

1. GENERAL

The Company is a public limited company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Ming Yuan Holdings Limited which is incorporated in the British Virgin Islands with limited liability.

In April, 2002, the Group disposed of those subsidiaries engaged in commercial printing business for a consideration of approximately HK\$428 million. Details of these are set out in a circular issued by the Company dated 8th March, 2002.

On 21st August, 2002, pursuant to a special resolution passed at an extraordinary general meeting held on 19th August, 2002, the entire share capital of Sing Tao Media Holdings Limited ("STM"), a then wholly-owned subsidiary of the Company, was distributed to the shareholders of the Company whose names appeared on the register of members of the Company on 12th August, 2002 by way of a special interim dividend in specie in the proportion of one STM share for each share of the Company then held. STM was then a holding company of those subsidiaries of the Group engaging in the media business.

As a result of a change of substantial shareholders in the Company on 23rd August, 2002, the present directors were appointed into office on 30th August, 2002. The other directors of the Company resigned from office on 28th September, 2002.

The Company is an investment holding company. The activities of its subsidiaries and associates at 31st December, 2002 are set out in note 16 and 18, respectively.

During the period ended 31st December, 2001, the Company changed its financial year end date from 31st March to 31st December. The financial statements for the period ended 31st December, 2001 therefore cover the nine-month period from 1st April, 2001 to 31st December, 2001 and therefore may not be comparable with amounts shown for the current year. No further changes to reporting dates are anticipated.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Following their appointment on 30th August, 2002, the present directors found that all of the Group's accounting records and supporting vouchers for the period from 1st January, 2002 to 22nd August, 2002, the date prior to the change of substantial shareholders on 23rd August, 2002, were missing. Accordingly, the financial statements of the Company and of the Group for the year ended 31st December, 2002 have been prepared on the following bases.

(A) In respect of the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement:

- (a) The financial statements of the Group, including the notes disclosures, were prepared (i) on the basis of the amounts set out in the published unaudited interim report for the six months ended 30th June, 2002 issued by the Company on 27th September, 2002 (the "Interim Report"), (ii) with reference to the net assets as shown in an unaudited statement of net assets of the Group as at 22nd August, 2002 after the distribution of shares in STM (the "Completion Accounts") and, (iii) on the basis of transactions entered into by the Group since 23rd August, 2002.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

(A) In respect of the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement: *(Continued)*

- (b) In the absence of accounting records and supporting vouchers, the present directors have not included in the income statement the results of operations of the Group for the period from 1st July, 2002 to 22nd August, 2002.
- (c) In the absence of information regarding the cash flows of the Group for the period from 1st January, 2002 to 22nd August, 2002, the consolidated cash flow statement only presents the cash flow of the Group for the period from 23rd August, 2002 to 31st December, 2002.

(B) In respect of the results of the Company:

- (a) In the absence of accounting records and supporting vouchers, the present directors have not included in the net profit for the year the results of operations of the Company for the period from 1st January, 2002 to 22nd August, 2002.
- (b) The dividend in specie (the "Dividend in Specie") disclosed as a movement in Company's reserve in note 28 has been determined as the difference between the net assets of the Group at 30th June, 2002 shown in the Interim Report and the net assets of the Group as at 22nd August, 2002 as shown in the Completion Accounts, being the date after the distribution of shares in STM.

(C) In respect of the notes disclosure:

The following required disclosures have not been made in the financial statements:

- (a) Details of deferred taxation disclosures as required by Statements of Standard Accounting Practice ("SSAPs") 12 "Accounting for Deferred Tax";
- (b) Details of diluted earnings (loss) per share disclosures as required by SSAP 5 (Revised) "Earnings Per Share".

(D) In respect of comparative figures:

The comparative figures are those given in the statutory financial statements of the Company as at 31st December, 2001. The present directors do not represent that the financial statements to 31st December, 2001 are free from material misstatement.

Against this background, the present directors have been unable to satisfy themselves as to the amounts in the consolidated income statement figures for the six months ended 30th June, 2002 are free material misstatement.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

Furthermore, the present directors believe that the consolidated income statement figures for the six months ended 31st December, 2002, the consolidated statement of changes in equity and the consolidated cash flow statement are not complete because these statements do not include information relating to the Group's transactions for part of the year as explained above. Accordingly, the present directors do not consider that the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement and any notes disclosure relating to the period prior to 23rd August, 2002 are free from material misstatement.

The present directors are satisfied however, that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2002.

3. ADOPTION OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

During the year, the Group has adopted, for the first time a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new and revised accounting policies. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity and, save as disclosed in note 2 above, has had no material effect on the results for the current year. Further details of these new and revised SSAP(s) are as follows:

Foreign Currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas subsidiaries/associates at the closing rate for the year. This change in accounting policy has not had any material effect on the results for the current year.

Employee Benefits

SSAP 34 "Employee Benefits" introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

Discontinuing operations

SSAP 33 "Discontinuing Operations" is concerned with the presentation of financial information regarding discontinuing operations and replaces the requirements previously included in SSAP 2 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Polices". Under SSAP 33, financial statement amounts relating to the discontinuing operation are disclosed separately from the point at which either a binding sale agreement is entered into or a detailed plan for the discontinuance is announced. The adoption of SSAP 33 has resulted in the identification of the Group's segment of newspaper publishing and commercial printing as discontinuing operations in the current year, details of which are disclosed in note 5.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The financial statements have been prepared in accordance with accounting principals generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries and associates which are acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intra-group transactions and balances have been eliminated on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Investments in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, less any identified impairment loss.

Revenue recognition

Circulation income is recognised when the newspapers are delivered.

