



GLOBAL CHINA TECHNOLOGY GROUP LIMITED

泛華科技集團有限公司*

(Incorporated in Bermuda with limited liability)

2001 ANNUAL RESULTS ANNOUNCEMENT

	2001	2000
	HK\$'000	HK\$'000
Turnover	485,682	597,080
Net loss from ordinary activities attributable to shareholders	(94,310)	(92,357)
Total assets less total liabilities	1,202,338	387,264
Net current assets	484,980	248,536
Net assets	954,323	386,910
Net cash on hand	295,080	247,240

RESULTS

The Board of Directors ("The Board") of Global China Technology Group Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31st March 2001 together with comparative figures for the corresponding year in 2000 as follows:

Consolidated Profit and Loss Account

	Notes	2001 HK\$'000	2000 HK\$'000
TURNOVER	1	485,682	597,080
Cost of sales		(388,712)	(562,643)
Gross profit		96,970	34,437
Other revenue		40,197	29,373
Distribution costs		(36,844)	(21,520)
Administrative expenses		(96,791)	(39,379)
Other operating expenses		(54,894)	(58,343)
LOSS FROM OPERATING ACTIVITIES	1, 2	(51,362)	(55,432)
Finance costs		(266)	(2,119)
Provisions against investment in an unconsolidated subsidiary		(18,000)	(18,000)
Provision against a deposit to acquire an interest in a joint venture		0	(14,000)
Loss on disposal of a subsidiary		(4,469)	0
Share of profits and losses of:			
Jointly controlled entities		(5,312)	0
Associates		(6,202)	(2,494)
LOSS BEFORE TAX		(85,611)	(92,045)
Tax	3	(14,358)	(2,168)
LOSS BEFORE MINORITY INTERESTS		(99,969)	(94,213)
Minority interests		5,659	1,856
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(94,310)	(92,357)
Loss per share — basic (HK cents)	4	9.0	20.6
— diluted	4	N/A	N/A

Notes:

1. Segmental information

An analysis of turnover and contribution to loss from operating activities by principal activity is set out below:

	Turnover		Contribution to loss from operating activities	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Sales of photographic products	272,100	577,365	(5,458)	(45,170)
Newspaper publishing	126,421	0	(8,354)	0
Commercial printing	73,196	0	4,849	0
Property holding	4,525	0	602	0
Others	9,440	19,715	(6,862)	(5,574)
Corporate overheads	485,682	597,080	(15,223)	(50,744)
	0	0	(36,139)	(4,688)
	485,682	597,080	(51,362)	(55,432)

The turnover from newspaper publishing, commercial printing, property holding were derived from Sing Tao Holdings Limited ("Sing Tao") since the completion of the takeover of Sing Tao by the Company at the end of January 2001.

An analysis of turnover and contribution to loss from operating activities by geographical area of operations is set out below:

	Turnover		Contribution to loss from operating activities	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Hong Kong, Macau and mainland China	432,214	597,080	(53,205)	(55,432)
North America	44,281	0	1,611	0
Australia and New Zealand	4,678	0	(25)	0
Europe	4,509	0	257	0
	485,682	597,080	(51,362)	(55,432)

2. Loss from operating activities

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

	2001 HK\$'000	2000 HK\$'000
Amortisation of agency rights	0	875
Staff costs (including directors' remunerations)	110,109	19,104
Depreciation	9,413	1,675
Loss on changes in fair value of short term investments, net	35,226	6,123
Provisions for losses on disposal of fixed assets	10,657	0
Interest expenses on:		
Bank borrowings wholly repayable within five years	266	1,207
Other borrowings wholly repayable within five years	0	912
Interest income	(32,903)	(4,872)
Dividend income from an unlisted investment	(225)	0
Dividend income from listed investments	(352)	(2,236)
Gain on disposal of short term investments, net	(4,240)	(12,225)

3. Tax

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof:

	2001 HK\$'000	2000 HK\$'000
Group:		
The People's Republic of China:		
Hong Kong	425	2,175
Elsewhere	20	0
Elsewhere	14,583	0
Overprovision in prior years	(279)	(7)
Deferred tax	867	0
	15,616	2,168
Share of tax attributable to:		
Jointly controlled entities	(1,258)	0
	14,358	2,168

4. Loss per share

The calculation of the basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$94,310,000 (2000: HK\$92,357,000) and 1,049,351,298 (2000: 447,494,936) ordinary shares in issue during the year.

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

For the year ended 31st March 2000, no diluted loss per share was presented as the exercise of the Company's outstanding warrants and share options would have had an anti-dilutive effect.

DIVIDENDS

No interim dividend was paid for the year (2000: Nil). The Board does not recommend the payment of a final dividend for the year ended 31st March 2001 (2000: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Company was formerly known as Perfect Treasure Holdings Limited. Luckman Trading Limited ("Luckman"), a company wholly-owned by Mr. Ho Tsu Kwok, Charles, had successfully acquired a 54.92% stake in Perfect Treasure Holdings Limited on 20th July 2000 by subscribing 607,396,000 new shares of the Company at HK\$0.6388 per share.

