



GLOBAL CHINA TECHNOLOGY GROUP LIMITED
泛華科技集團有限公司

(Incorporated in Bermuda with limited liability)

**FINAL RESULTS ANNOUNCEMENT FOR THE NINE
 MONTHS ENDED 31ST DECEMBER 2001**

The Board of Directors (“The Board”) of Global China Technology Group Limited (the “Company”) is pleased to announce the audited final results of the Company and its subsidiaries (the “Group”) for the nine months ended 31st December 2001 together with comparative figures for the year ended 31st March 2001.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Period from 1st April 2001 to 31st December 2001

		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> (Restated)
TURNOVER	3	1,032,960	485,682
Cost of sales		<u>(684,912)</u>	<u>(388,712)</u>
Gross profit		348,048	96,970
Other revenue and gains	4	13,192	40,197
Restructuring costs	5	(19,043)	—
Distribution costs		(134,532)	(36,844)
Administrative expenses		(253,550)	(96,791)
Other operating expenses		<u>(77,579)</u>	<u>(228,284)</u>
LOSS FROM OPERATING ACTIVITIES	6	(123,464)	(224,752)

Global China Technology Group Limited

Finance costs		(424)	(266)
Share of profits and losses of:			
Jointly-controlled entities		(16,256)	(5,312)
Associates		<u>5,016</u>	<u>(6,202)</u>
LOSS BEFORE TAX		(135,128)	(236,532)
Tax	7	<u>(18,839)</u>	<u>(14,358)</u>
LOSS BEFORE MINORITY INTERESTS		(153,967)	(250,890)
Minority interests		<u>22,521</u>	<u>5,659</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(131,446)</u>	<u>(245,231)</u>
Loss per share — basic (HK cents)	8	<u>9.2</u>	<u>23.4</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. 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. The current period financial statements cover a period of nine months from 1st April 2001 to 31st December 2001. Accordingly, the comparative amounts presented for the above consolidated profit and loss account are not for a comparable time period.

2. 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”

Global China Technology Group Limited

- 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”

The principal impact to the financial statements after adopting the aforesaid SSAPs and related interpretation is the recognition of an impairment of goodwill of approximately HK\$151 million in respect of the Group's acquisition of interests in a jointly-controlled entity in the prior year. This change of accounting policy has been accounted for retrospectively as a prior year adjustment in accordance with the transitional provisions of SSAP 30. Accordingly, the cumulative effect on the prior year was to increase the net loss from ordinary activities attributable to shareholders for the year ended 31st March 2001 and the Group's accumulated loss and capital reserve as at 31st March 2001 by approximately HK\$151 million. The prior year adjustment has no effect on the Group's net assets at 1st April 2001.

3. Segment information

(a) Business segments

	Period ended 31st December 2001		Year ended 31st March 2001	
	Segment turnover	Segment Results	Segment turnover	Segment Results
	HK\$'000	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
Trading	99,823	(2,103)	281,540	(12,017)
Newspaper publishing	578,315	(78,728)	127,589	(5,031)
Commercial Printing	347,444	47,439	72,062	3,077
Corporate and others	<u>7,378</u>	<u>(67,098)</u>	<u>4,491</u>	<u>(39,885)</u>
	<u>1,032,960</u>	<u>(100,490)</u>	<u>485,682</u>	<u>(53,856)</u>
Interest and dividend income		10,678		33,480

Global China Technology Group Limited

Unallocated gains	989	4,240
Restructuring costs	(19,043)	—
Unallocated expenses	<u>(15,598)</u>	<u>(208,616)</u>
 Loss from operating activities	 <u>(123,464)</u>	 <u>(224,752)</u>

(b) Geographical segments

	Period ended 31st December 2001		Year ended 31st March 2001	
	Segment turnover HK\$'000	Segment Results HK\$'000	Segment turnover HK\$'000	Segment Results HK\$'000
Hong Kong and PRC	541,230	(132,119)	383,611	(57,219)
North America	371,174	16,678	77,982	2,536
Australia and New Zealand	29,857	(127)	7,553	116
Europe	<u>90,699</u>	<u>15,078</u>	<u>16,536</u>	<u>711</u>
	<u>1,032,960</u>	<u>(100,490)</u>	<u>485,682</u>	<u>(53,856)</u>
 Interest and dividend income		 10,678		 33,480
Unallocated gains		989		4,240
Restructuring costs		(19,043)		—
Unallocated expenses		<u>(15,598)</u>		<u>(208,616)</u>
 Loss from operating activities		 <u>(123,464)</u>		 <u>(224,752)</u>

