



SING TAO HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTERIM REPORT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2001

INTERIM RESULTS

The Board of Directors of Sing Tao Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2001 (the “Period”), together with the comparative figures, are as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30th September, 2001

	Note	Unaudited	
		Six months ended 30th September	
		2001	2000
		HK\$'000	HK\$'000
Turnover	2	648,490	676,937
Cost of sales		<u>(423,830)</u>	<u>(452,713)</u>
Gross profit		224,660	224,224
Other revenue	3	3,042	5,985
Restructuring costs	4	(12,823)	—
Selling and distribution expenses		(89,492)	(78,820)
Administrative expenses		(139,568)	(142,475)
Other operating expenses		<u>(11,802)</u>	<u>(11,346)</u>
Operating loss	5	(25,983)	(2,432)
Finance costs	6	<u>(272)</u>	<u>—</u>
		<u>(26,255)</u>	<u>(2,432)</u>
Share of profits and losses of:			
Jointly controlled entities		4,145	8,160
Associates		<u>—</u>	<u>721</u>
		<u>4,145</u>	<u>8,881</u>
Profit/(loss) before taxation		(22,110)	6,449
Taxation	7	<u>(13,487)</u>	<u>(14,074)</u>
Loss after taxation		(35,597)	(7,625)
Minority interests		<u>585</u>	<u>—</u>
Loss attributable to shareholders		<u>(35,012)</u>	<u>(7,625)</u>
Loss per share — basic (cents)	8	<u>(8.34)</u>	<u>(1.82)</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES
For the six months ended 30th September, 2001

		Unaudited	
		Six months ended 30th September	
		2001	2000
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deficit on revaluation of investments in securities	11	(702)	(2,190)
Exchange differences on translation of the financial statements of foreign entities	11	<u>2,002</u>	<u>(4,204)</u>
Net gains/(losses) not recognised in the profit and loss account		1,300	(6,394)
Loss for the Period attributable to shareholders		<u>(35,012)</u>	<u>(7,625)</u>
Total recognised gains and losses		<u>(33,712)</u>	<u>(14,019)</u>

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th September, 2001

	Unaudited As at 30th September 2001 HK\$'000	Audited As at 31st March 2001 HK\$'000
<i>Note</i>		
Non-current assets		
Property, plant and equipment	382,457	379,135
Interests in jointly controlled entities	149,351	152,845
Interests in associates	10,274	10,222
Investment in securities	9,764	10,458
Other investments	2,353	2,353
Goodwill	4,982	—
Current assets		
Properties held for sale	24,500	28,808
Inventories	62,820	72,289
Trade and other receivables	299,025	263,893
Pledged time deposit	27,522	15,184
Cash and bank balances	128,293	167,853
	<u>542,160</u>	<u>548,027</u>
Current liabilities		
Interest-bearing bank borrowings	3,000	—
Trade and other payables	240,632	223,526
Tax payable	44,174	39,097
	<u>287,806</u>	<u>262,623</u>
Net current assets	<u>254,354</u>	<u>285,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>813,535</u>	<u>840,417</u>
Non-current liabilities		
Interest-bearing bank borrowings	(8,000)	—
Provision for long service payments	(11,030)	(11,616)
Deferred tax	(8,424)	(9,005)
	<u>(27,454)</u>	<u>(20,621)</u>
Minority interests	56	53
NET ASSETS	<u>786,137</u>	<u>819,849</u>
CAPITAL AND RESERVES		
Issued capital	104,905	104,905
Reserves	11 <u>681,232</u>	<u>714,944</u>
	<u>786,137</u>	<u>819,849</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30th September, 2001*

	Unaudited	
	Six months ended 30th September	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash outflow from operating activities	<u>(10,294)</u>	<u>(19,094)</u>
Net cash inflow from returns on investments and servicing of finance	<u>2,770</u>	<u>5,985</u>
Taxes paid	<u>(6,058)</u>	<u>(12,094)</u>
Net cash (outflow)/inflow from investing activities	<u>(37,208)</u>	<u>6,641</u>
Net cash inflow from financing activities	<u>11,000</u>	<u>0</u>
Decrease in cash and cash equivalents	(39,790)	(18,562)
Cash and cash equivalents at 1st April	167,853	229,474
Effects of foreign exchange rate changes, net	<u>230</u>	<u>(2,514)</u>
Cash and cash equivalents at 30th September	<u>128,293</u>	<u>208,398</u>
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<u>128,293</u>	<u>208,398</u>

NOTES TO THE ACCOUNTS

For the six months ended 30th September, 2001

1. Accounting Policies

The unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the Group's audited financial statements for the year ended 31st March, 2001, except in relation to SSAP 30 "Business Combinations".

