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If you have sold or transferred all your shares in Sing Tao News Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SING TAO NEWS CORPORATION LIMITED

星島新聞集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1105)

MAJOR TRANSACTION

DISPOSAL AND LEASEBACK OF PROPERTY

A letter from the board of directors of the Company is set out on pages 4 to 11 of this circular.

2 August 2005

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	4
Provisional Agreement	5
– Property to be Disposed	
– Consideration	
Sale and Purchase Agreement	7
Condition Precedent	7
Completion	7
Leaseback	8
Reasons for the Disposal and the Leaseback	8
Financial Effect of the Disposal	9
Use of Proceeds from the Disposal	9
General	10
Connected Transaction	10
Information on the Group	11
Information on the Purchaser	11
Additional Information	11
APPENDIX I – FINANCIAL INFORMATION ON THE GROUP	12
APPENDIX II – VALUATION REPORT	78
APPENDIX III – GENERAL INFORMATION	81

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Agency Fee”	HK\$2,500,000, being the agency fee payable by the Vendor to DTZ upon Completion
“Board”	the board of Directors
“Company”	Sing Tao News Corporation Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Completion”	the completion of the Disposal and the Leaseback
“Completion Date”	the date of completion of the Disposal and the Leaseback, which shall be on or before 8 December 2005
“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$370,000,000, being the selling price of the Property payable by the Purchaser to the Vendor
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor as contemplated under the Provisional Agreement and the S&P Agreement
“DTZ”	DTZ Debenham Tie Leung Limited, the agent as contemplated under the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	15 July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular

DEFINITIONS

“Leaseback”	the tenancy as contemplated under the Tenancy Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“Property”	All that piece or parcel of ground registered at the Land Registry as NEW KOWLOON INLAND LOT NO. 5925, together with all messuages, erections and buildings thereon known as SING TAO BUILDING, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong and the appurtenances thereto
“Provisional Agreement”	the provisional agreement for sale and purchase entered into by and among the Vendor, the Purchaser and DTZ as agent on 8 July 2005
“Purchaser”	Billion Development & Project Management Limited or its nominees, an independent third party
“Rest of the Property”	the Property excluding 5th Floor of Tower B and Car Parking Spaces Nos. 11-13 on the Ground Floor of the Property
“S&P Agreement”	the formal agreement for sale and purchase of Sing Tao Building, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong to be entered into between the Vendor and the Purchaser on such date as agreed between the Vendor and the Purchaser
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Tenancy Agreement”	the tenancy agreement to be entered into between the Vendor and the Purchaser immediately after the completion of the Disposal, the principal terms of which are set out in this circular
“Valuer”	Chesterton Petty Limited, an independent property valuer
“Vendor”	Global China Properties Holdings Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



SING TAO NEWS CORPORATION LIMITED

星島新聞集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1105)

Executive Directors:

Mr. Ho Tsu Kwok, Charles (*Chairman*)
Mr. Lo Wing Hung (*Chief Executive Officer*)
Mr. Jia Hongping
Mr. Jim Sui Hing
Mr. Lai Ting Yiu
Mr. Lau Chung Man, Louis
Mrs. Sy Wong Chor Fong
Mr. Yang Yiu Chong, Ronald Jeffrey

Non-Executive Director:

Mr. Leung Chun Ying

Independent Non-Executive Directors:

Mr. Timothy David Dattels
Ms. Ho Chiu King, Pansy Catilina
Mr. King Richard Yun Zing
Mr. Lee Cho Jat
Mr. Tung Chee Chen

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business:

Sing Tao Building
1 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

2 August 2005

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL AND LEASEBACK OF PROPERTY

INTRODUCTION

In the announcement of the Company dated 12 July 2005, the Board announced that, on 8 July 2005, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser and DTZ as agent, pursuant to which the Vendor conditionally agreed to sell the Property to the Purchaser at a consideration of HK\$370,000,000 subject to the

* For identification purpose only

LETTER FROM THE BOARD

terms and conditions stipulated therein. Immediately after the completion of the Disposal, the Vendor will enter into the Tenancy Agreement with the Purchaser to lease back the Rest of the Property at a monthly rental of HK\$1,666,666 (excluding management fee, air-conditioning charges and government rates) for an initial term of 9 months with an option to the Vendor to renew the tenancy, at the sole discretion of the Vendor, for a further term of 3, 6 or 9 months after the expiration of the initial term under the Tenancy Agreement.

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders' approval requirements of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval by a majority vote at a general meeting is required to approve the Disposal. However, written Shareholders' approval may be accepted in lieu of holding a general meeting provided that no Shareholders are required to abstain from voting at a general meeting to approve the Disposal and the written Shareholders' approval has been obtained from Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company. As no Shareholders are required to abstain from voting at a general meeting to approve the Disposal, such written Shareholders' approval will be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with further information relating to the Disposal, the Leaseback and other information as required under the Listing Rules.

PROVISIONAL AGREEMENT

Date

8 July 2005

Parties

Vendor	:	Global China Properties Holdings Limited
Purchaser	:	Billion Development & Project Management Limited or its nominees
Agent	:	DTZ Debenham Tie Leung Limited

LETTER FROM THE BOARD

Property to be Disposed

The Property comprises all that piece or parcel of ground registered at the Land Registry as NEW KOWLOON INLAND LOT NO. 5925, together with all messuages, erections and buildings thereon known as SING TAO BUILDING, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong and the appurtenances thereto and has a total site area of approximately 44,714 square feet. The existing Property is a 8-storey industrial building with a total gross floor area of approximately 277,720 square feet.

The Group utilizes a majority portion of the Property as offices, and has leased out 5th Floor of Tower B of the Property at a monthly rental of HK\$150,000 (exclusive of rates, government rent, but inclusive of management fee (if any)) and Car Parking Spaces Nos. 11-13 on the Ground Floor of the Property at an aggregate monthly rental of HK\$6,900 to Cellstar (Asia) Corporation Limited which and its ultimate beneficial owner(s), to the best knowledge of the Directors, are independent third parties, for a term of 2 years from 1 September 2004 to 31 August 2006 with the right granted to Cellstar (Asia) Corporation Limited to terminate the said tenancy at any time after 31 August 2005 by giving to the Group not less than 3 calendar months' prior notice in writing. Under the Provisional Agreement, the Property is to be sold subject to the said tenancy.

Consideration

The Consideration for the sale of the Property is HK\$370,000,000 payable in cash by the Purchaser in the following manner:

- (i) an initial deposit of HK\$14,800,000 has been paid prior to the execution of the Provisional Agreement;
- (ii) a further deposit of HK\$22,200,000 shall be paid upon execution of the S&P Agreement on such date as agreed between the Vendor and the Purchaser;
- (iii) the balance of the Consideration of HK\$333,000,000 shall be paid on or before the Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser taking into account the prevailing market conditions in Hong Kong.

The letter and valuation certificate of the market valuation of the Property, as set out in Appendix II to this circular, was prepared by the Valuer which and its ultimate beneficial owner(s), to the best knowledge of the Directors, are independent third parties.

LETTER FROM THE BOARD

SALE AND PURCHASE AGREEMENT

The Vendor and the Purchaser will enter into the S&P Agreement on such date as agreed between them.

CONDITION PRECEDENT

The Disposal is conditional upon fulfillment of the following conditions on or before the Completion Date:

- (i) the approval being obtained from the Shareholders of the Company, being the holding company of the Vendor, to the entering into and implementation of the transactions contemplated under the S&P Agreement; and
- (ii) all necessary consents and approvals being obtained by the Company in compliance with the Listing Rules.

In the event of non-fulfillment of the condition precedent on or before the Completion Date, the S&P Agreement shall become void and of no further effect and the Vendor and the Purchaser shall forthwith at its respective own costs enter into a cancellation agreement of the S&P Agreement and all deposits paid shall be refunded to the Purchaser (without interest) within 3 business days from the date on which the S&P Agreement becomes void and of no further effect whereupon the Vendor and the Purchaser shall have no further liability against each other.

COMPLETION

Upon compliance with or fulfillment of the condition precedent, Completion shall take place on the Completion Date.

LETTER FROM THE BOARD

LEASEBACK

In order to minimize any unnecessary interruption or disturbance to the business of the Group due to relocation of the offices of the Group, the Group will lease back the Rest of the Property. Immediately after the completion of the Disposal, the Vendor (as tenant) will enter into the Tenancy Agreement with the Purchaser (as landlord), pursuant to which the Vendor will lease back the Rest of the Property based on the following principal terms:

Initial Term	:	9 months commencing from the Completion Date
Rental	:	HK\$1,666,666 per month (excluding management fee, air-conditioning charges and rates)
Rates, management fee and air-conditioning charges	:	payable by the Vendor
Deposit	:	HK\$3,333,332, representing two months' rental
Option to renew	:	The Vendor shall have an option to renew the tenancy, at the sole discretion of the Vendor, for a further term of 3, 6 or 9 months after the expiration of the initial term under the Tenancy Agreement at the same terms and conditions of the Tenancy Agreement except the option to renew

The aforesaid monthly rental was agreed after arm's length negotiations between the Vendor and the Purchaser.

REASONS FOR THE DISPOSAL AND THE LEASEBACK

Given the recent recovery of the local economy, the value of industrial properties in the vicinity of Kowloon Bay in general has risen to a record high level following the wake of the market slowdown caused by the Severe Acute Respiratory Syndrome epidemic in 2003. The Directors are of the view that the Disposal will enable the Group to unlock the potential redevelopment value of the building site. The net proceeds from the Disposal will further strengthen the Group's financial position for further business development. In addition, the Leaseback will minimize any unnecessary interruption or disturbance to the business of the Group due to relocation of the offices of the Group. Taking into account the reasons mentioned above, the Directors are of the view that the sale is in the interest of the Company and the Shareholders as a whole and the terms of the Disposal and the Leaseback are fair and reasonable.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE DISPOSAL

The Group utilizes a majority portion of the Property as offices, and has leased out 5th Floor of Tower B of the Property at a monthly rental of HK\$150,000 (exclusive of rates and government rent, but inclusive of management fee (if any)) and Car Parking Spaces Nos. 11-13 on the Ground Floor of the Property at an aggregate monthly rental of HK\$6,900. After the Disposal, the Group will cease to derive rental income from the Property, cease to bear annual depreciation expenses of the Property and certain other assets to be disposed of for an aggregate amount of approximately HK\$12,800,000 and, pursuant to the terms of the Leaseback, will bear rental expenses for the Rest of the Property.

The net book value of the Property will be approximately HK\$175,328,000 as at the time of Disposal. Upon successful Completion before the end of the year, an accounting profit before tax of approximately HK\$190,897,000 (which amount is subject to further adjustment and review by the Company's auditors for the year ending 31 December 2005) will be recorded into the Group's consolidated profit and loss account for the financial year ending 31 December 2005.

Completion of the Disposal will give rise to the following effects on the consolidated balance sheet of the Group:

- (i) the consolidated fixed assets of the Group will be reduced by approximately HK\$175,328,000; and
- (ii) the consolidated cash balance of the Group will be increased by the net proceeds from the Disposal of approximately HK\$366,225,000.

The net proceeds from the Disposal will increase the working capital of the Group.

The Company is looking for a suitable place for relocation of the offices of the Group. As at the Latest Practicable Date, the Company has not yet decided on any plan for relocation. The Directors are of the opinion that the Disposal and the Leaseback will have no impact on the trading prospect of the Group.

USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds from the Disposal is estimated to be approximately HK\$366,225,000. The Board intends to use the proceeds for general working capital and long-term business development.

LETTER FROM THE BOARD

GENERAL

As the consideration ratio for the Disposal calculated pursuant to Rule 14.07(4) of the Listing Rules exceeds 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As a result, the Disposal requires disclosure by way of press announcement, the despatch of a circular to the Shareholders and the approval by the Shareholders by a majority vote at a general meeting.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting provided that no Shareholders are required to abstain from voting at a general meeting to approve the Disposal and the written Shareholders' approval has been obtained from Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company. As no Shareholders are required to abstain from voting at a general meeting to approve the Disposal, such written Shareholders' approval will be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. Written Shareholders' approval has been obtained since Luckman Trading Limited beneficially owns 849,896,000 Shares, representing approximately 46.33% of the nominal value of the Company's securities giving the right to attend and vote at general meetings and Stagelight Group Limited beneficially owns 163,919,000 Shares, representing approximately 8.94% of the nominal value of the Company's securities giving the right to attend and vote at general meetings have already confirmed that they would vote in favour of any resolution to approve the Disposal.

CONNECTED TRANSACTION

By entering into the Provisional Agreement by the Vendor with, among other party, DTZ, DTZ has been appointed the agent in respect of the Disposal. The Vendor will pay to DTZ an agency fee of HK\$2,500,000, representing approximately 0.676% of the Consideration upon Completion. Pursuant to the terms of the appointment, DTZ shall act as the agent in respect of the sale of the Property.

Since DTZ, being a company in the equity capital of which, Mr. Leung Chun Ying, a Non-Executive Director of the Company, his family and trustees taken together are directly or indirectly interested so as to exercise or control the exercise of more than 30% of the voting power at general meetings of DTZ, is a connected person of the Company under the Listing Rules, the entering into the Provisional Agreement as the agent for the sale of the Property constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements and is exempted from the Shareholders' approval requirements.