」

4. Other revenue and gains

Period from	Year ended
1st April 2001	31st March
to 31st December 2001	2001
HK\$'000	HK\$'000

Other revenue

Global China Technology Group Limited

Interest Income	8,304	32,903
Dividend income from an unlisted investment	2,332	225
Dividend income from listed investments	42	352
Others	304	2,477
Gains		
Gain on disposal of short term investments, net	989	4,240
Gain on disposal of an associate	486	—
Exchange gains, net	<u>735</u>	<u>—</u>
	<u>13,192</u>	<u>40,197</u>

5. Restructuring costs

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

6. Loss from operating activities

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

	Period from Year ended	
	1st April 2001	31st March
	to 31st December 2001	2001
	HK\$'000	HK\$'000
		<i>(Restated)</i>
Cost of inventories sold	389,913	318,032
Amortisation of goodwill	1,463	—
Impairment of goodwill	—	150,921
Depreciation	33,015	9,413
Loss on disposal of fixed assets	1,816	4,587
Revaluation deficit on land and buildings	30,994	1,726
Loss on changes in fair values of short term investments, net	15,598	35,226
Provisions for bad and doubtful debts	591	540
Provision against an amount due from a jointly-controlled entity	11,572	1,360
Impairment of interests in associates	174	701

Global China Technology Group Limited

Provision for properties held for sale	5,208	—
Impairment of other investments	885	—
Exchange (gains)/losses, net	(735)	662
Loss/(gain) on disposal of an associate	(486)	651
Provision for loss on disposal of fixed assets	—	10,657
Provision against an investment in an unconsolidated subsidiary	—	18,000
Loss on disposal of a subsidiary	—	4,469

7. Tax

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

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

8. Loss per share

Global China Technology Group Limited

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

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

9. Final dividend

No final dividend is proposed for the period ended 31st December 2001 (year ended 31st March 2001: Nil)

10. Comparative amounts

As explained in note 2 above, due to the adoption of certain new and revised SSAPs during the current period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made and certain comparative amounts have been reclassified to conform with the current period's presentation.

DISCUSSION AND ANALYSIS OF THE GROUP'S

PERFORMANCE

During the period under review, the Group had a turnover of HK\$1,033 million and net loss attributable to shareholders of HK\$131 million. The turnover and net loss attributable to shareholders (restated) for the previous 12 months ended 31st March 2001 was HK\$486 million and HK\$245 million respectively of which two months' operation of Sing Tao was included as the Group's acquisition of Sing Tao was completed on 31st January 2001.

The loss attributable to shareholders for the period included some provisions such as the loss on changes in fair values of short term investment, the revaluation deficit on land and buildings, the provision on properties held for sale and the cost of a business restructuring and staff redundancy program of Sing Tao.

FINANCIAL REVIEW

Liquidity and financial resources, gearing ratio, charges on group's asset

The Group maintained a healthy financial position and was in a net cash position throughout the period under review. As at 31st December 2001, the Group had a cash and bank balance of HK\$332 million, bank borrowing of HK\$36 million and available banking facilities of HK\$272 million. The gearing ratio, defined as long-term borrowings to equity, was 3.3%. The Group had pledged assets totally HK\$208 million to secure the aforesaid bank borrowing and general banking facilities.

Capital structure, exposure to fluctuations in exchange rates

The Group adopted prudent funding and treasury policies with an aim to maintaining sufficient cash to support the Group's operations and to minimize the foreign exchange risk. The Group's cash, cash equivalent, bank borrowing, purchases denominated in Hong Kong dollars and United States ("US") dollars and as a result, the Group had limited exposure to foreign exchange fluctuation.

Investments

The Group had a total investment of HK\$51 million of which HK\$40 million were made in listed securities in Hong Kong as at 31st December 2001. As at 31st March 2001, the total investment amounted to HK\$146 million of which HK\$109 million were made in listed securities in Hong Kong.

Contingent liabilities

The Group had executed several guarantees in favour of a bank to secure 50% of the credit facilities granted to a jointly-controlled entity. The Group's proportionate share of such utilized credit facilities amounted to approximately HK\$49 million. Except this, as at 31st December 2001, the Group did not have any contingent liability or claim, which the Board considered to be material and likely to succeed.

BUSINESS REVIEW — SEGMENT ANALYSIS

Media and Information Services

(a) Sing Tao Holdings Limited ("Sing Tao")

In the past nine months, Sing Tao has been actively pursuing new opportunities to expand its product offerings as well as geographical presence. It has started a business co-operation with a Beijing-based infotainment magazine and has established presence in the magazine publishing

Global China Technology Group Limited

business in Hong Kong through the acquisition of two magazine titles, namely “East Touch” and “Teens”.

