



NOTES TO THE ACCOUNT

1. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The financial year end date of the Company was changed from 31st March to 31st December with effect from 19th November 2001. These unaudited condensed consolidated interim financial statements cover a period of six months from 1st January 2002 to 30th June 2002. Accordingly, the comparative amounts presented for the condensed consolidated profit and loss account, condensed consolidated statement of changes in equity, condensed consolidated cash flow statement and related notes are not for a comparable time period.

2. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual audited financial statements for the period ended 31st December 2001 except that the Group has changed certain of its accounting policies following its adoption of the following new or revised SSAPs which are effective for accounting periods commencing on or after 1st January 2002, and, accordingly, certain comparative figures have been reclassified to conform with the current period’s presentation:

SSAP 1 (revised)	:	Presentation of Financial Statements
SSAP 11 (revised)	:	Foreign Currency Translation
SSAP 15 (revised)	:	Cash Flow Statements
SSAP 33	:	Discontinuing Operations
SSAP 34	:	Employee Benefits

The principal impact on the unaudited condensed consolidated interim financial statements after the adoption of the revised SSAPs is summarised as follows:

An unaudited condensed consolidated statement of changes in equity for the current interim period and the comparative figures is included instead of a statement of recognized gains and losses, which was previously presented, after the adoption of the SSAP 1 (revised) “Presentation of financial statements”.

The format of the condensed consolidated cash flow statement for the current and prior period have been revised in accordance with the revised SSAP 15 (revised) “Cash Flow Statements”.

Additional disclosures are set out in the unaudited condensed consolidated interim financial statements after adopting the SSAP 33 “Discontinuing Operations”.

SSAP 34 prescribes the accounting treatment and disclosures for employee benefits. This SSAP has no major impact on the unaudited condensed consolidated interim financial statements.

3. SEGMENTAL INFORMATION

Business segments

The following table presents revenue and profit/(loss) for the Group's business segments.

	Publishing operations		Commercial printing (Discontinued operation)		Corporate and others		Eliminations		Consolidated	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30th June 2002	30th September 2001	30th June 2002	30th September 2001	30th June 2002	30th September 2001	30th June 2002	30th September 2001	30th June 2002	30th September 2001
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue										
Sales to external customers	407,965	393,953	101,177	247,536	29,683	7,001	-	-	538,825	648,490
Inter-segment sales	5,048	5,670	2,422	1,661	3,158	1,368	(10,628)	(8,699)	-	-
Total	413,013	399,623	103,599	249,197	32,841	8,369	(10,628)	(8,699)	538,825	648,490
Segment results	1,627	(35,133)	5,356	40,180	(13,808)	(13,927)	-	-	(6,825)	(8,880)
Interest and dividend income									2,180	3,042
Restructuring and relaunch costs									(3,935)	(12,823)
Profit on disposal of subsidiaries									146,889	-
Profit/(loss) from operation activities									138,309	(18,661)
Finance costs									(941)	(272)
Provision for amount due from jointly controlled entities									(5,378)	(7,322)
									131,990	(26,255)
Share of profits and losses of:										
Jointly controlled entities	3,779	2,663	-	-	-	1,482	-	-	3,779	4,145
Associates	-	-	-	-	(632)	-	-	-	(632)	-
Profit/(loss) before taxation									135,137	(22,110)
Taxation									(12,722)	(13,487)
Profit/(loss) after taxation									122,415	(35,597)
Minority interests									-	585
Net profit/(loss) attributable to shareholders									122,415	(35,012)



3. SEGMENTAL INFORMATION (continued)

Geographical segments

The following table presents revenue and profit/(loss) for the Group's geographical segment.

	Hong Kong		North America		Australia & New Zealand		Europe		Eliminations		Consolidated	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30th	30th	30th	30th	30th	30th	30th	30th	30th	30th	30th	30th
	June	September	June	September	June	September	June	September	June	September	June	September
2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	
	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	300,258	311,531	181,359	254,810	17,699	20,730	39,509	61,419	-	-	538,825	648,490
Segment results	(5,067)	(7,741)	(3,881)	(2,990)	(874)	(195)	2,999	2,046	-	-	(6,825)	(8,880)

4. OTHER REVENUE

	Unaudited	
	Six months ended	
	30th June	30th September
	2002	2001
	HK\$'000	HK\$'000
Interest income	2,135	2,997
Dividend income	45	45
	2,180	3,042

5. RESTRUCTURING AND RELAUNCH COSTS

The Group incurred a total costs of HK\$3,935,000 in the six months ended 30th June 2002 (six months ended 30th September 2001: HK\$12,823,000) for a series of restructuring exercises, including ex-gratia payments to executives resulting from the disposal of the Printing Business in April 2002 as well as costs associated with the relaunch of The Standard which was a further step in strengthening the positioning of the publication as a business newspaper for the Greater China region.

