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If you have sold or transferred all your shares in Shanghai Ming Yuan Holdings Limited, you should at once hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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SHANGHAI MING YUAN HOLDINGS LIMITED
(formerly known as Sing Tao Holdings Limited)

(Incorporated in Bermuda with limited liability)

Mandatory General Offers
By South China Securities Limited
on behalf of

Ming Yuan Investments Group Limited to acquire
all the issued shares in Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
(other than those Shares already owned by
Ming Yuan Investments Group Limited
or parties acting in concert with it)
at HK\$0.524 each and to cancel the Options at HK\$0.18
for each Option Share for which the Option Holders
are entitled to subscribe upon exercise of the Options

Independent Financial Adviser to
The Independent Board Committee of Shanghai Ming Yuan Holdings Limited



Kingsway Capital Limited

A letter from the Board of Directors of Shanghai Ming Yuan Holdings Limited is set out on pages 5 to 11 of this circular and a letter from the Independent Board Committee of Shanghai Ming Yuan Holdings Limited containing its recommendations to the Independent Shareholders and Option Holders of Shanghai Ming Yuan Holdings Limited is set out on pages 12 and 13 of this circular. A letter from Kingsway Capital Limited containing its advice and recommendations to the Independent Board Committee of Shanghai Ming Yuan Holdings Limited is set out on pages 14 to 27 of this document.

TIMETABLE

2002

Commencement of the Offers	Friday, 30th August
Despatch of this document	Friday, 13th September
Latest time for acceptance of the Offers	4:00 p.m. on Friday, 27th September
Closing of the Offers (<i>Note 1</i>)	Friday, 27th September
Announcement of the results of the Offers to be published in newspapers	Monday, 30th September
Latest date of posting of remittances for the amounts due under the Offers in respect of valid acceptances received on or before 4:00 p.m. on 27th September, 2002 (<i>Notes 2 and 3</i>)	Monday, 7th October

Notes:

1. The Offers, which are unconditional, will be closed on Friday, 27th September, 2002 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror reserves the right to extend the Offers until such date as it may determine. The Offeror will issue a teletext announcement through the Stock Exchange by 7:00 p.m. on the closing date as to whether the Offers have expired, or in relation to any extension of the Offers, which announcement will state either the next closing date or that the Offers will remain open until further notice. Such announcement will be republished in newspapers on the next business day thereafter. If the Offeror decides to extend the Offers, at least 14 days' notice in writing will be given, before the Offers are closed, to those Shareholders and Option Holders who have not accepted the Offers.
2. The consideration payable for the Shares tendered under the Share Offer will be paid within 10 days of the date of receipt by the Registrar, from Shareholders accepting the Share Offer, of the valid requisite documents. Please refer to the paragraph headed "Settlement of consideration" in the letter from South China in the Offer Document.
3. The consideration payable for the Options tendered under the Option Offer will be paid within 10 days of the date of receipt by the office of Sing Tao Holdings, from Option Holders accepting the Option Offer, of the valid requisite documents. Please refer to the paragraph headed "Settlement of consideration" in the letter from South China in the Offer Document.
4. Acceptance of Offers shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

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DEFINITIONS

In this document, the following expressions have the following meanings unless the context otherwise requires or unless they are otherwise specifically provided:

“Acquisition”	the acquisition of 312,624,443 Shares, representing approximately 74.5% of the issued share capital of Sing Tao Holdings, by the Offeror pursuant to the Sale and Purchase Agreement
“Adjusted Subscription Price”	the price per Option Share at which an Option Holder may subscribe for Option Shares on the exercise of an Option, as adjusted as a result of the Distribution
“Announcement”	the press announcement dated 11th July, 2002 and made by Ming Yuan concerning, amongst other things, the Sale and Purchase Agreement and the Offers
“Announcement Date”	11th July, 2002
“Associated Corporations”	has the meaning ascribed thereto in the SDI Ordinance
“Associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors
“C\$”	Canadian dollar(s), the lawful currency of Canada
“Cushman & Wakefield”	Cushman & Wakefield (HK) Limited, professional international surveyors and valuers appointed by Sing Tao Holdings for the purpose of preparing the valuation report for inclusion in this document
“Director(s)”	director(s) of Sing Tao Holdings
“Distribution”	the payment of a special interim dividend by Sing Tao Holdings effected on 21st August, 2002 by way of a distribution in specie of the entire issued share capital of Sing Tao Media to the Shareholders whose names appear on the register of members of Sing Tao Holdings as at 12th August, 2002
“Executive Share Option Scheme”	executive share option scheme of Sing Tao Holdings adopted on 3rd September, 1999, pursuant to which the Directors may, at their discretion, grant to any employee of the Sing Tao Group (including the executive Directors) the right to subscribe for Shares
“EYCFCL”	Ernst & Young Corporate Finance Limited, an investment adviser and a dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong), the financial adviser appointed by Sing Tao Holdings for the purpose of certifying the Adjusted Subscription Price
“GCT Exchange Offer”	the voluntary conditional securities exchange offer by Global China Corporate Finance Limited on behalf of Global China Multimedia, a wholly-owned subsidiary of Global China, to acquire the STM Shares, other than those STM Shares received by Global China Multimedia pursuant to the Distribution on the basis of 1.75 new GCT Shares for each STM Share (as more fully described in Global China’s announcement dated 11th July, 2002)

DEFINITIONS

“GCT Share(s)”	share(s) of HK\$0.10 each in the ordinary share capital of Global China
“Global China”	Global China Group Holdings Limited (formerly known as Global China Technology Group Limited), an exempted company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange and is owned as to approximately 46.4% by Luckman Trading Limited as at the Latest Practicable Date, whose entire issued share capital is wholly and beneficially owned by Mr. Ho Tsu Kwok, Charles, the chairman of Sing Tao Holdings
“Global China Group”	Global China and its subsidiaries from time to time
“Global China Multimedia”	Global China Multimedia Limited, a company incorporated in the British Virgin Islands and a wholly and beneficially owned subsidiary of Global China
“HK\$” and “HK Cent(s)”	Hong Kong dollar(s) and Hong Kong cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Stephen FAN Sheung Tak, Mr. TUNG Chee Chen and Mr. YAO Kang, all of whom are independent non-executive Directors, established for the purpose of advising the Independent Shareholders and the Option Holders in relation to the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Jones Lang LaSalle”	Jones Lang LaSalle Limited, professional international surveyors and valuers appointed by Sing Tao Holdings for the purpose of preparing the valuation report for inclusion in this document
“Kingsway”	Kingsway Capital Limited, an investment adviser and securities dealer registered under the Securities Ordinance, being the independent financial adviser to the Independent Board Committee
“Latest Practicable Date”	10th September, 2002, being the latest practicable date prior to the printing of this document for the purpose of collating certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Document”	the document dated 30th August, 2002 and dispatched by the Offeror to the Shareholders and Option Holders containing details of the Offers and the accompanying form of acceptance and transfer and form of renunciation
“Offer Price”	HK\$0.524 per Share

DEFINITIONS

“Offer Shares”	all the issued Shares other than those already beneficially owned by the Offeror or parties acting in concert with it, being, at the latest practicable date of the Offer Document, 106,994,803 Shares representing approximately 25.5% of the issued share capital of Sing Tao Holdings
“Offeror” or “Ming Yuan”	Ming Yuan Investments Group Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 100% by Mr. Yao Yuan and Mr. Iu Chung (brother of Mr. Yao Yuan)
“Offers”	collectively, the Share Offer and the Option Offer
“Option Holder(s)”	holders of Options
“Option Offer”	the unconditional cash offer by South China on behalf of the Offeror on and subject to the terms and conditions set out in the Offer Document and the accompanying form of renunciation obtainable at the offices of Sing Tao Holdings at the Company Secretarial and Legal Department, 6th Floor, Tower B, Sing Tao Building, 1 Wang Kwong Road, Kowloon, Hong Kong, for cancelling all the outstanding Options at HK\$0.18 in cash for each Option Share
“Option Offer Price”	HK\$0.18 in cash for each Option Share for which an Option Holder is entitled to subscribe under the Option granted to him/her multiplied by the number of Options Shares for which such Option Holder is entitled to subscribe upon the exercise of his/her Option
“Options”	options granted under the Executive Share Option Scheme to certain executive Directors and employees of the Sing Tao Group to subscribe for a total of 21,000,000 Option Shares at the Adjusted Subscription Price of HK\$0.344 per Option Share and exercisable during the period between 1st December, 2001 and 2nd September, 2009
“Option Share(s)”	the Share(s) which will fall to be issued upon the exercise of the Option(s) by the Option Holders
“PRC”	the People’s Republic of China, which for the purpose of this document excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar of Sing Tao Holdings in Hong Kong
“Relevant Period”	the period commencing from 11th January, 2002, being six months prior to the Announcement, and ending on the Latest Practicable Date
“Sale and Purchase Agreement”	conditional sale and purchase agreement dated 3rd July, 2002 and entered into between Ming Yuan, Mr. Yao Yuan and Global China relating to the sale and purchase of the Sale Shares
“Sale Shares”	312,624,443 Shares agreed to be sold by Global China pursuant to the Sale and Purchase Agreement

DEFINITIONS

“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”	Securities and Futures Commission of Hong Kong
“Share Offer”	the unconditional mandatory cash offer made by South China on behalf of the Offeror to acquire all the Offer Shares at the Offer Price, on and subject to the terms and conditions set out in the Offer Document and the accompanying form of acceptance and transfer
“Shareholder(s)”	registered holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.25 each in the share capital of Sing Tao Holdings
“Sing Tao Group”	Sing Tao Holdings and its subsidiaries from time to time
“Sing Tao Holdings” or “Company”	Shanghai Ming Yuan Holdings Limited (formerly known as Sing Tao Holdings Limited), an exempted company incorporated in Bermuda on 8th May, 1989 with limited liability and whose issued Shares are listed on the main board of the Stock Exchange
“Sing Tao Media”	Sing Tao Media Holdings Limited, a company incorporated in the Cayman Islands and a wholly and beneficially owned subsidiary of the Company before the Distribution
“Sing Tao Media Group”	Sing Tao Media and its subsidiaries from time to time
“South China”	South China Securities Limited, an investment adviser registered under the Securities Ordinance, being one of the financial advisers to Ming Yuan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STM Shares(s)”	share(s) of HK\$0.01 each in the share capital of Sing Tao Media
“Takeovers Code”	The Code on Takeovers and Mergers as in force in Hong Kong from time to time
“U.S.A.”	the United States of America
“US\$”	United States dollar(s), the lawful currency of U.S.A.
“ft ² ” or “sq.ft.”	square foot/feet
“m ² ” or “sq.m.”	square metre(s)

SHANGHAI MING YUAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Charles HO Tsu Kwok
Mr. WONG Wai Ming
Ms. Miranda CHAN Kwai Yin
Mr. CHIEN Hoe Yong, Henry
Mr. Morris HO Kwok Fai
Miss. Judy INN
Mr. LO Wing Hung
Mr. WU Jun
Mr. YAO Yuan

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Principal place of business:

Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

Independent Non-executive Directors:

Mr. Stephen FAN Sheung Tak
Dr. Paul TONG Yuk Lun
Mr. TUNG Chee Chen
Mr. YAO Kang, JP

13th September, 2002

To the Shareholders and the Option Holders

Dear Sir or Madam,

**Mandatory General Offers
By South China Securities Limited
on behalf of
Ming Yuan Investments Group Limited to acquire
all the issued shares in Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
(other than those Shares already owned by
Ming Yuan Investments Group Limited
or parties acting in concert with it)
at HK\$0.524 each and to cancel the Options at HK\$0.18
for each Option Share for which the Option Holders
are entitled to subscribe upon exercise of the Options**

INTRODUCTION

On 3rd July, 2002, the Company has been informed by Global China that Global China has entered into a conditional sale and purchase agreement under which Global China agreed to procure to be sold to Ming Yuan the Sale Shares representing approximately 74.5% of the issued share capital of Sing Tao Holdings for a total consideration of HK\$163,800,000, representing approximately HK\$0.524 per Sale Share. Completion of the Sale and Purchase Agreement was subject to the fulfillment of certain conditions all of which have been satisfied as at the date of this document, amongst such conditions is the completion of the Distribution. Upon completion of the Distribution, the assets of Sing Tao Holdings primarily

LETTER FROM THE BOARD

comprise of non-media-related properties in Hong Kong, the People's Republic of China and Canada and cash. Global China does not have any equity interest in Sing Tao Holdings after the completion of the Sale and Purchase Agreement.

On 21st August, 2002, the Distribution was effected, whereupon all the shares held in Sing Tao Media originally by Sing Tao Holdings were distributed to the Shareholders whose names appeared on the register of members of Sing Tao Holdings as at 12th August, 2002. The Sale and Purchase Agreement was subsequently completed on 23rd August, 2002, resulting in the Offeror and parties acting in concert with it becoming interested in 312,624,443 Shares, representing approximately 74.5% of the issued share capital of Sing Tao Holdings.

Under Rule 26 of the Takeovers Code, the Offeror is obliged to make a general offer to acquire all the issued share capital of Sing Tao Holdings, other than the Sale Shares, and the outstanding Options. As at the Latest Practicable Date, there were 419,619,246 Shares in issue. Accordingly, apart from the aforesaid 312,624,443 Shares, the remaining 106,994,803 Shares, representing approximately 25.5% of the entire issued share capital of the Company as at the Latest Practicable Date, will be subject to the Share Offer at HK\$0.524 each.

There were outstanding Options to subscribe for 21,000,000 Option Shares which are exercisable from 1st December, 2001 to 2nd September, 2009 at a subscription price of HK\$0.344 per Option Share as at the latest practicable date of the Offer Document, 28th August, 2002. Save as disclosed in paragraph 2 of Appendix V of this document, there are no other warrants or options convertible into Shares as at the Latest Practicable Date. Under the Takeovers Code, Ming Yuan will also make a mandatory general offer to all Option Holders to cancel the Options held by them.

The purpose of this document is to give you further information about the Offers and Sing Tao Holdings. In addition, there are set out in this document separate letters from the Independent Board Committee and Kingsway setting out their respective recommendations in respect of the Offers.

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 to consider the terms of the Offers and to advise the Independent Shareholders and Option Holders. Kingsway has been appointed as the independent financial adviser to the Independent Board Committee to consider the terms of the Offers and to advise the Independent Board Committee on whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Option Holders are concerned and the actions to be taken by the Independent Shareholders and Option Holders.

None of the other Directors is considered to be independent for the purpose of giving recommendations to the Independent Shareholders and Option Holders for the following reasons:

- (a) Mr. Charles HO Tsu Kwok is the chairman and controlling shareholder of Global China;
- (b) Ms. Miranda CHAN Kwai Yin, Mr. Morris HO Kwok Fai, Miss Judy INN, Mr. LO Wing Hung and Mr. WONG Wai Ming are salaried employees of the Global China Group;
- (c) Dr. Paul TONG Yuk Lun is an independent non-executive director of Global China;

LETTER FROM THE BOARD

The Adjusted Subscription Price has been certified by EYCFL to be in its opinion fair and reasonable. The Adjusted Subscription Price has been calculated on the following basis which is considered by EYCFL to be the most appropriate adjustment mechanism in the circumstances having due regard to all the relevant factors including the terms of the Distribution as well as the terms of the Offers and the GCT Exchange Offer:

$$\begin{aligned} \text{Adjusted Subscription Price} &= \text{original subscription price per Share under the Options} \times \frac{A}{B} \\ &= 0.845 \times \frac{0.524}{0.524 + 0.763} \end{aligned}$$

where:

A = Offer Price (which is the estimated realisable value of an ex-entitlement Share post Distribution)

B = Offer Price plus the “market price” of 1.75 GCT Shares (which is the estimated theoretical value of the end result of being entitled to the Distribution in the presence of the Share Offer and the GCT Exchange Offer) where “market price” means the average of the closing prices of one GCT Share as quoted on the Stock Exchange for each of the five trading days on which dealings in the GCT Shares on the Stock Exchange took place commencing from the trading day following the date of announcement of the Distribution, the Offers and the GCT Exchange Offer (i.e. 12th July, 2002 to 18th July, 2002).

The ratio “A over B” reflects the estimated value of an ex-entitlement Share post Distribution compared with the estimated theoretical value of a Share cum-entitlement to the Distribution. Factor B represents the position of a cum-entitlement Share, i.e. equivalent to an ex-entitlement Share and an unlisted share of Sing Tao Media capable of being exchanged into 1.75 GCT Shares. Bearing this in mind and having regard to the historical thin trading pattern of the cum-entitlement Shares (with no transaction recorded on almost two-thirds of the trading days since 1st January, 2002 and two out of the five trading days in the above-mentioned five-day period), market prices of the cum-entitlement Shares have not been used.

Unlike other capital distributions, the Distribution is part of a series of transactions involving, among other things, the Offers and the GCT Exchange Offer. As such, adjustment methodologies which do not take into account the terms of the Offers (in particular, the Offer Price) and the GCT Exchange Offer are not considered to be appropriate in the circumstances and therefore have not been adopted.