To respond to the general market changes and economic downturn, “Hong Kong iMail” has been repositioned into a business newspaper focusing on the Greater China region, and “Sing Tao Daily” will concentrate on meeting the information needs of the professional reader segment with particular interests in business, education and family issues.

A series of business consolidation and operation restructuring have also taken place in the year to streamline the operations. The disposal of the commercial printing business further enabled Sing Tao to focus on the media operations and the consideration for the disposal is approximately HK\$428 million. The disposal was completed on 19th April 2002.

(b) *Xinhuaonline*

Xinhua Online Info-tech Company Limited (“XOL”) has marked its first anniversary since the joint-venture agreement was signed in January 2001. Good progress has been made in its development as a leading value-added business information and market intelligence provider serving business communities in the Mainland and overseas market. The launch of “Xinhua Media Workshop” (新華媒體工場) in November 2001 and the first in-depth media report, “China Media Investment Report 2001”, were well received by the market.

XOL has developed a number of strategic partnerships with renowned international media operators. One of them is Dow Jones Newswires, who has awarded XOL the exclusive agency right to distribute its localized financial products to media companies and government organizations in China.

(c) *GCT InfoHub Limited*

In November 2001, the Group entered into an agreement with a subsidiary of EC-Founder (Holdings) Company Limited, a listed company on the Stock Exchange of Hong Kong Limited and a leading provider of advanced information technology products and services in China, to establish GCT InfoHub Limited (the “InfoHub”). The Group will own 81% stake of the InfoHub whose principal activities are to develop an end-to-end knowledge management solution that aggregates, syndicates and delivers electronic contents focusing on business and industrial news and intelligence in Greater China.

Broadband Technology and Service

Beelink Information Science and Technology Co. Ltd. continued to show encouraging growth. As at 31st December 2001, subscribers of Beelink broadband network in Jinan city, Shandong Province, China, have exceeded 15,000, representing a 76% growth as compared to 8,500 users at June 2001. This was a result of rigorous sales and marketing effort in new residential districts and business

Global China Technology Group Limited

sectors, as well as successful penetration into developed areas that helps maximize network utilization. Additional efforts have been put to pursue corporate customers with significant growth in the sector of schools and universities. Beelink continues to develop added-value products and services to increase subscriptions and attract new revenue. New services included an education channel that offers MBA distance learning courses provided by University of Beijing and various English-learning courses for youngsters.

Software Development

The Company's software project, Liancheng Hudong Software Co. Ltd. (“Liancheng Hudong”), one of the first Customer Relationship Management (“CRM”) software providers in Beijing, has made solid progress. Its premier product, “MyCRM”, has successfully reached out to various customers in different industries. Liancheng Hudong has an extensive distribution network and has formed a number of business partnerships with reputable IT companies including Microsoft and IBM. The product has obtained quality recognition from China Software Test Center and was awarded as Top Ten Application Software for Windows2000 Server by Microsoft China.

Our wholly-owned software development company in Beijing, 北京泛華匯通軟件科技有限公司 started its operation in September and is providing technical support and consultancy to the Group's businesses.

Education and Corporate Training

The Group has decided to form a joint venture with one of the leading universities in China, to jointly develop and provide online education and corporate training programs.

Trading Business

The Group's trading business in Nikon photographic products faced severe competition in the past nine months and as a result, turnover has dropped approximately 51% when compared to the nine months' operation in the same period last year. The selling price of the photographic products was under downward pressure while marketing costs have increased. In order to maintain profit margin and competitiveness in the market, a series of cost reduction programs were implemented including streamlining workflow, reducing the number of staff in Hong Kong and shifting the marketing function to the representative offices in China.

Material acquisition and disposals

During the period under review, there was no material acquisition or disposal of any subsidiary, associate or joint venture by the Group.

Employees

As at 31st December 2001, the Group had a total of 2,796 employees.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CODE OF BEST PRACTICE

In the opinion of the Board, the Company had complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at annual general meeting in accordance with the Company's bye-laws.

PUBLICATION OF ANNUAL REPORT ON THE STOCK

EXCHANGE WEBSITE

The Company will submit a CD Rom to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules for publication on the Stock Exchange website.

By Order of the Board
Global China Technology Group Limited
Ho Tsu Kwok, Charles
Chairman

Hong Kong, 24th April 2002

**For identification purpose only*

Please also refer to the published version of this announcement in the (Hong Kong iMail)