6. PROFIT ON DISPOSAL OF SUBSIDIARIES

The Group entered into a sale and purchase agreement with an independent third party to dispose of its commercial printing operations on 25th January 2002 which was subsequently completed on 19th April 2002.

The carrying amounts of the total assets and liabilities relating to the discontinued operations as at 19th April 2002 (date of disposal) and at 31st December 2001 are as follows:

	Unaudited	
	At 19th April 2002 HK\$'000	At 31st December 2001 HK\$'000
Total assets	303,831	305,468
Total liabilities	(65,326)	(76,059)
	<u>238,505</u>	<u>229,409</u>



6. PROFIT ON DISPOSAL OF SUBSIDIARIES (continued)

The turnover, other revenue, expenses and results from the ordinary operations of the discontinued operations for the period from 1st January 2002 to 19th April 2002 (date of disposal) and for the six months ended 30th September 2001 are as follows:

	Unaudited	
	Period from 1st January to 19th April 2002 HK\$'000	Six months from 1st April to 30th September 2001 HK\$'000
Turnover	101,177	247,536
Intra-group sales	2,422	1,661
	103,599	249,197
Cost of sales	(64,442)	(144,552)
Gross Profit	39,157	104,645
Other revenue	138	537
Selling and distribution expenses	(10,456)	(24,510)
Administrative expenses	(13,198)	(29,651)
Other operating expenses	(254)	(214)
Intra-group charges	(5,663)	(9,832)
Profit on disposal of subsidiaries	146,889	-
Profit from operating activities	156,613	40,975
Finance costs	(132)	(272)
Profit before taxation	156,481	40,703
Taxation	(496)	(4,540)
Profit after taxation	155,985	36,163

6. PROFIT ON DISPOSAL OF SUBSIDIARIES (continued)

The net cash flows attributable to the discontinued operations are as follows:

	Unaudited	
	Period from 1st January to 19th April 2002 HK\$'000	Six months from 1st April to 30th September 2001 HK\$'000
Operating activities	36,858	15,765
Investing activities	(17,399)	(46,600)
Financing activities	(10,250)	11,000
Net cash inflow/(outflow)	9,209	(19,835)

7. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	Unaudited	
	30th June 2002 HK\$'000	Six months ended 30th September 2001 HK\$'000
Profit/(loss) from operating activities was arrived at after crediting/charging the following:		
Crediting		
Gain on disposal of property, plant and equipment	2,322	111
Charging		
Depreciation	18,167	19,264
Amortisation of goodwill	875	40
Operating leases in respect of:		
land and buildings	3,159	3,106
other equipment	132	198
Staff costs	215,190	256,366



8. FINANCE COSTS

	Unaudited	
	Six months ended	
	30th June 2002	30th September 2001
	HK\$'000	HK\$'000
Bank interest expense	941	272

9. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period. Overseas taxation has been calculated on the estimated assessable profits at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	Unaudited	
	Six months ended	
	30th June 2002	30th September 2001
	HK\$'000	HK\$'000
Company and subsidiaries:		
Hong Kong profits tax	519	5,257
Hong Kong deferred taxation	(10)	(564)
Overseas taxation	9,147	8,507
Overseas deferred taxation	-	(19)
	9,656	13,181
Share of taxation attributable to:		
Jointly controlled entities	3,066	306
	12,722	13,487

10. EARNINGS/(LOSS) PER SHARE**(a) Basic earnings/(loss) per share**

The calculation of basic earnings/(loss) per share is based on the Group's net profit attributable to shareholders for the period of HK\$122,415,000 (2001: loss of HK\$35,012,000) and 419,619,246 (2001: 419,619,246) shares in issue during the period.

(b) Diluted earnings/(loss) per share

The calculation of diluted earnings per share is based on the Group's net profit attributable to shareholders for the period of HK\$122,415,000 and 423,737,581 shares which is the number of shares in issue during the period plus the weighted average of 4,118,335 shares deemed to be issued at no consideration if all outstanding options had been exercised.

No diluted loss per share has been presented for the period ended 30th September 2001 as the exercise of the Company's outstanding share options would have an anti-dilutive effect.

11. TRADE AND OTHER RECEIVABLES

	Unaudited At 30th June 2002 HK\$'000	Audited At 31st December 2001 HK\$'000
Trade and bills receivables	146,755	226,022
Prepayments and deposits	19,349	26,430
Other receivables	9,453	11,000
	<u>175,557</u>	<u>263,452</u>



11. TRADE AND OTHER RECEIVABLES (continued)

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

	Unaudited		Audited	
	At 30th June 2002		At 31st December 2001	
	HK\$'000	Percentage	HK\$'000	Percentage
Current to 30 days	132,959	84	204,399	87
31 to 60 days	10,695	7	12,124	5
61 to 90 days	4,180	3	9,239	4
91 to 120 days	3,361	2	5,763	2
Over 120 days	5,910	4	4,919	2
	<u>157,105</u>	<u>100</u>	<u>236,444</u>	<u>100</u>
Less: Provisions for bad and doubtful debts	<u>(10,350)</u>		<u>(10,422)</u>	
	<u>146,755</u>		<u>226,022</u>	