INFORMATION ON SING TAO GROUP

The Sing Tao Group was founded in 1938. Sing Tao Holdings is an investment holding company. Its subsidiaries were principally engaged in newspaper and magazine publishing, media consultancy and property trading and investment. After the Distribution, the Sing Tao Group is now principally engaged in property trading and investment in Hong Kong, the PRC and Canada. The Sing Tao Group currently holds a portfolio of commercial, industrial and retail properties in Hong Kong and overseas.

LETTER FROM THE BOARD

The following is a summary of the financial information of Sing Tao Group and the pro forma financial information of Sing Tao Group, assuming that the Distribution had been effected prior to 1st April, 2000, for the year ended 31st March, 2001 and the nine months ended 31st December, 2001:

	31st December, 2001	31st March, 2001
	<i>HK\$' million</i>	<i>HK\$' million</i>
Before the Distribution		
Audited consolidated loss after tax	(65.8)	(62.3)
Audited consolidated net asset value	755.0	819.8
Audited consolidated net asset value per share (HK\$)	1.80	1.95
Including the effect of the Distribution		
Unaudited combined profit/(loss) after tax	(3.5)	12.0
Unaudited adjusted consolidated net asset value	104.9	108.4
Unaudited adjusted consolidated net asset value per share (HK\$)	0.25	0.26

Notes: The net asset value per share is calculated based on 419,619,246 ordinary shares of Sing Tao Holdings in issue on the respective dates.

The audited consolidated net asset value per share of Sing Tao Group before the Distribution as at 31st March, 2001 and 31st December, 2001 were HK\$1.95 and HK\$1.80, respectively, based on 419,619,246 ordinary shares of Sing Tao Holdings in issue on the respective dates.

The audited consolidated loss after tax of Sing Tao Group for the year ended 31st March, 2001 and the nine months ended 31st December, 2001 were approximately HK\$62.3 million and HK\$65.8 million, respectively.

The audited consolidated net asset value of Sing Tao Group before the Distribution as at 31st March, 2001 and 31st December, 2001 were approximately HK\$819.8 million and HK\$755.0 million, respectively.

The unaudited adjusted consolidated net asset value of Sing Tao Group after the Distribution as at 31st March, 2001 and 31st December, 2001 were approximately HK\$108.4 million and HK\$104.9 million, respectively, assuming that the Distribution had been effected and the group reorganisation of Sing Tao Holdings and Sing Tao Media, as covered in the deed of reorganisation dated 23rd August, 2002 of which the details are set out in paragraph 9 of Appendix I under the heading "Material Contracts", had been completed prior to 1st April, 1999. The unaudited adjusted consolidated net asset value per share of Sing Tao Group after the Distribution as at 31st March, 2001 and 31st December, 2001 were HK\$0.26 and HK\$0.25, respectively, based on 419,619,246 ordinary shares of Sing Tao Holdings in issue on the respective dates.

The unaudited combined profit after tax of Sing Tao Group for the year ended 31st March, 2001, excluding the unaudited combined results of Sing Tao Media Group, was approximately HK\$12.0 million. The unaudited combined loss after tax of Sing Tao Group for the nine months ended 31st December, 2001, excluding the unaudited combined results of Sing Tao Media Group, was approximately HK\$3.5 million.

Sing Tao Holdings did not pay any interim or final dividend for the year ended 31st March, 2001, and the nine months ended 31st December, 2001.

Further financial information of Sing Tao Group is set out in Appendices I and II of this document.

LETTER FROM THE BOARD

Sing Tao Holdings has appointed Jones Lang LaSalle and Cushman & Wakefield to assess the property interests of the Sing Tao Group as at 31st July, 2002 and 13th August, 2002 respectively, the details of which are set out in Appendix IV of this document.

INFORMATION ON THE OFFEROR

Ming Yuan is a private company incorporated in the British Virgin Islands with limited liability on 6th February, 2002. The issued share capital of Ming Yuan is beneficially owned as to 100% by Mr. Yao Yuan and his family. Mr. Yao Yuan and his family are also beneficial shareholders of Shanghai Mingyuan Enterprise Group Company Limited which is a private conglomerate principally engaged in the provision of financial investment, real estate development and management, advanced technological scientific research, manufacturing, commercial trading, hotel catering businesses and media-related business in the PRC.

Ming Yuan, its beneficial shareholders and directors, namely Mr. Yao Yuan and Mr. Iu Chung in both cases, are parties independent of, not acting in concert and not connected with Sing Tao Holdings, the respective directors, substantial shareholders or chief executive of Sing Tao Holdings, Global China or any of their respective subsidiaries and associates (as defined in the Listing Rules).

OFFEROR'S INTENTION REGARDING SING TAO HOLDINGS AND ITS EMPLOYEES

The Board has noted from the Offer Document the Offeror's intention with regard to Sing Tao Holdings and its employees and certain statements made by the Stock Exchange concerning the maintenance of not less than 25% of the issued Shares in public hands and future acquisitions and disposals by the Sing Tao Group as a result of the Offers as follows:

- (a) It is the intention of Ming Yuan that the business of Sing Tao Holdings in the property trading and investment remains unchanged;
- (b) Ming Yuan has no intention of injecting and/or disposing of any material assets or businesses into/from Sing Tao Holdings immediately after the completion and the close of the Offers;
- (c) Ming Yuan intends to hold its interest in Sing Tao Holdings as a long term investment and will formulate long-term business plans and strategy of Sing Tao Holdings. Ming Yuan has no intention to re-deploy the employees or to dispose of or re-deploy the assets of the Sing Tao Group other than in the ordinary course of business;
- (d) It is the intention of Ming Yuan that all the existing directors of Sing Tao Holdings shall resign following the close of the Offers;
- (e) Ming Yuan has appointed Mr. Yao Yuan, Mr. Chien Hoe Yong, Henry and Mr. Wu Jun as executive directors after the despatch of the Offer Document and Mr. Lam Lee G., Mr. Yap Kah On and Ms. Chiang Su Hui, Susie will be appointed as independent non-executive directors of Sing Tao Holdings after the despatch of this document in respect of the Offers. Further details are contained in the section headed "Proposed Change of Board Composition of Sing Tao" in the Offer Document; and
- (f) It is the intention of Ming Yuan that the listing of the Shares on the Stock Exchange should be maintained. Accordingly, Ming Yuan has undertaken to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists with regard to the Shares.

LETTER FROM THE BOARD

The Board believes that the Offeror shall have considered all the relevant factors before coming to the above-stated intentions and it is the intention of the Offeror to carry on the Company as an on-going property trading and investment company listed on the Stock Exchange.

On 8th July, 2002, the Offeror entered into a placing agreement with Kingston Securities Limited whereby Kingston Securities Limited has agreed to place or procure the placing of a sufficient number of Shares to independent third parties out of the Shares that may be tendered to the Offeror under the Share Offer to ensure that not less than 25% of the issued share capital of the Company will be held in public hands immediately following the close of the Offers. The Offeror may hold up to a maximum of 100% of the issued share capital of the Company after the close of the Offers if all the Independent Shareholders tender their Shares for acceptance.

The Stock Exchange has stated that in the event that less than 25% of the Shares are in public hands following the close of the Offers, it will closely monitor trading in the Shares. If the Stock Exchange believes that a false market exists or may exist in the Shares or that there are insufficient Shares in public hands to maintain an orderly market, then it will give consideration to exercising its discretion to suspend dealings in the Shares. In this connection, it should be noted that upon the close of the Offers, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

The Stock Exchange has also stated that, if Sing Tao Holdings remains a public company listed on the Stock Exchange, the Stock Exchange will closely monitor all acquisitions and disposals of assets by Sing Tao Holdings. The Stock Exchange has the discretion to require Sing Tao Holdings to issue a circular to its shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of Sing Tao Holdings. The Stock Exchange has the power to aggregate a series of transactions and any such transactions may result in Sing Tao Holdings being treated as if it were a new listing applicant.

ADDITIONAL INFORMATION

Your attention is drawn to the following:

The letter from the Independent Board Committee on pages 12 and 13 of this document, setting out its recommendations to the Independent Shareholders and Option Holders in respect of the Offers;

The letter from Kingsway on 14 to 27 of this document containing its advice and recommendations to the Independent Board Committee in respect of the Offers; and

The additional information set out in the appendices of this document.

Yours faithfully,
For and on behalf of the Board
Lo Wing Hung
Director

SHANGHAI MING YUAN HOLDINGS LIMITED

(formerly known as Sing Tao Holdings Limited)

(Incorporated in Bermuda with limited liability)

13th September, 2002

To the Independent Shareholders and Option Holders

Dear Sir and Madam,

Mandatory General Offers
By South China Securities Limited
on behalf of
Ming Yuan Investments Group Limited to acquire
all the issued shares in Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
(other than those Shares already owned by
Ming Yuan Investments Group Limited
or parties acting in concert with it)
at HK\$0.524 each and to cancel the Options at HK\$0.18
for each Option Share for which the Option Holders
are entitled to subscribe upon exercise of the Options

INTRODUCTION

We refer to the circular (the “Circular”) dated 13th September, 2002 issued by Shanghai Ming Yuan Holdings Limited (“Sing Tao Holdings”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed members of the Independent Board Committee to consider the terms of the Offers and to advise on whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Option Holders are concerned. Kingsway Capital Limited has been appointed the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offers. Details of its advice and recommendations and the principal factors and reasons taken into consideration in arriving at its recommendations are set out in the letter from Kingsway Capital Limited on pages 14 to 27 of this Circular.

We wish to draw your attention to: (i) the letter from South China Securities Limited in the Offer Document; (ii) Appendix I — “Further Terms Of The Offers” in the Offer Document; (iii) the letter from the Board in the Circular; (iv) the letter from Kingsway Capital Limited in the Circular; and (v) the additional information set out in the appendices of the Circular.

RECOMMENDATIONS REGARDING THE OFFERS

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders should note that the Offer Price of HK\$0.524 represents a premium of 109.6% to the pro forma unaudited adjusted consolidated net asset value of HK\$0.25 per Share following the Distribution. Due to the generally low trading volumes in the Shares on the Stock Exchange, the Offers provide the Independent Shareholders and Option Holders with the opportunities to dispose of sizeable stakes in Sing Tao Holdings or sizeable quantities of Options in a one-off disposal without having a negative impact on the Share price.

Independent Shareholders and Option Holders who are interested in property investment and the future prospects of Sing Tao Holdings may consider retaining part or their entire amount of shareholdings or Options in Sing Tao Holdings.

Independent Shareholders who intend to accept the Share Offer should also monitor the market price of the Shares before close of the Share Offer and consider selling their Shares on the Stock Exchange rather than accepting the Share Offer if the proceeds net of transaction costs realizable from such respective sale in the market are greater than the net amount to be received under the Offers. Option Holders should note that the Options are not transferable. Unlike the shareholders of the Sing Tao Holdings who may be able to sell their Shares in the market if the market price of the Shares (net of commissions and related expenses) is higher than the Offer Price per Share during the offer period, the Option Holders would have less flexibility to pursue this strategy as they would need to first exercise their option right in exchange of good title in Shares before they can contemplate selling their Shares in the Market (but they may not be able to exercise all their outstanding Options now as the exercise period in relation to certain Options has not yet commenced). For details, please refer to the paragraph headed “Disclosure of Interests” in Appendix V on page 100.

We are of the view that in the circumstances, the Distribution and the GCT Exchange Offer, amongst other things, are part of a series of transactions, and in reviewing the Offers, we must take into account the terms of these transactions. On the basis of the above, and 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 Independent Shareholders to accept the Share Offer and the Option Holders to accept the Option Offer.

Yours faithfully,

Stephen FAN Sheung Tak YAO Kang TUNG Chee Chen
The Independent Board Committee

LETTER FROM KINGSWAY CAPITAL LIMITED

The following is the full text of the letter of advice to the Independent Board Committee from Kingsway dated 13th September, 2002 prepared for incorporation in this circular.



Kingsway Capital Limited
5/F, Hutchison House
10 Harcourt Road
Central
Hong Kong

13th September, 2002

*To the Independent Board Committee of
Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)*

Dear Sirs,

**Mandatory General Offers
By South China Securities Limited
on behalf of
Ming Yuan Investments Group Limited to acquire
all the issued shares in Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
(other than those Shares already owned by
Ming Yuan Investments Group Limited
or parties acting in concert with it)
at HK\$0.524 each and to cancel the Options at HK\$0.18
for each Option Share for which the Option Holders
are entitled to subscribe upon exercise of the Options**

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee in respect of the Offers, details of which are set out in the Document dated 13th September, 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 Offers.

Mr. Ho Tsu Kwok, Charles is the controlling shareholder and Executive Chairman of Global China, Mr. Wong Wai Ming and Miss Inn Judy are executive directors of the Company and Global China, Dr. Paul Tong Yuk Lun is the independent non-executive director of the Company and independent non-executive director of Global China, and Ms. Chan Kwai Yin, Miranda, Mr. Ho Kwok Fai, Morris, and Mr. Lo Wing Hung are executive directors of the Company. Mr. Yao Yuan is the controlling shareholder of the Company, and is newly appointed to the Board by the Offeror, Mr. Chien Hoe Yong, Henry and Mr. Wu Jun are newly appointed to the Board by the Offeror and are not considered independent to make any advice or recommendations to the Independent Shareholders on the merits of the Offers.

In formulating our opinion, we have relied on the directors of the Company to ensure that the information and facts supplied to us by the Company 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 Offers lapse. We have also assumed that all statements of belief,

opinion and intention made by the Directors 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 and have been advised by the Directors 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 the Company for the past three years, the last of which ended 31st December, 2001. We have reviewed the past performance of the share price of the Company on the Stock Exchange. We have discussed the valuations of the Sing Tao Group's property interests with the independent valuers. The valuations are set out in Appendix IV of this Document. We have also taken into consideration the statements of intention made by the directors of the Offeror in connection of the Offers.

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 Offeror.

In assessing the terms of the Offers, we have not considered the tax affairs of, or the implications thereof, of the Offers on the Independent Shareholders and the Option Holders. Accordingly, the Independent Shareholders and Option Holders, 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 Share Offer and or the Option Offer or making any particular election under the Share Offer and or the Option Offer. Our analysis of the terms of the Offers, and the business and financial performance of Sing Tao Holdings are set out in the following sections in this letter.

I. THE OFFERS

Principal Factors Considered

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

1. *Background to the Offers*

On 21st August, 2002, Sing Tao Holdings completed the Distribution. Immediately following the completion of the Distribution, the Offeror completed the purchase of 312,624,443 shares in the Company, representing about 74.5% of the issued share capital of Sing Tao Holdings, from Global China at HK\$0.524 per Share. Immediately following the completion of the Acquisition, the Offeror and parties acting in concert with it are obliged under the Takeovers Code to make a mandatory unconditional cash offer to acquire all the issued share capital of Sing Tao Holdings not already owned by the Offeror and parties acting in concert with it.

As at the latest practicable date of the Offer Document, 28th August, 2002, there were nine outstanding options granted by the Company to certain executive directors and employees of Sing Tao Holdings to subscribe for a total of 21,000,000 shares in the Company, pursuant to Sing Tao Holdings' Executive Share Option Scheme as approved by its shareholders on 3rd September, 1999. Such Options may be exercised during the period from 1st December, 2001 to 2nd September, 2009 at the Adjusted Subscription Price of HK\$0.344 per share. Under Rule 26 of the Takeovers Code, the Offeror is obliged to make general offer to acquire all the issued share capital of Sing Tao Holdings, other than the Sale Shares, and the outstanding Options. On this basis, the Offeror has extended an offer for each outstanding Option.

LETTER FROM KINGSWAY CAPITAL LIMITED

As stated above, 312,624,443 shares in Sing Tao Holdings are currently held by the Offeror (representing about 74.5% of the issued share capital of Sing Tao), and an aggregate of 1,428,000 shares in Sing Tao Holdings (representing about 0.3% of the issued share capital of the Company) were held by Mr. Ho Tsu Kwok, Charles (the executive Chairman of Sing Tao Holdings), who had accepted the Share Offer.

In addition, each of Mr. Wong Wai Ming, Miss Judy Inn, Mr. Lo Wing Hung and Ms. Miranda Chan Kwai Yin (all being directors of Sing Tao Holdings) has options to subscribe for an aggregate of 14,000,000 shares in Sing Tao Holdings (representing an aggregate of about 66.7% of the total number of shares which may be subscribed under the outstanding options or 3.3% of the issued share capital of the Company) and each has accepted the Option Offer and the remaining options to subscribe for 7,000,000 shares in Sing Tao Holdings (representing about 33.3% of the total number of shares which may be subscribed under the outstanding Options or 1.7% of the issued share capital of the Company) are held by other Option Holders who are senior managers of the Sing Tao Group and are subject to the Option Offer.