Advertising income is recognised when the advertisements are published or broadcasted.

Sales of goods are recognised 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.

Services income is recognised when the services are rendered.

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

Freehold land	Nil
Leasehold land	Over the lease terms
Buildings	2% to 5%
Plant and equipment	6% to 30%
Office equipment	50%
Motor vehicles	33%
Leasehold improvements	2% or the term of the lease, if shorter
Furniture and fixtures	33%

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Operating leases

Rentals payable in respect of operating leases are charged to the income statement on a straight line basis over the relevant lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

When securities are held for trading purposes, unrealised gains and losses are included in the net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Foreign currencies

Transactions in currencies other than Hong Kong dollar are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollar are re-translated at the rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

On consolidation, the assets and liabilities of the subsidiaries, associates and jointly controlled entities which are denominated in currencies other than Hong Kong dollar are translated at the rates ruling on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefits scheme

The retirement benefits cost charged to the income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

Taxation

The charge for taxation is based on the results for the year/period as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

5. SEGMENTAL INFORMATION

Business segments

For management purposes, the Group is organised into the following divisions. These divisions are the basis on which the Group reports its primary segment information.

An analysis of the Group's turnover and contribution to operating results and segmental assets and liabilities by business segments is as follows:

	Discontinuing operations (Note)				Continuing operations						Elimi- nations	Con- solidated
	Newspaper publishing		Commercial printing		Corporate and others		Property investment		Investment in securities			
	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	HK\$'000	HK\$'000
For the year ended 31st December, 2002												
REVENUE												
External sales	407,965	-	101,177	-	29,683	-	-	124	-	-	-	538,949
Inter-segment sales	5,048	-	2,422	-	3,158	-	-	-	-	-	(10,628)	-
Total revenue	413,013	-	103,599	-	32,841	-	-	124	-	-	(10,628)	538,949
RESULTS												
Segment results	1,627	-	5,356	-	(13,808)	(4,043)	-	(155)	-	606	-	(10,417)
Interest and dividend income												2,254
Restructuring and relaunch costs												(3,935)
Profit on disposal of subsidiaries												146,889
Profit from operations												134,791
Finance costs												(952)
Provision for amount due from jointly controlled entities												(5,378)
Share of profit (loss) of:												
jointly controlled entities	3,779	-	-	-	-	-	-	-	-	-	-	3,779
associates	-	-	-	-	(632)	-	-	-	-	-	-	(632)
Profit before taxation												131,608
Taxation												(12,719)
Profit before minority interests												118,889
Minority interests												-
Net profit for the year												118,889

5. SEGMENTAL INFORMATION (Continued)

Business segments (Continued)

	Discontinuing operations (Note)				Continuing operations						Elimi- nations	Con- solidated
	Newspaper publishing		Commercial printing		Corporate and others		Property investment		Investment in securities			
	1.1.2002	1.7.2002	1.1.2002	1.7.2002	1.1.2002	1.7.2002	1.1.2002	1.7.2002	1.1.2002	1.7.2002		
	to	to	to	to	to	to	to	to	to	to		
30.6.2002	31.12.2002	30.6.2002	31.12.2002	30.6.2002	31.12.2002	30.6.2002	31.12.2002	30.6.2002	31.12.2002	HK\$'000	HK\$'000	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Assets and liabilities												
at 31st December, 2002												
ASSETS												
Segment assets	-	-	-	-	-	-	-	43,782	-	5,408	-	49,190
Interests in an associate	-	-	-	-	-	2,000	-	-	-	-	-	2,000
Unallocated assets												52,543
Consolidated total assets												103,733
LIABILITIES												
Segment liabilities	-	-	-	-	-	-	-	69	-	308	-	377
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	13,841
Consolidated total liabilities												14,218
Other information for the year												
ended 31st December, 2002												
Capital expenditure	-	-	-	-	-	1,199	-	-	-	-	-	1,199
Depreciation on property, plant and equipment (Note)	-	-	-	-	-	-	-	-	-	-	-	18,438

Note: As explained in note 2, the present directors do not have accounting records and supporting vouchers prior to 23rd August, 2002 and accordingly, an analysis of depreciation on property, plant and equipment by business segments, and the turnover, segment results, the carrying amount of assets and liabilities and cash flows information of the discontinuing operations at the date of discontinuance are not presented.

NOTES TO THE FINANCIAL STATEMENTS (For the year ended 31st December, 2002)

5. SEGMENTAL INFORMATION (Continued)

	Newspaper publishing HK\$'000	Commercial printing HK\$'000	Corporate and others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
For the nine months ended 31st December, 2001					
REVENUE					
External sales	578,315	347,444	7,149	–	932,908
Inter-segment sales	15,061	2,358	2,052	(19,471)	–
Total revenue	593,376	349,802	9,201	(19,471)	932,908
RESULTS					
Segment results	(57,918)	43,568	(22,025)	–	(36,375)
Interest and dividend income					6,713
Restructuring and relaunch costs					(19,043)
Loss from operations					(48,705)
Finance costs					(424)
Share of profits (losses) of:					
Jointly controlled entities	(1,484)	–	(142)	–	(1,626)
Associates	–	–	5,121	–	5,121
Loss before taxation					(45,634)
Taxation					(20,133)
Loss before minority interests					(65,767)
Minority interests					3
Net loss for the period					(65,764)
Assets and liabilities at 31st December, 2001					
ASSETS					
Segment assets	469,998	342,316	91,883	–	904,197
Interests in jointly controlled entities	55,062	–	95,555	–	150,617
Interests in associates	–	–	15,343	–	15,343
Unallocated total assets	11,730	500	368	–	12,598
Consolidated total assets	536,790	342,816	203,149	–	1,082,755
LIABILITIES					
Segment liabilities	131,357	60,081	40,007	–	231,445
Unallocated liabilities	62,793	25,126	8,249	–	96,168
Consolidated total liabilities	194,150	85,207	48,256	–	327,613
Other information for the nine months ended 31st December, 2001					
Capital expenditure	34,519	13,661	314	–	48,494
Depreciation	16,382	12,685	273	–	29,340
Impairment losses recognised in the income statement	2,150	10,708	1,693	–	14,551

Inter-segment revenue are charged at market rates.

