of Cushman & Wakefield Advisory Services, (Associate Member of Appraisal Institute) State of California Certified General Real Estate Appraiser (ID# AG002680) and by Mr. Rob Perrino. Mr. John Vaughan of Cushman & Wakefield Advisory Services, has more than 10 years of Real Estate Appraisal and Consulting experience throughout California. Mr. Rob Perrino is a Director of Valuation and Advisory Services. San Jose and San Francisco Divisions are responsible for the appraisal and consulting functions of Cushman & Wakefield California, Inc.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
3. 907-11 Flushing Avenue & 449-51 Bushwick Avenue, Brooklyn, New York	<p>The property consists of a 1 and part 2-storey masonry and steel frame industrial/office building that was constructed in 1931 and renovated and expanded in 1988. As of the inspection date, 28th January, 2001, the property appeared to be in good condition.</p> <p>The improvements contain a gross building area of 15,314±ft<sup>2</sup> (10,231ft<sup>2</sup> on 1st Floor; 5,083ft<sup>2</sup> on 2nd Floor) of which approximately 10,174±ft<sup>2</sup> or 66.4% is office area with the remaining 5,140ft<sup>2</sup> located at the rear of the building utilized as manufacturing space to print newspapers. The building is 100% air conditioned. The interior layout consists of office and light industrial use on the ground floor with offices on the second floor. There is small basement area used for storage. The property is zoned M1-1 (Light Industrial District).</p> <p>The site is irregular in shape and contains an area of 18,870±ft<sup>2</sup> or 0.4332 acre of land. The property can be accessed from both streets (Flushing Avenue or Bushwick Avenue). Frontage along Flushing Avenue measures approximately 102 feet, while Bushwick Avenue has about 72 feet of frontage. Part of the site that fronts on Bushwick Avenue serves as a truck parking lot and loading area.</p> <p>The 2000/2001 Assessed Value is US\$170,280 (US\$52,578 for land; \$117,702 for building). Based on the 2001 tax rate of US\$9.768 per US\$100 of assessed value, total annual real estate taxes are US\$16,633 or US\$1.09/ft<sup>2</sup> of gross building area.</p> <p>The property is held by Sing Tao Newspapers New York Ltd. in fee simple.</p>	<p>The property is 100% owner occupied by Sing Tao Newspapers New York Ltd.</p>	<p>U.S. dollars at \$1,000,000</p> <p>Value attributable to the Group: HK\$5,810,851</p>

*Note:*

- (1) The registered owner of the property is Sing Tao Newspapers New York Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$5,810,851.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
4. 188 Lafayette Street, New York	<p>The property consists of a 5-storey and basement masonry and steel frame office building that was constructed in 1998. As of the date of inspection, 28th January, 2001, the property appeared to be in excellent condition.</p> <p>The improvements contain a gross building area of 16,200ft<sup>2</sup>. Approximately 13,500ft<sup>2</sup> are on floors 1-5 and the remaining 2,700ft<sup>2</sup> is finished basement area. The building is 100% air conditioned. The interior layout primarily consists of general office finish.</p> <p>The site is basically rectangular in shape and contains an area of 2,830±ft<sup>2</sup>. Frontage along Lafayette Street measures 144± feet, while Broome Street has about 20± feet of frontage. The building floor plate takes up the entire site.</p> <p>The property is held by Sing Tao Newspapers New York Ltd. in leased fee.</p>	<p>Sing Tao Newspapers New York Ltd. occupies 900ft<sup>2</sup> on the 1st Floor, 2,700ft<sup>2</sup> on the 2nd Floor and 2,100ft<sup>2</sup> on the 3rd Floor for a total of 5,700ft<sup>2</sup> or 35.2% of the building. The remaining area is leased to third parties as follows:</p> <p><b>Basement (2,700ft<sup>2</sup>) and 1st Floor (1,800ft<sup>2</sup>)</b></p> <p>This area (4,500 ft<sup>2</sup> total) is leased to Jan Galleries Inc. from April, 2000 to March, 2006 at an annual rent of US\$84,000 or US\$19.09/ft<sup>2</sup> (Years 1 and 2), US\$96,000 or US\$21.82/ft<sup>2</sup> (Years 3 and 4) and US\$108,000 or US\$24.55/ft<sup>2</sup> (Years 5 and 6). The tenant pays all operating expenses and their pro rata share of increase in real estate taxes over a 2000/2001 tax base.</p> <p><b>Third Floor (600ft<sup>2</sup>)</b></p> <p>This area is leased to Acupuncture Therapeutic Care PC from September, 1999 to August, 2004 at an annual rent of US\$19,200 or US\$32/ft<sup>2</sup> (Year 1) increasing 6% per annum over the lease term. The tenant pays utilities and their pro rata share of increases in real estate taxes over a 1999/2000 tax base.</p>	<p>U.S. dollars at \$3,000,000</p> <p>Value attributable to the Group: HK\$17,432,553</p>

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
		<b>Fourth Floor (2,700ft<sup>2</sup>)</b>	
		This space is leased to US Science & Technology Corp. from January, 1999 to December, 2003 at an annual rent of US\$45,600 or US\$16.89/ft <sup>2</sup> (Year 1) increasing 5% per annum over the lease term. The tenant pays all operating expenses and 20% of increases in real estate taxes over a 1998/1999 tax base. There is a US\$3,000 cap on the tax recovery charge.	
		<b>Fifth Floor (2,700ft<sup>2</sup>)</b>	
		This space is leased to Eth & Pyc Inc. from January, of 1999 to December, of 2003 at an annual rent of US\$45,600,000 or US\$16.89/ft <sup>2</sup> (Year 1) increasing 4% per annum over the lease term. The tenant pays all operating expenses and 20% of increases in real estate taxes over a 1998/1999 tax base. There is a US\$3,000 cap on the tax recovery charge.	

*Notes:*

- (1) The registered owner of the property is Sing Tao Newspapers New York Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$17,432,553.
- (2) The two New York properties were valued by Mr. George Rago, who is an Appraiser and the Senior Director in the Valuation and Advisory Services Branch in the New York Midtown office. Mr. Rago is a Certified General Real Estate Appraiser and a Member of the Appraisal Institute — MAI.



Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
<i>United Kingdom</i>			
5. United Kingdom London, W1 46 Dean Street, Soho	<p>The property is situated in a corner position fronting Dean Street and Old Compton Street.</p> <p>The property comprises office accommodation over basement, ground, and three upper floors. The building is of brick construction with timber framed windows under a tiled pitched roof. The property was built approximately 150 years ago and has a net internal floor area of approximately 277m<sup>2</sup>. (2,795ft<sup>2</sup>).</p> <p>The property is held freehold by the company and is currently occupied as an office</p>	None	<p>£1,100,000</p> <p>Value attributable to the Group: HK\$9,002,781</p>

*Notes:*

- (1) The registered owner of the property is Sing Tao (U.K.) Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$9,002,781.
- (2) Valued by Mr. Michael Thompson of Cushman & Wakefield Healey & Baker, who is Member of the Royal Institution of Chartered Surveyors and has 6 years experience in the valuation of property in the United Kingdom.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
<i>Canada</i>			
6. 411-7 Dundas Street West, Toronto, Ontario, Canada	3-storey (plus partly raised basement with separate walk-down from street level) retail/office building	The ground floor is occupied by Sing Tao (2,300ft <sup>2</sup> ) and TD-Canada Trust (3,100ft <sup>2</sup> ); the second floor is occupied by three office tenants; the third floor and the basement are vacant	CS\$3,275,000
Part of Lots 6 and 7, Plan D-116	Erected in 1984		Value attributable to the Group: HK\$11,954,754
	Site Area: 8,019ft <sup>2</sup>		
	Gross floor area: 23,000ft <sup>2</sup>		
	Rentable floor area: 18,500ft <sup>2</sup>		
	On-site parking space for five cars		
	Freehold property		

*Note:*

- (1) The registered owner of the property is Sing Tao (Canada) Ltd., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$11,954,754.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
7. 125 Parliament Street, Toronto, Ontario, Canada	Three storey (plus raised basement) retail/apartment building	The property is fully occupied by twelve individual residential tenants and one retail tenant.	C\$635,000
Part Lot 6, Plan 108 (designated as Part 1 & 2 on Reference Plan 63R-4077: City of Toronto)	Retail use in the raised basement and twelve one-bedroom apartments on the upper floors  Site area: 3,193ft <sup>2</sup>  Gross floor area: 8,000ft <sup>2</sup>  On site parking space for four cars  Freehold property	It is managed by Realty-Pro Management Services Inc.	Value attributable to the Group: HK\$2,317,944

*Notes:*

- (1) The registered owner of the property is 1281139 Ontario, Inc., which we were given to understand that it is 74.5% owned by Global China Technology Group Limited through Sing Tao Media Holdings Limited. We have been instructed to apportion the capital value of the property interest attributable to Global China Technology Group Limited by making reference to their share holding of 74.5% in the registered ownership. We must add that this apportionment is a notional exercise and the apportioned capital value is in the region of HK\$2,317,944.
- (2) The Toronto properties were valued by Mr. Danny Ip, MRICS, AACI who is the Senior Appraisal Consultant of Royal LePage Advisers, Inc.

*Currency:* The properties were valued in overseas currencies have been translated into Hong Kong dollars at the following rates:

*US\$1 = HK\$7.7998*

*C\$1 = HK\$4.89974*

*UK£1 = HK\$10.9857*

**Cushman & Wakefield (HK) Limited**

6/F, Henley Building

5 Queen's Road Central, Hong Kong

Tel: (852) 2956 3888

Fax: (852) 2956 2323

web: www.cushwakeasia.com



The Directors

Global China Technology Group Limited

Suite 6605-09

66/F, The Center

99 Queen's Road Central

Hong Kong

30th August, 2002

Dear Sirs,

**RE: PROPERTIES OF GLOBAL CHINA TECHNOLOGY GROUP LIMITED**

Our group of companies, including our overseas offices, has previously estimated the capital values of the properties itemized as (3), (4), (5), (6) and (7) in Appendix I to our letter to Global China Technology Group Limited dated 30th August, 2002 in their "existing state" as of 31st January, 2002 in U.S. dollars at \$1,000,000 (Brooklyn), \$3,000,000 (New York), £1,100,000 (London), C\$3,275,000 (Dundas Street) and C\$635,000 (Parliament Street).

Based upon the knowledge of our group the current market conditions for properties such as these five assets in their respective locations, it is the opinion of our group that the current valuation of these properties would not be materially different from what was estimated as of 31st January, 2002.

Yours faithfully,

**Cushman & Wakefield (HK) Limited****Simon Lynch**

BSc (Hons) MRICS AHKIS

*Associate Director*

Simon Lynch is a Member of the Royal Institution of Chartered Surveyors and an Associate of the Hong Kong Institute of Surveyors and has 10 years experience in the valuation of property in Hong Kong and the United Kingdom.

*Set out below are the texts of a letter, summary of valuations and valuation certificates received from Chung, Chan & Associates, independent property valuers, in connection with their valuation, as at 31st July, 2002, of certain property interests of the Global China Technology Group Limited in Hong Kong and the PRC prepared for the purpose of inclusion in this document.*

## **Chung, Chan & Associates**

Chartered Surveyors

Valuers of Property, Assets, Plant, Machinery and Equipment  
Professional Real Estate Agents and Advisers



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30th August, 2002

The Directors,  
Global China Technology Group Limited,  
Suite 6605-09, 66th Floor, The Center,  
99 Queen's Road Central,  
Central,  
Hong Kong

Dear Sirs,

- Re :**
- 1. Rooms 1305 and 1306 on 13th Floor, Rooms 1401, 1402, 1403, 1404, 1405 and 1406 on 14th Floor, and Rooms 1501 and 1504 on 15th Floor, Car Po Commercial Building, Nos. 37-43 Pottinger Street and Nos. 18-20 Lyndhurst Terrace, Hong Kong.**
  - 2. Workshops Nos. 1 to 3 and Workshops Nos. 5 to 12 on 5th Floor (the whole of the 5th Floor), and Car Parking Spaces Nos. 5, 6, 14 and 15 on Upper Ground Floor, Wah Lai Industrial Centre, Nos. 10 -14 Kwei Tei Street, Fo Tan, Shatin, New Territories, Hong Kong.**
  - 3. Unit 8E, Lan Yuan Mansion, Beijing Jindao Garden, No. 1 Xibahe Nan Road, Chaoyang District, Beijing City, Hebei Province, The People's Republic of China.**

In accordance with your instructions to value the above property interests owned by Global China Technology Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong and the People's Republic of China (the "PRC") for accounting purposes, we have carried out inspections, made relevant enquiries and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the property interests as at 31st July, 2002.