In prior years, goodwill (negative goodwill) arising on the acquisition of subsidiaries, associates and jointly controlled entities was directly written off against (credited to) retained reserves in the year of acquisition. Following the introduction of SSAP 30, goodwill arising on acquisitions on or after 1st April, 2001 is capitalised and is amortised to the profit and loss account on a straight-line basis over its estimated useful life. Any impairment of the goodwill will be recognised in the profit and loss account in the year to which the impairment is related. Negative goodwill arising on acquisitions on or after 1st April, 2001 is presented as a deduction from assets and will be released to the profit and loss account based on an analysis of the circumstances from which the balance resulted.

The Group has taken advantage of the transitional provisions of SSAP 30 by not restating goodwill (negative goodwill) previously included in retained reserves. Therefore, goodwill (negative goodwill) arising on acquisitions prior to 1st April, 2001 is held in reserves and will be charged (credited) to the profit and loss account at the time of disposal of the relevant subsidiaries, associates or jointly controlled entities, or at such time as the goodwill is determined to be impaired.

2. Segmental Information

The Company acts as an investment holding company and its subsidiaries are principally engaged in newspaper publishing, commercial printing and other related activities, as well as property holding.

An analysis of the Group's turnover and contribution to operating profit/(loss) for the Period by principal activity and geographical location is as follows:

	Turnover		Operating profit/(loss)	
	Unaudited		Unaudited	
	Six months ended 30th September 2001	2000	Six months ended 30th September 2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By Principal Activity				
Newspaper publishing	393,953	405,184	(55,494)	(34,130)
Commercial printing	247,536	266,271	41,703	38,461
Property holding	5,207	3,322	(1,222)	(919)
Others	1,794	2,160	(14,012)	(11,829)
	<u>648,490</u>	<u>676,937</u>	<u>(29,025)</u>	<u>(8,417)</u>
Interest and dividend incomes			3,042	5,985
Finance costs			<u>(272)</u>	<u>—</u>
			<u>(26,255)</u>	<u>(2,432)</u>
By Geographical Location				
Hong Kong, Macau and China	491,956	511,818	(27,886)	(18,219)
North America	126,846	133,601	(2,990)	8,122
Australia and New Zealand	14,692	16,973	(195)	(95)
Europe	14,996	14,545	2,046	1,775
	<u>648,490</u>	<u>676,937</u>	<u>(29,025)</u>	<u>(8,417)</u>

3. Other Revenue

	Unaudited	
	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Interest income	2,997	5,947
Dividend income	45	38
	<u>3,042</u>	<u>5,985</u>

4. Restructuring Costs

During the Period, the Group incurred a total cost of HK\$12,823,000 for a series of restructuring exercises to streamline its operations among which includes the repositioning of Hong Kong iMail into a newspaper focusing on financial news in the Greater China region.

5. Loss from Operating Activities

	Unaudited	
	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000

Loss from operating activities was determined after crediting/charging the following:

Crediting

Gain on disposal of property, plant and equipment	<u>111</u>	<u>—</u>
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Charging

Depreciation	19,264	21,780
Amortisation of goodwill	40	—
Loss on disposal of property, plant and equipment	—	205
Operating leases		
land and buildings	2,373	4,194
other equipment	931	193
Staff costs	<u>256,366</u>	<u>259,830</u>

6. Finance Costs

	Unaudited	
	Six months ended 30th September	
	2001	2000
	HK\$'000	HK\$'000
Bank interest expense	<u>272</u>	<u>—</u>

7. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2000: 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 September	
	2001	2000
	HK\$'000	HK\$'000
Company and subsidiaries:		
Hong Kong profits tax	5,257	4,923
Hong Kong deferred taxation	(564)	(492)
Overseas taxation	8,507	8,738
Overseas deferred taxation	(19)	—
	<u>13,181</u>	<u>13,169</u>
Share of taxation attributable to:		
Jointly controlled entities	306	851
Associates	<u>—</u>	<u>54</u>
	<u><u>13,487</u></u>	<u><u>14,074</u></u>

8. Loss per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to shareholders for the Period of HK\$35,012,000 (2000: loss of HK\$7,625,000) and 419,619,246 (2000 : 419,619,246) shares in issue during the Period.