5. SEGMENTAL INFORMATION (Continued)

Geographical Segments

The following table provides an analysis of the Group's turnover by geographic markets, irrespective of the origin of the goods and services:

	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Hong Kong	300,258	101	300,359	441,178
Canada	–	23	23	–
The People's Republic of China	–	–	–	–
North America	181,359	–	181,359	371,174
Australia and New Zealand	17,699	–	17,699	29,857
Europe	39,509	–	39,509	90,699
	538,825	124	538,949	932,908

The following is an analysis of the carrying amount of segment assets and capital additions analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions			
	31.12.2002 HK\$'000	31.12.2001 HK\$'000	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Hong Kong	89,169	815,721	–	1,199	1,199	32,394
Canada	12,469	–	–	–	–	–
The People's Republic of China	2,095	–	–	–	–	–
North America	–	228,953	–	–	–	15,502
Australia and New Zealand	–	16,191	–	–	–	338
Europe	–	21,890	–	–	–	260
	103,733	1,082,755	–	1,199	1,199	48,494

6. OTHER OPERATING INCOME

	1.1.2002 to 30.6.2002 <i>HK\$'000</i>	1.7.2002 to 31.12.2002 <i>HK\$'000</i>	1.1.2002 to 31.12.2002 <i>HK\$'000</i>	1.4.2001 to 31.12.2001 <i>HK\$'000</i>
Interest income	2,135	74	2,209	4,381
Dividend income	45	–	45	2,332
Unrealised gain on investment in securities	–	606	606	–
	2,180	680	2,860	6,713

7. PROFIT (LOSS) FROM OPERATIONS

	1.1.2002 to 30.6.2002 HK\$'000	1.7.2002 to 31.12.2002 HK\$'000	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Profit (loss) from operations has been arrived at after charging:				
Depreciation	18,167	271	18,438	29,340
Staff costs				
– present directors' remuneration (note 9(a))	–	118	118	16,132
– other staff costs	215,190	920	216,110	356,958
– retirement benefits scheme contributions, excluding present directors	–	23	23	–
Total staff costs	215,190	1,061	216,251	373,090
Loss on disposal/write-off of property, plant and equipment	–	–	–	1,564
Auditors' remuneration	–	400	400	2,200
Amortisation of goodwill	875	–	875	–
Impairment loss recognised in respect of goodwill included in other operating expenses	–	–	–	808
Impairment loss recognised in respect of land and buildings included in other operating expenses	–	–	–	12,858
Impairment loss recognised in respect of club membership included in other operating expenses	–	–	–	885
Provision for amount due from a jointly controlled entity	5,378	–	5,378	11,572
Impairment loss recognised in respect of properties held for sale	–	–	–	1,000
and after crediting:				
Write-back of provision for long service payments	–	–	–	2,929
Exchange gain	–	–	–	1,910
Gain on disposal of property, plant and equipment	2,322	–	2,322	–
Net rental income in respect of premises after outgoings of HK\$43,000 (2001: HK\$1,613,000)	–	81	81	4,437

8. FINANCE COSTS

	1.1.2002 to 30.6.2002 <i>HK\$'000</i>	1.7.2002 to 31.12.2002 <i>HK\$'000</i>	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	941	5	946	424
Interest on margin loan payable	–	6	6	–
	941	11	952	424

9. DIRECTORS AND EMPLOYEES' REMUNERATION

As explained in note 2, the present directors found that all of the Group's accounting records and supporting vouchers for the period from 1st January, 2002 to 22nd August, 2002 were missing. Accordingly, the amount set out below present the transactions entered into by the Group since 23rd August, 2002 and may not be comparable with figures for the last period.

(a) Directors' Remuneration

	1.1.2002 to 30.6.2002 <i>HK\$'000</i>	1.7.2002 to 31.12.2002 <i>HK\$'000</i>	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 <i>HK\$'000</i>
Directors' fees:				
Executive	–	40	40	190
Non-executive	–	–	–	–
Independent non-executive	–	–	–	353
	–	40	40	543
Other emoluments of executive directors:				
Salaries and other benefits	–	78	78	11,078
Retirement benefit scheme contributions	–	–	–	398
Compensation for loss of office	–	–	–	4,113
	–	78	78	15,589
	–	118	118	16,132

9. DIRECTORS AND EMPLOYEES' REMUNERATION (Continued)

(a) **Directors' Remuneration** (Continued)

No emoluments were payable to the present independent non-executive directors during the year.

Other than directors' fees, no other emoluments were payable to the independent non-executive directors during the period from 1st April, 2001 to 31st December, 2001.