The Group completed the acquisition of Sing Tao Holdings Limited ("Sing Tao") at HK\$1.65 per share on 31st January 2001 and following which, the Group's shareholding in Sing Tao increased to 82% subsequent to a general offer made to Sing Tao's public shareholders. On 12th June 2001, the Group disposed of 31,576,000 Sing Tao shares to independent investors and the Group now owns 74.5% stake in Sing Tao.

The principal activities of Sing Tao are newspaper publishing and commercial printing. The acquisition was made to establish our business in the media and information services sector and Sing Tao will become the Group's flagship business in this core area.

Financial Review

For the period under review, the Group recorded a net loss of approximately HK\$94.3 million, approximately 13.6% of the net loss was attributed to the two months' operating loss of Sing Tao absorbed by the Group since the takeover of Sing Tao. The Group's other operations accounted for 86.4% of the net loss.

The net loss for the Group's operations was mainly due to a number of provisions made on the investments carried over from Perfect Treasure Holdings Limited. These included HK\$35 million net loss on changes in fair value of short term investments, HK\$18 million on investment in an unconsolidated subsidiary and HK\$10.7 million of provision for loss on disposal of a property in Shantou.

The net loss for Sing Tao's operations is mainly due to the increase in operation costs such as the newsprint price and staff costs.

Liquidity and Financial Resources

The Group's financial position remains healthy. As of 31st March 2001, the Group had net cash of approximately HK\$295 million.

Subsequent to the year-end, the Group completed the following transactions, which brought an additional of HK\$127.9 million of cash into the Group.

— As stated in the section "Overview" above, the disposal of 31,576,000 Sing Tao Ordinary Shares at HK\$1.65 each had brought approximately HK\$52 million to the Group.

— On 20th June 2001, Luckman exercised the conversion right attached to the Convertible Preference Shares ("Preference Shares") to convert 132,000,000 Preference Shares into Ordinary Shares of the Company. This raised approximately HK\$75.9 million for the Company.

Business Review

The Group's principal activities are in Broadband Technology and Services, Media and Information Services, Education and Corporate Training, and Financial Services. Trading operations carried over from Perfect Treasure Holdings Limited continued to provide steady revenue during the year.

— Broadband Technology and Service

The Company entered into a joint venture agreement with Sanlian Group and China Shandong Group in September 2000 to establish **Beelink Information Science and Technology Co., Ltd.**, in which the Group holds a 40% stake while Sanlian Group and China Shandong Group hold 50% and 10% respectively. The joint venture is actively developing advanced broadband technology and multimedia content services in Shandong province, the PRC.

Beelink is one of the first broadband access network infrastructure providers in China with Gigabit transmission and routing backbone. As of 30th June 2001, Beelink had over 8,500 broadband subscribers in Jinan (the provincial capital), representing over 60% of the city's broadband internet users, of which corporate users account for over 50%.

— Media and Information Services

Sing Tao Holdings

For the year under review, the total revenue of Hong Kong advertising business slightly decreased by 2% compared with prior year. Advertising revenue for Sing Tao Daily and Hong Kong iMail rose steadily in the first half of financial year 2001 but suffered significant reduction since October 2000 due to the slowing down of Hong Kong economy. Property related advertising was particularly weak.

Both Sing Tao Daily and Hong Kong iMail have started a resources allocation program to streamline editorial and production work flow. Related non-editorial workforce was reduced by 32% in the year and further cost savings are expected as a result of technology upgrade planned for second half of financial year 2002. Cost of newsprint, a major cost item in the newspaper publishing business, saw significant price increment throughout financial year 2001. This had a considerable impact on the Company's newspaper business. Overseas newspaper business made steady improvement in circulation and advertising revenue within the year, resulting in higher operating profit. The commercial printing operations continued to enjoy good growth from both the Hong Kong and US markets. Operating profit increased as a result of tighter cost control.

Xinhua Online

In January 2001, the Group entered into a joint venture agreement to establish Xinhua Online Info-tech Company Limited ("XOL") with the China Economic Information Service ("CEIS"), a subsidiary of Xinhua News Agency, to provide value-added China business information and market intelligence to the Mainland and overseas customers. It is intended that XOL (www.xinhuaonline.com) will become the authoritative information service provider in this fast-growing business area, especially with China's imminent entry into the World Trade Organisation. Under the agreement, the Group owns a 55% stake of the joint venture and CEIS owns the remaining 45%. The Group will initially invest approximately RMB55 million to start the operations. With the extensive database of the Xinhua News Agency and by employing multimedia technologies, XOL will provide, in stages, bi-lingual in-depth business intelligence and analytical reports in print and electronic formats such as CD-ROM and network database.

