THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ming Pao Enterprise Corporation Limited, you should at once hand this circular and the enclosed proxy form to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

明報

MING PAO ENTERPRISE CORPORATION LIMITED

明報企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED MERGER OF THE COMPANY, SIN CHEW MEDIA CORPORATION BERHAD AND NANYANG PRESS HOLDINGS BERHAD

Financial Adviser to the Company

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BNP Paribas Capital (Asia Pacific) Limited

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

Anglo Chinese Corporate Finance, Limited

A letter from the Board is set out on pages 7 to 37 of this circular. A letter from the Independent Board Committee is set out on pages 38 to 39 of this circular. A letter from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 40 to 58 of this circular.

A notice convening the SGM to be held at Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 27 June 2007 at 10:30 a.m. is set out on pages N-1 to N-2 of this circular. A proxy form for use in the SGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof, should you so desire.

9 June 2007

CONTENTS

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

"associate(s)"	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
"Board"	the board of Directors
"Book Closure Date"	the relevant date to be decided upon by the board of directors of Sin Chew and Nanyang Press for the purpose of determining the entitlement of the relevant shareholders of Sin Chew and Nanyang Press under the Merger
"Bursa Depository"	Bursa Malaysia Depository Sdn. Bhd.
"Bursa Malaysia Securities"	Bursa Malaysia Securities Berhad
"Bye-Laws"	the bye-laws of the Company as amended from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	means a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	means a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	means a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"Canadian dollars"	Canadian dollars, the lawful currency of Canada
"Companies Act"	the Companies Act 1965 of Malaysia
"Company"	Ming Pao Enterprise Corporation Limited, a company incorporated in Bermuda with limited liability and the shares of which are primarily listed on the main board of the Stock Exchange
"Completion"	the completion and implementation of the Merger in accordance with the terms of the court orders and all relevant approvals obtained in relation to the Merger, which will take the form of the exchange of Sin Chew Shares and Nanyang Press Shares for Sin Chew Consideration Shares and Nanyang Press Consideration Shares respectively pursuant to the Merger Agreement

"Directors"	the directors of the Company
"Dual Listing"	the dual primary listing of the Shares on the main board of both the Stock Exchange and Bursa Malaysia Securities
"Enlarged Group"	the Company, Sin Chew and Nanyang Press, together with their respective subsidiaries
"Ezywood"	Ezywood Options Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Tan Sri Datuk Tiong and the remaining 50% is held by Tiong Chiong Ong, a son of Tan Sri Datuk Tiong
"Group"	the Company and its subsidiaries
"Heads of Agreement"	the heads of agreement dated 29 January 2007 between the Company and Sin Chew in relation to the Merger
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"IFRS"	International Financial Reporting Standards
"Independent Board Committee"	the independent board committee of the Company, comprising all of the independent non-executive Directors, namely, Mr Tang Ying Yu, Mr David Yu Hon To and Mr Victor Yang, established to advise the Independent Shareholders regarding the terms of the Merger Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	Anglo Chinese Corporate Finance, Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purposes of the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the Merger Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than Tan Sri Datuk Tiong, Dr Tiong Ik King, Mr. Tiong Kiu King, and their respective associates

"Independent Third Party"	in respect of the Company, Sin Chew and Nanyang Press, a person who and whose ultimate beneficial owner, to the best knowledge information and belief of the directors of the Company, Sin Chew and Nanyang Press having made all reasonable enquiries, is a third party independent of and not connected with the Company, Sin Chew or Nanyang Press, any connected person of the Company, Sin Chew or Nanyang Press where "connected" is interpreted for the purposes of the Listing Rules
"Last Dealing Date"	19 April 2007, being the last trading day for the Shares prior to the Company's announcement dated 23 April 2007, given that the Shares were suspended from 12:00 noon on Friday, 20 April 2007
"Latest Practicable Date"	1 June 2007, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Market Day"	a day on which the stock markets maintained by the Stock Exchange and Bursa Malaysia Securities are open for trading in securities
"Material Subsidiary"	in relation to the Company, Sin Chew or Nanyang Press, a subsidiary which contributes at least 5% of the revenues of the Company, Sin Chew or Nanyang Press and their respective subsidiaries
"Merger"	the proposed merger of the Company, Sin Chew and Nanyang Press taking the form of the exchange of all the issued shares in each of Sin Chew and Nanyang Press into Shares
"Merger Agreement"	the agreement dated 23 April 2007 entered into between the Company, Sin Chew and Nanyang Press in respect of the Merger
"Nanyang Press"	Nanyang Press Holdings Berhad, a company incorporated in Malaysia with limited liability and the shares of which are primarily listed on the main board of Bursa Malaysia Securities (Stock Code: 3964), and a connected person of the Company

"Nanyang Press Consideration Shares"	268,839,186 new Shares to be issued to the existing shareholders of Nanyang Press on Completion as consideration for the exchange of the Nanyang Press Shares (assuming none of the outstanding options are exercised pursuant to the Nanyang Press' employee share option scheme). 278,432,742 new Shares to be issued to the existing shareholders of Nanyang Press on Completion as consideration for the exchange of the Nanyang Press Shares (assuming all the outstanding options are exercised pursuant to the Nanyang Press' employee share option scheme)
"Nanyang Press Group"	Nanyang Press and its subsidiaries
"Nanyang Press Share(s)"	the ordinary share(s) of RM1.00 each in the issued share capital of Nanyang Press
"Nanyang Press Swap Ratio"	means approximately 3.53 new Shares for every 1 existing Nanyang Press Share held by the shareholders of Nanyang Press as at the Book Closure Date
"One Media Group"	means One Media Group Limited, a company incorporated in the Cayman Islands with limited liability, a subsidiary of the Company, and its shares are listed on the main board of the Stock Exchange
"PRC"	means the People's Republic of China (for the purpose of the Property Valuation of the Enlarged Group as set out in Appendix VIII of this circular, includes Taiwan)
"Public Authority"	includes: (a) any government in any jurisdiction, whether federal, state, provisional, territorial or local; (b) any minister, department, officer, commission, delegate, instrumentality, agency, board, authority or organisation of any government or in which any government is interested; (c) any non-government regulatory authority; (d) any provider of public utility services, whether or not government owned or controlled;

	and without limitation, may include: (a) the Securities Commission of Malaysia; (b) the Equity Compliance Unit of The Securities Commission of Malaysia (on behalf of the Foreign Investment Committee); (c) the Ministry of International Trade and Industry; (d) the Ministry of Internal Security; (e) Bank Negara Malaysia; (f) Bursa Malaysia Securities; (g) the Stock Exchange; and (h) the Securities and Futures Commission of Hong Kong
"RMB" or Renminbi"	Renminbi, the lawful currency of the PRC
"RM"	Ringgit Malaysia, the lawful currency of Malaysia
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Shareholders to be convened for the purpose of approving, amongst other things, the Merger
"Share(s)"	ordinary share(s) of HK$0.10 each in the issued share capital of the Company
"Shareholders"	holders of the Shares
"Sin Chew"	Sin Chew Media Corporation Berhad, a company incorporated in Malaysia with limited liability and the shares of which are primarily listed on the main board of Bursa Malaysia Securities (Stock Code: 5090), and a connected person of the Company
"Sin Chew Consideration Shares"	1,015,976,055 new Shares to be issued to the existing shareholders of Sin Chew on Completion as consideration for the exchange of the Sin Chew Shares
"Sin Chew Group"	Sin Chew and its subsidiaries
"Sin Chew Share(s)"	the ordinary share(s) of RM0.50 each in the issued share capital of Sin Chew

"Sin Chew Swap Ratio"	means approximately 3.36 new Shares for every 1 existing Sin Chew Share held by the shareholders of Sin Chew as at the Book Closure Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Stop Date"	31 January 2008, or such extended date as may be mutually agreed in writing between the parties
"US dollars"	US dollars, the lawful currency of the United States of America
"Tan Sri Datuk Tiong"	Tan Sri Datuk Tiong Hiew King

Note: In this circular, unless otherwise stated, certain amounts denominated in RM have been converted (for information only) into HK$ using an exchange rate of HK$1.00 = RM0.440372. Such conversion shall not be construed as a representation that amounts of RM were or may have been converted into HK$ (as the case may be) using such exchange rate or any other.

Some figures in this circular have been rounded. As a result totals may not add up to exactly 100%

明報

MING PAO ENTERPRISE CORPORATION LIMITED

明報企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

Executive Directors:
Tan Sri Datuk Tiong Hiew King *(Chairman)*
Mr Tiong Kiu King
Dr Tiong Ik King
Mr Tiong Kiew Chiong *(Chief Executive Officer)*

Independent non-executive Directors:
Mr Tang Ying Yu
Mr David Yu Hon To
Mr Victor Yang

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office and principal place of business in Hong Kong:
15th Floor, Block A
Ming Pao Industrial Centre
18 Ka Yip Street
Chai Wan
Hong Kong

Hong Kong, 9 June 2007

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED MERGER OF THE COMPANY, SIN CHEW AND NANYANG PRESS

INTRODUCTION

On 23 April 2007, the Board announced that the Company, Sin Chew and Nanyang Press had entered into the Merger Agreement in respect of the proposed Merger of the Company, Sin Chew and Nanyang Press taking the form of the exchange of all the issued shares in each of Sin Chew and Nanyang Press into Shares.

The Merger constitutes a very substantial acquisition and a connected transaction for the Company under the Listing Rules. As such, the Merger is subject to approval by the Independent Shareholders at the SGM. The Independent Board Committee has been established to advise the

Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as regards the terms of the Merger Agreement and the transactions contemplated thereunder.

This circular provides you with, among other things, (i) the details of the Merger; (ii) the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the terms of the Merger Agreement and the transactions contemplated thereunder; (iii) the latest audited consolidated financial statements of the Group; (iv) the accountants' report on Sin Chew Group; (v) the accountants' report on Nanyang Press Group; (vi) the unaudited pro forma financial information on the Enlarged Group; (vii) the property valuation of the Enlarged Group; and (viii) a notice of the SGM.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The Merger Agreement

Set out below is a summary of the principal terms of the Merger Agreement.

Date: 23 April 2007

Parties: The Company

Sin Chew

Nanyang Press

The Merger

Pursuant to the Merger Agreement, Sin Chew agrees to do all things necessary to obtain an order from the High Court of Malaya approving a members' scheme of arrangement to implement and effect the exchange or transfer by all the shareholders of Sin Chew of all their Sin Chew Shares to the Company in consideration for the issue of new Sin Chew Consideration Shares.

Pursuant to the Merger Agreement, Nanyang Press agrees to do all things necessary to obtain an order from the High Court of Malaya approving a members' scheme of arrangement to implement and effect the exchange or transfer by all the shareholders of Nanyang Press of all their Nanyang Press Shares to the Company in consideration for the issue of new Nanyang Press Consideration Shares.

Upon implementation of such schemes of arrangement, the Company will issue new Shares to the existing holders of shares in Sin Chew and Nanyang Press in exchange for the Sin Chew Shares and Nanyang Press Shares being transferred to it.

If required, a proposed placement of either new or existing Shares may then be made for the purpose of complying with the public shareholding spread or equity conditions which may be imposed by the relevant authorities in Hong Kong or Malaysia, and such placement may be subject to the Shareholders' approval.

Upon completion of the exchanges of shares, Sin Chew proposes to transfer its listing status on the main board of Bursa Malaysia Securities to the Company and thereafter Sin Chew and Nanyang Press will be delisted from the main board of Bursa Malaysia Securities. The transfer of listing status is a process implemented by Bursa Malaysia Securities whereby the unlisted shares of one company (in this case, the Company) will be listed in conjunction with the de-listing of the listed shares of another company (in this case, Sin Chew). In the present transaction, Sin Chew and Nanyang Press will first need to obtain an approval from the Securities Commission of Malaysia with respect to the Merger. Once the approval is obtained, they will need to obtain their respective shareholders' approval on the same. Thereafter, Sin Chew and Nanyang Press will need to make an application to Bursa Malaysia Securities for, amongst others, the listing of the existing Shares, the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares on Bursa Malaysia Securities and the transfer of listing status from Sin Chew to the Company, after which both Sin Chew and Nanyang Press will be delisted.

Upon completion of the Merger, Sin Chew and Nanyang Press will be wholly-owned subsidiaries of the Company and the existing Shares, the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares will be listed on the main board of the Stock Exchange as well as on the main board of Bursa Malaysia Securities. Further information about Sin Chew and Nanyang Press is set out below.

An application has been made to the Stock Exchange for the listing of, and permission to deal in the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares.

Consideration

Sin Chew Shares

Pursuant to a proposed scheme of arrangement of Sin Chew under Section 176 of the Companies Act, all the shareholders of Sin Chew will exchange all their Sin Chew Shares for consideration of RM4.00 per Sin Chew Share, if the proposed scheme is approved. The consideration payable to the shareholders of Sin Chew will be satisfied by the issue of Sin Chew Consideration Shares to be issued and credited as fully paid-up at an issue price of HK$2.70 (or indicative equivalent value of approximately RM1.19) per Share. The consideration was determined on an indicative basis of each of the Company and Sin Chew, of approximately 3.36 Sin Chew Consideration Shares for every one existing Sin Chew Share held by the shareholders of Sin Chew.

As at the Latest Practicable Date, Sin Chew has 302,000,000 Sin Chew Shares in issue. It has no convertible securities, warrants, options, or other securities which remain to be issued, or on exercise of any other subscription right, to subscribe any Sin Chew Shares.

Based on the Sin Chew Swap Ratio, a total of approximately 1,015,976,000 Sin Chew Consideration Shares will be issued to shareholders of Sin Chew. At the agreed issue price of HK$2.70 per Share, the value of the Sin Chew Consideration Shares is approximately HK$ 2,743,135,000. The market value of the Sin Chew Consideration Shares (based on the closing price per Share of HK$1.88 on the Latest Practicable Date) is approximately HK$1,910,035,000.

The Sin Chew Consideration Shares represent about 251.19% of the existing issued share capital of the Company and about 60.14% of the enlarged issued share capital of the Company immediately after Completion (assuming that there is no change in its issued share capital from the date of this circular to Completion save for the issue of the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares at Completion).

The Sin Chew Consideration Shares to be issued shall, upon allotment and issue, rank pari passu in all respects with the existing Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the allotment and issue of the Sin Chew Consideration Shares were made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

The table below shows the percentage of Sin Chew Shares to be exchanged by each shareholder holding in excess of 5% of the Sin Chew Shares in issue at the date of this circular, the number of Sin Chew Consideration Shares to be received by him/her/it pursuant to the Merger Agreement and the percentage of the total number of Shares to be held by that person after Completion:

Name of shareholder	% of issued Sin Chew Shares held	Sin Chew Consideration Shares	% of Shares after Completion
Tiong Toh Siong Holdings Sdn. Bhd.	31.40%	319,035,321	18.89%
Zaman Pemimpin Sdn. Bhd.	15.18%	154,219,783	9.13%
Tan Sri Datuk Tiong	8.41%	85,424,747	5.06%
Teck Sing Lik Enterprise Sdn. Bhd.	6.43%	65,319,186	3.87%

Notes:

(a) The entire issued share capital of Tiong Toh Siong Holdings Sdn. Bhd. and Teck Sing Lik Enterprise Sdn. Bhd. are, directly and indirectly, held by Tan Sri Datuk Tiong and his associates.

(b) Zaman Pemimpin Sdn. Bhd. is an Independent Third Party.

(c) % of Shares after Completion refers to the % of Shares after the Completion of the Merger of the Company, Sin Chew and Nanyang Press.

Nanyang Press Shares

Pursuant to a proposed scheme of arrangement of Nanyang Press under Section 176 of the Companies Act, all the shareholders of Nanyang Press will exchange all their Nanyang Press Shares for consideration of RM4.20 per Nanyang Press Share, if the proposed scheme is approved. The consideration payable to the shareholders of Nanyang Press will be satisfied by the issue of Nanyang Press Consideration Shares to be issued and credited as fully paid-up at an issue price of HK$2.70 (or indicative equivalent value of RM1.19) per Share. The consideration was determined on an indicative basis of each of the Company and Nanyang Press, of approximately 3.53 Nanyang Press Consideration Shares for every one existing Nanyang Press Share held by the shareholders of Nanyang Press.

As at the Latest Practicable Date, Nanyang Press has 80,306,138 Nanyang Press Shares in issue (including 4,198,763 treasury shares). Apart from 2,715,900 options pursuant to its employee share option scheme, it has no other convertible securities, warrants, options or other securities which remain to be issued, or on exercise of any other subscription right, to subscribe for any Nanyang Press Shares. The issuance of the Nanyang Press Shares under the options pursuant to the employee share option scheme of Nanyang Press will not affect the Nanyang Press Swap Ratio, but the number of Nanyang Press Consideration Shares will increase if such shares are issued before Completion. Assuming all the outstanding options are exercised, the number of Nanyang Press Consideration Shares will be increased by approximately 9,594,000. Those options issued pursuant to the employee share option scheme of Nanyang Press which are not exercised before the proposed scheme of arrangement referred to above comes into effect will expire.

Based on the Nanyang Press Swap Ratio, a total of approximately 268,839,000 Nanyang Press Consideration Shares will be issued to shareholders of Nanyang Press. Assuming all the outstanding options are exercised pursuant to Nanyang Press' employee share option scheme, a total of approximately 278,433,000 Nanyang Press Consideration Shares will be issued to shareholders of Nanyang Press. At the issue price of HK$2.70 per Share, the value of the Nanyang Press Consideration Shares is approximately HK$725,866,000. Assuming all the outstanding options are exercised pursuant to Nanyang Press' employee share option scheme, the value of the Nanyang Press Consideration Shares is approximately HK$751,769,000. The market value of the Nanyang Press Consideration Shares (based on the closing price per Share of HK$1.88 on the Latest Practicable Date) is approximately HK$505,418,000. Assuming all the outstanding options are exercised pursuant to Nanyang Press employee share option scheme, the value of the Nanyang Press Consideration Shares is approximately HK$523,454,000 at the Latest Practicable Date.

The Nanyang Press Consideration Shares represent about 66.47% of the existing issued share capital of the Company and about 15.91% of the enlarged issued share capital of the Company immediately after Completion (assuming that there is no change in its issued share capital from the date of this circular to Completion save for the issue of the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares at Completion). Assuming all the outstanding options are exercised pursuant to Nanyang Press' employee share option scheme, the Nanyang Press Consideration Shares represent about 68.84% of the existing issued share capital of the Company and about 16.39% of the enlarged issued share capital of the Company immediately after Completion.

The Nanyang Press Consideration Shares to be issued shall, upon allotment and issue, rank pari passu in all respects with the existing Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, unless the allotment and issue of the Nanyang Press Consideration Shares were made on or prior to the entitlement date of such dividends, rights, allotments and/or other distributions.

The table below shows the percentage of Nanyang Press Shares to be exchanged by each shareholder holding in excess of 5% of the Nanyang Press Shares in issue at the date of this circular, the number of Nanyang Press Consideration Shares to be received by him/her/it pursuant to the Merger Agreement and the percentage of the total number of Shares to be held by that person after Completion:

Name of shareholder	% of issued Nanyang Press Shares held (excluding 4,198,763 treasury shares)	Nanyang Press Consideration Shares	% of Shares after Completion
Ezywood	34.04%	91,513,147	5.42%
Huaren Management Sdn. Bhd.	22.46%	60,394,190	3.58%
Madigreen Sdn. Bhd.	19.67%	52,875,120	3.13%

Notes:

(a) 50% of the issued share capital of Ezywood is held by Tan Sri Datuk Tiong and the remaining 50% is held by Tan Sri Datuk Tiong's family members.

(b) Huaren Management Sdn. Bhd. is an Independent Third Party.

(c) Madigreen Sdn. Bhd. is a wholly-owned subsidiary of Pertumbuhan Abadi Enterprises Sdn Bhd. 50% of the issued share capital of Pertumbuhan Abadi Enterprises Sdn Bhd is held by Mr. James Lau Sze Yuan, the son-in-law of Tan Sri Datuk Tiong and the remaining 50% is held by Ms. Wong Yiing Ngiik.

(d) % of Shares after Completion refers to the % of Shares after the Completion of the Merger of the Company, Sin Chew and Nanyang Press.

Apart from the 4,813,000 options pursuant to the Company's employee share option scheme, it has no other convertible securities, warrants, options or other securities which remain to be issued, or any other subscription right, to subscribe for any Shares. The issue of Shares pursuant to the options issued under the Company's employee share option scheme will not affect the Sin Chew Swap Ratio, the Nanyang Press Swap Ratio, the number of Sin Chew Consideration Shares or the number of Nanyang Press Consideration Shares because the said swap ratios were arrived at by assuming full exercise of the options pursuant to Nanyang Press' and the Company's employee share option schemes.

Basis of determining consideration

The issue price per Sin Chew Consideration Share and the issue price per Nanyang Press Consideration Share have been arrived at after arm's length negotiations among the parties, by reference to amongst other things:

(a) potential synergies that the Company, Sin Chew and Nanyang Press expect to achieve in the Merger through the enhanced distribution network and improved cost structure;

(b) assessment of the financial, business conditions and outlook of the Company, Sin Chew and Nanyang Press through reviewing the historical audited accounts including the turnover and profit growth trend;

(c) the consideration of RM4.00 per Sin Chew Share and RM4.20 per Nanyang Press Share represent premiums of approximately 25-59% and 2-14% over the range of the historical per share average closing prices of Sin Chew and Nanyang Press respectively (including 5 days, 30 days, 90 days, 120 days and 180 days before the last trading date prior to the signing of the Heads of Agreement as quoted on Bursa Malaysia Securities);

(d) the issue price of HK$2.70 per share of the Company represents a premium of approximately 50-105% over the range of the historical per share average closing prices (including 5 days, 30 days, 90 days, 120 days and 180 days before the last trading date prior to the signing of the Heads of Agreement as quoted on the Stock Exchange);

(e) price to earnings multiples and price to book value multiples of 22.6 and 3.7 of Sin Chew, and price to book value multiples of 2.3 of Nanyang Press based on the consideration of RM4.00 per Sin Chew Share and RM4.20 per Nanyang Press Share and the respective companies' 2006 audited accounts, compared to the comparable listed companies in Malaysia which are engaged in a similar business; and

(f) price to earnings multiples and price to book value multiples of 15.9 and 1.7 of the Company based on the issue price of HK$2.70 per new Share and the Company's 2006 audited accounts, compared to the comparable listed companies in Hong Kong which are engaged in a similar business.

Note: Price to earnings multiples for Nanyang Press is not considered due to its net loss in the financial year of 2006.

The issue price of HK$2.70 per new Share represents a premium of about 42% and 44% to the closing price per Share of HK$1.90 and HK$1.88 quoted on the Stock Exchange on the Last Dealing Date and the Latest Practicable Date respectively, and a premium of about 37% and 42% to the five consecutive trading days' average closing price per Share as quoted on the Stock Exchange for the period from 13 April 2007 to the Last Dealing Date and for the period from 28 May 2007 to the Latest Practicable Date respectively.

The consideration of RM4.00 per Sin Chew Share in exchange for new Shares represents a premium of about 32% and 40% to the closing price per Sin Chew Share of RM3.04 and RM2.86 quoted on the Bursa Malaysia Securities on the Last Dealing Date and the Latest Practicable Date respectively, and a premium of about 28% and 39% to the five consecutive trading days' average closing price per Sin Chew Share as quoted on the Bursa Malaysia Securities for the period from 13 April 2007 to the Last Dealing Date and for the period from 28 May 2007 to the Latest Practicable Date respectively.

The consideration of RM4.20 per Nanyang Press Share in exchange for new Shares represents a premium of 3% and 11% to the closing price per Nanyang Press Share of RM4.08 and RM3.80 quoted on the Bursa Malaysia Securities on the Last Dealing Date and the Latest Practicable Date respectively, and a premium of about 3% and 9% to the five consecutive trading days' average closing price per Nanyang Press Share as quoted on the Bursa Malaysia Securities for the period from 13 April 2007 to the Last Dealing Date and for the period from 28 May 2007 to the Latest Practicable Date respectively.

Revision of swap ratios, consideration and/or issue price

The Sin Chew Swap Ratio and Nanyang Press Swap Ratio were arrived at on the basis of the following assumptions:

1. all shareholders of Sin Chew and Nanyang Press are to dispose of all of their existing issued shares in the capital of Sin Chew and Nanyang Press respectively to the Company;

2. there is no change or proposed change in the issued share capital of the Company, Sin Chew or Nanyang Press other than in relation to:

   (i) the purchase, disposal or cancellation of treasury shares (if any); or

   (ii) the repurchase and cancellation of existing Shares; or

   (iii) the issue of new Shares pursuant to the Company's employee share option scheme; or

   (iv) the issue of new Nanyang Press Shares pursuant to its employee share option scheme; or

   (v) the issue of new Shares pursuant to the Merger; or

   (vi) the consolidation of Shares, if required, in relation to the Dual Listing at such ratios to be agreed by the parties to the Merger Agreement.

3. the due diligence on each of the Company, Sin Chew or Nanyang Press and their respective subsidiaries (including the methods and basis of the valuation and their present and future business and financial condition) does not reveal any matters which would materially affect the value of the shares in any of the Company, Sin Chew or Nanyang Press;

4. there is no material adverse change in the general business or financial condition of any of the Company, Sin Chew or Nanyang Press and their respective subsidiaries, except for those which directly result from, and are an obvious consequence of, matters which are publicly disclosed and expressly agreed to in writing by all parties with specific reference to this clause being made; and

5. all Nanyang Press' treasury shares (if not already cancelled) will be cancelled after the court order approving the Nanyang Press scheme of arrangement is obtained and filed with the Companies Commission of Malaysia. No consideration will be paid with respect to such treasury shares.

If any of the bases and/or assumptions set out above change and/or are or become incorrect and are discovered to be changed or incorrect on or before the date of approval of the Merger from the Securities Commission of Malaysia, with or without conditions imposed, the consideration for Sin Chew Shares and Nanyang Press Shares, the issue price of the new Shares, the Sin Chew Swap Ratio and the Nanyang Press Swap Ratio will be subject to change.

The parties to the Merger Agreement will then renegotiate with each other to determine a revised consideration, price and/or ratio (as the case may be). If the parties agree to such a revision, the Merger Agreement will be amended accordingly and a further announcement will be made regarding the amendment of the Merger Agreement. No party will be able to make a claim under the warranties. If the parties do not agree to such a revision, but proceed with the Merger on the original terms and conditions, no party will be able to make a claim under the warranties. If the parties do not agree to such a revision and elect to terminate the Merger Agreement and if there is any breach of the warranties which gives rise to the bases or assumptions set out above change or are or become incorrect, then the party in breach must pay the costs of the other parties to the agreement.

The Merger Agreement does not contain any restrictions on the dealings in the Sin Chew Consideration Shares, Nanyang Press Consideration Shares or any other Shares.

Conditions precedent

Completion of the Merger Agreement shall be conditional upon fulfilment of certain conditions, including the following:

(A) the completion of due diligence on each of the Company, Sin Chew and Nanyang Press and their respective subsidiaries (including the methods and basis of the valuation and their present and future business and financial condition), to the satisfaction of each of the other relevant parties to the Merger Agreement and its advisers;

(B) all necessary consents, permission, authorisation, licenses, approvals (including approval certificates) and/or waivers from the relevant government, official and/or regulatory authorities and/or court or relevant third parties in relation to the Merger having been obtained on terms and in the form and substance acceptable to the parties, including the following if required:

(1) the approval of the Securities Commission of Malaysia to be sought by the Company, Sin Chew and/or Nanyang Press (where applicable), for the Merger and the listing of and quotation for the existing and new Shares;

(2) the approval of the Equity Compliance Unit of the Securities Commission of Malaysia (on behalf of the Foreign Investment Committee), and the Ministry of International

Trade and Industry of Malaysia, to be sought by the Company, Sin Chew and/or Nanyang Press (where applicable), for the Merger and the listing of and quotation for the existing and new Shares, and the approval of or notification to the Ministry of Internal Security of Malaysia to be sought by Sin Chew and Nanyang Press respectively (if required) for the Merger;

(3) the approval of the Controller of Foreign Exchange, Bank Negara Malaysia, to be sought by:

(a) Sin Chew and Nanyang Press for the investment abroad by existing shareholders of Sin Chew and Nanyang Press in the new Shares in relation to the Merger and subsequent transfers of Shares for trading between Bursa Malaysia Securities and the Stock Exchange; and

(b) the Company for the transfer of Shares for trading between Bursa Malaysia Securities and the Stock Exchange;

(4) the approval of Bursa Malaysia Securities to be sought by:

(a) Sin Chew and/or Nanyang Press for the proposed transfer of listing status to the Company;

(b) the Company for the listing of and quotation for the existing and new Shares to be issued under the Merger on the main board of Bursa Malaysia Securities; and

(c) the Company for the transfer of the Shares for trading between Bursa Malaysia Securities and the Stock Exchange;

(5) the approval of the Securities Commission of Malaysia and Bursa Depository for the relevant amendments or exemptions to be made to the Rules of Bursa Depository for the removal of Shares for trading between Bursa Malaysia Securities and the Stock Exchange;

(6) the orders from the High Court of Malaya to be sought by Sin Chew and Nanyang Press for the respective schemes of arrangement of Sin Chew and Nanyang Press; and

(7) the approval of the Stock Exchange to be sought by the Company for the listing of and quotation for the new Shares to be issued under the Merger on the Stock Exchange;

(C) all necessary approvals or resolutions of the shareholders and/or directors of the Company, Sin Chew and Nanyang Press[#];

(D) there is no material adverse change in the general business or financial condition of any of the Company, Sin Chew or Nanyang Press and their respective subsidiaries, except for those which directly result from, and are an obvious consequence of, matters which are publicly disclosed and expressly agreed to in writing by all parties;

(E) the approvals of, or notification to, any third party which may be required for the transactions contemplated in the Merger Agreement;

(F) if required, any other approval from any Public Authority or any other person and any other corporate approvals for the transactions contemplated in the Merger Agreement; and

(G) registration of the Company with the Companies Commission of Malaysia under Part XI Division 2 of the Companies Act as a foreign company.

In relation to condition precedent (B)(7) above, for the avoidance of doubt, the approval required from the Stock Exchange is in relation to the Sin Chew Consideration Shares and Nanyang Press Consideration Shares issued pursuant to the Merger.

Completion shall take place within the period of three months commencing on the day on which all conditions precedent are satisfied, or any other Market Day agreed in writing between the parties. In the event that any of the above conditions is not fulfilled, received, obtained, satisfied or waived before the Stop Date any party may rescind the Merger Agreement by notice in writing to the other parties. Conditions may only be waived to the extent permitted by law. No condition may be waived by a party without the agreement of the other parties. The Company will not agree to waive any condition precedent the result of which will contravene the Listing Rules, in particular, the obtaining of the Independent Shareholders' approval of the Merger.

A majority in number representing 75% in value of the members present and voting either in person or by proxy at the court convened meeting of Sin Chew and Nanyang Press is required to approve the scheme of arrangement, which is in connection with the Merger. Tan Sri Datuk Tiong and persons connected (as defined in the Listing Requirements of Bursa Malaysia Securities) shall abstain from voting, unless otherwise permitted by Bursa Malaysia Securities.

Consolidation of Shares

The Public Authority in Malaysia may request consolidation of Shares as the Malaysian regulations require a minimum par value of issued share capital of RM0.10 which is higher than the current par value of issued share capital of the Company. The Group will apply for the relevant waiver to the Malaysian regulator for this requirement. However, if such waiver is not granted, the Company may consolidate the Shares on a basis to be agreed by the parties to the Merger Agreement. If the Shares are so consolidated, the Sin Chew Swap Ratio and the Nanyang Press Swap Ratio will be adjusted accordingly, based on the same consolidation ratio.

As a result of any such consolidation, the numbers of Shares referred to in the paragraphs headed "Consideration" above will be decreased in proportion to the consolidation factor, the issue price for the Shares will correspondingly increase by the same factor, the approximate value attributable to such Shares referred to above will remain constant.

The Company will make a further announcement in the event of the consolidation of the Shares, and such consolidation may be subject to the Shareholders' approval.

Termination of the Merger Agreement

The Merger Agreement may be terminated in the following circumstances:

- if any one or more of the conditions precedent are not fulfilled, received, obtained, satisfied or waived by the Stop Date; or

- if, before the agreement becomes unconditional, the bases or assumptions on which the Sin Chew Swap Ratio and/or the Nanyang Press Swap Ratio change or are or become incorrect and the parties elect not to complete the agreement.

In addition, the Merger Agreement may be terminated on the occurrence of any of the following events provided that the non-defaulting party has previously given notice of the default or breach and such breach or default has not been remedied:

- if any party breaches any term or condition of the Merger Agreement or if it fails to perform or observe any undertaking, obligation or agreement expressed or implied in the Merger Agreement;

- if, after the execution and delivery of the Merger Agreement, there is any material adverse change in the general business or financial condition of any of the Company, Sin Chew or Nanyang Press or their respective subsidiaries, except for those which directly result from, and are an obvious consequence of, matters which are publicly disclosed and expressly agreed to in writing by all parties;

- if a receiver, receiver and manager, special administrator, trustee or similar official is appointed over any of the assets or undertaking of any party or its Material Subsidiary;

- if any party or its Material Subsidiary is or becomes unable to pay its debts when they are due or becomes unable to pay its debts within the meaning of the Companies Act or any other legislation regarding insolvency of the jurisdiction in which it carries on business;

- other than the schemes of arrangement of Sin Chew and Nanyang Press which are members' schemes of arrangement, if any party or its Material Subsidiary enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

- if an application or order is made for the winding up or dissolution of any party or its Material Subsidiary or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of any party or its Material Subsidiary otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the other parties; or

- if any party or its Material Subsidiary ceases or threatens to cease carrying on a substantial portion of its business.

INFORMATION ON THE COMPANY

The Company is a limited liability company incorporated in Bermuda and is an investment holding company. The Shares have been listed on the main board of the Stock Exchange since 22 March 1991.

The principal activity of the Company is investment holding while the principal activities of its subsidiaries are newspapers, magazines and book publishing, internet related businesses, provision of printing services and travel and travel related services.

The Group's major publications include the *Ming Pao Daily News* in Hong Kong, Toronto, Vancouver, New York and San Francisco (each with its own edition), the cultural and current affairs magazines, namely, *Ming Pao Monthly* and *Yazhou Zhoukan*. *Ming Pao Daily News* (Hong Kong edition) is one of the most credible and reputable newspapers in Hong Kong with an average daily circulation of about 102,000 copies for the period from 1 January 2006 to 30 June 2006 (Source: Hong Kong Audit Bureau of Circulations). The Company's subsidiary, One Media Group, publishes three well-known lifestyle magazines in Hong Kong, namely, *Ming Pao Weekly*, *Hi-Tech Weekly* and *City Children's Weekly* and has the rights to sell advertising space in, and provides circulation services and contents to the magazines in Mainland China such as *MING*, *Top Gear* and *Popular Science*.

INFORMATION ON SIN CHEW

Sin Chew was incorporated in Malaysia on 15 March 1983 under the Companies Act 1965 (Malaysia) as a private limited company under the name of Pemandangan Sinar Sdn. Bhd. On 8 March 2004, it was converted into a public limited company and on 7 May 2004 it changed its name to Sin Chew. The Sin Chew Shares have been primarily listed on the main board of Bursa Malaysia Securities since 18 October 2004.

The principal activities of Sin Chew are that of publishing newspapers and magazines, distribution and circulation of newspapers and magazines and investment holding while the principal activities of its subsidiaries are newspapers, magazines and book publishing, internet related businesses, circulation and distribution agent, provision of contents to web and mobile users and provision of editorial and advertising services.

Sin Chew, together with its subsidiaries, currently publish a total of four magazines and two Chinese daily newspapers, namely, *Sin Chew Daily* and *Guang Ming Daily*, in Malaysia. *Sin Chew Daily* is the largest Chinese daily newspaper, in terms of readership, in Malaysia and *Guang Ming Daily* is the third largest Chinese daily newspaper, in terms of readership, in Malaysia. *Sin Chew Daily* had an average daily circulation of about 347,000 copies whilst *Guang Ming Daily* had an average daily circulation of about 135,000 copies for the period from 1 July 2005 to 30 June 2006 (Source: Audit Bureau of Circulation Malaysia).

As at the Latest Practicable Date, Sin Chew had an authorised share capital of RM250,000,000 comprising 500,000,000 Sin Chew Shares and an issued and paid-up share capital of RM151,000,000 comprising 302,000,000 Sin Chew Shares of RM0.50 each.

The consolidated net assets of Sin Chew and its subsidiaries as at 31 December 2006 was approximately RM349.09 million.

The audited net profit before and after taxation of the Sin Chew Group for the financial year ended 31 March 2006 amounted to approximately RM70.69 million and RM53.36 million respectively. The audited net profit before and after taxation of the Sin Chew Group for the financial year ended 31 March 2005 amounted to approximately RM70.96 million and RM60.32 million respectively.

INFORMATION ON NANYANG PRESS

Nanyang Press was incorporated in the Federation of Malaya on 23 July 1958 under the Companies Ordinance 1940-1946 as a public limited company under the name of Nanyang Press (Malaya) Limited. It changed its name to Nanyang Press (Malaya) Berhad on 15 April 1966 and was converted into a private limited company, Nanyang Press (Malaya) Sdn Bhd on 22 October 1974. Subsequently, it was re-converted into a public company, Nanyang Press (Malaya) Berhad on 22 November 1988 and its name was changed to Nanyang Press Holdings Berhad on 28 October 1998. Nanyang Press was listed on Bursa Malaysia Securities on 17 April 1989.

The principal activities of Nanyang Press are investment holding, letting of properties and provision of management services. The principal activities of its subsidiaries are the publication of newspapers and magazines, provision of printing services, and provision of internet related and electronic commerce services.

The two main Chinese newspapers published by the Nanyang Press Group are *Nanyang Siang Pau* and *China Press*. Titles included in the one tabloid and 23 magazines published by the Nanyang Press Group include *New Life Post, Feminine, New Tide, Long Life* and *Citta Bella*.

As at the Latest Practicable Date, Nanyang Press had an authorised share capital of RM100,000,000 comprising 100,000,000 Nanyang Press Shares and an issued and paid-up share capital of RM80,306,138 comprising 80,306,138 Nanyang Press Shares of RM1.00 each (including 4,198,763 treasury shares).

The consolidated net assets of Nanyang Press and its subsidiaries as at 31 December 2006 was approximately RM131.07 million.

The audited net loss before and after taxation of the Nanyang Press Group for the financial year ended 30 June 2006 amounted to approximately RM18.24 million and RM16.45 million respectively. The audited net profit before and after taxation of the Nanyang Press Group for the financial year ended 30 June 2005 amounted to approximately RM12.25 million and RM10.35 million respectively.

REASONS FOR AND BENEFITS OF THE MERGER

The Merger involves the consolidation of the Company, Sin Chew and Nanyang Press to create a global Chinese language media group which the executive Directors believe will emerge as one of the largest global Chinese language print media platforms. Upon Completion, the Enlarged Group will own, publish and/or operate major Chinese language newspapers and various magazines in Hong Kong, Malaysia, the United States of America, Canada, Mainland China and Indonesia. The total circulation of the newspapers published by the Enlarged Group will be more than one million copies a day.