Our valuation of each of the above property interests is our opinion of the open market value, which we would define as intended to mean “the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation assuming:—

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

Our valuations have been made on the assumption that the owners sell the property interests on the open market in their existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale in respect of the property interests has been assumed in our valuations.

In valuing property interest No. 2, the Government lease of which expired before 30th June, 1997, we have taken account of the stipulation contained in Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance, 1988, that such a lease may be extended without premium until 30th June, 2047 and that an annual rent of three per cent of the rateable value will be charged annually from the date of extension.

We are advised that, as at 31st July, 2002, a number of the units which comprise the subject property interests are owner-occupied and accordingly they have been valued on an open market basis on the assumption that vacant possession will be available in the event of a sale. Other units, including four car parking spaces, which are tenanted have been valued subject to the existing tenancies, and where appropriate taking into account reversionary income potential.

We have relied to a considerable extent on information given by the Group and have accepted advice given to us in relation to planning approvals or statutory notices, easements, tenure, completion dates of buildings, agreements, particulars of occupancy, lettings and other tenancy details, floor areas and other relevant matters.

With regard to the property interests in Hong Kong, we have not been provided with copies of title documents relating to the property interests but we have caused searches to be made at the Land Registry.

As regards the property interest in the PRC, we have been provided with copies of agreements or contracts and other documents relating to the property interest. Whilst some of the copies of documents show the ownership of the property interest, we however, have not inspected the original documents to verify ownership or to ascertain the existence of any lease amendments which do not appear on the copies handed to us.

All copies of contracts and documents relating to the property interests have been used as reference only. All dimensions, measurements and areas, including floor areas, as stated in our valuation certificate, are approximate and are based on information provided to us by the Group. Such information, which are either in the form of copies of contracts or agreements, certificates, permits or other documents, are assumed to be correct. No on-site measurements have been taken or carried out to determine the floor areas of the properties or to verify their correctness.

In preparing our valuation of the property interest in the PRC, we have relied on advice given by the Group's PRC legal advisers, Commerce and Finance Law Offices that the land use right of the property is transferable and that unless otherwise stated, any premium payable has already been fully paid or will be fully paid. We also understand that all relevant approvals, consents, certificates, permits and licences from the relevant government authorities for the property have been granted without any onerous conditions or undue delay which might affect the value of the property interest. We have relied on advice given by the Group and its PRC legal advisers on the law of the PRC regarding the legality and validity of the various agreements and documents relating to the purchase of the property interest and the interest of the Group in the property. We have relied on advice given by the Group's PRC lawyers that the title in respect of the property is legally enforceable.

In addition, we have also relied on advice given by the Group's PRC lawyers that the Group has free and uninterrupted rights to use, assign, transfer, lease or mortgage the property interest in the PRC for the unexpired term of the granted lease and that all costs relating to the acquisition of the property have been paid in full.

All the information provided to us by the Group, which are pertinent to our valuation, are believed to be true and accurate and it is assumed that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. However, we must advise that no building survey has been carried out although in the course of our inspections we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other latent defects which are concealed, unexposed or inaccessible. None of the services in respect of the properties has been tested.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests nor for any liability to taxation on sale or any expenses which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

All monetary amounts in respect of the values of the property interests are expressed in Hong Kong Dollars. The exchange rate used for converting the value of the property interest in Beijing from United States Dollars into Hong Kong Dollars at the relevant date is equivalent to about US\$1.00 = HK\$7.80.

We attach herewith a summary of values and our valuation certificate.

Yours faithfully,

**CHUNG, CHAN & ASSOCIATES**

**Peter C. K. Chung FRICS**

*Note:* Mr. Peter C. K. Chung is a UK qualified chartered surveyor, a Fellow of the Royal Institution of Chartered Surveyors, and has been conducting professional real estate valuations and advisory work in Hong Kong, Macau, mainland China and South-east Asia including Taiwan, Japan, Malaysia, Singapore, Thailand and Vietnam as well as the United Kingdom and United States of America for various purposes since 1980. He has over 10 years experience in the valuation of various types of properties in the PRC.



## SUMMARY OF VALUATIONS

<b>Property</b>	<b>Capital value in existing state as at 31st July, 2002 (HK\$)</b>	<b>Value attributable to the Group (HK\$)</b>
1. Rooms 1305 and 1306 on 13th Floor, Rooms 1401, 1402, 1403, 1404, 1405 and 1406 on 14th Floor, and Rooms 1501 and 1504 on 15th Floor, Car Po Commercial Building, Nos. 37-43 Pottinger Street and Nos. 18-20 Lyndhurst Terrace, Hong Kong	26,700,000	26,700,000
2. Workshops Nos. 1 to 3 and Workshops Nos. 5 to 12 on 5th Floor, (the whole of the 5th Floor), and Car Parking Spaces Nos. 5, 6, 14 and 15 on Upper Ground Floor, Wah Lai Industrial Centre, Nos. 10-14 Kwei Tei Street, Fo Tan, Shatin, New Territories, Hong Kong	6,750,000	6,750,000
3. Unit 8E, Lan Yuan Mansion, Beijing Jindao Garden, No. 1 Xibeihe Nan Road, Chaoyang District, Beijing City, Hebei Province, The People's Republic of China	1,280,000	1,280,000
Total	<u>34,730,000</u>	

## VALUATION CERTIFICATE

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
<p>1. Rooms 1305 and 1306 on 13th Floor, Rooms 1401-1406 on 14th Floor, and Rooms 1501 and 1504 on 15th Floor, Car Po Commercial Building, Nos. 37-43 Pottinger Street and Nos. 18-20 Lyndhurst Terrace, Hong Kong.</p> <p>99/1,615 shares of and in sub-sections 3, 4 and 5 of Section A of Inland Lot No. 2, The Remaining Portion of Section A of Inland Lot No. 2, The Remaining Portion of sub-section 4 of the Remaining Portion of Section A of Inland Lot No. 41 and the Remaining Portion of sub-section 7 of the Remaining Portion of Section A of Inland Lot No. 41.</p>	<p>The property comprises 10 office units in a good quality 28-storey commercial/office development which has a frontage to Lyndhurst Terrace and a return frontage to Pottinger Street. The building is believed to have been built in 1980.</p> <p>The total saleable area of Rooms 1305 and 1306 is approximately 151.62 sq.m. (1,632 sq.ft.) whilst the total saleable area of Rooms 1401 to 1406 is approximately 397.53 sq.m. (4,279 sq.ft.). The saleable areas of Rooms 1501 and 1504 are respectively 61.59 sq.m. (663 sq.ft.) and 43.76 sq.m. (471 sq.ft.) approximately.</p> <p>The total saleable area of all the units is therefore approximately 654.50 sq.m. (7,045 sq.ft.).</p> <p>The property is held under six government leases each for a term of 999 years from 26th June, 1843. The determined ground rent payable is \$4 per annum.</p>	<p>As at the date of valuation, the respective units which comprise the property, with the exception of Rooms 1501 and 1504, are owner-occupied. Rooms 1501 and 1504 are each subject to a 2-year tenancy expiring respectively on 14th October, 2003 and 31st December, 2003 at respective rents of \$10,000 and \$5,888 per month, inclusive of rates and management fees.</p>	<p>26,700,000</p> <p>Value attributable to the Group: 26,700,000</p>

*Note* : The registered owner of the property interest is Global China Trade Development Limited, a wholly owned subsidiary of Global China.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
2. Workshops Nos. 1 to 3 and Workshops Nos. 5 to 12 on 5th Floor, and Car Parking Spaces Nos. 5, 6, 14 and 15 on Upper Ground Floor, Wah Lai Industrial Centre, Nos. 10-14 Kwei Tei Street, Fo Tan, Shatin, New Territories, Hong Kong.	The property comprises all the 11 workshops on the 5th floor of a 16-storey industrial development which has a frontage to Kwei Tei Street and a return frontage to Tat Yip Lane, the latter also running along the rear boundary of the building. The property also comprises four car parking spaces on the upper ground floor. The building is believed to have been built in 1988.	As at the date of valuation, the respective workshop units, with the exception of a small portion and the four car parking spaces, are owner-occupied. The small portion is subject to a two-year tenancy expiring on 31st July, 2003, at a rent of \$10,500 per month, inclusive of rates and management fee. Three of the car parking spaces are each subject to a one-year tenancy whilst the 4th parking space is subject to a tenancy for two years. The earliest expiry date of the tenancies is 31st July, 2002 whilst the latest is 31st July, 2003. Two of the car parking spaces are at rents of \$2,300 per month each whilst one of the parking spaces is at a rent of \$2,800 per month. The remaining parking space is at a rent of \$2,000 per month, all of the spaces being inclusive of rates and management fees.	6,750,000  Value attributable to the Group: 6,750,000
61/897 shares of and in Sha Tin Town Lot No. 138.	The subject workshops do not have a No. 4 unit and as such, the 11 units are the total number of units on the 5th Floor.  The total gross floor area and saleable area of the 11 units are respectively 1,453.08 sq.m. (15,641 sq.ft.) and 1,181.07 sq.m. (12,713 sq.ft.) approximately.  The property is held under New Grant No. 11491 for a lease term of 99 years which expired on 30th June, 1997. By virtue of the New Territories Leases (Extension) Ordinance, 1988, the lease shall be extended for a further term of 50 years until 30th June, 2047. The ground rent payable in respect of the Lot is equivalent to three per cent of the rateable value of the property.		

*Note* : The registered owner of the property interest is Global China.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
3. Unit 8E, Lan Yuan Mansion, Beijing Jindao Garden, No. 1 Xibahe Nan Road, Chaoyang District, Beijing City, Hebei Province, The People's Republic of China.	<p>The property comprises a domestic unit on the 8th floor of a multi-storey residential development located in an established and relatively busy mixed user area in Chaoyang District in Beijing Municipality. The development comprises three residential buildings and an office block. The development is believed to have been completed in 1996.</p> <p>The property has a gross floor area of approximately 105.17 sq.m. (1,132.05 sq.ft.).</p> <p>According to the Certificate for Stateowned Land Use Right, Shi Chao Zhong Wai Guo Yong (95) Zi Di No. 00139 issued by the Beijing Municipal Land Administration Bureau, the term of the land use right in respect of the property is 70 years from 11th July, 1994 to 10th July, 2064.</p>	We are advised that, as at the date of valuation, the property is owner - occupied.	<p>1,280,000</p> <p>Value attributable to the Group: 1,280,000</p>

## Notes :

1. According to the Certificate for State-owned Land Use Right No. Shi Chao Zhong Wai Guo Yong (95) Zi Di No. 00139 issued by the Beijing Municipal Land Administration Bureau, the developer, has acquired a piece of land through legal procedures at the middle part of No. 1 Xibahe Nan Road, Chaoyang District, Beijing City, with an area of approximately 8,320 sq.m. (89,556.48 sq.ft.) for a land use term of 70 years from 11th July, 1994 to 10th July, 2064.
2. The salient conditions of the Contract for Oversea Pre-Sale of Beijing Municipal Property (the "Contract") entered into between the Vendor, Beijing Hua Fu Real Estate Development Company Limited, ("Party A"), and the Purchaser, Global China, ("Party B"), (signed by both parties on 13th August, 1996) are as follows:—
  - (i) The property, which has been acquired by Party B, is known as Unit 8E of Lan Yuan Mansion, Jindao Garden and has a gross floor area of approximately 105.17 sq.m. (1,132.05 sq.ft.).
  - (ii) The property was acquired by Party B at the consideration of US\$156,500.
  - (iii) Use of the property is for private residential purposes.
3. After signing this Contract, both parties must register at the Beijing Municipal Real Estate Administration Bureau, within 30 days bringing with them the aforesaid Contract together with all the necessary documents. Party A must hand over possession of the said property to Party B before 31st December, 1996 and Party A must provide the Certificate for Verification of Quality of the Completed Project issued by the Beijing Municipal Construction Project Quality Supervisory Department at the time of delivery of the property.