LETTER FROM THE BOARD

Since the Agency Fee to DTZ exceeds 0.1% but less than 2.5% of the relevant ratios, the entering into the Provisional Agreement as the agent for the sale of the Property constitutes a connected transaction under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements.

The Directors (including all Independent Non-Executive Directors) consider that the appointment of DTZ as agent in respect of the Disposal and the Leaseback is in the interest of the Company and the Shareholders as a whole and the terms of the appointment are fair and reasonable.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) media ownership and services which comprise newspaper, magazine and book publishing and the provision of media-related services; (ii) human capital management which comprises recruitment and containing education media and corporate training services; and (iii) broadband technology and services.

INFORMATION ON THE PURCHASER

The Purchaser is principally engaged in property development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner(s) of the Purchaser are third parties independent of the Company and connected persons of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix III to this circular.

Yours faithfully,
On behalf of the Board of
Sing Tao News Corporation Limited
Ho Tsu Kwok Charles
Chairman

FINANCIAL STATEMENTS

Set out below are the audited financial statements as extracted from the annual report of the Company for the year ended 31 December 2004, together with accompanying notes.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
TURNOVER	5	1,441,070	1,181,558
Cost of sales		<u>(1,021,749)</u>	<u>(757,351)</u>
Gross profit		419,321	424,207
Other revenue and gains	5	53,942	58,880
Distribution costs		(198,046)	(182,750)
Administrative expenses		(294,045)	(306,543)
Other operating expenses, net		(14,612)	(20,480)
Revaluation surplus on properties, net		18,478	3,486
Gain on early termination of a lease agreement		–	14,866
Gain on disposal of properties		–	12,678
Gain on disposal of an unconsolidated subsidiary	18	<u>18,400</u>	<u>–</u>
PROFIT FROM OPERATING ACTIVITIES	6	3,438	4,344
Finance costs	7	(764)	(643)
Share of profits and losses of:			
Jointly-controlled entities		19,820	2,689
Associates		(3)	(6,206)
Reversal of provision for impairment of interest in a jointly-controlled entity		–	17,196
Reversal of provision for an amount due from a jointly-controlled entity		6,097	37,400
Provisions for amounts due from jointly-controlled entities		(16,802)	(11,388)
Gain on disposal of a jointly-controlled entity		7,947	–
Loss on disposal of an associate		–	(2,980)
Amortisation and impairment of goodwill on acquisition of a jointly-controlled entity	16	<u>(3,242)</u>	<u>(3,890)</u>
PROFIT BEFORE TAX		16,491	36,522
Tax	10	<u>(12,415)</u>	<u>(26,821)</u>
PROFIT BEFORE MINORITY INTERESTS		4,076	9,701
Minority interests		<u>625</u>	<u>2,667</u>
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	11	<u>4,701</u>	<u>12,368</u>
DISTRIBUTION	12	<u>–</u>	<u>18,181</u>
Earnings per share – (HK cents)	13		
Basic		<u>0.26</u>	<u>0.68</u>
Diluted		<u>0.26</u>	<u>0.67</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****CONSOLIDATED BALANCE SHEET***31 December 2004*

		2004	2003
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	<i>14</i>	391,548	361,185
Intangible assets	<i>15</i>	19,854	20,470
Goodwill:	<i>16</i>		
Goodwill		–	2,937
Negative goodwill		(124,592)	(130,620)
Investment in an unconsolidated subsidiary	<i>18</i>	–	–
Interests in jointly-controlled entities	<i>19</i>	297,272	335,087
Interests in associates	<i>20</i>	(1)	(5)
Long term investments	<i>21</i>	40,598	51,594
Other investments		1,146	1,146
Deferred tax assets	<i>31</i>	4,285	11,206
Deposits paid		18,399	–
		<u>648,509</u>	<u>653,000</u>
CURRENT ASSETS			
Inventories	<i>22</i>	57,051	37,261
Short term investments	<i>21</i>	117,911	60,735
Trade and bills receivables	<i>23</i>	243,953	220,588
Prepayments, deposits and other receivables		50,626	43,516
Tax recoverable		–	318
Pledged time deposits	<i>24</i>	41,729	58,203
Cash and cash equivalents	<i>25</i>	437,899	496,761
		<u>949,169</u>	<u>917,382</u>
CURRENT LIABILITIES			
Trade and bills payables	<i>26</i>	100,775	91,026
Other payables and accruals	<i>29</i>	262,938	145,001
Tax payable		68,410	77,255
Interest-bearing bank loan	<i>27</i>	9,713	9,620
Finance lease payables	<i>28</i>	451	287
		<u>442,287</u>	<u>323,189</u>
NET CURRENT ASSETS		<u>506,882</u>	<u>594,193</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,155,391</u>	<u>1,247,193</u>
NON-CURRENT LIABILITIES			
Finance lease payables	<i>28</i>	1,290	1,062
Other payables	<i>29</i>	–	109,907
Provision for long service payments	<i>30</i>	4,694	4,285
Deferred tax liabilities	<i>31</i>	36,189	38,699
		<u>42,173</u>	<u>153,953</u>
MINORITY INTERESTS		–	625
		<u>1,113,218</u>	<u>1,092,615</u>
CAPITAL AND RESERVES			
Issued capital	<i>32</i>	183,454	183,386
Reserves		929,764	909,229
		<u>1,113,218</u>	<u>1,092,615</u>

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2004

		Issued ordinary share capital	Issued preference share capital	Share premium account	Contributed surplus	Capital reserve	Land and buildings revaluation reserve	Exchange fluctuation reserve	Retained profits/ (accu- mulated losses)	Total
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2003		181,809	71,768	964,360	9,899	122,647	7,912	(3,633)	(230,585)	1,124,177
Redemption of preference shares	32	-	(71,768)	-	-	-	-	-	-	(71,768)
Issue of ordinary shares	32	1,577	-	4,192	-	-	-	-	-	5,769
Surplus on revaluation		-	-	-	-	-	4,902	-	-	4,902
Deferred tax arising from surplus on revaluation		-	-	-	-	-	(2,045)	-	-	(2,045)
Exchange realignment		-	-	-	-	-	-	28,089	-	28,089
Net gains and losses not recognised in the profit and loss account		-	-	-	-	-	2,857	28,089	-	30,946
Revaluation reserve released on disposal of land and buildings		-	-	-	-	-	(6,338)	-	6,338	-
Deferred tax released on disposal of land and buildings		-	-	-	-	-	1,972	-	-	1,972
Realisation of capital reserve on disposal of an associate		-	-	-	-	2,984	-	-	-	2,984
Realisation of exchange fluctuation reserve on strike-off of a subsidiary		-	-	-	-	-	-	4,348	-	4,348
Reduction of share premium account to credit to accumulated losses and contributed surplus	32	-	-	(964,360)	488,930	-	-	-	475,430	-
2003 distribution	12	-	-	-	(18,181)	-	-	-	-	(18,181)
Net profit for the year		-	-	-	-	-	-	-	12,368	12,368
At 31 December 2003		183,386	-	*4,192	*480,648	*125,631	*6,403	*28,804	*263,551	1,092,615

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

		Issued ordinary share capital	Issued preference share capital	Share premium account	Contributed surplus	Capital reserve	Land and buildings revaluation reserve	Exchange fluctuation reserve	Retained profits/ (accu- mulated losses)	Total
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2004		183,386	–	4,192	480,648	125,631	6,403	28,804	263,551	1,092,615
Issue of ordinary shares	32	68	–	312	–	–	–	–	–	380
Surplus on revaluation		–	–	–	–	–	2,648	–	–	2,648
Deferred tax arising from surplus on revaluation		–	–	–	–	–	(1,097)	–	–	(1,097)
Exchange realignment		–	–	–	–	–	–	7,997	–	7,997
Net gains and losses not recognised in the profit and loss account		–	–	–	–	–	1,551	7,997	–	9,548
Realisation of exchange fluctuation reserve on strike-off of subsidiaries		–	–	–	–	–	–	5,974	–	5,974
Net profit for the year		–	–	–	–	–	–	–	4,701	4,701
At 31 December 2004		<u>183,454</u>	<u>–</u>	<u>*4,504</u>	<u>*480,648</u>	<u>*125,631</u>	<u>*7,954</u>	<u>*42,775</u>	<u>*268,252</u>	<u>1,113,218</u>
Reserves retained by:										
Company and subsidiaries		183,454	–	4,504	480,648	125,631	7,954	39,508	315,310	1,157,009
Jointly-controlled entities		–	–	–	–	–	–	3,136	(36,039)	(32,903)
Associates		–	–	–	–	–	–	131	(11,019)	(10,888)
31 December 2004		<u>183,454</u>	<u>–</u>	<u>4,504</u>	<u>480,648</u>	<u>125,631</u>	<u>7,954</u>	<u>42,775</u>	<u>268,252</u>	<u>1,113,218</u>
Company and subsidiaries		183,386	–	4,192	480,648	125,631	6,403	34,767	314,609	1,149,636
Jointly-controlled entities		–	–	–	–	–	–	(6,094)	(40,042)	(46,136)
Associates		–	–	–	–	–	–	131	(11,016)	(10,885)
31 December 2003		<u>183,386</u>	<u>–</u>	<u>4,192</u>	<u>480,648</u>	<u>125,631</u>	<u>6,403</u>	<u>28,804</u>	<u>263,551</u>	<u>1,092,615</u>

* These reserve accounts comprise the consolidated reserves of HK\$929,764,000 (2003: HK\$909,229,000) in the consolidated balance sheet.

Certain amounts of negative goodwill arising on the acquisition of subsidiaries prior to the adoption of Statement of Standard Accounting Practice 30 “Business combinations” in 2001 remain credited to the capital reserve as explained in note 16 to the financial statements.

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP
CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2004

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,491	36,522
Adjustments for:			
Finance costs	7	764	643
Reversal of provision for impairment of interest in a jointly-controlled entity		–	(17,196)
Reversal of provision for an amount due from a jointly-controlled entity		(6,097)	(37,400)
Provisions for amounts due from jointly-controlled entities		16,802	11,388
Loss on disposal of an associate		–	2,980
Share of profits and losses of jointly-controlled entities		(19,820)	(2,689)
Share of profits and losses of associates		3	6,206
Amortisation and impairment of goodwill on acquisition of jointly-controlled entities	16	3,242	3,890
Interest income	5	(15,912)	(15,210)
Investment income	5	(11,231)	(10,753)
Dividend income from an unlisted investment	5	(496)	(1,316)
Dividend income from listed investments	5	(903)	(663)
Recognition of deferred income	5	–	(3,766)
Gain on early termination of a lease agreement		–	(14,866)
Negative goodwill recognised as income	5	(6,028)	(7,094)
Unrealised gain on changes in fair values of short term investments	5	(2,535)	(6,578)
Gain on disposal of short term investments, net	5	(2,332)	(2,157)
Gain on disposal of land and buildings	6	–	(7,965)
Gain on disposal of investment properties	6	–	(4,713)
Loss/(gain) on disposal of fixed assets	6	800	(119)
Gain on disposal of an unconsolidated subsidiary	18	(18,400)	–
Gain on disposal of a jointly-controlled entity		(7,947)	–
Depreciation	6	40,442	38,864
Revaluation surplus on land and buildings	6	(19,921)	(5,586)
Revaluation deficit on investment properties	6	1,443	2,100
Amortisation of intangible assets	6	1,162	680
Amortisation of goodwill	6	2,937	4,113
Loss/(gain) on disposal/strike-off of subsidiaries	6	(247)	4,348
Impairment of long term investments	6	2,500	2,537
Impairment of other investments	6	–	5
Loss on disposal of other investments	6	–	283
Provisions for bad and doubtful debts	6	3,826	7,331
Provision for long service payments, net	6	2,742	1,558
Effect of foreign exchange rate changes		(9,387)	(6,188)
Operating loss before working capital changes		(28,102)	(20,811)
Increase in inventories		(19,790)	(9,890)
Increase in trade and bills receivables, prepayments, deposits and other receivables		(34,297)	(40,351)
Increase in trade and bills payables, other payables and accruals		42,759	25,732
Payment of long service payments	30	(2,364)	(108)
Cash used in operations		(41,794)	(45,428)
Hong Kong profits tax paid		(6,320)	(327)
Overseas tax paid		(3,452)	(12,711)
Net cash outflow from operating activities		(51,566)	(58,466)