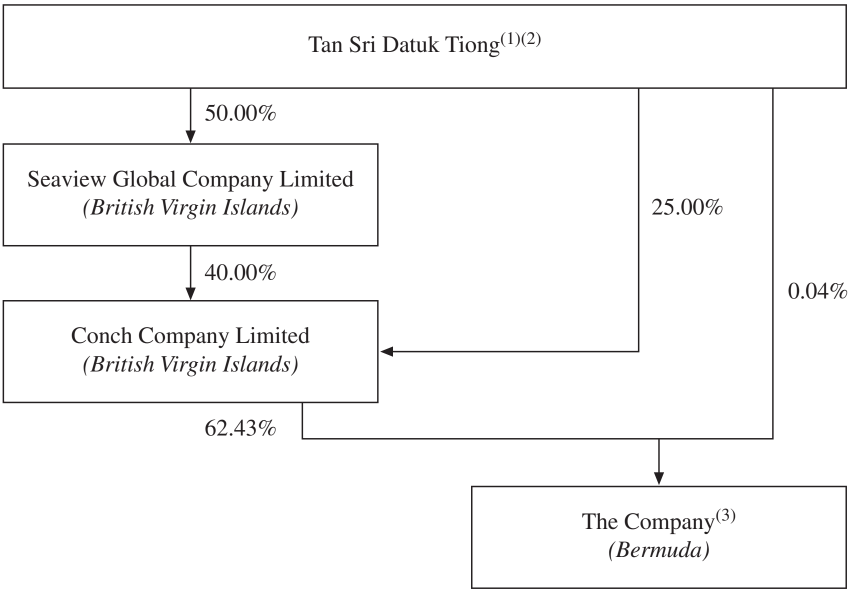
Given the presence of the large Chinese population globally and the increasing readership of newspapers and magazines in the Chinese language, the Merger will allow the Enlarged Group to leverage on its strong global platform to further expand its business in China as well as globally. The platform will provide numerous growth opportunities in media related businesses including print and non print businesses for the Enlarged Group. In addition, the Enlarged Group is also expected to financially benefit from potential synergies arising from the larger combined operations.

As the Company, Sin Chew and Nanyang Press and together with their respective subsidiaries have significant operations in their respective countries of operations, namely Hong Kong and Malaysia, it is intended that the Enlarged Group will be primarily listed on the main board of both the Stock Exchange and Bursa Malaysia Securities. In this regard, the dual primary listing status of the Enlarged Group will not only allow the Enlarged Group to maintain their listing status in both Hong Kong and Malaysia, it will also allow the Enlarged Group to have greater access to larger capital markets which will facilitate any potential future expansions. Further, the dual primary listing will allow investors in both Hong Kong and Malaysia to participate in the equity of the Enlarged Group. In addition, the dual primary listing status of the Company will enhance the profile of the Enlarged Group amongst international investors.

For the reasons stated above, the executive Directors are of the view that the terms and conditions in the Merger Agreement are on normal commercial terms after arm's length negotiations and that the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The views and recommendations of the Independent Board Committee in respect of the transactions contemplated in the Merger Agreement are set out in this circular.

COMPANIES OVER WHICH TAN SRI DATUK TIONG EXERCISES CONTROL IMMEDIATELY BEFORE THE COMPLETION OF THE MERGER

Tan Sri Datuk Tiong's interest in the Company as at the Latest Practicable Date



Notes:

(1) Tan Sri Datuk Tiong is, directly and indirectly, interested in 62.47% of the issued share capital of the Company.

(2) The associates of Tan Sri Datuk Tiong (other than those in the above diagram) are directly interested in 0.19% of the issued share capital of the Company. Therefore, Tan Sri Datuk Tiong, together with his associates, is interested in an aggregate of 62.66% of the issued share capital of the Company.

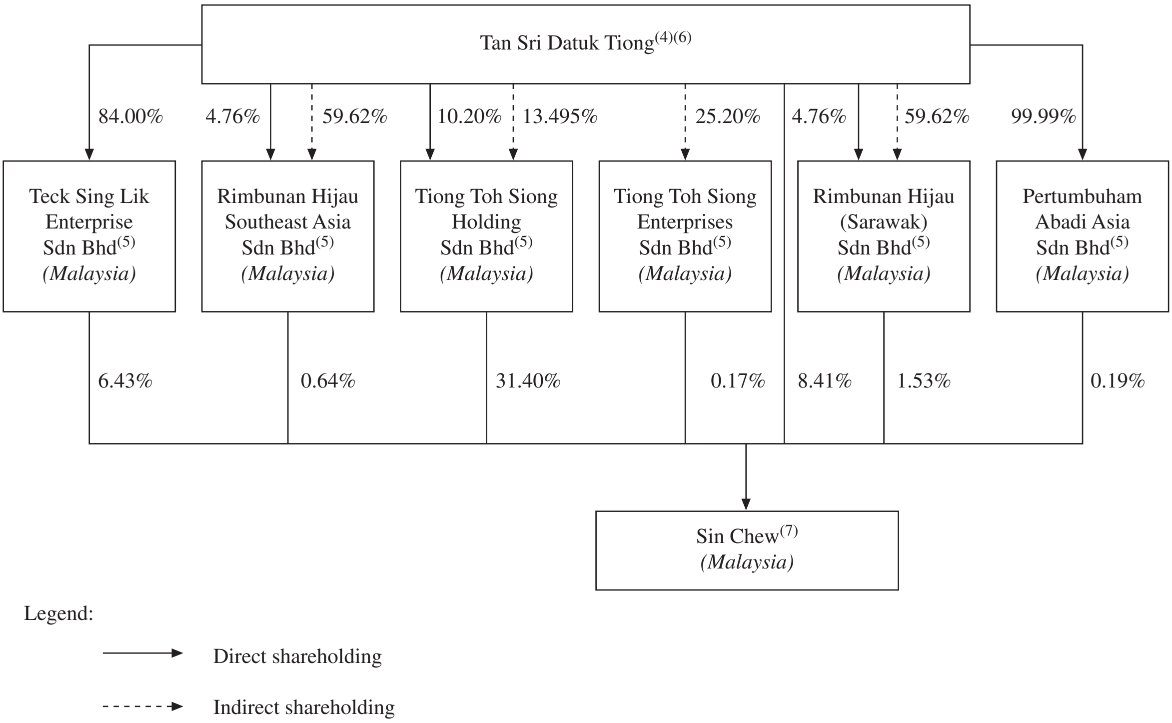
(3) The remaining Shareholders which are not shown in the above diagram are:

(i) Dr Louis Cha, a substantial shareholder of the Company, has a direct and indirect interest of 10% in the issued share capital of the Company;

(ii) a director of the Company, Mr Tiong Kiew Chiong who holds 0.3% of the issued share capital of the Company; and

(iii) the remaining 27.04% of the issued share capital of the Company are held by the public.

Tan Sri Datuk Tiong's interest in Sin Chew as at the Latest Practicable Date



Notes:

(4) Tan Sri Datuk Tiong is deemed to be, directly and indirectly, interested in 48.77% of the issued share capital of Sin Chew by virtue of his interests in Teck Sing Lik Enterprise Sdn. Bhd., Tiong Toh Siong Holdings Sdn. Bhd., Rimbunan Hijau (Sarawak) Sdn. Bhd., Rimbunan Hijau Southeast Asia Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd. and Pertumbuham Abadi Asia Sdn. Bhd. pursuant to Section 6A of the Companies Act.

(5) All these companies are owned, directly and indirectly, as to 100% by Tan Sri Datuk Tiong and his associates.

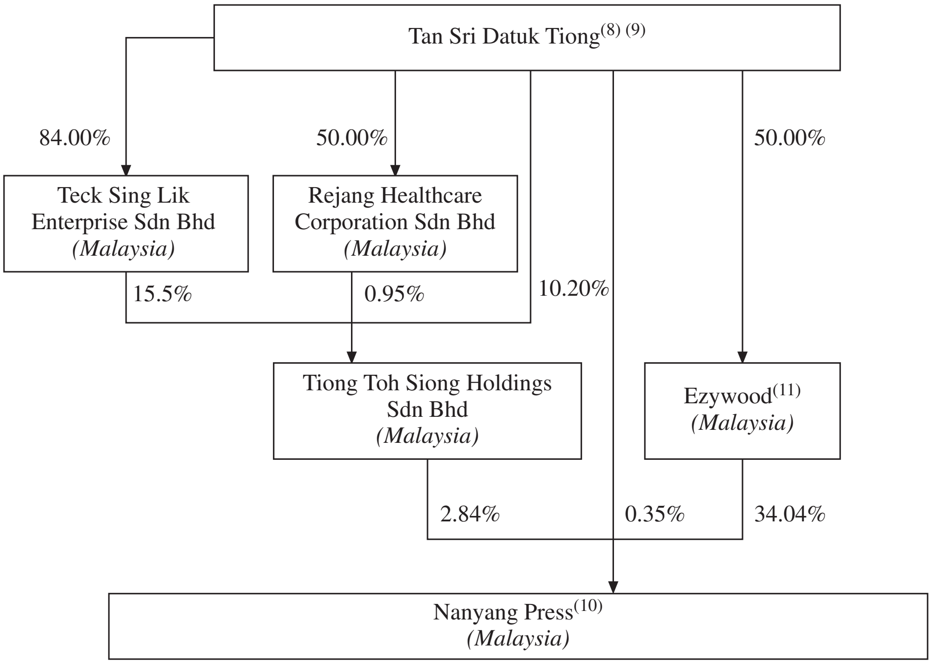
(6) The associates of Tan Sri Datuk Tiong (other than those shown in the diagram) are interested in 4.47% of the issued share capital of Sin Chew. Therefore, Tan Sri Datuk Tiong, together with his associates, is interested in an aggregate of 53.24% of the issued share capital of Sin Chew.

(7) The remaining shareholders of Sin Chew which are not shown in the above diagram are:

(i) the directors of Sin Chew who hold, in aggregate, 0.36% of the issued share capital of Sin Chew; and

(ii) the remaining 46.4% of the issued share capital of Sin Chew are held by the public.

Tan Sri Datuk Tiong's interest in Nanyang Press as at the Latest Practicable Date



Notes:

(8) Tan Sri Datuk Tiong is deemed to be, directly and indirectly, interested in 37.23% of the issued share capital of Nanyang Press by virtue of his interests in Ezywood, and Tiong Toh Siong Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act.

(9) Madigreen Sdn. Bhd. is interested in 19.67% of the issued share capital of Nanyang Press. Madigreen Sdn. Bhd. is owned as to 50% by Mr James Lau, the son-in-law of Tan Sri Datuk Tiong. Therefore, Tan Sri Datuk Tiong, together with his associates, is in aggregate interested in 56.90% of the issued share capital of Nanyang Press.

(10) The remaining shareholders of Nanyang Press which are not shown in the above diagram are:

(i) Huaren Management Sdn. Bhd., an independent third party, is interested in 22.46% of the issued share capital of Nanyang Press; and

(ii) the remaining 20.64% of the issued share capital of Nanyang Press are held by the public.

(11) Please see the discussion below concerning the mandatory general offer made by Ezywood.

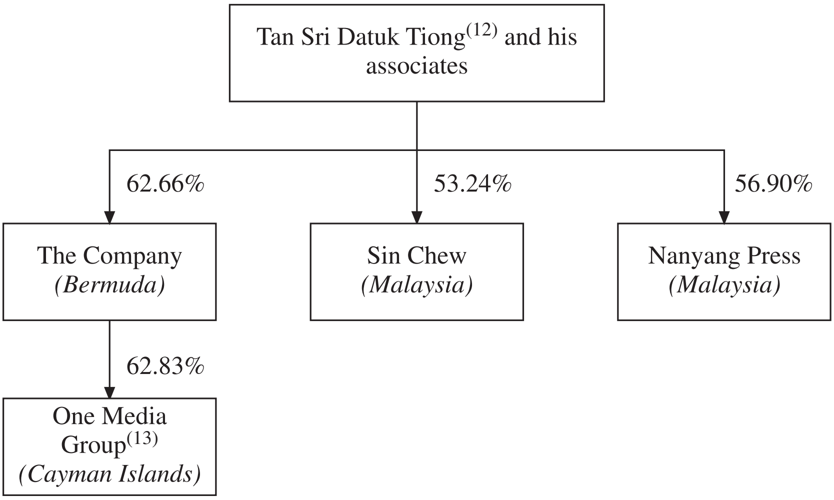
Mandatory general offer made by Ezywood

Ezywood acquired 20.83% of the share capital in Nanyang Press from Huaren Management Sdn. Bhd. This transaction triggered a requirement for Ezywood to make a mandatory general offer to acquire those Nanyang Press Shares not already owned by Ezywood, and persons acting in concert, pursuant to the Malaysian Code on Takeovers and Mergers. An offer document dated 23 March 2007 was dispatched to the shareholders of Nanyang Press in relation to the mandatory general offer. The offer closed on 13 April 2007. The shareholding figures set out above include these shares that Ezywood was acquired as a result of the offer.

EFFECT OF THE MERGER AGREEMENT ON SHAREHOLDING STRUCTURE

The diagrams below set out the shareholding structure of the Company, Sin Chew and Nanyang Press immediately before and after the Completion of the Merger.

Immediately before the Completion of the Merger

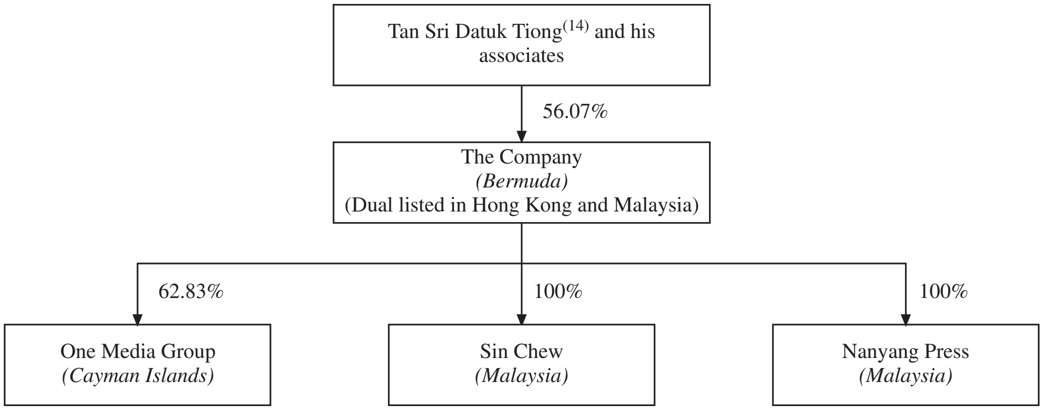


Notes:

(12) For details of Tan Sri Datuk Tiong's interest in the Company, Sin Chew and Nanyang Press, please refer to the paragraph headed "Companies over which Tan Sri Datuk Tiong exercises control immediately before the Completion of the Merger" in this circular.

(13) One Media Group was spun off from the Company on 18 October 2005 and was listed on the main board of the Stock Exchange.

Immediately after the Completion of the Merger



Notes:

(14) Please see the table below for an explanation as to how the shares in the Company will be held after the Merger.

The transaction will not result in a change of control of the Company.

The following table describes the effect of the Merger on the shareholding structure of the Company:

Shareholders	Number of Shares before the Merger	Percentage of issued Shares before the Merger	Number of Shares after the Merger	Percentage of issued Shares after the Merger
Tan Sri Datuk Tiong				
Direct personal interest	150,000	0.04%	150,000	0.01%
Indirect corporate interest	252,487,700	62.43%	252,487,700	14.95%
Direct interests of associates	758,000	0.19%	758,000	0.04%
Direct and indirect interests and interests of associates through Sin Chew	nil	nil	540,865,282	32.02%
Direct and indirect interests and interests of associates through Nanyang Press	nil	nil	152,950,813	9.05%
Total of Tan Sri Datuk Tiong's interests	253,395,700	62.66%	947,211,795	56.07%
Others				
Dr Louis Cha	40,463,400	10.00%	40,463,400	2.40%
Director (Mr Tiong Kiew Chiong)	1,200,000	0.30%	1,200,000	0.07%
Public — existing Shareholders	109,405,900	27.04%	109,405,900	6.47%
Public — Shareholders who obtain Shares as a result of the Merger	nil	nil	590,999,146	34.99%
Total of others' interests	151,069,300	37.34%	742,068,446	43.93%

Notes:

(a) The figures in the above table have been based on a total issued share capital before the Merger of 404,465,000 Shares and a total issued share capital after the Merger of 1,689,280,241.

(b) The figures in the above table have been based on the total number of new Shares to be issued to all Sin Chew shareholders of 1,015,976,055 and the total number of new Shares to be issued to all Nanyang Press shareholders of 268,839,186.

INFORMATION ON HOLDERS OF SIN CHEW SHARES AND NANYANG PRESS SHARES

Save as disclosed in this circular, to the best of the knowledge of the Directors, the holders of the remaining Sin Chew Shares and Nanyang Press Shares are Independent Third Parties of the Company and its connected persons. No such shareholders have disclosed any interest in the Company under the Listing Rules and/or Part XV of the Securities and Futures Ordinance (Chapter 571 Laws of Hong Kong).

DIRECTORS

On Completion, representatives of Sin Chew and Nanyang Press will be appointed to the Board of the Company. There is currently no information as to the number and identity of such representatives. The Company will make a further announcement in compliance with the requirements of the Listing Rules in relation to such appointments.

DUAL LISTING

Subject to the approval of, and/or waiver from, the Securities Commission of Malaysia, Bursa Malaysia Securities and Bursa Depository, the logistics of the trading of the Shares between the Stock Exchange and Bursa Malaysia Securities involves maintaining two branch share registers, one in Hong Kong and one in Malaysia, by the respective branch share registrars, while the Company will also continue to maintain the principal share register in Bermuda. For details of the Company's principal share registrar and the Hong Kong branch share registrar, please refer to Appendix IX to this circular. The existing Shares are registered in the Hong Kong branch share register, while the Sin Chew Consideration Shares and Nanyang Press Consideration Shares will be registered in the Malaysia branch share register immediately upon completion of the Merger and the issue and allotment of the relevant Shares.

Any Shareholder, whose Shares are registered in the Malaysian branch share register and who wishes to trade his Shares on the Stock Exchange, shall follow the procedures as set out below:

(a) Inform the authorised depository agent (the "ADA") of Bursa Depository requesting for removal of Shares to the Hong Kong branch share register and deliver the required documents and payments. In turn the authorised depository agent will forward the relevant documentation to Bursa Depository.

(b) Bursa Depository will remove the Shares from the Shareholder's securities account in Malaysia and forward the relevant documentation to the Malaysian branch share registrar. Unless the removal of the Shares would be contrary to Malaysian law (as discussed further below), the Malaysian branch share registrar will inform the Hong Kong branch share registrar and arrange for the removal of such shares to the Hong Kong branch share register.

(c) Once the removal process is completed, the Hong Kong branch share registrar will update the Hong Kong branch share register accordingly and issue new share certificates to the Shareholder.

(d) The Shareholder will then be informed that his shares have been placed on the Hong Kong branch share register and the Hong Kong branch share registrar will send the new share certificates to him by ordinary mail. Despatch of Share certificates will be made at the risk and expenses of the Shareholder as specified in the removal form.

(e) If the Shareholder's Shares upon being registered in Hong Kong are to be deposited with CCASS, the Shareholder must also instruct a CCASS Participant to effect any necessary arrangement to deposit the Shares with CCASS on his behalf. For deposit of Shares to CCASS or to effect sale of Shares in Hong Kong, the Shareholder should execute a transfer form which is in use in Hong Kong and which can be obtained from the offices of the Malaysia transfer agent and deliver it together with his Share certificate issued by the Hong Kong branch share registrar to a CCASS Participant.

Similarly, any Shareholder, whose Shares are registered in the Hong Kong branch share register and who wishes to trade his Shares on Bursa Malaysia Securities, shall follow the procedures as set out below:

(a) Obtain a form of request from the Hong Kong branch share registrar for a removal of Shares to the Malaysian branch share register.

(b) Return the completed form of request for removal to the Hong Kong branch share registrar, together with the original share certificates. If the Shareholder does not have an existing securities account maintained with Bursa Depository, relevant documents for such account opening must also be delivered.

(c) The Hong Kong branch share registrar will immediately inform the Malaysian branch share registrar once it has received such share removal request and the Hong Kong share registrar will arrange for the removal of such shares to Bursa Depository and the Malaysian branch share register.

(d) Once the removal process is completed, the Hong Kong branch share registrar will inform the Malaysian branch share registrar.

(e) The Malaysian branch share registrar will issue a certificate and mail it to the relevant Shareholder. It will place the Shareholder on the Malaysian branch share registrar.

(f) The Shareholder, upon receiving the certificate, will need to have it deposited into its securities account by completing a securities deposit request form and the transferor's column of the transfer form. The Shareholder will then forward the documents to the authorised depository agent where the Shareholder maintains its securities account.

(g) The authorised depository agent will process the certificate and update the details in the Shareholder's securities account. It will forward the relevant documents to Bursa Depository.

(h) Bursa Depository will forward the certificate together with other instructions to the Malaysian branch share registrar for authentication.

(i) The Malaysian branch share registrar will confirm the details of the certificate deposited by the Shareholder with Bursa Depository and will credit the Shares into the Shareholder's securities account.

(j) The Shareholder will then be informed that his shares have been credited into its securities account. According to the Malaysian law, unless otherwise approved or exempted, all securities listed on Bursa Malaysia Securities shall be deposited with Bursa Depository.

(k) If the Shareholder's Shares have been deposited with CCASS, the Shareholder must first withdraw the said Shares from CCASS through a CCASS Participant and submit the relevant share transfer document executed by HKSCC Nominees Limited, together with a duly completed removal form to the Hong Kong branch share registrar.

(l) Upon receipt of the removal form, the relevant Share certificate(s) and where appropriate, the completed share transfer document(s) executed by HKSCC Nominees Limited, the Hong Kong branch share registrar shall take all actions necessary to effect the removal and the transfer of the Shares from the Hong Kong branch share register to Bursa Depository. The transfer of the Shares to Bursa Depository will be effected by initiating steps (e) to (i) after the removal of Shares from the Hong Kong branch share register to the Malaysian branch share register is completed.

A resolution will be passed by the Directors authorising the removal of the Shares between the branch share registers as may from time to time be requested by the Shareholders in accordance with the process outlined above or such other process as may be approved by the Board from time to time. All costs attributable to the removal of Shares from the Malaysian branch share register to the Hong Kong branch share register, and vice versa, shall be borne by the requesting Shareholder.

For those Shares which are registered on the Hong Kong branch share register, any transfer thereof will be subject to Hong Kong stamp duty. For those Shares which are registered on the Malaysian branch share register, any transfer thereof will be subject to Malaysian stamp duty.

Upon Completion and subject to Malaysian law, it is expected that all existing Shares, Sin Chew Consideration Shares and Nanyang Press Consideration Shares will be eligible to be traded on the main board of both the Stock Exchange and Bursa Malaysia Securities and the Shares can be voluntarily removed from the branch share registers in the manner described above, subject to the relevant requirements to be imposed by Bursa Malaysia Securities.

According to the recently amended listing requirements of Bursa Malaysia Securities, a listed issuer with predominantly Malaysian-based operations which has a primary listing on Bursa Malaysia Securities and is also listed on other stock exchange(s) must ensure that not more than 30% of its issued and paid-up capital is listed on the other stock exchange(s). The Company will apply for a waiver to allow the Shares to be voluntarily traded without such limit, between the Stock Exchange and Bursa Malaysia Securities. If such waiver is not granted and if restrictions on the number of

Shares which can be listed on the Stock Exchange are in force in relation to the Company, the Company may consider other mechanisms, including but not limited to amending the Company's memorandum and bye-laws, subject to Shareholders' approval, to comply with the listing requirements as imposed by Bursa Malaysia Securities from time to time. The memorandum and bye-laws of the Company will also (if required) be amended to authorise the Directors to reject (either in whole or in part) any request on the share removal once the issued share capital in Hong Kong exceeds or is expected to exceed, the level permitted by Malaysian law (which may also make provision for or reserve new Shares for trading in Hong Kong as determined by the Directors).

Dealings in the Shares on the Stock Exchange will be in Hong Kong dollars and dealings in the Shares on Bursa Malaysia Securities will be conducted in Ringgit Malaysia. The transaction costs of dealings in the Shares on the Stock Exchange include a brokerage fee of 1.0%, a Stock Exchange trading fee of 0.005% and a SFC transaction levy of 0.004%. The transaction costs of dealings in the Shares on Bursa Malaysia Securities includes a brokerage fee of 0.7% and a clearing fee of 0.04%.

Under the current Exchange Control Notices of Malaysia and Foreign Exchange Administration Policies issued by Bank Negara Malaysia, there is no exchange control restriction on repatriation by a non-resident of any amount of own funds in Malaysia any time, including capital, divestment proceeds, profits, dividends, rental, fees and interest arising from investments in Malaysia, subject to the applicable reporting requirements, and any withholding tax. Similarly, there is no exchange control policy in Hong Kong which would impact on the arrangement as set out above. The Shareholders must ensure their own compliance with the respective exchange control regulations.

As the final logistics of the trading of the Shares between the Stock Exchange and Bursa Malaysia Securities are subject to the agreement and approval of the Securities Commission of Malaysia, Bursa Malaysia Securities and Bursa Depository, the final logistics may differ from those contemplated above.

FINANCIAL IMPACT OF THE MERGER

Set out in Appendix VII to this circular is the unaudited pro forma financial information of the Enlarged Group which illustrates the financial impact of the Merger on the results and cash flows of the Group assuming the Merger had taken place on 1 April 2005 and on the assets and liabilities of the Group assuming the Merger had taken place on 31 March 2006.

Effect on Earnings

During the year ended 31 March 2006, the profit attributable to the equity holders of the Group was approximately HK$68.5 million. On a pro forma basis, the profit attributable to the equity holders of the Enlarged Group (prepared on the basis as set out in Appendix VII) will be increased by approximately 104.9% to approximately HK$140.4 million.

Effect on Assets and Liabilities

The consolidated total assets of the Group as at 31 March 2006 were approximately HK$976.9 million. As ascertained from the unaudited consolidated pro forma balance sheet of the Enlarged

Group, the pro forma total assets of the Enlarged Group (prepared on the basis as set out in Appendix VII) would amount to approximately HK$3,463 million, representing an increase of approximately 254% as compared to the consolidated total assets of the Group as at 31 March 2006. The total liabilities of the Group as at 31 March 2006 were approximately HK$261.4 million. The pro forma total liabilities of the Enlarged Group (prepared on the basis as set out in Appendix VII) would amount to approximately HK$899.8 million, representing an increase of approximately 244.2% as compared to the consolidated total liabilities of the Group as at 31 March 2006.

Upon Completion, Sin Chew and Nanyang Press will become wholly-owned subsidiaries of the Company and the financial results of the Sin Chew Group and the Nanyang Press Group will be consolidated into the Group. In view of the potential synergies arising from the larger combined operations after the Merger, the Directors believe that the Merger will positively contribute to the earnings base of the Group but the quantification of such impact will depend on the future performance of the Sin Chew Group and Nanyang Press Group.

TRENDS OF THE BUSINESS OF THE GROUP AND TRADING PROSPECTS OF THE ENLARGED GROUP

In the past, the roles and functions of newspapers and magazines were to serve mainly their local readers at places where they were printed and distributed. However, the rapid development of information technology and globalisation changes the way people receive information all over the world. It, in fact, also unlocks the intrinsic value of newspapers and magazines, as two of the most important content providers in the media industry.

In this new era, communication of information and ideas is not confined by geographic or national borders. There is no distinction between texts, sound records and video images. People can choose where and when to receive information which can be tailor-made to suit their particular needs or tastes. The Board believes that the Group must look beyond its traditional framework and geographic boundaries to come up with new plans to serve a much larger global Chinese community.

The Board therefore considers that the Merger represents a good opportunity for the Group to unlock its intrinsic value and achieve its vision of providing high quality contents in Chinese-language to the Chinese in the world through the enlarged global Chinese language media platform.

The Board believes the Merger will not only create operational synergies by extending the Group's business from "local to global", but also strengthen the Group's content production capability by expanding from "print to multimedia". Taking into consideration the synergies created and the enhancement of content production capability, the Board is confident that the Group's future growth would contribute positively to the results of the Group and create a higher value to its Shareholders and stakeholders.

RELEVANT REQUIREMENTS OF THE LISTING RULES

The aggregate profits attributable to the Sin Chew Shares and the Nanyang Press Shares for the respective financial year of 2006 exceed 100% of the profit of the Company for the financial year of 2006.

The aggregate revenue attributable to the Sin Chew Shares and the Nanyang Press Shares for the respective financial year of 2006 exceed 100% of the revenue of the Company for the financial year of 2006.

The aggregate total assets of Sin Chew and Nanyang Press based on the respective latest published figures in 2006 exceed 100% of the total assets of the Company based on the latest published figures in 2006.

The consideration (as set out under the section headed "Very Substantial Acquisition and Connected Transaction" above) exceeds 100% of the market capitalisation of the Company.

The aggregate nominal value of the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares exceed 100% of the Company's existing share capital.

Consequently, pursuant to the Listing Rules, the Merger constitutes a very substantial acquisition for the Company under Rule 14.06 of the Listing Rules.

Tan Sri Datuk Tiong is a director as well as a controlling shareholder of the Company, and hence a connected person of the Company under the Listing Rules. He, together with his associates, also exercise control over 53.24% and 56.90% of the issued share capital of Sin Chew and Nanyang Press, respectively, and as such, Sin Chew and Nanyang Press, each being an associate of Tan Sri Datuk Tiong, is a connected person of the Company under the Listing Rules, and therefore the entering into of the Merger Agreement with Sin Chew and Nanyang Press also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Consequently, for the purposes of the Listing Rules, the Merger and the issue of the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares at Completion constitute a very substantial acquisition and a connected transaction for the Company and are subject to the approval of the Independent Shareholders.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this circular, the authorised share capital of the Company is HK$50,000,000, divided into 500,000,000 Shares of HK$0.10 each, of which 404,465,000 Shares were in issue and fully paid or credited as fully paid. The Directors propose to increase the authorised share capital of the Company from HK$50,000,000 divided into 500,000,000 Shares to HK$250,000,000 divided into 2,500,000,000 Shares by the creation of an additional 2,000,000,000 Shares. A resolution will be put to the Shareholders at the SGM to approve the increase in the authorised share capital of the Company.

CHANGE OF ACCOUNTING POLICY

The Company's consolidated financial statements up to 31 March 2006 were prepared in accordance with Hong Kong Financial Reporting Standards. In preparation for the Merger, the

Company has decided to prepare its consolidated financial statements with effect from 1 April 2006 in accordance with IFRS, which are the common accounting standards acceptable to both the Stock Exchange and Bursa Malaysia Securities, and convert the comparative financial information for the year ended 31 March 2006 to be in accordance with IFRS.

In view of the fact that Sin Chew and Nanyang Press are to be acquired and merged into the Enlarged Group, Sin Chew and Nanyang Press shall adopt the same accounting standard as the Group, which is IFRS and accountants' reports of Sin Chew Group and Nanyang Press Group in Appendix III and Appendix V, respectively, are prepared under IFRS.

INDEBTEDNESS OF THE ENLARGED GROUP

At the close of business on 31 March 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding borrowings of HK$382,677,000, comprising secured bank loans of HK$131,673,000, unsecured bank loans of HK$222,914,000, secured bank overdrafts of HK$19,682,000, unsecured bank overdrafts of HK$11,000 and finance lease payable of HK$8,397,000.

At the close of business on 31 March 2007, the Enlarged Group had aggregate contingent liabilities of HK$1,381,000, all of which was related to the additional tax payable arising from a dispute with the Tax Bureau in Malaysia over the deductibility of some expenses. There are several claims against the Enlarged Group and based on the lawyers' assessment, the outcome and compensation of these claims, if any, are currently indeterminable.

Save as aforesaid or as otherwise mentioned herein and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 March 2007, the Enlarged Group did not have any outstanding indebtedness, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Enlarged Group since 31 March 2007. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the applicable rates of exchange ruling at the close of business on the Latest Practicable Date.

WORKING CAPITAL

Taking into account the financial resources available to the Enlarged Group, including internally generated funds, the available banking facilities, the working capital requirements and the expected cash flows of the Enlarged Group, the Board is of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular in the absence of unforeseen material circumstances.

PROPERTY VALUATION

Sallmanns (Far East) Limited ("Sallmanns"), an independent property valuer, has valued the property interests of the Sin Chew Group and the Nanyang Press Group as at 31 March 2007. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set forth in Appendix VIII to this circular.

A reconciliation of the aggregate property interests held by the Sin Chew Group and the Nanyang Press Group from their respective unaudited consolidated financial statements as at 31 December 2006 to the valuations of such properties as at 31 March 2007 as required under Rule 5.07 of the Listing Rules is set out below:

	Aggregate *RM'000*	**Aggregate** *HK$'000* *(Note)*
Net book value of property interests held by the Sin Chew Group and the Nanyang Press Group as at 31 December 2006	145,523	330,059
Movements for the period from 1 January 2007 to 31 March 2007		
Additions	8,661	19,645
Depreciation and amortisation	(1,014)	(2,301)
	7,647	17,344
Net book value of property interests held by the Sin Chew Group and Nanyang Press Group as at 31 March 2007	153,170	347,403
Valuation surplus as at 31 March 2007	22,612	51,287
Valuation as at 31 March 2007 per Appendix VIII	175,782	398,690

Note: For the purpose of this reconciliation statement, the exchange rate of HK$1 = RM0.4409 was used which was the same as that adopted by Sallmanns in its property valuations.

GENERAL

The Merger Agreement is subject to approval of the Independent Shareholders at the SGM, by way of poll. Tan Sri Datuk Tiong, together with his associates, will abstain from voting for the approval of the Merger at the SGM. Dr Tiong Ik King, a Director, together with Tan Sri Datuk Tiong, is interested in 62.43% of the issued share capital of the Company. Dr Tiong Ik King is also a director of Sin Chew. Dr Tiong Ik King, together with his associates, will abstain from voting for the approval of the Merger at the SGM. Mr Tiong Kiu King, a Director and a brother of Tan Sri Datuk Tiong, is interested in 0.19% of the issued share capital of the Company. Mr Tiong Kiu King, together with his associates, will abstain from voting for the approval of the Merger at the SGM. Save as disclosed, no other shareholders have a material interest in the Merger who shall abstain from voting in the SGM. The Independent Board Committee has been formed to advise the Independent Shareholders on the Merger and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Merger.

As Completion is subject to the fulfilment of a number of conditions precedent, the Merger may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and they should only rely on information published by the Company, when they deal, or contemplate dealing, in the Shares or other securities of the Company.

THE SGM

The SGM will be held at Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong, on Wednesday, 27 June 2007 at 10:30 a.m., the notice of which is set out on pages N1 to N2 to this circular, to consider and, if thought fit, approve ordinary resolutions in respect of the transactions contemplated under the Merger Agreement. A proxy form for use at the SGM is accompanied with this circular. Whether or not you will be able to attend the SGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof if you so wish.

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the existing Bye-Law 70, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the rules of the Stock Exchange or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

(i) by the chairman of the meeting; or

(ii) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or

(iii) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

(v) if required by the rules of the Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent (5%) or more of the total voting rights or all the members having the right to vote at the meeting.

On a show of hands, every Shareholder present in person or by a duly authorised corporate representative or by proxy shall have one vote. On a poll, every Shareholder present in person or by a duly authorised corporate representative or by proxy shall have one vote for every fully paid up Share of which he is the holder. Notwithstanding anything contained in the Bye-Laws, where more than one proxy is appointed by a Shareholder which is a clearing house (or its nominee), each such proxy shall have one vote on a show of hands. Pursuant to the existing Bye-Law 76, a Shareholder entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders taken at a general meeting to approve connected transactions pursuant to Chapter 14A of the Listing Rules and transactions that are subject to Independent Shareholders' approval pursuant to the Listing Rules must be taken on a poll. Since the Merger constitutes a very substantial acquisition and a connected transaction for the Company under the Listing Rules, the Chairman of the SGM will demand that the ordinary resolution to approve, amongst others, the transactions contemplated under the Merger Agreement be decided by poll.

RECOMMENDATION

The Directors are pleased to recommend the Merger at the SGM. The Directors consider that all the terms and conditions of the Merger are fair and reasonable, and in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all the Independent Shareholders should vote in favour of the resolutions set out in the notice of the SGM.

INDEPENDENT ADVICE

The Independent Board Committee, comprising all of the three independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Merger Agreement and the transactions contemplated thereunder. Your attention is drawn to its letter of recommendation set out on pages 38 to 39 of this circular.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Your attention is drawn to their letter of advice set out on pages 40 to 58 of this circular.

By order of the Board
Ming Pao Enterprise Corporation Limited
Tiong Kiew Chiong
Director

明報

MING PAO ENTERPRISE CORPORATION LIMITED

明 報 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

9 June 2007

To the Shareholders

Dear Sir or Madam

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED MERGER OF THE COMPANY, SIN CHEW AND NANYANG PRESS

INTRODUCTION

We refer to the circular of the Company dated 9 June 2007 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board to advise you on the terms of the Merger Agreement and the transactions contemplated thereunder. Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 40 to 58 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

RECOMMENDATION

Having considered the terms of the Merger Agreement and the transactions contemplated thereunder and taking into account the independent advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendation as set out in their letter on pages 40 to 58 of the Circular, we consider that (i) the terms of the Merger Agreement and the transactions contemplated thereunder are normal commercial terms and are fair and reasonable in so far as the

Independent Shareholders are concerned; and (ii) the entering into of the Merger Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve the Merger Agreement and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of the
Independent Board Committee

Tang Ying Yu **David Yu Hon To** **Victor Yang**

The following is the text of the letter from Anglo Chinese Corporate Finance, Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
英高財務顧問有限公司
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

The Independent Board Committee
and the Independent Shareholders
Ming Pao Enterprise Corporation Limited
15th Floor, Block A,
Ming Pao Industrial Centre,
18, Ka Yip Street,
Chai Wan,
Hong Kong

9 June, 2007

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Merger. Expressions used in this letter have the same meanings as defined in the circular of the Company dated 9 June, 2007 (the "Circular") of which this letter forms part.

The Merger constitutes a very substantial acquisition for the Company under Rule 14.06 of the Listing Rules. Tan Sri Datuk Tiong is a director and a controlling shareholder of the Company and he, together with his associates, exercise control over 53.24% and 56.90% of the issued share capital of Sin Chew and Nanyang Press respectively, which are companies to be acquired by the Company through the Merger. He is therefore a connected person under the Listing Rules and the Merger involves connected transactions for the Company under Chapter 14A of the Listing Rules. The Merger will therefore require the approval by the Independent Shareholders, being those shareholders of the

Company other than Tan Sri Datuk Tiong and his associates. Tan Sri Datuk Tiong and his associates will abstain from voting on the ordinary resolution to approve the Merger. As at the date of this letter, the shareholding interest of Tan Sri Datuk Tiong and his associates in the Company were as follows:

Table 1

Name	Number of Shares held	Shareholding percentage
Tan Sri Datuk Tiong	252,637,700	62.47%
Dr. Tiong Ik King	252,487,700	62.43%
Mr. Tiong Kiu King	758,000	0.19%

Notes:

1. Dr. Tiong Ik King is a Director, a brother of Tan Sri Datuk Tiong and a director of Sin Chew.

2. Mr. Tiong Kiu King is a Director and a brother of Tan Sri Datuk Tiong.

3. The corporate interests of Tan Sri Datuk Tiong and Dr Tiong Ik King in the Company are jointly held through Conch Company Limited ("Conch") which holds 252,487,700 Shares. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Tiong and Dr Tiong Ik King. In addition, Tan Sri Datuk Tiong and Dr Tiong Ik King directly hold 25% and 22% interests in Conch respectively.

The Independent Board Committee, comprising the Company's independent non-executive Directors, namely Messrs. Tang Ying Yu, David Yu Hon To and Victor Yang, has been formed to consider whether the Merger is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The other Directors, namely Dr. Tiong Ik King and Mr. Tiong Kiu King are not considered to be independent because of their shareholding interests in the Company and being associates of Tan Sri Datuk Tiong. Mr. Tiong Kiew Chiong is not considered to be independent because he is a salaried employee of the Group. We have been appointed to advise the Independent Board Committee and the Independent Shareholders accordingly.