The terms of the Offers are made on the following basis:

HK\$0.524 in cash. for each Share held

HK\$0.18 in cash for each Option Share for which an Option Holder is entitled to subscribe under the Option granted to him/her multiplied by the number of Option Shares for which such Option Holder is entitled to subscribe upon the exercise of his/her Option for offer to cancel each Option

The Offer Price of HK\$0.524 per Share is the same as the price at which shares in Sing Tao Holdings were sold to the Offeror under the Sale and Purchase Agreement.

On the basis of the Offer Price of HK\$0.524 per Share, the entire issued share capital of the Company is valued at about HK\$219.9 million.

The Offer Price of HK\$0.18 for each Share which may be subscribed for under the Options in Sing Tao Holdings being the 'see-through' price, is the difference between the Offer Price under the Share Offer and the adjusted exercise price of the Options of HK\$0.344 per Share.

On the basis of the offer price of HK\$0.18 per Option multiplied by the number of Shares which may be subscribed for under the Option, the outstanding Options of Sing Tao Holdings are valued at about HK\$3,780,000.

2. Business and Financial performance

The business operations of Sing Tao Holdings are described in detail in the section headed "Information on Sing Tao Group" in the "Letter from the Board" in this Document.

A summary of the audited consolidated results of the Company for the two years ended 31st March, 2001 and the nine months ended 31st December, 2001, and the audited financial statements of the Company for the year ended 31st March, 2001 and the nine months ended 31st December, 2001 are set out in Appendix I to the Document.

LETTER FROM KINGSWAY CAPITAL LIMITED

Following the completion of the Distribution, the remaining assets of the Sing Tao Group consist principally of investment properties in Hong Kong, the PRC and Canada. The properties held by the Company in Hong Kong and the PRC are appraised to have a value of about HK\$25.2 million as at 31st July, 2002 and the properties held by the Company in Canada are appraised to have a value of about HK\$10.9 million as at 13th August, 2002. Details of the property interests of Sing Tao Holdings are set out in the valuation reports as contained in Appendix IV of the Document.

It is noted in the “Letter from the Board” that the unaudited combined profit after tax of Sing Tao Group for the year ended 31st March, 2001, excluding the unaudited combined results of Sing Tao Media Group, was about HK\$12.0 million. The unaudited combined loss after tax of Sing Tao Group for the nine months ended 31st December, 2001, excluding the unaudited combined results of Sing Tao Media, was about HK\$3.5 million. It should be noted that Sing Tao Holdings have changed their financial year-end date from 31st March to 31st December, whilst the previous corresponding period was for the year ended 31st March, 2001 and as such the two periods are not directly comparable. We are of the opinion that the performance of Sing Tao Holdings going forward is very much dependent on the performance of the properties markets in Hong Kong, the PRC and Canada. It is our view that the current business of the Company is faced with difficult operating environment in particular, the global economic downturn and continual slowdown of the local property market with no sign of quick recovery.

3. *Pro forma statement of unaudited adjusted consolidated net tangible asset value of Sing Tao Group*

The following is the pro forma statement of the unaudited adjusted consolidated net tangible asset value of Sing Tao Group based on the consolidated balance sheets of Sing Tao Group as at 31st March, 2001 and 31st December, 2001 assuming, inter alia, that the Distribution had been implemented as at 31st March, 2001 and 31st December, 2001.

	As at 31st March, 2001	As at 31st December, 2001
	<i>HK\$' million</i>	<i>HK\$' million</i>
Audited consolidated net assets of Sing Tao Group	819.8	755.0
Less: Goodwill	—	(6.0)
Less: Combined net tangible asset value of Distribution (<i>Note</i>)	(711.5)	(644.1)
 Pro forma unaudited adjusted consolidated net tangible asset value	 108.3	 104.9
 Pro forma unaudited adjusted consolidated net asset value per share (<i>HK\$</i>)	 0.26	 0.25

Note: This represents the combined net tangible assets of Sing Tao Media Group as at the respective dates after adjusting for the subsequent events as stated in the Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets on page 75.

The adjusted consolidated net asset value per share is calculated based on 419,619,246 Sing Tao Shares in issue.

LETTER FROM KINGSWAY CAPITAL LIMITED

As stated in the section above, it should be noted that Sing Tao Holdings has changed its financial year-end date from 31st March to 31st December, whilst the previous corresponding period was for the year ended 31st March, 2001 and as such the two periods are not directly comparable.

The audited consolidated net asset value of the Sing Tao Group as at 31st December, 2001 was about HK\$755.0 million, representing about HK\$1.80 per Share. The pro forma unaudited adjusted consolidated net asset value of the Sing Tao Holdings following the Distribution was about HK\$104.9 million, representing about HK\$0.25 per Share. The Offer Price represents a premium of about 109.6% over the unaudited pro forma consolidated net asset value per Share following the Distribution.

Following the completion of the Distribution, the Sing Tao Group will be principally engaged in property trading and investment. Given that the valuation of Sing Tao Group's Hong Kong property holdings as at 31st July, 2002 of about HK\$25.2 million represents approximately 70% of the group's entire property holdings, in considering the fairness of the Offer Price, we have, to the best of our knowledge, reviewed all issuers listed on the Stock Exchange whose principal business is property development and investment in Hong Kong and are only able to identify 3 issuers (the "comparables") with market capitalization and net asset backing similar to that of the Company.

We set out below the share prices of the comparables as at the Latest Practicable Date:

Name of issuer	Year End Date	Closing price per share <i>HK\$</i>	Market capitalization ⁽²⁾ <i>HK\$ million</i>	Net asset value per share ⁽¹⁾ ("NAV") <i>HK\$</i>	Premium/ (Discount) of closing price to NAV %
Winfair Investments Company Limited	31st March, 2002	1.81	72.4	5.03	(64.0)
Chi Cheung Investment Company Limited	31st December, 2001	0.05	148.5	0.046	8.7
Soundwill Holdings Limited	31st December, 2001	0.033	102.8	0.17	(80.6)

Notes:

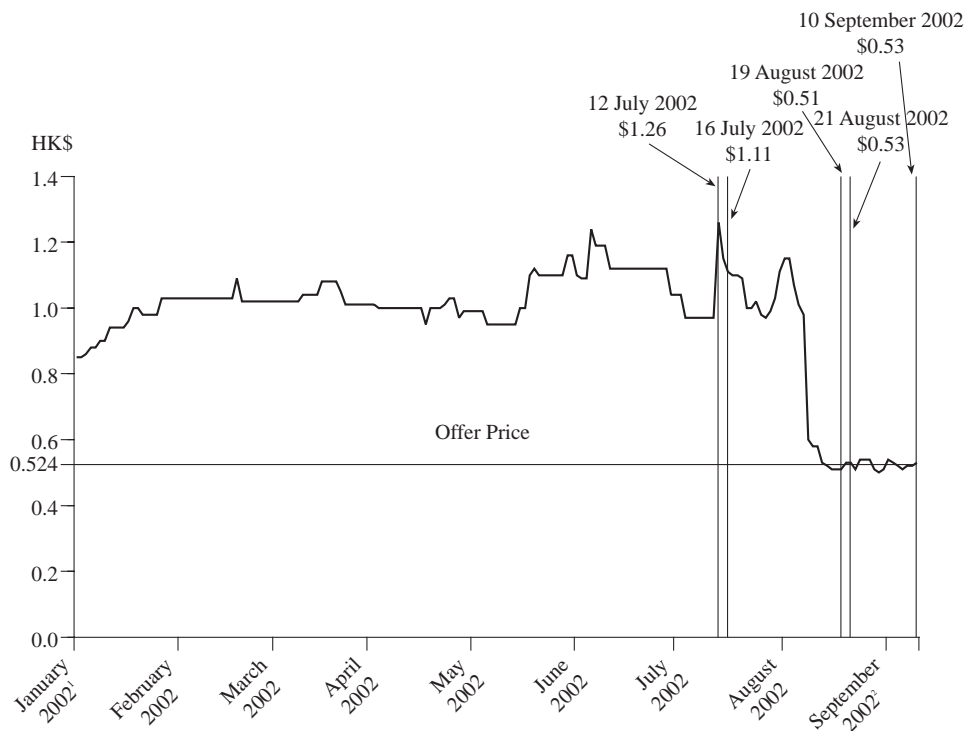
1. Net asset value and number of shares in issue based on the latest audited accounts.
2. Based on closing price of shares as at the Latest Practicable Date.

As shown above, the comparables were traded within the range from a discount of about 80.6% to a premium of about 8.7% to their respective latest audited net asset values. The premium of about 109.6% as represented by the Offer Price over the pro forma unaudited adjusted consolidated net asset value per Share following the completion of the Distribution compares favorably with the discounts recorded for the identified comparables. On the basis of the comparison as illustrated above, we consider the Offer Price is fair and reasonable so far as the interests of the Independent Shareholders are concerned.

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4. Market price of the Shares

The following chart sets out the movement of the daily closing prices of the Shares on the Stock Exchange for a period from 11th January, 2002 (being the first day of the 6-month period immediately prior to the Announcement on 12th July, 2002) up to and including the Latest Practicable Date (the “Relevant Period”):



Notes:

1. From 11th January, 2002
2. Until 10th September, 2002

2002	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average closing price (HK\$)
Month			
January (11th to 31st)	1.03	0.94	0.984
February	1.09	1.02	1.029
March	1.08	1.01	1.035
April	1.03	0.95	0.999
May	1.16	0.95	1.037
June	1.24	1.04	1.130
July (2nd to 3rd)	1.04	0.97	1.005

LETTER FROM KINGSWAY CAPITAL LIMITED

2002	Highest closing price (HK\$)	Lowest closing price (HK\$)	Average closing price (HK\$)
July (4th to 11th)		Trading suspended	
July (12th to 31st)	1.26	0.97	1.065
August	1.15	0.50	0.655
September (up to and including the Latest Practicable Date)	0.54	0.51	0.524

As the Share Offer is made following the completion of the Distribution, the historical trading price of the Shares prior to the release of the Announcement reflects mostly the media business of the Company, the distribution of which was subsequently approved by the Board and the Shareholders on 16th July, 2002 and 19th August, 2002 respectively and the Distribution became effective on 21st August, 2002, we consider that it is more relevant to assess the price movement of the Shares after resumption of trading on 12th July, 2002.

Following the release of the Announcement, the closing price per Share surged from HK\$0.97 on 3rd July, 2002 (being the last trading day immediately prior to the suspension date) to HK\$1.26 on 12th July, 2002 (being the day of resumption of trading after the release of the Announcement) and closed at HK\$0.53 on the Latest Practicable Date. During the Relevant Period, the highest closing and the lowest price was HK\$1.26 and HK\$0.50 per Share recorded on 12th July, 2002 and 29th August, 2002 respectively.

It is noted that the share price rose to HK\$1.24 on 5th June, 2002, the highest during the 6 months prior to the release of the Announcement. This may be due to the release of an announcement by Global China on 5th June, 2002 that Global China is considering various proposals in relation to the possible business restructuring within the Group (the “Preliminary Announcement”). Subsequent to the release of the Announcement and upon resumption in trading of the Shares on 12th July, 2002, the share price reached its historical high during the Relevant Period and closed at HK\$1.26. However, the share price gradually retreated to the level prior to the Preliminary Announcement of 5th June, 2002. Since then, the share price traded within a narrow range on an overall downward trend.

LETTER FROM KINGSWAY CAPITAL LIMITED

The Offer Price represents:

	Share Price <i>HK\$</i>	Offer Price Premium/ (Discount) to Share Price %
Closing price on the Latest Practicable Date	0.53	(1.1)
Lowest closing price per Share during the period from 12th July, 2002 to the Latest Practicable Date	0.50	4.8
Highest closing price per Share during the period from 12th July, 2002 to the Latest Practicable Date	1.26	(58.4)
Average closing price for the 10 consecutive trading days ended on the Latest Practicable Date	0.52	0.8
Closing price on 16th July, 2002, the day on which the Board of Sing Tao Holdings approved of the Distribution	1.11	(52.8)
Closing price on 19th August, 2002, the day on which the Sing Tao Shareholders approved of the Distribution	0.51	2.7
Closing price on 21st August, 2002, the effective date of the Distribution	0.53	(1.1)

The Offer Price to closing price discount has decreased substantially from 58.4% on 12th July, 2002 to an Offer Price to closing price discount of 1.1% on the Latest Practicable Date. This is mainly due to the adjustment in share price of Sing Tao Holdings to reflect the entitlement to the special interim dividend satisfied by the Distribution.

It is noted that the Offeror intends to continue with the property investment business of the Sing Tao Holdings. On this basis, we are of the opinion that the market price of the Shares following completion of the Offers may continue to trade within a narrow range given that there is no assurance to any immediate improvement of Sing Tao Holdings' financial performance after the closing of the Offers.

LETTER FROM KINGSWAY CAPITAL LIMITED

5. *Liquidity of the Shares*

The average daily volume of the Shares traded on the Stock Exchange and the percentage of such average daily volume traded as compared to the total number of Shares in issue during the 6 months ended the period from 11th January, 2002 to the Latest Practicable Date:

2002	Total trading volume for the month/ period <i>(in number of Shares)</i>	Average daily trading volume for the month/ period <i>(in number of Shares)</i>	Percentage of average daily trading volume to the total number of shares in issue⁽¹⁾ <i>(%)</i>
Month/period			
January (11th to 31st)	123,500	8,233	0.00
February	38,372	2,257	0.00
March	124,000	6,200	0.00
April	204,402	10,220	0.00
May	776,000	36,952	0.01
June	112,000	5,600	0.00
July (2nd to 3rd)	44,000	22,000	0.01
July (4th to 11th)		Trading suspended	
July (12th to 31st)	802,223	57,302	0.01
August	1,217,600	55,345	0.01
September (up to and including the Latest Practicable Date)	2,116,858	302,408	0.07

Note:

1. Based on 419,619,246 Shares in issue as at the Latest Practicable Date.

Source: Bloomberg

As shown in the table above, the average daily trading volume of the Shares on the Stock Exchange in each month remained extremely thin. Of the 158 trading days during the period from 11th January, 2002 to the Latest Practicable Date, there were 89 trading days with no turnover recorded.

Since 11th January, 2002, the daily trading volume of the Shares has been quite thin. 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 Shares had increased from an average daily trading volume of about 5,600 shares for the month of June and an average daily trading volume of about 7,091 shares for the period from 1st June, 2002 to 3rd July, 2002, being the last trading day immediately preceding the suspension date pending the issue of the Announcement, to an average daily trading volume of about 96,201 shares for the period from 12th July, 2002, being the date of release of the Announcement, up to and including the Latest Practicable Date, which represents about 0.02% of the total number of shares in issue.

In view of the lack of liquidity in the trading of the Shares on the Stock Exchange, without regard to the improvement in the trading volume of the Shares in the market after the lifting of the suspension on 12th July, 2002 as the trading volume together with the share price have both

been affected by the announcement of the Offers, it would be difficult for the Shareholders to dispose of any significant shareholding in the market except through an offer. We consider that the Share Offer could serve as a practical means for the Independent Shareholders to realize their investments in the Company.

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

6. *Price earnings ratio*

Sing Tao Holdings recorded an audited consolidated net loss of about HK\$65.7 million and HK\$62.3 million for the nine months ended 31st December, 2001 and for the year ended 31st March, 2001 respectively. We do not consider a price earnings ratio calculation to be relevant in the circumstances.

7. *Dividends*

The Directors did not declare a dividend in respect of the year ended 31st March, 2001 and nine months ended 31st December, 2001 owing to the loss incurred during the period. The Offeror has not indicated what dividend policy would be adopted. Accordingly, we consider that it is inapplicable to evaluate the Share Offer in terms of the dividend yield.

8. *Intentions of the Offeror regarding the future of Sing Tao Holdings*

The business operations of the Offeror are described in detail in the section headed “Information on the Offeror” in this Document. As stated in the section headed “Intentions of Ming Yuan Regarding Sing Tao” in the Offer Document, the new management of the Company will continue to be engaged in property trading and investment. The Offeror has expressed that it has no intention to inject assets or business into the Group immediately after the completion of the Sale and Purchase Agreement and following the closing of the Offers. The Offeror intends to hold its interest in Sing Tao Holdings as a long term investment.

The Independent Shareholders are strongly advised to consider carefully the intention of Offeror regarding the Company as set out in the Document. Given the fact that as at the Latest Practicable Date, the Offeror intends to continue with the remaining businesses of Sing Tao Holdings without any proposed injection of, or diversification into, other business, the Independent Shareholders should note that there is no assurance to any immediate improvement of Sing Tao Group’s financial performance after the closing of the Offers. It is our view that the current business of the Company is faced with difficult operating environment in particular, the global economic downturn and continual slowdown of the local property market with no sign of quick recovery. We are also unable to comment at this stage on whether the Offeror could bring in new prospects to Sing Tao Holdings. The performance of Sing Tao Holdings going forward is very much dependent on the performance of the properties markets in Hong Kong, the PRC and Canada. On the bases that there is no asset injection or change in business in the short term, we believe that the business performance of the Company will remain unchanged and may worsen if the existing operating environment continues or deteriorates in the foreseeable future. However, taking into account that any future asset injection by the Offeror into the Company will be

monitored by the Stock Exchange and that these transactions are subject to approval of the Independent Shareholders, we agree that this provides additional safeguards to the interests of the Company and the Shareholders.