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		15,912	15,210
Investment income		11,196	10,753
Dividend received from an associate		–	39,615
Dividend received from jointly-controlled entities		10,769	12,607
Dividend received from an unlisted investment		496	1,316
Dividends received from listed investments		903	663
Purchases of fixed assets		(48,544)	(51,035)
Deposits paid for purchases of fixed assets		(18,399)	–
Proceeds from disposal of fixed assets		1,605	63,605
Compensation paid for early termination of a lease agreement		–	(2,510)
Purchases of intangible assets	<i>15</i>	(546)	(6,000)
Acquisition of subsidiaries	<i>35(a)</i>	–	(11,899)
Acquisition of additional interest in a subsidiary		–	(1,078)
Proceeds from disposal of an associate		–	162
Proceeds from disposal of an unconsolidated subsidiary	<i>18</i>	400	–
Proceeds from disposal of a jointly-controlled entity		10,919	–
Acquisition of jointly-controlled entities		–	(63,171)
Decrease/(increase) in amounts due from jointly-controlled entities		26,837	(34,660)
Increase in an amount due to a jointly-controlled entity		1,170	–
Decrease/(increase) in amounts due from associates		(3)	7,359
Decrease in an amount due to an associate		(4)	–
Purchases of long term investments		–	(47,071)
Purchases of short term investments		(189,565)	(38,844)
Proceeds from disposal of short term investments		137,256	9,188
Proceeds from disposal of long term investments		7,800	–
Proceeds from disposal of other investments		–	35
Decrease/(increase) in pledged time deposits		16,474	(29,811)
Decrease/(increase) in non-pledged time deposit with original maturity of more than three months when acquired		10,353	(10,353)
Net cash outflow from investing activities		(4,971)	(135,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	<i>32</i>	380	1,096
Redemption of preference shares	<i>32</i>	–	(71,768)
Capital element of finance lease rental payments		(353)	(205)
Interest paid		(637)	(568)
Interest element of finance lease rental payments		(127)	(75)
Distribution paid		–	(18,181)
Net cash outflow from financing activities		(737)	(89,701)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(57,274)	(284,086)
Cash and cash equivalents at beginning of year		486,408	759,005
Effect of foreign exchange rate changes, net		8,765	11,489
CASH AND CASH EQUIVALENTS AT END OF YEAR		437,899	486,408
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	<i>25</i>	106,175	105,370
Non-pledged time deposits with original maturity of less than three months when acquired	<i>25</i>	331,724	381,038
		437,899	486,408

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****BALANCE SHEET***31 December 2004*

		2004	2003
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Fixed assets	<i>14</i>	9,885	9,109
Interests in subsidiaries	<i>17</i>	731,309	738,384
Investment in an unconsolidated subsidiary	<i>18</i>	–	–
Interests in associates	<i>20</i>	–	–
		<u>741,194</u>	<u>747,493</u>
CURRENT ASSETS			
Prepayments, deposits and other receivables		1,396	2,049
Cash and cash equivalents	<i>25</i>	1,021	389
		<u>2,417</u>	<u>2,438</u>
CURRENT LIABILITIES			
Other payables and accruals		3,541	20,888
Tax payable		–	11
		<u>3,541</u>	<u>20,899</u>
NET CURRENT LIABILITIES			
		<u>(1,124)</u>	<u>(18,461)</u>
		<u>740,070</u>	<u>729,032</u>
CAPITAL AND RESERVES			
Issued capital	<i>32</i>	183,454	183,386
Reserves	<i>34</i>	556,616	545,646
		<u>740,070</u>	<u>729,032</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2004

1. CORPORATE INFORMATION

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

- media
- human capital management
- property holding
- trading of photographic products
- investment holding

In the opinion of the Directors, Luckman Trading Limited (“Luckman”), which is incorporated in the British Virgin Islands, is the Company’s controlling shareholder.

2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards, herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice (“SSAPs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, 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 certain fixed assets, investment properties and investments 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 year ended 31 December 2004. The results of subsidiaries acquired or disposed of during the year 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.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

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 results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. 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 Group has unilateral control, directly or indirectly, over the joint venture company;
- (b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture company;

- (c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, 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 Group holds, directly or indirectly, 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. Goodwill or negative goodwill arising from the acquisition of jointly-controlled entities, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in jointly-controlled entities.

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 or negative goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as long term assets and are stated at cost 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 1 to 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.

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 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 future 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.

Prior to the adoption of SSAP 30 “Business combinations” in 2001, negative goodwill arising on acquisitions was credited to the capital reserve in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such negative goodwill to remain credited to the capital reserve. Negative goodwill on acquisitions subsequent to the adoption of the SSAP is treated according to the SSAP 30 negative goodwill 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 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.

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.

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 and 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 asset is 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 and depreciation

Fixed assets, other than investment properties and construction in progress, are stated at cost or valuation 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 fixed assets have 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 fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the land and buildings revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the land and buildings revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life, after taking into account its estimated residual value, if any. The principal annual rates used for this purpose are as follows:

Freehold land	Nil
Leasehold land	Over the lease terms
Buildings	2%-5%
Leasehold improvements	20%-33%
Furniture, fixtures and equipment	10%-30%
Motor vehicles	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net proceeds on disposal and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Intangible assets

Intangible assets represent purchased data library, copyrights, trademarks and domain names which are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 20 years.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

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 relevant lease terms.

Investments

Long term investments are non-trading investments in listed and unlisted equity and debt securities intended to be held on a long term basis. Short term investments are investments in equity, debt securities and commodities not intended to be held for an identified long term purpose.

Debt securities which are intended to be held to maturity are accounted for as held-to-maturity securities, while other securities are accounted for as investment securities or other investments, as explained below.

(a) Held-to-maturity securities

Held-to-maturity securities are investments in dated debt securities which the Group has expressed intention and ability to hold to maturity, and are stated at cost, adjusted for the amortisation of premiums or discounts arising on acquisitions, less any impairment losses, on an individual investment basis.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account in the period in which they arise.

In situations where the circumstances and events which led to an impairment of a held-to-maturity security cease to exist and there is persuasive evidence that the new circumstances and events will persist in the foreseeable future, the reversal of the impairment is credited to the profit and loss account, on an individual investment basis, to the extent of the amount previously charged.

(b) Long term investment securities

Investments in dated debt securities and listed or unlisted equity securities, intended to be held for a continuing strategic or identified long term purpose, are included in long term investments and are stated at cost less any impairment losses, on an individual investment basis.

When a decline in the fair value of an investment security below its carrying amount has occurred, unless there is evidence that the decline is temporary, the carrying amounts of the security is reduced to its fair value, as estimated by the directors. The amount of the impairment is charged to the profit and loss account in the period in which it arises.

(c) Short term investment securities

Investments in equity, debt securities and commodities which are not intended to be held for an identified long term purpose are included in short term investments and are stated in the balance sheet at fair values. Fair values of listed equity securities and commodities are determined on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. Unlisted debt securities are stated at estimated fair values at the balance sheet date, on an individual investment basis. The estimated fair values of unlisted debt securities are determined by the directors having regard to, inter alia, the prices of the most recent reported sales or purchases of the securities. Any realised or unrealised gains or losses arising from changes in the fair values of such investments are credited or charged to the profit and loss account in the period in which they arise.

(d) Other investments

Other investments represent club memberships which are intended to be held for long term purposes. They are stated at cost less any impairment losses, on an individual investment basis.

The profit or loss on disposal of an investment is credited or charged to the profit and loss account in the period in which the disposal occurs, and is calculated as the difference between the net sales proceeds and the carrying amount of the investment.

Provisions against the carrying amounts of investments are written back, on an individual investment basis, to the extent of the amount previously charged to the profit and loss account, when the circumstances and events that led to the write-down or write-off cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on actual cost, first-in, first-out basis or weighted average basis, where appropriate 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.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including time deposits, which are not restricted as to use.

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 the 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.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

Employee benefits*Paid leave carried forward*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

Retirement benefits schemes

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

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a specific amount for the employees in Mainland China, pursuant to the local municipal government regulations. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the central pension scheme.

Share option schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option schemes are not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Borrowing costs

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

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section of 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 bye-law 140 of the Company's bye-laws grants the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates 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 using the net investment method. The profit and loss accounts of overseas subsidiaries, jointly-controlled entities and associates are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SEGMENT INFORMATION

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 the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the media segment publishes and distributes newspapers, magazines and books to readers in Hong Kong, Canada, the United States of America, Europe and Australia, and selling the respective content of such publications in Hong Kong and Mainland China;
- (b) the human capital management segment publishes and distributes recruitment magazines and provides continuing education and corporate training in Hong Kong and Mainland China;
- (c) the trading segment trades photographic products; and
- (d) the corporate and others segment comprises the Group's Internet and information consultancy services, investment and property holding business together with corporate expense items.

In determining the Group's geographical segments, revenues 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 and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

(a) Business segments

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

Group

	Media		Human Capital Management		Trading		Corporate and others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	1,140,198	978,460	47,365	32,582	245,002	166,564	8,505	3,952	-	-	1,441,070	1,181,558
Intersegment sales	8,368	2,570	51	97	-	236	101,234	53,251	(109,653)	(56,154)	-	-
Other revenue and gains	6,776	7,532	293	31	13,926	4,594	10,769	48,343	-	-	31,764	60,500
Intersegment other revenue	2,454	4,707	-	34	-	-	449	14,511	(2,903)	(19,252)	-	-
Total	1,157,796	993,269	47,709	32,744	258,928	171,394	120,957	120,057	(112,556)	(75,406)	1,472,834	1,242,058
Segment results	4,442	13,400	(6,067)	(11,623)	1,410	1,733	(36,925)	(25,090)			(37,140)	(21,580)
Interest and dividend income											17,311	17,189
Gain on disposal of an unconsolidated subsidiary											18,400	-
Unallocated gains											4,867	8,735
Profit from operating activities											3,438	4,344
Finance costs											(764)	(643)
Share of profits and losses of:												
Jointly-controlled entities	20,806	10,141	3,741	(110)	-	-	(4,727)	(7,342)			19,820	2,689
Associates	-	-	-	-	-	(27)	(3)	(6,179)			(3)	(6,206)
Reversal of provision for impairment of interest in a jointly-controlled entity	-	-	-	-	-	-	-	17,196			-	17,196
Reversal of provision for an amount due from a jointly-controlled entity	-	-	-	-	-	-	6,097	37,400			6,097	37,400
Provisions for amounts due from jointly-controlled entities	(3,420)	(6,075)	-	-	-	-	(13,382)	(5,313)			(16,802)	(11,388)
Gain on disposal of a jointly-controlled entity	-	-	-	-	-	-	7,947	-			7,947	-
Loss on disposal of an associate	-	-	-	-	-	-	-	(2,980)			-	(2,980)
Amortisation and impairment of goodwill on acquisition of a jointly-controlled entity	-	-	-	-	-	-	(3,242)	(3,890)			(3,242)	(3,890)
Profit before tax											16,491	36,522
Tax											(12,415)	(26,821)
Profit before minority interests											4,076	9,701
Minority interests											625	2,667
Net profit from ordinary activities attributable to shareholders											4,701	12,368

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

	Media		Human Capital Management		Trading		Corporate and others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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 assets	484,950	387,904	10,070	13,214	93,792	67,270	691,251	725,607	-	-	1,280,063	1,193,995
Interests in jointly-controlled entities	199,479	204,385	12,185	8,370	-	-	85,608	122,332	-	-	297,272	335,087
Interests in associates	3	-	-	-	-	-	(4)	(5)	-	-	(1)	(5)
Unallocated assets											20,344	41,305
Total assets											1,597,678	1,570,382
Segment liabilities	186,009	155,923	3,085	2,073	44,607	25,615	134,706	166,608	-	-	368,407	350,219
Unallocated liabilities											116,053	126,923
Total liabilities											484,460	477,142
Other segment information:												
Capital expenditure	37,837	26,122	-	461	649	33	11,349	31,189	-	-	49,835	57,805
Depreciation and amortisation	13,349	11,740	3,203	4,377	642	835	27,347	26,705	-	-	44,541	43,657
Impairment losses recognised in the profit and loss account	-	5	-	-	-	-	2,500	6,427	-	-	2,500	6,432
Other non-cash expenses	3,664	14,090	89	108	-	(420)	73	4,941	-	-	3,826	18,719
Revaluation surplus, net	(1,240)	-	-	-	-	-	(17,238)	(3,486)	-	-	(18,478)	(3,486)
Surpluses on revaluation recognised directly in equity, net of deferred tax	(1,054)	-	-	-	-	-	(497)	(2,857)	-	-	(1,551)	(2,857)
Negative goodwill recognised as income during the year	(6,028)	(7,094)	-	-	-	-	-	-	-	-	(6,028)	(7,094)
Gain on disposal of properties	-	-	-	-	-	-	-	(12,678)	-	-	-	(12,678)
Loss/(gain) on disposal/strike-off of subsidiaries	-	-	(77)	-	-	-	(170)	4,348	-	-	(247)	4,348

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

Group

	Hong Kong and Mainland China		North America		Australia, New Zealand and Europe		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	943,237	755,462	391,901	343,106	105,932	82,990	-	-	1,441,070	1,181,558
Other segment information:										
Segment assets	1,052,815	1,089,853	467,401	402,216	73,177	66,789	-	-	1,593,393	1,558,858
Capital expenditure	12,809	38,158	36,316	17,644	710	2,003	-	-	49,835	57,805

5. TURNOVER, REVENUE AND GAINS

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 year.