In formulating our opinion and recommendations, we have reviewed the Merger Agreement; the published information on the Company, Sin Chew and Nanyang Press, including their respective audited annual financial statements for 2005 and 2006; unaudited quarterly financial statements of Sin Chew and Nanyang Press up to 31 December, 2006, offer and response documents of Nanyang Press dated 23 March, 2007 and 2 April, 2007 respectively; the price data on the Shares, Sin Chew Shares and Nanyang Press Shares; the price data on comparable listed companies in Hong Kong and Malaysia. We have also been given the opportunity to discuss with the management of the Company, Sin Chew and Nanyang Press their respective business strategies, performance and prospects. We also refer to the terms, financial effects and rationale for the Merger contained in the letter from the Board in this Circular.

We have relied on the accuracy of the information, facts and representations and the opinions expressed by the Company and the Directors contained or referred to in this Circular. We have assumed that the information, facts, representations and opinions were true at the time they were made and continue to be true at the date of this Circular. We consider we have reviewed sufficient information to reach the conclusions set out in this letter and have no reason to believe any of the information provided to us by the Directors is inaccurate or that any material information has been omitted or withheld from the information supplied or the opinions expressed in this Circular. We have not, however, conducted an independent investigation into the business and affairs of the Group.

Apart from the normal professional fees for our services in connection with the engagement described above, no arrangement exists whereby Anglo Chinese Corporate Finance, Limited will receive any fees or benefits from the Company, its subsidiaries, Directors, chief executive, substantial shareholders or any associates of any of them.

In the sections that follow, we set out the principal factors that we have taken into account in arriving at our advice to the Independent Board Committee and the Independent Shareholders.

The Merger in summary

Under the Merger Agreement, all the issued shares in each of Sin Chew and Nanyang Press will, through the implementation of members' schemes of arrangement in respect of each of Sin Chew and Nanyang Press, be exchanged for new Shares. The members' schemes of arrangement of Sin Chew and Nanyang Press are subject to, amongst other things, the approval of the respective shareholders of Sin Chew and Nanyang Press other than Tan Sri Datuk Tiong and his associates and the approval of the High Court of Malaya. Under the proposed scheme of arrangement of Sin Chew, all the shareholders of Sin Chew will exchange their Sin Chew Shares for consideration of RM4.00 per Sin Chew Share to be satisfied by the issue of new Shares by the Company, if the proposed scheme is approved. All the shareholders of Nanyang Press will exchange their Nanyang Press Shares for consideration of RM4.20 per Nanyang Press Share to be satisfied by the issue of new Shares by the Company. The new Shares will be issued at HK$2.70 per Share to the shareholders of Sin Chew and Nanyang Press, respectively. Upon completion of the Merger, Sin Chew and Nanyang Press will become wholly-owned subsidiaries of the Company, which will be controlled as to 56.07% by Tan Sri Datuk Tiong and his associates.

When the two schemes of arrangement are implemented, Sin Chew proposes to transfer its listing status on the main board of Bursa Malaysia Securities to the Company. Thereafter, Sin Chew and Nanyang Press will be delisted from the main board of Bursa Malaysia Securities. Application will be made to the Stock Exchange to list the new Shares to be issued under the Merger. Subject to obtaining the approval of the Securities Commission of Malaysia and Bursa Malaysia Securities, the existing and new Shares will then be dual listed on the main board of the Stock Exchange and the main board of Bursa Malaysia Securities.

The Sin Chew Swap Ratio and Nanyang Swap Ratio were arrived at on the basis of the assumptions set out on page 9 of the Circular. If the assumptions should change and, or become incorrect the relevant swap ratio may be subject to change. Completion of the Merger Agreement is conditional on the fulfilment of the conditions which are set out on page 15 of the Circular. No condition precedent of the Merger Agreement will be waived by the Company without the agreement of the other parties. In particular, the condition relating to the obtaining of approval from the Independent Shareholders will not be waived.

PRINCIPAL FACTORS

We have set out below the principal factors that have been taken into account in arriving at our advice to the Independent Board Committee and Independent Shareholders.

The Swap Ratios

The proposal being presented to the Independent Shareholders involves a merger of three media companies with a common controlling shareholder. The shareholders of all three companies involved in the Merger will continue to participate as shareholders in the Enlarged Group. In considering the terms of the Merger we have examined the respective values of the Company, Sin Chew and Nanyang Press attributed to each for the purposes of the Merger through the Swap Ratios to identify whether that the value attributed to the Company in relation to the value attributed to Sin Chew and Nanyang Press is fair and reasonable.

Comparison of the swap ratio valuations

For the purpose of making a comparison we show below in table 2 the averages of the closing prices of the Shares, the Sin Chew Shares and the Nanyang Press shares for the five days on which dealings in such shares took place prior to (i) 29 January, 2007 being the date in which the Heads of Agreement relating to the Merger and (ii) the Last Dealing Date before the date the Merger terms were announced. We also show the closing price of the Shares, the Sin Chew Shares and the Nanyang Press Shares on the Last Dealing Date in the table below.

Table 2

	5 day average closing price to		
	29 January, 2007	Last Dealing Date	Closing price on the Last Dealing Date
The Company	HK$1.71	HK$1.97	HK$1.90
Sin Chew	RM3.07	RM3.12	RM3.04
Nanyang Press	RM3.94	RM4.08	RM4.08

We have set out in table 3 valuation measures based on the premia to market price, trading multiples of the shares and the price to book of the three companies based on the Merger terms.

Table 3

	Swap Price	Premium to 5 day average closing price to 29 January, 2007	Premium to 5 day average closing price to Last Dealing Date	Premium to closing price on Last Dealing Date	Price earnings multiples (times)	Price to book (times)
The Company	HK$2.70	57.9%	37.1%	42.1%	15.9	1.7
Sin Chew	RM4.00	30.3%	28.2%	31.6%	22.6	3.5
Nanyang Press	RM4.20	6.6%	2.9%	2.9%	n/a	2.4

Whereas Sin Chew is valued at a higher rating in terms of price to earnings and price to book, the Company is being valued at a significant premium over the 5 day average price of its Shares, which exceeds the premium at which Sin Chew is valued by some 91% (based on the premium to the 5 day average closing price prior to 29 January, 2007). In respect of Nanyang Press the ratio of price to book is materially higher than the price to book at which the Company is being valued for the purposes of the Merger. However the premium to the five day averages at which the Company is being valued under the Merger substantially exceeds the premium at which Nanyang Press is valued.

In the sections below we have provided a comparative analysis of the valuation measures in relation to the Company, Sin Chew and Nanyang Press.

Relative valuations for the Merger

Set out in table 4 is the market capitalisations of the Company, Sin Chew and Nanyang Press based on the averages of the closing prices of their respective shares over the five consecutive trading days immediately prior to the announcement of the Heads of Agreement on 29 January, 2007 and Last Dealing Date before the announcement of 23 April, 2007. On these bases we have calculated the total market capitalisation of the three companies and percentage contribution to this total and made a comparison to the percentage represented by each company under the Merger terms.

Market Capitalisation

Table 4

Hong Kong dollars (million)

Based on share price	5 day average to 29 January, 2007	%	5 day average to the Last Dealing Date	%	Merger Terms	%
The Company	690.8	20.0%	795.1	22.0%	1,092.0	24.0%
Sin Chew	2,104.0	60.8%	2,139.6	59.1%	2,743.1	60.4%
Nanyang Press *(Note 1)*	663.4	19.2%	686.3	19.0%	706.5	15.6%
Total	3,458.2	100%	3,621.1	100%	4,541.6	100%

(Note 1) Treasury shares not included
Exchange rate of HK$1 = RM 0.440372

Under the Merger the Company is being valued at a higher premium based on market price of the Shares than either Sin Chew or Nanyang Press, resulting in the Company having an increased overall share in the Enlarged Group than would have been the case had the Merger terms been calculated at the market prices of the relevant Shares using the averages set out above.

As can be seen from Table 4 above, the Merger results in a significant theoretical uplift in the valuation of the interests of the Shareholders from HK$690.8 million, or HK$1.71 per Share to HK$831.5 million (being approximately 24% of HK$3,458.2 million, the sum of the average market capitalisations of the Company, Sin Chew and Nanyang Press based on the 5 day averages prior to 29 January, 2007), equivalent to HK$2.06 per Share. This represents an increase of approximately 20%. Similarly, when we compare the uplift in the valuation of the Company with reference to the market capitalisation of the Company using a 5 day average closing price of the Shares before the Last Dealing Date, the corresponding theoretical valuation of the Company is HK$870.6 million (being approximately 24% of HK$3,621.1 million), or HK$2.15 per Share. This implies an uplift of approximately 9% as a result of the Merger and before taking into account the other benefits from the Merger described later in this letter.

The price premium at which the Shares are being valued under the Merger terms should be considered together with the relatively higher price earnings ratio at which Sin Chew is being valued and the relatively higher price to book at which both Sin Chew and Nanyang Press are being valued as set out in the detail below. While the publications of Sin Chew and Nanyang Press principally serve the Chinese speaking community in Malaysia, the Company has expanded the readership and circulation of its newspaper (Ming Pao) to include North American editions in Vancouver, Toronto, San Francisco and New York. In addition, the Company has established a platform for its magazine publication in Mainland China. We consider the growth prospects offered by the Company's wider market justifies the higher premium to its market price under the Merger terms.

Price Earning Ratio

Set out below are the price to earnings ratios of the Company and Sin Chew based on the five day average closing prices of their respective shares for the periods up to 29 January, 2007, the Last Dealing Date and the Merger terms. The earnings have been based on the latest rolling 12 months earnings taken from the accountants' report of this Circular (for the 12 months ended 30 September, 2006 for the Company and for the 12 months ended 31 December, 2006 for Sin Chew). As Nanyang Press is not profitable, there are no relevant comparable figures.

Table 5

Price Earnings Ratio	5 day average closing price prior to 29 January, 2007	5 day average closing price prior to the Last Dealing Date	Merger Terms
The Company	9.9	11.4	15.7
Sin Chew	15.0	15.2	19.5

The above table shows that Sin Chew has traded at a higher price earnings multiple than the Company. The terms of the Merger have narrowed the difference between the multiples of each company. We have set out later in this letter a table comparing the trading multiples of comparable companies in Hong Kong and Malaysia, which would indicate that based on the published net profits of the Company it has tended to trade at a discount to its peers while Sin Chew has been trading above the averages of companies listed in Malaysia. As the Merger terms have reduced the price earnings ratio difference between the two companies we consider that relative ratings for the two companies to be reasonable.

It should be noted that in the year ended 31 March, 2006 for the Company, the profit attributable to equity holders of HK$68.5 million included non-recurring gains of (1) HK$ 33.1 million which was recognised upon the spin off of its subsidiary, One Media Group in October, 2005 and (2) a gain on disposal of partial interest in the Group's lifestyle magazine business of HK$27.8 million to reflect the probable adjustment in the value of the consideration received. If these were to be subtracted from the profit attributable to equity holders, the P/E ratio would increase substantially under the Merger terms.

Price to book

Set out below is a comparison of the price to book of the Company, Sin Chew and Nanyang Press based on the averages of the closing prices of each of the companies for the 5 trading days to 29 January, 2007 and the Last Dealing Date and the Merger terms. The book values, being the consolidated net assets, of the companies are based on the latest publicised accounts of each company.

Table 6

Price to book	5 day average closing price to 29 January, 2007	5 day average closing price to the Last Dealing Date	Merger Terms
The Company	1.1	1.3	1.7
Sin Chew	2.7	2.7	3.5
Nanyang Press	2.3	2.3	2.4

Based on the above average market prices, the Company has traded at a significantly lower ratio of price to book when compared with Sin Chew and Nanyang Press. The Merger terms increased the ratio of price to book for the Company by approximately 58% to 1.7 times book (based on the 5 day average closing price prior to 29 January, 2007), while Sin Chew's price to book is increased by only 30% and Nanyang Press's price to book ratio increased 6%, reflecting the higher premium to market attributed to the value of the Company under the Merger.

Set out later in this letter is a table comparing the price to book ratios of comparable companies in Hong Kong and Malaysia, which shows that the Company has tended to trade at a lower price in book ratio than its peer group. The Merger terms reflect an increase in price to book ratio in respect of the Company which we consider to be reasonable.

Comparison with publicly traded print media publishers in Hong Kong and Malaysia

Summarised below are the valuation ratios of the Company, Sin Chew and Nanyang Press and similar print media publishers listed on the Stock Exchange and on the Bursa Malaysia Securities as at 29 January, 2007, as summarised below.

Table 7 — Publicly traded print media publishers

	Company	Market capitalisation *(HK$ million)*	Price/ earnings ("P/E") *(times)*	Price/ book *(times)*
In Hong Kong				
1.	SCMP Group Limited	4,433	13.1	2.3
2.	Oriental Press Group	3,333	26.3	1.3
3.	Hong Kong Economic Times Holdings Limited	1,027	10.5	2.5
4.	Next Media Limited	6,341	14.5	1.9
5.	Sing Tao News Corporation Limited	1,030	5.8	0.7
	(For items 1 to 5)			
	Mean		14.0	1.7
	Median		13.1	1.9
	The Company	768	10.7	1.1
In Malaysia				
6	Star Publications (Malaysia) Berhad	5,501	15.0	2.1
7.	News Straits Times Press (Malaysia) Berhad	1,065	19.1	0.5
8.	Utusan Melayu (Malaysia) Bhd	307	6.9	0.6
9.	Nexnews Bhd	218	n/a	0.7
	(For items 6 to 9)			
	Mean		13.3	1.0
	Median		15.0	0.7
	Sin Chew	2,195	18.1	2.8
	Nanyang Press	766	n/a	2.6

Source: Bloomberg

Notes:

1. P/E is the ratio of equity market capitalisation as at 29 January, 2007 to the latest audited full year earnings attributable to ordinary shareholders.

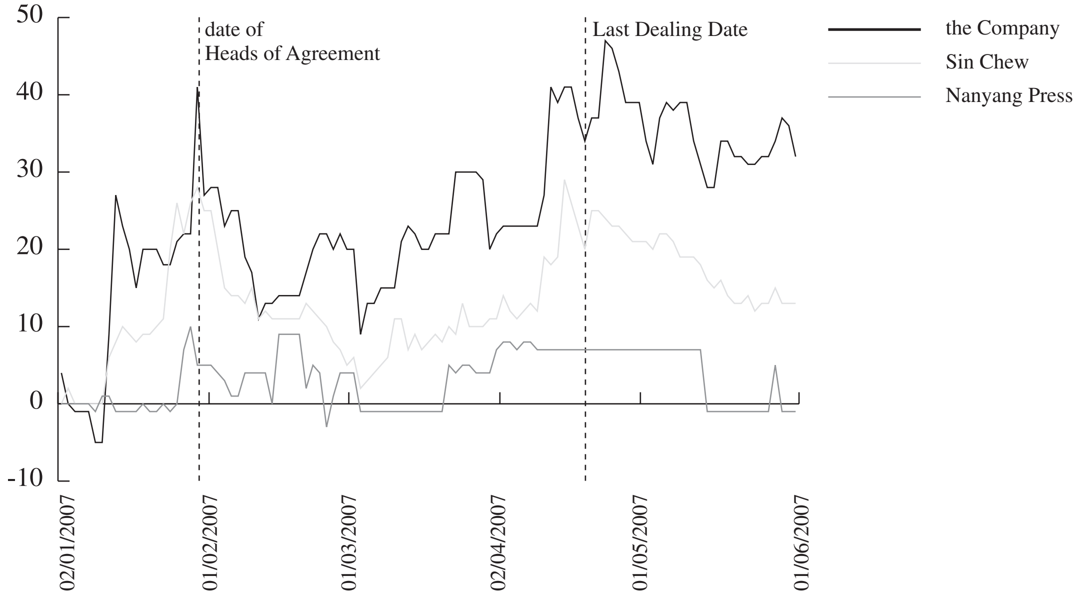
2. Price/book is the ratio of market capitalisation to the net assets as at the 29 January, 2007.

3. We have shown the valuation ratios of the Company based on its market capitalisation on 29 January, 2007 to illustrate their trading levels of the shares before the influence of the possible Merger and the announcement of the Heads of Agreement on 29 January, 2007.

The Company is the smallest in terms of market capitalisation amongst other listed newspaper publishers in Hong Kong. Prior to 29 January, 2007 when the Heads of Agreement was announced, the Shares traded at below the mean price to earnings and price to book multiples of comparable Hong Kong listed companies. Following the announcement of the Heads of Agreement in January, 2007 and subsequently the Merger on 23 April, 2007, the Shares traded at higher price to earnings and price to book multiples which were more in line with those of the peers of the Company.

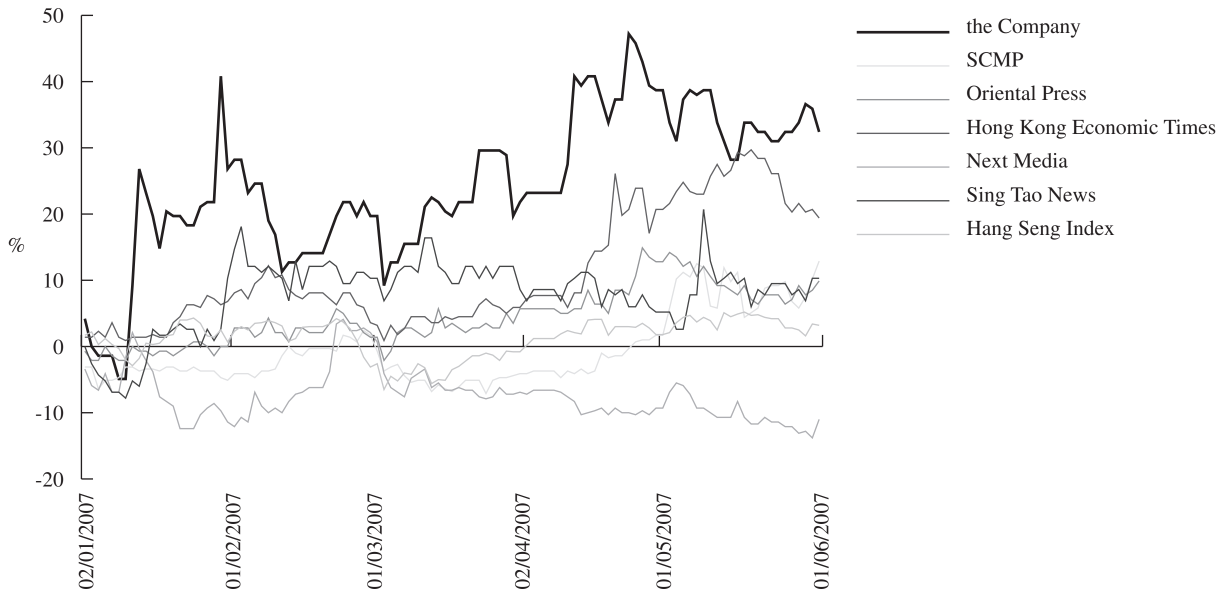
Relative share price performance

We have set below a chart which shows the relative share price performance of the three companies involved in the Merger since 1 January, 2007 up to the Latest Practicable Date.



We believe it would be fair to consider that the share price improvement suggests that the shareholders of the Company have received the proposed Merger as a positive development in respect of their investment.

We have also set out below the relative share price performance of the Company in 2007 compared with the other media companies listed on the Stock Exchange and with the Hang Seng Index. It will be seen that the Company has outperformed the market generally and its peers since the beginning of 2007.



The Shares traded at consistently below HK$1.50 per Share and on low daily volumes until January, 2007 when both the price of the Shares and traded volume increased substantially and, after the announcement on 29 January, 2007 of the Heads of Agreement closed at HK$2.00 per Share on 30 January, 2007. These charts would appear to demonstrate a positive reaction by the market from January, 2007 onwards on the basis the Merger would proceed and the prospects for the Merged Group to become one of the largest global Chinese language print media publisher. These expectations were confirmed when the Merger terms were announced on 23 April, 2007. Subsequent to the announcement on 29 January, 2007 and up to the Latest Practicable Date, the price of the Shares traded between HK$1.55 (on 5 March, 2007) and HK$2.09 per Share (on 24 April, 2007). The increase in the price of the Shares since January, 2007 suggests the market's view is that the Merger would add value to the Shares. In the absence of the Merger, it would be expected that the Shares would trade more closely the values prevailing before the announcement of the Heads of Agreement.

History and past performance of Sin Chew

Shares in Sin Chew were listed on the main board of Bursa Malaysia Securities on 18 October, 2004 at RM 2.25 (HK$ 5.1) per share. As at the Last Dealing Date, Sin Chew had a market capitalisation of approximately RM 918 million (equivalent to approximately HK$2,085 million). It is the second largest publicly traded newspaper and magazine publisher in Malaysia in terms of market capitalisation.

Sin Chew and its subsidiaries are principally engaged in publishing, distribution and circulation of newspapers, magazines and books, internet related businesses, circulation and distribution agent, provision of contents to web and mobile users and provision of editorial services and contract labour. It has six printing plants across Malaysia.

Sin Chew and its subsidiaries currently publish four magazines and two Chinese daily newspapers, namely, *Sin Chew Daily* and *Guang Ming Daily*, in Malaysia. *Sin Chew Daily* is the largest Chinese daily newspaper, in terms of readership, in Malaysia and *Guang Ming Daily* is the third largest Chinese daily newspaper, in terms of readership, in Malaysia. Each of *Sin Chew Daily* and *Guang Ming Daily* had an average daily circulation of approximately 347,000 and 135,000 copies respectively, for the period from 1 July, 2005 to 30 June, 2006 (Source: Audit Bureau of Circulations Malaysia).

Table 8 — Sin Chew financial performance

The recent financial information of Sin Chew and its subsidiaries is set out below:

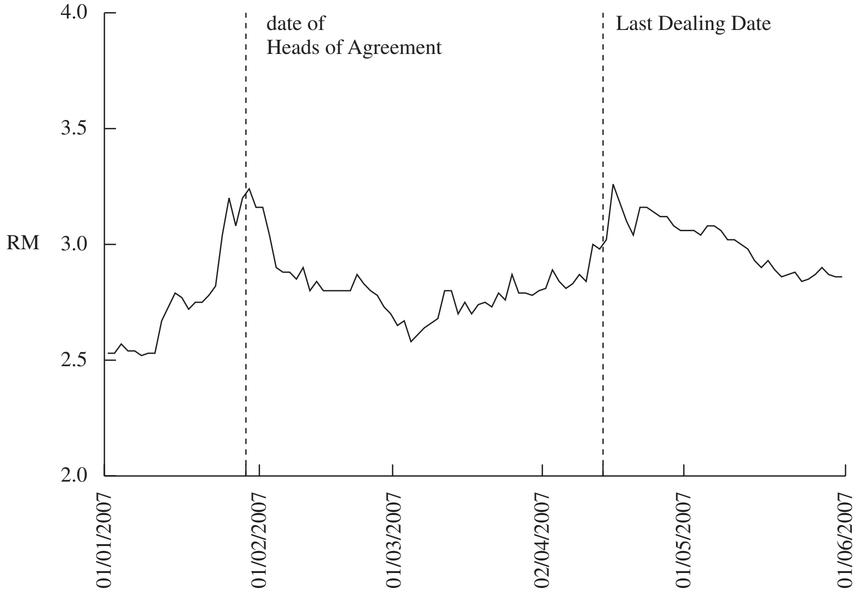
	For the year ended 31 March,			
				Nine months to 31 December,
	2004	**2005**	**2006**	**2006**
(Figures in RM million)	*(audited)*	*(audited)*	*(audited)*	*(unaudited)*
Net assets	195.9	296.6	324.3	349.0
Net profit after tax	47.3	60.3	53.4	50.4
Net profit margin	15.3%	15.2%	11.8%	14.7%
Return on equity	24.1%	20.3%	16.5%	14.4%
Net cash generated from operations	69.3	(29.6)	78.2	137.1

While revenue increased some 13.4% for the year ended 31 March, 2006, the net profits of Sin Chew and its subsidiaries decreased some 8.9% to RM 53.4 million due to rising operating costs. Net profits for the nine months ended 31 December, 2006 improved to RM 50.4 million (9 months to 31 December, 2005: RM 41.9 million) on the back of increased revenue and improved profit margins. Sin Chew had a strong balance sheet with cash and cash equivalents amounting to approximately RM 79.6

million (or approximately HK$180 million) as at 31 December, 2006. Further details of the financial performance of Sin Chew are set out in the accountants report set out in Appendix III and the management discussion and analysis of the financial results of Sin Chew set out in Appendix IV of this Circular.

Performance of Sin Chew Shares

The chart below shows the movement in the price of the Sin Chew Shares from 1 January, 2007 up to the Latest Practicable Date.



Like the Shares, the Sin Chew Shares rose substantially in January, 2007 and closed at an all time high of RM 3.26 on 16 April, 2007. After the announcement of the terms of the Merger, Sin Chew Shares closed at RM 3.14 on 24 April, 2007, or the equivalent of approximately HK$7.13 on that date.

History and past performance of Nanyang Press

Shares in Nanyang Press were listed on Bursa Malaysia Securities on 17 April, 1989. As at the Last Dealing Date, Nanyang Press had a market capitalisation of RM327.6 million (equivalent to approximately HK$744.0 million).

Nanyang Press and its subsidiaries are principally engaged in investment holding, letting of properties and provision of management services, publication of newspapers and magazines, provision of printing services, and provision of internet related and electronic commerce services.

Nanyang Siang Pau and *China Press* are the two main Chinese newspapers published by Nanyang Press, and had an average daily circulation of about 124,000 and 227,000 copies respectively, for the period from 1 July, 2005 to 30 June, 2006. Nanyang Press is the largest Chinese language magazine publisher in Malaysia with over 20 magazine titles including Now Life Post, Feminine, New Tide and Long Life. (Source: Audit Bureau of Circulations Malaysia).

Table 9 — Financial performance of Nanyang Press

The recent financial information of Nanyang Press and its subsidiaries is set out below:

	For the year ended 30 June,			
	2004	**2005**	**2006**	**Six months to 31 December, 2006**
(Figures in RM million)	*(audited)*	*(audited)*	*(audited)*	*(unaudited)*
Net assets	140.3	148.6	141.3	131.1
Net profit/ (loss) after tax	13.8	10.4	(16.4)	(9.9)
Net profit margin	4.5%	3.2%	n/a	n/a
Return on equity	9.8%	7.0%	n/a	n/a
Net cash generated from operations	26.4	19.8	5.5	11.0

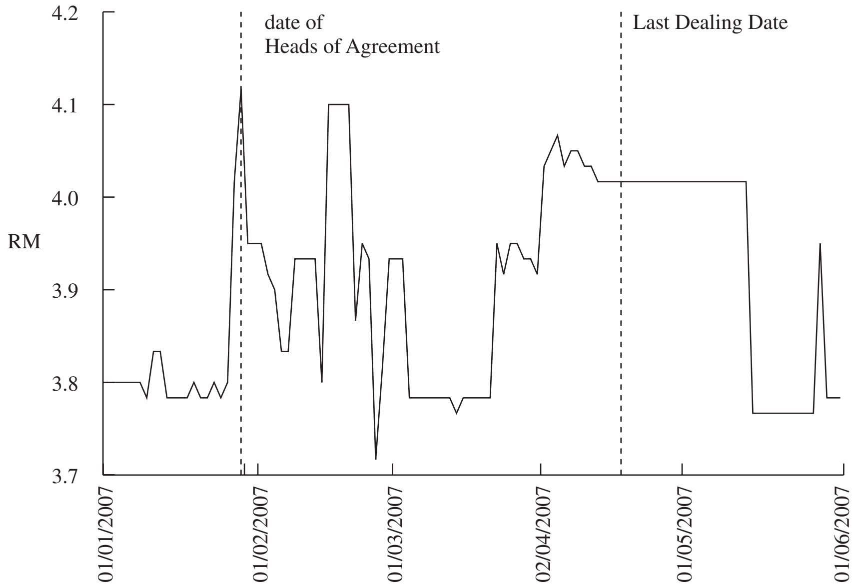
Business of Nanyang Press declined in 2006 due to cautious advertising spending in response to weakening consumer sentiment caused by rising fuel prices and economic slow down. In addition, operating costs including newsprint cost and marketing expenses increased substantially during 2006. As a result, a net loss of RM 16.4 million (equivalent to approximately HK$37.2 million) was recorded for the 2006 financial year compared to a net profit of RM 10.4 million (equivalent to approximately HK$23.6 million) for the previous financial year. Further details of the financial performance of Nanyang Press are set out in the accountants report set out in Appendix V and the management discussion and analysis of the financial results of Nanyang Press set out in Appendix VI of this Circular.

On 17 October, 2006 Ezywood entered into a conditional share sale agreement to acquire 15,399,000 Nanyang Press Shares (approximately 21% of the voting shares of Nanyang Press) at RM4.20 per share. All conditions of the share sale agreement was completed on 22 March, 2007 and this triggered a mandatory takeover offer for the remaining shares not already owned by Ezywood and persons acting in concert with it. The takeover offer was closed on 13 April, 2007 with 10,727,032 Nanyang Press Shares accepting the offer. As at 13 April, 2007, Ezywood and persons acting in concert with it held approximately 57% of the issued share capital of Nanyang Press.

Based on our discussions with the management of the Company and Nanyang Press, we understand that the marketing expenses of Nanyang Press after completion of the Merger will be substantially reduced. This is expected to improve to a significant extent the performance of Nanyang Press in the future.

Effects of the Merger on the market valuation of Nanyang Press Shares

The chart below shows the movement in the price of the Nanyang Press Shares from 1 January, 2007 up to the Latest Practicable Date.



News of the Merger had positively impacted on the valuation of Nanyang Press Shares which peaked on 29 January, 2007 at RM4.20 per Nanyang Press Share. Subsequently and until the Latest Practicable Date, the Nanyang Press Shares traded between RM3.70 (on 26 February, 2007) and RM4.18 (on 15 February, 2007).

Comparison with comparable transactions

As the proposed transaction constitutes a merger of three commonly controlled newspaper companies with the results that all the shareholders of each of the Company, Sin Chew and Nanyang Press will be shareholders in an enlarged group, we do not consider that the acquisition terms of other transactions where control has been acquired should be compared in assessing the terms of the Merger.

Reasons for, and benefits of, the Merger

The main objective of the Merger is to add the business and the strength of Sin Chew and Nanyang Press businesses to the Group and diversify the Group's business into Malaysia and Indonesia. In particular, the Enlarged Group will own, publish, and, or operate major Chinese language newspapers and magazines in Hong Kong, Malaysia, the United States of America, Canada, Mainland China and Indonesia. The total daily circulation of newspaper of the Group is expected to increase from approximately 100,000 as at June, 2006 to more than 900,000 copies a day.

The Merger is expected to allow the Enlarged Group to form a larger platform to expand organically or through acquisitions into the Chinese magazine media market in Mainland China as well as globally. It is contemplated that the Enlarged Group will continue to develop the Mainland China market in respect of the successful Chinese language publications of Sin Chew and Nanyang Press. The editorial content of the publications of the Company, Sin Chew and Nanyang Press is expected to remain unchanged by the Merger. Nonetheless, the management of the Group expects the Enlarged Group to benefit from operational synergies in terms of substantial operational cost savings with regards to cooperation in marketing activities, facilities sharing and revenue increment resulting from the merger of the two major print media publishers in Malaysia. Sin Chew and Nanyang Press each currently run six printing plants across Malaysia which operate with excess capacity and it is anticipated that the cost savings can be achieved in this section of the business. Although no major operational synergies can be foreseen between the Company and the Malaysian newspapers, there will be some editorial cross sharing which should benefit the Enlarged Group. The Company's distribution network in Mainland China may assist circulating the magazine publication of Nanyang Press and Sin Chew. The Directors also believe that the substantially increased size of the Enlarged Group following the Merger will afford it greater flexibility for expansion of its Chinese language media business.

The larger global platform of the Enlarged Group is expected to fuel further growth opportunities in media related businesses, including provision of printing services and provision of internet related and electronic commerce services.

It is intended that the Enlarged Group will be primarily listed on the main board of the Stock Exchange and Bursa Malaysia Securities. The dual listing status will allow the Enlarged Group to have greater access to larger capital markets, and facilitate any future expansions. Shareholders of the Enlarged Group in Hong Kong and Malaysia will be able to participate in the equity of the Enlarged Group. Further, the dual primary listing status should enhance the profile of the Enlarged Group amongst international investors.

It is noted that the dual listing status is subject to the relevant requirements to be imposed by Bursa Malaysia Securities. One of these requirements requires a listed issuer with predominantly Malaysian-based operations which has a primary listing on Bursa Malaysia Securities and is also listed on other stock exchange(s) must ensure that not more than 30% of its issued and paid up capital is listed on the other stock exchange(s). The Company will apply for a waiver to allow the Shares to be voluntarily traded without such limit. If such waiver is not granted, this will limit the volume of Shares that can be freely traded between the Stock Exchange and Bursa Malaysian Securities. Other than this and subject to any further requirements that may be imposed by the relevant authorities in Malaysia, the expected benefits of the dual listing described above will not be affected.

We consider that the reasons and the benefits of the Merger to be a reasonable basis for the Merger.

Financial effects of the Merger

On the basis set out in the Circular with particular reference to the Financial Information of the Group set out in Appendix I and the Pro Forma financial information of the Enlarged Group set out in Appendix VII, the principal effects of the Merger on the Company are set out below. However it should be noted that the ProForma financial information set out in Appendix VII assumes the Enlarged Group was merged on 31 March, 2006 and based therefore on a set of accounts which relate to a period which expired over 14 months ago.

Earnings

After completion of the Merger, the profits and losses of Sin Chew and Nanyang Press will be consolidated into the earnings of the Group. Based on the 2006 results of the Group compared with and the pro-forma combined earnings of the Enlarged Group the earnings attributable to shareholders would be approximately HK$140.4 million. This represents a significant improvement in the profitability of the Group.

The earnings per Share would decrease from HK17 cents per share as at 31 March, 2006 by approximately 51% to HK$8.3 cents per Share, assuming all the outstanding share options in Nanyang Press are exercised and the maximum number of Nanyang Press Consideration Shares are issued. It should however be noted that consolidated earnings of the Company for the year ended 31 March, 2006 included non-recurring gains of (1) HK$33.1 million which was recognised upon the spin off of its subsidiary, One Media Group in October, 2005 and (2) a gain on disposal of partial interest in the Group's lifestyle magazine business of HK$27.8 million to reflect the probable adjustment in the value of the consideration received.

Net assets

After completion of the Merger, the assets and liabilities of Sin Chew and Nanyang Press will be consolidated into the Group. Based on the balance sheet as at 31 March, 2006 of the Group compared with the pro-forma net asset value of the Enlarged Group the net asset value of the Enlarged Group would be approximately HK$2,465 million. This represents a significant increase in the net asset value of the Group.

The net asset value per Share would decrease from HK$1.57 per Share as at 31 March, 2006 by approximately 9% to HK$1.46 per Share, assuming all the outstanding share options in Nanyang Press are exercised and the maximum number of Nanyang Press Consideration Shares are issued.

Cashflow

After completion of the Merger, the cash flows of Sin Chew and Nanyang Press will be consolidated into the Group. Based on the cash flow statement as at 31 March, 2006 of the Group compared with the pro-forma cash flow statement of the Enlarged Group the cash flow from operations of the Enlarged Group would be approximately HK$231.2 million. This represents a significant increase in the operating cash flow of the Group.

The operating cash flow per Share would increase from HK10 cents per Share as at 31 March, 2006 by approximately 36% to HK$14 cents per Share, assuming all the outstanding share options in Nanyang Press are exercised and the maximum number of Nanyang Press Consideration Shares are issued.

Dilution to the Shares

The aggregate of the new Shares (assuming the entire Nanyang Press employee share options are exercised in full prior to the Merger becoming effective) represent about 3.2 times the existing issued share capital of the Company, or about 76.2% of the enlarged issued share capital of the Company. Notwithstanding the dilution, the Merger should give rise to a larger entity with increased growth prospects and potential synergies.

Liquidity

The average liquidity (based on average trading turnover divided by market capitalisation) in the 5 days to 29 January, 2007 for the Company, Sin Chew and Nanyang Press was 0.157%, 0.702% and 0.015% respectively. Sin Chew, which has the largest market capitalisation also has the highest level of liquidity. Shareholders who wish to trade their shares will benefit from an anticipated improvement in liquidity of Shares following the Merger. It is envisaged that following the Merger the liquidity in the Shares should increase due to the increased size of the Enlarged Group and the considerably larger number of Shares that will be held by the public.

Upon Completion and subject to Malaysian law, the new Shares will be eligible for trading on the main board of the Hong Kong Stock Exchange and Bursa Malaysia Securities and the Shares can be voluntarily removed from the Hong Kong share registrar to the Malaysian share registrar and vice versa subject to the relevant requirements set out on page 28 of this Circular.

Outlook of the Enlarged Group

Competition in the newspaper publication industry in Hong Kong is expected to intensify with entrants of free newspapers and increasing pricing competition on advertising rates. The Company is, however, expected to maintain its competitiveness by upholding a high journalistic standard and quality content in its publications to attract loyal readers and advertisers. Positive economic conditions in Hong Kong are also expected to contribute positively to the performance of the Enlarged Group in the near term. Revenue from magazines division, including the wholly-owned *Yazhou Zhoukan*, and contributions from One Media Group are expected to improve as the operations become mature and new titles of One Media Group have established presence in the China market.

In North America, the *Ming Pao Daily News* is expected to sustain its growth fuelled by strong consumer demand and growth in the US economy. Restructuring of the operations of the US editions of *Ming Pao Daily News* and cost control measures are expected to improve the editions' results in the second half of the 2007 financial year. The Canadian editions of the *Ming Pao Daily News* are expected to achieve satisfactory growth as a result of the strong local economy.

While the operating environment in Malaysia is generally expected to be challenging amidst ailing consumer sentiment led by rising fuel prices and inflationary pressure, it is expected that Sin Chew and Nanyang Press will continue to be dominant players in the local Chinese newspaper and magazines market. According to statistics from the Audit Bureau of Circulation (Malaysia), in June, 2006, Sin Chew and Nanyang Press daily circulation was approximately 830,000 copies. This represented over 80% of the Chinese language newspaper circulation in Malaysia.

OPINION AND RECOMMENDATION

Having considered all the foregoing principal factors and in particular the higher premium to market value that is to be attributed to the Shares when compared with the value attributed to the Sin Chew Shares and the Nanyang Press Shares and the overall benefits from being part of a considerably enlarged group, we consider that the Merger is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Merger and that the Independent Board Committee advises the Independent Shareholders accordingly.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Dennis Cassidy
Director

FINANCIAL STATEMENTS OF THE GROUP

Set out below is a summary of the audited income statements of the Group for the years ended 31 March 2004, 2005 and 2006, unaudited income statements for the six months ended 30 September 2006 together with the comparative unaudited figures for the corresponding period in 2005, and the audited balance sheets of the Group as at 31 March 2004, 2005 and 2006 together with the unaudited balance sheet as at 30 September 2006 prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants as extracted from the Group's annual reports for the years ended 31 March 2006 and 2005 and the interim report for the six months ended 30 September 2006. The auditors of the Group have given unqualified opinion on each of the Group's financial statements for the years ended 31 March 2004, 2005 and 2006.

CONSOLIDATED INCOME STATEMENTS

	(Unaudited) For the six months ended 30 September		(Audited) For the year ended 31 March		
	2005	**2006**	**2004(Note)**	**2005**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	660,868	735,511	1,001,788	1,168,679	1,248,623
Cost of goods sold	(484,722)	(543,810)	(691,821)	(828,499)	(911,147)
Gross profit	176,146	191,701	309,967	340,180	337,476
Other gains	3,360	6,188	3,269	8,824	70,229
Selling and distribution expenses	(90,818)	(105,972)	(133,051)	(165,952)	(197,280)
Administrative expenses	(63,862)	(68,196)	(114,254)	(106,287)	(123,838)
Other operating (expenses) / income, net	(361)	(4,889)	3,068	2,186	(945)
Operating profit	24,465	18,832	68,999	78,951	85,642
Finance costs	(1,364)	(1,979)	(2,349)	(2,325)	(3,209)
Share of losses of associated companies	(2,114)	—	(5,380)	(3,677)	(2,909)
Profit before income tax	20,987	16,853	61,270	72,949	79,524
Income tax expense	(4,660)	(1,759)	(16,195)	(21,776)	(7,529)
Profit for the year/period	16,327	15,094	45,075	51,173	71,995
Attributable to:					
Equity holders of the Company	15,222	16,265	45,017	43,340	68,514
Minority interests	1,105	(1,171)	58	7,833	3,481
	16,327	15,094	45,075	51,173	71,995
Earnings per share for profit attributable to the equity holders of the Company during the year/period (expressed in HK cents)					
- basic	4	4	11	11	17
- diluted	4	4	11	11	17
Dividends	(27,566)	(28,314)	(23,716)	(27,619)	(28,011)

Note: Figures have been restated to reflect the retrospective adjustments for the adoption of the new/revised Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants after extracting from the Group's annual report for the year ended 31 March 2005.

CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at 30 September 2006 HK$'000	(Audited) As at 31 March 2004[(Note)] HK$'000	2005 HK$'000	2006 HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	164,828	183,020	175,939	163,831
Leasehold land and land use rights	109,201	115,980	113,269	110,557
Intangible assets	68,081	—	2,028	69,133
Interests in associated companies	—	21,669	22,210	—
Defined benefit plan's assets	15,677	14,377	14,687	15,104
Deferred income tax assets	4,323	1,044	621	671
	362,110	336,090	328,754	359,296
Current assets				
Inventories	64,912	52,967	51,043	53,124
Available-for-sale financial assets	4,698	—	—	4,698
Financial assets at fair value through profit or loss	1,884	—	—	2,085
Trading securities	—	1,799	1,948	—
Trade and other receivables	242,861	168,094	199,553	238,784
Deferred income tax assets	4,876	—	128	3,521
Income tax recoverable	8,219	1,380	894	6,476
Bank balances and cash	264,907	188,389	190,158	308,933
	592,357	412,629	443,724	617,621
Current liabilities				
Trade and other payables	200,864	125,998	118,204	183,430
Income tax liabilities	4,118	5,079	7,589	633
Short-term bank loans	3,564	16,095	22,081	18,964
Bank overdrafts, secured	23,156	17,253	12,504	20,906
Current portion of long-term liabilities	4,664	4,206	5,943	5,227
Deferred income tax liabilities	1,525	—	437	878
	237,891	168,631	166,758	230,038
Net current assets	354,466	243,998	276,966	387,583
Total assets less current liabilities	716,576	580,088	605,720	746,879
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	40,441	39,735	39,442	40,522
Reserves	595,229	501,471	517,345	593,651
	635,670	541,206	556,787	634,173
Minority interests	51,953	1,664	12,318	81,387
Total equity	687,623	542,870	569,105	715,560
Non-current liabilities				
Long-term liabilities	16,014	23,126	22,448	17,926
Deferred income tax liabilities	12,939	14,092	14,167	13,393
	716,576	580,088	605,720	746,879

Note: Figures have been restated to reflect the retrospective adjustments for the adoption of the new/revised Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants after extracting from the Group's annual report for the year ended 31 March 2005.

Set out below are the audited financial statements of the Group for the two years ended 31 March 2005 and 2006 and the unaudited financial statements for the six months ended 30 September 2006 together with the comparative unaudited figures for the corresponding period in 2005, which are extracted from the annual report of the Group for the year ended 31 March 2006 and the interim report for the six months ended 30 September 2006, respectively. The auditors of the Group have given unqualified opinion on each of the Group's financial statements for the two years ended 31 March 2005 and 2006.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2006

			As restated
		2006	**2005**
	Note	*HK$'000*	*HK$'000*
Turnover	5	1,248,623	1,168,679
Cost of goods sold		(911,147)	(828,499)
Gross profit		337,476	340,180
Other gains	5	70,229	8,824
Selling and distribution expenses		(197,280)	(165,952)
Administrative expenses		(123,838)	(106,287)
Other operating (expenses)/income, net		(945)	2,186
Operating profit	6	85,642	78,951
Finance costs	7	(3,209)	(2,325)
Share of losses of associated companies		(2,909)	(3,677)
Profit before income tax		79,524	72,949
Income tax expense	8	(7,529)	(21,776)
Profit for the year		71,995	51,173
Attributable to:			
Equity holders of the Company	9	68,514	43,340
Minority interests		3,481	7,833
		71,995	51,173
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents)			
- basic	11	17	11
- diluted	11	17	11
Dividends	10	(28,011)	(27,619)

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2006

	Note	2006 HK$'000	As restated 2005 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	163,831	175,939
Leasehold land and land use rights	15	110,557	113,269
Intangible assets	16	69,133	2,028
Interests in associated companies	18	—	22,210
Defined benefit plan's assets	19	15,104	14,687
Deferred income tax assets	32	671	621
		359,296	328,754
Current assets			
Inventories	20	53,124	51,043
Available-for-sale financial assets		4,698	—
Financial assets at fair value through profit or loss	21	2,085	—
Trading securities	22	—	1,948
Trade and other receivables	23	238,784	199,553
Deferred income tax assets	32	3,521	128
Income tax recoverable		6,476	894
Bank balances and cash	24	308,933	190,158
		617,621	443,724
Current liabilities			
Trade and other payables	25	183,430	118,204
Income tax liabilities		633	7,589
Short-term bank loans	28	18,964	22,081
Bank overdrafts, secured		20,906	12,504
Current portion of long-term liabilities	29	5,227	5,943
Deferred income tax liabilities	32	878	437
		230,038	166,758
Net current assets		387,583	276,966
Total assets less current liabilities		746,879	605,720
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	26	40,522	39,442
Reserves	27	593,651	517,345
		634,173	556,787
Minority interests		81,387	12,318
Total equity		715,560	569,105
Non-current liabilities			
Long-term liabilities	29	17,926	22,448
Deferred income tax liabilities	32	13,393	14,167
		746,879	605,720

On behalf of the Board

TIONG Kiu King
Director

TIONG Kiew Chiong
Director

BALANCE SHEET

AS AT 31ST MARCH 2006

	Note	2006 HK$'000	2005 HK$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	17	1,089,110	1,042,457
Current assets			
Financial assets at fair value through profit or loss	21	2,085	—
Trading securities	22	—	1,948
Trade and other receivables	23	388	215
Income tax recoverable		—	52
Bank balances and cash	24	107,647	80,917
		110,120	83,132
Current liabilities			
Amounts due to subsidiaries		6,339	118
Trade and other payables	25	2,045	695
Income tax liabilities		151	—
		8,535	813
Net current assets		101,585	82,319
Total assets less current liabilities		1,190,695	1,124,776
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	26	40,522	39,442
Reserves	27	1,150,173	1,085,334
Total equity		1,190,695	1,124,776

On behalf of the Board

TIONG Kiu King
Director

TIONG Kiew Chiong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2006

		Attributable to equity holders of the Company			
		Share capital	**Reserves**	**Minority interests**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2004, as previously reported		39,735	561,397	1,664	602,796
Effect of adopting HKAS 17	27	—	(74,197)	—	(74,197)
Effect of adopting HKAS 17 on deferred income tax	27	—	14,271	—	14,271
Balance at 1st April 2004, as restated		39,735	501,471	1,664	542,870
Exchange differences arising on translation of the financial statements of foreign subsidiaries not recognised in the consolidated income statement	27	—	2,185	—	2,185
Profit for the year, as restated	27	—	43,340	7,833	51,173
Dividends paid	27	—	(27,681)	—	(27,681)
Repurchase of ordinary shares	26	(293)	(3,943)	—	(4,236)
Goodwill written off due to disposal of partial interests in subsidiaries	27	—	1,973	—	1,973
Disposal of partial interests in subsidiaries		—	—	2,821	2,821
Balance at 31st March 2005, as restated		39,442	517,345	12,318	569,105
Balance at 1st April 2005, as previously reported		39,442	574,121	12,318	625,881
Effect of adopting HKAS 17	27	—	(70,423)	—	(70,423)
Effect of adopting HKAS 17 on deferred income tax	27	—	13,647	—	13,647
Balance at 1st April 2005, as restated		39,442	517,345	12,318	569,105
Exchange differences arising on translation of the financial statements of foreign subsidiaries not recognised in the consolidated income statement	27	—	305	—	305
Profit for the year	27	—	68,514	3,481	71,995
Dividends paid	27	—	(27,566)	—	(27,566)
Repurchase of ordinary shares	26(a)	(120)	(1,728)	—	(1,848)
Issue of ordinary shares	26(b)	1,200	15,000	—	16,200
Issue of ordinary shares by a listed subsidiary		—	—	105	105
Share compensation costs on share options granted by a listed subsidiary	27	—	794	—	794
Asset revaluation surplus arising from acquisition of subsidiaries	27	—	20,987	—	20,987
Disposal of partial interests in subsidiaries		—	—	65,483	65,483
Balance at 31st March 2006		40,522	593,651	81,387	715,560

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2006

	Note	2006 HK$'000	2005 HK$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	69,297	63,319
Interest on bank loans and overdrafts		(2,728)	(1,695)
Interest element of finance lease payments		(481)	(630)
Hong Kong profits tax paid		(19,297)	(13,561)
Overseas tax paid		(4,546)	(4,536)
Net cash generated from operating activities		42,245	42,897
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,813)	(8,821)
Proceeds from disposal of partial interests in subsidiaries		96,403	—
Net cash inflow in respect of the acquisition of subsidiaries	30(b)	8,344	4,615
Proceeds from disposals of property, plant and equipment		7	1,116
Repayment from/(advance to) an associated company		5,349	(4,218)
Interest received		8,640	2,949
Dividends received		75	42
Net cash generated from/(used in) investing activities		107,005	(4,317)
Cash flows from financing activities	30(c)		
Repurchase of ordinary shares		(1,848)	(4,236)
Dividends paid		(27,566)	(27,681)
Proceeds from loans		—	5,986
Repayment of bank loans		(4,966)	(1,771)
Capital element of finance lease payments		(4,256)	(3,751)
Net cash used in financing		(38,636)	(31,453)
Net increase in cash and cash equivalents		110,614	7,127
Cash and cash equivalents as at 1st April		177,654	171,136
Exchange loss on cash and cash equivalents		(241)	(609)
Cash and cash equivalents as at 31st March		288,027	177,654
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		308,933	190,158
Bank overdrafts		(20,906)	(12,504)
		288,027	177,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31ST MARCH 2006

1 GENERAL INFORMATION

Ming Pao Enterprise Corporation Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company is an investment holding company. The principal activities of its subsidiaries are the publication of Chinese newspapers, periodicals and books, and the provision of travel and travel related services.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 22nd March 1991.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30th June 2006.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) (i) **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations ("HKAS-Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for accounting periods beginning on or after 1st January 2005. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (i) **Basis of preparation (Continued)**

The adoption of new HKFRSs

For the year ended 31st March 2006, the Group has adopted the new HKFRSs below, which are relevant to its operations, in the preparation of the financial statements. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HK-Int 4	Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 12	Consolidation - Special Purpose Entities
HKAS-Int 15	Operating Leases - Incentives
HKAS-Int 31	Revenue - Barter Transactions Involving Advertising Services
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

In summary:

The adoption of HKASs 2, 7, 8, 10, 12, 14, 16, 19, 21, 23, 27, 28, 33, 38, HK-Int 4, HKAS-Int 12, 15 and 31 did not result in substantial changes to the Group's accounting policies.

HKAS 1 has affected the presentation of minority interests and disclosure of the financial statements.

HKAS 24 has expanded the definition of related parties to include key management of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (i) **Basis of preparation (Continued)**

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings in Hong Kong and in Mainland China were previously carried at cost or valuation less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease of land should be classified as an operating lease and any premium paid thereon is stated at cost and amortised over the period of the lease. The leasehold building is stated at cost or valuation less accumulated depreciation and accumulated impairment losses and is included under the classification of property, plant and equipment in the balance sheet. The prepaid land premium and land use rights are presented in the balance sheet as a separate item under non-current assets. The effect of these changes has been reflected in the comparative figures and is summarised in note 2(a)(ii).

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets.

The adoption of HKAS 36 and HKFRS 3 has resulted in a change in accounting policy for goodwill. Prior to this, goodwill was amortised on a straight-line basis over a period of not exceeding 15 years and assessed for any indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3, the Group ceased amortisation of goodwill from 1st April 2005 onwards and goodwill is tested annually for impairment as well as when there is indication of impairment. The accumulated amortisation as at 1st April 2005 has been offset against the cost of goodwill, with no comparatives restated. The Group's goodwill as at 31st March 2006 and 2005 amounted to HK$27,684,000 and HK$2,028,000 respectively.

The Group has newly adopted HKFRS 2 since 1st April 2005. Under HKFRS 2, the fair value of share options at grant date is amortised over the relevant vesting periods to the income statement and credited to employee share-based compensation reserve under equity.

In addition, share options were conditionally granted under a pre-IPO share option scheme of a subsidiary namely One Media Group ("OMG") to certain employees of the Group on 26th September 2005. These share options were approved upon the listing of OMG on 18th October 2005 (the "Listing Date"), the vesting scales in relation to each option granted to the grantees shall begin on the Listing Date. The impact to the consolidated income statement of the Group for the year ended 31st March 2006 was HK$794,000.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application except HKAS 39 and HKFRS 3, which are prospectively applied after 1st April 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (ii) **Summary of the effects of the changes in accounting policies**

On consolidated income statement:

	Effect of adopting		
	HKAS 17	**HKFRS 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
For the year ended 31st March 2006			
Decrease in depreciation	6,486	—	6,486
Increase in amortisation of leasehold land and land use rights	(2,712)	—	(2,712)
Increase in deferred income tax charge	(624)	—	(624)
Increase in employee benefit expense	—	(794)	(794)
Increase/(decrease) in profit for the year	3,150	(794)	2,356
Increase/(decrease) in basic earnings per share (HK cents)	0.8	(0.2)	0.6
Increase/(decrease) in diluted earnings per share (HK cents)	0.8	(0.2)	0.6
For the year ended 31st March 2005			
Decrease in depreciation	6,486	—	6,486
Increase in amortisation of leasehold land and land use rights	(2,712)	—	(2,712)
Increase in deferred income tax charge	(624)	—	(624)
Increase in profit for the year	3,150	—	3,150
Increase in basic earnings per share (HK cents)	0.8	—	0.8
Increase in diluted earnings per share (HK cents)	0.8	—	0.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (ii) **Summary of effects of the changes in accounting policies (Continued)**

On consolidated balance sheet:

	Effect of adopting			
	HKAS 17	**HKAS 32 and HKAS 39**	**HKFRS 2**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31st March 2006				
Increase/(decrease) in assets and liabilities				
Property, plant and equipment	(177,206)	—	—	(177,206)
Leasehold land and land use rights	110,557	—	—	110,557
Available-for-sale financial assets	—	4,698	—	4,698
Financial assets at fair value through profit or loss	—	2,085	—	2,085
Trading securities	—	(2,085)	—	(2,085)
Trade and other receivables	—	(4,698)	—	(4,698)
Deferred income tax liabilities	(13,023)	—	—	(13,023)
Increase/(decrease) in equity				
Revaluation reserves	(85,715)	—	—	(85,715)
Employee share-based compensation reserve	—	—	794	794
Accumulated losses	32,089	—	(794)	31,295
As at 31st March 2005				
Increase/(decrease) in assets and liabilities				
Property, plant and equipment	(183,692)	—	—	(183,692)
Leasehold land and land use rights	113,269	—	—	113,269
Deferred income tax liabilities	(13,647)	—	—	(13,647)
Increase/(decrease) in equity				
Revaluation reserves	(85,715)	—	—	(85,715)
Accumulated losses	28,939	—	—	28,939

As at the date of approval of these financial statements, the following standards relevant to the Group have been issued but were not yet effective:

	Effective for accounting periods of the Group beginning on or after
HKFRS-Int 4 Determining whether an Arrangement contains a Lease	1st April 2006
Amendments to HKAS 19 Employee benefits:	
- Actuarial Gains and Losses, Group Plans and Disclosures	1st April 2006
Amendments to HKAS 39 Financial instruments: Recognition and Measurement:	
- The Fair Value Option	1st April 2006
- Financial Guarantee Contracts	1st April 2006
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:	
- HKAS 1 Presentation of Financial Statements	1st April 2006
- HKAS 27 Consolidated and Separate Financial Statements	1st April 2006
- HKFRS 3 Business Combinations	1st April 2006
HKFRS 7 Financial Instruments: Disclosures	1st April 2007
Amendment to HKAS 1 Presentation of Financial Statements	
- Capital Disclosures	1st April 2007

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) (ii) **Summary of effects of the changes in accounting policies (Continued)**

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1st December 2005 and would be first applicable to the Group's financial statements for the period beginning 1st April 2006.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations would be in the period of initial application, but is not yet in a position to state whether these amendments, new standards and new interpretations would have a significant impact on the Group's results of operations and financial position.

(b) **Group accounting**

(i) *Consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Group accounting (Continued)

(ii) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) *Foreign currency translation*

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) **Intangible assets**

(i) *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill on acquisitions that occurred prior to 1st April 2005 was amortised on a straight-line basis over a period of not exceeding 15 years and assessed for any indication of impairment at each balance sheet date. The Group ceased amortisation of goodwill from 1st April 2005 onwards.

(ii) *Others*

Other intangible assets comprise archives, masthead and publishing right that are acquired by the Group and are stated in the balance sheet at cost less accumulated amortisation.

Amortisation of intangible assets is charged to the income statement on a straight-line basis over the assets' estimated useful lives. Intangible assets with an indefinite useful life are tested systematically for impairment at each balance sheet date. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Archives, masthead and publishing right	15 - 25 years

(d) **Property, plant and equipment**

(i) *Other properties*

Other properties are interests in freehold land and buildings and are stated at cost or fair value which is determined by the directors based on independent valuations. Effective from 30th September 1995, no further revaluations of the Group's freehold land and buildings have been carried out. The Group places reliance on paragraph 80A of HKAS 16 which provides exemption from the need to make regular revaluations for such assets.

Freehold land is not amortised. Freehold buildings are depreciated on a straight-line basis over their expected useful lives to the Group, and the principal annual rate used for this purpose is 2.5%.

Buildings, which are situated on leasehold land and held for own use, are stated at cost or valuation and are depreciated on a straight-line basis over the unexpired periods of the leases or their expected useful lives to the Group, whichever is shorter. The principal annual rates range from 2% to 2.6%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Property, plant and equipment (Continued)

(ii) *Other property, plant and equipment*

Plant and equipment, comprising leasehold improvements, furniture, fixtures, office equipment, machinery, printing equipment and motor vehicles, are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold improvements	15% - 33.33% or over remaining period of leases
Furniture, fixtures and office equipment	10% - 33.33%
Machinery and printing equipment	6.67% - 33.33%
Motor vehicles	25%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(e)).

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement on the date of disposal.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Leases

(i) *Finance leases*

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and long-term liabilities. The interest element of the finance cost is recognised in the income statement over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) *Operating leases*

Leases where substantially all the risks and rewards of ownership of assets are retained by the lessor are accounted for as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the lease period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments

From 1st April 2004 to 31st March 2005

The Group classified its investments in securities as trading securities. Trading securities were carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of trading securities are recognised in the income statement. Gains or losses on disposals of trading securities, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the income statement as they arise.

From 1st April 2005 onwards:

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the year, the Group did not hold any investments in this category.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets represented unlisted club debentures that were stated at fair value at 31st March 2006.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) **Inventories**

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) **Employee benefits**

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Profit sharing and bonus plans*

The expected cost of profit sharing and bonus plans is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by the employees and a reliable estimate of the obligation can be made. Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) *Pension obligations*

The Group operates a hybrid retirement benefit scheme (the “Scheme”) and a Mandatory Provident Fund Scheme (the “MPF”) for its employees in Hong Kong. Overseas employees are under separate pension schemes which are defined contribution plans set up in the countries that the Group operates. The assets of all retirement plans are held separately from those of the Group in independently administered funds. The defined benefit plans and defined contribution plans are generally funded by payments from the relevant Group companies and/or employees.

The Group’s contributions to the defined benefit plans of the Scheme are made based on the periodic recommendations of independent qualified actuaries.

The Group’s contributions to the defined contribution plans of the Scheme and the MPF scheme are expensed as incurred. The Group’s contributions to the defined contribution plans of the Scheme are reduced by the Group’s contributions forfeited by those employees who leave the plans prior to vesting fully in the Group’s contributions.

For the defined benefit plans, the pension cost of the Scheme are assessed using the projected unit credit method. Under this method, the cost of providing retirement benefit is charged to the income statement so as to spread the regular pension costs over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the Scheme. The pension obligation is measured as the present value of the estimated future cash outflows of the Scheme by reference to market yields of Government securities which have similar terms as the terms of the related liabilities. Actuarial gains and losses are recognised over the average remaining service lives of employees. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Employee benefits (Continued)

(iv) *Long service payments*

The Group's net obligations in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group's retirement plans that are attributed to contributions made by the Group. The discount rate is the yield at balance sheet date on high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

(v) *Share-based compensation*

The Group operates share-based compensation schemes. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. The Group recognises the impact of the revision of original estimates, if any, in the income statement with a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(j) **Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(k) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank deposits and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet.

(l) **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates (and laws), enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, are used to determine deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) **Revenue recognition**

Advertising income, net of trade discounts, is recognised when the newspapers and periodicals are published.

Revenue from the circulation and subscription sales of newspapers, periodicals and books, net of trade discounts and returns, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under trade and other payables in the balance sheet.

Revenue from packaged tour operations is recognised upon the departure of tours. Revenue from the provision of other travel related services is recognised upon the delivery of services.

Travel agency commission income earned from the provision of travel agency services is recognised in accordance with the respective agency agreements, which generally coincides with the time when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

Management fee income is recognised on an accrual basis.

Operating lease rental income is recognised in equal instalments over the periods covered by the lease term.

Dividend income is recognised when the right to receive payment is established.

(n) **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated expenses represent corporate expenses. Segment assets consist primarily of property, plant and equipment, defined benefit plan's assets, inventories, receivables and operating cash, and exclude financial assets at fair value through profit or loss, income tax recoverable and corporate assets. Segment liabilities comprise operating liabilities and exclude items such as income tax liabilities and certain corporate borrowings. Capital expenditure comprises additions of property, plant and equipment.

In respect of geographical segment reporting, revenues and results are based on the location in which the customer is located. Total assets and capital expenditure are based on where the assets are located.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

3 FINANCIAL RISK MANAGEMENT

The Group's exposure to interest rate, credit and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Interest rate risk

The Group's cash balances are exposed to the risk arising from changing interest rates. The Group manages this risk by placing deposits at various maturities and interest rate terms.

The Group's bank loans and obligations under finance leases have exposure to risk arising from changing interest rates. The Group manages this risk by arranging various maturity periods and terms for its loans and obligations under finance leases.

(b) Credit risk

The Group manages its credit risk associated with trade receivables through the application of ongoing credit evaluations and monitoring procedures.

(c) Currency risk

The Group's revenues and costs are mainly denominated in Hong Kong dollars, Canadian dollars, US dollars and RMB. Since Hong Kong dollars is pegged to the US dollars and the RMB is pegged to a basket of foreign currencies, the Group does not foresee any substantial exposure to US dollars and RMB in this regard.

The Group's entities in Canada are not exposed to material foreign currency risks as all their major transactions and costs are denominated in Canadian dollars, the functional currency in which these entities operate.

4 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The Group makes estimates and judgements concerning the future based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Provision for impairment of receivables

The Group makes provision for impairment of receivables based on assessment of the recoverability of trade and other receivables. Provisions are made for any specific trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of such balances requires the use of judgement and estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

4 CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) **Defined benefit plan's assets**

Determination of the carrying amount of defined benefit plan's assets requires actuarial assumptions made in respect of discount rate, rate of return on plan assets and rate of future salary increase. Changes to these assumptions could have a significant risk of causing a material adjustment to the carrying amount in the balance sheet.

(c) **Provision for long service payments**

The provision is based on the best estimation of the probable future payments that have been earned by the employees from their services to the Group at the balance sheet date. Actuarial assumptions made in respect of discount rate, rate of return on plan assets and rate of future salary increase also determine the carrying amount of the provision for long service payments. Changes to these assumptions could have a significant risk of causing a material adjustment to the carrying amount in the balance sheet.

(d) **Fair value of intangible assets**

The fair value of intangible assets that are not traded in an active market is determined by independent valuation. The Group adopted the fair value provided by an independent valuation consultant as its best estimate of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

5 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the publication of Chinese newspapers, periodicals and books, provision of travel and travel related services. Revenues recognised during the year are as follows:

	Group	
		As restated
	2006	2005
	HK$'000	*HK$'000*
Turnover		
Advertising income, net of trade discounts	640,309	585,989
Sales of newspapers, periodicals and books, net of trade discounts and returns	188,467	192,597
Travel and travel related services income	416,724	387,100
Travel agency commission income	3,123	2,993
	1,248,623	1,168,679
Other gains		
Interest income	8,640	2,949
Rental and management fee income	558	831
Dividend income	75	42
Deemed gain on disposal of partial interests in subsidiaries (note (a))	33,102	2,054
Gain on disposal of partial interests in subsidiaries (note (b))	27,854	—
Others	—	2,948
	70,229	8,824
Total revenues	1,318,852	1,177,503

Notes:

(a) On 18th October 2005, the shares of One Media Group, a subsidiary of the Group, were listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited by the issuance of new ordinary shares. As a result, a gain on deemed disposal of partial interests in subsidiaries amounting to HK$33,102,000 was recognised by the Group.

(b) In March 2004, the Group and Redgate Media Inc. ("Redgate") entered into an agreement ("Redgate Agreement") such that 40% of the equity interest in Winmax Resources Limited ("Winmax"), a subsidiary of the Group that operates the Group's lifestyle magazine business, was transferred to Redgate. In return, Redgate transferred its 100% equity interest in Media2U Group together with a cash consideration of HK$8,921,000 to the Group. Details of the transaction were disclosed in the Company's announcement dated 9th March 2004. One of the conditions in the Redgate Agreement provided that if Media2U Group could not achieve an agreed pre-tax profit target for the two financial years commencing from 1st April 2004 to 31st March 2006 ("Pre-tax Profit") as prescribed therein, Redgate would at its discretion either pay to the Group a pre-determined cash amount or reduce its shareholding in Winmax. As Media2U Group did not achieve the Pre-tax Profit, a gain on disposal of partial interests in subsidiaries of HK$27,854,000 was recorded in the Group's consolidated income statement for the current year to reflect the probable adjustment to the value of consideration received on disposal of partial interests in Winmax in accordance with the Redgate Agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

5 TURNOVER AND SEGMENT INFORMATION (Continued)

An analysis of the Group's turnover and results for the year is as follows:

Primary reporting format - business segments:

	Publishing 2006 HK$'000	Travel and travel related services 2006 HK$'000	Elimination 2006 HK$'000	Group 2006 HK$'000
Turnover	828,776	419,847	—	1,248,623
Segment results	15,418	1,994	—	17,412
Interest income				8,640
Other gains				60,956
Net unallocated expenses				(1,366)
Operating profit				85,642
Finance costs				(3,209)
Share of losses of associated companies				(2,909)
Profit before income tax				79,524
Income tax expense				(7,529)
Profit for the year				71,995
Segment assets	849,663	34,862	(33,102)	851,423
Unallocated assets				125,494
Total assets				976,917
Segment liabilities	(218,470)	(42,339)	33,102	(227,707)
Unallocated liabilities				(33,650)
Total liabilities				(261,357)
Capital expenditure on property, plant and equipment	11,053	760	—	11,813
Capital expenditure on intangible assets	67,631	—	—	67,631
Depreciation	24,961	789	—	25,750
Amortisation of leasehold land and land use rights	2,712	—	—	2,712
Amortisation of intangible assets	526	—	—	526
Net other non-cash expenses	5,767	(109)	—	5,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	As restated Publishing 2005 *HK$'000*	Travel and travel related services 2005 *HK$'000*	Elimination 2005 *HK$'000*	As restated Group 2005 *HK$'000*
Turnover	778,586	390,093	—	1,168,679
Segment results	73,794	1,359	—	75,153
Interest income				2,949
Other gains				2,054
Net unallocated expenses				(1,205)
Operating profit				78,951
Finance costs				(2,325)
Share of losses of associated companies				(3,677)
Profit before income tax				72,949
Income tax expense				(21,776)
Profit for the year				51,173
Segment assets	647,440	42,168	(28,768)	660,840
Interests in associated companies	22,210	—	—	22,210
Unallocated assets				89,428
Total assets				772,478
Segment liabilities	(142,715)	(43,334)	28,768	(157,281)
Unallocated liabilities				(46,092)
Total liabilities				(203,373)
Capital expenditure on property, plant and equipment	15,411	592	—	16,003
Depreciation	25,352	794	—	26,146
Amortisation of leasehold land and land use rights	2,712	—	—	2,712
Amortisation of goodwill	137	—	—	137
Net other non-cash expenses	1,573	123	—	1,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

5 TURNOVER AND SEGMENT INFORMATION (Continued)

Secondary reporting format - geographical segments:

	Hong Kong 2006 HK$'000	North America 2006 HK$'000	Mainland China 2006 HK$'000	Elimination 2006 HK$'000	Group 2006 HK$'000
Turnover	754,909	459,484	34,230	—	1,248,623
Segment results	72,904	(29,727)	(17,549)	—	25,628
Interest income					8,640
Other gains					60,956
Net unallocated expenses					(9,582)
Operating profit					85,642
Segment assets	856,317	134,068	194,005	(332,967)	851,423
Unallocated assets					125,494
Total assets					976,917
Segment liabilities	(146,114)	(294,854)	(119,706)	332,967	(227,707)
Unallocated liabilities					(33,650)
Total liabilities					(261,357)
Capital expenditure on property, plant and equipment	7,144	2,268	2,401	—	11,813
Capital expenditure on intangible assets	67,631	—	—	—	67,631

	As restated Hong Kong 2005 HK$'000	North America 2005 HK$'000	As restated Mainland China 2005 HK$'000	Elimination 2005 HK$'000	As restated Group 2005 HK$'000
Turnover	737,114	397,820	33,745	—	1,168,679
Segment results	108,255	(24,074)	(3,299)	—	80,882
Interest income					2,949
Other gains					2,054
Net unallocated expenses					(6,934)
Operating profit					78,951
Segment assets	763,340	132,342	80,355	(315,197)	660,840
Interests in associated companies					22,210
Unallocated assets					89,428
Total assets					772,478
Segment liabilities	(96,110)	(271,455)	(104,913)	315,197	(157,281)
Unallocated liabilities					(46,092)
Total liabilities					(203,373)
Capital expenditure on property, plant and equipment	6,086	9,057	860	—	16,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

6 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Group	
		As restated
	2006	2005
	HK$'000	*HK$'000*
Crediting		
Net exchange gain	1,818	953
Fair value gains on financial assets at fair value through profit or loss	137	—
Unrealised gain on trading securities	—	149
Gain on disposals of property, plant and equipment	—	29
Write-back of over-provision for inventory obsolescence	—	164
Charging		
Auditors' remuneration		
Current year	3,149	2,094
(Over)/under provision in prior years	(41)	228
Cost of inventories sold	220,294	180,552
Depreciation		
Owned property, plant and equipment	23,945	24,581
Leased property, plant and equipment	1,805	1,565
Amortisation of leasehold land and land use rights	2,712	2,712
Amortisation of goodwill	—	137
Amortisation of intangible assets	526	—
Employee benefit expense (including directors' emoluments) (note 12)	359,991	322,699
Operating lease expenses		
Land and buildings	12,218	8,569
Machineries	171	143
Provision for impairment of receivables	4,872	1,860
Provision for inventory obsolescence	786	—
Loss on disposals of property, plant and equipment	76	—

7 FINANCE COSTS

	Group	
	2006	2005
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	2,728	1,695
Interest element of finance lease payments	481	630
	3,209	2,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

8 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Group	
		As restated
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current year	8,975	16,879
(Over)/under provision in prior years	(337)	9
Overseas taxation		
Current year	3,001	4,527
Over provision in prior years	(334)	(445)
Deferred income tax (credit)/charge (note 32)	(3,776)	806
	7,529	21,776

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rates of the countries in which the Group operates as follows:

	Group	
		As restated
	2006	**2005**
	HK$'000	*HK$'000*
Profit before income tax	79,524	72,949
Notional tax calculated at the taxation rates applicable in the countries concerned	8,103	7,364
Income not subject to tax	(14,376)	(4,960)
Expenses not deductible for tax purposes	3,854	3,867
Utilisation of previously unrecogised tax losses	(1,280)	(1,463)
Recognition of deferred income tax assets arising from previously unrecognised tax losses	(4,291)	—
Temporary differences not recognised	606	1,513
Tax losses for which no deferred income tax asset was recognised	15,644	15,891
Over provision in prior years	(671)	(436)
Others	(60)	—
Tax expense	7,529	21,776

9 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$79,133,000 (2005: HK$6,358,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

10 DIVIDENDS

	Group and Company	
	2006	**2005**
	HK$'000	*HK$'000*
Interim, paid, of HK3 cents (2005: HK3 cents) per ordinary share	11,805	11,858
Final, proposed, of HK4 cents (2005: HK4 cents, paid) per ordinary share (notes (a) & (b))	16,206	15,761
	28,011	27,619

Notes:

(a) The board of directors has resolved to recommend a final dividend of HK4 cents (2005: HK4 cents) per ordinary share for the year ended 31st March 2006. Upon approval by the shareholders, the final dividend will be paid on 20th September 2006 to shareholders whose names appear on the register of members of the Company on 8th September 2006. These financial statements do not reflect this dividend payable.

(b) The actual 2005 final dividend paid during the year ended 31st March 2006 was different from the proposed 2005 final dividend as disclosed in the 2005 Annual Report as 413,000 ordinary shares were repurchased by the Company between the financial statements approval date and the ex-dividend date.

11 EARNINGS PER SHARE

(i) **Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Group and Company	
		As restated
	2006	**2005**
Profit attributable to equity holders of the Company (HK$'000)	68,514	43,340
Weighted average number of ordinary shares in issue	393,864,156	395,924,441
Basic earnings per share (HK cents)	17	11

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

11 EARNINGS PER SHARE (Continued)

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares, which is the share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Group and Company	
		As restated
	2006	**2005**
Profit attributable to equity holders of the Company used to determine diluted earnings per share (HK$'000)	68,514	43,340
Weighted average number of ordinary shares in issue	393,864,156	395,924,441
Adjustment for share options	127,086	141,522
Weighted average number of ordinary shares for diluted earnings per share	393,991,242	396,065,963
Diluted earnings per share (HK cents)	17	11

12 EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Wages and salaries	323,358	293,369
Unutilised annual leave	1,298	1,618
Share compensation costs on share options granted by a listed subsidiary	794	—
Pension costs - defined contribution plans	7,072	7,021
Pension costs - defined benefit plans (note 19)	517	685
Other staff costs	26,952	20,006
	359,991	322,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Details of directors' emoluments for the year ended 31st March 2006 are set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contributions to pension schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Tan Sri Datuk TIONG Hiew King	—	—	—	—	—
Mr TIONG Kiu King	—	—	—	—	—
Dr TIONG Ik King	—	—	—	—	—
Mr TIONG Kiew Chiong	—	1,862	54	93	2,009
Independent non-executive directors					
Mr TANG Ying Yu	130	—	—	—	130
Mr David YU Hon To	160	—	—	—	160
Mr Victor YANG	140	—	—	—	140
Total	430	1,862	54	93	2,439

Details of directors' emoluments for the year ended 31st March 2005 are set out below:

Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contributions to pension schemes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Tan Sri Datuk TIONG Hiew King	—	—	—	—	—
Mr TIONG Kiu King	—	—	—	—	—
Dr TIONG Ik King	—	—	—	—	—
Mr TIONG Kiew Chiong	—	1,769	54	93	1,916
Independent non-executive directors					
Mr TANG Ying Yu	120	—	—	—	120
Mr David YU Hon To	120	—	—	—	120
Mr Victor YANG	63	—	—	—	63
Total	303	1,769	54	93	2,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) No directors waived any emoluments and no emoluments were paid to the directors as an inducement fee to join or as compensation for loss of office during the years ended 31st March 2006 and 2005.

During the year, no option (2005: nil) was granted to the directors under the share option scheme of the Company approved by the shareholders at the Special General Meeting held on 21st August 2001.

As at 31st March 2006, no option was granted to the directors under the Post-IPO Scheme of OMG. During the year, 5,200,000 share options were conditionally granted to the directors of the Company under the Pre-IPO Scheme of OMG on 27th September 2005.

(b) The five highest paid individuals during the year include one executive director whose emoluments are reflected in the analysis presented above. The emoluments paid to the remaining four (2005: four) individuals during the year are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	6,670	6,047
Contributions to pension scheme	208	287
Share compensation costs on share options granted by a listed subsidiary	100	—
	6,978	6,334

The emoluments of the four individuals fell within the following bands:

	Number of individuals	
	2006	**2005**
	HK$'000	*HK$'000*
From HK$1,000,001 to HK$1,500,000	—	2
From HK$1,500,001 to HK$2,000,000	4	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

14 PROPERTY, PLANT AND EQUIPMENT

	Group							
	Other properties							
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation								
At 1st April 2004, as previously reported	21,779	7,067	282,638	35,346	117,276	234,557	4,321	702,984
Transfer to leasehold land and land use rights (note 15)	—	(5,153)	(119,269)	(22,089)	—	—	—	(146,511)
Effect of adopting HKAS 17	—	135	(95,235)	(974)	—	—	—	(96,074)
At 1st April 2004, as restated	21,779	2,049	68,134	12,283	117,276	234,557	4,321	460,399
Additions	—	—	—	—	11,987	3,734	282	16,003
Acquisition of subsidiaries	—	—	—	—	242	—	—	242
Exchange adjustment	1,686	—	—	—	3,472	4,802	42	10,002
Disposals	—	—	—	—	(2,575)	(2,572)	(619)	(5,766)
At 31st March 2005, as restated	23,465	2,049	68,134	12,283	130,402	240,521	4,026	480,880
At 1st April 2005, as previously reported	23,465	7,067	282,638	35,346	130,402	240,521	4,026	723,465
Transfer to leasehold land and land use rights (note 15)	—	(5,153)	(119,269)	(22,089)	—	—	—	(146,511)
Effect of adopting HKAS 17	—	135	(95,235)	(974)	—	—	—	(96,074)
At 1st April 2005, as restated	23,465	2,049	68,134	12,283	130,402	240,521	4,026	480,880
Additions	—	—	—	—	9,482	2,326	5	11,813
Exchange adjustment	749	—	—	—	1,653	3,100	31	5,533
Disposals	—	—	—	—	(2,612)	(623)	—	(3,235)
At 31st March 2006	24,214	2,049	68,134	12,283	138,925	245,324	4,062	494,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group							
	Other properties							
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accumulated depreciation								
At 1st April 2004, as previously reported	1,968	895	62,296	6,532	101,095	154,185	2,815	329,786
Transfer to leasehold land and land use rights (note 15)	—	(777)	(25,038)	(4,715)	—	—	—	(30,530)
Effect of adopting HKAS 17	—	141	(22,464)	446	—	—	—	(21,877)
At 31st March 2004, as restated	1,968	259	14,794	2,263	101,095	154,185	2,815	277,379
Charge for the year, as restated	247	30	1,887	267	9,481	13,717	517	26,146
Exchange adjustment	235	—	—	—	3,043	2,778	39	6,095
Disposals	—	—	—	—	(2,528)	(1,569)	(582)	(4,679)
At 31st March 2005, as restated	2,450	289	16,681	2,530	111,091	169,111	2,789	304,941
At 1st April 2005, as previously reported	2,450	1,000	70,093	7,300	111,091	169,111	2,789	363,834
Transfer to leasehold land and land use rights (note 15)	—	(852)	(27,217)	(5,173)	—	—	—	(33,242)
Effect of adopting HKAS 17	—	141	(26,195)	403	—	—	—	(25,651)
At 31st March 2005, as restated	2,450	289	16,681	2,530	111,091	169,111	2,789	304,941
Charge for the year	262	31	1,888	266	9,440	13,399	464	25,750
Exchange adjustment	114	—	—	—	1,459	2,024	24	3,621
Disposals	—	—	—	—	(2,539)	(613)	—	(3,152)
At 31st March 2006	2,826	320	18,569	2,796	119,451	183,921	3,277	331,160
Net book value								
At 31st March 2006	21,388	1,729	49,565	9,487	19,474	61,403	785	163,831
At 31st March 2005, as restated	21,015	1,760	51,453	9,753	19,311	71,410	1,237	175,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group							
	Other properties							
	Freehold land and buildings outside Hong Kong	Buildings held on long term leases outside Hong Kong	Buildings held on medium term leases in Hong Kong	Buildings held on medium term leases outside Hong Kong	Leasehold improvements, furniture, fixtures and office equipment	Machinery and printing equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The analysis of the cost or valuation at 31st March 2006 of the above assets is as follows:								
At cost	6,206	—	971	—	138,925	245,324	4,062	395,488
At professional valuation in 1995	18,008	2,049	67,163	12,283	—	—	—	99,503
At 31st March 2006	24,214	2,049	68,134	12,283	138,925	245,324	4,062	494,991
The analysis of the cost or valuation at 31st March 2005 of the above assets is as follows:								
At cost, as restated	5,457	—	971	—	130,402	240,521	4,026	381,377
At professional valuation in 1995, as restated	18,008	2,049	67,163	12,283	—	—	—	99,503
At 31st March 2005, as restated	23,465	2,049	68,134	12,283	130,402	240,521	4,026	480,880

(a) The freehold land and buildings stated at professional valuation in 1995 were revalued by Vigers Hong Kong Limited and Royal LePage Appraisal & Consulting Services, independent international property consultants, on an open market value basis at 30th September 1995.