— Venturing into software development

On 21st June 2001, the Group entered into a joint venture agreement to invest RMB13 million for a 20% stake in Liancheng Hudong Software Co. Ltd. ("Liancheng Hudong"). Liancheng Hudong is a leading and also one of the first Customer Relationship Management ("CRM") software providers in Zhong Guan Cun, Beijing, China.

— Trading division

After the takeover of the Company by Luckman, the new Board of Directors of the Company continued to regard the trading operations as one of the key businesses of the Group. There was a reallocation of resources to focus on higher profit margin products such as distribution of Nikon photographic products in China

During the year under review, the trading division recorded satisfactory results with double-digit profit margin. Turnover and operating profit from trading of Nikon photographic products are comparable with previous year and brought in positive contributions and cash flows to the Group.

FUTURE PLAN AND PROSPECTS

For the year under review the Group made solid progress in the two core businesses — Broadband Technology and Service and Media and Information Services. In the coming year, the Group will pursue vigorously the target of expanding into other sectors, including Education and Corporate Training as well as Financial Services.

Moreover, the Sing Tao acquisition and the XOL project have laid the foundation for the Group's InfoHub development. InfoHub is designed to aggregate content from a wide range of sources and in a wide range of formats. This content will then be integrated, managed, repackaged and disseminated to Chinese communities around the world. The Board believes this business will enjoy rewarding long term returns and position the Group on the forefront of the information age.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

All information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

Throughout the year under review, the Company was in compliance with the "Code of Best Practice" set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, save for that the non-executive directors are not appointed for any specified terms of office but are subject to retirement by rotation in accordance with the bye-laws of the Company.

On behalf of the Board
Global China Technology Group Limited
Ho Tsu Kwok, Charles
Chairman

Hong Kong, 26th July 2001

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Global China Technology Group Limited (the "Company") will be held at 4:00 p.m., on 6 September 2001 at Hotel Mandarin Oriental, 4th Floor, Kublai Khan Room, 5 Connaught Road, Central, Hong Kong for the following purposes:

- To receive, consider and approve the audited consolidated financial statements and the Reports of the Directors and Auditors for the year ended 31st March 2001.
- To consider and, if thought fit, to pass each of the following resolutions as ordinary resolution:
 - To re-appoint Mrs. Sy Wong Chor Fong as director (*Note 4*)
 - To re-appoint Mr. Terrence Young as director (*Note 4*)
 - To re-appoint Ms. Pansy Ho as director (*Note 5*)
- To fix the maximum number of directors of the Company at 15 and authorise the Board of Directors to appoint additional directors up to the maximum number and fix directors' remuneration.
- To re-appoint Ernst & Young as Auditors of the Company for the coming year and authorise the Board of Directors to fix their remuneration.
- As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

A. "THAT:

- subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- the approval in paragraph (a) above shall be in addition to any other authorization given to the directors and shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, warrants or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time; and (iii) an issue of shares under the share option scheme of the Company or the warrants of the Company already issued on or prior to the date of passing of this resolution, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this resolution, and the said approval shall be limited accordingly; and
- for the purposes of this resolution:

"Relevant Period" means the period from the date of passing of this resolution until whichever is the earlier of:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
- the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company)."

B. "THAT:

- subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase issued securities in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- the approval in paragraph (a) shall be in addition to any other authorization given to the directors and shall authorize the directors during the Relevant Period to procure the Company to purchase its securities at a price determined by the directors;
- the aggregate nominal amount of share capital of the Company to be purchased, or agreed conditionally or unconditionally to be purchased, by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- for the purposes of this resolution, "Relevant Period" means the period from the date of passing of this resolution until whichever is the earlier of:
 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
 - the date on which the authority set out in the resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company."

- "THAT subject to the passing of resolutions No. 5A and No. 5B set out in the notice convening this meeting of which this resolution forms part, the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted pursuant to the abovementioned resolution No. 5B shall be added to the aggregate nominal amount of share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the abovementioned resolution No. 5A."

By Order of the Board
Ho Yiu Cheung, Jason
Company Secretary

Hong Kong, 26th July 2001

Notes:

- A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one (or if holding two or more shares, more than one) proxy to attend and, in the event of a poll, vote in his/her stead. A proxy need not be a member of the Company. A form of proxy of the meeting is enclosed. If the appointer is a corporation, the form of proxy must be under its common seal, or under the hand of an officer or attorney duly authorized on its behalf.
- In order to be valid, the form of proxy must be deposited at the Company's principal office at Suite 6605-09, 66/F, The Center, 99 Queen's Road Central, Central, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
- The register of members of the Company will be closed from 5th September to 6th September 2001, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on 4th September 2001.
- Mrs. Sy Wong Chor Fong and Mr. Terrence Young will retire from office as directors by rotation and pursuant to Bye-law 87(1) of the Company's bye-laws, they, being eligible, offers themselves for re-election.
- Ms. Ho Chiu King, Pansy, being director appointed by the Board after the previous annual general meeting held in 2000, will retire from office as director and pursuant to bye-law 86(2) of the Company's Bye-laws, she, being eligible, offers herself for re-election.