Moreover, 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 Holdings. Please refer to the section “Listing” for further details on the role of the Stock Exchange regarding future transactions of the Company.

9. *New management*

As detailed in the letter from South China contained in the Offer Document, Mr. Yao Yuan, Mr. Chien Hoe Yong, Henry and Mr. Wu Jun were appointed as executive directors and Mr. Lam Lee G, Mr. Yap Kah On and Ms. Chiang Su Hui, Susie will be appointed as independent non-executive directors with effect from the despatch of this document. Ming Yuan may nominate additional directors to the board of Sing Tao Holdings after the close of the Offers, but such persons have not yet been determined. All the existing executive directors and non-executive directors of the board not appointed by the Board of the Offeror will resign with effect from the closing of the Offers, which is the earliest time permissible under the Takeovers Code. It is also noted that it is the intention of Ming Yuan that apart from the change in the board of directors, there will be no material change in the existing management and employees of Sing Tao Holdings following the close of the Offers. The Independent Shareholders may refer to the background of the new directors as set out in the Offer Document.

We are of the view that the performance of the new board as a whole is yet to be demonstrated in view of the fact that all the directors are newly appointed to the Company. The Independent Shareholders are reminded of the uncertainty on whether the new board can achieve in restoring the Sing Tao Holdings’ profitability in the near future. However, with the extensive experience in a wide range of businesses of Mr. Yao Yuan, in particular, in a company with diversified interests including property trading and investments, we believe that Mr. Yao Yuan should have the capabilities to run the Company. As such, we believe that with the assistance of the existing staff of the Company and the support from the Offeror, the new directors should be able to ensure a smooth continuation of the existing businesses of Sing Tao Holdings.

10. *Listing*

It is the intention of the Offeror to maintain the listing of the shares on the Stock Exchange, for this purpose, in the event that less than 25% of the Shares are in public hands following the close of the Offers, the directors of the company and the directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that it will closely monitor trading in the Shares if, at the close of the Offers, less than 25% of the Shares are held by the public. In this connection it should be noted that upon completion of the Offers, there may be insufficient public float for the Shares and, therefore, trading in the Shares may be suspended until a sufficient level of public float is attained.

If the Stock Exchange believes that:

- A false market exists or may exist in the shares; or
- That there are too few shares in public hands to maintain an orderly market.

Then it will consider exercising its discretion to suspend trading in the Shares.

If the Company remains a listed company, the Stock Exchange will also monitor all future acquisition or disposal of assets by the Company. The Stock Exchange has the discretion to require the company to issue a circular to its shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions by the Sing Tao Holdings and any transaction may result in the Company being treated as if it were a new listing applicant.

Recommendation

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

1. The Offer Price is at a premium of 109.6% to the pro forma unaudited adjusted consolidated net asset value per Share following the Distribution;
2. The low level of trading of the Shares in the period as discussed; and
3. The Share Offer will be payable in cash.

Independent Shareholders should note that the Offer Price of HK\$0.524 represents a premium of 109.6% to the pro forma unaudited adjusted consolidated net asset value of HK\$0.25 per Share following the Distribution. Due to the generally low trading volumes in the Shares on the Stock Exchange, the Share Offer provides the Independent Shareholders with the opportunities to dispose of sizeable stakes in Sing Tao Holdings in a one-off disposal without having a negative impact on the Share price.

We consider the terms of the Share Offer on the whole are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee to recommend the Independent Shareholders to either accept the Share Offer or, if the price of the Shares exceeds the Offer Price before the closing date of the Share Offer, to sell their Shares in the market.

Independent Shareholders who are interested in property development and investment and the future prospects of Sing Tao Holdings may consider retaining part or their entire amount of shareholdings in Sing Tao Holdings.

II. OPTION OFFER

1. Terms of the Option Offer

As at the latest practicable date of the Offer Document, 28th August, 2002, there were nine outstanding options granted by Sing Tao Holdings to certain executive directors and employees of Sing Tao Holdings to subscribe for a total of 21,000,000 Shares, pursuant to the Executive Share Option Scheme. Such Options may be exercised during the period from 1st December, 2001 to 2nd September, 2009 at the Adjusted Subscription Price of HK\$0.344 per share. Please refer to the section headed “Comparisons of value” on pages 7 to 8 in the Offer Document.

Under Rules 26 of the Takeovers Code, the Offeror is obliged to make general offer to acquire all the issued share capital of Sing Tao Holdings, other than the Sale Shares, and the outstanding options. On this basis, the Offeror has offered HK\$0.18 in cash for each option multiplied by the number of Shares which may be subscribed for under the Option, being the ‘see-through’ price of the options were exercised on 23rd August, 2002 (being the date when the mandatory general offer obligation was triggered under the Takeovers Code) at an exercise price of HK\$0.344 per share.

2. Fairness and reasonableness of the Option Offer

In assessing the Option Offer, we have also taken into account of the principal factors and reasons which we have considered under the Share Offer and, in addition, we note:

- that the Offer Price for the Offer Shares of HK\$0.524 is at a premium of 52.3% to the Adjusted Subscription Price of the Options of HK\$0.344; and
- the length of the exercise period until the expiry of the Options on 2nd September, 2009 for the share price of Sing Tao Holdings which may or may not be sustainable at a level above the option exercise price following the closing of the Option Offer.

We have also reviewed the basis of calculations of the Adjusted Subscription Price and noted the confirmation by EYCFL, as stated in the Offer Document to be fair and reasonable and in the circumstances, to be the most appropriate adjustment mechanism.

The Adjusted Subscription Price has been calculated on the following basis which is considered by EYCFL to be the most appropriate adjustment mechanism in the circumstances having due regard to all the relevant factors including the terms of the Distribution as well as the terms of the Offers and the GCT Exchange Offer:

$$\begin{aligned} \text{Adjusted Subscription Price} &= \text{original subscription price per Share under the Options} \times \frac{A}{B} \\ &= 0.845 \times \frac{0.524}{0.524 + 0.763} \end{aligned}$$

where:

A = Offer Price (which is the estimated realisable value of an ex-entitlement Share post Distribution)

B = Offer Price plus the “market price” of 1.75 GCT Shares (which is the estimated theoretical value of the end result of being entitled to the Distribution in the presence of the Share Offer and the GCT Exchange Offer) where “market price” means the average of the closing prices of one GCT Share as quoted on the Stock Exchange for each of the five trading days on which dealings in the GCT Shares on the Stock Exchange took place commencing from the trading day following the date of announcement of the Distribution, the Offers and the GCT Exchange Offer (i.e. 12th July, 2002 to 18th July, 2002).

It is noted that unlike other capital distributions, the adjustment mechanism has taken into account the terms of the Distribution as well as the terms of the Offers and the GCT Exchange Offer. We are of the view that in the circumstances, the Distribution is part of a series of transactions involving among other things, the Offers and the GCT Exchange Offer, and adjustment mechanism must take into account the terms of these transactions. On the basis of the above, and that the market price of the cum-entitlement Sing Tao Holdings Shares was not considered to be significantly meaningful given the historical thin trading volume since 11th January, 2002 and during the five-day period from 12th July 2002 to 18th July 2002 (the five trading days following the release of the announcement of the Distribution, the Offers and the GCT Exchange Offer, of which market price reference of Global China is used for purpose of adjustment), we consider, in the circumstances, the basis for arriving at the offer price for the outstanding Options, of which the ratio “A over B” reflects the estimated value of an ex-entitlement Share post Distribution compared with the estimated theoretical value of a Share cum-entitlement to the Distribution, and that factor B represents the position of a cum-entitlement Share, i.e. equivalent to an ex-entitlement Share and an unlisted share of Sing Tao Media capable of being exchanged into 1.75 GCT Shares, to be fair and reasonable and the adjustment mechanism applied to be most appropriate.

3. Recommendation

On the basis of the above reasons and factors, we consider the Option Offer to be fair and reasonable and recommend that the Independent Board Committee to recommend to the Option Holders to accept the Option Offer. Option Holders should note that the Options are not transferable. Unlike the shareholders of Sing Tao Holdings who may be able to sell their Shares in the market if the market price of the Shares (net of commissions and related expenses) is higher than the Offer Price per Share during the offer period, Option Holders would have less flexibility to pursue this strategy as they would need to first exercise their option right in exchange of good title in Share(s) before they can contemplate selling their Shares in the market (but they may not be able to exercise all their outstanding Options now as the exercise period in relation to certain Option has not yet been commenced). For details, please refer to the paragraph headed “Disclosure of Interest” in Appendix V on page 100. Option Holders who are attracted by the future prospects of the Company may wish to retain part or their entire amount of Options.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited

William Lam
Managing Director

Sandy Yip
Director

1. CORPORATE INFORMATION

Sing Tao Holdings was incorporated in Bermuda as an exempted company under the Companies Act on 8th May, 1989. The address of its registered office is Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda, and its principal place of business is at Suite 2903, Tower II, Lippo Centre, 89 Queensway, Hong Kong. The company secretary of Sing Tao Holdings is Ms. Yiu Ling, a certified public accountant.

2. SHARE CAPITAL

The authorized and issued share capital of Sing Tao Holdings as at the Latest Practicable Date were as follows:

	<i>HK\$'000</i>
<i>Authorised:</i>	
<u>600,000,000</u> Shares	<u>150,000</u>
<i>Issued and fully paid:</i>	
<u>419,619,246</u> Shares	<u>104,905</u>

No shares have been issued by Sing Tao Holdings since 31st December, 2001.

All the Shares rank *pari passu* in all respects as regards rights to dividends, voting and return of capital.

The Shares are listed and traded on the Stock Exchange. No part of the Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

3. OPTIONS

Pursuant to the Executive Share Option Scheme, a total number of options to subscribe for a total of 21,000,000 Shares (representing about 5% of the aggregate number of the issued Shares) were granted subject to the terms of the relevant grants as follows:

- (a) three options to subscribe for a total of 11,500,000 Shares at the Adjusted Subscription Price of HK\$0.344 per Share granted to three Directors may be exercised in the prescribed manner during the period from 30th August, 2002 to 2nd September, 2009;
- (b) an option to subscribe for a total of 2,500,000 Shares at the Adjusted Subscription Price of HK\$0.344 per Share granted to a Director may be exercised in the prescribed manner during the period from 1st December, 2001 to 2nd September, 2009; and
- (c) the remaining options to subscribe for a total 7,000,000 Shares at the Adjusted Subscription Price of HK\$0.344 per Share granted to certain employees of the Sing Tao Group may be exercised in the prescribed manner during the period from 30th August, 2002 to 2nd September, 2009.

Up to the Latest Practicable Date, no options were exercised by the above grantees to subscribe for the Shares.

As at the Latest Practicable Date, all the Option Holders had accepted the Option Offer to renounce their respective rights to subscribe for Shares. There is no outstanding options, warrants or conversion rights which will affect the shares of Sing Tao Holdings as at the Latest Practicable Date.

4. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The following is a summary of the published audited consolidated profit and loss accounts of Sing Tao Group for the nine months ended 31st December, 2001 and the years ended 31st March, 2000 and 31st March, 2001 as extracted from the respective annual reports of Sing Tao Holdings:

	Nine months Ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Turnover	<u>932,908</u>	<u>1,272,679</u>	<u>1,260,450</u>
Profit/(loss) before tax	(45,634)	(19,380)	42,374
Tax	<u>(20,133)</u>	<u>(42,922)</u>	<u>(39,583)</u>
Profit/(loss) after tax	(65,767)	(62,302)	2,791
Minority interests	<u>3</u>	<u>5</u>	<u>58</u>
Net profit/(loss) for the period/year attributable to shareholders	<u>(65,764)</u>	<u>(62,297)</u>	<u>2,849</u>
Dividend	<u>—</u>	<u>—</u>	<u>83,924</u>
	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Earnings/(loss) per Share	<u>(15.7)</u>	<u>(14.8)</u>	<u>0.7</u>
Dividend per Share			
Special	—	—	20.0
Interim	—	—	—
Final	<u>—</u>	<u>—</u>	<u>—</u>

5. AUDITED CONSOLIDATED ACCOUNTS

Set out below are the audited consolidated profit and loss accounts for the year ended 31st March, 2001 and the nine months ended 31st December, 2001, the audited consolidated balance sheets as at 31st March, 2001 and as at 31st December, 2001 and the audited consolidated cash flow statements for the year ended 31st March, 2001 and the nine months ended 31st December, 2001 together with the relevant notes, including the principal accounting policies, as extracted from the annual report of Sing Tao Holdings for the nine months ended 31st December, 2001:

Consolidated Profit and Loss Account

		Period from 1st April, 2001 to 31st December, 2001	Year ended 31st March, 2001
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	6	932,908	1,272,679
Cost of sales		<u>(598,017)</u>	<u>(857,446)</u>
Gross profit		334,891	415,233
Other revenue	6	6,713	13,655
Restructuring costs	7	(19,043)	—
Selling and distribution expenses		(133,561)	(162,438)
Administrative expenses		(199,742)	(262,454)
Other operating expenses		<u>(37,963)</u>	<u>(27,545)</u>
Loss from operating activities	8	(48,705)	(23,549)
Finance costs	9	<u>(424)</u>	<u>—</u>
		(49,129)	(23,549)
Share of profits and losses of:			
Jointly controlled entities		(1,626)	3,403
Associates		<u>5,121</u>	<u>766</u>
Loss before tax		(45,634)	(19,380)
Tax	12	<u>(20,133)</u>	<u>(42,922)</u>
Loss before minority interests		(65,767)	(62,302)
Minority interests		<u>3</u>	<u>5</u>
Net loss for the period/year attributable to shareholders	13, 29	<u><u>(65,764)</u></u>	<u><u>(62,297)</u></u>
Dividend		<u>—</u>	<u>—</u>
Loss per share — basic (HK Cents)	14	<u><u>(15.7)</u></u>	<u><u>(14.8)</u></u>

Consolidated Balance Sheet

	<i>Notes</i>	As at 31st December, 2001 HK\$'000	As at 31st March, 2001 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	382,445	379,135
Goodwill	17	5,952	—
Interests in jointly controlled entities	19	150,617	152,845
Interests in associates	20	15,343	10,222
Investment in securities	21	11,130	10,458
Club memberships		<u>1,468</u>	<u>2,353</u>
		<u>566,955</u>	<u>555,013</u>
CURRENT ASSETS			
Properties held for sale		23,401	28,808
Inventories	22	54,765	72,289
Trade and other receivables	23	263,452	263,893
Pledged time deposits		45,909	15,184
Cash and bank balances		<u>128,273</u>	<u>167,853</u>
		<u>515,800</u>	<u>548,027</u>
CURRENT LIABILITIES			
Trade and other payables	24	225,837	223,526
Interest-bearing bank loans	25	29,206	—
Tax payable		<u>52,332</u>	<u>39,097</u>
		<u>307,375</u>	<u>262,623</u>
NET CURRENT ASSETS		<u>208,425</u>	<u>285,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		775,380	840,417
NON-CURRENT LIABILITIES			
Interest-bearing bank loans	25	(7,250)	—
Provision for long service payments	26	(5,608)	(11,616)
Deferred tax	27	<u>(7,380)</u>	<u>(9,005)</u>
		<u>(20,238)</u>	<u>(20,621)</u>
Minority interests		<u>(127)</u>	<u>53</u>
NET ASSETS		<u>755,015</u>	<u>819,849</u>
CAPITAL AND RESERVES			
Issued capital	28	104,905	104,905
Reserves	29	<u>650,110</u>	<u>714,944</u>
		<u>755,015</u>	<u>819,849</u>

Consolidated Cash Flow Statement

	<i>Notes</i>	Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	30(a)	4,775	7,386
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,381	11,132
Interest paid		(424)	—
Dividend received from an unlisted investment		2,332	2,523
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>6,289</u>	<u>18,360</u>
TAX			
Hong Kong profits tax refunded/(paid)		690	(4,486)
Overseas taxes paid		<u>(8,782)</u>	<u>(18,078)</u>
Taxes paid		<u>(8,092)</u>	<u>(22,564)</u>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(48,187)	(42,584)
Proceeds from disposal of property, plant and equipment		1,292	4,805
Acquisition of subsidiaries	30(c)	(1,733)	(1,179)
Decrease/(increase) in pledged time deposits		(30,725)	4,419
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>(79,353)</u>	<u>(40,716)</u>
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(76,381)	(37,534)

		Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
FINANCING ACTIVITIES	30(b)		
New bank loans		38,206	—
Repayment of bank loans		<u>(1,750)</u>	<u>—</u>
Net cash inflow from financing activities		<u>36,456</u>	<u>—</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(39,925)	(37,534)
Cash and cash equivalents at beginning of period/ year		167,853	209,871
Effect of foreign exchange rate changes, net		<u>345</u>	<u>(4,484)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		<u><u>128,273</u></u>	<u><u>167,853</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<u><u>128,273</u></u>	<u><u>167,853</u></u>

Consolidated Statement of Recognised Gains and Losses

	<i>Notes</i>	Period from 1st April, 2001 to 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Surplus/(deficit) on revaluation of investment in securities	29	672	(2,704)
Exchange differences on translation of the financial statements of foreign entities	29	<u>(550)</u>	<u>(9,342)</u>
Net gains/(losses) not recognised in the profit and loss account		122	(12,046)
Loss for the period/year attributable to shareholders	29	<u>(65,764)</u>	<u>(62,297)</u>
Total recognised gains and losses		(65,642)	(74,343)
Goodwill eliminated directly against consolidated reserves	29	<u>—</u>	<u>(808)</u>
		<u><u>(65,642)</u></u>	<u><u>(75,151)</u></u>

Notes to the Accounts

1. CORPORATE INFORMATION

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

- newspaper publishing
- commercial printing
- property holding

In the opinion of the directors, Luckman Trading Limited, a company incorporated in the British Virgin Islands with limited liability, is the ultimate holding company of the Company.