Within 30 days after possession of the property by Party B, both parties shall apply for the transfer of the property at the Beijing Municipal Real Estate Administration Bureau in order to obtain the All Rights Certificate for the Ownership of Real Estate for Party B.

4. We have relied on all information given by the Group and its PRC legal advisers and have prepared our valuation on the following confirmation by the PRC legal advisers:—
- (i) Global China has a legal title to the property and is entitled to transfer or assign the property interest with the residual term of the land use right at no additional premium or other costs payable to the government.
  - (ii) All land and other premium as well as other costs relating to the provision of utilities and ancillary services have been completely settled.
  - (iii) The design and construction of the development are in compliance with local planning regulations and have been approved by the relevant government authorities.
  - (iv) The property interest may be disposed of freely to both purchasers within and outside the PRC.
5. The status of title of the property interest, as well as requisite approvals, consents, permits and licences relating to the development, use and sale of the property interest in accordance with information provided by the Group and the Group's PRC legal advisers are as follows:—

Certificate for State-owned Land Use Right (for the land)	— obtained
Certificate for Overseas Pre-sale Permit	— obtained
Agreement for Overseas Pre-sale of Beijing Municipal Property	— signed by both parties
Supplementary Agreement for Overseas Pre-sale of Jindao Garden Property	— signed by both parties
Right Certificate for the Ownership of Real Estate	— has not been issued yet

*Set out below are the texts of a letter, summary of valuations and valuation certificates received from Jones Lang LaSalle, independent property valuers, in connection with their valuation, as at 31st July, 2002, of certain property interests of the Sing Tao Media Group in Hong Kong prepared for the purpose of inclusion in this document.*



Jones Lang LaSalle Limited  
Valuation Advisory Services  
16/F., Dorset House, 979 King's Road, Hong Kong  
tel + 852 2846 5000 fax + 852 2968 1688

仲量聯行有限公司  
物業估價部  
香港英皇道979號多盛大廈16樓  
電話 + 852 2846 5000 傳真 + 852 2968 1688

30th August, 2002

The Directors  
Sing Tao Media Holdings Limited  
Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Hong Kong

Dear Sirs

**Re: Valuation of Various Property Interests in Hong Kong**

In accordance with your instruction for us to carry out valuations in respect of the various property interests of Sing Tao Media Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) in Hong Kong, we confirmed that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of the property interests, as at 31st July, 2002 (“the date of valuation”).

**Basis of Valuation**

Unless otherwise stated, our valuation report is prepared in accordance with the “Hong Kong Guidance Notes on the Valuation of Property Assets” published by the Hong Kong Institute of Surveyors (“HKIS”). If the Guidance Notes are silent on subjects requiring guidance, we refer to the “Appraisal and Valuation Manual” published by the Royal Institution of Chartered Surveyors subject to variation to meet local established law, custom, practices and market conditions.

Our valuation is made on the basis of the “open market value” defined by HKIS as “the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

We have applied the definition of open market value to each property interest independently. We have therefore ignored the potential effect of selling the entire portfolio at one time. Likewise, we have valued each property as a singly property interest and we have ignored the potential effect of selling the properties on a strata title basis.

### **Valuation Methodology**

In forming our opinion of values of the property interests we have adopted direct comparison method of valuation, cross-referenced to the income capitalization approach. The direct comparison approach is based on comparing the property to be valued directly with other comparable properties, which have recently transferred its legal ownership. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The income capitalization approach is based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and our interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in our valuation have reference to our view of recent lettings, within the subject building and other comparable premises.

**Valuation Assumptions**

Our valuations have been based on our experience of valuing property interests in Hong Kong, and have been made on the assumption that the owners sell the property interests on the open market without the benefit of a deferred-terms contract, leaseback, joint venture, management agreements or any similar arrangements which would serve to affect the values of such property interests. In addition, no forced sale situation in any manner is assumed in our valuations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

**Property Inspections**

We have inspected the exterior and, where possible, the interior of the properties. In the capacity as an external valuer, we have not carried out any building survey, nor have we inspected those parts of the properties which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of the uninspected parts of the properties. This report should not be taken as making any implied representation or statement about such parts. We are not able to report that the property is free from rot, infestation or any other structural defects. No tests have been carried out to any of the services.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

**Source of Information**

We have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas, the identification of the property and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on information contained in copies of documents provided to us and are therefore only approximations. No on-site measurements have been taken.



### **Title Investigation**

We have not been provided with copies of the title documents relating to the property interests in Hong Kong. However, we have caused searches to be made for the Hong Kong properties at the appropriate Land Registries in Hong Kong. We have not scrutinized the original documents to verify ownership and encumbrances, or to ascertain any amendment which may or may not appear on the copies handed to us.

### **Plant and Machinery**

Our valuation normally includes all plant and machinery that form part of the building services installations. However, process plant, machinery and equipment which may have been installed wholly in connection with the occupiers' industrial or commercial processes, together with furniture and furnishings, tenants' fixtures and fittings are excluded in our valuation.

Our summary of valuations and the valuation certificates are attached hereto.

Yours faithfully  
For and on behalf of  
**Jones Lang LaSalle Limited**  
**Rita Wong** BBus, AHKIS, AAPI, RPS(GP)  
*National Director*  
Licence No:E-130557

*Note:* Ms. Wong is a Chartered Surveyor and a National Director with the Valuation Advisory Services Department of Jones Lang LaSalle Limited. She has over 9 years of valuation and advisory experience in various key markets in the North Asia region.

**SUMMARY OF VALUATIONS**

<b>Property</b>	<b>Capital value in existing state as at 31st July, 2002 (HK\$)</b>
1. Sing Tao Building No.1 Wang Kwong Road Kowloon Bay Kowloon Hong Kong	146,000,000
2. Flat roofs of Workshops 4-6 (inclusive) on the 3rd Floor of Block B, Workshops 1-19 (inclusive) on the 5th floor (including the flat roofs of Workshop 3 and 4) of Blocks A and B, Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) of Blocks A and B Shatin Industrial Centre Nos. 5-7 Yuen Shun Circuit, Siu Lek Yuen Sha Tin, New Territories Hong Kong	31,000,000
	<hr/> <b>Total:                    <u><u>177,000,000</u></u></b>

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
1. Sing Tao Building, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	The property comprises a 7-storey plus mezzanine floor industrial building erected on a site of approximately 44,714ft <sup>2</sup> (4,154m <sup>2</sup> ). The building was completed in 1988.	The majority portion of the property was by the Group.	HK\$146,000,000 100% property interest
New Kowloon Inland Lot No. 5925	<p>The Ground and 1st Floor of the Property are mainly used for car parking, paper storage, printing and ancillary office purposes. The mezzanine and upper floors are mainly used as ancillary offices, storage and workshop. The staff canteen is located on the 2nd Floor of the building.</p> <p>The property has a total gross floor area of approximately 277,719ft<sup>2</sup> (25,800.72m<sup>2</sup>) excluding parking, loading and unloading areas.</p> <p>The property is held from the Government under Conditions of Sale No. 11579 for a term of 99 years less the last 3 days from 1st July, 1898. The lease has been extended for a term expiring on 30th June, 2047 by virtue of the New Territories Leases (Extension) Ordinance.</p> <p>The annual government rent payable is an amount equal to 3% of the prevailing rateable value of the property.</p>	<p>Portion of 1st Floor of Block A and Rooms B505-510 in Block B on 5th Floor were let to third party tenants for a term of 2 years. Rooms A501-505 in Block A were also currently let to third party tenants for a term of 3 years. The total monthly rent receivable by the tenanted portion of the property is approximately HK\$217,553, exclusive of rates and management fees.</p>	

*Notes:*

- (1) The registered owner of the property is Hongkong Standard Newspapers Limited, which is wholly-owned by Sing Tao Media.
- (2) The following encumbrances are registered against the property:
  - Mortgage dated 25th August, 1994 vide Memorial No. 6121639 in favour of The Hongkong and Shanghai Banking Corporation Limited.
  - Assignment of Rentals dated 25th August, 1994 vide Memorial No.6121640 in favour of The Hongkong and Shanghai Banking Corporation Limited.
  - Assignment of Rentals dated 25th August, 1994 vide Memorial No. 6121641 in favour of The Hongkong and Shanghai Banking Corporation Limited by Sing Tao Limited re 8/9th of Sing Tao Building
- (3) The property has been valued with the benefit of vacant possession for the portions occupied by the Group and the premises leased to third parties have been valued subject to the existing tenancies.

Group II — Properties interest owned and occupied by the Group

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002 (HK\$)
2. Flat roofs of Workshops 4-6 (inclusive) on 3rd Floor of Block B, Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) of Blocks A and B, Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) of Blocks A and B, Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Siu Lek Yuen, Sha Tin, New Territories, Hong Kong	<p>The property comprises various units and floors, flat roofs and portion of main roof in two 7-storey industrial blocks, namely Block A and B of Shatin Industrial Centre. The development was completed in 1988.</p> <p>The property has a total saleable area of approximately 89,855ft<sup>2</sup> (8,348m<sup>2</sup>) together with Flat Roofs of approximately 17,162ft<sup>2</sup> (1,594.4m<sup>2</sup>) and Main Roof of approximately 25,911ft<sup>2</sup> (2,407.19m<sup>2</sup>).</p> <p>The property is held from the government under New Grant No. 11936 for a term from 23rd January, 1986 to 30th June, 2047. The annual government rent payable is an amount equal to 3% of the prevailing rateable value of the property.</p>	The property was occupied by the Group and used for printing business as at the date of valuation.	HK\$31,000,000 100% property interest
576/4,620th shares of and in Sha Tin Town Lot No. 261			

Notes:

- (1) The registered owned of the property is Wealthpop Limited, which is wholly-owned by Sing Tao Media.
- (2) According to out recent land registry search, the following encumbrances are registered against the property:
  - The property is subject to a Sealed Copy Writ of Summons dated 14th June, 1997 in favour of KML Limited “Plaintiff” and Wealthpop Limited “Defendant” in the Supreme Court of Hong Kong High Court No. A6338 of 1997 vide Memorial No. 962697 (Re: Workshops 1-6 (inclusive) and 24 on the 3rd Floor (including the flat roofs of Workshops 1-6 (inclusive) and 24) of Block B).
  - Sealed Copy Order dated 9th September, 1998 registered vide Memorial No. 1051702 in favour of KML Limited “Plaintiff” and Wealthpop Limited “Defendant” in the Supreme Court of Hong Kong High Court No. A6338 of 1997 (Re: Workshops 1-6 (inclusive) and 24 on the 3rd Floor (including the flat roofs of Workshops 1-6 (inclusive) and 24) of Block B and Car Parking Spaces Nos. V20 and V25 on the First Floor).
  - Lease in favour of South China Printing Company Limited “the Tenant” for a term of 5 calendar years from 19th April, 2002 to 18th April, 2007 at a consideration of HK\$1.0 exclusive of the service charges, rates and government rent (Re: Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) and Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) in Block A and Workshops 1-19 (inclusive) on the 5th Floor (including the flat roofs of Workshops 3 and 4) and Workshops 1-15 (inclusive) on the 6th Floor (including the flat roofs of Workshops 1 and 2 and the roof immediately above Workshops 2-14 (inclusive) in Block B, Shatin Industrial Centre, 5-7 Yuen Shun Circuit, Sha Tin, New Territories))
- (3) The Property has been valued with the benefit of vacant possession.