(b) The carrying values of machines purchased under finance leases are HK$13,152,000 (2005: HK$15,132,000).

(c) The carrying amounts of other properties would have been HK$47,137,000 (2005: HK$48,880,000, as restated) had they been stated at cost less accumulated depreciation.

(d) Certain property, plant and equipment were pledged as securities for the Group's banking facilities. The details are set out in note 31 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

15 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
		As restated
	2006	2005
	HK$'000	*HK$'000*
Cost		
At 1st April		
As previously reported	—	—
Prior period adjustment arising from adoption of new accounting standard for lease (note 14)	146,511	146,511
At 31st March	146,511	146,511
Accumulated amortisation		
At 1st April		
As previously reported	—	—
Prior period adjustment arising from adoption of new accounting standard for lease (note 14)	33,242	30,530
At 1st April	33,242	30,530
Charge for the year (note 6)	2,712	2,712
At 31st March	35,954	33,242
Net book value		
At 31st March	110,557	113,269

(a) The net book value of the Group's interests in leasehold land and land use rights is analysed as follows:

	Group	
	2006	2005
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of between 10 to 50 years	89,873	92,052
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	16,458	16,916
Leases of over 50 years	4,226	4,301
	110,557	113,269

(b) Certain leasehold land and land use rights were pledged as securities for the Group's banking facilities. The details are set out in note 31 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

16 INTANGIBLE ASSETS

	Goodwill *HK$'000*	Archives, masthead and publishing right *HK$'000*	Total *HK$'000*
At 1st April 2004			
Cost and net book amount	—	—	—
Year ended 31st March 2005			
Opening net book amount	—	—	—
Acquisition of subsidiaries	2,165	—	2,165
Amortisation and impairment (note (a))	(137)	—	(137)
Closing net book amount	2,028	—	2,028
At 31st March 2005			
Cost	2,165	—	2,165
Adjustment to eliminate accumulated amortisation and impairment against cost	(137)	—	(137)
	2,028	—	2,028
Accumulated amortisation and impairment	137	—	137
Adjustment to eliminate accumulated amortisation and impairment against cost	(137)	—	(137)
	—	—	—
Net book amount	2,028	—	2,028
Year ended 31st March 2006			
Opening net book amount	2,028	—	2,028
Acquisition of subsidiaries (notes (b), (c) & 34)	25,656	41,975	67,631
Amortisation expense (note (a))	—	(526)	(526)
Closing net book amount	27,684	41,449	69,133
At 31st March 2006			
Cost	27,684	41,975	69,659
Accumulated amortisation and impairment	—	(526)	(526)
Net book amount	27,684	41,449	69,133

Notes:

(a) Amortisation of HK$526,000 (2005: HK$137,000) is included in other operating expenses in the consolidated income statement.

(b) On 20th March 2006, Skyland International Investment Limited ("Skyland"), an indirect non-wholly-owned subsidiary of the Company, entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of Yazhou Zhoukan Holdings Limited ("YZH") from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited at a consideration of HK$16,200,000. YZH's wholly-owned subsidiary, Yazhou Zhoukan Limited, is principally engaged in the operation of the magazine "Yazhou Zhoukan" with distribution network in all major cities in the Southeast Asia region.

(c) The acquisition has been accounted for using the purchase method of accounting. An amount of HK$25,656,000, which represented the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities assumed, was recorded as goodwill. YZH has become a wholly-owned subsidiary and its results have been consolidated into the Group's financial statements effective from 1st January 2006.

The fair value of intangible assets arising from the acquisition, amounting to HK$41,975,000, was based on valuation by RHL Appraisal Ltd., an independent valuation consultant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

17 INTERESTS IN SUBSIDIARIES

	Company	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	745,171	745,171
Less: provision for impairment	(280,700)	(280,700)
	464,471	464,471
Amounts due from subsidiaries (note)		
Interest-free	16,199	459,360
Interest-bearing	608,440	118,626
	1,089,110	1,042,457

Note: The amounts due from subsidiaries are unsecured and repayable on demand.

Details of the Company's principal subsidiaries are set out in note 38 to the financial statements.

18 INTERESTS IN ASSOCIATED COMPANIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Share of net liabilities other than goodwill (note (b))	—	(22,519)
Amounts due from associated companies (note (c))	—	44,729
	—	22,210

Notes:

(a) On 20th March 2006, Skyland entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of YZH from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited, details of which are set out in note 16 to the financial statements.

(b) The following is a list of the Group's associated companies at 31st March 2005:

Name	Place of incorporation and operation	Effective equity interest %	Particulars of issued share capital/ registered capital	Principal activities
Yazhou Zhoukan Holdings Limited	British Virgin Islands	49.72	10,000 ordinary shares of HK$1 each	Investment holding
Yazhou Zhoukan Limited	Hong Kong	49.72	9,500 ordinary shares of HK$1 each	Magazine publishing
亞週股份有限公司	Taiwan	49.72	500,000 ordinary shares of NT$10 each	Magazine distributing

(c) The amounts due from associated companies were unsecured, not repayable within the next twelve months and interest-bearing, except for an amount of HK$4,500,000 which was interest-free.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

19 DEFINED BENEFIT PLAN'S ASSETS

The Group operates a number of staff retirement schemes which include a hybrid retirement benefit scheme (the "Scheme") for its employees in Hong Kong.

(a) The Scheme has three categories of members: Regular Member, Special Member and Defined Benefit ("DB") Member.

Regular Member — defined contribution type of benefits based on accumulated contributions and investment gains and losses thereon.

Special Member — benefits based on final salary and service period or accumulated employer's contributions with credited investment gains and losses, whichever is higher.

DB Member — benefits based on final salary and service period only.

Members are also required to contribute monthly at 5% of their basic monthly salaries to the Scheme. The accumulated members' contributions with investment gains and losses will be paid to the members upon their leaving the employment in addition to the benefits described above.

(b) Defined benefit schemes for Special Member and DB Member

Pension costs are assessed using the projected unit credit method. The pension costs are charged to the income statement so as to spread the regular costs over the service lives of employees. A full valuation of the defined benefit scheme based on the projected unit credit method has been carried out by Watson Wyatt Hong Kong Limited, an independent qualified actuary, and the pension costs are charged to the income statement in accordance with its advice.

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Defined benefit plan's assets	15,104	14,687

The amounts recognised in the balance sheet are determined as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Fair value of plan assets	40,820	36,345
Present value of funded obligations	(30,028)	(28,053)
	10,792	8,292
Unrecognised actuarial losses	4,312	6,395
Assets in the balance sheet	15,104	14,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

19 DEFINED BENEFIT PLAN'S ASSETS (Continued)

The limit of net asset to be recognised is disclosed as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Cumulative unrecognised net actuarial losses and past service cost	4,312	6,395
Present value of available future refunds or reductions in future contributions	10,792	8,292
	15,104	14,687

The amounts recognised in the income statement are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Current service cost	(1,729)	(1,776)
Interest cost	(1,110)	(997)
Expected return on plan assets	2,558	2,340
Net actuarial losses recognised in the year	(236)	(252)
Total pension costs, included in employee benefit expense (note 12)	(517)	(685)

The actual return on plan assets recognised as an asset was HK$5,457,000 (2005: HK$3,094,000).

Movements in the assets recognised in the balance sheet:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
At 1st April	14,687	14,377
Total pension costs - as shown above	(517)	(685)
Contributions paid	934	995
At 31st March	15,104	14,687

The principal actuarial assumptions used were as follows:

	Group	
	2006	**2005**
	%	*%*
Discount rate	4.5	4.0
Expected rate of return on plan assets	7.0	7.0
Expected rate of future salary increases		
2005 to 2007	1.5	1.5
2008 and onwards	4.0	4.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

20 INVENTORIES

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Raw materials	48,424	46,917
Finished goods	4,700	4,126
	53,124	51,043

The cost of inventories recognised as expenses and included in cost of goods sold amounted to HK$220,294,000 (2005: HK$180,552,000).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Company
	2006
	HK$'000
Listed equity securities in Hong Kong, at market value	2,085

22 TRADING SECURITIES

	Group and Company
	2005
	HK$'000
Listed equity securities in Hong Kong, at market value	1,948

23 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	183,332	166,137	—	—
Less: provision for impairment of receivables	(9,897)	(4,795)	—	—
Trade receivables, net (note)	173,435	161,342	—	—
Deposits and prepayments	37,495	38,211	388	215
Other receivables	27,854	—	—	—
	238,784	199,553	388	215

The carrying amounts of trade and other receivables approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

23 TRADE AND OTHER RECEIVABLES (Continued)

Note: The Group allows in general a credit period ranging from 7 days to 90 days and 30 days to 180 days to its trade customers in Hong Kong and Mainland China respectively. At 31st March 2006, the ageing analysis of the Group's trade receivables is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
0 to 60 days	106,057	96,999
61 to 120 days	44,164	44,124
121 to 180 days	15,895	16,093
Over 180 days	7,319	4,126
	173,435	161,342

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The Group has recognised a loss of HK$4,872,000 (2005: HK$1,860,000) for the impairment of its trade receivables during the year ended 31st March 2006. The loss has been included in selling and distribution expenses in the income statement.

24 BANK BALANCES AND CASH

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at bank and in hand	37,972	38,170	1,996	682
Short-term bank deposits	270,961	151,988	105,651	80,235
	308,933	190,158	107,647	80,917

The effective interest rate on short-term bank deposits was 3.39% (2005: 0.99%) per annum; these deposits have an average maturity of 42 days (2005: 85 days).

Included in the bank balances and cash of the Group are cash and bank deposits denominated in Renminbi placed with banks in Mainland China amounting to HK$11,547,000 (2005: HK$8,507,000).

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables (note)	66,577	50,140	—	—
Accrued charges	69,074	49,219	2,045	695
Subscriptions received in advance	47,779	18,845	—	—
	183,430	118,204	2,045	695

The carrying amounts of trade and other payables approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

25 TRADE AND OTHER PAYABLES (Continued)

Note: At 31st March 2006, the ageing analysis of the Group's trade payables is as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
0 to 60 days	57,114	46,465
61 to 120 days	6,050	2,648
121 to 180 days	2,985	852
Over 180 days	428	175
	66,577	50,140

26 SHARE CAPITAL

	Group and Company Authorised share capital Ordinary shares of HK$0.10 each	
	Number of shares	*HK$'000*
At 31st March 2005 and 2006	500,000,000	50,000

	Issued and fully paid ordinary shares of HK$0.10 each			
	2006		**2005**	
	Number of shares	*HK$'000*	*Number of shares*	*HK$'000*
At 1st April	394,431,000	39,442	397,355,000	39,735
Repurchase of ordinary shares (note (a))	(1,201,000)	(120)	(2,924,000)	(293)
Issue of ordinary shares (note (b))	12,000,000	1,200	—	—
At 31st March	405,230,000	40,522	394,431,000	39,442

Notes:

(a) During the year, the Company repurchased a total of 1,201,000 of its listed shares on the Stock Exchange for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

Month/Year	Number of shares repurchased	Purchase price per share Highest	Lowest	Aggregate purchase consideration
		HK$	*HK$*	*HK$*
July 2005	413,000	1.75	1.60	699,433
August 2005	153,000	1.62	1.58	243,750
September 2005	40,000	1.59	1.57	62,912
October 2005	330,000	1.50	1.40	478,480
January 2006	177,000	1.40	1.33	240,521
February 2006	30,000	1.40	1.38	41,480
March 2006	58,000	1.40	1.35	81,050
	1,201,000			1,847,626

All the repurchased shares were cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained profits to the capital redemption reserve.

(b) 12,000,000 ordinary shares of the Company were issued as consideration for the acquisition of YZH by Skyland. Details of which are set out in note 16 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

27 RESERVES

	Group							
	Share premium	**Property revaluation reserve**	**Capital redemption reserve**	**Exchange fluctuation reserve**	**Difference arising on consolidation**	**Reserve arising on consolidation**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2004, as previously reported	596,410	119,297	356	1,167	(22,400)	3,582	(137,015)	561,397
Effect of adopting HKAS 17	—	(103,663)	—	—	—	—	29,466	(74,197)
Effect of adopting HKAS 17 on deferred income tax	—	17,948	—	—	—	—	(3,677)	14,271
At 1st April 2004, as restated	596,410	33,582	356	1,167	(22,400)	3,582	(111,226)	501,471
Profit for the year, as restated	—	—	—	—	—	—	43,340	43,340
Goodwill written off due to disposal of partial interests in subsidiaries	—	—	—	—	—	1,973	—	1,973
Repurchase of ordinary shares	(3,943)	—	293	—	—	—	(293)	(3,943)
Exchange adjustment	—	—	—	2,185	—	—	—	2,185
2004 final dividend paid (note 10)	—	—	—	—	—	—	(11,868)	(11,868)
2004 special dividend paid (note 10)	—	—	—	—	—	—	(3,955)	(3,955)
2005 interim dividend paid (note 10)	—	—	—	—	—	—	(11,858)	(11,858)
At 31st March 2005, as restated	592,467	33,582	649	3,352	(22,400)	5,555	(95,860)	517,345
Representing:								
2005 final dividend paid (note 10)							15,761	
Others							(111,621)	
Accumulated losses at 31st March 2005, as restated							(95,860)	
Company and subsidiaries	592,467	33,582	649	3,352	(22,400)	5,555	(73,336)	539,869
Associated companies	—	—	—	—	—	—	(22,524)	(22,524)
At 31st March 2005, as restated	592,467	33,582	649	3,352	(22,400)	5,555	(95,860)	517,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

27 RESERVES (Continued)

	Group									
	Share premium	Property revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Employee share-based compensation reserve	Asset revaluation surplus	Difference arising on consolidation	Reserve arising on consolidation	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2005, as previously reported	592,467	119,297	649	3,352	—	—	(22,400)	5,555	(124,799)	574,121
Effect of adopting HKAS 17	—	(103,663)	—	—	—	—	—	—	33,240	(70,423)
Effect of adopting HKAS 17 on deferred income tax	—	17,948	—	—	—	—	—	—	(4,301)	13,647
At 1st April 2005, as restated	592,467	33,582	649	3,352	—	—	(22,400)	5,555	(95,860)	517,345
Profit for the year	—	—	—	—	—	—	—	—	68,514	68,514
Repurchase of ordinary shares (note 26(a))	(1,728)	—	120	—	—	—	—	—	(120)	(1,728)
Issue of ordinary shares (note 26(b))	15,000	—	—	—	—	—	—	—	—	15,000
Exchange adjustment	—	—	—	305	—	—	—	—	—	305
Share compensation costs on share options granted by a listed subsidiary	—	—	—	—	794	—	—	—	—	794
Asset revaluation surplus arising from acquisition of subsidiaries	—	—	—	—	—	20,987	—	—	—	20,987
2005 final dividend paid (note 10)	—	—	—	—	—	—	—	—	(15,761)	(15,761)
2006 interim dividend paid (note 10)	—	—	—	—	—	—	—	—	(11,805)	(11,805)
At 31st March 2006	605,739	33,582	769	3,657	794	20,987	(22,400)	5,555	(55,032)	593,651
Representing:										
2006 final dividend proposed (note 10)									16,206	
Others									(71,238)	
Accumulated losses at 31st March 2006									(55,032)	
Company and subsidiaries	605,739	33,582	769	3,657	794	20,987	(22,400)	5,555	(55,032)	593,651
Associated companies	—	—	—	—	—	—	—	—	—	—
At 31st March 2006	605,739	33,582	769	3,657	794	20,987	(22,400)	5,555	(55,032)	593,651

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

27 RESERVES (Continued)

	Company				
	Share premium	**Capital redemption reserve**	**Contributed surplus**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2004	596,410	356	200,379	313,455	1,110,600
Repurchase of ordinary shares	(3,943)	293	—	(293)	(3,943)
Profit for the year	—	—	—	6,358	6,358
2004 final dividend paid (note 10)	—	—	—	(11,868)	(11,868)
2004 special dividend paid (note 10)	—	—	—	(3,955)	(3,955)
2005 interim dividend paid (note 10)	—	—	—	(11,858)	(11,858)
At 31st March 2005	592,467	649	200,379	291,839	1,085,334
Representing:					
2005 final dividend paid (note 10)				15,761	
Others				276,078	
Retained profits at 31st March 2005				291,839	
At 1st April 2005	592,467	649	200,379	291,839	1,085,334
Repurchase of ordinary shares (note 26(a))	(1,728)	120	—	(120)	(1,728)
Issue of ordinary shares (note 26(b))	15,000	—	—	—	15,000
Profit for the year	—	—	—	79,133	79,133
2005 final dividend paid (note 10)	—	—	—	(15,761)	(15,761)
2006 interim dividend paid (note 10)	—	—	—	(11,805)	(11,805)
At 31st March 2006	605,739	769	200,379	343,286	1,150,173
Representing:					
2006 final dividend proposed (note 10)				16,206	
Others				327,080	
Retained profits at 31st March 2006				343,286	

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the equity holders of the Company. At Group's level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.

28 SHORT-TERM BANK LOANS

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Trust receipt loans		
Secured	18,626	22,081
Unsecured	338	—
	18,964	22,081

Trust receipt loans have a term of up to 120 days. The effective interest rate on trust receipt loans was 5.79% (2005: 3.46%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

29 LONG-TERM LIABILITIES

	Group 2006 HK$'000	Group 2005 HK$'000
Bank loans, secured (note (a))	9,018	10,693
Obligations under finance leases (note (b))	8,681	12,510
Provision for long service payments (note (c))	5,454	5,188
	23,153	28,391
Current portion of long-term liabilities	(5,227)	(5,943)
	17,926	22,448

Notes:

(a) At 31st March 2006, the Group's secured bank loans were repayable as follows:

	Group 2006 HK$'000	Group 2005 HK$'000
Bank loans, secured		
Within one year	1,910	1,829
In the second year	1,975	1,890
In the third to fifth year	3,699	5,048
After the fifth year	1,434	1,926
	9,018	10,693

The carrying amounts of bank loans were denominated in the following currencies:

	Group 2006 HK$'000	Group 2005 HK$'000
US dollars	4,762	6,047
Canadian dollars	4,256	4,646
	9,018	10,693

The effective interest rates on bank loans ranged from 4.80% to 5.75% per annum during the year ended 31st March 2006 (2005: from 4.50% to 5.27%).

The Group has the following bank loans:

	Group 2006 HK$'000	Group 2005 HK$'000
Floating rate		
Within one year	565	544
In the second year	565	544
In the third to fifth year	1,693	1,632
After the fifth year	1,434	1,926
Fixed rate		
Within one year	1,345	1,285
In the second year	1,410	1,346
In the third to fifth year	2,006	3,416
	9,018	10,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

29 LONG-TERM LIABILITIES (Continued)

(b) At 31st March 2006, the Group's finance lease liabilities were repayable as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Finance lease liabilities minimum lease payments		
Within one year	3,656	4,657
In the second year	2,813	3,541
In the third to fifth year	2,822	5,446
	9,291	13,644
Future finance charges on finance leases	(610)	(1,134)
Present value of finance lease liabilities	8,681	12,510

The present value of finance lease liabilities was repayable as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within one year	3,317	4,114
In the second year	2,622	3,211
In the third to fifth year	2,742	5,185
	8,681	12,510

The carrying amounts of finance lease liabilities were denominated in the following currencies:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
US dollars	764	1,111
Canadian dollars	7,917	11,399
	8,681	12,510

The effective interest rates on finance lease liabilities ranged from 5.75% to 9.43% per annum during the year ended 31st March 2006 (2005: from 4.50% to 9.43%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

29 LONG-TERM LIABILITIES (Continued)

The Group has the following finance lease liabilities:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Floating rate		
Within one year	2,935	3,767
In the second year	2,240	2,829
In the third to fifth year	2,742	4,803
Fixed rate		
Within one year	382	347
In the second year	382	382
In the third to fifth year	—	382
	8,681	12,510

(c) The provision for long service payments represents present value of the obligation under long service payments and respective actuarial gains. The movement during the year is the net-off of current service costs and interest on obligation against long service payments paid during the year. Current service costs and interest on obligation have been recognised during the year and included in other staff costs (note 12).

The amounts recognised in the consolidated balance sheet are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Present value of the obligation	2,894	3,645
Net unrecognised actuarial gains	2,560	1,543
Net liabilities	5,454	5,188

Movements in the provision for long service payments are as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
At 1st April	5,188	6,902
Charged/(credited) to the income statement	431	(1,447)
Contributions paid	(165)	(267)
At 31st March	5,454	5,188

The principal actuarial assumption used was as follows:

	Group	
	2006	**2005**
Average future working lifetime (in years)	13	13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Group	
	2006	**As restated 2005**
	HK$'000	*HK$'000*
Operating profit	85,642	78,951
Fair value gains on financial assets at fair value through profit or loss	(137)	—
Unrealised gain on trading securities	—	(149)
Depreciation of property, plant and equipment	25,750	26,146
Amortisation of leasehold land and land use rights	2,712	2,712
Amortisation of goodwill	—	137
Amortisation of intangible assets	526	—
Dividend income	(75)	(42)
Interest income	(8,640)	(2,949)
Gain on disposal of partial interests in subsidiaries	(27,854)	—
Deemed gain on disposal of partial interests in subsidiaries	(30,814)	(2,054)
Loss/(gain) on disposals of property, plant and equipment	76	(29)
Share compensation costs on share options granted by a listed subsidiary	794	—
Increase in defined benefit plan's assets	(417)	(310)
Operating profit before working capital changes	47,563	102,413
(Increase)/decrease in inventories	(1,860)	2,008
Increase in trade and other receivables	(2,381)	(28,565)
Increase/(decrease) in provision for long service payments	266	(1,714)
Increase/(decrease) in trade and other payables	25,709	(10,823)
Cash generated from operations	69,297	63,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) **Acquisition of subsidiaries**

	Group 2006	Group 2005
	HK$'000	*HK$'000*
Property, plant and equipment	—	242
Goodwill	—	2,165
Archives, masthead and publishing right (included in intangible assets (note 16))	41,975	—
Inventories	221	84
Trade and other receivables	13,943	2,894
Bank balances and cash	8,344	216
Trade and other payables	(83,397)	(3,029)
Income tax liabilities	—	(123)
Net cash consideration	—	4,399
Minority interests	9,458	(2,739)
Net (liabilities)/assets acquired	(9,456)	4,109

The subsidiaries acquired during the year utilised HK$8,508,000 (2005: HK$5,881,000) and HK$nil (2005: HK$535,000) for operating activities and investing activities respectively, and paid HK$nil (2005: HK$7,000) in respect of income tax of the Group.

An analysis of the net cash inflow in respect of the acquisition of subsidiaries is as follows:

	Group 2006	Group 2005
	HK$'000	*HK$'000*
Net cash consideration	—	4,399
Bank balances and cash acquired	8,344	216
	8,344	4,615

(c) **Analysis of changes in financing during the year**

	Dividend payable 2006	Dividend payable 2005	Short-term and long-term bank loans 2006	Short-term and long-term bank loans 2005	Obligations under finance leases 2006	Obligations under finance leases 2005	Share capital and share premium 2006	Share capital and share premium 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April	—	—	32,774	28,122	12,510	8,403	631,909	636,145
Exchange differences	—	—	174	437	427	676	—	—
Net cash (outflow)/ inflow from financing	(27,566)	(27,681)	(4,966)	4,215	(4,256)	(3,751)	(1,848)	(4,236)
Issuance of ordinary shares(note (d)(i))	—	—	—	—	—	—	16,200	—
Inception of finance leases	—	—	—	—	—	7,182	—	—
Dividends	27,566	27,681	—	—	—	—	—	—
At 31st March	—	—	27,982	32,774	8,681	12,510	646,261	631,909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

30 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(d) **Major non-cash transactions**

(i) During the year ended 31st March 2006, the Group issued 12,000,000 ordinary shares as consideration for the acquisition as discussed in note 34.

(ii) The Group has not entered into any finance lease arrangements in respect of the acquisition of assets for the year ended 31st March 2006 (2005: HK$7,182,000).

31 BANKING FACILITIES AND PLEDGE OF ASSETS

At 31st March 2006, the Group's banking facilities were secured by the following:

(a) certain machinery and printing equipment with net book value of HK$12,972,000 at 31st March 2006 (2005: HK$17,164,000);

(b) first legal charges on certain of the Group's freehold and leasehold land and buildings and land use rights with an aggregate carrying value of HK$188,159,000 at 31st March 2006 (2005: HK$190,562,000, as restated) and assignment of rental income derived therefrom;

(c) first legal charges on the Group's publishing titles;

(d) general security agreements under which all the assets of certain subsidiaries with net book value of HK$113,527,000 at 31st March 2006 (2005: HK$111,706,000) were pledged to certain banks, including HK$22,073,000 (2005: HK$19,716,000) attributable to freehold properties disclosed under note (b) above; and

(e) corporate guarantees issued by the Company.

32 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2005: 17.5%).

The movements in net deferred income tax liabilities/(assets) during the year are as follows:

	Group	
		As restated
	2006	**2005**
	HK$'000	*HK$'000*
At 1st April	13,855	13,049
Deferred income tax (credited)/charged to income statement (note 8)	(3,776)	806
At 31st March	10,079	13,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

32 DEFERRED INCOME TAX (Continued)

The components of deferred income tax liabilities/(assets) recognised in the consolidated balance sheet and the movements (prior to offsetting of the balances within the same tax jurisdiction) during the year are as follows:

	Accelerated tax depreciation	General provision on doubtful debts	Decelerated tax depreciation	Tax losses	Revaluation on other properties	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2004, as previously reported	34,605	(143)	(192)	(1,551)	(5,399)	27,320
Effect of adopting HKAS 17	(17,787)	—	—	—	3,516	(14,271)
At 1st April 2004, as restated	16,818	(143)	(192)	(1,551)	(1,883)	13,049
Charged/(credited) to income statement, as restated	345	110	31	448	(128)	806
At 31st March 2005, as restated	17,163	(33)	(161)	(1,103)	(2,011)	13,855
At 1st April 2005, as previously reported	34,893	(33)	(180)	(1,103)	(6,075)	27,502
Effect of adopting HKAS 17	(17,730)	—	19	—	4,064	(13,647)
At 1st April 2005, as restated	17,163	(33)	(161)	(1,103)	(2,011)	13,855
Charged/(credited) to income statement	(258)	(206)	5	(3,188)	(129)	(3,776)
At 31st March 2006	16,905	(239)	(156)	(4,291)	(2,140)	10,079

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised tax losses of HK$283,850,000 (2005: HK$270,692,000) to carry forward against future taxable income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off and that the deferred income taxes relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

	Group	
	2006	As restated 2005
	HK$'000	*HK$'000*
Deferred income tax assets:		
to be recovered within 12 months	(3,521)	(128)
to be recovered after more than 12 months	(671)	(621)
	(4,192)	(749)
Deferred income tax liabilities:		
to be recovered within 12 months	878	437
to be recovered after more than 12 months	13,393	14,167
	14,271	14,604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

33 COMMITMENT

(a) **Operating lease commitments**

At 31st March 2006, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Within one year	9,543	9,225
Later than one year and not later than five years	11,954	17,580
	21,497	26,805

(b) **Capital commitments**

Capital commitments outstanding at the balance sheet date were as follows:

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Property, plant and equipment Contracted but not provided for	2,649	—

34 BUSINESS COMBINATION

Details of net liabilities acquired and goodwill generated from the acquisition of 50% issued share capital of YZH by Skyland, details of which are set out in note 16 to the financial statements, are as follows:

	2006
	HK$'000
Purchase consideration	
Fair value of shares issued (note 16(b))	16,200
Fair value of net liabilities acquired - shown as below	9,456
Goodwill (note 16)	25,656

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisition of YZH.

The fair value of the shares issued was based on the published share price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

34 BUSINESS COMBINATION (Continued)

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	HK$'000	*HK$'000*
Cash and cash equivalents	8,344	8,344
Archives, masthead and publishing right (included in intangible assets) (note 16)	41,975	—
Inventories	221	221
Trade and other receivables	13,943	13,943
Trade and other payables	(83,397)	(83,397)
Net liabilities	(18,914)	(60,889)
Minority interests	9,458	
Net liabilities acquired	(9,456)	
Cash and cash equivalents in subsidiaries acquired		8,344
Cash inflow on acquisition		8,344

35 RELATED PARTY TRANSACTIONS AND BALANCES

(a) **Transactions with related parties**

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Rental income received from an associated company	311	393
Charges for administrative and management services, EDP support and equipment rental received from an associated company	1,210	2,011
Interest income received from an associated company	730	1,123
Printing and advertising charges received from an associated company	211	312
Advertising charges paid to an associated company	22	101
Consideration received from a minority shareholder for the disposal of partial interests in subsidiaries	—	8,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
31ST MARCH 2006

35 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) **Key management compensation**

	Group	
	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	12,000	11,091
Contributions to pension scheme	396	275
Share compensation costs on share options granted by a listed subsidiary	259	—
	12,655	11,366

(c) **Related party balances**

At 31st March 2006, the outstanding loan due from Mr Keith KAM Woon Ting, a director of certain subsidiaries of the Company, amounted to HK$669,000 (31st March 2005: HK$790,000). The loan was unsecured, interest-bearing at 4% (2005: 3%) per annum and repayable by monthly installments. The maximum amount outstanding during the year was HK$790,000. No interest was due for the amounts outstanding at 31st March 2006 and 31st March 2005.

36 CONTINGENT LIABILITIES

At 31st March 2006, the Company had contingent liabilities in respect of guarantees issued in favour of certain of its subsidiaries totalling HK$164,866,000 (2005: HK$163,820,000) in connection with general banking facilities granted to those subsidiaries. At 31st March 2006, total facilities utilised amounted to HK$56,424,000 (2005: HK$48,595,000).

37 ULTIMATE HOLDING COMPANY

The directors regard Conch Company Limited, a company incorporated in British Virgin Islands, as being the ultimate holding company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of principal subsidiaries at 31st March 2006 that are incorporated in Hong Kong are as follows:

Name of subsidiary	Particulars of issued and fully paid share capital/registered capital	Effective equity interest %	Principal activities
Centricon Enterprises Limited	2 ordinary shares of HK$1 each	100	Property investment
Charming Holidays Limited	1,000,000 ordinary shares of HK$1 each	100	Provision of travel and travel related services
Charming Online Travel Limited	800,000 ordinary shares of HK$1 each	98.89	Provision of travel and travel related services
Cheerlane Development Limited	2 ordinary shares of HK$1 each	100	Property investment
Holgain Limited	2 ordinary shares of HK$10 each	100	Property investment
Intelligent Printing Limited	2 ordinary shares of HK$1 each	100	Investment holding
Intelligent Publications (China) Limited	1,000,000 ordinary shares of HK$1 each	100	Investment holding
Kin Ming Printing Company Limited	100 ordinary shares of HK$100 each	100	Provision of printing services
Maribo Brief Limited	2 ordinary shares of HK$1 each	100	Property investment
Media2U Company Limited	101 ordinary shares of HK$1 each	44.33	Magazines advertising & operation
Ming Pao Holdings Limited	900 ordinary shares of HK$1,000 each and 100 non-voting deferred shares of HK$1,000 each	100	Investment holding
Ming Pao Holdings (North America) Limited (formerly known as Charming Holidays (North America) Limited)	2 ordinary shares of HK$1 each	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(a) Particulars of principal subsidiaries at 31st March 2006 that are incorporated in Hong Kong are as follows: (Continued)

Name of subsidiary	Particulars of issued and fully paid share capital/registered capital	Effective equity interest %	Principal activities
Ming Pao Magazines Limited (formerly known as Lisport Company Limited)	165,000 ordinary shares of HK$10 each	44.33	Magazines publishing
Ming Pao Newspapers Limited	2 ordinary shares of HK$1 each	100	Newspaper publishing
Ming Pao Publications Limited	10 ordinary shares of HK$1 each	100	Books publishing
Mingpao.com Limited	2 ordinary shares of HK$1 each	97.78	Internet related businesses
Perfect Gain Development Limited	2 ordinary shares of HK$1 each	100	Property investment
Yazhou Zhoukan Limited	9,500 ordinary shares of HK$1 each	100	Magazine publishing

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows:

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/registered capital	Effective equity interest %	Principal activities
Beijing OMG M2U Advertising Company Limited	The People's Republic of China	RMB11,000,000	44.33	Magazines advertising
Beijing Times Resource Advertising Company Limited (notes (b) & (d))	The People's Republic of China	RMB3,500,000	44.33	Magazines advertising
Beijing Times Resource Technology Consulting Limited (notes (b) & (d))	The People's Republic of China	RMB3,000,000	44.33	Magazines operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows: (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/registered capital	Effective equity interest %	Principal activities
Delta Tour & Travel Services (Canada), Inc.	Canada	850,000 common shares at no par value for CAD$530,000	100	Provision of travel and travel related services
Delta Tour & Travel Services (New York), Inc.	The United States of America	20 common shares at no par value for US$10,000	100	Provision of travel and travel related services
Delta Tour & Travel Services, Inc.	The United States of America	461,500 common shares at no par value for US$300,500	100	Provision of travel and travel related services
First Collection Limited	British Virgin Islands	1 ordinary share of US$1	100	Investment holding
Guangzhou Kin Ming Printing Limited (notes (c) & (d))	The People's Republic of China	HK$25,000,000	100	Provision of printing services
Media2U (Beijing) Company Limited	The People's Republic of China	US$70,000	44.33	Magazines operation
Media2U (BVI) Company Limited	British Virgin Islands	1 ordinary share of US$1	44.33	Investment holding
Ming Pao Finance Limited	British Virgin Islands	10 ordinary shares of US$1 each	100	Publishing titles holding
Ming Pao Holdings (Canada) Limited	Canada	1 common share at no par value for CAD$1	100	Investment holding
Ming Pao Holdings (USA) Inc.	The United States of America	1 common share of US$1	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

(b) Particulars of principal subsidiaries at 31st March 2006 that are incorporated outside Hong Kong are as follows: (Continued)

Name of subsidiary	Place of incorporation and operation	Particulars of issued and fully paid share capital/registered capital	Effective equity interest %	Principal activities
Ming Pao International Investment Limited	British Virgin Islands	10 ordinary shares of US$1 each	100	Investment holding
Ming Pao Newspapers (Canada) Limited	Canada	1,001 common shares at no par value for CAD$11	100	Newspaper publishing
Ming Pao (New York) Inc.	The United States of America	1 common share of US$1	100	Newspaper publishing
Ming Pao (San Francisco) Inc.	The United States of America	1 common share of US$1	100	Newspaper publishing
Mingpao.com Holdings Limited	Cayman Islands	717,735 ordinary shares of HK$0.1 each	97.78	Investment holding
MP Printing Inc.	The United States of America	1 common share of US$1	100	Provision of printing services
One Media Group	Cayman Islands	400,000,000 ordinary shares of HK$0.001 each	44.33	Investment holding
One Media Holdings Limited	British Virgin Islands	20,000 ordinary shares of US$0.01 each	44.33	Investment holding
Skyland International Investment Limited	British Virgin Islands	10,000 ordinary shares of HK$1 each	100	Investment holding
Winmax Resources Limited	British Virgin Islands	100,000 ordinary shares of US$0.01 each	60	Investment holding
Yazhou Zhoukan Holdings Limited	British Virgin Islands	12,000 ordinary shares of HK$1 each	100	Investment holding
亞週股份有限公司	Taiwan	500,000 ordinary shares of NT$10 each	100	Magazine distributing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31ST MARCH 2006

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(a) All companies operate in their respective places of incorporation, except for First Collection Limited, Media2U (BVI) Company Limited, Ming Pao Finance Limited, Ming Pao International Investment Limited, Mingpao.com Holdings Limited, One Media Group, One Media Holdings Limited, Skyland International Investment Limited, Winmax Resources Limited and Yazhou Zhoukan Holdings Limited, which operate principally in Hong Kong.

(b) Beijing Times Resource Advertising Company Limited ("TRA") and Beijing Times Resource Technology Consulting Limited ("TRT") are domestic enterprises in the PRC owned legally by PRC nationals. The Group has entered into contractual arrangements with the legal owners of these companies so that the decision-making rights, operating and financing activities of TRA and TRT are ultimately controlled by the Group. The Group is also entitled to substantially all of the operating profits and residual benefits generated by TRA and TRT under these arrangements. In particular, the legal owners of these companies are required under their contractual arrangements with the Group to transfer their interests in TRA and TRT to the Group or the Group's designee upon the Group's request at a pre-agreed nominal consideration. Further, the Group can receive the cash flow derived from the operations of TRA and TRT through the levying of service and consultancy fees. The ownership interests in TRA and TRT have also been pledged by the legal owners of these companies to the Group. Based on the above, the directors regard these companies as subsidiaries of the Company.

(c) The subsidiary was established in PRC in the form of a wholly-owned foreign enterprise.

(d) The subsidiaries have 31st December as their financial accounting year end date, which is not coterminous with that of the Group for the reason of compliance with local regulations.