The number of present directors whose remuneration falls within the bands set out below is as follows:

	1.1.2002 to 30.6.2002 <i>Number of directors</i>	1.7.2002 to 31.12.2002 <i>Number of directors</i>	1.1.2002 to 31.12.2002 <i>Number of directors</i>	1.4.2001 to 31.12.2001 <i>Number of directors</i>
HK\$				
Nil to 1,000,000	–	6	6	6
1,000,001 to 1,500,000	–	–	–	1
1,500,001 to 2,000,000	–	–	–	1
2,000,001 to 2,500,000	–	–	–	1
2,500,001 to 3,000,000	–	–	–	1
6,500,001 to 7,000,000	–	–	–	1
	–	6	6	11

None of the present directors has waived any emoluments during the year.

9. DIRECTORS AND EMPLOYEES' REMUNERATION (Continued)

(b) Employees' Remuneration

The five highest paid individuals in the Group did not include the present directors of the Company (2001: four directors), details of whose remuneration are set out above. The aggregate remuneration of the five highest paid individuals, who are employees of the Group (2001: one individual), is as follows:

	1.1.2002 to 30.6.2002 <i>HK\$'000</i>	1.7.2002 to 31.12.2002 <i>HK\$'000</i>	1.1.2002 to 31.12.2002 <i>HK\$'000</i>	1.4.2001 to 31.12.2001 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	–	676	676	975
Performance related bonus	–	–	–	3,200
Retirement benefits contributions	–	21	21	49
	–	697	697	4,224

<i>HK\$</i>	1.1.2002 to 30.6.2002 <i>Number of employees</i>	1.7.2002 to 31.12.2002 <i>Number of employees</i>	1.1.2002 to 31.12.2002 <i>Number of employees</i>	1.4.2001 to 31.12.2001 <i>Number of employees</i>
Nil to 1,000,000	–	5	5	–
4,000,001 to 4,500,000	–	–	–	1
	–	5	5	1

10. TAXATION

	1.1.2002 to 30.6.2002 <i>HK\$'000</i>	1.7.2002 to 31.12.2002 <i>HK\$'000</i>	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 <i>HK\$'000</i>
The credit (charge) comprises:				
Hong Kong Profits Tax	(519)	–	(519)	(5,417)
Taxation refund (charge) in other jurisdictions	(9,147)	3	(9,144)	(15,886)
	(9,666)	3	(9,663)	(21,303)
Deferred taxation	10	–	10	1,631
Share of taxation attributable to jointly controlled entities	(3,066)	–	(3,066)	(461)
	(12,722)	3	(12,719)	(20,133)

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits arising in Hong Kong during the year/period. 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.

In the opinion of the present directors, the revaluation increase of the Group's property interests does not constitute a timing difference for tax purposes as any profits realised on future disposal of the investment properties would not give rise to a significant taxation.

11. EARNINGS (LOSS) PER SHARE

The calculation of basic earning (loss) per share is based on the net profit for the year of HK\$118,889,000 (2001: loss for the period of HK\$65,764,000) and 419,619,246 (2001: 419,619,246) shares in issue during the year/period.

No diluted earnings per share for the year ended 31st December, 2002 is disclosed because, as explained in the note 2(C)(b), in the absence of complete records in respect of outstanding share options before 23rd August, 2002, the present directors have been unable to calculate the effect of dilutive potential ordinary shares.

Diluted loss per share for the period ended 31st December, 2001 has not been shown as the share options outstanding during the period had an anti-dilutive effect on the basic loss per share for that period.

12. INVESTMENT PROPERTIES

	THE GROUP
	<i>HK\$'000</i>
VALUATION	
At 1st January, 2002	–
Transferred from property, plant and equipment (<i>note 13</i>)	9,197
Transferred from property held for sale	22,029
Surplus on revaluation	1,969
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At 31st December, 2002	33,195
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The Group's investment properties were revalued as at 31st December, 2002 by Hooker Umlah Craig Lum Real Estate Appraisers and Consultants Ltd. and Chesterton Petty Ltd., independent firms of professional property valuers, on an open market value basis. The revaluation gave rise to a surplus of HK\$1,969,000 which has been credited to the investment properties revaluation reserve.

	THE GROUP
	<i>HK\$'000</i>
The carrying value of the investment properties comprises:	
Freehold land outside Hong Kong	11,035
Properties held under medium-term leases in Hong Kong	5,000
Properties held under long-term leases in Hong Kong	15,100
Properties held under medium-term land use rights in the People's Republic of China	2,060
	<hr/>
	33,195
	<hr/>

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant and equipment HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
THE GROUP							
COST							
At 1st January, 2002	319,290	401,306	-	-	-	-	720,596
Disposal of subsidiaries by way of Dividend in Specie	(304,031)	(401,306)	-	-	-	-	(705,337)
Acquisition of a subsidiary	-	-	-	434	-	-	434
Additions	-	-	277	-	719	203	1,199
Transferred to investment properties (note 12)	(15,259)	-	-	-	-	-	(15,259)
At 31st December, 2002	-	-	277	434	719	203	1,633
DEPRECIATION							
At 1st January, 2002	83,518	254,633	-	-	-	-	338,151
Eliminated on disposal of subsidiaries by way of Dividend in Specie	(77,456)	(254,633)	-	-	-	-	(332,089)
Transferred to investment properties (note 12)	(6,062)	-	-	-	-	-	(6,062)
Provided for the year	-	-	46	51	151	23	271
At 31st December, 2002	-	-	46	51	151	23	271
NET BOOK VALUE							
At 31st December, 2002	-	-	231	383	568	180	1,362
At 31st December, 2001	235,772	146,673	-	-	-	-	382,445
THE COMPANY							
COST							
At 1st January, 2002	-	-	-	-	-	-	-
Additions	-	-	277	-	719	203	1,199
At 31st December, 2002	-	-	277	-	719	203	1,199
DEPRECIATION							
At 1st January, 2002	-	-	-	-	-	-	-
Provided for the year	-	-	46	-	151	23	220
At 31st December, 2002	-	-	46	-	151	23	220
NET BOOK VALUE							
At 31st December, 2002	-	-	231	-	568	180	979
At 31st December, 2001	-	-	-	-	-	-	-