*Set out below are the texts of a letter, summary of valuations and valuation certificates received from Cushman & Wakefield, independent property valuers, in connection with their valuation, as at 31st January, 2002 and 13th August, 2002, of certain property interests of the Sing Tao Group outside Hong Kong and the PRC, prepared for the purpose of inclusion in this document.*

**Cushman & Wakefield (HK) Limited**

6/F, Henley Building  
5 Queen's Road Central, Hong Kong  
Tel: (852) 2956 3888  
Fax: (852) 2526 7460



30th August, 2002

The Directors  
Sing Tao Media Holdings Limited  
6/F., Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Kowloon

Dear Sirs

In accordance with your instructions for us to carry out valuations in respect of various property interests of Sing Tao Media Holdings Limited (the "Company") and its subsidiaries (hereinafter together with the Company referred to as the "Group") outside Hong Kong and the People's Republic of China, we have pleasure in reporting to you as follows:

**1. SCOPE OF INSTRUCTIONS**

- 1.1 We have considered those properties of the Group as set out in Appendix I to this letter.
- 1.2 We are instructed to prepare this valuation for the purposes of the Hong Kong Code on Takeover and Mergers.
- 1.3 The effective date of the valuation is as at 31st January, 2002 and 13th August, 2002.
- 1.4 The valuation has been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of Property Assets, published by The Royal Institute of Chartered Surveyors (Hong Kong Branch) and The Hong Kong Institute of Surveyors, together with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

## 2. BASIS OF VALUATION

- 2.1. As instructed and in accordance with the statutory requirements, the valuations have been prepared on the basis as set out below.
- 2.2. Properties which are held as investments or held for sale have been valued on the following basis:

### **Open Market Value**

This is defined as “An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
  - (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
  - (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
  - (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
  - (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”
- 2.3. The valuation of properties primarily occupied by the Group has been prepared on the following basis;

### **Open Market Value — Existing Use Value**

This is defined as “An opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming;

- (a) a willing seller;

- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest;
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion;
- (f) that the property can be used for the foreseeable future only for the existing use; and
- (g) that vacant possession is provided on completion of the sale of all parts of the property occupied by the business.”

### **3. TENURE AND TENANCIES**

- 3.1 We have not had access to the title deeds or leases and our valuation has been based on the information which you have supplied to us as to tenure, tenancies and statutory notices.
- 3.2 Unless disclosed to us to the contrary and recorded in Appendix II to this letter, our valuation is on the basis that:
  - (a) based in the advice given by the Group’s legal adviser practising in the relevant jurisdictions, each property possesses a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances;
  - (b) in respect of leasehold properties, there are no unreasonable or unusual clauses which would affect value and no unusual restrictions or conditions governing the assignment or disposal of the interest;
  - (c) leases to which the properties are subject contain no unusual or onerous provisions or covenants which would affect value;
  - (d) in respect of leases subject to impending or outstanding rent reviews and lease renewals, we have assumed that all notice have been served validly and within appropriate time limits; and

- (e) vacant possession can be given of all accommodation which is unlet, or occupied either by the Company or any member of the Group or by their respective employees on service occupancies.

#### **4. PLANNING AND ZONING**

- 4.1 We have not made formal searches, but have generally relied on verbal inquiries and any informal information received from the local planning authority.
- 4.2 In the absence of information to the contrary, our valuation is on the basis that the properties are not affected by proposals for road widening or Compulsory Purchase.
- 4.3 Our valuation is on the basis that each property has been erected either prior to planning control or in accordance with a valid planning permission and is being occupied and used without any breach.

#### **5. STRUCTURE**

- 5.1 We have neither carried out a structural survey of any property nor tested any services or other plant or machinery. We are therefore unable to give any opinion on the condition of the structure and services. However, our valuation takes into account any information supplied to us and any defects noted during our inspection. Otherwise, our valuation is on the basis that there are no latent defects, wants of repair or other matters which would materially affect our valuation.
- 5.2 We have not inspected those parts of any property that are covered, unexposed or inaccessible and our valuation is on the basis that they are in good repair and condition.
- 5.3 We have not investigated the presence or absence of high alumina cement, calcium chloride, asbestos and other deleterious materials. In the absence of information to the contrary, we have taken into account any information which you have supplied to us on these aspects, but otherwise our valuation is on the basis that no hazardous or suspect materials and techniques have been used in the construction of any property. You may wish to arrange for investigations to be carried out to verify this.



**6.    SITE AND CONTAMINATION**

- 6.1    We have not investigated ground conditions/stability and our valuation is on the basis that all buildings have been constructed having appropriate regard to existing ground conditions. In respect of the properties with development potential, our valuation is on the basis that there are no adverse ground conditions that would affect building costs. However, where you have supplied us with a building cost estimate, we have relied on it being based on full information regarding existing ground conditions.
- 6.2    We have not carried out any investigations or tests, nor been supplied with any information from you or from any relevant expert that determines the presence or otherwise of pollution or contaminative substances in the subject or any other land (including any ground water). Accordingly, our valuation has been prepared on the basis that there are no such matters that would materially affect our valuation. Should this basis be unacceptable to you or should you wish to verify that this basis is correct, you should have appropriate investigations made and refer the results to us so that we can review our valuation.

**7.    PLANT AND MACHINERY**

- 7.1    In respect of the freehold properties, usual landlord's fixtures such as lifts, escalators and central heating have been treated as an integral part of the building and are included within the asset valued. In the case of the leasehold properties, unless advised to the contrary, these items have been treated as belonging to the landlord upon reversion of the lease.
- 7.2    Process related plant/machinery and tenants' fixtures/trade fittings have been excluded from our valuation.
- 7.3    We have assumed that any building services that incorporate electronic devices necessary for their proper functioning, and the software that operates such devices, are Millennium compliant, or can be rendered so compliant at no significant cost. You should satisfy yourself by taking appropriate expert advice as to the validity of this assumption.

**8.    INSPECTIONS**

- 8.1    We, or companies within our global network, have inspected the properties internally and externally from ground level. We have calculated in accordance with locally accepted valuation practise, those floor areas referred to in Appendix II to this letter. Both those and any reference to the age of buildings are approximate.

**9.      GENERAL PRINCIPLES**

- 9.1      Our valuation is based on the information which either you have supplied to us or which we have obtained from our inquiries. We have relied on this being correct and complete and on there being no undisclosed matters which would affect our valuation.
- 9.2      In respect of tenants' covenants, whilst we have taken into account information of which we are aware, we have not received a formal report on the financial status of the tenants. We have not been supplied with any information to indicate that there are material arrears or that the occupiers are unable to meet their commitments under the leases. Our valuation is on the basis that this is correct. You may wish to obtain further information to verify this.
- 9.3      No allowances have been made for any expenses of realization or any taxation liability arising from a sale or development of any property.
- 9.4      No account has been taken of any leases granted between subsidiaries of the Company, and no allowance has been made for the existence of a mortgage, or similar financial encumbrance on or over the properties.
- 9.5      Our valuation is exclusive of any local government taxes.
- 9.6      A purchase of the properties is likely to obtain further advice or verification relating to certain matters referred to above before proceeding with a purchase. You should therefore note the conditions on which this valuation has been prepared. The valuation of the properties has been undertaken by a qualified valuer in the country where the property is located.
- 9.7      Where grants have been received, no allowance has been made in our valuation for any requirement to repay the grant in the event of a sale of any property. The valuation of any property on the basis of depreciated replacement cost has been assessed gross of any grant which may be receivable.
- 9.8      Our valuation does not make allowance either for the cost of transferring sale proceeds from the country in which the properties are located to another or elsewhere within the Group, or for any restrictions on doing so.

**10. VALUATION**

10.1 Subject to the foregoing, and based on values current as at 31st January, 2001 and 13th August, 2002, we are of the opinion that the Open Market Value/Existing Use Value of the properties, as set out in Appendix I to this letter, is the total sum of HK\$85,450,864 (Eighty-five million four hundred fifty thousand eight hundred and sixty-four Hong Kong dollars).

10.2 This sum may be apportioned as follows:

	<b>Freehold</b> <i>HK\$</i>
(i) Properties primarily occupied by the Group	82,339,529
(ii) Properties held as investments	<u>3,111,335</u>
<b>TOTAL</b>	<b><u>85,450,864</u></b>

10.3 The property interests have been valued in foreign currencies and such valuations have been translated into Hong Kong dollars at the rates of exchange stated in Appendix I to this letter.

10.4 We set out the value ascribed to each property in Appendix I and Appendix II to this letter.

10.5 The valuation stated above represents the aggregate of the current values attributable to the individual properties and should not be regarded as a valuation of the portfolio as a whole in the context of a sale as a single lot.

Yours faithfully  
For and on behalf of  
**Cushman & Wakefield (HK) Limited**  
**Simon Lynch**  
BSc (Hons), MRICS, AHKIS  
*Associate Director*

*Note:* Mr. Simon Lynch is a Member of the Royal Institution of Chartered Surveyors and an Associate of the Hong Kong Institute of Surveyors and has 10 years experience in the valuation of property in Hong Kong and the United Kingdom.

**APPENDIX I**

**SUMMARY OF VALUATION**

**Group I — Properties owned and occupied by the Group**

		<b>Capital value in existing state as at 13th August, 2002</b>	<b>Sing Tao Media ownership interest</b>	<b>Valuation of Sing Tao Media interest as at 13th August, 2002 (HK\$)</b>
<i>United States of America</i>				
1.	215 Littlefield Avenue South, San Francisco, USA	US\$2,000,000	100%	15,599,600
2.	625 Kearny Street, San Francisco, USA	US\$950,000	100%	7,409,810

		<b>Capital value in existing state as at 31st January, 2002</b>	<b>Sing Tao Media ownership interest</b>	<b>Valuation of Sing Tao Media interest as at 31st January, 2002 (HK\$)</b>
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*United States of America*

3.	907-11 Flushing Ave., 449-51 Bushwick Ave., Brooklyn, New York, Block 3123, Lots 2 and 67, USA	US\$1,000,000	100%	7,799,800
4.	188 Lafayette Street, New York, USA	US\$3,000,000	100%	23,399,400

*United Kingdom*

5.	46 Dean Street, London, W1, England	£1,100,000	100%	12,084,270
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*Canada*

6.	411-7 Dundas Street West, Toronto, Canada	C\$3,275,000	100%	16,046,649
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**Group II — Properties held for investment purposes**

*Canada*

7.	125 Parliament Street, Toronto, Canada	C\$635,000	100%	3,111,335
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**APPENDIX II**

<b>Property</b>	<b>Description, age and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 13th August, 2002</b>
<i>USA</i>			
1. 215 Littlefield Ave, South San Francisco, California, USA	<p>A single storey concrete tilt-up industrial building. The property is used for light industrial purposes (printing).</p> <p>The property has 46 on-site surface parking spaces for a parking ratio of 3.25 spaces per 1,000ft<sup>2</sup>. There are two dock-high overhead doors.</p> <p>The building was constructed in 1958 and has a gross floor area of 1,387.4m<sup>2</sup>. (14,935ft<sup>2</sup>) on a site area of 4,977m<sup>2</sup>. (53,580ft<sup>2</sup>).</p> <p>The existing site coverage ratio is 28% and we understand city zoning will permit up to a 60% coverage ratio.</p> <p>The property is held freehold.</p>	The property is occupied by Sing Tao Newspapers.	US\$2,000,000

*Notes:*

- (1) The registered owner of the property is Sing Tao Newspapers San Francisco Ltd., which is a wholly-owned subsidiary of Sing Tao Media.
- (2) The property has a good corner location with good truck access. Given the excess land we believe that potential purchasers of the building may look to expand the existing facility on site.