2. CHANGE OF FINANCIAL YEAR END DATE

The financial year end date of the Company was changed from 31st March, to 31st 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 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments, which may be accounted for retrospectively or prospectively, in accordance with the requirements of the SSAP. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for operating leases, which are further detailed in note 33 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 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 consolidated 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 not resulted in a prior year adjustment. The required new additional disclosures are included in note 17 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.

SSAP 32 prescribes the accounting treatment and disclosures for the preparation and presentation of consolidated financial statements, and has had no significant impact on the preparation of these 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 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 dates 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.

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.

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 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 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 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.

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 further 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.

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 consolidated 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.

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 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 principal annual rates used for this purpose are as follows:

Freehold land	Nil
Leasehold land	Over the lease terms
Buildings	2% to 5%
Plant and equipment	6% to 30%

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.

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 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.

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 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 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 dealt with as movements in retained profits.

Borrowing costs

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

Retirement benefit costs

The Group operates defined contribution retirement benefit schemes in Hong Kong and overseas for those employees who are eligible and have elected to participate in the scheme. 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 or Exempted ORSO retirement benefit scheme in Hong Kong or other retirement benefit 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 to the Mandatory Provident Fund retirement benefit scheme, the Group's employer contributions vest fully with the employees when contributed into the scheme.

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.

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) circulation income, when the newspapers are delivered;
- (b) advertising income, when the advertisements are published or broadcasted;
- (c) 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;
- (d) from the rendering of services, when the services are rendered;
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (g) dividends, when the shareholders' right to receive payment is established; and
- (h) revenue from sale of properties, upon the execution of the formal sale and purchase agreement.

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.

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 and bank balances represent assets which are not restricted as to use.

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 the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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 products and services they provide. Each of the Group's business segments represents a strategic business unit that offers different 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:

- the newspaper publishing segment publishes and distributes newspapers to readers in Hong Kong, Canada, the United States of America, the United Kingdom, France and Australia;
- the commercial printing segment provides the services of printing of illustrated books, typesetting and printing of financial documents; and
- the corporate and others segment comprises the Group's 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 are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Business segments

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

Group

	Newspaper publishing		Commercial printing		Corporate and others		Eliminations		Consolidated	
	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001
	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	578,315	794,956	347,444	449,514	7,149	28,209	—	—	932,908	1,272,679
Inter-segment sales	15,061	19,763	2,358	3,552	2,052	2,736	(19,471)	(26,051)	—	—
Total	593,376	814,719	349,802	453,066	9,201	30,945	(19,471)	(26,051)	932,908	1,272,679
Segment results	(57,918)	(101,332)	43,568	61,961	(22,025)	2,167	—	—	(36,375)	(37,204)
Interest and dividend income									6,713	13,655
Restructuring costs									(19,043)	—
Loss from operating activities									(48,705)	(23,549)
Finance costs									(424)	—
Share of profits and losses of:										
Jointly controlled entities	(1,484)	6,164	—	—	(142)	(2,761)	—	—	(1,626)	3,403
Associates	—	—	—	766	5,121	—	—	—	5,121	766
Loss before tax									(45,634)	(19,380)
Tax									(20,133)	(42,922)
Loss before minority interests									(65,767)	(62,302)
Minority interests									3	5
Net loss for the period/year attributable to shareholders									(65,764)	(62,297)
Segment assets	469,998	511,175	342,316	322,617	91,883	93,370	—	—	904,197	927,162
Interests in jointly controlled entities	55,062	54,249	—	—	95,555	98,596	—	—	150,617	152,845
Interests in associates	—	—	—	—	15,343	10,222	—	—	15,343	10,222
Unallocated assets	11,730	11,943	500	500	368	368	—	—	12,598	12,811
Total assets	536,790	577,367	342,816	323,117	203,149	202,556	—	—	1,082,755	1,103,040
Segment liabilities	131,357	133,435	60,081	64,862	40,007	36,845	—	—	231,445	235,142
Unallocated liabilities	62,793	30,571	25,126	11,825	8,249	5,706	—	—	96,168	48,102
Total liabilities	194,150	164,006	85,207	76,687	48,256	42,551	—	—	327,613	283,244
Other segment information:										
Capital expenditure	34,519	29,918	13,661	12,666	314	300	—	—	48,494	42,884
Depreciation	16,382	25,302	12,685	16,571	273	489	—	—	29,340	42,362
Impairment losses recognised in the profit and loss account	2,150	—	10,708	—	1,693	—	—	—	14,551	—
Other non-cash expenses	2,519	4,565	45	(47)	11,572	(2,076)	—	—	14,136	2,442

Geographical segments

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

	Hong Kong		North America		Australia and New Zealand		Europe		Eliminations		Consolidated	
	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 31st March, 2001	Period ended 31st December, 2001	Year ended 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	441,178	636,226	371,174	485,595	29,857	47,793	90,699	103,065	—	—	932,908	1,272,679
Segment results*	(73,910)	(104,939)	22,440	51,083	(127)	2,327	15,222	14,325	—	—	(36,375)	(37,204)
Other geographical information:												
Segment assets	815,721	816,986	228,953	253,035	16,191	16,551	21,890	16,468	—	—	1,082,755	1,103,040
Capital expenditure	32,394	37,803	15,502	3,882	338	454	260	745	—	—	48,494	42,884

* disclosed pursuant to the requirements of the Listing Rules

6. TURNOVER AND REVENUE

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.

An analysis of turnover and other revenue is as follows:

	Group	
	Period ended 31st December, 2001	Year ended 31st March, 2001
	HK\$'000	HK\$'000
Turnover		
Newspapers:		
— circulation income	114,117	136,000
— advertising income	421,826	600,449
Rendering of printing services	344,536	450,661
Sale of goods	10,936	17,927
Radio broadcasting advertising income	12,975	12,924
Sale of properties	4,400	10,497
Gross rental income	6,050	7,836
Others	18,068	36,385
	<u>932,908</u>	<u>1,272,679</u>
Other revenue		
Interest income	4,381	11,132
Dividend income from an unlisted investment	2,332	2,523
	<u>6,713</u>	<u>13,655</u>
	<u>939,621</u>	<u>1,286,334</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 ended 31st December, 2001 HK\$'000	Year ended 31st March, 2001 HK\$'000
Depreciation	29,340	42,362
Minimum lease payments under operating leases:		
Land and buildings	5,069	6,182
Other equipment	<u>313</u>	<u>1,806</u>
	<u>5,382</u>	<u>7,988</u>
Loss on disposal/write-off of property, plant and equipment	1,564	4,672
Auditors' remuneration	2,200	2,350
Staff costs (including directors' remuneration — note 10)	373,090	510,934
Impairment of goodwill*	808	—
Impairment of land and buildings*	12,858	—
Impairment of club memberships*	885	—
Compensation to a jointly controlled entity	—	8,920
Loss on disposal of associates	—	679
Provision against amount due from a jointly controlled entity	11,572	1,360
Provision/(write-back of provision) for properties held for sale	1,000	(2,320)
Write-back of provision for long service payments	(2,929)	(4,051)
Exchange losses/(gain), net	(1,910)	1,151
Gross rental income	(6,050)	(7,836)
Less: outgoings	<u>1,613</u>	<u>2,420</u>
Net rental income	<u>(4,437)</u>	<u>(5,416)</u>
Write-back of provision against amounts due from associates	<u>—</u>	<u>(1,949)</u>

* The impairment of goodwill, impairment of land and buildings and impairment of club memberships are included in "Other operating expenses" on the face of the consolidated profit and loss account.

9. FINANCE COSTS

	Group Period ended 31st December, 2001 HK\$'000	Year ended 31st March, 2001 HK\$'000
Interest on bank loans wholly repayable within five years	<u>424</u>	<u>—</u>

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance is as follows:

	Group	
	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Fees	<u>543</u>	<u>361</u>
Other emoluments:		
Salaries and allowances	11,078	14,531
Pension scheme contributions	398	384
Compensation for loss of office	4,113	—
Share options	<u>—</u>	<u>1,620</u>
	<u>15,589</u>	<u>16,535</u>
	<u><u>16,132</u></u>	<u><u>16,896</u></u>

Fees include HK\$353,000 (year ended 31st March, 2001: HK\$154,000) payable to the independent non-executive directors. There were no other emoluments payable to the independent non-executive directors during the period (year ended 31st March, 2001: Nil).

The remuneration of the directors fell within the following bands:

	Number of directors	
	Period ended 31st December, 2001	Year ended 31st March, 2001
Nil to HK\$1,000,000	6	9
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	1	—
HK\$2,000,001 to HK\$2,500,000	1	—
HK\$2,500,001 to HK\$3,000,000	1	2
HK\$3,000,001 to HK\$3,500,000	—	1
HK\$3,500,001 to HK\$4,000,000	—	2
HK\$6,500,001 to HK\$7,000,000	<u>1</u>	<u>—</u>
	<u><u>11</u></u>	<u><u>14</u></u>

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

During the period, 6 share options entitling the directors to subscribe for a total of 17,500,000 shares of the Company were granted to the directors in respect of their services to the Group.

11. FIVE HIGHEST PAID INDIVIDUALS

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

	Group	
	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	975	1,300
Performance related bonus	3,200	3,500
Pension scheme contributions	49	65
	4,224	4,865

The remuneration of the non-director, highest paid individuals fell within the following bands:

	Number of individuals	
	Period ended 31st December, 2001	Year ended 31st March, 2001
HK\$4,000,001 to HK\$4,500,000	1	—
HK\$4,500,001 to HK\$5,000,000	—	1

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. 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 ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Group:		
Hong Kong	5,417	6,351
Elsewhere	15,886	33,549
Deferred — <i>note 27</i>	(1,631)	224
	19,672	40,124
Share of tax attributable to:		
Jointly controlled entities	461	2,735
Associates	—	63
	461	2,798
Tax charge for the period/year	20,133	42,922

13. NET LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO SHAREHOLDERS

The net loss for the period attributable to shareholders dealt with in the financial statements of the Company is HK\$1,780,000 (year ended 31st March, 2001: HK\$101,647,000).

14. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of HK\$65,764,000 (year ended 31st March, 2001: HK\$62,297,000) and 419,619,246 shares in issue during the period/year.

Diluted loss per share for the period ended 31st December, 2001 and year ended 31st March, 2001 have not been shown as the share options outstanding during the period/year had an anti-dilutive effect on the basic loss per share for the period/year.

15. RETIREMENT BENEFIT COSTS

The majority of the eligible employees of the Group are covered by defined contribution schemes. The contributions are calculated as a percentage of the employees' basic salaries of which, in the majority of cases, the employees' contribution is 5% and the employers' contribution is 5% for the first five years' of service, 7.5% for those employees with between six and ten years' service and 10% for those employees with more than ten years' service.

Total contributions, net of forfeited contributions, of the Group to retirement schemes for the period was HK\$10,123,000 (year ended 31st March, 2001: HK\$14,384,000) which was charged in arriving at the operating loss. Forfeited unvested employers' contributions may be used by the employer to reduce future contributions. For the period ended 31st December, 2001, HK\$5,867,000 (year ended 31st March, 2001: HK\$10,158,000) of such forfeited contributions were used to reduce contributions and forfeited contributions at 31st December, 2001 of HK\$1,946,000 (31st March, 2001: HK\$698,000) were available to reduce future contributions.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Land and buildings <i>HK\$'000</i>	Plant and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost:			
At beginning of period	316,645	407,375	724,020
Additions	2,810	45,377	48,187
Acquisition of a subsidiary	—	351	351
Disposals	—	(51,673)	(51,673)
Exchange realignments	(165)	(124)	(289)
At 31st December, 2001	<u>319,290</u>	<u>401,306</u>	<u>720,596</u>
Accumulated depreciation and impairment:			
At beginning of period	64,924	279,961	344,885
Depreciation provided during the period	5,772	23,568	29,340
Impairment during the period recognised in the profit and loss account	12,858	—	12,858
Acquisition of a subsidiary	—	44	44
Disposals	—	(48,817)	(48,817)
Exchange realignments	(36)	(123)	(159)
At 31st December, 2001	<u>83,518</u>	<u>254,633</u>	<u>338,151</u>
Net book value:			
At 31st December, 2001	235,772	146,673	382,445
At 31st March, 2001	<u>251,721</u>	<u>127,414</u>	<u>379,135</u>

At 31st December, 2001, the Group leased to third parties, some land and buildings under operating leases, further details of the operating leases are included in note 33 to the financial statements.

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

	Hong Kong <i>HK\$'000</i>	Elsewhere <i>HK\$'000</i>	Total <i>HK\$'000</i>
Freehold	—	68,325	68,325
Long term leases	27,201	—	27,201
Medium term leases	<u>180,637</u>	<u>43,127</u>	<u>223,764</u>
	<u>207,838</u>	<u>111,452</u>	<u>319,290</u>

At 31st December, 2001, the Group's fixed assets with an aggregate net book value of approximately HK\$70,874,000 (31st March, 2001: HK\$65,542,000) were pledged to secure general banking facilities granted to the Group.

Further particulars of the Group's land and buildings are included on pages 98 to 100 in the Annual Report.

17. 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 a subsidiary, are as follows:

Group

	Goodwill <i>HK\$'000</i>
Cost:	
Acquisition of a subsidiary and at end of period	<u>5,952</u>
Accumulated amortisation and impairment:	
At beginning of period	—
Amortisation provided during the period	<u>—</u>
At end of period	<u>—</u>
Net book value:	
At 31st December, 2001	<u>5,952</u>
At 31st March, 2001	<u>—</u>

As detailed in note 4 to the financial statements, the Group has adopted the transitional provision of SSAP 30 which permits goodwill in respect of acquisitions which occurred prior to 1st April, 2001, to remain eliminated against or credited to consolidated reserves.

Due to the adoption of SSAP 31, the Group has adopted a policy to assess goodwill eliminated against consolidated reserves for impairment. As a result, the Group has recognised an impairment of the goodwill previously eliminated against consolidated reserves, of HK\$808,000 during the period, as detailed in the table below.

Group

	Goodwill eliminated against reserves HK\$'000
Cost:	
At beginning and at end of period	<u>808</u>
Accumulated impairment:	
Impairment provided during the period	<u>(808)</u>
At end of period	<u>(808)</u>
Net amount:	
At 31st December, 2001	<u>—</u>
At 31st March, 2001	<u>808</u>

18. INTERESTS IN SUBSIDIARIES

	Company	
	31st December, 2001	31st March, 2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	702,680	702,680
Due from subsidiaries	<u>322,136</u>	<u>324,570</u>
	1,024,816	1,027,250
Less: Provisions for impairments	<u>(288,746)</u>	<u>(288,746)</u>
	736,070	738,504
Less: Current portion of an amount due from a subsidiary	<u>(4,000)</u>	<u>(4,800)</u>
	<u>732,070</u>	<u>733,704</u>

Except for an amount due from a subsidiary of HK\$4,000,000 (31st March, 2001: HK\$4,800,000) which is repayable within one year, the amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bindaree Trading Limited	British Virgin Islands/ Hong Kong	HK\$8	—	100	Property holding
Hong Kong iMail Newspapers Limited	Hong Kong	HK\$3,435,000	—	100	Newspaper publishing and property holding
Noble World Printing Company Limited	Hong Kong	HK\$300,000	—	100	Printing
Roman Financial Press Limited	Hong Kong	HK\$1,000,000	—	100	Financial printing and advertising agency services
Roman Property Management Limited	The Republic of Liberia/ Hong Kong	HK\$1	—	100	Property holding
Sing Tao Finance Limited	Hong Kong	HK\$2	—	100	Financing intermediary
Sing Tao Holdings (BVI) Limited	British Virgin Islands/Hong Kong	US\$1	100	—	Investment holding
Sing Tao Limited	Hong Kong	HK\$77,650,000	100	—	Newspaper publishing and property holding
South China Printing Company (1988) Limited	Hong Kong	HK\$2	—	100	Printing
Valiant Printing (Far East) Limited	Hong Kong	HK\$3,000,000	—	100	Printing
Wealthpop Limited	Hong Kong	HK\$2	—	100	Property holding
Sing Tao Newspapers Pty. Limited	Australia	A\$250,000	—	100	Newspaper publishing
Evergreen Gardens Project Inc.	Canada	C\$100	—	100	Property investment
Mapleleaf Holdings Limited	Cayman Islands/ Hong Kong	Ordinary share US\$1 Redeemable preference shares US\$2	100	—	Investment holding
Rosario Gardens Inc.	Canada	C\$100	—	100	Property investment

Name	Place of incorporation/ registration and operations	Nominal value of issued share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sing Tao (Canada) Limited	Canada	Ordinary share C\$1 Preference shares C\$5,500,000	—	100	Investment holding and property holding
Sing Tao (U.K.) Limited	United Kingdom	£100	—	100	Newspaper publishing
King Yip (Dongguan) Printing and Packaging Factory Limited*	People's Republic of China	HK\$64,550,880	—	100	Printing
South China Binding Limited	Hong Kong/People's Republic of China	HK\$2	—	100	Book binding
Sing Tao Newspapers Los Angeles Ltd.	United States of America	US\$100,000	—	100	Newspaper publishing
Sing Tao Newspapers New York Ltd.	United States of America	US\$1,750,000	—	100	Newspaper publishing
Sing Tao Newspapers San Francisco Ltd.	United States of America	US\$250,000	—	100	Newspaper publishing
Roman Enterprises Holdings Limited	British Virgin Islands/Hong Kong	HK\$2,000	—	100	Investment holding
Valiant Packaging (Holdings) Limited	British Virgin Islands/Hong Kong	HK\$10,000	—	100	Investment holding

* This subsidiary is a wholly-foreign owned enterprise established in the People's Republic of China.