12. TRADE AND OTHER PAYABLES

	Unaudited At 30th June 2002 HK\$'000	Audited At 31st December 2001 HK\$'000
Trade and bills payables	52,471	99,639
Accruals	32,504	54,560
Other payables	102,491	71,638
	187,466	225,837

	Unaudited		Audited	
	At 30th June 2002 HK\$'000	Percentage	At 31st December 2001 HK\$'000	Percentage
By overdue days:				
0 to 30 days	41,620	79	78,399	79
31 to 60 days	5,920	11	12,692	13
61 to 90 days	317	1	5,581	6
91 to 120 days	573	1	520	-
Over 120 days	4,041	8	2,447	2
	52,471	100	99,639	100

13. RESERVES

	Capital			Investment		Total HK\$'000
	Share premium HK\$'000	redemption reserve HK\$'000	Contributed surplus HK\$'000	revaluation reserve HK\$'000	Retained profits HK\$'000	
Group						
At 1st January 2002 (Audited)	286,192	1,431	99,686	2,630	260,171	650,110
Deficit on revaluation	-	-	-	(1,225)	-	(1,225)
Exchange realignment	-	-	-	-	(3,981)	(3,981)
Profit for the period	-	-	-	-	122,415	122,415
At 30th June 2002 (Unaudited)	286,192	1,431	99,686	1,405	378,605	767,319



14. CONTINGENT LIABILITIES

- (a) A wholly-owned subsidiary of the Company had given a several guarantee in favour of a bank to secure 50% of the credit facilities granted to, and utilised by, a jointly controlled entity. As at 30th June 2002, the Group's proportionate share of such utilised credit facilities was approximately HK\$67,900,000 (31st December 2001: HK\$66,320,000).
- (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\$118,500,000 as at 30th June 2002 (31st December 2001: HK\$108,700,000), 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. The directors consider that the chance of the Group suffering any material loss in respect of these claims is remote and, accordingly, no provision has been made in the accounts.

15. CAPITAL COMMITMENTS

	Unaudited At 30th June 2002 HK\$'000	Audited At 31st December 2001 HK\$'000
Property, plant and equipment		
Contracted for	2,140	9,778
Authorised, but not contracted for	5,016	8,421
	7,156	18,199

16. PLEDGE OF ASSETS

At 30th June 2002, the Group's fixed assets with an aggregate net book value of approximately HK\$63,457,000 (31st December 2001: HK\$70,874,000) were pledged to secure general banking facilities granted to the Group.

17. POST BALANCE SHEET EVENTS

On 3rd July 2002, the Company announced its intention to distribute the entire issued capital of Sing Tao Media Holdings Limited ("Sing Tao Media") to its shareholders by way of a special dividend in specie (the "Distribution"). The Distribution was approved by the Board and shareholders of the Company on 16th July 2002 and 19th August 2002 respectively and was completed on 21st August 2002. Upon completion of the Distribution, Global China Multimedia Limited, a wholly-owned subsidiary of Global China Group Holdings Limited ("Global China"), owned 312,624,443 shares in Sing Tao Media, representing approximately 74.5% of the issued share capital of Sing Tao Media.

On 3rd July 2002, Global China entered into a conditional Sale and Purchase Agreement with Ming Yuan Investments Group Limited ("Ming Yuan") under which Global China agreed to procure 312,624,443 shares of the Company, representing 74.5% of the issued share capital of the Company, to be sold to Ming Yuan for a total consideration of HK\$163,800,000 (the "Agreement"). The Agreement was completed on 23rd August 2002.

Upon completion of the Agreement, Ming Yuan is required to make a general offer to acquire all the issued shares of the Company at HK\$0.524 each, other than the 312,624,443 shares acquired pursuant to the Agreement, and outstanding options granted under the Executive Share Option Scheme to subscribe for a total of 21,000,000 share of the Company at the adjusted subscription price of HK\$0.344 each at HK\$0.18 in cash for each outstanding option (the "General Offer"). As at the date of approving the interim financial statements, all the directors and executives had accepted the offer to renounce their respective rights to subscribe for shares in the Company for a consideration of HK\$0.18 for each share option.



18. RELATED PARTY TRANSACTIONS

During the period under review, the Group had the following transactions with related parties, which were carried out in the normal course of the Group's business:

	Notes	Unaudited	
		30th June 2002 HK\$'000	30th September 2001 HK\$'000
News services fee income received from a jointly controlled entity	(i)	4,000	4,000
Printing services charges paid and payable to a jointly controlled entity	(ii)	25,117	32,387

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.

19. COMPARATIVE AMOUNTS

Certain comparative amounts in the Group's profit and loss account have been reclassified to conform with the current period's presentation.

20. APPROVAL AND REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved and authorized for issue by the Board of Directors. They have not been audited or reviewed by the Company's Auditors, but have been reviewed by the Audit Committee.