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**APPENDIX VI                      PROPERTY VALUATIONS — SING TAO MEDIA HOLDINGS LIMITED**


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<b>Property</b>	<b>Description, age and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 13th August, 2002</b>
2. 625 Kearny Street, San Francisco, California, USA	<p>A three storey masonry office building with ground floor retail use. The property is used for office and retail purposes.</p> <p>The property is situated at the northeast corner of Kearny Street and Commercial Street on a 762 square foot site.</p> <p>The building was constructed in 1907 and has a gross floor area of 2,800ft<sup>2</sup>.</p> <p>The property is held freehold.</p>	The property is occupied by Sing Tao Newspapers.	US\$950,000

*Notes:*

- (1) The registered owner of the property is Sing Tao Newspapers San Francisco Ltd., which is a wholly-owned subsidiary of Sing Tao Media.
- (2) The property has a good corner location and excellent commercial exposure.
- (3) The San Francisco properties were valued by Mr. John Vaughan of Cushman & Wakefield Advisory Services, (Associate Member of Appraisal Institute) State of California Certified General Real Estate Appraiser (ID# AG002680) and by Mr. Rob Perrino, Mr. John Vaughan of Cushman & Wakefield Advisory Services, has more than 10 years of Real Estate Appraisal and Consulting experience throughout California. Mr. Rob Perrino is a Director of Valuation and Advisory Services. San Jose and San Francisco Divisions are responsible for the appraisal and consulting functions of Cushman & Wakefield California, Inc.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
3. 907-11 Flushing Avenue & 449-51 Bushwick Avenue, Brooklyn, New York	<p>The property consists of a 1 and part 2-storey masonry and steel frame industrial/office building that was constructed in 1931 and renovated and expanded in 1988. As of the inspection date, 28th January, 2001, the property appeared to be in good condition.</p> <p>The improvements contain a gross building area of 15,314±ft<sup>2</sup> (10,231ft<sup>2</sup> on 1st Floor; 5,083ft<sup>2</sup> on 2nd Floor) of which approximately 10,174±ft<sup>2</sup> or 66.4% is office area with the remaining 5,140ft<sup>2</sup> located at the rear of the building utilized as manufacturing space to print newspapers. The building is 100% air conditioned. The interior layout consists of office and light industrial use on the ground floor with offices on the second floor. There is small basement area used for storage. The property is zoned M1-1 (Light Industrial District).</p> <p>The site is irregular in shape and contains an area of 18,870±ft<sup>2</sup> or 0.4332 acre of land. The property can be accessed from both streets (Flushing Avenue or Bushwick Avenue). Frontage along Flushing Avenue measures approximately 102 feet, while Bushwick Avenue has about 72 feet of frontage. Part of the site that fronts on Bushwick Avenue serves as a truck parking lot and loading area.</p> <p>The 2000/2001 Assessed Value is US\$170,280 (US\$52,578 for land; \$117,702 for building). Based on the 2001 tax rate of US\$9.768 per US\$100 of assessed value, total annual real estate taxes are US\$16,633 or US\$1.09/ft<sup>2</sup> of gross building area.</p> <p>The property is held by Sing Tao Newspapers New York Ltd. in fee simple.</p>	<p>The property is 100% owner occupied by Sing Tao Newspapers New York Ltd.</p>	<p>U.S. dollars at \$1,000,000</p>

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
4. 188 Lafayette Street, New York	<p>The property consists of a 5-storey and basement masonry and steel frame office building that was constructed in 1998. As of the date of inspection, 28th January, 2001, the property appeared to be in excellent condition.</p> <p>The improvements contain a gross building area of 16,200ft<sup>2</sup>. Approximately 13,500ft<sup>2</sup> are on floors 1-5 and the remaining 2,700ft<sup>2</sup> is finished basement area. The building is 100% air conditioned. The interior layout primarily consists of general office finish.</p> <p>The site is basically rectangular in shape and contains an area of 2,830±ft<sup>2</sup>. Frontage along Lafayette Street measures 144± feet, while Broome Street has about 20± feet of frontage. The building floor plate takes up the entire site.</p> <p>The property is held by Sing Tao Newspapers New York Ltd. in leased fee.</p>	<p>Sing Tao Newspapers New York Ltd. occupies 900ft<sup>2</sup> on the 1st Floor, 2,700ft<sup>2</sup> on the 2nd Floor and 2,100ft<sup>2</sup> on the 3rd Floor for a total of 5,700ft<sup>2</sup> or 35.2% of the building. The remaining area is leased to third parties as follows:</p> <p><b>Basement (2,700ft<sup>2</sup>) and 1st Floor (1,800ft<sup>2</sup>)</b></p> <p>This area (4,500 ft<sup>2</sup> total) is leased to Jan Galleries Inc. from April, 2000 to March, 2006 at an annual rent of US\$84,000 or US\$19.09/ft<sup>2</sup> (Years 1 and 2), US\$96,000 or US\$21.82/ft<sup>2</sup> (Years 3 and 4) and US\$108,000 or US\$24.55/ft<sup>2</sup> (Years 5 and 6). The tenant pays all operating expenses and their pro rata share of increase in real estate taxes over a 2000/2001 tax base.</p> <p><b>Third Floor (600ft<sup>2</sup>)</b></p> <p>This area is leased to Acupuncture Therapeutic Care PC from September, 1999 to August, 2004 at an annual rent of US\$19,200 or US\$32/ft<sup>2</sup> (Year 1) increasing 6% per annum over the lease term. The tenant pays utilities and their pro rata share of increases in real estate taxes over a 1999/2000 tax base.</p>	U.S. dollars at \$3,000,000

*Note:*

- (1) The registered owner of the property is Sing Tao Newspapers New York Ltd., which is a wholly-owned subsidiary of Sing Tao Media.



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**APPENDIX VI                      PROPERTY VALUATIONS — SING TAO MEDIA HOLDINGS LIMITED**


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Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st January, 2002
		<p><b>Fourth Floor (2,700ft<sup>2</sup>)</b></p> <p>This space is leased to US Science &amp; Technology Corp. from January, 1999 to December, 2003 at an annual rent of US\$45,600 or US\$16.89/ft<sup>2</sup> (Year 1) increasing 5% per annum over the lease term. The tenant pays all operating expenses and 20% of increases in real estate taxes over a 1998/1999 tax base. There is a US\$3,000 cap on the tax recovery charge.</p>	
		<p><b>Fifth Floor (2,700ft<sup>2</sup>)</b></p> <p>This space is leased to Eth &amp; Pyc Inc. from January, of 1999 to December, of 2003 at an annual rent of US\$45,600,000 or US\$16.89/ft<sup>2</sup> (Year 1) increasing 4% per annum over the lease term. The tenant pays all operating expenses and 20% of increases in real estate taxes over a 1998/1999 tax base. There is a US\$3,000 cap on the tax recovery charge.</p>	

*Notes:*

- (1) The registered owner of the New York properties is Sing Tao Newspaper New York Ltd., which is a wholly-owned subsidiary of Sing Tao Media.
- (2) The New York properties were valued by Mr. George Rago, who is an Appraiser and the Senior Director in the Valuation and Advisory Services Branch in the New York Midtown office. Mr. Rago is a Certified General Real Estate Appraiser and a Member of the Appraisal Institute — MAI.

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**APPENDIX VI                      PROPERTY VALUATIONS — SING TAO MEDIA HOLDINGS LIMITED**


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<b>Property</b>	<b>Description, age and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31st January, 2002</b>
<i>United Kingdom</i>			
5. United Kingdom London, W1 46 Dean Street, Soho	<p>The property is situated in a corner position fronting Dean Street and Old Compton Street.</p> <p>The property comprises office accommodation over basement, ground, and three upper floors. The building is of brick construction with timber framed windows under a tiled pitched roof. The property was built approximately 150 years ago and has a net internal floor area of approximately 277m<sup>2</sup>. (2,795ft<sup>2</sup>).</p> <p>The property is held freehold by the company and is currently occupied as an office</p>	None	£1,100,000

*Notes:*

- (1) The registered owner of the property is Sing Tao (U.K.) Ltd., which is a wholly-owned subsidiary of Sing Tao Media.
- (2) Valued by Mr. Michael Thompson of Cushman & Wakefield Healey & Baker, who is a Member of the Royal Institution of Chartered Surveyors and has 6 years experience in the valuation of property in the United Kingdom.

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**APPENDIX VI                      PROPERTY VALUATIONS — SING TAO MEDIA HOLDINGS LIMITED**


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<b>Property</b>	<b>Description, age and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31st January, 2002</b>
<i>Canada</i>			
6. 411-7 Dundas Street West, Toronto, Ontario, Canada	3-storey (plus partly raised basement with separate walk-down from street level) retail/office building	The ground floor is occupied by Sing Tao (2,300ft <sup>2</sup> ) and TD-Canada Trust (3,100ft <sup>2</sup> ); the second floor is occupied by three office tenants; the third floor and the basement are vacant	C\$3,275,000
Part of Lots 6 and 7, Plan D-116	Erected in 1984		
	Site Area: 8,019ft <sup>2</sup>		
	Gross floor area: 23,000ft <sup>2</sup>		
	Rentable floor area: 18,500ft <sup>2</sup>		
	On-site parking space for five cars		
	Freehold property		

*Note:* The registered owner of the property is Sing Tao (Canada) Ltd., which is a wholly-owned subsidiary of Sing Tao Media.

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**APPENDIX VI                      PROPERTY VALUATIONS — SING TAO MEDIA HOLDINGS LIMITED**


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<b>Property</b>	<b>Description, age and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31st January, 2002</b>
7. 125 Parliament Street, Toronto, Ontario, Canada	Three storey (plus raised basement) retail/apartment building	The property is fully occupied by twelve individual residential tenants and one retail tenant.	C\$635,000
Part Lot 6, Plan 108 (designated as Part 1 & 2 on Reference Plan 63R-4077: City of Toronto	Retail use in the raised basement and twelve one-bedroom apartments on the upper floors  Site area: 3,193ft <sup>2</sup>  Gross floor area: 8,000ft <sup>2</sup>  On site parking space for four cars  Freehold property	It is managed by Realty-Pro Management Services Inc.	

*Notes:*

- (1) The registered owner of the property is 1281139 Ontario, Inc, which is a wholly-owned subsidiary of Sing Tao Media.
- (2) The Toronto properties were valued by Mr. Danny Ip, MRICS, ACCI who is the Senior Appraisal Consultant of Royal LePage Advisers, Inc.

*Currency:*                      The properties were valued in overseas currencies have been translated into Hong Kong dollars at the following rates:

*US\$1 = HK\$7.7998*  
*C\$1 = HK\$4.89974*  
*UK£1 = HK\$10.9857*

**Cushman & Wakefield (HK) Limited**

6/F, Henley Building  
5 Queen's Road Central, Hong Kong  
Tel: (852) 2956 3888  
Fax: (852) 2956 2323  
web: www.cushwakeasia.com



The Directors  
Sing Tao Media Holdings Limited  
6/F, Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Kowloon

30th August, 2002

Dear Sirs,

**RE: PROPERTIES OF SING TAO MEDIA HOLDINGS LIMITED**

Our group of companies, including our overseas offices, has previously estimated the capital values of the properties itemized as (3), (4), (5), (6) and (7) in Appendix I to our letter to Global China Technology Group Limited dated 30th August, 2002 in their “existing state” as of 31st January, 2002 in U.S. dollars at \$1,000,000 (Brooklyn), \$3,000,000 (New York), £1,100,000 (London), C\$3,275,000 (Dundas Street) and C\$635,000 (Parliament Street).

Based upon the knowledge of our group the current market conditions for properties such as these five assets in their respective locations, it is the opinion of our group that the current valuation of these properties would not be materially different from what was estimated as of 31st January, 2002.

Yours faithfully,  
**Cushman & Wakefield (HK) Limited**  
**Simon Lynch**  
BSc (Hons) MRICS AHKIS  
*Associate Director*

Simon Lynch is a Member of the Royal Institution of Chartered Surveyors and an Associate of the Hong Kong Institute of Surveyors and has 10 years experience in the valuation of property in Hong Kong and the United Kingdom.

**1. RESPONSIBILITY STATEMENT**

The information in this document relating to the Offeror, the Global China Group, the terms and conditions of the Offer and the Offeror's intentions regarding Sing Tao Media has been supplied by Global China. The directors of Global China jointly and severally accept full responsibility for the accuracy of the information contained in this document, other than that relating to Sing Tao Media, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document, other than those relating to Sing Tao Media, have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any such statement contained in this document misleading.

**2. CORPORATE INFORMATION OF THE OFFEROR AND GLOBAL CHINA**

(a) (i) The Offeror is a company which was incorporated in the British Virgin Islands on 28th December, 2000 with limited liability. Global China owns 1 ordinary share of US\$1.00 each in the issued share capital, representing the entire issued share capital of the Offeror.

(ii) The directors of the Offeror are Mr. Wong Wai Ming and Ms. Inn, Judy.