In December 2001, the Group acquired 54% interest in and a shareholder's 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 30(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 of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

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

Name	Business structure	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group	Principal activities
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

* not audited by Ernst & Young or other Ernst & Young International member firms.

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 ending 31st March. 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.

20. INTERESTS IN ASSOCIATES

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

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

The above table lists the associate 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. INVESTMENT IN SECURITIES

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

The market value of the Group's long term listed equity investments at the date of approval of these financial statements was approximately HK\$3,840,000 (31st March, 2001: HK\$3,062,000).

22. INVENTORIES

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

The cost of inventories recognised as an expense during the period amounted to HK\$303,018,000 (year ended 31st March, 2001: HK\$401,357,000).

The amount of inventories carried at net realisable value included in the above, excluding general provision, is HK\$1,408,000 (31st March, 2001: HK\$4,363,000).

23. TRADE AND OTHER RECEIVABLES

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Trade and bills receivables	226,022	206,769
Prepayments and deposits	26,430	29,775
Other receivables	<u>11,000</u>	<u>27,349</u>
	<u>263,452</u>	<u>263,893</u>

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

	Group			
	31st December, 2001 <i>HK\$'000</i>	%	31st March, 2001 <i>HK\$'000</i> <i>(Restated)</i>	%
Current to 30 days	204,399	87	182,719	84
31 to 60 days	12,124	5	16,704	8
61 to 90 days	9,239	4	7,901	3
91 to 120 days	5,763	2	4,873	2
Over 120 days	<u>4,919</u>	<u>2</u>	<u>6,176</u>	<u>3</u>
	<u>236,444</u>	<u>100</u>	<u>218,373</u>	<u>100</u>
Less: Provisions for bad and doubtful debts	<u>(10,422)</u>		<u>(11,604)</u>	
	<u>226,022</u>		<u>206,769</u>	

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

24. TRADE AND OTHER PAYABLES

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Trade and bills payables — <i>Note</i>	99,639	89,853
Accruals	54,560	68,408
Other payables	<u>71,638</u>	<u>65,265</u>
	<u><u>225,837</u></u>	<u><u>223,526</u></u>

Note: 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 service transactions, which is payable in accordance with the credit terms granted by the jointly controlled entity.

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

	Group			
	31st December, 2001 <i>HK\$'000</i>	%	31st March, 2001 <i>HK\$'000</i> <i>(Restated)</i>	%
Current to 30 days	78,399	79	78,267	87
31 to 60 days	12,692	13	6,441	7
61 to 90 days	5,581	6	2,615	3
91 to 120 days	520	—	970	1
Over 120 days	<u>2,447</u>	<u>2</u>	<u>1,560</u>	<u>2</u>
	<u><u>99,639</u></u>	<u><u>100</u></u>	<u><u>89,853</u></u>	<u><u>100</u></u>

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

25. INTEREST-BEARING BANK LOANS

	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	<u>4,250</u>	<u>—</u>
	36,456	—
Portion classified as current liabilities	<u>(29,206)</u>	<u>—</u>
Long term portion	<u><u>7,250</u></u>	<u><u>—</u></u>

The Group's bank loans are secured by:

- (i) mortgages over certain of the Group's land and building with an aggregate carrying amount of approximately HK\$64,291,000;
- (ii) floating charge over certain of the Group's machinery with an aggregate carrying amount of approximately HK\$6,583,000; and
- (iii) pledge of certain of the Group's time deposits with an aggregate carrying amount of approximately HK\$26,206,000.

26. PROVISION FOR LONG SERVICE PAYMENTS

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

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 the Group's retirement benefit schemes.

27. DEFERRED TAX

	Group	
	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Balance at beginning of period/year	9,005	8,779
Charge/(credit) for the period/year — note 12	(1,631)	224
Exchange realignments	6	2
	9,005	8,779
At end of period/year	7,380	9,005

The principal components of the Group's provision for deferred tax, and the net deferred tax assets 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	9,204	8,692
Tax losses	—	—	(90,828)	(77,373)
Others	119	1,162	(2,904)	(2,951)
	7,380	9,005	(84,528)	(71,632)
	7,380	9,005	(84,528)	(71,632)

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.

28. SHARE CAPITAL

Shares

	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Authorised:		
600,000,000 shares of HK\$0.25 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
419,619,246 shares of HK\$0.25 each	<u>104,905</u>	<u>104,905</u>

Share options

On 3rd September, 1999, the shareholders of the Company approved a share option scheme (the "Scheme") under which the directors of the Company may, at their discretion, grant options to any employees of the Group, including executive directors of any subsidiary of the Group to subscribe for shares in the Company. The maximum number of shares in the Company in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time. The Scheme will remain in force for the period from 3rd September, 1999 to 2nd September, 2009.

At 1st April, 2001, there were no options outstanding which entitled the holders to subscribe for shares in the Company.

During the period, the Company granted a total of 12 share options under the Scheme, to subscribe for a total of 26,000,000 shares, for a total consideration of HK\$12, which entitled the holders to subscribe for shares in the Company subject to the terms of the relevant grants as follows:

- (a) five options to subscribe for a total of up to 15,000,000 shares in the Company at a subscription price of HK\$0.845 per share were granted to five directors and which may be exercised in the prescribed manner during the period from 30th August, 2002 to 2nd September, 2009;
- (b) an option to subscribe for a total of up to 2,500,000 shares in the Company at a subscription price of HK\$0.845 per share was granted to a director and which may be exercised in the prescribed manner during the period from 1st December, 2001 to 2nd September, 2009; and
- (c) six options to subscribe for a total of 8,500,000 shares in the Company at a subscription price of HK\$0.845 per share were granted to six employees of the Group and which may be exercised in the prescribed manner during the period from 30th August, 2002 to 2nd September, 2009.

One share option to subscribe for 1,500,000 shares in the Company was cancelled during the period.

At the balance sheet date, the Company had 11 share options which will enable the option holders to subscribe for 24,500,000 shares of the Company between 1st December, 2001 and 2nd September, 2009 at an exercise price of HK\$0.845 per share. No share options were exercised during the period. The exercise in full of these share options would, under the present capital structure of the Company, result in the issue of 24,500,000 additional shares of HK\$0.25 each for the gross proceeds of approximately HK\$20,703,000.

Subsequent to the balance sheet date, one share option to subscribe for 1,000,000 shares of the Company was cancelled.

29. RESERVES

Group

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2000	286,192	1,431	99,686	4,662	398,124	790,095
Deficit on revaluation	—	—	—	(2,704)	—	(2,704)
Goodwill arising on acquisition of subsidiaries	—	—	—	—	(808)	(808)
Loss for the year	—	—	—	—	(62,297)	(62,297)
Exchange realignments	—	—	—	—	(9,342)	(9,342)
At 31st March, 2001 and 1st April, 2001	286,192	1,431	99,686	1,958	325,677	714,944
Surplus on revaluation	—	—	—	672	—	672
Impairment of goodwill previously eliminated against consolidated reserve	—	—	—	—	808	808
Loss for the period	—	—	—	—	(65,764)	(65,764)
Exchange realignments	—	—	—	—	(550)	(550)
At 31st December, 2001	<u>286,192</u>	<u>1,431</u>	<u>99,686</u>	<u>2,630</u>	<u>260,171</u>	<u>650,110</u>
Reserves retained by:						
Company and subsidiaries	286,192	1,431	99,686	2,630	566,856	956,795
Jointly controlled entities	—	—	—	—	(311,593)	(311,593)
Associates	—	—	—	—	4,908	4,908
31st December, 2001	<u>286,192</u>	<u>1,431</u>	<u>99,686</u>	<u>2,630</u>	<u>260,171</u>	<u>650,110</u>
Company and subsidiaries	286,192	1,431	99,686	1,958	635,396	1,024,663
Jointly controlled entities	—	—	—	—	(309,506)	(309,506)
Associates	—	—	—	—	(213)	(213)
31st March, 2001	<u>286,192</u>	<u>1,431</u>	<u>99,686</u>	<u>1,958</u>	<u>325,677</u>	<u>714,944</u>

Company

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April, 2000	286,192	1,431	618,818	(174,595)	731,846
Loss for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>(101,647)</u>	<u>(101,647)</u>
At 31st March, 2001 and 1st April, 2001	286,192	1,431	618,818	(276,242)	630,199
Loss for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,780)</u>	<u>(1,780)</u>
At 31st December, 2001	<u>286,192</u>	<u>1,431</u>	<u>618,818</u>	<u>(278,022)</u>	<u>628,419</u>

The reserves of the Company available for distribution amounted to HK\$340,796,000 (31st March, 2001: HK\$342,576,000). The Company's share premium account may be distributed in the form of fully paid bonus shares.

The contributed surplus which arose as a result of a group reorganisation in 1989 is distributable to shareholders under the Companies Act of Bermuda under certain circumstances.

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Loss from operating activities	(48,705)	(23,549)
Interest income	(4,381)	(11,132)
Depreciation	29,340	42,362
Dividend income from an unlisted investment	(2,332)	(2,523)
Impairment of goodwill	808	—
Impairment of land and buildings	12,858	—
Impairment of club memberships	885	—
Loss on disposal/write-off of property, plant and equipment	1,564	4,672
Decrease in properties held for sale	4,407	8,317
Provision/(write-back of provision) for properties held for sale	1,000	(2,320)
Compensation to a jointly controlled entity	—	8,920
Loss on disposal of associates	—	679
Provision against amount due from a jointly controlled entity	11,572	1,360
Write-back of provision against amounts due from associates	—	(1,949)
Write-back of provision for long service payments	(2,929)	(4,051)
Write-off of other investments	—	290
Decrease/(increase) in inventories	17,558	(10,967)
Decrease in trade and other receivables	828	1,634
Increase in due from jointly controlled entities	(2,263)	—
Decrease in due to jointly controlled entities	(9,168)	—
Decrease in trade and other payables	(2,453)	(1,378)
Decrease in provision for long service payments	(3,092)	(5,458)
Exchange realignments	<u>(722)</u>	<u>2,479</u>
Net cash inflow from operating activities	<u>4,775</u>	<u>7,386</u>

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

	Bank loans <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>
At 1st April, 2000	—	(48)
Share of loss for the year	<u>—</u>	<u>(5)</u>
At 31st March, 2001 and beginning of period	—	(53)
Cash inflow from financing activities, net	36,456	—
Acquisition of a subsidiary	—	183
Share of loss for the period	<u>—</u>	<u>(3)</u>
At 31st December, 2001	<u><u>36,456</u></u>	<u><u>127</u></u>

(c) Acquisition of subsidiaries

	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Net assets acquired:		
Property, plant and equipment	307	300
Cash and bank balances	424	122
Inventories	34	361
Trade and other receivables	387	—
Due from fellow subsidiaries	—	791
Trade and other payables	(754)	(240)
Tax payable	—	(362)
Minority interests	<u>(183)</u>	<u>—</u>
	215	972
Transfer from interests in associates	<u>—</u>	<u>(479)</u>
	215	493
Goodwill on acquisition	<u>5,952</u>	<u>808</u>
Consideration	<u><u>6,167</u></u>	<u><u>1,301</u></u>
Satisfied by:		
Cash	2,157	1,301
Consideration included under trade and other payables	<u>4,010</u>	<u>—</u>
	<u><u>6,167</u></u>	<u><u>1,301</u></u>

Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
Cash consideration paid	(2,157)	(1,301)
Cash and bank balances acquired	<u>424</u>	<u>122</u>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u><u>(1,733)</u></u>	<u><u>(1,179)</u></u>

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

31. CONTINGENT LIABILITIES

- (a) As at 31st December, 2001, the Company had given an unlimited guarantee in favour of a bank for facilities of approximately HK\$32 million (31st March, 2001: HK\$32 million) granted to its subsidiaries which had not utilised such facilities (31st March, 2001: Nil).

A wholly-owned subsidiary of the Company 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 31st December, 2001, the Group's proportionate share of such utilised bank facilities was approximately HK\$66,320,000 (31st March, 2001: HK\$69,724,000).

- (b) 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 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\$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 had obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.
- (c) 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.

32. COMMITMENTS

- (a) **Capital commitments**

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Property, plant and equipment:		
Contracted for	9,778	5,928
Authorised, but not contracted for	<u>8,421</u>	<u>—</u>
	<u><u>18,199</u></u>	<u><u>5,928</u></u>

(b) Commitments under forward foreign exchange contracts

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Forward foreign exchange contracts	4,365	16,528

33. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases some land and buildings (note 16 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 6 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 future minimum lease rentals receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
Within one year	3,800	5,319
In the second to fifth years, inclusive	4,570	6,588
After five years	—	842
	8,370	12,749

(b) As lessee

The Group leases certain of its office properties and printing equipment under operating lease arrangements. Leases for properties and printing equipment are negotiated for terms ranging from 2 to 5 years.

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

	Group	
	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i> <i>(Restated)</i>
Within one year	8,656	5,026
In the second to fifth years, inclusive	10,709	4,098
	19,365	9,124

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 period's presentation.

34. POST BALANCE SHEET EVENTS

- (a) 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 equipments of “Teens” magazine at a cash consideration of approximately HK\$7 million. The said acquisition gave rise to an intangible asset 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.
- (b) On 21st January, 2002, 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 an intangible asset 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.
- (c) 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 total cash 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(a) 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 March, 2002.

35. RELATED PARTY TRANSACTIONS

During the period/year, the Group had the following transactions with related parties, which were carried out in the normal course of the Group’s business:

		Group	
		Period ended 31st December, 2001	Year ended 31st March, 2001
	<i>Notes</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
News services fee income received from a jointly controlled entity	(i)	6,000	8,000
Printing services charges paid and payable to a jointly controlled entity	(ii)	52,578	58,011
Rental expense paid to a jointly controlled entity	(ii)	—	<u>1,411</u>

Notes:

- (i) The news services fee was charged on an annual fixed amount basis pursuant to the news services agreement.
- (ii) The printing service and rental expense were charged on a cost plus mark-up basis pursuant to the printing agreement.

Details of the Group’s trade balances with its jointly-controlled entity at the balance sheet date are disclosed in note 24 to the financial statements.

36. 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 comparative amounts have been reclassified to conform with the current period's presentation.

37. APPROVAL OF THE FINANCIAL STATEMENTS

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

6. INDEBTEDNESS

Borrowings

As at the close of business on 30th June, 2002, being the latest practicable date for ascertaining information regarding this indebtedness statement, Sing Tao 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 Group.

Contingent liabilities

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

1. A wholly-owned subsidiary of the Company 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 30th June, 2002, Sing Tao Group's proportionate share of such utilised bank facilities was approximately HK\$67.9 million.
2. Sing Tao 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 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 30th June, 2002, in the event that Sing Tao Group's obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. Sing Tao 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 Group suffering any material loss in respect of these claims is remote.

All of the borrowings and contingent liabilities (collectively the "Indebtedness"), as set out above, were held by companies (the "Companies") directly or indirectly owned by Sing Tao Holdings. Upon completion of the group reorganisation of Sing Tao Group and Sing Tao Media on 20th August,

2002, Sing Tao Media became the holding company of the Companies which carry the Indebtedness. Immediately after the distribution in specie of the entire issued share capital of Sing Tao Media to the shareholders of the Company on 21st August, 2002, the Sing Tao Group had no Indebtedness.