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The cost of land and buildings as at 31st December, 2001 held by the Group shown above were held under the following lease terms:

	Hong Kong <i>HK\$'000</i>	Elsewhere <i>HK\$'000</i>	Total <i>HK\$'000</i>
Freehold	–	68,325	68,325
Long term leases	27,201	–	27,201
Medium term leases	180,637	43,127	223,764
	<u>207,838</u>	<u>111,452</u>	<u>319,290</u>

At 31st December, 2001, the Group's property, plant and equipment with an aggregate net book value of approximately HK\$70,874,000 were pledged to secure general banking facilities granted to the Group.

14. GOODWILL

	THE GROUP <i>HK\$'000</i>
COST	
At 1st January, 2002	5,952
Disposal of subsidiaries by way of Dividend in Specie	(5,952)
At 31st December, 2002	<u>–</u>
AMORTISATION	
At 1st January, 2002	–
Provided for the period from 1st January, 2002 to 30th June, 2002	875
Eliminated on disposal of subsidiaries by way of Dividend in Specie	(875)
At 31st December, 2002	<u>–</u>
NET BOOK VALUE	
At 31st December, 2002	<u>–</u>
At 31st December, 2001	<u>5,952</u>

15. DEPOSITS PAID FOR ACQUISITION OF SUBSIDIARIES

In December 2002, the Group entered into a conditional agreement with an independent third party to acquire the entire issued share capital of Fieldcrown Investments Limited for a consideration of HK\$38,000,000 to be satisfied by cash of HK\$25,000,000 and the issue of 13,000,000 new shares of HK\$0.25 each in the Company at HK\$1 per share. As at 31st December, 2002, a deposit of HK\$5,000,000 was paid by the Group. The transaction was completed in February, 2003.

In December 2002, the Group entered into a letter of intent with an independent third party to acquire the entire issued share capital of Giant Power International Limited for a consideration of HK\$40,000,000 to be satisfied by the issue of 40,000,000 new shares of HK\$0.25 in the Company at HK\$1 per share. As at 31st December, 2002, a refundable deposit of HK\$4,000,000 was paid by the Group. The transaction has not yet been completed up to the date of this report.

The balance of the consideration payable is shown as the Group's capital commitments in note 32.

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	–	702,680
Amounts due from subsidiaries	62,716	322,136
	62,716	1,024,816
Less: Allowance	(13,488)	(288,746)
	49,228	736,070
Less: Current portion of an amount due from a subsidiary	–	(4,000)
	49,228	732,070

As at 31st December, 2002, the amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the present directors, the amounts are unlikely to be repaid within one year from 31st December, 2002 and are therefore, shown as non-current assets.

As at 31st December, 2001, except for an amount due from a subsidiary of HK\$4,000,000 which was repayable within one year, the amounts due from subsidiaries were unsecured, interest-free and had no fixed terms of repayment.

16. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries at 31st December, 2002 are 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	
Splendid Victory Holdings Limited	British Virgin Islands	US\$1	100	–	Investment holding
Keysmart International Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
Fun Area Limited	British Virgin Islands	US\$1	–	100	Investment holding
Premier Asset Investment Limited	British Virgin Islands	US\$1	–	100	Investment holding
Moonstar Valley Holding Limited	British Virgin Islands	US\$1	–	100	Investment holding
Speed Dynamic Investment Limited	British Virgin Islands	US\$1	–	100	Investment holding
Sita Financial Consultant Limited	Macau	MOP\$10,000	–	100	Provision of financial consultant services
Sky Glory Investments Limited	Hong Kong	HK\$2	–	100	Property holding
Ming Yuan Property Management Limited (formerly known as Sing Tao Property Management Limited)	Hong Kong	HK\$2	–	100	Property holding
Trans Ocean Developments Limited	Hong Kong	HK\$2	–	100	Property holding
Evergreen Gardens Project Inc.	Canada	C\$100	–	100	Property holding
Rosario Gardens Inc.	Canada	C\$100	–	100	Property holding

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	–	70,728
Amounts due from jointly controlled entities	–	417,002
Less: Provisions against amounts due from jointly controlled entities	–	(337,113)
	–	79,889
	–	150,617

As at 31st December, 2001, the amounts due from the jointly controlled entities were unsecured, non-interest bearing and had no fixed terms of repayment.

18. INTERESTS IN AN ASSOCIATE

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	940	5,122
Goodwill	1,060	–
Amounts due from associates	–	21,358
Less: Allowances	–	(11,137)
	–	10,221
	2,000	15,343

The amount of goodwill as at 31st December, 2002 represents the goodwill arising from acquisition of an associate in December 2002. Accordingly, no amortisation is provided for the year.

As at 31st December, 2001, the amounts due from associates were unsecured, non-interest bearing and had no fixed terms of repayment.