The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affected the Group's results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

The directors of Ming Pao Enterprise Corporation Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2006 are as follows:

		(Unaudited) Six months ended 30th September	
		2006	**2005**
	Note	*HK$'000*	*HK$'000*
Turnover	4	735,511	660,868
Cost of goods sold		(543,810)	(484,722)
Gross profit		191,701	176,146
Other gains		6,188	3,360
Selling and distribution expenses		(105,972)	(90,818)
Administrative expenses		(68,196)	(63,862)
Other operating expenses, net		(4,889)	(361)
Operating profit	5	18,832	24,465
Finance costs	6	(1,979)	(1,364)
Share of losses of associated companies		—	(2,114)
Profit before income tax		16,853	20,987
Income tax expense	7	(1,759)	(4,660)
Profit for the half-year		15,094	16,327
Attributable to:			
Equity holders of the Company		16,265	15,222
Minority interests		(1,171)	1,105
		15,094	16,327
Earnings per share for profit attributable to the equity holders of the Company (expressed in HK cents)			
— Basic	8	4.0 cents	3.9 cents
— Diluted	8	4.0 cents	3.9 cents
Dividends	9	(28,314)	(27,566)

CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2006

	Note	(Unaudited) 30th September 2006 HK$'000	(Audited) 31st March 2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		164,828	163,831
Leasehold land and land use rights		109,201	110,557
Intangible assets		68,081	69,133
Defined benefit plan's assets		15,677	15,104
Deferred income tax assets		4,323	671
		362,110	359,296
Current assets			
Inventories		64,912	53,124
Available-for-sale financial assets		4,698	4,698
Financial assets at fair value through profit or loss		1,884	2,085
Trade and other receivables	10	242,861	238,784
Deferred income tax assets		4,876	3,521
Income tax recoverable		8,219	6,476
Bank balances and cash		264,907	308,933
		592,357	617,621
Current liabilities			
Trade and other payables	11	200,864	183,430
Income tax liabilities		4,118	633
Short-term bank loans		3,564	18,964
Bank overdrafts, secured		23,156	20,906
Current portion of long-term liabilities	12	4,664	5,227
Deferred income tax liabilities		1,525	878
		237,891	230,038
Net current assets		354,466	387,583
Total assets less current liabilities		716,576	746,879
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	40,441	40,522
Reserves		595,229	593,651
		635,670	634,173
Minority interests		51,953	81,387
Total equity		687,623	715,560
Non-current liabilities			
Long-term liabilities	12	16,014	17,926
Deferred income tax liabilities		12,939	13,393
		716,576	746,879

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	(Unaudited) Attributable to equity holders of the Company												
	Share capital	Share premium	Property revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Employee share-based payment reserve	Asset revaluation surplus	Difference arising on consolidation	Reserve arising on consolidation	Accumulated losses	Equity attributable to the equity holders of the Company	Minority interests	Total
	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*
At 1st April 2005	39,442	592,467	33,582	649	3,352	—	—	(22,400)	5,555	(95,860)	556,787	12,318	569,105
Profit for the half-year	—	—	—	—	—	—	—	—	—	15,222	15,222	1,105	16,327
Disposal of partial interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	1,814	1,814
Repurchase of ordinary shares	(60)	(945)	—	60	—	—	—	—	—	(60)	(1,005)	—	(1,005)
Exchange adjustment	—	—	—	—	1,694	—	—	—	—	—	1,694	—	1,694
2004/2005 final dividend paid	—	—	—	—	—	—	—	—	—	(15,761)	(15,761)	—	(15,761)
At 30th September 2005	39,382	591,522	33,582	709	5,046	—	—	(22,400)	5,555	(96,459)	556,937	15,237	572,174
At 1st April 2006	40,522	605,739	33,582	769	3,657	794	20,987	(22,400)	5,555	(55,032)	634,173	81,387	715,560
Profit for the half-year	—	—	—	—	—	—	—	—	—	16,265	16,265	(1,171)	15,094
Repurchase of ordinary shares	(81)	(1,033)	—	81	—	—	—	—	—	(81)	(1,114)	—	(1,114)
Exchange adjustment	—	—	—	—	1,665	—	—	—	—	—	1,665	—	1,665
Share compensation costs on share options granted by a listed subsidiary	—	—	—	—	—	866	—	—	—	—	866	—	866
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(17)	(17)
Gain on disposal of partial interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	(27,854)	(27,854)
2005/2006 final dividend paid	—	—	—	—	—	—	—	—	—	(16,185)	(16,185)	—	(16,185)
2005/2006 final dividend paid by a listed subsidiary	—	—	—	—	—	—	—	—	—	—	—	(392)	(392)
At 30th September 2006	40,441	604,706	33,582	850	5,322	1,660	20,987	(22,400)	5,555	(55,033)	635,670	51,953	687,623

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2006

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Net cash (used in)/generated from operating activities	(4,380)	28,648
Net cash (used in)/generated from investing activities	(5,803)	5,488
Net cash (used in)/generated from financing activities	(36,190)	2,725
Net (decrease)/increase in cash and cash equivalents	(46,373)	36,861
Cash and cash equivalents at the beginning of the period	288,027	177,654
Exchange gain on cash and cash equivalents	97	333
Cash and cash equivalents at the end of the period	241,751	214,848
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	264,907	226,573
Bank overdrafts	(23,156)	(11,725)
	241,751	214,848

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Ming Pao Enterprise Corporation Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company is an investment holding company. The principal activities of the Group are the publication of Chinese newspapers, periodicals and books, and the provision of travel and travel related services.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 22nd March 1991.

These unaudited condensed consolidated interim financial statements ("Interim Financial Statements") are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated. These Interim Financial Statements have been approved for issue by the Board of Directors on 14th December 2006.

2 BASIS OF PREPARATION

These Interim Financial Statements for the six months ended 30th September 2006 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange.

These Interim Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31st March 2006.

3 ACCOUNTING POLICIES

The accounting policies used in the preparation of these Interim Financial Statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31st March 2006.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1st January 2006. The Group has carried out an assessment of these new standards, amendments to standards and interpretations and considered that they have no significant impact on these Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

4 SEGMENT INFORMATION

Primary reporting format — business segments

Analysis of the Group's turnover and results for the period by business segment is as follows:

	(Unaudited) Six months ended 30th September					
	Publishing		Travel and travel related services		Group	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	435,737	399,255	299,774	261,613	735,511	660,868
Segment results	7,270	15,624	6,570	6,524	13,840	22,148
Interest income					5,888	3,021
Net unallocated expenses					(896)	(704)
Operating profit					18,832	24,465

Secondary reporting format — geographical segments

The Group's two business segments operate in three main geographical areas:

	(Unaudited) Turnover Six months ended 30th September		(Unaudited) Segment results Six months ended 30th September	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	434,032	393,478	34,937	36,408
North America	272,037	250,019	(7,168)	(5,552)
Mainland China	29,442	17,371	(7,388)	(4,332)
	735,511	660,868	20,381	26,524
Interest income			5,888	3,021
Net unallocated expenses			(7,437)	(5,080)
Operating profit			18,832	24,465

Note: Corporate expenses incurred by a subsidiary group in the current period are classified as unallocated expenses. Accordingly, certain comparative figures have been reclassified to conform to the current period's presentation.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

5 OPERATING PROFIT

The following items have been charged to the operating profit during the interim period:

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Cost of inventories sold	100,369	90,612
Amortisation of leasehold land and land use rights	1,356	1,356
Amortisation of intangible assets	1,052	—
Depreciation		
— Owned property, plant and equipment	12,235	12,019
— Leased property, plant and equipment	734	881
Employee benefit expense (including directors' emoluments)	186,750	175,261

6 FINANCE COSTS

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	1,715	1,092
Interest element of finance lease payments	264	272
	1,979	1,364

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Hong Kong profits tax		
— Current period	3,868	4,806
— Over provision in prior years	—	(52)
Overseas taxation		
— Current period	2,847	144
— Over provision in prior years	(141)	(366)
Deferred income tax (credit)/expense	(4,815)	128
	1,759	4,660

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the Group's unaudited profit attributable to equity holders of the Company for the period of HK$16,265,000 (2005: HK$15,222,000) and the weighted average number of 404,969,617 shares (2005: 394,220,639 shares) in issue during the period.

Diluted earnings per share is based on 405,011,191 (2005: 394,513,593) ordinary shares which is the weighted average number of ordinary shares in issue during the period plus the weighted average number of 41,574 (2005: 292,954) ordinary shares deemed to have been issued at no consideration after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

9 DIVIDENDS

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Final, paid, of HK4 cents (2005: HK4 cents) per ordinary share	16,185	15,761
Interim, declared, of HK3 cents (2005: HK3 cents, paid) per ordinary share	12,129	11,805
	28,314	27,566

The directors have declared an interim dividend of HK3 cents (2005: HK3 cents) per ordinary share payable on 15th January 2007 to shareholders whose names appear on the register of members of the Company on 8th January 2007.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

10 TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables and their ageing analysis is as follows:

	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*
0 to 60 days	120,355	106,057
61 to 120 days	45,641	44,164
121 to 180 days	23,097	15,895
Over 180 days	5,718	7,319
	194,811	173,435

The Group allows in general a credit period ranging from 7 days to 90 days to its trade customers.

11 TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables and their ageing analysis is as follows:

	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*
0 to 60 days	77,909	57,114
61 to 120 days	6,332	6,050
121 to 180 days	2,038	2,985
Over 180 days	2,498	428
	88,777	66,577

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

12 LONG-TERM LIABILITIES

	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*
Bank loans, secured	8,275	9,018
Obligations under finance leases	6,949	8,681
Provision for long service payments	5,454	5,454
	20,678	23,153
Current portion of long-term liabilities	(4,664)	(5,227)
	16,014	17,926

As at 30th September 2006, the Group's bank loans (secured) and obligations under finance leases were repayable as follows:

	Bank loans (secured)		Finance lease liabilities (note)	
	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*
Within the first year	1,972	1,910	2,692	3,317
In the second year	2,037	1,975	2,497	2,622
In the third to fifth year	3,056	3,699	1,760	2,742
After the fifth year	1,210	1,434	—	—
	8,275	9,018	6,949	8,681

Note: As at 30th September 2006, future finance charges on obligations under finance leases were HK$436,000 (31st March 2006: HK$610,000).

13 SHARE CAPITAL

	(Unaudited) 30th September 2006 *HK$'000*	(Audited) 31st March 2006 *HK$'000*
Authorised:		
500,000,000 ordinary shares of HK$0.1 each		
At 30th September 2006 and 31st March 2006	50,000	50,000

	(Unaudited) 30th September 2006		(Audited) 31st March 2006	
	Number of ordinary shares	*HK$'000*	*Number of ordinary shares*	*HK$'000*
Issued and fully paid:				
At 1st April 2006 and 1st April 2005	405,230,000	40,522	394,431,000	39,442
Repurchase of ordinary shares	(812,000)	(81)	(1,201,000)	(120)
Issue of ordinary shares	—	—	12,000,000	1,200
At 30th September 2006 and 31st March 2006	404,418,000	40,441	405,230,000	40,522

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

14 RELATED PARTY TRANSACTIONS

(a) **Transactions with related parties**

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Rental income received from an associated company	—	200
Charges for administrative and management services, EDP support and equipment rental received from an associated company	—	1,009
Interest income received from an associated company	—	485
Printing and advertising charges received from an associated company	—	251
Advertising charges paid to an associated company	—	63

(b) **Key management compensation**

	(Unaudited) Six months ended 30th September	
	2006	**2005**
	HK$'000	*HK$'000*
Basic salaries, other allowances and benefits in kind	3,218	3,211
Contributions to pension scheme	141	141
Share compensation costs on share options granted by a listed subsidiary	147	—
	3,506	3,352

(c) **Related party balances**

As at 30th September 2006, the outstanding loan due from Mr KAM Woon Ting, Keith, a director of certain subsidiaries of the Company, amounted to HK$610,000 (31st March 2006: HK$669,000). The loan was unsecured, interest-bearing at 4% (2005: 3%) per annum and repayable by monthly installments. The maximum amount outstanding during the period was HK$669,000. No interest was due for the amounts outstanding as at 30th September 2006 and 31st March 2006.

The Company

The Company is an investment holding company. During the financial years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006, the Company derived its income principally from the operations of its subsidiaries and other investments.

During the years/period under review, the subsidiaries and associated companies of the Company were principally engaged in newspapers, magazines and book publishing, internet related businesses, provision of printing services and travel and travel related services.

The Company's consolidated financial statements up to 31 March 2006 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). Pursuant to the proposed Merger, the Company has adopted International Financial Reporting Standards ("IFRS"), which are the common accounting standards acceptable to both the Stock Exchange and Bursa Malaysia Securities, in the preparation of its consolidated financial statements for the year ended 31 March 2007. The change from HKFRS to IFRS will not result in any significant change in the principal accounting policies adopted by the Group in the preparation of the consolidated financial statements.

FINANCIAL REVIEW

The information below concerning an analysis of the performance and other financial aspects of the Group has been prepared based on the audited financial statements of the Group for the three years ended 31 March 2004, 2005 and 2006 and the unaudited interim financial statements of the Group for the six months ended 30 September 2006.

Six months ended 30 September 2006

Turnover

The Group recorded a turnover of approximately HK$735.5 million during the period, representing an increase of approximately 11.3% compared to that of the six months ended 30 September 2005 of approximately HK$660.9 million. This increase was principally due to (i) positive reception from readers and advertisers after the revamp of Ming Pao Daily News in September 2005 and the increase in recruitment advertising revenue as the economy improved, (ii) Ming Pao Daily News' Canadian editions, through sales drives and subsequent readership growth, achieved strong increase in advertising revenue, (iii) One Media Group's new titles in the PRC began to bear fruit and contributed to an increase in advertising and circulation revenues, and (iv) the Group's travel business also performed extremely well during the period with a double-digit growth in turnover.

Gross profit and gross profit margin

Gross profit increased to approximately HK$191.7 million from approximately HK$176.1 million (in the first six months of 2005), representing an increase of approximately 8.9%. The increase was principally due to the improvement in the Group's advertising revenue. However, gross profit margin decreased slightly from approximately 26.6% (in the first six months of 2005) to approximately 26.1% during the period, which was primarily due to the increase in revenues from travel business which has a lower gross profit margin compared to the Group's publishing business.

Selling and distribution expenses

Selling and distribution expenses (comprising principally direct expenses such as marketing and promotion expenditures) increased in tandem with turnover. In addition, costs were incurred relating to the launch and start-up operation of One Media Group's new magazines in the PRC. Such costs increased from approximately HK$90.8 million (representing approximately 13.7% of the turnover of the first six months of 2005) to approximately HK$106.0 million, representing approximately 14.4% of the turnover of the period.

Administrative expenses

Administrative expenses increased by approximately 6.7% from approximately HK$63.9 million in the first half of 2005 to approximately HK$68.2 million for the corresponding period in 2006. The increase in administrative expenses was mainly due to the expansion in One Media Group's business activities in the PRC. As a percentage of turnover, administrative expenses decreased from approximately 9.7% to 9.3%.

Finance costs

Finance costs, which principally comprised interest expenses, increased by approximately 42.9% from approximately HK$1.4 million (in the first six months of 2005) to approximately HK$2.0 million for the corresponding period in 2006. This was principally due to the increase in interest rates during the first half of 2006.

Net profit attributable to equity holders of the Company and net profit margin

Net profit attributable to equity holders of the Company increased by approximately 7.2% from approximately HK$15.2 million (in the first six months of 2005) to approximately HK$16.3 million for the period due to the improvement in the Group's advertising revenue. Net profit margin decreased slightly by approximately 0.1% from approximately 2.3% (for the first six months of 2005) to approximately 2.2% for the period, due principally to the increase in revenues from the travel business, which has a lower profit margin.

Year ended 31 March 2006 compared to year ended 31 March 2005

Turnover

Turnover increased by approximately 6.8% from approximately HK$1,168.7 million in 2005 to approximately HK$1,248.6 million in 2006. The increase in turnover during the year was principally due to the following factors:

(i) Hong Kong economy performed well during the year and positive market conditions contributed to the high level of consumer confidence and fuelled local advertising budgets. The Group benefited from this strengthening of the advertising market and achieved a 9.3% growth, or approximately HK$54 million, in advertising revenue.

(ii) The travel business recorded a growth of 7.6%, or approximately HK$30 million, resulting from the generally favourable economic conditions and that more people were travelling for leisure and business.

Gross profit and gross profit margin

Gross profit decreased by approximately 0.8% from approximately HK$340.2 million in 2005 to approximately HK$337.5 million in 2006. Gross profit margin decreased from approximately 29.1% in 2005 to approximately 27.0% in 2006. This is principally a result of the steadily increasing newsprint costs and wages during the year.

Selling and distribution expenses

Selling and distribution expenses increased from approximately HK$166.0 million in 2005 to approximately HK$197.3 million in 2006. As a percentage of turnover, selling and distribution expenses increased from approximately 14.2% in 2005 to approximately 15.8% in 2006. This was mainly due to higher marketing expenses amid more competitive market conditions and rising labour costs. During the year, the launching of several daily newspapers, including free newspapers, in both local and overseas markets and the price cutting strategies of some newspapers aggravated the already challenging media business environment. In addition, significant resources were allocated for the marketing and promotion of two new lifestyle magazines, namely, “MING” and “Rolling Stone” under One Media Group’s operations in the PRC.

Administrative expenses

Administrative expenses increased by approximately 16.5% from approximately HK$106.3 million in 2005 to approximately HK$123.8 million in 2006. As a percentage of turnover, administrative expenses increased from approximately 9.1% in 2005 to approximately 9.9% in 2006. The increase in 2006 was primarily due to increased labour costs and operating expenses incurred for One Media Group’s business activities in the PRC.

Finance costs

Finance costs increased by approximately 39.1% from approximately HK$2.3 million in 2005 to approximately HK$3.2 million in 2006. This was principally due to the increase in financing for the newsprint purchases and the upward trend in the interest rates during the year.

Net profit attributable to equity holders of the Company and net profit margin

Net profit attributable to equity holders of the Company increased from approximately HK$43.3 million in 2005 to approximately HK$68.5 million in 2006, whilst the net profit margin for the year increased from approximately 3.7% in 2005 to 5.5% in 2006. Included in the net profit was a gain of HK$33.1 million which was recognised by the Group upon the spin off of its subsidiary, One Media Group, on the main board of the Stock Exchange on 18 October 2005. In addition, in accordance with an agreement with Redgate Media Inc., a gain on disposal of partial interests in the Group's lifestyle magazines business of HK$27.8 million was recorded in the income statement to reflect a probable adjustment to the value of the consideration received.

Year ended 31 March 2005 compared to year ended 31 March 2004

Turnover

Turnover increased by approximately 16.7% from approximately HK$1,001.8 million in 2004 to approximately HK$1,168.7 million in 2005. The increase in turnover was principally the result of:

(i) improvement in the worldwide economy and the press advertising markets. The Group recorded an increase in advertising revenue of 16.2% or about HK$81.6 million. The growth was achieved across all the Group's publications, with particularly strong performance from Ming Pao Daily News and Ming Pao Weekly.

(ii) tour revenues went up by 32.7% or approximately HK$96 million which was attributable to the recovery of tourism industry and the Group's efforts on launching new travel routes.

Gross profit and gross profit margin

During the year ended 31 March 2005, gross profit increased by approximately 9.7% from approximately HK$310.0 million in 2004 to approximately HK$340.2 million in 2005. Gross profit margin decreased by approximately 1.8% during the year. This was principally a result of the increasing newsprint prices and costs incurred for Ming Pao Daily News' new edition in San Francisco, which was launched in April 2004.

Selling and distribution expenses

Selling and distribution expenses increased from approximately HK$133.1 million in 2004 to approximately HK$166.0 million in 2005. As a percentage of turnover, selling and distribution expenses increased from approximately 13.3% in 2004 to approximately 14.2% in 2005. This was mainly due to more marketing effort being put into promoting Ming Pao Daily News' San Francisco edition and the newly acquired Chinese language magazines in Mainland China market.

Administrative expenses

Administrative expenses decreased by approximately 7.0% from approximately HK$114.3 million in 2004 to approximately HK$106.3 million in 2005. As a percentage of turnover, administrative expenses decreased from approximately 11.4% to 9.1%. The decrease in administrative expenses was mainly due to stringent controls on headcount and improving efficiencies in operating units.

Finance costs

Finance costs in 2005 amounted to approximately HK$2.3 million which was the same as in 2004.

Net profit attributable to equity holders of the Company and net profit margin

Net profit attributable to equity holders of the Company decreased from approximately HK$45.0 million in 2004 to approximately HK$43.3 million in 2005, whilst the net profit margin for the year decreased from approximately 4.5% in 2004 to approximately 3.7% in 2005. Although there were increases in turnover and gross profit during the year of approximately 16.7% and 9.7%, respectively, the Group recorded a decrease in net profit margin of approximately 0.8%, which was mainly due to the increasing newsprint costs and additional costs of the newly launched Ming Pao Daily News' San Francisco edition as well as the magazines in the PRC market.

TAXATION

The Company is an investment holding company. During the financial years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006, the businesses of the Group were carried out by the Company's subsidiaries and, accordingly, income taxes were charged to these subsidiaries separately. The Hong Kong profits tax was charged at the rate of 17.5%. Taxation on overseas profits have been calculated on the estimated assessable profits for the respective periods at the rates of taxation prevailing in the countries in which the Group operates.

The Group's effective tax rates (being income tax amount divided by the profit before taxation) for the financial years ended 31 March 2004, 2005 and 2006 were approximately 26.4%, 29.9% and 9.4%, respectively. For the financial years ended 31 March 2004 and 2005, the Group's effective tax rates were higher than the standard tax rate of 17.5%, which was due principally to the higher applicable tax rates in the US and Canada where the Group operates. For the financial year ended 31 March 2006, the Group's effective tax rate was lower than the standard tax rate of 17.5% due to the recognition of a deferred tax credit in respect of previously unrecognised tax losses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2004, 2005 and 2006 and 30 September 2006, the Group's net current assets amounted to HK$244.0 million, HK$277.0 million, HK$387.6 million and HK$354.5 million, respectively, and total equity was HK$542.9 million, HK$569.1 million, HK$715.6 million and HK$687.7 million, respectively.

The Group maintained a satisfactory cash position for the three years ended 31 March 2004, 2005 and 2006 and for the six months ended 30 September 2006. The Group's liquidity has remained satisfactory and has sufficient cash and banking facilities to meet its commitment, working capital and future investment requirements. As at 31 March 2004, 2005 and 2006 and 30 September 2006, the total cash balances were HK$188.4 million, HK$190.2 million, HK$308.9 million and HK$264.9 million, respectively, and total bank borrowings and finance lease obligations were HK$53.8 million, HK$57.7 million, HK$57.6 million and HK$41.9 million, respectively. For the same periods, net cash positions were HK$134.6 million, HK$132.5 million, HK$251.3 million and HK$223.0 million, respectively. The Group's bank borrowings and finance lease obligations were principally denominated in US dollars and Canadian dollars while its cash balances were mostly in Hong Kong dollars, US dollars, Canadian dollars and Renminbi.

Gearing ratio, defined as the ratio of total bank borrowings and finance lease obligations to total equity of the Company, continued to improve and was maintained at a relatively stable and reasonable level. As at 31 March 2004, 2005 and 2006 and 30 September 2006, the Company's gearing ratios were approximately 9.9%, 10.1%, 8.0% and 6.1%, respectively.

BUSINESS AND GEOGRAPHICAL SEGMENTS

During the financial years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006, the Group was principally engaged in the publication of Chinese newspapers, periodicals and books, internet related businesses, provision of printing services and travel and travel related services. The Group's turnover and operating results were derived from Hong Kong, North America and the PRC.

Details of the analysis of the business and geographical segments are set out in notes 5 and 4 to the audited financial statements of the Group for the year ended 31 March 2006 and the unaudited interim financial statements for the six months ended 30 September 2006, respectively, in Appendix I to this circular.

PLEDGE OF ASSETS

The Group has pledged its assets (generally comprising freehold and leasehold land and buildings, land use rights, machinery and printing equipment, publishing titles and corporate guarantees) to secure banking facilities granted to the Group. As at 31 March 2004, 2005 and 2006 and 30 September 2006, the assets pledged to banks were stated to be in the value of approximately HK$315.9 million, HK$319.4 million, HK$314.7 million and HK$298.0 million, respectively. The decrease in the value of the assets pledged over the said periods was principally due to the improvement in the Group's cash position which led to a reduction in credit facilities required. Details of such pledges are set out in note 31 to the audited financial statements of the Group for the year ended 31 March 2006 as set out in Appendix I to this circular.

FOREIGN EXCHANGE RISK EXPOSURE

During the financial years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006, the Group's revenues and costs were mainly denominated in Hong Kong dollars, Canadian dollars, US dollars and Renminbi. During the said periods, since Hong Kong dollars was pegged to the US dollars and the Renminbi was pegged to a basket of foreign currencies, the Group did not experience any substantial exposure to US dollars and Renminbi in this regard. The Group's entities in Canada were not exposed to material foreign currency risks as all their major transactions and costs were denominated in Canadian dollars, the functional currency in which these entities operate.

CONTINGENT LIABILITIES

Guarantees to banks in respect of the banking facilities of subsidiaries

During the three years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006, the Company provided guarantees to banks in respect of the banking facilities of its subsidiaries as follows:

	As at 31 March			As at 30 September
	2004	**2005**	**2006**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Guarantees to banks in respect of the banking facilities of subsidiaries	154,651	163,820	164,866	170,930

CAPITAL COMMITMENTS

The Group's capital commitments contracted (but not provided for) as at 31 March 2004, 2005 and 2006 and 30 September 2006 were nil, nil, HK$2.6 million and nil, respectively. The amount as at 31 March 2006 represented commitments for renovation of the office premises.

CAPITAL EXPENDITURE, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

The Group's capital expenditures for the years ended 31 March 2004, 2005 and 2006 and the six months ended 30 September 2006 were approximately HK$47.4 million, HK$16.0 million, HK$11.8 million and HK$12.0 million, respectively, which were primarily for the acquisition of property, plant and equipment for use in the Group's operations.

In March 2004, the Group and Redgate Media Inc. ("Redgate") entered into an agreement ("Redgate Agreement") such that 40% of the equity interest in Winmax Resources Limited ("Winmax"), a subsidiary of the Group that operates the Group's lifestyle magazine business, was transferred to Redgate. In return, Redgate transferred its 100% equity interest in Media2U Group together with a cash consideration of HK$8,921,000 to the Group. Details of the transaction were disclosed in the Company's announcement dated 9 March 2004.

On 18 October 2005, the shares of One Media Group, a subsidiary of the Group, were listed and traded on the main board of the Stock Exchange by the issuance of new ordinary shares. As a result, a gain on deemed disposal of partial interests in subsidiaries amounting to HK$33,102,000 was recognised by the Group.

On 20 March 2006, Skyland International Investment Limited, an indirect non-wholly-owned subsidiary of the Company entered into a sale and purchase agreement relating to the acquisition of 50% issued share capital of Yazhou Zhoukan Holdings Limited from Energetic Assets Limited, a wholly-owned subsidiary of TOM Group Limited, at a consideration of HK$16.2 million. The consideration was satisfied by the issue and allotment of 12,000,000 ordinary shares of the Company at an issued price of HK$1.35 per share.

HUMAN RESOURCES PRACTICE

As at 31 March 2004, 2005 and 2006, the Group had approximately 1,400, 1,470, and 1,600 employees, respectively. As at 30 September 2006, the number of employees of the Group was slightly reduced to approximately 1,550 employees, which was principally due to the strategic restructuring of the Group's overseas operations.

The Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors are reviewed by a remuneration committee, having regard to the Group's operating results, individual performance and comparable market statistics. No director, or any of his associates, or executive is involved in dealing his own remuneration. In addition, the Group has share option schemes as incentives to its directors and eligible employees.

MATERIAL CHANGES

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since the Latest Practicable Date.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the reporting accountants of Sin Chew Group, Ernst & Young, Certified Public Accountants, Hong Kong:

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

9 June 2007

The Board of Directors
Ming Pao Enterprise Corporation Limited

Dear Sirs,

We set out below our report on the financial information regarding Sin Chew Media Corporation Berhad ("Sin Chew") and its subsidiaries (hereinafter collectively referred to as "Sin Chew Group") for each of the three years ended 31 March 2006 and the nine months ended 31 December 2006 (the "Relevant Periods"), for inclusion in the circular of Ming Pao Enterprise Corporation Limited (the "Company") dated 9 June 2007 (the "Circular") in connection with the proposed merger of the Company, Sin Chew and Nanyang Press Holdings Berhad ("Nanyang"). The merger agreement among the Company, Sin Chew and Nanyang was signed on 23 April 2007.

Sin Chew was incorporated in Malaysia as a private limited company under the Malaysia Companies Act, 1965 on 15 March 1983 under the name of Pemandangan Sinar Sdn. Bhd.. Sin Chew was converted to a public limited liability company on 8 March 2004 and changed its name to Pemandangan Sinar Berhad. On 7 May 2004, Sin Chew assumed its present name and was subsequently listed on the Main Board of Bursa Malaysia Securities Berhad on 18 October 2004.

Sin Chew is an investment holding company and also principally engages in publishing, printing and distribution of the newspaper "Sin Chew Daily" and printing of newspapers for other publishers. The principal activities of its subsidiaries include publishing, printing and distribution of the newspaper "Guang Ming Daily", acting as newspaper circulation and distribution agent, providing editorial and advertising services, publishing and distribution of magazines, providing contents to web and mobile users, web hosting and designing, web advertising, and web audio video broadcasting.

The management accounts of companies comprising Sin Chew Group were prepared in accordance with the applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities issued by Malaysian Accounting Standards Board ("MASB") (the "MAS GAAP financial statements"). Except for the MAS GAAP financial statements of Mulu Press Sdn. Bhd. for the two years ended 31 March 2004 and 2005 and the MAS GAAP financial statements of Guang-Ming Ribao Sdn. Bhd. for the year ended 31 March 2005, all the MAS GAAP financial statements of companies comprising Sin Chew Group for the Relevant Periods were audited by Ernst & Young Kuching, chartered accountants registered in Malaysia. The MAS GAAP financial statements of Mulu Press Sdn. Bhd. for the two years ended 31 March 2004 and 2005 were audited by Philip Tong & Co. and those of Guang-Ming Ribao Sdn. Bhd. for the year ended 31 March 2005 were audited by Poh & Co. Both Philip Tong & Co. and Poh & Co. are chartered accountants registered in Malaysia.

For the purpose of the Circular, Sin Chew Group has prepared a separate set of the financial statements for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"), which are based on the audited MAS GAAP financial statements after making the necessary adjustments as appropriate to comply with IFRSs (the "IFRS financial statements"). The IFRS financial statements were audited by Ernst & Young Kuching in accordance with International Standards on Auditing.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of Sin Chew Group for the Relevant Periods, the consolidated balance sheets of Sin Chew Group, and the balance sheets of Sin Chew as at 31 March 2004, 2005 and 2006, and 31 December 2006, together with the notes thereto set out in this report (collectively the "Financial Information"), have been prepared based on the audited IFRS financial statements.

The directors of Sin Chew are responsible for the preparation of the Financial Information. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and consistently applied. It is our responsibility to form an independent opinion on the Financial Information in respect of the Relevant Periods and to report our opinion solely to you. We believe that our work provides a reasonable basis for our opinion.

Procedures Performed in Respect of the Relevant Periods

For the purpose of this report, we have examined the Financial Information of Sin Chew Group for the Relevant Periods and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Procedures Performed in Respect of the Nine Months Ended 31 December 2005

For the purpose of this report, we are satisfied that Ernst & Young Kuching performed their review of the financial information for the nine months ended 31 December 2005, for which directors are responsible, in accordance with the International Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the International Auditing and Assurance Standards Board. This standard requires that the auditors plan and perform the review to obtain moderate assurance as to whether the financial information for the nine months ended 31 December 2005 are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the financial information for the nine months ended 31 December 2005.

Opinion in Respect of the Relevant Periods

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Sin Chew and Sin Chew Group as at 31 March 2004, 2005 and 2006, and 31 December 2006, respectively, and of the consolidated profits and cash flows of Sin Chew Group for the Relevant Periods.

Review Conclusion in Respect of the Nine Months Ended 31 December 2005

Based on our review, nothing has come to our attention that causes us to believe that the financial information of Sin Chew Group for the nine months ended 31 December 2005 are not presented fairly, in all material respects, in accordance with IFRS.

(I) FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

Sin Chew Group

	Notes	Year ended 31 March			Nine months ended 31 December	
		2004	2005	2006	2005	2006
		RM'000	*RM'000*	*RM'000*	*RM'000* (Unaudited)	*RM'000*
Revenue	4	309,060	397,218	450,302	341,128	343,725
Cost of sales		(209,836)	(275,622)	(312,736)	(237,602)	(228,291)
Gross profit		99,224	121,596	137,566	103,526	115,434
Other income and gain	5	4,077	14,432	14,621	7,986	10,270
Selling and distribution expenses		(23,176)	(39,657)	(44,537)	(29,291)	(30,696)
Administrative expenses		(19,255)	(18,636)	(26,597)	(19,378)	(21,086)
Other operating expenses		(2,841)	(3,748)	(6,111)	(4,579)	(5,480)
Profit from operations		58,029	73,987	74,942	58,264	68,442
Finance costs	6	(2,617)	(3,025)	(4,252)	(3,217)	(2,026)
Profit before tax	7	55,412	70,962	70,690	55,047	66,416
Tax	11	(8,142)	(10,647)	(17,334)	(13,115)	(15,983)
Profit for the year/period		47,270	60,315	53,356	41,932	50,433
Attributable to:						
Equity holders of Sin Chew		47,412	60,315	53,356	41,932	50,433
Minority interests		(142)	—	—	—	—
		47,270	60,315	53,356	41,932	50,433
Dividends	12	30,000	—	25,670	25,670	25,670
Earnings per share attributable to equity holders of Sin Chew (sen)	13					
Basic		20.0	21.6	17.7	13.9	16.7
Diluted		N/A	N/A	N/A	N/A	N/A

(I) FINANCIAL INFORMATION (Continued)

CONSOLIDATED BALANCE SHEETS

Sin Chew Group

	Notes	As at 31 March 2004 RM'000	As at 31 March 2005 RM'000	As at 31 March 2006 RM'000	As at 31 December 2006 RM'000
Non-current assets					
Property, plant and equipment	14	87,485	143,038	146,754	148,836
Investment property	15	5,000	5,000	5,000	5,000
Prepaid land lease payments	16	28,916	28,490	27,914	27,472
Goodwill	17	1,957	41,982	41,982	41,982
Intangible assets	18	363	472	341	3,340
Available-for-sale investments	20	977	977	977	—
Deferred tax assets	21	552	15,842	14,004	12,119
		125,250	235,801	236,972	238,749
Current assets					
Inventories	22	48,535	120,084	104,362	44,238
Trade receivables	23	100,144	87,401	84,906	87,732
Prepayments, deposits and other receivables	24	15,725	5,691	4,833	5,133
Pledged fixed deposits		—	42	—	—
Cash and cash equivalents	26	19,872	41,831	32,211	79,600
		184,276	255,049	226,312	216,703
Total assets		309,526	490,850	463,284	455,452
Equity and liabilities					
Equity attributable to equity holders of Sin Chew:					
Issued capital	32	10,000	151,000	151,000	151,000
Share premium		—	467	467	467
Retained profits		185,855	145,170	172,856	197,619
Total equity		195,855	296,637	324,323	349,086
Non-current liabilities					
Bank borrowings	28	14,624	44,273	25,072	18,129
Deferred tax liabilities	21	5,784	10,623	12,984	15,798
		20,408	54,896	38,056	33,927
Current liabilities					
Provision for liabilities	27	2,200	1,200	1,200	1,200
Bank borrowings	28	48,063	91,352	64,435	19,575
Trade payables	30	19,723	24,351	13,944	20,147
Accruals and other payables	31	20,377	22,414	20,029	27,832
Tax payable		2,900	—	1,297	3,685
		93,263	139,317	100,905	72,439
Total liabilities		113,671	194,213	138,961	106,366
Total equity and liabilities		309,526	490,850	463,284	455,452

(I) FINANCIAL INFORMATION (Continued)

BALANCE SHEETS

Sin Chew

	Notes	As at 31 March 2004 *RM'000*	As at 31 March 2005 *RM'000*	As at 31 March 2006 *RM'000*	As at 31 December 2006 *RM'000*
Non-current assets					
Property, plant and equipment	14	86,782	139,918	144,908	147,324
Investment property	15	5,000	5,000	5,000	5,000
Prepaid land lease payments	16	28,916	28,490	27,914	27,472
Intangible assets	18	363	472	341	3,340
Investments in subsidiaries	19	4,325	8,325	8,325	8,325
Available-for-sale investments	20	977	977	977	—
		126,363	183,182	187,465	191,461
Current assets					
Inventories	22	48,535	117,603	104,180	44,075
Trade receivables	23	93,529	71,406	69,850	72,559
Prepayments, deposits and other receivables	24	15,165	4,912	3,996	4,189
Amounts due from subsidiaries	25	7,979	70,391	58,996	51,607
Cash and cash equivalents	26	18,821	37,190	28,757	75,192
		184,029	301,502	265,779	247,622
Total assets		310,392	484,684	453,244	439,083
Equity and liabilities					
Issued capital	32	10,000	151,000	151,000	151,000
Share premium		—	467	467	467
Retained profits	33	186,823	143,941	166,364	186,140
Total equity		196,823	295,408	317,831	337,607
Non-current liabilities					
Bank borrowings	28	14,624	44,151	24,953	18,056
Deferred tax liabilities	21	5,782	10,623	12,984	15,787
		20,406	54,774	37,937	33,843
Current liabilities					
Provision for liabilities	27	2,200	1,200	1,200	1,200
Bank borrowings	28	48,063	91,304	64,375	19,513
Trade payables	30	19,678	23,457	12,697	18,859
Accruals and other payables	31	17,916	16,045	15,355	21,591
Amounts due to subsidiaries	25	2,406	2,496	2,552	2,829
Tax payable		2,900	—	1,297	3,641
		93,163	134,502	97,476	67,633
Total liabilities		113,569	189,276	135,413	101,476
Total equity and liabilities		310,392	484,684	453,244	439,083

(I) FINANCIAL INFORMATION (Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Sin Chew Group

		Attributable to equity holders of Sin Chew					
	Notes	**Issued capital** *RM'000*	**Share premium** *RM'000*	**Retained profits** *RM'000*	**Total** *RM'000*	**Minority interests** *RM'000*	**Total equity** *RM'000*
At 1 April 2003		7,200	—	168,443	175,643	1,416	177,059
Issue of shares:							
Issued for cash	32	2,800	—	—	2,800	—	2,800
Acquisition of the remaining equity interest in a subsidiary	34(a)	—	—	—	—	(1,274)	(1,274)
Profit for the year		—	—	47,412	47,412	(142)	47,270
Dividends paid	12	—	—	(30,000)	(30,000)	—	(30,000)
At 31 March 2004 and 1 April 2004		10,000	—	185,855	195,855	—	195,855
Cancellation of shares pursuant to the share split	32	(10,000)	—	—	(10,000)	—	(10,000)
Issue of shares:							
Pursuant to the share split	32	10,000	—	—	10,000	—	10,000
Pursuant to the bonus issue	32	101,000	—	(101,000)	—	—	—
Pursuant to the rights issue	32	40,000	2,800	—	42,800	—	42,800
Share issue expenses		—	(2,333)	—	(2,333)	—	(2,333)
Profit for the year		—	—	60,315	60,315	—	60,315
At 31 March 2005 and 1 April 2005		151,000	467	145,170	296,637	—	296,637
Profit for the year		—	—	53,356	53,356	—	53,356
Dividend paid		—	—	(25,670)	(25,670)	—	(25,670)
At 31 March 2006 and 1 April 2006		151,000	467	172,856	324,323	—	324,323
Profit for the period		—	—	50,433	50,433	—	50,433
Dividend paid		—	—	(25,670)	(25,670)	—	(25,670)
At 31 December 2006		151,000	467	197,619	349,086	—	349,086

(I) FINANCIAL INFORMATION (Continued)

CONSOLIDATED CASH FLOW STATEMENTS

Sin Chew Group

	Notes	**Year ended 31 March**			**Nine months ended 31 December**	
		2004	**2005**	**2006**	**2005**	**2006**
		RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		55,412	70,962	70,690	55,047	66,416
Adjustments to reconcile profit before tax to net cash flows:						
Non-cash:						
Depreciation	7	6,866	7,972	12,864	9,272	7,596
Amortisation	7	91	91	131	98	248
Recognition of prepaid land lease payments	7	488	564	578	433	442
Gain on disposal of items of property, plant and equipment	5	(164)	(28)	(99)	(99)	(66)
Property, plant and equipment written off	7	—	—	—	—	317
Impairment allowance for doubtful debts	7	2,546	8,100	7,020	2,185	2,579
Write-back of impairment allowance for doubtful debts	5	(1,534)	(9,532)	(7,780)	(2,168)	(3,509)
Write-back of provision for liabilities		—	(1,000)	—	—	—
Bad debts written off	7	221	4,587	2,961	1,270	2,613
Dividend income from listed investments	5	(14)	(17)	(10)	(10)	—
Loss on disposal of available-for-sale investments	7	—	—	—	—	50
Interest income	5	(408)	(543)	(535)	(387)	(1,159)
Finance costs	6	2,617	3,025	4,252	3,217	2,026
		66,121	84,181	90,072	68,858	77,553
Working capital adjustments:						
Decrease/(increase) in inventories		1,718	(70,103)	15,722	2,390	60,124
Decrease/(increase) in trade receivables		(1,691)	2,769	203	(2,884)	(4,509)
Decrease/(increase) in prepayments, deposits and other receivables		12,235	10,512	663	(576)	(332)
Increase/(decrease) in trade payables		4,789	3,812	(10,407)	(2,147)	6,203
Increase/(decrease) in accruals and other payables		(2,351)	(49,976)	(2,385)	3,830	7,803
Cash generated from/(used in) operations		80,821	(18,805)	93,868	69,471	146,842
Interest paid		(2,617)	(3,025)	(4,252)	(3,217)	(2,026)
Interest received		408	543	87	37	1,159
Taxes paid		(9,359)	(8,350)	(11,549)	(5,783)	(8,864)
Net cash inflow/(outflow) from operating activities		69,253	(29,637)	78,154	60,508	137,111

(I) FINANCIAL INFORMATION (Continued)

CONSOLIDATED CASH FLOW STATEMENTS (Continued)

Sin Chew Group

	Notes	Year ended 31 March			Nine months ended 31 December	
		2004	2005	2006	2005	2006
		RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(9,984)	(60,161)	(17,429)	(12,127)	(9,593)
Purchases of intangible assets		—	(200)	—	—	(3,247)
Decrease/(increase) in pledged fixed deposits		—	(42)	42	—	—
Proceeds from disposal of available-for-sale investments		10	—	—	—	927
Interest received		—	—	448	350	—
Proceeds from disposal of items of property, plant and equipment		229	28	1,458	1,455	237
Acquisition of the remaining equity interest in a subsidiary	34(a)	(1,416)	—	—	—	—
Net cash inflow/(outflow) from acquisition of subsidiaries	34(b),(c)	794	(276)	—	—	—
Net dividends received		14	12	7	7	—
Prepayments of land lease		(2,317)	(138)	(2)	(2)	—
Net cash outflow from investing activities		(12,670)	(60,777)	(15,476)	(10,317)	(11,676)
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital element of finance lease payables		(15,484)	(264)	(424)	(310)	(541)
Increase/(decrease) in bankers' acceptances		17,947	42,174	(37,841)	(36,545)	(29,950)
Drawdown of bank borrowings		25,000	45,701	23,000	18,000	—
Repayment of bank borrowings		(39,665)	(7,498)	(31,363)	(19,068)	(21,885)
Proceeds from issue of shares	32	2,800	42,800	—	—	—
Payment of share issue expenses		—	(2,333)	—	—	—
Dividends paid		(30,000)	—	(25,670)	(25,670)	(25,670)
Net cash (outflow)/inflow from financing activities		(39,402)	120,580	(72,298)	(63,593)	(78,046)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17,181	30,166	(9,620)	(13,402)	47,389
Cash and cash equivalents at beginning of year/period		(5,516)	11,665	41,831	41,831	32,211
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		11,665	41,831	32,211	28,429	79,600
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash at banks and on hand		10,672	22,331	19,711	18,429	22,100
Non-pledged deposits with original maturity of less than three months when acquired		9,200	19,500	12,500	10,000	57,500
Bank overdrafts		(8,207)	—	—	—	—
		11,665	41,831	32,211	28,429	79,600
ANALYSIS OF PURCHASES OF PROPERTY, PLANT AND EQUIPMENT						
By cash		9,984	60,161	17,429	12,127	9,593
By finance lease arrangements		15,330	970	510	450	573
		25,314	61,131	17,939	12,577	10,166

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sin Chew was incorporated in Malaysia as a private limited company under the Malaysia Companies Act, 1965 on 15 March 1983 under the name of Pemandangan Sinar Sdn. Bhd.. Sin Chew was converted to a public limited liability company on 8 March 2004 and changed its name to Pemandangan Sinar Berhad. Sin Chew has assumed its present name since 7 May 2004.