An analysis of the Group's turnover, other revenue and gains is as follows:

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover			
Advertising income		847,314	699,465
Circulation income		284,700	246,556
Radio broadcasting advertising income		20,257	23,992
Sales of photographic products		244,069	165,773
Gross rental income		5,987	6,645
Others		38,743	39,127
		<u>1,441,070</u>	<u>1,181,558</u>
Other revenue			
Interest income		15,912	15,210
Investment income		11,231	10,753
Dividend income from an unlisted investment		496	1,316
Dividend income from listed investments		903	663
Declaration subsidy income		11,365	7,011
Recognition of deferred income		–	3,766
Others		1,334	3,562
		<u>41,241</u>	<u>42,281</u>
Gains			
Negative goodwill recognised as income during the year	<i>16</i>	6,028	7,094
Gain on disposal of short term investments, net		2,332	2,157
Unrealised gain on changes in fair values of short term investments, net		2,535	6,578
Gain on strike-off of subsidiaries		247	–
Exchange gains, net		1,559	651
Gain on disposal of other fixed assets		–	119
Other revenue and gains		<u>53,942</u>	<u>58,880</u>

6. PROFIT FROM OPERATING ACTIVITIES

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

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Depreciation	<i>14</i>	40,442	38,864
Revaluation deficit/(surplus) on properties:			
Land and buildings	<i>14</i>	(19,921)	(5,586)
Investment properties	<i>14</i>	1,443	2,100
Gain on disposal of properties:			
Land and buildings		–	(7,965)
Investment properties		–	(4,713)
Amortisation of intangible assets*	<i>15</i>	1,162	680
Amortisation of goodwill*	<i>16</i>	2,937	4,113
Negative goodwill recognised as income during the year**	<i>16</i>	(6,028)	(7,094)
Auditors' remuneration:			
Current year		3,096	2,700
Underprovision in prior years		75	212
		<u>3,171</u>	<u>2,912</u>
Minimum leases payments under operating leases:			
Land and buildings		13,220	12,309
Other equipment		23	70
		<u>13,243</u>	<u>12,379</u>
Staff costs (including directors' remuneration (note 8))			
Wages and salaries		478,182	422,747
Retirement benefits schemes contributions		17,263	16,712
Less: Forfeited contributions		(986)	(2,022)
Net retirement benefits schemes contributions***		<u>16,277</u>	<u>14,690</u>
Total staff costs		<u>494,459</u>	<u>437,437</u>
Loss/(gain) on disposal of fixed assets		800	(119)
Loss/(gain) on disposal/strike-off of subsidiaries		(247)	4,348
Impairment of long term investments		2,500	2,537
Impairment of other investments		–	5
Loss on disposal of other investments		–	283
Provisions for bad and doubtful debts		3,826	7,331
Provision for long service payments, net	<i>30</i>	2,742	1,558
Gross rental income		(5,987)	(6,645)
Less: outgoings		<u>2,906</u>	<u>3,125</u>
Net rental income		<u>(3,081)</u>	<u>(3,520)</u>

- * The amortisation of goodwill and intangible assets for the year are included in “Other operating expenses, net” on the face of the consolidated profit and loss account.
- ** The negative goodwill recognised in the consolidated profit and loss account for the year is included in “Other revenue and gains” on the face of the consolidated profit and loss account.
- *** At 31 December 2004, forfeited contributions available to the Group to reduce its contributions to retirement benefits schemes in future years amounted to approximately HK\$104,000 (2003: HK\$103,000).

7. FINANCE COSTS

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on a bank loan wholly repayable within five years	637	568
Interest on finance leases	127	75
	<u>764</u>	<u>643</u>

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees:		
Executive directors	–	–
Non-executive directors	80	80
Independent non-executive directors	430	430
	<u>510</u>	<u>510</u>
Other emoluments to executive directors:		
Salaries and other benefits	25,605	25,179
Retirement benefits schemes contributions	98	90
	<u>25,703</u>	<u>25,269</u>
	<u>26,213</u>	<u>25,779</u>

Other than set out above, there were no other emoluments payable to the independent non-executive directors during the year (2003: Nil).

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	8	6
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	1	2
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,500,001 to HK\$4,000,000	1	1
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$5,500,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	1	1
	<u>15</u>	<u>13</u>

For the year ended 31 December 2004, one of the directors waived emoluments of HK\$120,000 (2003: Nil).

No share options were granted to the directors during the year.

During the year ended 31 December 2003, certain directors were granted share options in respect of their services to the Group under the share option schemes of the Company, further details of which are set out in note 33 to the financial statements. No value in respect of the share options granted during that year has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2003: five) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one non-director, highest paid employee for the year ended 31 December 2004, which fell within the band of HK\$4,000,001 to HK\$4,500,000, is as follows:

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other benefits	4,434	–
Retirement benefits schemes contributions	12	–
	<u>4,446</u>	<u>–</u>

For the year ended 31 December 2004, 4,000,000 share options were granted to this non-director, highest paid employee in respect of his service to the Group, further details of which are included in the disclosures in note 33 to the financial statements. No value in respect of the share options granted during the year has been charged to the profit or loss account, or is otherwise included in the above non-director, highest paid employee's remuneration disclosures.

10. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) 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.

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Current:		
The People's Republic of China:		
Hong Kong	3,882	5,584
Elsewhere	3	120
Elsewhere	4,902	24,431
Overprovision in prior years	(7,574)	(6,604)
Deferred (note 31)	3,314	(1,893)
	<u>4,527</u>	<u>21,638</u>
Share of tax attributable to:		
Jointly-controlled entities	7,888	5,183
	<u>12,415</u>	<u>26,821</u>
Total tax charge for the year	<u><u>12,415</u></u>	<u><u>26,821</u></u>

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

A reconciliation of the tax expense applicable to profit before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries, jointly-controlled entities and associates are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong		Mainland China		North America		Australia, New Zealand and Europe		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Group – 2004										
Profit/(loss) before tax	<u>573</u>		<u>(6,745)</u>		<u>18,438</u>		<u>4,225</u>		<u>16,491</u>	
Tax at the statutory tax rate	100	17.5	(2,226)	33.0	6,539	35.5	1,268	30.0	5,681	34.4
Adjustments in respect of current tax of previous periods	(897)	(156.5)	–	–	(8,086)	(43.9)	1,409	33.3	(7,574)	(45.9)
Income not subject to tax	(7,134)	(1,245.0)	–	–	(3,314)	(18.0)	(29)	(0.7)	(10,477)	(63.5)
Expenses not deductible for tax	9,584	1,672.6	1,006	(14.9)	4,416	24.0	79	1.9	15,085	91.5
Tax losses utilised from previous periods	(6,136)	(1,070.9)	–	–	–	–	–	–	(6,136)	(37.2)
Tax losses not recognised	10,228	1,785.0	1,223	(18.1)	4,274	23.2	–	–	15,725	95.3
Temporary differences not recognised	111	19.3	–	–	–	–	–	–	111	0.7
Tax charge at the Group's effective rate	<u>5,856</u>	<u>1,022.0</u>	<u>3</u>	<u>–</u>	<u>3,829</u>	<u>20.8</u>	<u>2,727</u>	<u>64.5</u>	<u>12,415</u>	<u>75.3</u>

	Hong Kong		Mainland China		North America		Australia, New Zealand and Europe		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Group – 2003										
Profit/(loss) before tax	<u>(18,402)</u>		<u>(22,059)</u>		<u>62,490</u>		<u>14,493</u>		<u>36,522</u>	
Tax at the statutory tax rate	(3,222)	17.5	(7,280)	33.0	23,481	37.6	4,348	30.0	17,327	47.4
Effect on opening deferred tax of increase in rates	1,264	(6.9)	–	–	–	–	–	–	1,264	3.5
Adjustments in respect of current tax of previous periods	1,802	(9.8)	–	–	(8,432)	(13.5)	26	0.2	(6,604)	(18.1)
Income not subject to tax	(1,325)	7.2	–	–	(45,109)	(72.2)	–	–	(46,434)	(127.1)
Expenses not deductible for tax	5,399	(29.3)	860	(3.9)	45,627	73.0	2,909	20.1	54,795	150.0
Tax losses utilised from previous periods	(9,682)	52.6	–	–	–	–	(4,568)	(31.5)	(14,250)	(39.0)
Tax losses not recognised	14,183	(77.1)	6,540	(29.6)	–	–	–	–	20,723	56.7
Tax charge at the Group's effective rate	<u>8,419</u>	<u>(45.8)</u>	<u>120</u>	<u>(0.5)</u>	<u>15,567</u>	<u>24.9</u>	<u>2,715</u>	<u>18.8</u>	<u>26,821</u>	<u>73.4</u>

11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders for the year ended 31 December 2004 dealt with in the financial statements of the Company was HK\$10,614,000 (2003: net loss of HK\$34,282,000 (note 34(b))).

12. DISTRIBUTION

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Nil (2003: distribution of HK1 cent per ordinary share)	<u>–</u>	<u>18,181</u>

On 24 April 2003, the directors proposed a distribution of HK\$0.01 per share (the “Distribution”) to the shareholders of the Company subject to the passing of a special resolution (the “Resolution”) as further detailed in note 32(a)(i) to the financial statements. The Distribution was declared to the shareholders of the Company whose names appeared on the register of members of the Company on 24 June 2003 upon the passing of the Resolution.

13. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$4,701,000 (2003: HK\$12,368,000) and the weighted average of 1,834,438,526 (2003: 1,827,265,463) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$4,701,000 (2003: HK\$12,368,000) and the weighted average number of 1,836,919,367 (2003: 1,836,694,504) ordinary shares, after adjusting for the effects of all dilutive potential ordinary shares during the year.

The reconciliation of weighted average number of shares used in calculation of basic earnings per share and diluted earnings per share is as follows:

	2004	2003
Weighted average number of ordinary shares used in basic earnings per share calculation	1,834,438,526	1,827,265,463
Weighted average number of ordinary shares:		
Assumed issued at no consideration on deemed exercise of all share options outstanding during the year	2,480,841	3,272,948
Assumed issued on the deemed conversion of all preference shares at the beginning of the year	–	6,156,093
	<u> </u>	<u> </u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u><u>1,836,919,367</u></u>	<u><u>1,836,694,504</u></u>

14. FIXED ASSETS

Group

	Land and buildings <i>HK\$'000</i>	Construc- tion in progress <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation:							
At 1 January 2004	252,126	–	2,198	18,691	239,408	4,939	517,362
Additions	–	17,878	–	2,795	24,920	3,696	49,289
Transfers	(4,240)	–	4,218	–	–	–	(22)
Disposals	–	–	(978)	(180)	(7,173)	(1,803)	(10,134)
Surplus/(deficit) on revaluation	15,837	–	(1,443)	–	–	–	14,394
Exchange realignment	2,612	–	–	23	586	31	3,252
At 31 December 2004	266,335	17,878	3,995	21,329	257,741	6,863	574,141
Analysis of cost or valuation:							
At cost	–	17,878	–	21,329	257,741	6,863	303,811
At 31 December 2004 professional valuation	266,335	–	3,995	–	–	–	270,330
	<u>266,335</u>	<u>17,878</u>	<u>3,995</u>	<u>21,329</u>	<u>257,741</u>	<u>6,863</u>	<u>574,141</u>
Accumulated depreciation:							
At 1 January 2004	–	–	–	5,487	150,272	418	156,177
Provided during the year	6,737	–	–	6,755	24,519	2,431	40,442
Transfers	(22)	–	–	–	–	–	(22)
Disposals	–	–	–	(143)	(5,946)	(1,640)	(7,729)
Write-back on revaluation	(6,732)	–	–	–	–	–	(6,732)
Exchange realignment	17	–	–	23	410	7	457
At 31 December 2004	–	–	–	12,122	169,255	1,216	182,593
Net book value:							
At 31 December 2004	<u>266,335</u>	<u>17,878</u>	<u>3,995</u>	<u>9,207</u>	<u>88,486</u>	<u>5,647</u>	<u>391,548</u>
At 31 December 2003	<u>252,126</u>	<u>–</u>	<u>2,198</u>	<u>13,204</u>	<u>89,136</u>	<u>4,521</u>	<u>361,185</u>

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP
Company

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost or valuation:					
At 1 January 2004	8,340	1,596	280	1,308	11,524
Additions	–	265	22	6	293
Surplus on revaluation	730	–	–	–	730
	<u>9,070</u>	<u>1,861</u>	<u>302</u>	<u>1,314</u>	<u>12,547</u>
At 31 December 2004	<u>9,070</u>	<u>1,861</u>	<u>302</u>	<u>1,314</u>	<u>12,547</u>
Analysis of cost or valuation:					
At cost	–	1,861	302	1,314	3,477
At 31 December 2004 professional valuation	9,070	–	–	–	9,070
	<u>9,070</u>	<u>1,861</u>	<u>302</u>	<u>1,314</u>	<u>12,547</u>
Accumulated depreciation:					
At 1 January 2004	–	1,596	271	548	2,415
Provided during the year	176	39	28	180	423
Write-back on revaluation	(176)	–	–	–	(176)
	<u>–</u>	<u>1,635</u>	<u>299</u>	<u>728</u>	<u>2,662</u>
At 31 December 2004	<u>–</u>	<u>1,635</u>	<u>299</u>	<u>728</u>	<u>2,662</u>
Net book value:					
At 31 December 2004	<u>9,070</u>	<u>226</u>	<u>3</u>	<u>586</u>	<u>9,885</u>
At 31 December 2003	<u>8,340</u>	<u>–</u>	<u>9</u>	<u>760</u>	<u>9,109</u>

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

	Hong Kong	Mainland China	Elsewhere	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At valuation:				
Freehold	–	–	86,665	86,665
Long term leases	8,100	1,310	–	9,410
Medium term leases	170,260	–	–	170,260
	<u>178,360</u>	<u>1,310</u>	<u>86,665</u>	<u>266,335</u>

The land and buildings of the Company included above are held under the following lease terms:

	Hong Kong	Mainland China	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At valuation:			
Long term leases	–	1,310	1,310
Medium term leases	7,760	–	7,760
	<u>7,760</u>	<u>1,310</u>	<u>9,070</u>

The Group's and the Company's land and buildings were revalued individually at 31 December 2004 by Chung, Chan & Associates, independent professionally qualified valuers, at an aggregate value of HK\$266,335,000 and HK\$9,070,000, respectively, on an open market value and existing state basis.