18. INTERESTS IN AN ASSOCIATE (Continued)

Details of the Group's associate as at 31st December, 2002 are as follows:

Name of associate	Place of incorporation and operations	Percentage of equity attributable to the Company indirectly	Principal activity
BMA Records Limited	Hong Kong	20%	Music production and provision of artists agency and talent management services

19. INVESTMENTS IN SECURITIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Listed equity investments, at market value:		
Hong Kong	5,408	2,732
Elsewhere	–	1,409
	5,408	4,141
Unlisted equity investments, at fair value	–	4,999
Unlisted debt investments, at fair value	–	1,990
Total	5,408	11,130
Classified under		
Current	5,408	–
Non-current	–	11,130
	5,408	11,130

20. INVENTORIES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Raw materials	–	43,517
Work in progress	–	7,611
Finished goods	–	3,637
	<hr/>	<hr/>
	–	54,765

The cost of inventories recognised as an expense during the year ended 31st December, 2001 was approximately HK\$303,018,000. As explained in note 2, the present directors found that all of the Group's accounting records and supporting vouchers for the period from 1st January, 2002 to 22nd August, 2002 were missing, and accordingly, they do not have sufficient information regarding the cost of inventories recognised as an expenses during the period from 1st January, 2002 to 22nd August, 2002. There was no cost of inventories recognised as expenses since 23rd August, 2002 up to 31st December, 2002.

As at 31st December, 2001, the amount of inventories carried at net realisable value included in the above, excluding general provision, was HK\$1,408,000.

21. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Trade and bills receivables	–	226,022
Prepayments and deposits	1,032	26,430
Other receivables	10,140	11,000
	<hr/>	<hr/>
	11,172	263,452

21. TRADE AND OTHER RECEIVABLES (Continued)

Note:

The Group normally allowed a credit period of 30 to 90 days to its trade customers during the year ended 31st December, 2001. The aged analysis of the trade and bills receivables as at 31st December, 2001 based on payment due dates, was as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
0–30 days	–	204,399
31–60 days	–	12,124
61–90 days	–	9,239
91–120 days	–	5,763
Over 120 days	–	4,919
	–	236,444
Less: Allowances for bad and doubtful debts	–	(10,422)
	–	226,022

22. AMOUNT DUE FROM A DIRECTOR

THE GROUP AND THE COMPANY

The amount is due from Mr. Yao Yuan, which is unsecured, non-interest bearing and repayable on demand. The maximum amount outstanding during the year is HK\$30,000.

23. TRADE AND OTHER PAYABLES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Trade and bills payables	–	99,639
Accruals	772	54,560
Other payables	–	71,638
	772	225,837

An aged analysis of trade and bills payables as at 31st December, 2001, based on payment due dates, was as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
0–30 days	–	78,399
31–60 days	–	12,692
61–90 days	–	5,581
91–120 days	–	520
Over 120 days	–	2,447
	–	99,639

24. MARGIN LOAN PAYABLE

THE GROUP

The amount is secured, bearing interest at 9% per annum and is repayable on demand.

25. AMOUNTS DUE TO RELATED COMPANIES

Details of amounts due to related companies are as follows:

	<i>Notes</i>	THE GROUP AND THE COMPANY	
		2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
上海銘源實業集團有限公司	(i)	14	—
Henco Capital Limited	(ii)	320	—
		334	—

The amounts are unsecured, non-interest bearing and are repayable on demand.

Notes:

- (i) 上海銘源實業集團有限公司 is a company in which Mr. Yao Yuan has a beneficial interest.
- (ii) Mr. Chien Hoe Yong, Henry, a director of the Company, is also a director of Henco Capital Limited.

26. INTEREST-BEARING BANK LOANS

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Secured bank loans repayable:		
– within one year or on demand	–	29,206
– after one but within two years	–	3,000
– after two but within five years	–	4,250
		<hr/>
	–	36,456
Less: Amount due within one year included under current liabilities	–	(29,206)
		<hr/>
Amount due after one year	–	7,250
		<hr/>

27. SHARE CAPITAL

	2002 & 2001
	HK\$'000
Authorised:	
600,000,000 ordinary shares of HK\$0.25 each	150,000
	<hr/>
Issued and fully paid:	
419,619,246 ordinary shares of HK\$0.25 each	104,905
	<hr/>

28. RESERVES

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY					
At 1st April, 2001	286,192	1,431	618,818	(276,242)	630,199
Net loss for the period	–	–	–	(1,780)	(1,780)
At 31st December, 2001	286,192	1,431	618,818	(278,022)	628,419
Reserve reorganisation (<i>note a</i>)	(286,192)	(1,431)	287,623	–	–
Offsetting the accumulated loss of the Company as at 31st December, 2001 (<i>note a</i>)	–	–	(278,022)	278,022	–
Dividend in Specie (<i>note b</i>)	–	–	(628,419)	(152,733)	(781,152)
Net profit for the year	–	–	–	135,356	135,356
Amount due to former holding company waived	–	–	12,804	–	12,804
At 31st December, 2002	–	–	12,804	(17,377)	(4,573)

Notes:

- (a) Pursuant to resolutions passed by the shareholders of the Company in a special general meeting held on 16th July, 2002, the Company carried out the following reserve reorganisation:
- the whole amount of share premium and capital redemption reserve accounts as at 31st December, 2001 of the Company, amounting to approximately HK\$286,192,000 and HK\$1,431,000 respectively were transferred to the contributed surplus account of the Company (“Reserve Reorganisation”).
 - Upon the completion of the Reserve Reorganisation, the amount standing to the credit of contributed surplus account of the Company was increased from approximately HK\$618,818,000 as at 31st December, 2001 to approximately HK\$906,441,000.
 - the contributed surplus account of the Company after the Reserve Reorganisation was used to offset the accumulated losses account of the Company as at 31st December, 2001 in full and to effect the Dividend in Specie.
- Further details of the above are set out in the circular issued by the Company dated 27th July, 2002.
- (b) On 21st August, 2002, pursuant to a special resolution passed at a general meeting held on 19th August, 2002, the Company effected the Dividend in Specie.