Save as aforesaid, at the close of business on 30th June, 2002, Sing Tao 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.

7. ESTIMATED TAX LIABILITIES

There is no tax liability on disposing of the properties as set out in Appendix IV at the respective valuated or revaluated amounts as there is no capital gain tax for properties situated in Hong Kong and there are sufficient tax losses that can be used to offset the gain on disposing of the properties situated in overseas.

8. MATERIAL CHANGES

On 25th January, 2002, Sing Tao Media Group entered into an 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 Sing Tao 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 transaction was completed on 19th April, 2002. 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, Sing Tao Group recorded an unaudited profit of approximately HK\$147 million from this transaction.

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 to be held by two separate immediate-holding companies, namely, Sing Tao Media and Splendid Victory Holding Limited respectively. 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% 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 of an amount of HK\$772,729,331 owed by Sing Tao Media to Sing Tao Holdings arising from the restructuring.

Save as disclosed in paragraph 8 of this Appendix, there are no material changes in the financial or trading position or prospects of the Sing Tao Group since 31st December, 2001, the date to which the latest published audited consolidated accounts were made up.

9. MATERIAL CONTRACTS

Save as disclosed below, neither Sing Tao Holdings or any of its subsidiaries has within the two years preceding the date of the commencement 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 Holdings or its subsidiaries:

- 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 Cross Board Group Limited.
- 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 Cross Board Group Limited.
- 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.
- 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 8 headed "Material Changes" of this Appendix, which 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% of the issued share capital of Sing Tao Magazine Group (BVI) Limited at an aggregate consideration of an amount of HK\$772,729,331 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.
- 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.
- 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 an aggregate consideration 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.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Set out below are the unaudited combined profit and loss accounts for the years ended 31st March, 2000 and 31st March, 2001, and the nine months ended 31st December, 2001, the unaudited combined net assets as at 31st March, 2001 and as at 31st December, 2001 and the unaudited combined cash flow statements for the year ended 31st March, 2001 and the nine months ended 31st December, 2001, assuming that the Distribution had been effected and the group reorganisation of Sing Tao Holdings and Sing Tao Media, as covered in the deed of reorganisation dated 23rd August, 2002 of which the details are set out in paragraph 9 of Appendix I under the heading “Material Contracts”, had been completed prior to 1st April, 1999:

Unaudited Combined Profit and Loss Accounts

		Nine months ended 31st December, 2001	Year ended 31st March, 2001	Year ended 31st March, 2000
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	3,746	15,624	3,985
Other revenue		314	1,090	479
Administrative expenses		(3,922)	(3,345)	(2,675)
Other operating expenses		<u>(3,615)</u>	<u>(1,393)</u>	<u>(8,053)</u>
Profit/(loss) before tax		(3,477)	11,976	(6,264)
Tax	3	<u>—</u>	<u>53</u>	<u>—</u>
Profit/(loss) after tax		(3,477)	12,029	(6,264)
Minority interests		<u>—</u>	<u>—</u>	<u>—</u>
Net profit/(loss) for the period/year attributable to shareholders		<u><u>(3,477)</u></u>	<u><u>12,029</u></u>	<u><u>(6,264)</u></u>
Earnings/(loss) per share — HK Cents		<u><u>(0.8)</u></u>	<u><u>2.9</u></u>	<u><u>(1.5)</u></u>
Dividend		<u><u>—</u></u>	<u><u>—</u></u>	<u><u>83,924</u></u>
Dividend per share — HK Cents		<u><u>—</u></u>	<u><u>—</u></u>	<u><u>20.0</u></u>

Unaudited Combined Net Assets

	<i>Note</i>	31st December, 2001 <i>HK\$'000</i>	31st March, 2001 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	4	<u>9,196</u>	<u>11,543</u>
CURRENT ASSETS			
Properties held for sale		23,401	24,401
Cash and bank balances		<u>72,308</u>	<u>72,438</u>
		<u>95,709</u>	<u>96,839</u>
CURRENT AND NON-CURRENT LIABILITIES			
		<u>—</u>	<u>—</u>
NET ASSETS		<u><u>104,905</u></u>	<u><u>108,382</u></u>

Unaudited Combined Cash Flow Statement

	Nine months ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(444)	8,829
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	<u>314</u>	<u>1,090</u>
TAX		
Overseas taxes refunded	<u>—</u>	<u>53</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(130)	9,972
Cash and cash equivalents at beginning of period/ year	<u>72,438</u>	<u>62,466</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u><u>72,308</u></u>	<u><u>72,438</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>72,308</u></u>	<u><u>72,438</u></u>

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION**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 combined net assets and the combined cash flow statement (collectively the “Financial Information”) of Sing Tao Group, as set out on pages 69, 70 and 71, respectively, are summarised below:

Basis of preparation

The Financial Information is prepared on the assumption that the Distribution had been effected and the group reorganisation, as set out in the deed of reorganisation dated 23 August 2002 between Sing Tao Holdings and Sing Tao Media Group, had been completed prior to 1st April, 1999. Details of the deed of reorganisation are set out in Appendix I under the heading “Material Contracts”.

The significant accounting policies adopted by Sing Tao 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.

Subsidiaries

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

Impairment of assets

An assessment is made at each balance sheet date subsequent to 1st 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.

Fixed assets

Fixed assets 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.

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 Group is the lessor, assets leased by Sing Tao 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 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.

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 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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to Sing Tao 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 combined net assets classification, cash and bank balances represent assets which are not restricted as to use.

2. TURNOVER

Turnover represents the gross rental income received and receivable during the period/year.

3. TAX

No provision for Hong Kong profits tax has been made as Sing Tao Group did not have any assessable profits for the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which Sing Tao Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Period ended 31st December, 2001 <i>HK\$'000</i>	Year ended 31st March, 2001 <i>HK\$'000</i>	Year ended 31st March, 2000 <i>HK\$'000</i>
Sing Tao Group:			
Hong Kong	—	—	—
Elsewhere	—	(53)	—
Deferred	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Tax credit for the period/year	<u>—</u>	<u>(53)</u>	<u>—</u>

4. FIXED ASSETS

	Land and buildings <i>HK\$'000</i>
Cost:	
At beginning of period and at 31st December, 2001	<u>15,259</u>
Accumulated depreciation and impairment:	
At beginning of period	3,716
Depreciation provided during the period	197
Impairment during the period recognised in the profit and loss account	<u>2,150</u>
At 31st December, 2001	<u>6,063</u>
Net book value:	
At 31st December, 2001	<u>9,196</u>
At 31st March, 2001	<u>11,543</u>

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

	Hong Kong <i>HK\$'000</i>
Freehold	—
Long term leases	4,809
Medium term leases	<u>10,450</u>
	<u>15,259</u>

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

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

	<i>HK\$' million</i>
Audited consolidated net assets of the Sing Tao Group as at 31st December, 2001	755.0
Less: Goodwill arising on acquisition of subsidiaries and jointly-controlled entities	<u>(6.0)</u>
Adjusted audited consolidated net tangible assets of the Sing Tao Group as at 31st December, 2001	749.0
Less: Estimated decrease in net tangible assets of the Sing Tao Group upon acquisition of certain business assets (<i>Note 2</i>)	(22.3)
Add: Estimated increase in net tangible assets of the Sing Tao Group upon disposal of certain properties (<i>Note 3</i>)	2.6
Estimated increase in net tangible assets of the Sing Tao Group upon disposal of certain subsidiaries (<i>Note 4</i>)	<u>146.9</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Sing Tao Group immediately before the Distribution	876.2
Less: The Distribution	(774.9)
Add: Surplus on revaluation of the Sing Tao Group's properties (<i>Note 1</i>)	<u>3.6</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Sing Tao Group immediately after the completion of the Distribution	<u><u>104.9</u></u>
Adjusted audited consolidated net tangible assets per Share as at 31st December, 2001 based on 419,619,246 Shares in issue as at the Latest Practicable Date	<u><u>HK\$1.79</u></u>
Unaudited pro forma adjusted consolidated net tangible assets per Share based on 419,619,246 Shares in issue before the Distribution	<u><u>HK\$2.09</u></u>
Unaudited pro forma adjusted consolidated net tangible assets per Share based on 419,619,246 Shares in issue after the Distribution	<u><u>HK\$0.25</u></u>

Notes:

- The remaining properties of the Sing Tao Group after the Distribution were revalued for the specific and sole purpose of this offeree document and therefore the revaluation will not be incorporated in the interim consolidated accounts of the Sing Tao 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 and Cushman & Wakefield (HK) Limited in respect of such valuations are set out in Appendix IV to this offeree document.

2. In December 2001 and January 2002, the Sing Tao Group entered into agreements to purchase from independent third parties of certain business assets, including data library, copyright, trademark, domain name of “East Touch” magazine and “Teens” 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 dated 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 A, Shatin Industrial Centre, Nos. 5–7 Yuen Shun Circuit, Shatin, New Territories, Hong Kong for an estimated gain on disposal of approximately HK\$2,900,000.
4. On 25th January, 2002, the Sing Tao Group entered into an 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 Sing Tao 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.



15th Floor
Hutchison House
10 Harcourt Road
Central
Hong Kong

13th September, 2002

The Directors
Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
Global China Corporate Finance Limited

Dear Sirs,

We have performed the procedures detailed below in connection with the financial information under the heading “Unaudited Pro Forma Financial Information” as set out on pages 69 to 71 of the Company’s offeree document dated 13th September, 2002. The preparation of the financial information is the sole responsibility of the directors of the Company (the “Directors”). 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 the Company and its subsidiaries (the “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 the 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

13th September, 2002

The directors of Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

Dear Sirs,

We refer to the financial information of Shanghai Ming Yuan Holdings Limited (formerly known as Sing Tao Holdings) and Sing Tao Media Holdings Limited under the heading “Unaudited Pro Forma Financial Information” as set out on pages 69 to 71 of the offeree document of Sing Tao Holdings dated 13th September, 2002 (“**Financial Information**”).

We have discussed with you the bases upon which the Financial Information has been prepared. We have also considered the letter dated 13th September, 2002 addressed to the directors of Sing Tao Holdings 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 Holdings are solely responsible, has been prepared after due care and 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 values 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 Sing Tao Group in Hong Kong and the PRC, 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

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物業估價部
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13th September, 2002

The Directors
Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

Dear Sirs

Re: Valuation of Various Property Interests in Hong Kong and The People's Republic of China

In accordance with your instruction for us to carry out valuations in respect of the various property interests of Shanghai Ming Yuan Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") in Hong Kong and the People's Republic of China (the "PRC"), 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 for sale and disposal purposes 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") and our General Principles of Valuation adopted for in Hong Kong and the PRC, copies of which are attached at Appendix No. 1. 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 and 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 single 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 as “overseas consultants” in the PRC, 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.

In accordance with the legal opinion provided by the PRC legal advisers of the Group, the owner of property interest no. 5 in the PRC has obtained the land use rights of the property under Realty Title Certificate No. 007480 and the right to use, transfer, lease or mortgage the property within the residual term of its land use rights.

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.

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. In respect of the property interest in the PRC, we have been provided with copies of the title documents in relation to the titles of the property interest. 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.

Foreign Exchange

The property interest in the PRC have been valued in Renminbi (“RMB”) or US dollars (US\$) and such valuations have been translated into Hong Kong dollars at the rate of exchange prevailing on 31st July, 2002 at HK\$1.0 to RMB1.06 and US\$1.0 to HK\$7.8, and there is no significant fluctuation in exchange rate between that date and the date of this letter.

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, including Hong Kong and the PRC.

SUMMARY OF VALUATIONS

Property	Capital value in existing state as at 31st July, 2002 (HK\$)
1. 30th Floor and Carpark No. C8 on 2nd Carparking Floor Wyndham Place No. 44 Wyndham Street Central Hong Kong	\$8,700,000
2. Shop 8 on Ground Floor Tung Ning Building Nos. 125–126 Connaught Road Central, Nos. 2, 2A–2D Hillier Street & Nos. 249–251 Des Voeux Road Central Sheung Wan Hong Kong	\$5,600,000
3. Shop 148 on 1st Floor World-wide House No. 19 Des Voeux Road Central Central Hong Kong	\$3,400,000
4. The whole 1st Floor including the Flat Roof appurtenant thereto and Car Parking Spaces Nos. L24 and L25 on Ground Floor, Ming Wah Industrial Building Nos. 17–33 Wang Lung Street Tsuen Wan, New Territories Hong Kong	\$5,300,000
5. Unit No. 1903 on Level 19 South Tower, Hong Kong Plaza 283 Huaihai Central Road Luwan District Shanghai The PRC	\$2,200,000
Sub-total:	<u><u>\$25,200,000</u></u>

VALUATION CERTIFICATE

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
1. 30th Floor and Carpark No. C8 on 2nd Carparking Floor Wyndham Place No. 44 Wyndham Street Central Hong Kong	The property comprises the entire 30th Floor of a 31-storey commercial building completed in 1992. The saleable area of the property is approximately 2,313 ft ² (214.88 m ²) including exclusive-use toilets.	The property was vacant as at the date of valuation.	HK\$8,700,000
13,972/334,499th shares of and in Inland Lot Nos. 146, 4076 and 4096	The property is held from the government under Government Leases for terms of 999 years from 22nd January, 1844. The total annual government rent payable for the three whole lots is HK\$36.		

Notes:

- (1) The registered owner of the property is Sing Tao Property Management Limited, which we understand is a wholly-owned subsidiary of the Company. As advised by the Company, Sing Tao Property Management Limited is now renamed as Ming Yuan Property Management Limited.
- (2) The property has been valued with the benefit of vacant possession.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
2. Shop 8 on Ground Floor Tung Ning Building Nos. 125–126 Connaught Road Central Nos. 2, 2A–2D Hillier Street & Nos. 249–251 Des Voeux Road Central Sheung Wan Hong Kong	<p>The property comprises a ground floor shop in a 21-storey plus basement commercial building completed in 1977.</p> <p>The property has a saleable area of approximately 945 ft² (87.79 m²).</p> <p>The property is held from the government under Government leases for the following terms:</p>	<p>The property was vacant as at the date of valuation.</p>	<p>HK\$5,600,000</p>
<p>70/5,200th shares of and in Marine Lot Nos. 303, 304 and 351</p>	<p>Marine Lot Nos. 303 and 304 for 999 years from 4th March, 1901.</p> <p>Marine Lot No. 351 for 999 years from 13th September, 1901.</p> <p>The total current government rent payable for the three whole lots is HK\$126 per annum.</p>		

Notes:

- (1) As of 31st July, 2002, the registered owner of the property was Sing Tao Limited. However, pursuant to a deed of assignment dated 12th August, 2002 entered into between Sing Tao Limited and Sky Glory Investments Limited, the registered owner of the property as of 30th August, 2002, is Sky Glory Investments Limited, which we understand is a wholly-owned subsidiary of the Company.
- (2) We noted upon our internal inspection that a cockloft was erected at the rear of the property. For the purpose of our valuation, we have disregarded the cockloft in our valuation. Furthermore, we have not allowed for any potential costs that may be incurred to reinstate the premises.
- (3) The property has been valued with the benefit of vacant possession.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
3. Shop 148 on 1st Floor World-wide House (World-wide Plaza) No. 19 Des Voeux Road Central Central Hong Kong	The property comprises an arcade shop unit on the 1st Floor of a 28-storey commercial building completed in 1981. It has a saleable area of approximately 146 ft ² (13.56 m ²).	The property was occupied by the Group as a newspaper advertisement placement centre.	HK\$3,400,000
75/123,000th shares of and in Inland Lot No. 8432	The property is held from the Government under Conditions of Grant No. 11187 for a term of 75 years from 15th April, 1978, renewable for a further term of 75 years. The current government rent payable for the whole lot is HK\$1,000 per annum.		

Notes:

- (1) As of 31st July, 2002, the registered owner of the property was Sing Tao Limited. However, pursuant to a deed of assignment dated 12th August, 2002 entered into between Sing Tao Limited and Sky Glory Investments Limited, the registered owner of the property as of 30th August, 2002, is Sky Glory Investments Limited, which we understand is a wholly-owned subsidiary of the Company.
- (2) The property has been valued with the benefit of vacant possession.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
4. The whole 1st Floor including the Flat Roofs appurtenant thereto and Car Parking Spaces Nos. L24 and L25 on Ground Floor	The property comprises the entire 1st Floor and two lorry parking spaces on the Ground Floor of a 24-storey industrial building completed in 1979.	The property was occupied by the Group as a godown.	HK\$5,300,000
Ming Wah Industrial Building Nos. 13–33 Wang Lung Street Tsuen Wan New Territories Hong Kong	The factory unit has a saleable area of approximately 22,935 ft ² (2,130.71 m ²) and flat roofs of 532 ft ² (49.42 m ²).		
50/1024th shares of and in Tsuen Wan Town Lot No. 134	The lot is held from the Government under New Grant No. 4740 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.		