Revaluation surpluses of HK\$2,648,000 and HK\$19,921,000 resulting from the valuations on the Group's land and buildings, have been credited to the Group's land and buildings revaluation reserve and the consolidated profit and loss account (note 6), respectively. Revaluation surpluses of HK\$44,000 and HK\$862,000, resulting from the valuations on the Company's land and buildings, have been credited to the Company's land and buildings revaluation reserve (note 34(b)) and profit and loss account, respectively.

Had all the land and buildings of the Group and the Company been carried at cost less accumulated depreciation and impairment losses, the carrying amounts would have been approximately HK\$247,083,000 (2003: HK\$237,837,000) and HK\$8,772,000 (2003: HK\$8,086,000), respectively.

The Group's investment properties are situated in Hong Kong and are held under a long term lease.

The Group's investment properties were revalued at 31 December 2004 by Chung, Chan & Associates, independent professionally qualified valuers, at an aggregate value of HK\$3,995,000, on an open market value and existing state basis. Revaluation deficit of HK\$1,443,000 resulting from the valuations on the Group's investment properties has been charged to the profit and loss account (note 6).

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 38(a) to the financial statements.

Certain investment properties were transferred from leasehold land and buildings in Hong Kong during the year. No asset revaluation reserve was previously included in the land and buildings revaluation reserve before the transfer.

The net book value of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures and equipment at 31 December 2004 amounted to HK\$1,781,000 (2003: HK\$1,448,000).

15. INTANGIBLE ASSETS

Group

	<i>HK\$'000</i>
Cost:	
At 1 January 2004	29,004
Additions	546
	<hr/>
At 31 December 2004	29,550
	<hr/>
Accumulated amortisation and impairment:	
At 1 January 2004	8,534
Amortisation provided during the year	1,162
	<hr/>
At 31 December 2004	9,696
	<hr/>
Net book value:	
At 31 December 2004	19,854
	<hr/> <hr/>
At 31 December 2003	20,470
	<hr/> <hr/>

16. GOODWILL AND NEGATIVE GOODWILL

The amounts of the goodwill and negative goodwill capitalised as an asset or recognised in the consolidated balance sheet, arising from the acquisition of subsidiaries and jointly-controlled entities, are as follows:

Group

	Goodwill arising on acquisition of subsidiaries	Goodwill arising on acquisition of jointly- controlled entities	Negative goodwill arising on acquisition of subsidiaries
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:			
At beginning of year	15,342	23,909	(155,059)
Disposal of a jointly-controlled entity	—	(7,779)	—
	<u>15,342</u>	<u>16,130</u>	<u>(155,059)</u>
At 31 December 2004	15,342	16,130	(155,059)
Accumulated amortisation and impairment/(recognition as income):			
At beginning of year	12,405	20,020	(24,439)
Amortisation provided/ (recognised as income) during the year	2,937	3,242	(6,028)
Disposal of a jointly-controlled entity	—	(7,132)	—
	<u>15,342</u>	<u>16,130</u>	<u>(30,467)</u>
At 31 December 2004	15,342	16,130	(30,467)
Net book value:			
At 31 December 2004	<u>—</u>	<u>—</u>	<u>(124,592)</u>
At 31 December 2003	<u>2,937</u>	<u>3,889</u>	<u>(130,620)</u>

As detailed in note 3 to the financial statements, on the adoption of SSAP 30 in 2001, the Group applied the transitional provision of SSAP 30 that permitted negative goodwill in respect of acquisitions which occurred prior to the adoption of the SSAP to remain credited to the capital reserve.

The aggregate amount of the negative goodwill remaining in capital reserve as at 31 December 2004, arising from the acquisition of subsidiaries prior to the adoption of SSAP 30 in 2001, was HK\$103,541,000, as at 1 January 2004 and 31 December 2004.

17. INTERESTS IN SUBSIDIARIES

	Company	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	115,258	115,258
Less: Provision for impairment	(110,258)	(110,258)
	<u>5,000</u>	<u>5,000</u>
Due from subsidiaries	1,421,078	1,415,567
Less: Provisions for amounts due from subsidiaries	(335,720)	(336,003)
	<u>1,085,358</u>	<u>1,079,564</u>
Due to subsidiaries	(359,049)	(346,180)
	<u>731,309</u>	<u>738,384</u>

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries as at 31 December 2004 are set out in note 42 to the financial statements.

18. INVESTMENT IN AN UNCONSOLIDATED SUBSIDIARY

	Group and Company	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	–	36,000
Less: Provision for impairment	–	(36,000)
	<u>–</u>	<u>–</u>

The investment in the prior years represents the cost of an investment in respect of a 70% equity interest in Artland International Limited (“Artland”), an investment holding company incorporated in Hong Kong, the sole asset of which is a 50% equity interest in Sichuan Allday TV Development Co., Ltd. (“Sichuan Allday”), a sino-foreign equity joint venture established in the People’s Republic of China. The Group had paid HK\$18 million of the total consideration of HK\$36,000,000 under the acquisition agreement (the “Agreement”) entered into in 2000 while the remaining HK\$18 million of the original purchase consideration was included as a liability in other payables and accruals.

Pursuant to the Agreement, the vendors are responsible, inter alia, to procure for the appointment of the Company’s representatives as directors of Sichuan Allday. However, the vendors were not able to honour their obligations under the Agreement, including significantly the obligations relating to the appointment of directors representing Artland, and hence the Company, in Sichuan Allday. As a result, the Group was not able either to participate in the management of its investment, or to obtain any financial information of Sichuan Allday. Against this background, the directors considered that in substance the Group was unable to exercise effective control over its investment as a whole and, accordingly, had accounted for Artland as an unconsolidated subsidiary. Full provision of HK\$36 million was made against the Group’s investment in the prior years.

During the current year, it was agreed between the Company and the original vendors of Artland that the Company is not requested to pay the balance of the purchase consideration of HK\$18,000,000 and the vendors of Artland agreed to buy back from the Company the 70% equity interest in Artland for an aggregate amount of HK\$400,000. Upon completion of the disposal, the remaining HK\$18 million of the original purchase consideration was written back to the profit and loss account and included in the gain on disposal of an unconsolidated subsidiary amounting to HK\$18,400,000.

19. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2004	2003
	<i>HK\$’000</i>	<i>HK\$’000</i>
Share of net assets	194,011	189,096
Goodwill on acquisition (<i>note 16</i>)	–	3,889
	<u>194,011</u>	<u>192,985</u>
Due from jointly-controlled entities	196,065	221,629
Due to jointly-controlled entities	(1,170)	–
Less: Provisions for amounts due from jointly-controlled entities	(91,634)	(79,527)
	<u>297,272</u>	<u>335,087</u>

At 31 December 2004, the balances due from/(to) jointly-controlled entities are unsecured, interest-free and have no fixed terms of repayment. At 31 December 2003, except for an aggregate amount of HK\$4,650,000 due from two jointly-controlled entities which bore interest at a rate of 5% per annum, the balances due from jointly-controlled entities were unsecured, interest-free and had no fixed terms of repayment.

The Group's trade payable balances due to jointly-controlled entities are disclosed in note 26 to the financial statements.

Particulars of the principal jointly-controlled entities, which are held indirectly through subsidiaries, are as follows:

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2004	2003	
Beelink Information Science & Technology Co., Ltd. ("Beelink")#	Corporate	People's Republic of China ("PRC")/ Mainland China	40	40	Provision of technical support and consultancy services for Internet service providers
北京新華電廣影視技術有限公司#	Corporate	PRC/ Mainland China	49	49	Provision of consultancy services on film production and sale of film broadcasting rights
北京聯成互動軟件技術有限公司#	Corporate	PRC/ Mainland China	20	20	Software development
北京新華在線信息技術有限公司#	Corporate	PRC/ Mainland China	55	55	Provision of value-added PRC business information

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2004	2003	
大華媒體服務有限 責任公司#	Corporate	PRC/ Mainland China	49	49	Distribution of print-media publications in Mainland China
北京大華弘景期刊發行 有限責任公司#	Corporate	PRC/ Mainland China	24.98	24.98	Distribution of print-media publications in Mainland China
廣州如茶文化傳播 有限公司#	Corporate	PRC/ Mainland China	12.74	12.74	Sale of print-media publications in Mainland China
北京經華智業教育科技 有限公司#	Corporate	PRC/ Mainland China	70	70	Provision of on-line and off-line corporate and vocational training and related services
Premier Printing Group Limited	Corporate	Hong Kong	50	50	Printing
Sing Tao Daily Limited	Corporate	Canada	25	25	Newspaper publishing
Sing Tao Newspapers (Canada 1988) Limited ("STN Canada")	Corporate	Canada	50	50	Newspaper production

The above table lists the jointly-controlled entities of the Group which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all the Group's jointly-controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

Extracts of the audited financial statements of the Group's material jointly-controlled entities are as follows:

	Beelink		STN Canada	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit and loss account				
Turnover	<u>39,850</u>	<u>54,573</u>	<u>329,705</u>	<u>268,748</u>
Profit/(loss) for the year	<u>(3,046)</u>	<u>(9,945)</u>	<u>30,286</u>	<u>14,534</u>
Balance sheet				
Non-current assets	279,668	268,080	73,356	74,868
Current assets	20,830	48,058	85,901	66,660
Current liabilities	(120,367)	(134,750)	(23,594)	(16,674)
Non-current liabilities	—	—	(2,045)	(1,266)
Net assets	<u>180,131</u>	<u>181,388</u>	<u>133,618</u>	<u>123,588</u>

20. INTERESTS IN ASSOCIATES

	Group		Company	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	—	—	8,979	8,979
Less: Provision for impairment	—	—	(8,979)	(8,979)
	—	—	—	—
Share of net assets	47	50	—	—
Due from associates	3	10,224	—	—
Due to an associate	(51)	(55)	—	—
Less: Provisions for amounts due from associates	—	(10,224)	—	—
	<u>(1)</u>	<u>(5)</u>	<u>—</u>	<u>—</u>

The amounts due from/(to) associates are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal associate, which is held indirectly through a subsidiary, are as follows:

Name	Business structure	Place of incorporation and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2004	2003	
Dragon Fly Assets Limited	Corporate	British Virgin Islands/ Hong Kong	50	50	Investment holding

In the opinion of the directors, the above associate has principally affected the Group's result for the year. To give details of all the Group's associates would, in the opinion of the directors, result in particulars of excessive length.

21. INVESTMENTS

	Group	
	2004 HK\$'000	2003 HK\$'000
Long term investments, at cost		
Held-to-maturity securities:		
Unlisted debt securities, at amortised cost	23,105	23,070
Investment securities:		
Listed equity securities in overseas	872	872
Unlisted equity securities	12,669	13,400
Unlisted debt securities	11,440	19,240
	24,981	33,512
Less: Provision for impairment	(7,488)	(4,988)
	17,493	28,524
	40,598	51,594
Listed equity securities in overseas, at market value	1,378	1,315

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term investments, at fair value		
Investment securities:		
Listed equity securities:		
Hong Kong	42,198	25,313
Elsewhere	4,621	706
Unlisted debt securities	60,961	34,716
Commodities	10,131	–
	<u>117,911</u>	<u>60,735</u>

22. INVENTORIES

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	24,476	15,510
Work in progress	885	155
Finished goods	5,966	5,619
Inventories held for resale	25,724	15,977
	<u>57,051</u>	<u>37,261</u>

The cost of inventories recognised as an expense during the year amounted to HK\$308,438,000 (2003: HK\$258,304,000).

The carrying amount of inventories carried at net realisable value included in the above balance is HK\$7,834,000 (2003: HK\$7,483,000) as at the balance sheet date.

23. TRADE AND BILLS RECEIVABLES

The Group allows an average 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 the payment due date, is as follows:

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	170,206	151,593
31 to 60 days	38,495	32,672
61 to 90 days	21,670	22,015
91 to 120 days	7,164	9,303
Over 120 days	17,400	16,104
	<u>254,935</u>	<u>231,687</u>
Less: Provisions for bad and doubtful debts	(10,982)	(11,099)
	<u>243,953</u>	<u>220,588</u>

24. PLEDGED TIME DEPOSITS

The pledged time deposits were used to secure general banking facilities granted to the Group (note 27), a jointly-controlled entity (note 41) and a long-term investment of the Group.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	106,175	105,370	1,021	389
Time deposits	331,724	391,391	–	–
	<u>437,899</u>	<u>496,761</u>	<u>1,021</u>	<u>389</u>

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to HK\$13,520,000 (2003: HK\$9,901,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

26. TRADE AND BILLS PAYABLES

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

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	93,943	78,434
31 to 60 days	2,596	2,270
61 to 90 days	2,566	2,781
91 to 120 days	313	64
Over 120 days	1,357	7,477
	<u>100,775</u>	<u>91,026</u>

Included in the balance is HK\$12,655,000 (2003: HK\$12,463,000) 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.