As at 31st December, 2002, the Company had no reserve available for distribution to its shareholders.

As at 31st December, 2001, the reserves of the Company available for distribution amounted to HK\$340,796,000. The Company’s share premium account could be distributed in the form of fully paid bonus shares.

The contributed surplus as at 31st December, 2001 which arose as a result of a group reorganisation in 1989 was distributable to shareholders under the Companies Act of Bermuda under certain circumstances.

29. SHARE OPTIONS

In accordance with the terms of the Company's Executive Share Option Scheme ("Scheme") adopted on 3rd September, 1999, and effective for a period of ten years after the date of adoption of the scheme, the Company can grant to directors and employees of the Company and its subsidiaries share options to subscribe for its ordinary shares for a consideration of HK\$1 for the primary purpose of providing incentives to directors and eligible employees. No options can be exercised within 3 months from the date of grant.

The maximum number of shares in the Company in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time. The subscription price of shares in respect of which options are granted under the Scheme will be a price determined by the board of the directors of the Company and notified to each grantee and will not be less than 80%, of the average of the closing prices of the shares in the Company on the Stock Exchange on the five trading days immediately preceding the date of offer of the grant of the options or the nominal value of a share, whichever is higher.

No option may be granted to any employees which if exercised in full would result in such employee becoming entitled to subscribe for such number of shares which, when aggregated with the total number of shares already issued and issuable to him or her under the Scheme, would exceed 25% of the aggregate number of shares for the time being issued and issuable under the Scheme.

The shares allotted upon the exercise of an option will be subject to all provisions of the Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid shares in issue on the date of exercise of the option and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of exercise of the option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the date of exercise of the option.

As explained in note 2, the present directors do not have sufficient information relating to the movements of the share options prior to 23rd August, 2002.

29. SHARE OPTIONS (Continued)

A summary of movements of share options under the Scheme prepared based on the information of Interim Report and the circular issued by the Company dated 13th September, 2002 as follows:

Ex-directors

Name of ex-directors	Exercisable period	Exercise price (Note 1) HK\$	Number of shares subject to option	Outstanding at 1.1.2002	Number of shares under option			Outstanding at 31.12.2002
					Granted during the year	Exercised during the year	Surrendered/lapsed during the year (Note 2)	
Wong Wai Ming	30.8.2002 to 2.9.2009	0.344	up to 3,000,000	6,000,000	-	-	(6,000,000)	-
	30.8.2003 to 2.9.2009	0.344	up to 6,000,000					
Judy Inn	30.8.2002 to 2.9.2009	0.344	up to 1,250,000	2,500,000	-	-	(2,500,000)	-
	30.8.2003 to 2.9.2009	0.344	up to 2,500,000					
Lo Wing Hung	30.8.2002 to 2.9.2009	0.344	up to 1,500,000	3,000,000	-	-	(3,000,000)	-
	30.8.2003 to 2.9.2009	0.344	up to 3,000,000					
Miranda Chan Kwai Yin	1.12.2001 to 2.9.2009	0.344	up to 450,000	2,500,000	-	-	(2,500,000)	-
	19.4.2002 to 2.9.2009	0.344	up to 900,000					
	30.8.2002 to 2.9.2009	0.344	up to 1,250,000					
	1.3.2003 to 2.9.2009	0.344	up to 1,875,000					
Nigel Ian Oakins	30.8.2002 to 2.9.2009	0.344	up to 500,000	1,000,000	-	-	(1,000,000)	-
	30.8.2003 to 2.9.2009	0.344	up to 1,000,000					
Yim Lui Fai, Gerry	30.8.2002 to 2.9.2009	0.344	up to 1,250,000	2,500,000	-	-	(2,500,000)	-
	30.8.2003 to 2.9.2009	0.344	up to 2,500,000					
				17,500,000	-	-	(17,500,000)	-
Employees	30.8.2002 to 2.9.2009	0.344		7,000,000	-	-	(7,000,000)	-
				7,000,000	-	-	(7,000,000)	-
Total				24,500,000	-	-	(24,500,000)	-

Notes:

- Following the completion of reserve reorganisation as more fully described in the circular issued by the Company dated 27th July, 2002, the exercise price was adjusted from HK\$0.845 to HK\$0.344.
- Following the completion of acquisition of shares of the Company by Ming Yuan Investments Group Limited, all the above grantees accepted the general offer made by Ming Yuan Investments Group Limited to renounce their respective rights to subscribe for shares in the Company for a consideration of HK\$0.18 for each option share. Detail of these are set out in circular issued by the Company dated 13th September, 2002.

No options were granted or exercised since 23rd August, 2002 and no options were outstanding as at 31st December, 2002.

30. PROVISION FOR LONG SERVICE PAYMENTS

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
At 1st January/1st April	5,608	11,616
Eliminated on disposal of subsidiaries by way of Dividend in Specie	(5,608)	–
Write-back during the period	–	(2,929)
Payments during the period	–	(3,092)
Exchange realignments	–	13
	<hr/>	
At 31st December	–	5,608
	<hr/>	

As at 31st December, 2001, the amount mainly represented provision for long service payments for eligible employees made in accordance with Part VB of the Employment Ordinance of Hong Kong, and reduced by any part of such payments that would be met out of the Group's retirement benefits schemes.