Notes:

- (1) As of 31st July, 2002, the registered owner of the property was Sing Tao Limited. However, pursuant to a deed of assignment dated 12th August, 2002 entered into between Sing Tao Limited and Sky Glory Investments Limited, the registered owner of the property as of 30th August, 2002, is Sky Glory Investments Limited, which we understand is a wholly-owned subsidiary of the Company.
- (2) We noted upon our internal inspection that there were oil stains in part of the ceilings and vibration caused from the operation of the floor above the subject property. For the purpose of our valuation, we have not taken into account any potential costs for the remedial works necessary to make good the cause of the oil stains.
- (3) The property has been valued with the benefit of vacant possession.

Property	Description, age and tenure	Particulars of occupancy	Capital value in existing state as at 31st July, 2002
5. Unit No. 1903 on Level 19 South Tower Hong Kong Plaza 283 Huaihai Central Road Luwan District Shanghai The PRC	<p>The property comprises an office unit on Level 19 of a 38-storey commercial building plus a 3-level basement completed in about 1998.</p> <p>The property has a gross floor area of approximately 1,409 ft² (130.91 m²) and a saleable area of approximately 925.7 ft² (86 m²).</p> <p>In accordance with the Realty Title Certificate dated 13th November, 1998, the subject development has a land use term of about 44 years from 3rd August, 1998 to 15th September, 2042.</p>	The property was vacant as at the date of valuation.	HK\$2,200,000

Notes:

- (1) In accordance with the Realty Title Certificate No. 005062 dated 13th November, 1998 issued by Shanghai Municipal Building and Lands Administration Bureau, the property was held by Sing Tao Limited for comprehensive use. The property was subsequently transferred to Trans Ocean Developments Limited, which we understand is a wholly-owned subsidiary of the Company. Accordingly to the Realty Title Certificate No. 007480 dated 2nd August, 2002 issued by Shanghai Municipal Building and Lands Administration Bureau, the registered title owner is Trans Ocean Developments Limited.
- (2) In accordance with the legal opinion provided previously by the PRC legal advisers of the Group, Trans Ocean Developments Limited has obtained the land use rights of the property under Realty Title Certificate No. 007480 and has the right to use, transfer, lease or mortgage the property within the residual term of its land use rights.
- (3) Based on the aforesaid legal opinion:
 - (i) The property is in possession of a proper title and is entitled to transfer the ownership of the property together with the proportionate land use right within the residual term of its land use rights without payment of any premium to the relevant authorities in the PRC.
 - (ii) All costs, land grant premium and expense otherwise payable in respect of the acquisition of the property have been fully settled.
 - (iii) The design and construction of the property have complied with the relevant planning rules and regulations in the PRC and have been approved by the relevant authorities.
 - (iv) The property is freely transferable to both local and foreign purchasers.
- (4) The property has been valued with the benefit of vacant possession.

For the property interest in the PRC, the status of title and grant of major approvals and licences etc. in accordance with the information provided to us was as follows:

Document/Approval	Property Interest No. 5
State-owned Land Use Right Grant Contract	Yes
State-owned Land Use Certificate	Yes
Realty Title Certificate	Yes
Red Line Drawing	Yes
Construction Compliance Certificate	No

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 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) 2956 2323



13th September, 2002

The Directors
Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

Dear Sirs

In accordance with your instructions for us to carry out valuations in respect of various property interests of Shanghai Ming Yuan 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 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.
- 1.4 The valuation has been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of Property Assets, published by 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, 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\$10,997,466 (Ten million nine hundred ninety-seven thousand four hundred and sixty-six Hong Kong dollars).

10.2 This sum may be apportioned as follows:

	Freehold <i>HK\$</i>
(i) Properties held for sale	10,997,466
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

	Capital value in existing state as at 31st January, 2002 (C\$)	The Company's Ownership interest %	Valuation of The Company's interest as at 31st January, 2002 (HK\$)
Canada			
1. Evergreen Gardens Saba Road Richmond B.C., Canada	741,000	100	3,630,707
2. Rosario Gardens Saba Road Richmond B.C., Canada	1,503,500	100	7,366,759

APPENDIX II

	Property	Description, age and tenure	Particulars of occupancy	Capital value as at 31st January, 2002
1.	Evergreen Gardens #105-8191 Saba Road, Richmond, B.C. Strata Lot 147 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 448 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$101,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			
2.	Evergreen Gardens #115-8191 Saba Road, Richmond, B.C. Strata Lot 149 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 572 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$129,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			
3.	Evergreen Gardens #120-8191 Saba Road, Richmond, B.C. Strata Lot 150 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 573 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$129,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			
4.	Evergreen Gardens #125-8191 Saba Road, Richmond, B.C. Strata Lot 151 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 573 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$129,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			
5.	Evergreen Gardens #130-8191 Saba Road, Richmond, B.C. Strata Lot 152 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 573 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$129,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			
6.	Evergreen Gardens #105-6211 Buswell St., Richmond, B.C. Strata Lot 164 LMS 2793, Canada	Ground level retail commercial strata unit, approximately 575 sq.ft., located in a 4 year old mixed use residential and commercial development.	Vacant	\$124,000
	<i>Note:</i> Registered owner of the property is Evergreen Gardens Project, which is ultimately wholly owned by the Company.			

Property	Description, age and tenure	Particulars of occupancy	Capital value as at 31st January, 2002
7. Rosario Gardens #165-8279 Saba Road, Richmond, B.C. Strata Lot 196 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 392 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$88,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
8. Rosario Gardens #170-8279 Saba Road, Richmond, B.C. Strata Lot 197 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 449 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$101,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
9. Rosario Gardens #175-8279 Saba Road, Richmond, B.C. Strata Lot 198 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 449 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$101,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
10. Rosario Gardens #180-8279 Saba Road, Richmond, B.C. Strata Lot 199 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 449 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$101,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
11. Rosario Gardens #185-8279 Saba Road, Richmond, B.C. Strata Lot 200 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 449 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$101,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
12. Rosario Gardens #190-8279 Saba Road, Richmond, B.C. Strata Lot 201 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 443 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$100,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			

Property	Description, age and tenure	Particulars of occupancy	Capital value as at 31st January, 2002
13. Rosario Gardens #195-8279 Saba Road Richmond, B.C. Strata Lot 202 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 509 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$115,000
<i>Note:</i> Registered owner of the property is Rossrio Gardens Inc., which is ultimately wholly owned by the Company.			
14. Rosario Gardens #199-8279 Saba Road Richmond, B.C. Strata Lot 203 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 670 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Tenant	\$151,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
15. Rosario Gardens #105-8279 Saba Road Richmond, B.C. Strata Lot 204 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 836 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$155,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
16. Rosario Gardens #135-8279 Saba Road Richmond, B.C. Strata Lot 206 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 469 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$103,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
17. Rosario Gardens #207-8279 Saba Road, Richmond, B.C. Strata Lot 207 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 498 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$100,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
18. Rosario Gardens #208-8279 Saba Road Richmond, B.C. Strata Lot 208 LMS 2461, Canada	Ground level retail commercial strata unit, approximately 498 sq.ft., in a 4 year old mixed use residential and commercial development. Shell space.	Vacant	\$100,000
<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			

	Property	Description, age and tenure	Particulars of occupancy	Capital value as at 31st January, 2002
19.	Rosario Gardens #125-8279 Saba Road Richmond B.C. Strata Lot 209 LMS2461, Canada	Interior corridor ground level office unit, approximately 243 sq.ft., in a 4 year old mixed use residential and commercial development.	Vacant	\$36,500
	<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
20.	Rosario Gardens #120-8279 Saba Road Richmond, B.C. Strata Lot 210 LMS 2461, Canada	Interior corridor ground level office unit, approximately 292 sq.ft., in a 4 year old mixed use residential and commercial development.	Vacant	\$44,000
	<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
21.	Rosario Gardens #115-8279 Saba Road Richmond, B.C. Strata Lot 211 LMS 2461, Canada	Interior corridor ground level office unit, approximately 411 sq.ft., in a 4 year old mixed use residential and commercial development.	Vacant	\$62,000
	<i>Note:</i> Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.			
22.	Rosario Gardens #110-8279 Saba Road Richmond, B.C. Strata Lot 212 LMS 2461, Canada	Interior corridor ground level office unit, approximately 302 sq.ft., in a 4 year old mixed use residential and commercial development.	Vacant	\$45,000

Note: Registered owner of the property is Rosario Gardens Inc., which is ultimately wholly owned by the Company.

Note: The Canadian properties were valued by Mr. Dave Hilts, *B. Comm, RI (BC), AACI, P.APP*, who is the Senior Consultant of Royal LePage Professional Services, Inc. Mr. Hilts has about 20 years of valuation and advisory experience in North America.

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

$$C\$1 = HK\$4.89974$$

Cushman & Wakefield (HK) Limited

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Tel: (852) 2956 3888
Fax: (852) 2956 2323



The Directors
Shanghai Ming Yuan Holdings Limited
(formerly known as Sing Tao Holdings Limited)
Suite 2903, Tower II
Lippo Centre
89 Queensway
Hong Kong

13th September, 2002

Dear Sirs,

RE: PROPERTIES OF SHANGHAI MING YUAN HOLDINGS LIMITED (formerly known as Sing Tao Holdings Limited)

Our group of companies, including our overseas offices, has previously estimated the capital values of the properties in Appendix I to our letter to Shanghai Ming Yuan Holdings Limited dated 13th September, 2002 in their "existing state" as of 31st January, 2002 at C\$741,000 (Evergreen Gardens) and at C\$1,503,500 (Rosario Gardens).

Based upon the knowledge of our group and the current market conditions for properties such as these assets in their respective locations, it is the opinion of our group that the current valuation as at 13th August, 2002 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

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.

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Sing Tao Group. The information contained herein in relation to the Sing Tao Group and the Directors has been supplied by the Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this document 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 statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests in Sing Tao Holdings

- (i) As at the Latest Practicable Date, the interests of the Directors in the Shares as recorded in the register maintained by Sing Tao Holdings under Section 29 of the SDI Ordinance were as follows:

The Company

Name of director	Number of shares of HK\$0.25 each				Total	% of total issued shares
	Personal interests	Family interests	Corporate interests	Other interests		
Charles HO Tsu Kwok ⁽¹⁾	—	—	—	—	—	—
Miranda CHAN Kwai Yin	—	—	—	—	—	—
CHIEN Hoe Yong, Henry	—	—	—	—	—	—
Stephen FAN Sheung Tak	—	—	—	—	—	—
Morris HO Kwok Fai	—	—	—	—	—	—
Judy INN	—	—	—	—	—	—
LO Wing Hung	—	—	—	—	—	—
Paul TONG Yuk Lun	—	—	—	—	—	—
TUNG Chee Chen	—	—	—	—	—	—
WONG Wai Ming	—	—	—	—	—	—
WU Jun	—	—	—	—	—	—
YAO Kang	—	—	—	—	—	—
YAO Yuan	—	—	312,624,443 ^{(Note (2))}	—	312,624,443	74.50

Notes:

- (1) On 6th September, 2002, Mr. Charles Ho Tsu Kwok accepted the Share Offer for 1,428,000 Shares.
- (2) These Shares are held by Ming Yuan, a company whose entire issued share capital is owned by Mr. Yao Yuan and his family.

Save as disclosed above, none of the Directors had any personal, family, corporate or other interests in the equity or debt securities of the Company and its associated corporations as defined in SDI ordinance.

- (ii) As at the Latest Practicable Date, the Directors named below had accepted the Option Offer to renounce their respective rights to subscribe for Shares at the subscription price of HK\$0.344 per Share as follows:

The Company

Name of director	Aggregate number of shares underlying the option granted as at the Latest Practicable Date	Number of shares subject to option		Exercise period	
		From	To	From	To
WONG Wai Ming	6,000,000	up to 3,000,000 up to 6,000,000	30th August, 2002 30th August, 2003	2nd September, 2009 2nd September, 2009	
Miranda CHAN Kwai Yin	2,500,000	up to 450,000 up to 900,000 up to 1,250,000 up to 1,875,000 up to 2,500,000	1st December, 2001 19th April, 2002 30th August, 2002 1st March, 2003 30th August, 2003	2nd September, 2009 2nd September, 2009 2nd September, 2009 2nd September, 2009 2nd September, 2009	
Judy INN	2,500,000	up to 1,250,000 up to 2,500,000	30th August, 2002 30th August, 2003	2nd September, 2009 2nd September, 2009	
LO Wing Hung	3,000,000	up to 1,500,000 up to 3,000,000	30th August, 2002 30th August, 2003	2nd September, 2009 2nd September, 2009	

- (iii) Save as disclosed in paragraphs (i) and (ii) above, none of the Directors has any interest as at the Latest Practicable Date nor any dealings during the Relevant Period in the Shares or Options.
- (iv) As at the Latest Practicable Date, there is no shareholdings in Sing Tao Holdings owned or controlled, nor any dealings during the Relevant Period by any subsidiary of Sing Tao Holdings, by an Associate of Sing Tao Holdings, by a pension fund of Sing Tao Holdings or of its subsidiary or by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Sing Tao Holdings or its Associate(s).
- (v) As at the Latest Practicable Date, no fund managers connected with Sing Tao Holdings had any Shares nor had dealt for value in any Shares on a discretionary basis during the Relevant Period.

(b) Interests in the Offeror

- (i) As at the Latest Practicable Date, Sing Tao Holdings did not have any interest in the securities of the Offeror nor did it deal in any securities of the Offeror during the Relevant Period.
- (ii) As at the Latest Practicable Date, none of the Directors (including their respective spouses, children under the age of 18, related trusts and companies controlled by them) had any interest in the securities of the Offeror, nor did they deal in any securities of the Offeror during the Relevant Period.

3. ARRANGEMENTS AFFECTING DIRECTORS

- (i) No benefit (other than statutory compensation) will be given to any Directors as compensation for loss of office or otherwise in any member of the Sing Tao Group in connection with the Offers.
- (ii) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.
- (iii) As at the Latest Practicable Date, there were no material contracts entered into by the Offeror in which any director had a material personal interest.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contracts with Sing Tao Holdings or its subsidiaries which have more than 12 months to run, or which have been entered into or amended within six months before the Announcement Date.

5. LITIGATION

As at the Latest Practicable Date, neither Sing Tao Holdings nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against Sing Tao Holdings or any of its subsidiaries.

6. MATERIAL CONTRACTS

Save as disclosed in paragraph 8 headed "Material Contracts" in Appendix I of this document, neither Sing Tao Holdings nor any of its subsidiaries has, in the two years preceding the Announcement Date, entered into any material contracts not being contracts entered into in the ordinary course of business carried on or intended to be carried on by members of the Sing Tao Group.

7. CONSENTS

Kingsway Capital Limited, Ernst & Young, Global China Corporate Finance Limited, Jones Lang LaSalle Limited and Cushman & Wakefield (HK) Limited have each given and have not withdrawn their respective written consents to the issue of this document with the inclusion herein of their respective letters, reports and/or valuation certificates, and the references to their respective names, in the forms and contexts in which they are respectively included.

8. QUALIFICATIONS

The following are the respective qualifications of the experts who have given letters, reports, valuation certificates, opinions or advice (as the case may be), which are contained in this document:

Names	Qualifications
Cushman & Wakefield (HK) Limited	a professional international surveyors and valuers
Ernst & Young	Certified Public Accountants
Global China Corporate Finance Limited	an investment adviser and a securities dealer registered under the Securities Ordinance
Jones Lang LaSalle Limited	a professional international surveyors and valuers
Kingsway Capital Limited	an investment adviser and a securities dealer registered under the Securities Ordinance

9. MISCELLANEOUS

The English text of this document will prevail over the Chinese text for the purpose of interpretation.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection at the offices of Sing Tao Holdings 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) up to the close of the Offers:

- (a) The memorandum of association and bye-laws of Sing Tao Holdings;
- (b) The annual reports of Sing Tao Holdings for the nine months ended 31st December, 2001 and each of the two years ended 31st March, 2001, and 2000;
- (c) The valuation reports prepared by Jones Lang LaSalle Limited and Cushman & Wakefield (HK) Limited referred to in Appendix IV of this document;
- (d) The unaudited combined profit and loss accounts of Sing Tao Group for years ended 31st March, 2000 and 31st March, 2001 and the nine months ended 31st December, 2001, the unaudited combined net assets of Sing Tao Group as at 31st March, 2001 and 31st December, 2001, and the unaudited combined cash flow statements of Sing Tao Group for the year ended 31st March, 2001 and the nine months ended 31st December, 2000, taking into account the effect of the Distribution;
- (e) The comfort letters from Ernst & Young and Global China Corporate Finance Limited respectively, the text of which is set out in pages 77 and 78 of this document;
- (f) The letter from Kingsway Capital Limited set out on pages 14 to 27 of this document;
- (g) The letters of consent referred to in paragraph 7 of this Appendix;
- (h) The material contracts referred to in paragraph 6 of this Appendix; and
- (i) The letter from EYCFL certifying the Adjusted Subscription Price.