27. INTEREST-BEARING BANK LOAN

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loan repayable		
within one year or on demand	9,713	9,620
	<u>9,713</u>	<u>9,620</u>

At the balance sheet date, the Group's bank loan was secured by certain of the Group's pledged time deposits with a carrying amount of HK\$9,713,000 (2003: HK\$9,620,000) (note 24).

28. FINANCE LEASE PAYABLES

The Group leases certain of its furniture and fixtures for its media business. These leases are classified as finance leases and have remaining lease terms ranging from two to five years.

At the balance sheet date, the total future minimum lease payments under finance leases and their present values were as follows:

Group	Minimum	Minimum	Present value	Present value
	lease	lease	of minimum	of minimum
	payments	payments	lease	lease
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts payable:				
Within one year	557	390	451	287
In the second year	557	390	484	311
In the third to fifth years, inclusive	852	829	806	751
	<u>1,966</u>	<u>1,609</u>	<u>1,741</u>	<u>1,349</u>
Total minimum finance lease payments	1,966	1,609	<u>1,741</u>	<u>1,349</u>

Group	Minimum	Minimum	Present value	Present value
	lease	lease	of minimum	of minimum
	payments	payments	lease	lease
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Future finance charges	(225)	(260)		
Total net finance lease payables	1,741	1,349		
Portion classified as current liabilities	(451)	(287)		
Long term portion	<u>1,290</u>	<u>1,062</u>		

29. OTHER PAYABLES AND ACCRUALS

Included in the balance at 31 December 2004 is an amount of approximately HK\$109,907,000 representing a payable to a joint venture partner of a jointly-controlled entity which is unsecured, interest-free and payable on or before 7 December 2005. This balance was included in long term other payables at 31 December 2003.

30. PROVISION FOR LONG SERVICE PAYMENTS

	Notes	Group	
		2004	2003
		HK\$'000	HK\$'000
Balance at beginning of year		4,285	2,673
Charge for the year	6	2,916	4,119
Write-back during the year	6	(174)	(2,561)
Payments during the year		(2,364)	(108)
Exchange realignment		31	162
At 31 December		<u>4,694</u>	<u>4,285</u>

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance, as further explained under the heading "Employee benefits" in note 3 to the financial statements. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group to the balance sheet date.

31. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group	Accelerated tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Recognition of tax losses <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003	19,906	16,641	–	–	36,547
Deferred tax charged/ (credited) to the profit and loss account during the year, including a charge of HK\$1,866,000 due to the effect of a change in tax rates (<i>note 10</i>)	4,352	(2,013)	–	(51)	2,288
Deferred tax credited to land and buildings revaluation reserve during the year	–	(179)	–	–	(179)
Exchange realignment	19	–	–	24	43
At 31 December 2003 and 1 January 2004	24,277	14,449	–	(27)	38,699
Deferred tax charged/ (credited) to the profit and loss account during the year (<i>note 10</i>)	(2,470)	4,159	(5,353)	429	(3,235)
Deferred tax charged to land and buildings revaluation reserve during the year	–	725	–	–	725
At 31 December 2004	<u>21,807</u>	<u>19,333</u>	<u>(5,353)</u>	<u>402</u>	<u>36,189</u>

Deferred tax assets

Group	Deductible tax depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Provisions <i>HK\$'000</i>	Recognition of tax losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003	–	654	1,090	5,333	7,077
Deferred tax credited to the profit and loss account during the year, including a credit of HK\$602,000 due to the effect of a change in tax rates (<i>note 10</i>)	60	136	626	3,359	4,181
Deferred tax charged to land and buildings revaluation reserve during the year	–	(252)	–	–	(252)
Exchange realignment	–	–	200	–	200
At 31 December 2003 and 1 January 2004	60	538	1,916	8,692	11,206
Deferred tax credited/ (charged) to the profit and loss account during the year (<i>note 10</i>)	25	–	1	(6,575)	(6,549)
Deferred tax charged to land and buildings revaluation reserve during the year	–	(372)	–	–	(372)
At 31 December 2004	<u>85</u>	<u>166</u>	<u>1,917</u>	<u>2,117</u>	<u>4,285</u>

The Group has tax losses arising in Hong Kong of approximately HK\$973,777,000 (2003: approximately HK\$957,377,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets in respect of tax losses of approximately HK\$931,091,000 (2003: approximately HK\$907,709,000) have not been recognised as they have arisen in certain subsidiaries that have been loss-making for some time.

At 31 December 2004, there was no significant unrecognised deferred tax liability (2003: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures.

There are no income tax consequences attaching to the payment of distribution by the Company to its shareholders.

32. SHARE CAPITAL

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Authorised:		
4,708,513,092 ordinary shares of HK\$0.10 each	470,851	470,851
1,291,486,908 5% redeemable cumulative convertible preference shares of HK\$0.10 each	129,149	129,149
	<u>600,000</u>	<u>600,000</u>
Issued and fully paid:		
1,834,535,074 (2003: 1,833,855,074) ordinary shares of HK\$0.10 each	<u>183,454</u>	<u>183,386</u>

During the two years ended 31 December 2004, movements in the Company's share capital were as follows:

(a) Ordinary shares

- (i) At the special general meeting convened on 24 June 2003, the special resolution for the reduction of the Company's share premium account by approximately HK\$964,360,000 and the application of such reduced amount against the Company's accumulated losses in the amount of approximately HK\$475,430,000 with the balance of approximately HK\$488,930,000 being credited to the Company's contributed surplus was approved by the Company's shareholders (note 34(b)).
- (ii) Pursuant to a sale and purchase agreement (the "Agreement") dated 13 May 2003 entered into between the Company and Mr. Ho Kwok Fai ("Mr. K. F. Ho"), a then director of the Company and the then minority shareholder of Sing Tao Magazine Holdings Limited (formerly known as China Touch Magazine Group (BVI) Limited) ("China Touch"), a subsidiary of the Group, the Company issued to Mr. K. F. Ho 13,164,000 new ordinary shares of HK\$0.1 each of the Company at an issue price of approximately HK\$0.355 per ordinary share for an aggregate consideration of HK\$4,673,000, in exchange for his then 4.33% equity interest in China Touch. After the completion of the acquisition, China Touch became a whollyowned subsidiary of the Company.

- (iii) During the year ended 31 December 2003, the subscription rights attaching to an aggregate number of 2,605,000 share options were exercised at subscription prices ranging from HK\$0.3528 to HK\$0.5760 per share, resulting in the issue of 2,605,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$1,096,000.
- (iv) During the year ended 31 December 2004, the subscription rights attaching to an aggregate number of 680,000 share options were exercised at subscription prices ranging from HK\$0.420 to HK\$0.576 per share, resulting in the issue of 680,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$380,000.

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	<i>Notes</i>	Number of ordinary shares in issue	Issued ordinary share capital	Share premium account	Total
			<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2003		1,818,086,074	181,809	964,360	1,146,169
Reduction of share premium account to credit to accumulated losses and contributed surplus	<i>(i)</i>	–	–	(964,360)	(964,360)
Issue of new shares under the Agreement	<i>(ii)</i>	13,164,000	1,316	3,357	4,673
Exercise of options	<i>(iii)</i>	2,605,000	261	835	1,096
		<u>15,769,000</u>	<u>1,577</u>	<u>(960,168)</u>	<u>(958,591)</u>
At 31 December 2003 and 1 January 2004		1,833,855,074	183,386	4,192	187,578
Exercise of options	<i>(iv)</i>	680,000	68	312	380
At 31 December 2004		<u>1,834,535,074</u>	<u>183,454</u>	<u>4,504</u>	<u>187,958</u>

(b) Preference shares

	Number of preference shares	Issued and partly paid <i>HK\$'000</i>
At 1 January 2003	1,123,486,908	71,768
Redemption of preference shares	<u>(1,123,486,908)</u>	<u>(71,768)</u>
At 31 December 2003 and 2004	<u>–</u>	<u>–</u>

During the year ended 31 March 2001, 1,291,486,908 preference shares were issued at a cash subscription price of HK\$0.6388 per preference share to Luckman, and had been partly paid up as to 10% of the subscription price. 168,000,000 of these preference shares were fully paid-up and converted into ordinary shares up to 31 December 2002. At 1 January 2003, there were 1,123,486,908 preference shares in issue, and such preference shares were partly paid-up as to 10% of the subscription price.

During the year ended 31 December 2003, such outstanding partly paid-up preference shares were redeemed at a redemption price of HK\$0.06388 per preference share, being its partly paid-up capital (the “Redemption”). Upon the completion of the Redemption, the share capital and the net assets of the Company and the Group were reduced by HK\$71,768,000.

(c) Share options

Details of the Company’s share option schemes and the share options issued under the schemes are included in note 33 to the financial statements.

33. SHARE OPTION SCHEMES

On 14 June 1996, the Company adopted a share option scheme (the “Old Scheme”) for the purpose of providing incentives and rewards to eligible persons including the employees and directors of the Company or any of its subsidiaries. The exercise period of the share options granted under the Old Scheme is determinable by the directors, and commences after a certain holding period and ends on the tenth anniversary of the date of grant of the share options.

At the beginning of the current year, there were 56,666,000 share options outstanding under the Old Scheme. During 2004, no share option was granted under the Old Scheme and a total of 2,210,000 outstanding share options previously granted under the Old Scheme with exercise prices ranging from HK\$0.5760 to HK\$0.9184 per share lapsed while 680,000 outstanding share options previously granted under the Old Scheme with exercise prices ranging from HK\$0.4200 to HK\$0.5760 per share were exercised, resulting in the issue of 680,000 new ordinary shares at a total cash consideration, before expenses, of HK\$380,000 (note 32(a)(iv)).

At the balance sheet date, the Company had 53,776,000 share options outstanding under the Old Scheme, which represented approximately 2.93% of the issued share capital of the Company and entitled the holders to subscribe for shares of the Company at any time during the period from 20 October 2000 to 29 January 2014. The subscription prices, subject to adjustments, payable upon the exercise of these share options range from HK\$0.2820 to HK\$0.9184 per share.

In compliance with the amended Chapter 17 of the Listing Rules, on 28 May 2002, the Old Scheme was terminated and a new share option scheme (the “New Scheme”) was adopted.

The following is a summary of the New Scheme:

1. Purpose

The New Scheme seeks to recognise and acknowledge the contributions or potential contributions made or to be made by the participants to the Group, to motivate the participants to optimise their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the participants whose contributions are or may be beneficial to the growth of the Group.

2. Participants

The Board may at its absolute discretion invite anyone from the following classes of participants to take up options to subscribe for shares of the Company:

- (i) any part-time or full-time employee or officer of any member of the Group or of any associate;
- (ii) any director (executive or non-executive) of any member of the Group or of any associate; or

- (iii) any supplier, agent, customer, business associate, distributor, professional or other adviser of, or consultant or contractor to, any member of the Group.

3. Total number of shares available for issue

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue as at the date of approval of the New Scheme (excluding options which have lapsed) (the “General Mandate”).

The Company may, from time to time, refresh the General Mandate by obtaining the approval of shareholders of the Company in a general meeting. The Company may also seek separate approval by its shareholders in a general meeting for granting options beyond the General Mandate or the refreshed limit provided the options in excess of the limit are granted to participants specifically identified before such approval is sought.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Company must not exceed 30% of the shares in issue from time to time.

4. Maximum entitlement of each participant

Unless separately approved by shareholders in a general meeting in the manner as prescribed in the Listing Rules, the total number of shares issued and to be issued upon exercise of share options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares then in issue.

5. Period within which the shares must be taken up

The period during which a share option may be exercised in accordance with the terms of the New Scheme shall be the period set out in the relevant offer letter provided that such period must expire no later than the tenth anniversary of the date on which it is granted.

6. Basis of determining the exercise price

The exercise price shall be the highest of:

- (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant of the relevant share options;

- (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the grant of the relevant share options; and
- (iii) the nominal value of the Company's shares.

7. Remaining life of the New Scheme

The New Scheme will expire on 27 May 2012.

During the year ended 31 December 2004, a total of 4,000,000 share options were granted to the employees of the Group under the New Scheme while a total of 15,525,000 share options lapsed and none of them were exercised.

At the balance sheet date, the Company had 53,776,000 (2003: 56,666,000) and 43,540,000 (2003: 55,065,000) share options outstanding under the Old Scheme and the New Scheme, respectively, with an exercise period from 20 October 2000 to 29 January 2014 and exercise prices ranging from HK\$0.2820 to HK\$0.9184 per share. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 97,316,000 (2003: 111,731,000) additional shares of HK\$0.10 each for an aggregate consideration, before expenses, of approximately HK\$72 million (2003: HK\$82 million).