On 18 October 2004, Sin Chew's entire issued and paid-up capital of 302,000,000 ordinary shares of RM0.50 each was admitted to the Official List of Bursa Malaysia Securities Berhad and the shares are now listed and quoted on the Main Board of Bursa Malaysia Securities Berhad under the Trading/Services sector.

The registered office of Sin Chew is located at No.19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Sin Chew is an investment holding company and also principally engages in publishing, printing and distribution of the newspaper "Sin Chew Daily" and printing of newspapers for other publishers. The principal activities of its subsidiaries include publishing, printing and distribution of the newspaper "Guang Ming Daily", acting as newspaper circulation and distribution agent, providing editorial and advertising services, publishing and distribution of magazines, providing contents to web and mobile users, web hosting and designing, web advertising, and web audio video broadcasting. During the Relevant Periods, there were no significant changes in the principal activities of Sin Chew Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 *BASIS OF PREPARATION*

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations promulgated by the International Accounting Standards Board. Sin Chew Group has not early applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

- IAS 1 Amendment — Capital Disclosures
- IFRS 7 — Financial Instruments: Disclosures
- IFRIC Interpretation 10 — Interim Financial Reporting and Impairment

IAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. This revised standard will affect the disclosures about qualitative information about Sin Chew Group's objective, policies and processes for managing capital; quantitative data about what Sin Chew regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

IFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of Sin Chew Group's financial instruments and the nature and extent of risks arising from those financial instruments.

IFRIC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This new interpretation shall be applied for annual periods beginning on or after 1 November 2006.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 *BASIS OF PREPARATION (Continued)*

Sin Chew Group is in the process of making an assessment of the impact of these new and revised IFRSs and IFRIC upon initial application. So far, it has concluded that while the adoption of IAS 1 Amendment and IFRS 7 may result in new or amended disclosures, these new and revised IFRSs and IFRIC should not have any significant impact on Sin Chew Group's results of operations and financial position.

Basis of measurement

The Financial Information has been prepared on a historical cost basis, except for an investment property and available-for-sale investments that have been measured at fair values, as further explained in the respective accounting policies below. The Financial Information is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

Basis of consolidation

The Financial Information comprises the financial statements of Sin Chew and its subsidiaries for each of the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting date as Sin Chew, using consistent accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which Sin Chew Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the Financial Information, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the Financial Information for like transactions and events in similar circumstances.

Acquisitions of subsidiaries have been accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over Sin Chew Group's interest in the net fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed represents goodwill.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by Sin Chew Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities and contingent liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

2.2 *SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS*

Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying Sin Chew Group's accounting policies that have the most significant effect on the amounts recognised in the Financial Information.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 *SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)*

Classification between investment properties and property, plant and equipment

Sin Chew Group has developed certain criteria based on IAS 40 "Investment Property" in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) *Impairment of goodwill*

Sin Chew Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating the value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) *Allowance for doubtful debts*

Sin Chew Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of trade and other receivables and doubtful debt expenses in the year/period in which such estimate has been changed.

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES*

(i) ***Subsidiaries***

Subsidiaries are entities over which Sin Chew Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Sin Chew Group has such power over another entity.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(i) ***Subsidiaries (Continued)***

In Sin Chew's balance sheets, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statements.

(ii) ***Goodwill***

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over Sin Chew Group's interest in the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed at the date of acquisition. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment is determined for goodwill by assessing the recoverable amount of CGU or group of CGUs, to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

(iii) ***Intangible assets***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the CGU level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(a) *Cost of masthead, "Sin Chew Daily"*

Cost of acquisition of the name of the newspaper, "Sin Chew Daily", considered to have a finite useful life, is stated at cost less any impairment losses and is amortised using the straight-line basis over 20 years.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(iii) ***Intangible assets (Continued)***

(b) *Costs of computer software*

Costs of computer software, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over 5 years.

(iv) ***Property, plant and equipment and depreciation***

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Sin Chew Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the Relevant Periods in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Leasehold buildings	2% and 5%
Furniture, fittings and equipment	7.5% and 10%
Computer equipment	20%
Plant and machinery	5% to 10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at end of the Relevant Periods to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statements.

Construction in progress represents a factory under construction and plant and machinery under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(v) ***Investment property***

An investment property is a property which is held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at with reference to valuation, which is based on market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

Gains or losses arising from changes in the fair value of investment property is recognised in the income statement in the year/period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when Sin Chew Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the year/period in which it arises.

(vi) ***Impairment of non-financial assets other than goodwill***

The carrying amounts of Sin Chew's assets, other than investment property, goodwill, inventories and deferred tax assets, are reviewed at end of the Relevant Periods to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for CGU to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in the income statement in the year/period in which it arises.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(vi) ***Impairment of non-financial assets other than goodwill (Continued)***

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statements, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(vii) ***Inventories***

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(viii) ***Financial instruments***

Financial instruments are recognised in the balance sheet when Sin Chew Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when Sin Chew Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(a) *Cash and cash equivalents*

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call 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 Sin Chew Group's cash management.

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

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 ***SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)***

(viii) ***Financial instruments (Continued)***

(b) *Investments and other financial assets*

Financial assets within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as either loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Sin Chew Group determines the classification of its financial assets after initial recognition and where allowed and appropriate, re-evaluates this designation at end of the Relevant Periods.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that Sin Chew Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statements when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in the above category. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity in the investment revaluation reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statements.

When the fair value of an unlisted equity security cannot be reliably measured because there is no active market of the security, such investment is stated at cost less any impairment losses.

Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statements as "Dividends received" when the rights to receive the dividend has been established.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(viii) ***Financial instruments (Continued)***

(b) *Investments and other financial assets (Continued)*

(ii) Available-for-sale financial assets (Continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at end of the Relevant Periods.

(c) *Payables*

Payables are stated at fair value of the consideration to be paid in the future for goods and services received.

(d) *Interest-bearing loans and borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) *Equity instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year/period in which they are declared.

(ix) ***Impairment of financial assets***

Sin Chew Group assesses at end of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statements.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(ix) *Impairment of financial assets (Continued)*

(a) *Assets carried at amortised cost (Continued)*

Sin Chew Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statements, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(c) *Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statements, is transferred from equity to the income statements. Impairment losses on equity instruments classified as available-for-sale are not reversed through the income statements.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 ***SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)***

(x) ***Derecognition of financial assets and liabilities***

(a) *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired;
- Sin Chew Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or
- Sin Chew Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of asset.

Where Sin Chew Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Sin Chew Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Sin Chew Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of Sin Chew Group's continuing involvement is the amount of the transferred asset that Sin Chew Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of Sin Chew Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(b) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statements.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(xi) ***Leases***

(a) *Classification*

A lease is recognised as a finance lease if it transfers substantially to Sin Chew Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

— Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as an investment property, is accounted for as if held under a finance lease and fair value model is applied; and

— Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(b) *Finance leases — Sin Chew Group as a lessee*

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, Sin Chew Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment.

(c) *Operating lease — Sin Chew Group as a lessor*

Leases where substantially all the rewards and risks of ownership of asset remain with the lessor are accounted for as operating leases. Where Sin Chew Group is the lessor, assets leased by Sin Chew Group are included in non-current assets, and rentals receivable under the operating leases are credited to the income statements on the straight-line basis over the lease terms.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(xii) ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statements in the year/period in which they are incurred.

(xiii) ***Income tax***

Income tax on the profit or loss for the year/period comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year/period and is measured using the tax rates that have been enacted at end of the Relevant Periods.

Deferred tax is provided for, using the liability method, on temporary differences at end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year/period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at end of the Relevant Periods. Deferred tax is recognised as income or an expense and included in the income statement for the year/period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets acquired, liabilities and contingent liabilities assumed over the cost of the combination.

(xiv) ***Provisions***

Provisions for liabilities are recognised when Sin Chew Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made at the amount of obligations. Provisions are reviewed at end of the Relevant Periods and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount recognised for a provision is the present value at end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. Where discounting is used, the increase in the discounted present value amount arising from the passage of time is recognised as finance costs in the income statements.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 ***SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)***

(xv) ***Employee benefits***

(a) *Short term benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year/period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which Sin Chew Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statements as incurred. As required by law, companies in Malaysia require to make such mandatory contributions to the Employees Provident Fund (the "EPF").

(xvi) ***Foreign currencies***

(a) *Functional and presentation currency*

The individual financial statements of each entity in Sin Chew Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RM, which is also Sin Chew's functional currency.

(b) *Foreign currency transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At end of the Relevant Periods, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet dates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statements for the year/period.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(xvii) ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Sin Chew Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Circulation revenue*

Circulation revenue comprises sale of newspapers and magazines and is recognised when the newspapers and magazines are despatched to customers for a consideration.

(b) *Advertising revenue*

Advertising revenue is recognised when services are rendered and invoiced upon confirmation of the advertisements by the customers.

(c) *Printing revenue*

Printing revenue is recognised when services are rendered.

(d) *Rental income*

Rental income from investment property is recognised on the straight-line basis over the term of the lease.

(e) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(f) *Dividend income*

Dividend income is recognised when Sin Chew Group's rights to receive payment is established.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 *SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (Continued)*

(xviii) ***Related parties***

A party is considered to be related to Sin Chew Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Sin Chew Group; (ii) has an interest in Sin Chew Group that gives it significant influence over Sin Chew Group; or (iii) has joint control over Sin Chew Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of Sin Chew Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c); or

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d).

3. SEGMENTAL INFORMATION

Segmental information is not presented as Sin Chew Group is principally engaged in the publication and selling of newspaper and magazines in Malaysia, to which over 90% of Sin Chew Group's revenue, profit and assets relate during each of the Relevant Periods.

4. REVENUE

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Advertising, circulation and printing revenue	308,764	396,476	449,132	340,123	342,688
Others	296	742	1,170	1,005	1,037
	309,060	397,218	450,302	341,128	343,725

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

5. OTHER INCOME AND GAIN

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Write-back of impairment allowance for doubtful debts	1,534	9,532	7,780	2,168	3,509
Bad debts recovered	101	135	111	95	84
Gain on disposal of items of property, plant and equipment	164	28	99	99	66
Interest income	408	543	535	387	1,159
Rental income	1,537	522	465	326	337
Dividend income from listed investments	14	17	10	10	—
Sundry income	319	3,655	5,621	4,901	5,115
	4,077	14,432	14,621	7,986	10,270

6. FINANCE COSTS

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Interest on:					
Bank loans and overdrafts wholly repayable within five years	2,073	2,930	4,165	3,151	1,957
Finance leases	544	95	87	66	69
	2,617	3,025	4,252	3,217	2,026

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

7. PROFIT BEFORE TAX

Sin Chew Group's profit before tax is stated after charging/(crediting):

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (*Unaudited*)	*RM'000*
Impairment allowance for doubtful debts	2,546	8,100	7,020	2,185	2,579
Bad debts written off	221	4,587	2,961	1,270	2,613
Amortisation *(note 18)*	91	91	131	98	248
Recognition of prepaid land lease payments *(note 16)*	488	564	578	433	442
Auditors' remuneration:					
— statutory audit					
— current year	38	81	90	65	80
— under provision in prior year	—	3	1	—	—
— other services					
— current year	—	23	24	21	67
— over provision in prior year	—	—	(5)	—	—
Depreciation *(note 14)*	6,866	7,972	12,864	9,272	7,596
Property, plant and equipment written off	—	—	—	—	317
Loss on disposal of available-for-sale investments	—	—	—	—	50
Realised loss on foreign exchange	45	57	48	51	19
Directors' remuneration *(note 9)*	1,190	1,870	4,035	2,141	2,112
Staff costs (excluding directors' remuneration) *(note 8)*	53,471	63,024	81,797	61,095	61,952
Minimum lease payments under operating leases:					
— Land and buildings	3,312	6,048	7,659	3,814	5,017
— Equipment	1,840	360	197	1,832	7

8. STAFF COSTS (EXCLUDING DIRECTORS' REMUNERATION)

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (*Unaudited*)	*RM'000*
Salaries, allowances and benefits in kind	43,716	51,495	66,992	50,294	50,044
Discretionary bonus	4,637	4,894	6,877	5,616	5,516
Pension scheme contributions	5,118	6,635	7,928	5,185	6,392
	53,471	63,024	81,797	61,095	61,952

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

9. DIRECTORS' REMUNERATION

Details of directors' remuneration for the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (*Unaudited*)	*RM'000*
Executive directors:					
Fees	105	—	—	—	402
Salaries, allowances and benefits in kind	660	1,378	2,421	1,802	1,346
Discretionary bonuses	261	177	411	—	—
Pension scheme contributions	146	219	1,016	196	199
	1,172	1,774	3,848	1,998	1,947
Non-executive directors:					
Fees	18	96	165	125	123
Salaries, allowances and benefits in kind	—	—	22	18	42
	18	96	187	143	165
Total:					
Fees	123	96	165	125	525
Salaries, allowances and benefits in kind	660	1,378	2,443	1,820	1,388
Discretionary bonuses	261	177	411	—	—
Pension scheme contributions	146	219	1,016	196	199
	1,190	1,870	4,035	2,141	2,112

The number of directors of Sin Chew whose total remuneration fell within the following bands is analysed as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005** (*Unaudited*)	**2006**
Executive directors:					
Up to RM400,000	5	6	2	6	5
RM400,001 — RM600,000	—	1	4	1	1
RM600,001 — RM800,000	—	—	1	—	1
	5	7	7	7	7
Non-executive directors:					
Up to RM400,000	3	5	5	5	5
	3	5	5	5	5
Total:					
Up to RM400,000	8	11	7	11	10
RM400,001 — RM600,000	—	1	4	1	1
RM600,001 — RM800,000	—	—	1	—	1
	8	12	12	12	12

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

10. FIVE HIGHEST PAID INDIVIDUALS

Details of the five highest paid individuals of Sin Chew Group during the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	2005	2006	2005	2006
				(Unaudited)	
Directors	3	3	5	5	4
Non-director individuals	2	2	—	—	1
	5	5	5	5	5

Details of the remuneration of the above non-director, highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	2005	2006	2005	2006
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	330	313	—	—	155
Discretionary bonuses	43	47	—	—	—
Pension scheme contributions	54	48	—	—	24
	427	408	—	—	179

The number of non-director, highest paid individuals whose remuneration fell within the following band is as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	2005	2006	2005	2006
				(Unaudited)	
Up to RM400,000	2	2	—	—	1
	2	2	—	—	1

During the Relevant Periods, no emoluments were paid by Sin Chew Group to any of the persons who are directors of Sin Chew, or the five highest paid individuals as an inducement to join or upon joining Sin Chew Group or as compensation for loss of office. None of the persons who are directors of Sin Chew waived or agreed to waive any emoluments during the Relevant Periods.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

11. TAX

(a) Tax expense

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Income tax:					
Current year/period	7,902	5,398	12,768	10,000	12,318
Under/(over) provision in prior year/period	(159)	(270)	367	—	(1,034)
	7,743	5,128	13,135	10,000	11,284
Deferred tax *(note 21):*					
Relating to origination and reversal of temporary differences	399	5,328	4,317	3,115	4,770
Relating to changes in tax rates	—	—	—	—	46
Under/(over) provision in prior year/period	—	191	(118)	—	(117)
	399	5,519	4,199	3,115	4,699
Tax expense for the year/period	8,142	10,647	17,334	13,115	15,983

(b) Tax reconciliation

Income tax is calculated at the Malaysian corporate income tax rate of 28% for the years ended 31 March 2004, 2005 and 2006 and of 27% for the period ended 31 December 2006 of the estimated assessable profit for the year/period, except as follow:

(i) With effect from the year of assessment 2004, the corporate income tax rates for companies in Malaysia with paid up capital of RM2.5 million and below at the beginning of the basis period for the year of assessment is charged at 20% on the first RM500,000 chargeable income and 28% on the remaining balance.

(ii) With effect from the year of assessment 2007, the corporate income tax rate for companies in Malaysia is charged at 27%. The revision in corporate income tax rate is applicable to Sin Chew Group for the nine months ended 31 December 2006.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

11. TAX (Continued)

A reconciliation of income tax expense applicable to profit before taxation at the Malaysian corporate income tax rate to income tax expense at the effective income tax rate of Sin Chew Group is as follows:

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (*Unaudited*)	*RM'000*
Profit before tax	55,412	70,962	70,690	55,047	66,416
Tax at Malaysian corporate income tax rate	15,515	19,869	19,793	15,413	17,932
Effect of lower tax rate	—	(45)	(41)	(42)	(35)
Income not subject to tax	(2,119)	—	—	—	—
Expenses not deductible for tax purposes	487	653	1,631	891	550
Utilisation of current year's/period's reinvestment allowance	(4,398)	(9,753)	(4,512)	(3,384)	(1,396)
Under/(over) provision of deferred tax in prior year/period	—	191	(118)	—	(117)
Under/(over) provision of income tax in prior year/period	(159)	(270)	367	—	(1,034)
Others	(1,184)	2	214	237	83
Tax expense for the year/period	8,142	10,647	17,334	13,115	15,983

(c) The Malaysian corporate income tax rate will be reduced to 26% from the current period's rate of 27% in the year of assessment 2008.

12. DIVIDENDS

	Amount of dividend net of tax *RM'000*
Year ended 31 March 2004	
Interim dividend — RM0.40 per share	4,000
Interim tax exempt dividend — RM2.60 per share	26,000
	30,000
Year ended 31 March 2006 and period ended 31 December 2005	
First and final tax exempt dividend of RM0.085 per share	25,670
Period ended 31 December 2006	
First and final tax exempt dividend of RM0.085 per share	25,670

No dividends were declared by Sin Chew for the year ended 31 March 2005.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF SIN CHEW

(a) **Basic**

Basic earnings per share is calculated by dividing the profit for each of the Relevant Periods attributable to equity holders of Sin Chew by the weighted average number of ordinary shares in issue during the Relevant Periods:

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
				(Unaudited)	
Earnings					
Profit for the year/period attributable to equity holders of Sin Chew (RM'000)	47,412	60,315	53,356	41,932	50,433
Shares					
Weighted average number of ordinary shares in issue ('000)	235,245*	279,738	302,000	302,000	302,000
Basic earnings per share (sen)	20.0	21.6	17.7	13.9	16.7

* Adjusted for a share split of ordinary shares of RM1.00 each into ordinary shares of RM0.50 each (the "Share Split"); a bonus issue of 202,000,000 ordinary shares of RM0.50 each (the "Bonus Issue"); and the bonus element arising from a rights issue of 80,000,000 new ordinary shares (the "Rights Issue"), which took place during the year ended 31 March 2005, as if the Share Split, the Bonus Issue and the Rights Issue had occurred on 1 April 2003. Details of the Share Split, the Bonus Issue and the Rights Issue are disclosed in note 32 to the Financial Information.

(b) **Diluted**

Sin Chew has no potential ordinary shares in issue for the Relevant Periods under review, therefore diluted earnings per share has not been presented.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

Sin Chew Group

	Freehold land, freehold and leasehold buildings	Furniture, fittings and equipment	Computer equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cost:							
At 1 April 2003	20,898	4,101	14,901	66,722	3,075	26,406	136,103
Acquisition of a subsidiary *(note 34(b))*	—	408	220	—	28	—	656
Additions	562	412	1,758	7,209	564	14,809	25,314
Disposals	—	(7)	—	(84)	(468)	—	(559)
Write-offs	—	(27)	(332)	(14)	(178)	—	(551)
Transfer	—	—	—	18,806	—	(18,806)	—
At 31 March 2004 and 1 April 2004	21,460	4,887	16,547	92,639	3,021	22,409	160,963
Acquisition of a subsidiary *(note 34(c))*	1,320	486	429	49	110	—	2,394
Additions	4,085	631	1,613	3,290	1,117	50,395	61,131
Disposals	—	—	—	—	(116)	—	(116)
Write-offs	—	(4)	(41)	—	—	—	(45)
Transfer	31,952	—	—	20,741	—	(52,693)	—
At 31 March 2005 and 1 April 2005	58,817	6,000	18,548	116,719	4,132	20,111	224,327
Additions	620	1,527	3,196	1,622	948	10,026	17,939
Disposals	(1,526)	(2)	(205)	(5)	(430)	—	(2,168)
Transfer	413	—	—	22,510	—	(22,923)	—
At 31 March 2006 and 1 April 2006	58,324	7,525	21,539	140,846	4,650	7,214	240,098
Additions	15	268	1,137	2,591	785	5,370	10,166
Disposals	—	(3)	(6)	(24)	(638)	—	(671)
Write-offs	—	(1,714)	(2,095)	(449)	—	—	(4,258)
Transfer	—	—	696	5,060	—	(5,756)	—
At 31 December 2006	58,339	6,076	21,271	148,024	4,797	6,828	245,335

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Sin Chew Group

	Freehold land, freehold and leasehold buildings	Furniture, fittings and equipment	Computer equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Accumulated depreciation:							
At 1 April 2003	4,484	2,417	13,844	44,753	2,159	—	67,657
Charge for the year	1,045	332	1,005	4,161	323	—	6,866
Disposals	—	(1)	—	(66)	(427)	—	(494)
Write-offs	—	(27)	(332)	(14)	(178)	—	(551)
At 31 March 2004 and 1 April 2004	5,529	2,721	14,517	48,834	1,877	—	73,478
Charge for the year	1,081	476	997	4,905	513	—	7,972
Disposals	—	—	—	—	(116)	—	(116)
Write-offs	—	(4)	(41)	—	—	—	(45)
Transfer	—	—	(475)	475	—	—	—
At 31 March 2005 and 1 April 2005	6,610	3,193	14,998	54,214	2,274	—	81,289
Charge for the year	2,762	621	1,515	7,294	672	—	12,864
Disposals	(220)	—	(204)	—	(385)	—	(809)
At 31 March 2006 and 1 April 2006	9,152	3,814	16,309	61,508	2,561	—	93,344
Charge for the period	2,082	402	1,238	3,301	573	—	7,596
Disposals	—	(1)	(2)	(24)	(473)	—	(500)
Write-offs	—	(1,430)	(2,063)	(448)	—	—	(3,941)
At 31 December 2006	11,234	2,785	15,482	64,337	2,661	—	96,499
Net book value:							
At 31 March 2004	15,931	2,166	2,030	43,805	1,144	22,409	87,485
At 31 March 2005	52,207	2,807	3,550	62,505	1,858	20,111	143,038
At 31 March 2006	49,172	3,711	5,230	79,338	2,089	7,214	146,754
At 31 December 2006	47,105	3,291	5,789	83,687	2,136	6,828	148,836

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Sin Chew

	Freehold land, freehold and leasehold buildings	Furniture, fittings and equipment	Computer equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cost:							
At 1 April 2003	20,898	4,052	14,816	66,723	3,075	26,406	135,970
Additions	562	402	1,741	7,209	564	14,809	25,287
Disposals	—	(7)	—	(85)	(468)	—	(560)
Write-offs	—	(27)	(332)	(14)	(178)	—	(551)
Transfer	—	—	—	18,806	—	(18,806)	—
At 31 March 2004 and 1 April 2004	21,460	4,420	16,225	92,639	2,993	22,409	160,146
Additions	4,085	530	1,374	3,290	953	50,533	60,765
Disposals	—	—	—	—	(116)	—	(116)
Write-offs	—	—	(41)	—	—	—	(41)
Transfer	31,952	—	—	20,741	—	(52,831)	(138)
At 31 March 2005 and 1 April 2005	57,497	4,950	17,558	116,670	3,830	20,111	220,616
Additions	620	1,373	3,003	1,489	755	10,026	17,266
Disposals	—	(2)	(205)	(5)	(335)	—	(547)
Transfer	413	—	—	22,510	—	(22,923)	—
At 31 March 2006 and 1 April 2006	58,530	6,321	20,356	140,664	4,250	7,214	237,335
Additions	15	160	920	2,585	785	6,027	10,492
Disposals	—	(3)	—	—	(491)	—	(494)
Transfer	—	—	696	5,060	—	(6,413)	(657)
At 31 December 2006	58,545	6,478	21,972	148,309	4,544	6,828	246,676

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Sin Chew

	Freehold land, freehold and leasehold buildings	Furniture, fittings and equipment	Computer equipment	Plant and machinery	Motor vehicles	Construction in progress	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Accumulated depreciation:							
At 1 April 2003	4,484	2,385	13,795	44,753	2,159	—	67,576
Charge for the year	1,045	322	983	4,161	322	—	6,833
Disposals	—	(1)	—	(66)	(427)	—	(494)
Write-offs	—	(27)	(332)	(14)	(178)	—	(551)
At 31 March 2004 and 1 April 2004	5,529	2,679	14,446	48,834	1,876	—	73,364
Charge for the year	1,073	328	769	4,898	423	—	7,491
Disposals	—	—	—	—	(116)	—	(116)
Write-offs	—	—	(41)	—	—	—	(41)
Transfer	—	—	(475)	475	—	—	—
At 31 March 2005 and 1 April 2005	6,602	3,007	14,699	54,207	2,183	—	80,698
Charge for the year	2,755	420	1,188	7,281	579	—	12,223
Disposals	—	—	(204)	—	(290)	—	(494)
At 31 March 2006 and 1 April 2006	9,357	3,427	15,683	61,488	2,472	—	92,427
Charge for the period	2,082	320	1,068	3,287	495	—	7,252
Disposals	—	(1)	—	—	(326)	—	(327)
At 31 December 2006	11,439	3,746	16,751	64,775	2,641	—	99,352
Net book value:							
At 31 March 2004	15,931	1,741	1,779	43,805	1,117	22,409	86,782
At 31 March 2005	50,895	1,943	2,859	62,463	1,647	20,111	139,918
At 31 March 2006	49,173	2,894	4,673	79,176	1,778	7,214	144,908
At 31 December 2006	47,106	2,732	5,221	83,534	1,903	6,828	147,324

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) The net book values of property, plant and equipment acquired on finance lease arrangements at end of the Relevant Periods are as follows:

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Motor vehicles	476	1,675	1,895	1,835
Equipment	448	—	—	—
	924	1,675	1,895	1,835

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Motor vehicles	476	1,479	1,705	1,705
Equipment	448	—	—	—
	924	1,479	1,705	1,705

(b) The net book values of certain property, plant and equipment that are pledged as security for term loans granted as detailed in note 28 to the Financial Information at end of the Relevant Periods are as follows:

Sin Chew Group and Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Buildings	4,243	3,993	3,743	—
Plant and machinery	—	62,507	61,457	57,882
	4,243	66,500	65,200	57,882

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

15. INVESTMENT PROPERTY

Sin Chew Group and Sin Chew

Investment property is stated at fair value at end of the Relevant Periods, which has been determined based on valuation performed by Raine & Horne International Zaki + Partners Sdn. Bhd., an accredited independent valuer. Raine & Horne International Zaki + Partners Sdn. Bhd. is an industry specialist in valuing this type of investment property. The fair value represents the amount at which the asset could be exchanged between knowledgeable, willing sellers in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards Committee Standards.

Fair value of Sin Chew Group's and Sin Chew's investment property remains the same throughout the Relevant Periods.

Particulars of Sin Chew Group's and Sin Chew's investment property during each of the Relevant Periods are as follows:

Location	Use	Tenure	Attributable interest of Sin Chew Group and Sin Chew %
No. 3, Lorong Kilang F, Kolombong, 88450 Kota Kinabalu, Sabah, Malaysia	Office building	Long term lease	100

16. PREPAID LAND LEASE PAYMENTS

Sin Chew Group and Sin Chew

	RM'000
At 1 April 2003	27,087
Additions	2,317
Recognised for the year	(488)
At 31 March 2004 and 1 April 2004	28,916
Additions	138
Recognised for the year	(564)
At 31 March 2005 and 1 April 2005	28,490
Additions	2
Recognised for the year	(578)
At 31 March 2006 and 1 April 2006	27,914
Recognised for the period	(442)
At 31 December 2006	27,472

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

16. PREPAID LAND LEASE PAYMENTS (Continued)

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Analysed as:				
Long term leasehold lands	23,489	23,070	22,643	22,315
Short term leasehold lands	5,427	5,420	5,271	5,157
	28,916	28,490	27,914	27,472

The leasehold lands are all situated in Malaysia.

The net book values of certain leasehold lands that are pledged as security for Sin Chew Group's and Sin Chew's banking facilities as detailed in note 28 to the Financial Information at end of the Relevant Periods are as follows:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Pledged leasehold lands	19,761	19,411	19,055	18,782

17. GOODWILL

Sin Chew Group

	RM'000
At 1 April 2003	—
Acquisition of the remaining equity interest in Sinchew-i Sdn. Bhd. ("SC-i") *(note 34(a))*	142
Acquisition of a subsidiary *(note 34(b)):*	
Mulu Press Sdn. Bhd. ("MPSB")	1,815
At 31 March 2004 and 1 April 2004	1,957
Acquisition of a subsidiary *(note 34(c)):*	
Guang-Ming Ribao Sdn. Bhd. ("Guang-Ming")	40,025
At 31 March 2005 and 2006, and 31 December 2006	41,982

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

18. INTANGIBLE ASSETS

Sin Chew Group and Sin Chew

	Masthead	**Software**	**Total**
	RM'000	*RM'000*	*RM'000*
Cost:			
At 1 April 2003, 31 March 2004 and 1 April 2004	1,814	—	1,814
Additions	—	200	200
At 31 March 2005, 2006 and 1 April 2006	1,814	200	2,014
Additions	—	3,247	3,247
At 31 December 2006	1,814	3,447	5,261
Amortisation:			
At 1 April 2003	1,360	—	1,360
Amortisation during the year	91	—	91
At 31 March 2004 and 1 April 2004	1,451	—	1,451
Amortisation during the year	91	—	91
At 31 March 2005 and 1 April 2005	1,542	—	1,542
Amortisation during the year	91	40	131
At 31 March 2006 and 1 April 2006	1,633	40	1,673
Amortisation during the period	68	180	248
At 31 December 2006	1,701	220	1,921
Net book value:			
At 31 March 2004	363	—	363
At 31 March 2005	272	200	472
At 31 March 2006	181	160	341
At 31 December 2006	113	3,227	3,340

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

19. INVESTMENTS IN SUBSIDIARIES

Sin Chew

	As at 31 March			As at 31 December
	2004	2005	2006	2006
	RM'000	*RM'000*	*RM'000*	*RM'000*
Unlisted shares in Malaysia, at cost	4,325	8,325	8,325	8,325

During the Relevant Periods, Sin Chew has direct interests in the following subsidiaries:

Company name	Date and country of incorporation	Issued and paid-up capital	Percentage of equity directly attributable to Sin Chew: As at 31 March 2004	2005	2006	As at 31 December 2006	Principal activities
		RM'000	%	%	%	%	
Guang-Ming	26 October 1984; Malaysia	4,000	—	100	100	100	Publishing, printing and distribution of the newspaper "Guang Ming Daily"
MPSB	29 March 1985; Malaysia	500	100	100	100	100	Newspaper circulation and distribution agent and providing editorial services and contract labour
Media Communications Sdn. Bhd.	13 January 1982; Malaysia	100	100	100	100	100	Publishing and distribution of magazines
SC-i	31 May 2000; Malaysia	4,500	100	100	100	100	Providing contents to web and mobile users, web hosting and designing, web advertising, and web audio video broadcasting

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

20. AVAILABLE-FOR-SALE INVESTMENTS

Sin Chew Group and Sin Chew

	RM'000
At cost:	
Unlisted shares in Malaysia	
At 1 April 2003	100
Reclassification to investments in subsidiaries *(note 34(b))*	(100)
At 31 March 2004, 2005 and 2006	—
At 31 December 2006	—
At fair value:	
Listed shares in Malaysia	
At 1 April 2003	987
Disposal during the year	(10)
At 31 March 2004, 2005 and 2006 and 1 April 2006	977
Disposal during the period	(977)
At 31 December 2006	—

The fair values of listed equity investments are based on Bursa Malaysia Securities Berhad quoted market bid prices at the close of business at end of the Relevant Periods. The fair value of unlisted equity investment was stated at cost because the directors are of the opinion that the fair value cannot be measured reliably.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

21. DEFERRED TAX

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

Sin Chew Group

	Deferred tax (assets)/liabilities
	RM'000
At 1 April 2003	5,410
Acquisition of a subsidiary *(note 34(b))*	(577)
Recognised in the income statement during the year *(note 11)*	399
At 31 March 2004 and 1 April 2004	5,232
Acquisition of a subsidiary *(note 34(c))*	(15,970)
Recognised in the income statement during the year *(note 11)*	5,519
At 31 March 2005 and 1 April 2005	(5,219)
Recognised in the income statement during the year *(note 11)*	4,199
At 31 March 2006 and 1 April 2006	(1,020)
Recognised in the income statement during the period *(note 11)*	4,699
At 31 December 2006	3,679

	As at 31 March			**As at 31 December**
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Presented after appropriate offsetting as follows:				
Deferred tax assets	(552)	(15,842)	(14,004)	(12,119)
Deferred tax liabilities	5,784	10,623	12,984	15,798
	5,232	(5,219)	(1,020)	3,679

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

21. DEFERRED TAX (Continued)

Sin Chew

	Deferred tax liabilities *RM'000*
At 1 April 2003	5,838
Recognised in the income statement during the year	(56)
At 31 March 2004 and 1 April 2004	5,782
Recognised in the income statement during the year	4,841
At 31 March 2005 and 1 April 2005	10,623
Recognised in the income statement during the year	2,361
At 31 March 2006 and 1 April 2006	12,984
Recognised in the income statement during the period	2,803
At 31 December 2006	15,787

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

21. DEFERRED TAX (Continued)

The components and movements of deferred tax assets and liabilities during the Relevant Periods prior to offsetting are as follows:

Deferred tax (assets)/liabilities:

Sin Chew Group

	Accelerated capital allowances	Allowance for doubtful debts	Provision for ex-gratia	Provision for liabilities	Unutilised tax losses	Inventories	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 April 2003	5,693	—	(60)	—	(11)	(212)	5,410
Acquisition of a subsidiary *(note 34(b))*	82	(366)	—	—	(293)	—	(577)
Recognised in the income statement during the year	513	402	9	(616)	57	34	399
At 31 March 2004 and 1 April 2004	6,288	36	(51)	(616)	(247)	(178)	5,232
Acquisition of a subsidiary *(note 34(c))*	170	—	—	—	(16,140)	—	(15,970)
Recognised in the income statement during the year	4,331	(513)	9	280	498	914	5,519
At 31 March 2005 and 1 April 2005	10,789	(477)	(42)	(336)	(15,889)	736	(5,219)
Recognised in the income statement during the year	2,536	288	(24)	—	1,962	(563)	4,199
At 31 March 2006 and 1 April 2006	13,325	(189)	(66)	(336)	(13,927)	173	(1,020)
Recognised in the income statement during the period	3,068	104	6	(321)	1,848	(6)	4,699
At 31 December 2006	16,393	(85)	(60)	(657)	(12,079)	167	3,679

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

21. DEFERRED TAX (Continued)

Sin Chew

	Accelerated capital allowances	Allowance for doubtful debts	Provision for ex-gratia	Provision for liabilities	Inventories	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 April 2003	5,680	430	(60)	—	(212)	5,838
Recognised in the income statement during the year	517	—	9	(616)	34	(56)
At 31 March 2004 and 1 April 2004	6,197	430	(51)	(616)	(178)	5,782
Recognised in the income statement during the year	4,320	(682)	9	280	914	4,841
At 31 March 2005 and 1 April 2005	10,517	(252)	(42)	(336)	736	10,623
Recognised in the income statement during the year	2,586	362	(24)	—	(563)	2,361
At 31 March 2006 and 1 April 2006	13,103	110	(66)	(336)	173	12,984
Recognised in the income statement during the period	3,561	(437)	6	(321)	(6)	2,803
At 31 December 2006	16,664	(327)	(60)	(657)	167	15,787

Deferred tax assets have not been recognised in respect of the following items:

Sin Chew Group

	As at 31 March			As at 31 December
	2004	2005	2006	2006
	RM'000	*RM'000*	*RM'000*	*RM'000*
Unused tax losses	135	106	—	176
Unabsorbed capital allowances	1	9	—	5
	136	115	—	181

The unused tax losses and unabsorbed capital allowances are available indefinitely for offsetting against future taxable profits of a subsidiary. Deferred tax assets are only recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

Sin Chew

Sin Chew has no unrecognised deferred tax assets at end of the Relevant Periods.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

22. INVENTORIES

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At cost:				
Raw materials	48,500	120,045	104,348	44,238
Consumables	35	39	14	—
	48,535	120,084	104,362	44,238

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At cost:				
Raw materials	48,500	117,565	104,166	44,075
Consumables	35	38	14	—
	48,535	117,603	104,180	44,075

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

23. TRADE RECEIVABLES

An aged analysis of the trade receivables at end of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within 30 days	24,152	33,667	37,222	44,893
31 to 60 days	14,794	17,678	15,227	16,763
61 to 90 days	12,936	14,628	13,640	11,229
91 to 180 days	11,860	11,564	9,932	6,650
181 to 365 days	3,315	3,622	3,174	1,842
More than 365 days	33,087	6,242	5,711	6,355
	100,144	87,401	84,906	87,732

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within 30 days	22,575	28,366	31,508	38,375
31 to 60 days	13,602	14,944	13,107	13,885
61 to 90 days	11,953	12,446	11,756	9,730
91 to 180 days	10,941	9,852	8,383	5,462
181 to 365 days	2,772	2,284	1,950	1,043
More than 365 days	31,686	3,514	3,146	4,064
	93,529	71,406	69,850	72,559

Normal credit terms for Sin Chew Group and Sin Chew range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Interest is charged at 1% per month on certain over due trade receivables.