(b) Diluted loss per share

No diluted loss per share has been presented for the period ended 30th September, 2001 and 2000 as the exercise of the Company's outstanding share options would have an anti-dilutive effect.

10. Trade Payables

	Unaudited As at 30th September, 2001		Unaudited As at 31st March, 2001	
	HK\$'000	Percentage	HK\$'000	Percentage
By overdue day:				
0 to 30 days	82,712	89	72,911	81
31 to 60 days	4,084	4	6,601	7
61 to 90 days	810	1	5,375	6
91 to 120 days	337	—	2,580	3
Over 120 days	4,382	6	2,386	3
	<u>92,325</u>	<u>100</u>	<u>89,853</u>	<u>100</u>
			Audited As at 31st March, 2001	
			HK\$'000	Percentage
By invoice day:				
0 to 30 days			39,619	44
31 to 60 days			14,039	16
61 to 90 days			13,689	15
91 to 120 days			11,946	13
Over 120 days			10,560	12
			<u>89,853</u>	<u>100</u>

11. Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Group						
As at 1st April, 2001 (Audited)	286,192	1,431	99,686	1,958	325,677	714,944
Deficit on revaluation	—	—	—	(702)	—	(702)
Exchange realignment	—	—	—	—	2,002	2,002
Loss for the Period	—	—	—	—	(35,012)	(35,012)
As at 30th September, 2001 (Unaudited)	<u>286,192</u>	<u>1,431</u>	<u>99,686</u>	<u>1,256</u>	<u>292,667</u>	<u>681,232</u>

12. Related Party Transactions

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

	Note	Unaudited Six months ended 30th September	
		2001 HK\$'000	2000 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)	32,387	23,965
Rental expense paid to a jointly controlled entity	(ii)	—	1,248

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.

13. Contingent Liabilities

- (a) A wholly-owned subsidiary of the Company has 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 September, 2001, the Group's proportionate share of such utilised credit facilities was approximately HK\$68,650,000.
- (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 30th September, 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. 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.

14. Capital Commitments

	Unaudited As at 30th September 2001 HK\$'000	Audited As at 31st March 2001 HK\$'000
Contracted but not provided for	<u>5,912</u>	<u>5,928</u>

15. Pledge of Assets

The Group's land and building with a net book value of approximately HK\$64.7 million (As at 31st March, 2001: HK\$65.5m) were pledged to secure general banking facilities granted to the Group.

The Group's plant and machinery with a net book value of approximately HK\$6.7 million (As at 31st March, 2001: Nil) were pledged to secure a term machine loan to a subsidiary of the Group.

16. Comparative Amounts

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

17. Approval and Review of the Interim Financial Statements

The interim results for the Period and the comparative figures for the corresponding period in the previous year have not been audited by the Company's Auditors, but have been reviewed by the Audit Committee.

INTERIM DIVIDEND

The directors have resolved that no interim dividend be declared in respect of the Period (2000: nil).

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

Review of Operations

The consolidated turnover for the Period recorded a decline of 4% to HK\$648.5 million as compared to the prior corresponding period while operating losses increased to HK\$26.0 million. Loss attributable to shareholders amounted to HK\$35.0 million. This included a sum of HK\$12 million as part of the costs of a business restructuring and staff redundancy programme in September.

Hong Kong newspaper operations

Turnover for the Hong Kong newspaper operations declined by 2% during the Period. The decline was mainly attributable to decrease in advertising income as a result of the general economic downturn in Hong Kong since early this year, which was further exacerbated by the 9-11 event. To counter the challenging operating environment, the Group undertook a series of business restructuring exercises during the Period which resulted in the redundancy of approximately 180 staff and potential annual cost savings of approximately HK\$50 million. In particular, Hong Kong iMail was repositioned into a newspaper focusing on business news in the Greater China region. Such restructuring would allow the Group to cost-effectively exploit an underserved segment within the English-language newspaper market.