(iii) The registered address of the Offeror is P. O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.

(b) (i) Global China is a company which was incorporated in Bermuda on 26th April, 1996 with limited liability. The directors of Global China are:

Mr. Ho Tsu Kwok, Charles (*Chairman*)

Mr. Young Terrence (*Deputy Chairman*)

Ms. Inn, Judy

Mr. Jia Hong Ping, Michael

Mrs. Sy Wong Chor Fong

Mr. Wong Wai Ming

Mr. Yang Yiu Chong, Ronald Jeffrey

Mr. Leung Chun Ying

Ms. Ho Chiu King, Pansy

Dr. Tong Yuk Lun, Paul

(ii) The registered address of Global China is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) Luckman Trading Limited is the ultimate holding company of Global China.

Luckman Trading Limited is a company incorporated in the British Virgin Islands with limited liability, whose entire issued capital is wholly and beneficially owned by Mr. Ho Tsu Kwok, Charles, the chairman of Global China.

## 3. SHARE CAPITAL OF GLOBAL CHINA

The authorized and issued share capital of Global China as at the Latest Practicable Date were as follows:

	<i>HK\$'000</i>
<i>Authorised:</i>	
4,708,513,092 ordinary shares of HK\$0.10 each	470,851
1,291,486,908 5% redeemable cumulative convertible preference shares of HK\$0.10 each	129,149
	<u>600,000</u>
<i>Issued and fully paid:</i>	
1,470,345,273 ordinary shares of HK\$0.10 each	147,035
1,159,486,908 5% redeemable cumulative convertible preference shares of HK\$0.10 each	74,068
	<u>221,103</u>

Apart from the options and the convertible preference shares as disclosed in this document, there is no other warrants or conversion rights outstanding which will affect the shares of Global China.

A summary of the changes in the share capital of Global China during the year ended 31st March, 2001 is as follows:

**Ordinary shares**

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Issued and fully paid <i>HK\$'000</i></b>
As at 1st April, 2000		498,587,574	49,859
Issue of new shares to Luckman Trading Limited ("Luckman")	<i>(i)</i>	607,396,000	60,740
Issue of new shares to Ontario Municipal Employees Retirement System	<i>(ii)</i>	27,852,389	2,785
Exercise of options	<i>(iii)</i>	275,000	27
Exercise of warrants	<i>(iv)</i>	204,008,310	20,401
As at 31st March, 2001		<u>1,338,119,273</u>	<u>133,812</u>

- (i) 607,396,000 shares of HK\$0.10 each were issued for cash at a subscription price of HK\$0.6388 per share for a total cash consideration, before expenses, of HK\$388,005,000.
- (ii) 27,852,389 shares of HK\$0.10 each were issued for cash at a subscription price of HK\$2.13 per share for a total cash consideration, before expenses, of HK\$59,326,000.
- (iii) The subscription rights attaching to 275,000 share options were exercised at the subscription price of HK\$0.83 per share, resulting in the issue of 275,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$228,000.
- (iv) The subscription rights attaching to 204,008,310 warrants were exercised at the subscription price of HK\$0.40 per share, resulting in the issue of 204,008,310 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$81,603,000.

A summary of the changes in the share capital of Global China during the nine months ended 31st December, 2001 is as follows:

**(a) Ordinary shares**

	<i>Notes</i>	<b>Number of ordinary shares</b>	<b>Issued and fully paid HK\$'000</b>
As at 1st April 2001		1,338,119,273	133,812
Issue of new shares to Luckman	<i>(i)</i>	132,000,000	13,200
Exercise of options	<i>(ii)</i>	226,000	23
As at 31st December 2001		<u>1,470,345,273</u>	<u>147,035</u>

- (i) On 20th June 2001, Luckman paid up the remaining 90% of the cash subscription price of HK\$0.6388 per share for 132,000,000 preference shares so as to enable it to exercise the conversion rights attached to these fully paid-up preference shares. The net proceeds received by Global China therefor amounted to approximately HK\$76 million and such conversion resulted in 132,000,000 ordinary shares of Global China being issued to Luckman and credited as fully paid. Upon completion of the conversion, Luckman became interested in 739,396,000 ordinary shares or 50.29% of Global China's then enlarged issued ordinary share capital.
- (ii) The subscription rights attaching to 226,000 share options were exercised at the subscription price of HK\$0.4032 per share, resulting in the issue of 226,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$91,000.



**(b) Preference shares**

	<b>Number of preference shares</b>	<b>Issued and partly paid <i>HK\$'000</i></b>
As at 1st April, 2001	1,291,486,908	82,500
Converted into ordinary shares	(132,000,000)	(8,432)
As at 31st December, 2001	<u>1,159,486,908</u>	<u>74,068</u>

During the year ended 31st March 2001, 1,291,486,908 preference shares were issued at a cash subscription price of HK\$0.6388 per share to Luckman and, have been partly paid up as to 10% of the subscription price, except for the 132,000,000 preferences shares, which were fully paid up during the period and converted into ordinary shares. At 31st December 2001, there were 1,159,486,908 preferences shares in issue, and such preference shares were partly paid up as to 10% of the subscription price.

The holders of the preference shares may elect to advance to Global China all or part of moneys uncalled or unpaid on any such preference shares. However, Global China is not permitted to make calls with respect to amounts unpaid on such partly paid preference shares.

The holders of preference shares are entitled to fixed cumulative preferential dividends at the rate of 5% per annum provided that the preference shares have been fully paid up.

The preference shares are convertible into new ordinary shares of Global China upon being fully paid up, in the period between 20th July, 2000 and 19th July, 2002, in the ratio of one new ordinary share for every preference share. In June 2001, Luckman converted 132,000,000 preference shares into ordinary shares upon the relevant preference shares being paid up. On 19th July, 2002, Global China received a conditional notice from Luckman Trading Limited informing Global China of its intention to convert 36,000,000 convertible preference shares subject to and conditional upon the completion of the Placing.

In addition, the preference shares are redeemable at any time by their holders for the amount paid up together with any arrears or accruals of the fixed cumulative preferential dividend on the preference shares, subject to the provisions of the Companies Act of Bermuda.

Save as disclosed above, there have been no alterations in the issued share capital of Global China during the two financial years preceding the commencement of the Offer Period.

#### 4. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the offeror is interested in 312,624,443 STM Shares, representing about 74.5% of the then issued share capital of Sing Tao Media.

As at the Latest Practicable Date, Mr. Ho Tsu Kwok, Charles, the chairman of Global China beneficially holds 1,428,000 STM Shares representing 0.34% of the issued share capital of Sing Tao Media.

As at the Latest Practicable Date, the interests of the directors and their associates in the share capital of Global China or any of its associated corporations, as recorded in the register maintained by Global China pursuant to Section 29 of the SDI Ordinance, were as follows:

##### Global China

Name of directors	Number of ordinary shares held			Notes
	Personal interest	Family interests	Corporate interests	
Mr. Ho Tsu Kwok, Charles	—	—	739,396,000	(1)
Mrs. Sy Wong Chor Fong	1,250,000	—	163,919,000	(2)
Mr. Wong Wai Ming	186,000	—	—	
Ms. Inn, Judy	100,000	—	—	

Name of directors	Number of ordinary shares held			Notes
	Personal interest	Family interests	Corporate interests	
Mr. Ho Tsu Kwok, Charles	—	—	1,159,486,908	(1)

##### Notes:

- (1) These shares are held by Luckman Trading Limited, a company whose entire issued share capital is owned by Mr. Ho Tsu Kwok, Charles. The figure does not take into account the 36,000,000 new GCT Shares to be issued and allotted to Luckman Trading Limited upon the Conversion, which is conditional upon the completion of the Placing. The conditional conversion notice has been received by Global China on 19th July, 2002.
- (2) These shares are held by Stagelight Group Limited, a company whose entire issued share capital is owned by Fine Garden Group Limited, which is in turn wholly owned by Mrs. Sy Wong Chor Fong and her family members.

Save as disclosed above and other than certain nominee shares in subsidiaries held by Mrs. Sy Wong Chor Fong and Mr. Wong Wai Ming in trust for the Global China Group,

as at the Latest Practicable Date, none of the directors of Global China or their associates had any interest in the share capital of Global China or its associated corporations as defined in the SDI Ordinance.

The following share options were outstanding under the share option scheme of Global China as at the Latest Practicable Date:

Name or category of participant	Number of share options at 1st April, 2001	Number of share options granted during the period	Number of share options lapsed during the period	Number of share options outstanding at 31st December, 2001	Date of grant of share options	Price of Global China's shares**		
						Exercise period of share options	Exercise price of share options <sup>c</sup>	At grant date of options
<b>Directors</b>								
Ms. Inn, Judy	10,000,000	—	—	10,000,000	23-10-00	24-10-00 to 23-10-10	0.8704	—
	—	3,000,000	—	3,000,000	31-8-01	20-9-02 to 19-9-11	0.3528	0.41
Mr. Jia Hong Ping, Michael	3,500,000	—	—	3,500,000	23-10-00	01-12-00 to 23-10-10	0.8704	—
Mrs. Sy Wong Chor Fong	2,500,000	—	(2,500,000)	—	8-9-97	1-10-99 to 30-9-01	2.60	—
	1,250,000	—	(1,250,000)	—	1-4-98	1-10-99 to 30-9-01	0.83	—
	3,500,000	—	—	3,500,000	3-1-00	1-1-01 to 31-12-02	1.35	—
	754,000	—	—	754,000	23-10-00	24-10-00 to 23-10-10	0.8704	—
	—	400,000	—	400,000	31-8-01	20-9-02 to 19-9-11	0.3528	0.41
Mr. Wong Wai Ming	30,000,000	—	—	30,000,000	23-10-00	24-10-00 to 23-10-10	0.8704	—
	—	6,000,000	—	6,000,000	31-8-01	20-9-02 to 19-9-11	0.3528	0.41
Mr. Young Terrence	2,000,000	—	—	2,000,000	23-10-00	24-10-00 to 23-10-10	0.8704	—
Mr. Yang Yiu Chong, Ronald Jeffrey <sup>a</sup>	1,960,000	—	—	1,960,000	24-9-00	25-9-00 to 24-9-10	0.9184	—
	—	2,700,000	—	2,700,000	31-8-01	20-9-02 to 19-9-11	0.3528	0.41

\* The exercise price of the options is subject to adjustment in the case of rights or bonus issues, or other similar changes in Global China's share capital.

\*\* The price of Global China's shares disclosed at grant date of options is the closing price on the Stock Exchange on the trading day immediately prior to the date of offer of the grant of the options. The price of Global China's share disclosed at exercise date of options is the weighted average of the closing prices on the exercise dates on the Stock Exchange.

\*\*\* The represented series of options granted to employee with exercise prices ranging from HK\$0.3528 to HK\$0.584, exercise periods starting on the earliest on 2nd April, 2001 and ending on the latest on 23rd December, 2011, the prices of Global China's shares at grant date of options ranged from HK\$0.33 to HK\$0.74.

As at the Latest Practicable Date, save as disclosed in this paragraph 4 of each of Appendix VII and Appendix VIII:

— none of the directors of Global China and the Offeror, including their respective spouses, children under the age of 18, related trusts and companies controlled by them, had any interest in securities of Global China, the Offeror and Sing Tao Media;

- none of the Offeror or any other person acting in concert with the Offeror had any interest in securities of Global China, the Offeror and Sing Tao Media;
- the defined contribution retirement scheme and the mandatory, provident scheme participated in by Global China and its subsidiaries have no interest in securities of Global China, the Offeror and Sing Tao Media; and
- none of the respective advisers to Global China named in the paragraph headed “Consents” in Appendix IX had any interest in securities of Global China, the Offeror and Sing Tao Media.

As at the Latest Practicable Date, Kingsway Capital Limited, the financial adviser to the Independent Board Committee has no shareholding in Global China.