31. ACQUISITION OF SUBSIDIARIES

	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Net assets acquired:		
Property, plant and equipment	434	307
Inventories	–	34
Trade and other receivables	33	387
Bank balances and cash	–	424
Trade and other payables	–	(754)
Minority interests	–	(183)
	467	215
Goodwill arising on acquisition	–	5,952
Consideration	467	6,167
Satisfied by:		
Cash	467	2,157
Consideration included in trade and other payables	–	4,010
	467	6,167

Analysis of the net cash outflow of cash and cash equivalents in connection with the acquisition of subsidiaries:

	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Cash consideration paid	(467)	(2,157)
Bank balances and cash acquired	–	424
Net cash outflow of cash and cash equivalents in connection with the acquisition of subsidiaries	(467)	(1,733)

The subsidiaries acquired during the year/period made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the results for the year/period.

32. COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

(a) Capital commitments

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Contracted for but not provided in the financial statements in respect of acquisition of:		
– property, plant and equipment	–	9,778
– subsidiaries	69,000	–
	69,000	9,778
Authorized but not contracted for in respect of property, plant and equipment	–	8,421

(b) Commitments under forward foreign exchange contracts

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Forward foreign exchange contracts	–	4,365

33. OPERATING LEASE COMMITMENTS

The Group as lessor

Property rental income earned during the year/period was approximately HK\$124,000 (2001: HK\$6,050,000). As at 31st December, 2002, certain properties had committed tenants for the next 4 years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	54	3,800
In the second to fifth years inclusive	165	4,570
	219	8,370

The Group as lessee

During the year, the Group made minimum lease payments under operating leases of approximately HK\$3,910,890 (2001: HK\$5,382,000) in respect of land and buildings, other equipment and staff quarter.

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which would fall due as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	–	8,656
In the second to fifth years inclusive	–	10,709
	–	19,365

Leases entered into by the Group since 23rd August, 2002 were negotiated for an average term of less than one year.

34. CONTINGENT LIABILITIES

THE GROUP

At 31st December, 2002, the Group did not have any significant contingent liabilities.

As at 31st December, 2001, the Group had the following contingent liabilities:

- (a) The Group had given a several guarantee in favour of a bank to secure 50% of the bank facilities granted to, and utilised by, a jointly controlled entity. As at 31st December, 2001, the Group's proportionate share of such utilised bank facilities was approximately HK\$66,320,000.
- (b) The Group had an interest in a joint venture which, until December 1996, owned a property which was financed in part by a loan secured by a mortgage on the property. Each joint venturer was committed to the repayment of its proportionate share of the liability under the mortgage and this was reflected in a several guarantee given by the venturers to the mortgagee. During 1996, the property was sold by the mortgagee and the Group wrote off its investment in the joint venture and provided for its proportionate share of the mortgage liability under the guarantee. There was a contingent liability in respect of the remaining excess mortgage liability of approximately HK\$110 million as at 31st December, 2001, in the event that the Group's obligations are determined to be joint and several, and the other venturers fail to honour their attributable portions. The Group had obtained legal advice which confirmed that such a claim, whilst possible, is unlikely to succeed.
- (c) Claims had been made against certain subsidiaries for damages in respect of alleged defamation. Based on legal opinion, the directors considered that the likelihood of the Group suffering any material loss in respect of these claims is remote and, accordingly, no provision was made in the financial statements.

The above contingent liabilities were all related to the subsidiaries distributed as part of the Dividend in Specie on 21st August, 2002. In the opinion of the present directors, because those subsidiaries were no longer part of the Group, the present directors are satisfied that there was no material exposure to contingent liabilities as at 31st December, 2002.

THE COMPANY

At 31st December, 2002, the Company had no material contingent liabilities.

At 31st December, 2001, the Company had given an unlimited guarantee in favour of a bank for facilities of approximately HK\$32 million granted to its subsidiaries which had not utilised such facilities.

35. RETIREMENT BENEFITS SCHEME

As explained in note 2, the present directors found that all of the Group's accounting records and supporting vouchers are missing for the period from 1st January, 2002 to 22nd August, 2002, accordingly, no detailed analysis of retirement benefits schemes of the Group for the period up to 22nd August, 2002 is presented.

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme.

The retirement benefits cost charged to the income statement represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme since 23rd August, 2002.

36. PLEDGE OF ASSETS

At the balance sheet date, the following assets were pledged to secure general banking and credit facilities granted to the Group:

	2002	2001
	HK\$'000	HK\$'000
Land and buildings	–	64,291
Machinery	–	6,583
Time deposit	–	26,206
Investments in securities	5,408	–
	5,408	97,080

37. RELATED PARTY TRANSACTIONS

During the year/period, the Group entered into the following transactions with related companies as follows:

Nature of transactions	Notes	1.1.2002	1.7.2002	1.1.2002	1.4.2001
		to 30.6.2002	to 31.12.2002	to 31.12.2002	to 31.12.2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
News services fee income received from a jointly controlled entity	(i)	4,000	–	4,000	6,000
Printing services charges paid and payable to a jointly controlled entity	(i)	25,117	–	25,117	52,578
Consultancy fee payable to a related company	(ii)	–	320	320	–

Notes:

- (i) The terms of the transactions were set out in the Interim Report and were as follows:
 - (a) The news services fee was charged on an annual fixed amount basis pursuant to the news services agreement.
 - (b) The printing services were charged on a cost plus mark-up basis pursuant to the printing agreement.
- (ii) The amount of consultancy fee was payable to a company, in which Mr. Chien Hoe Yong, Henry, a director of the Company, is also a director, at a rate agreed by both parties concerned.

Details of the Group's balances with related parties as at 31st December, 2002 were set out in and notes 22, 25 and 30.

38. POST BALANCE SHEET EVENT

A special resolution was passed at an extraordinary general meeting of the Company held on 2nd April, 2003 to subdivide each of the issued and unissued shares of HK\$0.25 each in the Company into five shares HK\$0.05 each.