The following share options were outstanding during the year:

Name or category of participant	Number of share options					At 31 December 2004	Date of grant of share options	Exercise period of share options	Exercise price of share options * HK\$	Price of Company's shares****		
	At 1 January 2004	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					At grant date of options HK\$	At exercise date of options HK\$	
Directors												
Under the Old Scheme:												
Mr. Jia Hongping	3,500,000	-	-	-	-	3,500,000	23-10-00	01-12-00 to 23-10-10	0.8704	-	-	
Mrs. Sy Wong Chor Fong	754,000	-	-	-	-	754,000	23-10-00	24-10-00 to 23-10-10	0.8704	-	-	
	400,000	-	-	-	-	400,000	31-8-01	20-9-02 to 19-9-11	0.3528	-	-	
	1,154,000	-	-	-	-	1,154,000						
Mr. Wong Wai Ming##	30,000,000	-	-	-	-	30,000,000	23-10-00	24-10-00 to 23-10-10	0.8704	-	-	
	6,000,000	-	-	-	-	6,000,000	31-8-01	20-9-02 to 19-9-11	0.3528	-	-	
	36,000,000	-	-	-	-	36,000,000						
Mr. Yang Yiu Chong,	1,960,000	-	-	-	-	1,960,000	24-9-00	01-12-00 to 24-9-10	0.9184	-	-	
Ronald Jeffrey	2,700,000	-	-	-	-	2,700,000	31-8-01	20-9-02 to 19-9-11	0.3528	-	-	
	4,660,000	-	-	-	-	4,660,000						

APPENDIX I

FINANCIAL INFORMATION ON THE GROUP

Name or category of participant	Number of share options					At 31 December 2004	Date of grant of share options	Exercise period of share options	Exercise price of share options * HK\$	Price of Company's shares****	
	At 1 January 2004	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year					At grant date of options HK\$	At exercise date of options HK\$
Under the New Scheme:											
Mr. Ho Kwok Fai ##	7,000,000	-	-	(7,000,000)	-	-	13-10-03	13-10-04 to 12-10-13	0.710	0.70	-
Mr. Jia Hongping	500,000	-	-	-	-	500,000	13-10-03	13-10-04 to 12-10-13	0.710	0.70	-
Mr. Jim Sui Hing	6,000,000	-	-	-	-	6,000,000	13-10-03	13-10-04 to 12-10-13	0.710	0.70	-
Mr. Lo Wing Hung	7,000,000	-	-	-	-	7,000,000	13-10-03	13-10-04 to 12-10-13	0.710	0.70	-
Mr. Yang Yiu Chong, Ronald Jeffrey	400,000	-	-	-	-	400,000	13-10-03	13-10-04 to 12-10-13	0.710	0.70	-
Mr. Lai Ting Yiu #	4,000,000	-	-	-	-	4,000,000	02-10-03	02-10-04 to 01-10-13	0.712	0.70	-
Other employees											
In aggregate (under the Old Scheme)	11,352,000	-	(680,000)	(2,210,000)	-	8,462,000	**	**	**	-	**
In aggregate (under the New Scheme)	30,165,000	4,000,000	-	(8,525,000)	-	25,640,000	***	***	***	***	***
Total	111,731,000	4,000,000	(680,000)	(17,735,000)	-	97,316,000					

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** These represent options granted to employees with exercise prices ranging from HK\$0.2820 to HK\$0.9184 per share, an exercise period starting at the earliest on 20 October 2000 and ending at the latest on 21 March 2012 and the weighted average price of the Company's shares at exercise date of options was HK\$0.64 per share.

*** These represent options granted to employees with exercise prices ranging from HK\$0.6840 to HK\$0.7120 per share and an exercise period starting at the earliest on 2 October 2004 and ending at the latest on 29 January 2014. The closing price of the Company's shares at grant date of options was HK\$0.65 per share.

**** The price of the Company's shares disclosed at grant date of options is the closing price on the Stock Exchange on the trading day immediately prior to the date of offer of the grant of the options. The price of the Company's shares disclosed at the exercise date of options is the weighted average of the closing price on the Stock Exchange over all of the exercises of options within the disclosure line.

Mr. Lai Ting Yiu was appointed as a director of the Company on 29 March 2004.

Mr. Ho Kwok Fai resigned as a director of the Company on 18 February 2004.

Mr. Wong Wai Ming resigned as a director of the Company on 12 April 2005.

34. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 14 to 15 of this circular.

The Group's contributed surplus represents the difference between the nominal value of shares issued by Perfect Treasure Holdings (BVI) Limited in exchange for the aggregate nominal value of the issued capital of subsidiaries acquired pursuant to the group reorganisation in 1996, prior to the listing of the Company's shares, amounting to HK\$9,899,000, and the credit of HK\$488,930,000 arising from reduction of share premium in 2003 less the distribution of HK\$18,181,000 in 2003.

Certain amounts of negative goodwill arising on the acquisition of subsidiaries in prior years remain credited to the capital reserve as explained in note 16 to the financial statements.

(b) Company

		Share premium account	Contributed surplus	Land and buildings revaluation reserve	Accumulated losses	Total
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003		964,360	104,950	–	(475,430)	593,880
Issue of shares	32(a)	4,192	–	–	–	4,192
Reduction of share premium account to credit to accumulated losses and contributed surplus	32(a)(i)	(964,360)	488,930	–	475,430	–
Surplus on revaluation, net of deferred tax		–	–	37	–	37
Net loss for the year		–	–	–	(34,282)	(34,282)
2003 distribution	12	–	(18,181)	–	–	(18,181)
At 31 December 2003 and 1 January 2004		4,192	575,699	37	(34,282)	545,646
Issue of shares	32(a)(iv)	312	–	–	–	312
Surplus on revaluation, net of deferred tax	14	–	–	44	–	44
Net profit for the year		–	–	–	10,614	10,614
At 31 December 2004		4,504	575,699	81	(23,668)	556,616

The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1996, prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor, amounting to approximately HK\$104,950,000, and the credit of approximately HK\$488,930,000 arising from reduction of share premium account in 2003 less the distribution of approximately HK\$18,181,000 in 2003. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Acquisition of subsidiaries

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net assets acquired:		
Fixed assets	–	590
Inventories	–	2
Trade and bills receivables, prepayments, deposits and other receivables	–	11,339
Cash and bank balances	–	111
Trade and bills payables, other payables and accruals	–	(5,671)
Tax payable	–	(13)
Minority interests	–	(1,398)
	–	4,960
Goodwill on acquisition	–	7,050
	<u>–</u>	<u>12,010</u>
Satisfied by:		
Cash	–	12,010

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Cash consideration	–	(12,010)
Cash and bank balances acquired	–	111
	<u>–</u>	<u>(11,899)</u>

The subsidiaries acquired in the previous year made no significant contribution to the Group in respect of the turnover and consolidated profit after tax and before minority interests for that year.

(b) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of fixed assets with a total capital value at the inception of the leases of approximately HK\$745,000 (2003: approximately HK\$770,000).

36. CONTINGENT LIABILITIES

	<i>Notes</i>	Group		Company	
		2004	2003	2004	2003
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees to banks for trade facilities granted to subsidiaries	<i>(a)</i>	–	–	75,950	83,650
Guarantees to a bank for treasury facilities granted to a subsidiary	<i>(b)</i>	–	–	19,500	19,500
Guarantees for banking facilities granted to a jointly-controlled entity	<i>(c)</i>	–	15,000	–	–
		<u>–</u>	<u>15,000</u>	<u>95,450</u>	<u>103,150</u>

Notes:

- (a) At 31 December 2004, the Company had outstanding corporate guarantees of approximately HK\$75,950,000 (2003: approximately HK\$83,650,000) issued in favour of banks to secure general trade facilities granted to its subsidiaries. These subsidiaries had utilised the facilities to the extent of approximately HK\$4,135,000 as at 31 December 2004 (2003: approximately HK\$15,000,000).
- (b) At 31 December 2004, the Company had an outstanding corporate guarantee of approximately HK\$19,500,000 (2003: approximately HK\$19,500,000) issued in favour of a bank to secure treasury facilities granted to a subsidiary. The subsidiary had utilised the facilities for an amount exceeding HK\$19,500,000 as at 31 December 2004 (2003: exceeding HK\$19,500,000).
- (c) At 31 December 2003, the Group had outstanding corporate guarantees of approximately HK\$15,000,000 issued in favour of a bank to secure general banking facilities granted to a jointly-controlled entity. The jointly-controlled entity had fully utilised the facilities as at 31 December 2003.

37. PENDING LITIGATION

The Group has received claims made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the directors are of the opinion that adequate provision has been made in the financial statements to cover any potential liabilities arising from the litigation.

38. OPERATING LEASE ARRANGEMENTS**(a) As lessor**

The Group leases certain investment properties (note 14 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to five 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 total future minimum lease rental receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	3,257	3,432
In the second to fifth years, inclusive	2,334	1,773
	<u>5,591</u>	<u>5,205</u>

(b) As lessee

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

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

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	8,694	6,939
In the second to fifth years, inclusive	19,508	13,886
After five years	9,055	1,045
	<u>37,257</u>	<u>21,870</u>

39. COMMITMENTS

In addition to the operating lease commitments detailed in note 38(b) above, the Group had the following commitments at the balance sheet date:

(a) Capital commitments

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments:		
Contracted, but not provided for	8,592	1,365
Authorised, but not contracted for	3,024	3,921
	<u>11,616</u>	<u>5,286</u>

In addition, the Group's share of jointly-controlled entities' own capital commitments which are not included in the above, was as follows:

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted, but not provided for	<u>2,249</u>	<u>1,579</u>

(b) Financial derivatives

	Group	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Forward foreign exchange contracts	<u>97,188</u>	<u>156,379</u>
Currency options written	<u>17,550</u>	<u>78,000</u>
Commodity options written	<u>11,154</u>	<u>18,712</u>
Equity contracts	<u>12,291</u>	<u>–</u>

The notional amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date. They do not represent amounts at risk or impact on the results or net asset value of the Group.

The Company had no material commitments at the balance sheet date.

40. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the Group entered into the following financial instruments for treasury and hedging purposes. The Group's commitments in respect of these instruments outstanding as at 25 April 2005 (date of the Company's annual report for the year ended 31 December 2004) are as follows:

(i) Treasury purpose

	<i>HK\$'000</i>
Currency options written	<u>7,800</u>
Commodity options written	<u>79,404</u>
Equity contracts	<u>12,275</u>

(ii) Hedging purpose

	<i>HK\$'000</i>
Forward foreign exchange contracts	<u>75,270</u>

The notional amounts of these instruments indicate the volume of transactions outstanding as at 25 April 2005 (date of the Company's annual report for the year ended 31 December 2004). They do not represent amounts at risk or impact on the results or net asset value of the Group.

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Rental income received from an associate	<i>(i)</i>	–	137
Rental income received from a jointly-controlled entity	<i>(i)</i>	431	357
News service fee income received from a jointly-controlled entity	<i>(ii)</i>	11,590	10,738
Printing service charges paid and payable to a jointly-controlled entity	<i>(iii)</i>	73,572	63,137
Reimbursement of expenses paid on behalf of the Company to an affiliate of the Company's controlling shareholder	<i>(iv)</i>	<u>2,427</u>	<u>1,816</u>

Notes:

- (i) The rental income was determined between the parties with reference to the prevailing market price.
- (ii) The news service fee was charged on an annual fixed amount basis pursuant to the relevant news service agreement.
- (iii) The printing service was charged on a cost plus mark-up basis pursuant to the relevant printing agreement.
- (iv) The reimbursement of expenses was made at cost.

During the year, the Group pledged certain of its deposits amounting to approximately HK\$11,925,000 (2003: approximately HK\$20,997,000 (approximately C\$3,500,000)) as securities for banking facilities of approximately HK\$11,925,000 (note 24) (2003: approximately HK\$15,000,000) granted to a jointly-controlled entity. As at 31 December 2004, such facilities were fully utilised.

Details of the Group's balances with jointly-controlled entities and associates as at the balance sheet date are disclosed in notes 19 and 20 to the financial statements, respectively.

42. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2004 were as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
北京泛華滙通軟件科技 有限公司#*	PRC/Mainland China	RMB3,000,000 registered capital	–	100	Software development
Chinese Information Radio	USA	US\$100,000 ordinary shares	–	100	Radio broadcasting
Flash Bright Development Limited	Hong Kong	HK\$5,000,000 ordinary shares	–	100	Distribution of photographic products
GC Media Teamwork Limited	British Virgin Islands/ Hong Kong	US\$100 ordinary shares	–	100	Content selling

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Global China Corporate Finance Limited	Hong Kong	HK\$5,000,000 ordinary shares	100	–	Provision of corporate finance advisory services
Global China Management Services Limited	Hong Kong	HK\$20 ordinary shares	–	100	Provision of management services to Group companies
Perfect Treasure Investment Limited	Hong Kong	HK\$100,000 ordinary shares	–	100	Securities trading and investment
Global China Properties Holdings Limited	Hong Kong	HK\$3,435,000 ordinary shares	–	100	Property holding
Sing Tao Magazine Group Limited (formerly known as China Touch Media Solutions and Services Limited)	British Virgin Islands/ Hong Kong	US\$1 ordinary share	–	100	Magazine publishing
Sing Tao (Canada) Limited	Canada	C\$1 ordinary share C\$8,250,000 preference shares	–	100	Investment holding and property holding
Sing Tao Finance Limited	Hong Kong	HK\$2 ordinary shares	–	100	Financing intermediary
Sing Tao Limited	Hong Kong	HK\$77,650,000 ordinary shares	–	100	Newspaper publishing
Sing Tao Newspapers Los Angeles Limited	United States of America	US\$100,000 ordinary shares	–	100	Newspaper publishing

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

Name of subsidiary	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 Newspapers New York Ltd.	United States of America	US\$1,750,000 ordinary shares	–	100	Newspaper publishing
Sing Tao Newspapers Pty. Limited	Australia	A\$250,000 ordinary shares	–	100	Newspaper publishing
Sing Tao Newspapers San Francisco Limited	United States of America	US\$250,000 ordinary shares	–	100	Newspaper publishing
Topgain Trading Limited	British Virgin Islands/ Hong Kong	US\$1 ordinary share	–	100	Fund management
Sing Tao (U.K.) Ltd.*	United Kingdom	£100 ordinary shares	–	100	Newspaper publishing
Sing Tao Educational Publications Limited	Hong Kong	HK\$10,000 ordinary shares	–	100	Book publishing

The subsidiary is registered as a wholly-foreign owned enterprise under the PRC law.

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets and/or liabilities of the Group. To give details of all the Company's subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, including the proceeds from the Disposal and its internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this circular.

INDEBTEDNESS STATEMENT

As at the Latest Practicable Date, the Group had outstanding secured bank borrowings of approximately HK\$59,713,000 and finance lease payables of approximately HK\$1,574,000. The bank borrowings are secured by certain of the Group's pledged deposits with a carrying value of HK\$59,713,000.

As at the Latest Practicable Date, certain of the Group's time deposits with an aggregate carrying value of approximately HK\$155,388,000 were used to secure general banking facilities granted to the Group, a jointly-controlled entity (to the extent of approximately HK\$11,925,000) and a long-term investment (to the extent of approximately HK\$3,900,000) of the Group.

As at the Latest Practicable Date, the Group had outstanding corporate guarantees of approximately HK\$40,000,000 issued in favour of a bank to secure general banking facilities granted to a jointly-controlled entity. The jointly-controlled entity had utilized the facilities to the extent of approximately HK\$32,133,000 as at the Latest Practicable Date. In addition, the Group has received claims made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the Directors are of the opinion that adequate provision has been made as at the Latest Practicable Date to cover any potential liabilities arising from the litigation.

Save as aforesaid and apart from intra-group liabilities, the Group did not have at the close of business on the Latest Practicable Date any debt securities or loan capital issued and outstanding or authorized to be issued but unissued, other borrowings or indebtedness in the nature of borrowings of the Group including guaranteed, unguaranteed, secured and unsecured bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The following is the text of the letter and valuation certificate received from the Valuer and addressed to the Directors in connection with its valuation of the Property as at 15 July 2005.



International Property Consultants

Chesterton Petty Limited
16/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

2 August 2005

The Directors
Sing Tao News Corporation Limited
6th Floor, Tower A, Sing Tao Building
1 Wang Kwong Road
Kowloon Bay
Kowloon

Dear Sirs

SING TAO BUILDING, 1 WANG KWONG ROAD, KOWLOON BAY, KOWLOON

In accordance with your instructions for us to value the captioned property held by Sing Tao News Corporation Limited (the “Company”) or its subsidiary (together referred to as the “Group”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 15 July 2005.

Our valuation is our opinion of the market value of the property which we would define as intended to mean “the estimated amount for which a Property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

We have valued the property by the Comparison Method with reference to sales evidence as available on the market assuming that vacant possession of the property would be readily available upon completion of a sale.

We have not been provided with any title documents relating to the property but we have caused land searches on the title of the property at the land registry. We have not, however, inspected the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copies handed to us.

We have relied to a very considerable extent on information given by the owner of the property and have accepted advice given to us by the owner of the property on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, site and floor areas. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents and leases provided to us and are therefore only approximations.

We have inspected the exterior of property and where possible, we have also inspected the interior of the premises. However, no structural survey has been made to the existing building, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report that the property is free from rot, infestation or any other structural defect. No tests were carried out to any of the services. In addition, no on site investigations to determine the suitability of the ground conditions and services etc for the future redevelopment for the property have been made.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully

For and on behalf of

Chesterton Petty Limited

Charles C K Chan

MSc FRICS FHKIS MCI Arb RPS(GP)

Executive Director

Note: Mr Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has been a qualified valuer with Chesterton Petty Limited since June 1987 and has about 20 years' experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 15 July 2005
Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Kowloon	The property comprises a roughly rectangular level site with a registered area of approximately 4,154 square meters (44,714 square feet).	Except portion of the 5th Floor and 3 parking spaces of the building are let for a term of 2 years from 1 September 2004 at a total monthly	HK\$370,000,000
New Kowloon Inland Lot No. 5925	Currently erected on the site is an 8-storey industrial building, namely Sing Tao Building, of reinforced concrete framed construction completed in 1988.	rent of HK\$156,900 exclusive of rates, management fees and utility charges, the remaining portion of the building is owner-occupied.	
	Portions of the Ground Floor and the 1st Floor of the building are designed for carparking purposes whilst the remaining parts of the building accommodate workshop units. The total gross floor area of the building is approximately 25,800.82 square meters (277,720 square feet).		
	The subject building comprises 35 private carparking spaces, 14 lorry parking spaces and a container parking space on the Ground Floor and 1st Floor of the building.		
	New Kowloon Inland Lot No. 5925 is held under Conditions of Sale No. 11579 for a term which expired on 27 June 1997 and had been extended upon expiry until 30 June 2047 without premium but at a revised annual rent at 3% of the rateable value for the time being of the lot from the date of extension.		

Note: The registered owner of the property is Global China Properties Holdings Limited (formerly known as Hongkong Standard Newspapers Limited before 26 July 2000), an indirect wholly-owned subsidiary of the Company.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DISCLOSURE OF INTERESTS**Directors' interest**

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code, to be notified were as follows:

(i) long positions in Shares

Name of director	Notes	Number of shares held			Total	Percentage of the Company's issued share capital
		Personal interests	Corporate interests			
Mr. Ho Tsu Kwok, Charles	(1)	–	852,395,000	852,395,000	46.46%	
Mrs. Sy Wong Chor Fong	(2)	1,250,000	163,919,000	165,169,000	9.00%	

Notes:

- (1) As at the Latest Practicable Date, the 849,896,000 and 2,499,000 Shares were held by Luckman Trading Limited ("Luckman") and Yosham Limited, respectively, which were beneficially owned by Mr. Ho Tsu Kwok, Charles.
- (2) As at the Latest Practicable Date, 165,169,000 Share comprises the 163,919,000 Shares held by Stagelight Group Limited ("Stagelight"), which was beneficially owned by Mrs. Sy Wong Chor Fong and her family members and the 1,250,000 Shares held by Mrs. Sy Wong Chor Fong personally.

(ii) *interests in underlying Shares – options under share option schemes*

Name	Date of Grant	Exercise Period	Exercise Price per Share (HK\$)	Number of options outstanding	Total	Percentage to issued Shares (%)
Jia Hongping	23.10.00	01.12.00 – 23.10.10	0.8704	3,500,000	4,000,000	0.218
	13.10.03	13.10.04 – 12.10.13	0.710	500,000		
Jim Sui Hing	13.10.03	13.10.04 – 12.10.13	0.710	6,000,000	6,000,000	0.327
Lai Ting Yiu	02.10.03	02.10.04 – 01.10.13	0.712	4,000,000	4,000,000	0.218
Lau Chung Man, Louis	01.06.05	23.05.06 – 22.05.15	0.388	6,000,000	6,000,000	0.327
Lo Wing Hung	04.05.05	04.05.06 – 03.05.15	0.385	36,000,000	36,000,000	1.962
Sy Wong Chor Fong	23.10.00	24.10.00 – 23.10.10	0.8704	754,000	1,154,000	0.063
	31.08.01	20.09.02 – 19.09.11	0.3528	400,000		
Yang Yiu Chong, Ronald Jeffrey	24.09.00	01.12.00 – 24.09.10	0.9184	1,960,000	5,060,000	0.276
	31.08.01	20.09.02 – 19.09.11	0.3528	2,700,000		
	13.10.03	13.10.04 – 12.10.13	0.710	400,000		

Note: As dates are shown day/month/year

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest and short position in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code, to be notified.

- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

- (c) As at the Latest Practicable Date, none of the Directors has entered, or proposed to enter into a service contract with any member of the Group which will not expire or be determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (d) As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.
- (e) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

Substantial shareholders' interest

As at the Latest Practicable Date, so far as was known to the Directors, those persons, other than the Directors or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:—

Name	Notes	Capacity or nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Luckman	(1)	Beneficial owner	849,896,000	46.33%
Hong Kong Tobacco Company Limited ("HK Tobacco")	(2)	Deemed interest	849,896,000	46.33%
Stagelight Great Diamond Developments Limited	(3)	Beneficial owner	163,919,000	8.94%
		Beneficial owner	137,919,000	7.52%

Note:

- (1) The interests of Mr. Ho Tsu Kwok, Charles, held through a controlled corporation, duplicate to those disclosed under the section "Directors' interest" above.

- (2) Pursuant to an option agreement dated 20 June 2001 and two supplemental agreements entered into between Luckman and HK Tobacco on 19 July 2002 and 19 July 2003, respectively, HK Tobacco was granted an option to purchase from Luckman 66,000,000 ordinary shares of the Company. Under Sections 317 and 318 of the SFO, HK Tobacco is deemed to be interested in all the 849,896,000 ordinary shares of the Company held by Luckman.
- (3) The interests of Mrs. Sy Wong Chor Fong, held through a controlled corporation, duplicate to those disclosed under the section of “Directors’ interest” above.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors, there were no persons, other than the Directors or chief executive, without had notified to the Company any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries and associated companies was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries and associated companies.

EXPERT

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Chesterton Petty Limited	Chartered Surveyors and Independent Valuers

As at the Latest Practicable Date, the Valuer did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Valuer did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2004, the date to which the latest published audited consolidated financial statements of the Group were made up.

The Valuer has given and has not withdrawn his written consent to the issue of this circular with the inclusion of his reports and references to his name in the form and context in which he respectively appears.

The letter and valuation certificate given by the Valuer are given as of the date of this circular for incorporation herein.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2004, being the date to which the latest published audited consolidated financial statements of the Group were made up.

MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are, or may be, material:

- (i) a sale and purchase agreement dated 29 October 2004 entered into between China Touch Magazine Group (BVI) Limited (now known as Sing Tao Magazine Holdings Limited) (“CTMG”) as vendor, an indirect wholly-owned subsidiary of the Company, and Westerley Profits Limited (“WPL”) as purchaser, pursuant to which CTMG has sold the entire issued share capital in, and the entire amount of the loan due from, Winning Formula Holdings Limited at a consideration of US\$1,400,000; and
- (ii) a framework agreement dated 28 April 2005 made among Global China Information Services Limited (“GCIS”), an indirect wholly-owned subsidiary of the Company, Shandong Sanlian Electronics and Information Co., Ltd. (“Sanlian Electronics”) and Sanlian Group Corporation (“Sanlian Group”), in relation to (1) the payment of RMB30,000,000 to Sanlian Electronics in settlement of the amount of RMB117,600,000 owing by the Group to Sanlian Electronics and all other payment obligations by the Group under the sino-foreign equity joint venture agreement dated 25 September 2000 entered into by GCIS, Sanlian Electronics and another independent third party for the establishment of a joint venture company namely Beelink Information Technology Co., Ltd. in Shandong Province; and (2) a loan of RMB60,000,000 to be given by the Group to Sanlian Group as part of the settlement arrangement, which is secured by a charge over Sanlian Group’s and Sanlian Electronics’ interests in the registered capital of Shandong Economic Observer Press Co., Ltd. as security for the said loan. Details of the said framework agreement had been disclosed in the announcement dated 28 April 2005 and the circular dated 18 May 2005.

PROCEDURES FOR DEMANDING A POLL

Pursuant to the Company's bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy and holding shares in the Company on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

The above are the procedures of the Company for demanding a poll. As written Shareholders' approval has been obtained from Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company, the procedures for demanding a poll is not applicable in this case.

MISCELLANEOUS

- (i) The company secretary of the Company is Ms. Cheng Lai Chu.
- (ii) The qualified accountant of the Company is Mr. Lau Chung Man, Louis.
- (iii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (iv) The head office of the Company is situated at Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (v) The Company's branch share registrars and transfer office, Tengis Limited, is situated at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (vi) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong up to and including 17 August 2005:

- (a) the Bye-Laws of the Company;
- (b) the Provisional Agreement;
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (d) the consent letter of the Valuer referred to in the section headed "Expert" in this appendix;
- (e) the letter and valuation certificate prepared by the Valuer in respect of the Property, the text of which are set out in Appendix II to this circular;
- (f) the annual reports of the Company for each of the two years ended 31 December 2003 and 31 December 2004; and
- (g) the circular of the Company to its Shareholders dated 18 May 2005 in relation to a discloseable transaction.