## **5. DEALINGS IN SECURITIES**

### **(a) Dealings in shares of Global China**

On 19th July, 2002, Luckman Trading Limited (“Luckman”) and Hong Kong Tobacco Company (“Tobacco”), each being a company controlled by Mr. Ho Tsu Kwok, Charles entered into a supplemental agreement under which the parties agreed to extend the exercise period during which Tobacco may require Luckman to transfer to it 66,000,000 shares in the capital of Global China at a value of HK\$0.6388 per share.

### **(b) General**

Save as disclosed in the paragraph (a) above and the paragraph headed “Disclosure of interests” in this Appendix VII and save for the Distribution:

- none of the directors of Global China and the Offeror, including their respective spouses, children under the age of 18, related trusts and companies controlled by them, had any dealings in securities of Global China, the Offeror and Sing Tao Media during the period commencing six months prior to the announcement dated 11th July, 2002 and ending on the Latest Practicable Date (the “Relevant Period”);
- none of the Offeror nor any of its holding companies or subsidiaries or their respective directors and chief executives, including their respective spouses, children under the age of 18, related trusts and companies controlled by them, or any other person acting in concert with the Offeror had any dealings in securities of Global China, the Offeror and Sing Tao Media during the Relevant Period;

- the defined contribution retirement scheme and the mandatory provident fund scheme participated in by Global China and its subsidiaries have no dealings in securities of Global China, the Offeror and Sing Tao Media during the Relevant Period; and
- none of the respective advisers to Global China named in the paragraph headed “Consents” in Appendix IX had any dealings in securities of Global China, the Offeror and Sing Tao Media during the Relevant Period.

## 6. MARKET PRICES

- (a) The highest and lowest closing prices of the shares in Global China on the Stock Exchange during the period between 11th January, 2002, being the date falling six months prior to the announcement dated 11th July, 2002, and the Latest Practicable Date were HK\$0.55 on 6th June, 2002 and HK\$0.265 on 8th February, 2002, 4th March, 2002 and 5th March, 2002 respectively.
- (b) The table below sets out the closing prices of the shares in Global China on the Stock Exchange on the last business day of each of the six calendar months immediately preceding the announcement dated 11th July, 2002 on which trading of the Shares took place:

<b>Month</b>	<b>Closing Price</b> <i>(HK\$)</i>
January 2002	\$0.300
February 2002	\$0.270
March 2002	\$0.345
April 2002	\$0.330
May 2002	\$0.410
June 2002	\$0.440

- (c) The closing price of the shares in Global China on the Stock Exchange on 3rd July, 2002, being the last day on which the shares were traded before the suspension of trading at 10:00 a.m. on 4th July, 2002 at the request of Global China was HK\$0.46.
- (d) The closing price of the shares in Global China on the Stock Exchange on the Latest Practicable Date was HK\$0.33.

**7. MATERIAL CHANGE**

On 19th April, 2002, Global China Group disposed of its entire interests in Roman Enterprises Holdings Limited and Super Grand Holdings Limited to an independent third party, which together hold the Global China Group's entire interests in South China Printing Company (1988) Limited, Noble World Printing Company Limited, Roman Financial Press Limited, Valiant Packaging (Holdings) Limited and their subsidiaries (collectively referred to as the "Printing Entities"), for a total cash consideration of HK\$428 million, subject to adjustments. The Printing Entities were principally engaged in the provision of commercial printing and financial printing services in Hong Kong and overseas.

As a result of the disposal of the Printing Entities, the Global China Group recorded an unaudited profit of approximately HK\$169 million from this transaction, comprising its proportionate share of the profit on the disposal of approximately HK\$112 million and the realisation of a capital reserve amount of approximately HK\$57 million, which arose upon the acquisition of a 74.5% stake of Sing Tao Holdings in January 2001.

Save as aforesaid, the directors of Global China are not aware of any material change in the financial position or trading position or prospects of Global China Group since 31st December 2001, the date to which the latest audited financial statements of Global China were made up.

**8. LITIGATION**

As at the Latest Practicable Date, no member of Global China Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors of Global China to be pending or threatened by or against any member of the Global China Group.

**9. MATERIAL CONTRACTS**

Save as disclosed below, neither Global China nor any of its subsidiaries has within the two years prior to the Latest Practicable Date entered into any contracts which are or may be material other than in the ordinary course of business carried on or intended to be carried on by Global China or its subsidiaries:

- a sale and purchase agreement dated 3rd July, 2002 between Global China and Ming Yuan under which Global China agreed to procure to be sold to Ming Yuan 312,624,443 shares in Sing Tao Holdings representing approximately 74.5% of the issued share capital of Sing Tao Holdings for a total consideration of HK\$163,800,000. Completion of the sale and purchase took place on 23rd August, 2002.

- A subordination agreement (in favour of a bank in Hong Kong) dated 14th November, 2000 with Premier Printing Group Limited for the subordination of the shareholder's loan in the sum of HK\$70,000,000 due by Premier Printing Group to a member of Sing Tao Media Group.
- A sale and purchase agreement dated 25th January, 2002 with Asia Printers Group Limited to dispose of the entire interests in Roman Enterprises Holdings Limited and Super Grand Holdings Limited at a consideration of HK\$428 million, subject to prescribed adjustments. Completion of the sale and purchase took place on 19th April, 2002.
- a reorganization deed dated 23rd August, 2002 between Sing Tao Holdings and Sing Tao Media and certain subsidiaries of Sing Tao Media for recording the steps taken in the internal restructuring as set out in the paragraph 7 headed "Material Change" of this Appendix, which involved, amongst other things, (i) the transfer of the entire issued share capital of Sing Tao Limited, Sing Tao Holdings (BVI) Limited, Mapleleaf Holdings Limited and Chinatel Enterprises Limited and the 94.7 per cent. of the issued share capital of Sing Tao Magazine Group (BVI) Limited at an aggregate consideration to be offset by Sing Tao Media allotting and issuing 419,618,246 new shares to Sing Tao Holdings.
- A sale and purchase agreement dated 21st December, 2001 and entered into with Oriental Press Group Limited to acquire the assets in relation to the business of the proprietorship and publishing of the "East Touch" Magazine at a consideration of HK\$16,300,000.00. Completion of the sale and purchase agreement took place on 25th January, 2002.
- A business purchase agreement dated 21st January, 2002 and entered into with Ever Creation International Limited independent third party to acquire the assets in relation to the business of the proprietorship and publishing of the "Teens" Magazine at a consideration of HK\$7,083,890.32.
- A sale and purchase agreement dated 10th May, 2002 and entered into with Emwell Limited to dispose of workshops 1, 2, 3, and 24 on 3rd Floor (each including the flat roof thereof) of Block B; workshops 4, 5 and 6 on 3rd Floor of Block B (excluding the flat roofs thereof); workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of Block B; and workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of Block A, Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong at a consideration of HK\$27,250,000.00. Completion of the sale and purchase took place on 31st May, 2002.

- An assignment dated 1st August, 2002 and entered into between Sing Tao Holdings (BVI) Limited, Sing Tao Holdings Limited and Moonstar Valley Holding Limited under which Sing Tao Holdings (BVI) Limited had assigned and transferred to Sing Tao Holdings Limited all the right, title and interest in a debt in the sum of Canadian \$2,522,393.40 which is then due and owing from Moonstar Valley Holding Limited.
- An assignment dated 31st July, 2002 and entered into between Moonstar Valley Holding Limited, VGP Holdings Limited, Sing Tao Holdings (BVI) Limited and LD104 Holdings Limited pursuant to which an aggregate amount of HK\$3,286,572.64 was assigned among the relevant parties.
- An assignment dated 31st July, 2002 and entered into between VGP Holdings Limited and Moonstar Valley Holding Limited under which VGP Holdings Limited had assigned all its right, title and interest in certain loan agreement, mortgage and security agreement to Moonstar Valley Holding Limited in consideration of the sum of HK\$1,506,223.41.
- An assignment dated 31st July, 2002 and entered into between VGP Holdings Limited and Moonstar Valley Holding Limited under which VGP Holdings Limited had assigned all its right, title and interest in certain loan agreement, mortgage and security agreement to Moonstar Valley Holding Limited in an aggregate consideration of HK\$1,016,169.99.
- A deed of subordination (in favour of a bank in Hong Kong) dated 9th March, 2001 with Premier Printing Group Limited for the subordination of the Subordinated Indebtedness (as defined therein) due by Premier Printing Group Limited to PPG Investments Limited and a member of the Group.

## **10. ARRANGEMENTS IN CONNECTION WITH THE OFFER**

- (a) No benefit will be given to any director of Sing Tao Media as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Sing Tao Media which is conditional on or dependent upon the outcome of the Offer or otherwise connected therewith.



- (c) None of the directors of Global China will be affected in terms of their respective emoluments by the acquisition of STM Shares or by any other associated transaction.

**11. MISCELLANEOUS**

- (a) The secretary of Global China is Tsang Sai Chung, Kirk, who is a qualified solicitor practising in Hong Kong.
- (b) The share registrar of Global China is Tengis Limited of 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (c) Ho Yiu Cheung, Jason of Suite 6605-09, The Center, 99 Queen's Road Central, Hong Kong has been appointed as the authorised representative of Global China for the acceptance of service of process in Hong Kong.
- (d) As at the Latest Practicable Date, there was no agreement, arrangement or understanding between the Offeror and any other persons for the transfer of the beneficial interests in STM Shares acquired by the Offeror under the Offer.
- (e) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Sing Tao Media or the Offeror or with any party acting in concert with any of them.

**1. RESPONSIBILITY STATEMENT**

The information in this document relating to Sing Tao Media has been supplied by Sing Tao Media. The directors of Sing Tao Media jointly and severally accept full responsibility for the accuracy of the information contained in this document, other than that relating to the Offeror, the Global China Group, the terms and conditions of the Offer and the Offeror's intentions regarding the Sing Tao Media Group; and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this document, other than those expressed by the Offeror, Global China, the terms and conditions of the Offer and the Offeror's intentions regarding the Sing Tao Media Group, have been arrived at after due and careful consideration and there are no other facts not contained in this document the omission of which would make any such statement contained in this document misleading.

**2. CORPORATE INFORMATION OF SING TAO MEDIA**

Sing Tao Media was incorporated in Cayman Islands with limited liability on 14th June, 2002. The address of its registered office is at Caledonian Bank and Trust Limited, Caledonian House, 69 Dr. Roy's Drive, P.O. Box 1043, George Town, Grand Cayman, Cayman Islands.

**3. SHARE CAPITAL OF SING TAO MEDIA****(a) Authorised and issued**

The authorised and issued share capital of Sing Tao Media as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$</i>
<u>500,000,000</u>	ordinary shares of HK\$0.01 each	<u>5,000,000</u>
<i>Issued and fully paid up:</i>		
<u>419,619,246</u>	ordinary shares of HK\$0.01 each	<u>4,196,192</u>

On 14th June, 2002, 1 share of HK\$0.01 each in Sing Tao Media was transferred from David S. Walker to Sing Tao Holdings at par value and 999 ordinary shares were allotted to Sing Tao Holdings on the same date. On 20th August, 2002, 419,618,246 ordinary shares of HK\$0.01 each were issued to Sing Tao Holdings pursuant to the internal restructuring as stated in "Material Change" below.

All the issued shares in Sing Tao Media rank pari passu in all respects including as to dividends, voting rights and capital.

As at the Latest Practicable Date, there is no outstanding options, warrants or conversion rights which will affect the shares of Sing Tao Media.

## 4. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, Wong Wai Ming and Inn Judy were personally beneficially interested in 186,000 and 100,000 ordinary shares of HK\$0.10 each in Global China respectively.
- (b) Each of the directors of Sing Tao Media named below was granted by Global China an option to subscribe for ordinary shares in Global China as follows and no options granted below had been exercised by the said directors during the period since 31st December, 2001:

Name of director	Number of share subject to option as at 1st April, 2001	Option	Number of shares subject to option as at 31st December, 2001	Consideration paid for the option	Exercise period		Exercise price per share (HK\$)	Date of grant
		granted during the period to subscribe for shares			From	To		
WONG Wai Ming	30,000,000	—	30,000,000	—	24th October, 2000	23rd October, 2010	0.8704	23rd October, 2000
		6,000,000	6,000,000	—	20th September, 2002	19th September, 2011	0.3528	31st August, 2001
Judy INN	10,000,000	—	10,000,000	—	24th October, 2000	23rd October, 2010	0.8704	23rd October, 2000
		3,000,000	3,000,000	—	20th September, 2002	19th September, 2011	0.3528	31st August, 2001

- (c) As at the Latest Practicable Date, none of the directors of Sing Tao Media had any interests in the share capital, or options over the share capital, of Sing Tao Media or any of its associated corporations (within the meaning of the SDI Ordinance) which were required to be notified to Sing Tao Media and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under section 31 of or Part 1 of the Schedule of the SDI Ordinance) or the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein.
- (d) As at the Latest Practicable Date, Sing Tao Media has no interest in the securities of the Offeror and Global China.
- (e) The defined contribution retirement scheme and the mandatory provident fund scheme participated in by Sing Tao Media and its subsidiaries have no interest in securities of Global China, the Offeror and/or Sing Tao Media.
- (f) Save as disclosed in appendix VII and this appendix VIII, there was no interest in the securities of Global China, the Offeror and Sing Tao Media owned by any Associate of Sing Tao Media as at the Latest Practicable Date.

- (g) Save as disclosed in this appendix VIII, there are no directors' existing or proposed service agreements with any member of Sing Tao Media Group or any associated company of Sing Tao Media (excluding agreements expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) nor had any director entered into or amended any service contract with any member of Sing Tao Media Group or any associated company of Sing Tao Media within six months before the commencement of the Offer Period.
- (h) As at the Latest Practicable Date, no shareholding in Global China and Sing Tao Media are managed on discretionary basis by fund managers connected with Sing Tao Media.

## 5. DEALINGS IN SECURITIES

Save as disclosed in the paragraphs headed "Disclosure of Interests" and "Dealing in Securities" in each of Appendix VII and VIII and save for the Distribution:

- none of the directors of Sing Tao Media, including their respective spouses, children under the age of 18, related trusts and companies controlled by them, had any dealings in securities of Global China, the Offeror and Sing Tao Media;
- none of Sing Tao Media nor any of its associates had any dealings in securities of Global China, the Offeror and Sing Tao Media;
- the defined contribution retirement scheme and the mandatory provident fund scheme participated in by Sing Tao Media and its subsidiaries have no dealings in securities of Global China, the Offeror and Sing Tao Media; and
- none of the respective advisers to Sing Tao Media named in the paragraph headed "Consents" in appendix IX had any dealings in securities of Global China, the Offeror and Sing Tao Media.
- Mr. Ho Tsu Kwok, Charles intends to accept the Offer in respect of the 1,428,000 STM Shares beneficially owned by him.

### (d) Dealings by Kingsway Capital Limited in the shares of Sing Tao Media

There has been no dealings for value by Kingsway to the Independent Board Committee, in the shares of Sing Tao Media during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date .

**6. MARKET PRICES**

On 14th June, 2002, 1 share of HK\$0.01 each in Sing Tao Media was transferred from David S. Walker to Sing Tao Holdings at par value and 999 ordinary shares were allotted to Sing Tao Holdings on the same date. On 20th August, 2002, 419,618,246 ordinary shares of HK\$0.01 each was issued to Sing Tao Holdings pursuant to the internal restructuring as stated in “Material Change” below. Save as disclosed in this paragraph and save for the Distribution, there has been no transactions which have taken place during the preceding 6 months.

**7. MATERIAL CHANGE**

The directors of Sing Tao Media refer to the announcement of Sing Tao Holdings dated 11th July, 2002 in respect of, amongst other things, the Distribution. As set out in that announcement, Sing Tao Holdings was primarily engaged in two distinctive types of businesses including newspapers and magazine publishing and media consultancy services and property trading and investment business. In preparation for the Distribution, Sing Tao Group has undertaken an internal restructuring such that the media-related business and the non-media related property-holding business shall be held by two separate immediate-holding companies, namely, Sing Tao Media and Splendid Victory Holding Limited respectively. The directors of Sing Tao Media also refer to the reorganization deed dated 23rd August, 2002 as set out in the paragraph 9 headed “Material Contracts” of this appendix, which has recorded the steps taken for the internal restructuring. As set out in the reorganization deed, the internal restructuring involved, amongst other things, the transfer of the entire issued share capital of Sing Tao Limited, Sing Tao Holdings (BVI) Limited, Mapleleaf Holdings Limited and Chinatel Enterprises Limited and the 94.7 per cent. of the issued share capital of Sing Tao Magazine Group (BVI) Limited. After the internal restructuring, Sing Tao Media issued 419,618,246 new shares to Sing Tao Holdings to offset the payables owed by Sing Tao Media to Sing Tao Holdings arising from the restructuring.

Save as aforesaid, the directors of Sing Tao Media are not aware of any material change in the financial position or trading position or prospects of the Sing Tao Media Group since the date of its incorporation.

**8. LITIGATION**

As at the Latest Practicable Date, no member of Sing Tao Media Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the directors of Sing Tao Media to be pending or threatened by or against any member of the Sing Tao Media Group.

**9. MATERIAL CONTRACTS**

Save as disclosed below, neither Sing Tao Media nor any of its subsidiaries has within 2 years before the commencing of the Offer Period entered into any contracts which are or may be material other than in the ordinary course of business carried on or intended to be carried on by Sing Tao Media or its subsidiaries:

- a reorganization deed dated 23rd August, 2002 between Sing Tao Holdings and Sing Tao Media and certain subsidiaries of Sing Tao Media for recording the steps taken in the internal restructuring as set out in the paragraph 7 headed “Material Change” of this appendix, which involved, amongst other things, (i) the transfer of the entire issued share capital of Sing Tao Limited, Sing Tao Holdings (BVI) Limited, Mapleleaf Holdings Limited and Chinatel Enterprises Limited and the 94.7 per cent. of the issued share capital of Sing Tao Magazine Group (BVI) Limited at an aggregate consideration to be offset by Sing Tao Media allotting and issuing 419,618,246 new shares to Sing Tao Holdings.
- A subordination agreement (in favour of a bank in Hong Kong) dated 14th November 2000 with Premier Printing Group Limited for the subordination of the shareholder’s loan in the sum of HK\$70,000,000 due by Premier Printing Group Limited to a member of Sing Tao Media Group.
- A sale and purchase agreement dated 25th January, 2002 with Asia Printers Group Limited to dispose of the entire interests in Roman Enterprises Holdings Limited and Super Grand Holdings Limited at a consideration of HK\$428 million, subject to prescribed adjustments. Completion of the sale and purchase agreement took place on 19th April, 2002.
- A sale and purchase agreement dated 21st December, 2001 and entered into with Oriental Press Group Limited to acquire the assets in relation to the business of the proprietorship and publishing of the “East Touch” Magazine at a consideration of HK\$16,300,000.00. Completion of the sale and purchase agreement took place on 25th January, 2002.
- A business purchase agreement dated 21st January, 2002 and entered into with Ever Creation International Limited to acquire the assets in relation to the business of the proprietorship and publishing of the “Teens” Magazine at a consideration of HK\$7,083,890.32.
- A sale and purchase agreement dated 10th May, 2002 and entered into with Emwell Limited to dispose of workshops 1, 2, 3, and 24 on 3rd Floor (each including the flat roof thereof) of Block B; workshops 4, 5 and 6 on 3rd Floor of Block B (excluding the flat roofs thereof); workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of Block B; and workshops 1-23 (inclusive) on 4th Floor (including the flat roofs of workshops 5 and 6) of

Block A, Shatin Industrial Centre, Nos. 5-7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong at a consideration of HK\$27,250,000.00. Completion of the sale and purchase agreement took place on 31st May, 2002.

- An assignment dated 1st August 2002 and entered into between Sing Tao Holdings (BVI) Limited, Sing Tao Holdings Limited and Moonstar Valley Holding Limited under which Sing Tao Holdings (BVI) Limited had assigned and transferred to Sing Tao Holdings Limited all the right, title and interest in a debt in the sum of Canadian \$2,522,393.40 which is then due and owing from Moonstar Valley Holding Limited.
- An assignment dated 31st July 2002 and entered into between Moonstar Valley Holding Limited, VGP Holdings Limited, Sing Tao Holdings (BVI) Limited and LD104 Holdings Limited pursuant to which an aggregate amount of Canadian \$3,286,572.64 was assigned among the relevant parties.
- An assignment dated 31st July 2002 and entered into between VGP Holdings Limited and Moonstar Valley Holding Limited under which VGP Holdings Limited had assigned all its right, title and interest in certain loan agreement, mortgage and security agreement to Moonstar Valley Holding Limited in consideration of the sum of Canadian \$1,506,223.41.
- An assignment dated 31st July 2002 and entered into between VGP Holdings Limited and Moonstar Valley Holding Limited under which VGP Holdings Limited had assigned all its right, title and interest in certain loan agreement, mortgage and security agreement to Moonstar Valley Holding Limited in an aggregate consideration of Canadian \$1,016,169.99.
- A deed of subordination (in favour of a bank in Hong Kong) dated 9th March, 2001 with Premier Printing Group Limited for the subordination of the Subordinated Indebtedness (as defined therein) due by Premier Printing Group Limited to PPG Investments Limited and a member of the Sing Tao Media Group.

## **10. MISCELLANEOUS**

- (a) No benefit will be given to any director of Sing Tao Media as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there is no agreement or arrangement exists between any director of Sing Tao Media and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected therewith.
- (c) Save as disclosed in the paragraph headed “Material Contracts” in each of Appendices VII and VIII, as at the Latest Practicable Date, there is no material contract to which the Offeror is a party in which any director of Sing Tao Media has a material personal interest.

**1. CONSENTS**

Global China Corporate Finance, Kingsway, Ernst & Young, Jones Lang LaSalle Limited, Cushman & Wakefield (HK) Limited and Chung, Chan & Associates have given and have not withdrawn their respective written consents to the issue of this document with the inclusion herein of their respective letters and the references to their respective names, in the forms and contexts on which they respectively appear.

**2. GENERAL**

As at the Latest Practicable Date, there was no agreement, arrangement or understanding between the Offeror and any other persons for the transfer of the beneficial interests in any shares in Sing Tao Media acquired by the Offeror pursuant to the Offer.

**3. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection at the offices of Sing Tao Media at the Company Secretarial and Legal Department, 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Hong Kong during normal business hours from the date of this document (except Sundays and gazetted public holidays in Hong Kong) until the end of the Offer Period:

- (a) The memorandum and articles of association of Sing Tao Media;
- (b) The memorandum of association and bye-laws of Global China;
- (c) the audited consolidated accounts of the Global China Group for the financial year ended 31st March, 2001 and the nine months ended 31st December, 2001;
- (d) the unaudited combined profit and loss accounts of Sing Tao Media Group for the years ended 31st March, 2000 and 31st March, 2001 and the nine months ended 31st December, 2001, the statement of the unaudited combined assets and liabilities of Sing Tao Media Group as at 31st March, 2001 and 31st December 2001, and the unaudited combined cash flow statement of Sing Tao Media Group for the year ended 31st March, 2001 and the nine months ended 31st December, 2001;
- (e) the letter dated 30th August, 2002 from Global China Corporate Finance, the text of which is set out in pages 15 to 25 of this document;
- (f) the letter dated 30th August, 2002 from Kingsway, the text of which is set out in pages 29 to 51 of this document;
- (g) the comfort letters dated 30th August, 2002 from Ernst & Young and Global China Corporate Finance respectively, the text of which is set out in pages 136 to 137 of this document;



- (h) The valuation reports prepared by Jones Lang LaSalle Limited, Cushman & Wakefield (HK) Limited and Chung, Chan & Associates referred to in Appendices V and VI to this document;
- (i) The letters of consent referred to in paragraph 1 of this Appendix; and
- (j) The material contracts referred to in paragraph 9 of Appendices VII and VIII to this document respectively.

#### **4. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of this document, together with copies of the form of acceptance and the written consents from Global China Corporate Finance, Kingsway, Ernst & Young, Jones Lang LaSalle Limited, Cushman & Wakefield (HK) Limited and Chung, Chan & Associates as referred to in paragraph 1 of this Appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies Ordinance.