Sin Chew Group and Sin Chew have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The trade receivable from Guang-Ming of RM23,487,000, was included in Sin Chew Group's and Sin Chew's trade receivables as at 31 December 2004 and aged over 365 days prior to the acquisition of the entire equity interest in Guang-Ming on 3 September 2004 as detailed in note 34(c) to the Financial Information.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Other receivables	2,459	2,315	827	1,860
Impairment allowance for doubtful debts	(91)	(91)	—	—
	2,368	2,224	827	1,860
Amount due from a corporate shareholder	7,569	—	—	—
Amount due from a related company	46	—	—	—
Deposits	1,735	1,899	2,030	2,486
Prepayments	3,978	1,213	1,907	750
Tax recoverable	29	355	69	37
	15,725	5,691	4,833	5,133

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Other receivables	2,045	1,827	265	1,098
Impairment allowance for doubtful debts	(91)	(91)	—	—
	1,954	1,736	265	1,098
Amount due from a corporate shareholder	7,569	—	—	—
Amount due from a related company	45	—	—	—
Deposits	1,639	1,757	1,912	2,377
Prepayments	3,958	1,142	1,819	714
Tax recoverable	—	277	—	—
	15,165	4,912	3,996	4,189

The amounts due from a corporate shareholder and a related company are unsecured, interest-free and have no fixed terms of repayment.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

25. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Sin Chew Group

		As at 31 March		**As at 31 December**
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Short-term deposits	9,200	19,500	12,500	57,500
Cash at banks and on hand	10,672	22,331	19,711	22,100
	19,872	41,831	32,211	79,600

Sin Chew

		As at 31 March		**As at 31 December**
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Short-term deposits	9,200	19,500	12,500	57,500
Cash at banks and on hand	9,621	17,690	16,257	17,692
	18,821	37,190	28,757	75,192

Cash at banks earns interest at floating rates based on daily bank deposit rates.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

26. CASH AND CASH EQUIVALENTS (Continued)

The weighted average effective interest rates and average maturities of short term deposits of Sin Chew Group and Sin Chew are as follows:

Year/period ended	Interest rate range *(%)*	Maturity
31 March 2004	2.55 - 2.60	1 to 3 days
31 March 2005	2.50 - 2.55	1 to 3 days
31 March 2006	2.50 - 2.80	1 to 3 days
31 December 2006	2.80 - 3.25	3 to 5 days

The carrying amounts of cash and cash equivalents approximate to their fair values.

27. PROVISION FOR LIABILITIES

Sin Chew Group and Sin Chew

	RM'000
At 1 April 2003	—
Provision made during the year	2,200
At 31 March 2004 and 1 April 2004	2,200
Write-back of over provision made in prior year	(1,000)
At 31 March 2005 and 2006	1,200
At 31 December 2006	1,200

The provision for liabilities is made in respect of the estimated probable loss arising from libel suits which involve claims against Sin Chew for news articles published by Sin Chew. Sin Chew is currently defending these legal cases. The provision for liabilities is made by Sin Chew with reference to the lawyers' assessment of the likely amount of damages or compensation for which Sin Chew may be liable.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

28. BANK BORROWINGS

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Current borrowings				
Secured:				
Finance lease payables *(note 29)*	226	368	475	565
Term loans	3,000	12,180	19,180	9,180
	3,226	12,548	19,655	9,745
Unsecured:				
Bank overdrafts	8,207	—	—	—
Bankers' acceptances	35,447	77,621	39,780	9,830
Revolving credit	—	—	5,000	—
Term loans	1,183	1,183	—	—
	44,837	78,804	44,780	9,830
	48,063	91,352	64,435	19,575
Non-current borrowings				
Secured:				
Finance lease payables *(note 29)*	441	1,067	1,046	988
Term loans	13,000	43,206	24,026	17,141
	13,441	44,273	25,072	18,129
Unsecured:				
Term loans	1,183	—	—	—
	14,624	44,273	25,072	18,129
Total borrowings				
Finance lease payables *(note 29)*	667	1,435	1,521	1,553
Bank overdrafts	8,207	—	—	—
Bankers' acceptances	35,447	77,621	39,780	9,830
Revolving credit	—	—	5,000	—
Term loans	18,366	56,569	43,206	26,321
	62,687	135,625	89,507	37,704

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

28. BANK BORROWINGS (Continued)

Sin Chew Group

Maturities of borrowings (excluding finance lease payables) are analysed into:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within one year	47,837	90,984	63,960	19,010
In the second year	4,183	19,180	9,180	9,180
In the third to fifth years, inclusive	10,000	24,026	14,846	7,961
	62,020	134,190	87,986	36,151

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Current borrowings				
Secured:				
Finance lease payables *(note 29)*	226	320	415	503
Term loans	3,000	12,180	19,180	9,180
	3,226	12,500	19,595	9,683
Unsecured:				
Bank overdrafts	8,207	—	—	—
Bankers' acceptances	35,447	77,621	39,780	9,830
Revolving credit	—	—	5,000	—
Term loans	1,183	1,183	—	—
	44,837	78,804	44,780	9,830
	48,063	91,304	64,375	19,513

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

28. BANK BORROWINGS (Continued)

Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Non-current borrowings				
Secured:				
Finance lease payables *(note 29)*	441	945	927	915
Term loans	13,000	43,206	24,026	17,141
	13,441	44,151	24,953	18,056
Unsecured:				
Term loans	1,183	—	—	—
	14,624	44,151	24,953	18,056
Total borrowings				
Finance lease payables *(note 29)*	667	1,265	1,342	1,418
Bank overdrafts	8,207	—	—	—
Bankers' acceptances	35,447	77,621	39,780	9,830
Revolving credit	—	—	5,000	—
Term loans	18,366	56,569	43,206	26,321
	62,687	135,455	89,328	37,569

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

28. BANK BORROWINGS (Continued)

Sin Chew

Maturities of borrowings (excluding finance lease payables) are analysed into:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within one year	47,837	90,984	63,960	19,010
In the second year	4,183	19,180	9,180	9,180
In the third to fifth years, inclusive	10,000	24,026	14,846	7,961
	62,020	134,190	87,986	36,151

The weighted average effective interest rates at end of the Relevant Periods for bank borrowings, excluding finance lease payables, were as follows:

Sin Chew Group and Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	%	%	%	%
Bank overdrafts	3.14	—	—	—
Bankers' acceptances	4.07	2.70	3.46	4.05
Revolving credit	—	—	1.65	—
Term loans	6.94	5.08	4.58	4.07

Certain terms loans of Sin Chew Group are secured by certain property, plant and equipment and leashold lands as disclosed in note 14(b) and 16 to the Financial Information, respectively.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

29. FINANCE LEASE PAYABLES

Sin Chew Group and Sin Chew lease certain of their motor vehicles and equipment for their operations. These leases are classified as finance leases and have remaining lease terms ranging from six months to four years.

As at end of the Relevant Periods, the total future minimum lease payments under finance leases and their present values were as follows:

Sin Chew Group

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Minimum lease payments:				
Within one year	265	442	547	633
In the second year	194	432	464	498
In the third to fifth years, inclusive	326	729	655	544
Total minimum finance lease payables	785	1,603	1,666	1,675
Future finance charges	(118)	(168)	(145)	(122)
Total net finance lease payables	667	1,435	1,521	1,553

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Present value of minimum lease payments:				
Within one year	226	368	475	565
In the second year	165	380	421	461
In the third to fifth years, inclusive	276	687	625	527
	667	1,435	1,521	1,553

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

29. FINANCE LEASE PAYABLES (Continued)

Sin Chew

		As at 31 March		As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Minimum lease payments:				
Within one year	265	382	474	561
In the second year	194	373	411	451
In the third to fifth years, inclusive	326	651	578	514
Total minimum finance lease payables	785	1,406	1,463	1,526
Future finance charges	(118)	(141)	(121)	(108)
Total net finance lease payables	667	1,265	1,342	1,418
Present value of minimum lease payments:				
Within one year	226	320	415	503
In the second year	165	330	375	417
In the third to fifth years, inclusive	276	615	552	498
	667	1,265	1,342	1,418

Sin Chew Group and Sin Chew

The finance lease payables bore interest during each of the Relevant Periods at the following rates:

Year/period ended	**Interest rate range**
31 March 2004	5.60% - 7.90% per annum
31 March 2005	4.60% - 7.90% per annum
31 March 2006	2.35% - 3.90% per annum
31 December 2006	2.35% - 4.94% per annum

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

30. TRADE PAYABLES

An aged analysis of the trade payables as at end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Sin Chew Group				
Within 30 days	13,017	13,429	4,778	11,190
31 to 60 days	863	1,297	1,331	1,910
More than 60 days	5,843	9,625	7,835	7,047
	19,723	24,351	13,944	20,147
Sin Chew				
Within 30 days	12,972	13,082	4,365	10,870
31 to 60 days	863	1,198	1,291	1,855
More than 60 days	5,843	9,177	7,041	6,134
	19,678	23,457	12,697	18,859

The normal credit terms granted to Sin Chew Group and Sin Chew range from 30 to 90 days.

Trade payables include amounts due to related companies in which certain directors have interests are set out below:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Sin Chew Group				
Amounts due to related companies	—	8,815	2,558	7,406
Sin Chew				
Amounts due to related companies	—	8,597	2,377	7,188

The amounts are unsecured, interest-free and have no fixed terms of repayment.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

31. ACCRUALS AND OTHER PAYABLES

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Sin Chew Group				
Other payables	7,978	4,809	4,708	5,943
Deposits received	2,133	2,092	2,038	2,097
Accruals	10,266	15,513	13,283	19,792
	20,377	22,414	20,029	27,832
Sin Chew				
Other payables	6,530	2,580	2,886	4,687
Deposits received	1,970	1,633	1,480	1,445
Accruals	9,416	11,832	10,989	15,459
	17,916	16,045	15,355	21,591

Other payables are non-interest bearing and have an average term of 30 to 90 days.

32. SHARE CAPITAL

	Number of ordinary shares	Amount
	'000	*RM'000*
Authorised:		
At 1 April 2003	10,000	10,000
Creation of:		
240,000,000 ordinary shares of RM1.00 each	240,000	240,000
At 31 March 2004 and 1 April 2004	250,000*	250,000
Cancellation of:		
250,000,000 ordinary shares of RM1.00 each pursuant to the Share Split	(250,000)*	(250,000)
Creation of:		
500,000,000 ordinary shares of RM0.50 each pursuant to the Share Split	500,000	250,000
At 31 March 2005 and 2006	500,000	250,000
At 31 December 2006	500,000	250,000

* These represent ordinary shares of RM1.00 each prior to cancellation pursuant to the Share Split.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. SHARE CAPITAL (Continued)

	Number of ordinary shares *'000*	Amount *RM'000*
Issued and fully paid:		
At 1 April 2003	7,200	7,200
Issue of:		
2,800,000 ordinary shares of RM1.00 each	2,800	2,800
At 31 March 2004 and 1 April 2004	10,000*	10,000
Cancellation of:		
10,000,000 ordinary shares of RM1.00 each pursuant to the Share Split	(10,000)*	(10,000)
Issue of:		
20,000,000 ordinary shares of RM0.50 each pursuant to the Share Split	20,000	10,000
202,000,000 ordinary shares of RM0.50 each pursuant to the Bonus Issue	202,000	101,000
80,000,000 ordinary shares of RM0.50 each pursuant to the Rights Issue	80,000	40,000
At 31 March 2005 and 2006	302,000	151,000
At 31 December 2006	302,000	151,000

* These represent ordinary shares of RM1.00 each prior to cancellation pursuant to the Share Split.

During the year ended 31 March 2004, Sin Chew increased its:

(i) Authorised share capital from RM10,000,000 to RM250,000,000 through the creation of 240,000,000 ordinary shares of RM1.00 each; and

(ii) Issued and paid-up share capital from RM7,200,000 to RM10,000,000 by way of the issue of 2,800,000 ordinary shares of RM1.00 each, at par, for cash.

During the year ended 31 March 2005, Sin Chew sub-divided the par value of its ordinary shares of RM1.00 each into ordinary shares of RM0.50 each (the "Share Split") and increased its issued and paid-up ordinary share capital from RM10,000,000 to RM151,000,000 by way of:

(i) Cancellation of 10,000,000 ordinary shares of RM1.00 each and issue of 20,000,000 ordinary shares of RM0.50 each pursuant to the Share Split;

(ii) Bonus Issue of 202,000,000 new ordinary shares of RM0.50 each (the "Bonus Issue") on the basis of 10.10 new ordinary shares for every ordinary share held after the Share Split by way of capitalisation of Sin Chew's retained profits; and

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. SHARE CAPITAL (Continued)

(iii) Rights Issue of 80,000,000 new ordinary shares of RM0.50 each on the basis of approximately 0.36 new ordinary share for every existing ordinary share held after the Bonus Issue at an issue price of RM0.535 per new ordinary share. The share premium arising from this issue which amounted to RM2,800,000 is credited to the share premium account.

The new ordinary shares issued during the years ended 31 March 2004 and 2005 rank pari passu in all respects with the existing ordinary shares of Sin Chew.

33. RETAINED PROFITS

Sin Chew

	RM'000
At 1 April 2003	169,307
Profit for the year	47,516
Dividends paid	(30,000)
At 31 March 2004 and 1 April 2004	186,823
Issue of shares pursuant to the Bonus Issue	(101,000)
Profit for the year	58,118
At 31 March 2005 and 1 April 2005	143,941
Profit for the year	48,093
Dividend paid	(25,670)
At 31 March 2006 and 1 April 2006	166,364
Profit for the period	45,446
Dividend paid	(25,670)
At 31 December 2006	186,140

34. BUSINESS COMBINATIONS

(a) **Acquisition of the remaining equity interest in SC-i**

On 2 March 2004, Sin Chew acquired 2,205,000 ordinary shares of RM1.00 each, which represented 49% of the issued and paid-up share capital of SC-i, from the minority shareholder at a cash consideration of RM1,416,400, determined based on the net tangible assets of SC-i as at 31 March 2003. The carrying amount of the 49% interest in SC-i was RM1,274,000 and goodwill of RM142,400 was recognised on this acquisition.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

34. BUSINESS COMBINATIONS (Continued)

(b) Acquisition of a subsidiary — MPSB

On 2 March 2004, Sin Chew acquired 400,500 ordinary shares of RM1.00 each, which represented 80.1% of the issued and paid-up share capital of MPSB, at a cash consideration of RM400,500. Previously, Sin Chew held 99,500 shares of RM1.00 each, which represented 19.9% of the issued and paid-up share capital of MPSB. Such investment has been classified as an available-for-sale investment of Sin Chew as at 1 April 2003. Since its acquisition, MPSB contributed RM2,324,000 to Sin Chew Group's turnover and RM63,000 to the consolidated profit for the year ended 31 March 2004.

The fair values and net book values of the identifiable assets acquired and liabilities assumed of MPSB at the date of acquisition were as follows:

	Fair value recognised on acquisition	**Carrying amount**
	RM'000	*RM'000*
Net assets acquired:		
Property, plant and equipment *(note 14)*	656	656
Deferred tax assets *(note 21)*	577	577
Trade receivables	6,432	6,432
Prepayments, deposits and other receivables	465	465
Cash and bank balances	1,194	1,194
Trade payables	(178)	(178)
Accruals and other payables	(4,114)	(4,114)
Amount due to the holding company	(6,347)	(6,347)
	(1,315)	(1,315)
Goodwill *(note 17)*	1,815	
Reclassification from available-for-sale investments *(note 20)*	(100)	
Total consideration satisfied by cash	400	
Net cash inflow/(outflow) arising on acquisition:		
Cash consideration	(400)	
Cash and cash equivalents acquired	1,194	
	794	

Had the acquisition of MPSB taken place at the beginning of the year, the revenue and profit of Sin Chew Group for the year ended 31 March 2004 would have been RM318,763,000 and RM48,618,000, respectively.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

34. BUSINESS COMBINATIONS (Continued)

(c) Acquisition of a subsidiary — Guang-Ming

On 3 September 2004, Sin Chew acquired 4,000,000 ordinary shares of RM1.00 each, which represented 100% of the issued and paid-up share capital of Guang-Ming, at a cash consideration of RM4,000,000. Since its acquisition, Guang-Ming contributed RM36,214,000 to Sin Chew Group's turnover and RM616,000 to the consolidated profit from the year ended 31 March 2005.

The fair values and net book values of the identifiable assets acquired and liabilities assumed of Guang-Ming at the date of acquisition were as follows:

	Fair value recognised on acquisition *RM'000*	**Carrying amount** *RM'000*
Net assets acquired:		
Property, plant and equipment *(note 14)*	2,394	2,394
Deferred tax assets *(note 21)*	15,970	15,970
Inventories	1,446	1,446
Trade receivables	10,369	8,043
Prepayments, deposits and other receivables	152	2,478
Cash and bank balances	3,724	3,724
Trade payables	(816)	(816)
Accruals and other payables	(52,013)	(52,013)
Finance lease payables	(62)	(62)
Tax payable	(1)	(1)
Amount due to the holding company	(17,188)	(17,188)
	(36,025)	(36,025)
Goodwill *(note 17)*	40,025	
Total consideration satisfied by cash	4,000	
Net cash inflow/(outflow) arising on acquisition:		
Cash consideration	(4,000)	
Cash and cash equivalents acquired	3,724	
	(276)	

Had the acquisition of Guang-Ming taken place at the beginning of the year, the revenue and profit of Sin Chew Group for the year ended 31 March 2005 would have been RM419,533,000 and RM60,961,000, respectively.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by Sin Chew Group and Sin Chew during the Relevant Periods are as follows:

(a) ***Transactions with a director and companies in which certain directors and persons connected to them have a substantial financial interest***

Sin Chew Group

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Advertising sales	—	—	(331)	(159)	(530)
Consultancy fees paid	—	49	79	63	54
Rendering of services	(66)	(68)	(66)	(49)	(49)
Purchases of computer equipment	—	—	613	—	—
Purchases of magazines	—	70	99	76	108
Purchases of newsprint	84,427	135,770	138,960	119,633	62,484
Rental expenses paid	3,958	3,976	3,790	2,888	2,694

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) ***Transactions with Guang-Ming prior to acquisition***

Sin Chew Group and Sin Chew

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Printing expense	701	325	—	—	—
Printing revenue	1,357	(576)	—	—	—
Rental income	230	(96)	—	—	—

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) ***Compensation of key management personnel of Sin Chew Group***

	Year ended 31 March			Nine months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	783	1,474	2,608	1,945	1,913
Discretionary bonuses	261	177	411	—	—
Pension scheme contributions	146	219	1,016	196	199
	1,190	1,870	4,035	2,141	2,112

Further details of directors' remuneration are included in note 9 to the Financial Information.

36. CAPITAL COMMITMENTS

Sin Chew Group and Sin Chew

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Capital expenditure in respect of acquisition of property, plant and equipment:				
Contracted, but not provided for	36,524	6,482	6,069	2,054

37. CONTINGENT LIABILITIES

There are several claims against Sin Chew Group. Sin Chew Group is presently defending these claims. Based on the lawyers' assessment, the outcome and compensation of these claims, if any, are currently indeterminable and therefore have not been provided for. The provision for claims for the Relevant Periods has been recognised in the Financial Information as disclosed in note 27.

Subsequent to 31 December 2006, there are new libel claims against Sin Chew Group of which the outcome and compensation of these claims, if any, are currently indeterminable.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Sin Chew Group seeks to ensure that adequate financial resources are available for the development of Sin Chew Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. Sin Chew Group operates within defined guidelines and Sin Chew Group's policy is not to engage in speculative transactions.

(a) **Interest rate risk**

Sin Chew Group's primary interest rate risk relates to interest-bearing debts, as Sin Chew Group had no substantial long-term interest-bearing assets as at end of the Relevant Periods. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits and they are not held for speculative purposes.

Sin Chew Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against interest rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(b) **Foreign exchange risk**

Sin Chew Group is predominantly exposed to Euro dollars, Singapore dollars and United States dollars. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) **Foreign exchange risk (Continued)**

During the Relevant Periods, Sin Chew Group has not entered into any hedging transactions.

The net unhedged financial assets and liabilities of Sin Chew Group that are not denominated in the functional currency of RM are as follows:

Sin Chew Group

	United States dollars equivalent			
				As at
		As at 31 March		**31 December**
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Functional currency				
Trade receivables	—	—	—	485
Other receivables	—	—	—	77
Other payables	1,858	2,761	714	162

Sin Chew

	United States dollars equivalent			
				As at
		As at 31 March		**31 December**
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Functional currency				
Trade receivables	—	—	—	485
Other receivables	—	—	—	77
Other payables	1,849	2,731	714	162

(c) **Liquidity risk**

Sin Chew Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, Sin Chew Group maintains sufficient levels of cash or cash convertible investments such as short term deposits with financial institutions to meet its working capital requirements. In addition, Sin Chew Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, Sin Chew Group raises committed funding from both capital markets and financial institutions and balances its portfolio with short term funding so as to achieve overall cost effectiveness.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) **Credit risk**

Credit risk, or the risk arising from default of the counterparty, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting Sin Chew Group's association to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via Sin Chew Group's management reporting procedures.

Sin Chew Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) **Fair values**

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value at end of the Relevant Periods of Sin Chew and of Sin Chew Group are represented as follows:

Sin Chew Group

		Carrying amount	**Fair value**
	Notes	*RM'000*	*RM'000*
At 31 March 2004			
Financial liabilities			
Term loans	28	18,366	**
At 31 March 2005			
Financial liabilities			
Term loans	28	56,569	**
At 31 March 2006			
Financial liabilities			
Term loans	28	43,206	**
At 31 December 2006			
Financial liabilities			
Term loans	28	26,321	**

** The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient reliability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments have been disclosed in note 28 to Financial Information.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) **Fair values (Continued)**

Sin Chew

	Notes	Carrying amount RM'000	Fair value RM'000
At 31 March 2004			
Financial assets			
Amounts due from subsidiaries	25	7,979	*
Financial liabilities			
Amounts due to subsidiaries	25	2,406	*
Term loans	28	18,366	**
At 31 March 2005			
Financial assets			
Amounts due from subsidiaries	25	70,391	*
Financial liabilities			
Amounts due to subsidiaries	25	2,496	*
Term loans	28	56,569	**
At 31 March 2006			
Financial assets			
Amounts due from subsidiaries	25	58,996	*
Financial liabilities			
Amounts due to subsidiaries	25	2,552	*
Term loans	28	43,206	**
At 31 December 2006			
Financial assets			
Amount due from subsidiaries	25	51,607	*
Financial liabilities			
Amount due to subsidiaries	25	2,829	*
Term loans	28	26,321	**

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) **Fair values (Continued)**

Sin Chew

* It is not practical to estimate the fair values of balances with subsidiaries due principally to a lack of fixed repayment term entered by the parties involved. However, Sin Chew does not anticipate the carrying amounts recorded at end of the Relevant Periods to be significantly different from the values that would eventually be received or settled.

** The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient reliability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments, have been disclosed in note 28 to Financial Information.

The carrying amounts of cash and cash equivalents, receivables, payables, balances with related companies and short-term borrowings approximate to the fair values due to the relatively short term maturity of these financial instruments.

39. SIGNIFICANT POST BALANCE SHEET EVENTS

On 29 January 2007, Sin Chew entered into a Heads of Agreement with the Company in relation to the following proposals (which are collectively referred to as the "Proposals").

Proposed Share Exchange of Sin Chew

The proposed share exchange of Sin Chew involves the proposed scheme of arrangement under Section 176 of the Malaysia Companies Act, 1965, whereby all the shareholders of Sin Chew exchange all their shares of Sin Chew ("Sin Chew Shares") at a consideration of RM4.00 per share for new shares of the Company ("Ming Pao Shares") to be issued and credited as fully paid up at an issue price of HK$2.70 (or indicative equivalent value of RM1.19) per share, which represents an indicative basis of approximately 3.30 new Ming Pao Shares for every existing Sin Chew Share held by the shareholders of Sin Chew on a date to be determined and announced later.

Proposed Placement

The proposed placement involves the placement of either new or existing Ming Pao Shares for purposes of complying with the public shareholding spread, if required or the equity conditions which may be imposed by the relevant authorities in Malaysia or Hong Kong.

Proposed transfer of listing Status

The proposed transfer of listing status involves the transfer of the listing status of Sin Chew on the main board of Bursa Malaysia Securities Berhad to the Company and thereafter Sin Chew and Nanyang Press Holdings Berhad ("Nanyang") will be delisted from the Main Board of Bursa Malaysia Securities Berhad.

On 29 January 2007, both Sin Chew and the Company had sent an irrevocable joint letter of offer to the board of directors of Nanyang, inviting Nanyang to participate in the Proposals.

(I) FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

39. SIGNIFICANT POST BALANCE SHEET EVENTS (Continued)

Proposed transfer of listing Status (Continued)

The Proposals are subject to, amongst others, Sin Chew, Nanyang and the Company negotiating and entering into a merger agreement on or before 30 April 2007 or such later date as the parties mutually agree. The merger agreement among Sin Chew, Nanyang and the Company was signed on 23 April 2007.

Upon completion of the Proposals, Sin Chew will become a wholly-owned subsidiary of the Company and the Company will be primarily listed on the Main Board of both Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited.

(II) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Sin Chew or Sin Chew Group in respect of any period subsequent to 31 December 2006.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

SIN CHEW

During the financial years ended 31 March 2004, 2005 and 2006 and the nine months ended 31 December 2006, Sin Chew was an investment holding company and was principally engaged in the publishing of newspapers and magazines, distribution and circulation of newspapers and magazines, while its subsidiaries and associated companies were principally engaged in newspapers, magazines and book publishing, internet related businesses, circulation and distribution agent, provision of contents to web and mobile users and provision of editorial services and contract labour.

FINANCIAL REVIEW

The information below concerning an analysis of the performance and other financial aspects of Sin Chew Group has been prepared based on the financial information, of which the directors of Sin Chew have the sole responsibilities, as extracted from the accountants' report prepared by Ernst & Young in respect of Sin Chew Group contained in Appendix III to this circular.

The principal accounting policies adopted by the Sin Chew Group in the financial information under IFRS are materially consistent with those adopted by the Company and HKFRS.

Nine months ended 31 December 2006

Turnover

Sin Chew Group recorded a turnover of approximately RM343.7 million during the period, representing an increase of 1% compared to that of the nine months ended 31 December 2005 of RM341.1 million. This increase was principally due to the increase in circulation revenue.

Gross profit and gross profit margin

Gross profit increased to RM115.4 million from RM103.5 million (in the first nine months of 2005), representing an increase of 12%. Gross profit margin increased from 30% (in the first nine months of 2005) to 34% during the period, which was primarily due to reduction in cost of sale and increment in circulation revenue.

Selling and distribution expenses

Selling and distribution expenses comprising principally direct selling expenses such as promotion, freight & delivery, insertion, staff cost and others. Such costs increased from RM29.3 million (representing approximately 9% of the turnover of the first nine months of 2005) to RM30.7 million, representing approximately 9% of the turnover of the period.

Administrative expenses

Administrative expenses increased by 9% from RM19.4 million in the first nine months of 2005 to RM21.1 million for the corresponding period in 2006. The increase in administrative expenses were mainly due to increase in staff cost & staff benefit accrual. As a percentage of turnover, administrative expenses maintained at 6% for both periods.

Finance costs

Finance costs, which principally comprised interest expense, decreased by 38% from RM3.2 million (in the first nine months of 2005) to RM2.0 million in the first nine months of 2006. This was principally due to lower short term borrowing.

Net profit attributable to equity holders of Sin Chew and net profit margin

Net profit attributable to equity holders of Sin Chew increased by 20% from RM41.9 million (in the first nine months of 2005) to RM50.4 million for the period. Net profit margin increased by 25% from 12% (first nine months of 2005) to 15% for the period, which was principally due to higher turnover by 1% and lower net cost by 3%.

Year ended 31 March 2006 compared to year ended 31 March 2005

Turnover

Turnover increased by 13% from RM397.2 million in 2005 to RM450.3 million in 2006. The increase in turnover during the period was principally due to the following factors:

(i) Consolidation of Guang Ming turnover from September 2004

(ii) Advertisement rate hike

(iii) Newspaper cover price increases

Gross profit and gross profit margin

Gross profit increased by 13% from RM121.6 million in 2005 to RM137.6 million in 2006. Gross profit margin maintained at 31% in 2005 and 2006.

Selling and distribution expenses

Selling and distribution expenses increased from RM39.7 million in 2005 to RM44.5 million in 2006. As a percentage of turnover, selling and distribution expenses maintained at 10% for both periods. This was mainly due to increment in staff cost caused by adjustment of Collective Agreement.

Administrative expenses

Administrative expenses increased by 43% from RM18.6 million in 2005 to RM26.6 million in 2006. As a percentage of turnover, administrative expenses increased from 5% in 2005 to 6% in 2006. The increase in 2006 was primarily due to increase in staff cost because of Collective Agreement adjustment, increase in director remuneration and reduction in provision for litigation by RM1 million in 2005.

Finance costs

Finance costs increased by 43% from RM3.0 million in 2005 to RM4.3 million for the year. This was principally due to higher term loan and revolving credit interests.

Net profit attributable to equity holders of Sin Chew and net profit margin

Net profit attributable to shareholders decreased from RM60.3 million in 2005 to RM53.3 million in 2006, whilst the net profit margin for the year decreased from 15% in 2005 to 12% in 2006. The decrease in net profit was a result of the increase in effective tax rates due to lesser reinvestment allowances.

Year ended 31 March 2005 compared to year ended 31 March 2004

Turnover

Turnover increased by 29% from approximately RM309.1 million in 2004 to RM397.2 million in 2005. The increase in turnover was principally the result of consolidation of 7 months' Guang Ming Ribao Sdn. Bhd.'s turnover into the Sin Chew's turnover.

Gross profit and gross profit margin

During the year ended 31 March 2005, gross profit increased by 23% from RM99.2 million in 2004 to RM121.6 million in 2005. Gross profit margin decreased by 1% during the period. This was principally a result of consolidation of Guang Ming Ribao Sdn. Bhd..

Selling and distribution expenses

Selling and distribution expenses increased from RM23.2 million in 2004 to RM39.7 million in 2005. As a percentage of turnover, selling and distribution expenses increased from 8% in 2004 to 10% in 2005. This was mainly due to consolidation of Guang Ming Ribao Sdn. Bhd. 7 months' expenses (from September 2004 onward).

Administrative expenses

Administrative expenses decreased by 4% from RM19.3 million in 2004 to RM18.6 million in 2005. As a percentage of turnover, administrative expenses decreased from 6% to 5%. The decrease was mainly due to reduction in provision for litigation in 2005.

Finance costs

Finance costs increased by 15% from RM2.6 million in 2004 to RM3.0 million for the year. This was principally due to higher bankers' acceptances interest.

Net profit attributable to equity holders of Sin Chew and net profit margin

Net profit attributable to equity holders of Sin Chew increased from RM47.3 million in 2004 to RM60.3 million in 2005, whilst the net profit margin remained at 15% for both periods.

TAXATION

During the financial years ended 31 March 2004, 2005 and 2006 and the nine months ended 31 December 2006, the businesses of Sin Chew Group were carried out by Sin Chew and its subsidiaries, and, accordingly, income tax were charged to Sin Chew and its subsidiaries separately. The Malaysian statutory income tax is charged at the rate of 28% for the financial years ended 31 March 2004, 2005 and 2006 and at the rate of 27% for the nine months ended 31 December 2006.

The Sin Chew Group's effective tax rate (being income tax amount divided by profit before taxation) for the financial years ended 31 March 2004, 2005 and 2006 were 15%, 15% and 25%, respectively. For the three financial years ended 31 March 2006, Sin Chew Group's effective tax rates were lower than the standard tax rate of 28%, which was mainly due principally to utilisation of reinvestment allowance.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2004, 2005 and 2006 and 31 December 2006, Sin Chew Group's net current assets amounted to RM91 million, RM115.7 million, RM125.4 million, and RM144.3 million, respectively, and shareholders' funds were RM195.9 million, RM296.6 million, RM324.3 million and RM349.1 million, respectively.

Sin Chew Group maintained a satisfactory cash position for the three years ended 31 March 2006 and the nine months ended 31 December 2006. The company's liquidity has remained satisfactory and has sufficient cash and banking facilities to meet its commitment, working capital and future investment requirements. As at 31 March 2004, 2005 and 2006 and 31 December 2006, the total cash balances were RM19.9 million, RM41.8 million, RM32.2 million and RM79.6 million, respectively, and total bank borrowings and finance lease obligations were RM62.7 million, RM135.6 million, RM89.5 million and RM37.7 million, respectively. As at 31 March 2004, 2005 and 2006, net borrowings of Sin Chew Group were RM42.8 million, RM93.8 million and RM57.3 million, respectively, while at 31 December 2006, Sin Chew Group had net cash of RM41.9 million. Sin Chew Group's bank borrowings and cash balances were principally denominated in Ringgit Malaysia.

Gearing ratio, defined as the ratio of total bank borrowings to total equity attributable to the equity holders of Sin Chew, continued to improve and was maintained at reasonable levels. As at 31 March 2004, 2005 and 2006 and 31 December 2006, Sin Chew Group's gearing ratio was 32%, 46%, 28% and 11%, respectively.

BUSINESS AND GEOGRAPHICAL SEGMENTS

During the financial years ended 31 March 2004, 2005 and 2006 and the nine months ended 31 December 2006, Sin Chew Group was principally engaged in the publication and selling of newspapers and magazines in Malaysia and accordingly, no analysis of business and geographical segment is presented.

PLEDGE OF ASSETS

Sin Chew Group has pledged its assets (generally comprising freehold and leasehold land and buildings, machinery and printing equipment) to secure banking facilities granted to Sin Chew. As at 31 March 2004, 2005 and 2006 and 31 December 2006, the assets pledged to banks were stated to be in the value of approximately RM23.9 million, RM85.9 million, RM84.2 million and RM76.6 million, respectively. The change in the value of the assets pledged over the said periods was principally due to depreciation. Details of such pledges are set out in notes 14(b) and 16 to the accountants' report set out in Appendix III to this circular.

FOREIGN EXCHANGE RISK EXPOSURE

During the financial years ended 31 March 2004, 2005 and 2006 and the nine months ended 31 December 2006, Sin Chew Group was predominantly exposed to Euro Dollar, Singapore Dollar and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales gave rise to foreign exchange exposures. During the same periods, Sin Chew Group had not entered into any hedging transaction.

CONTINGENT LIABILITIES

Guarantees to banks in respect of the banking facilities of subsidiaries

During the three years ended 31 March 2006 and the nine months ended 31 December 2006, Sin Chew provided guarantees to banks in respect of the banking facilities of its subsidiaries as follows:

	As at 31 March			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Guarantees to banks in respect of the banking facilities of subsidiaries	—	42	—	—

For the same periods, there were several claims against Sin Chew Group and the determinable outcome and compensation of these claims, if any, were RM2.2 million, RM1.2 million, RM1.2 million and RM1.2 million, respectively, as at the corresponding financial year end date and were recognised in the financial statements for the corresponding financial year.

CAPITAL COMMITMENT

Sin Chew Group's capital commitments contracted (but not provided for) as at 31 March 2004, 2005 and 2006 and 31 December 2006 were approximately RM36.5 million, RM6.5 million, RM6.1 million and RM2.1 million respectively, which were principally contracts for the acquisition of property, plant and equipment.

CAPITAL EXPENDITURE, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

Sin Chew Group's capital expenditures for 2004, 2005 and 2006 and the nine months ended 31 December 2006 were RM27.6 million, RM61.5 million, RM17.9 million and RM13.4 million, respectively, which were primarily for the acquisition of property, plant and equipment, prepaid land lease payments and for the acquisition of intangible assets.

On 2 March 2004, Sin Chew acquired 400,500 ordinary shares of RM1.00 each or 80.1% of the issued and paid-up share capital of Mulu Press Sdn. Bhd. ("MPSB") for a total cash consideration of RM400,500.

On 2 March 2004, Sin Chew acquired 2,205,000 ordinary shares of RM1.00 each or 49% of the issued and paid-up share capital of SinChew-I Sdn. Bhd. ("SC-i") for a total cash consideration of RM1,416,400.

On 3 September 2004, Sin Chew acquired 4,000,000 ordinary shares of RM1.00 each or 100% of the issued and paid-up share capital of Guang-Ming Ribao Sdn. Bhd. for a total cash consideration of RM4,000,000.

In September and October 2006, Sin Chew disposed 243,750 ordinary shares of Nanyang Press Holdings Bhd for RM924,369.

HUMAN RESOURCES PRACTICE

As at 31 March 2004, 2005 and 2006, Sin Chew Group had 1,465, 1,843 and 1,929 employees, respectively. As at 31 December 2006, the number of employees of Sin Chew and its associated companies was reduced to 1,897 employees, which was principally due to tighten recruitment control.

As Sin Chew Group believes people are one of the corner stones of its success, Sin Chew Group continuously strives to upgrade the skills and knowledge of its employees, and to provide a stimulating and rewarding work environment and a family-oriented atmosphere to nurture, train and retain talent. In the financial year ended 31 March 2006, Sin Chew Group conducted a total of 59 training sessions. These focused on topics such as corporate governance, information technology, occupational health and safety, production, soft skills and marketing.

Sin Chew Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors are reviewed by a remuneration committee and approved by the board of directors. No director, or any of his associates, and executive is involved in dealing his own remuneration.

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the reporting accountants of Nanyang Group, Ernst & Young, Certified Public Accountants, Hong Kong:

ERNST & YOUNG

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

9 June 2007

The Board of Directors
Ming Pao Enterprise Corporation Limited

Dear Sirs,

We set out below our report on the financial information regarding Nanyang Press Holdings Berhad ("Nanyang") and its subsidiaries (hereinafter collectively referred to as "Nanyang Group"), for each of the three years ended 30 June 2006 and the six months ended 31 December 2006 (the "Relevant Periods") for inclusion in the circular of Ming Pao Enterprise Corporation Limited (the "Company") dated 9 June 2007 (the "Circular") in connection with the proposed merger of the Company, Nanyang and Sin Chew Media Corporation Berhad. The merger agreement among the Company, Nanyang and Sin Chew was signed on 23 April 2007.

Nanyang was incorporated in Malaysia on 23 July 1958 as a public limited company under the name of Nanyang Press (Malaya) Limited. It changed its name to Nanyang Press (Malaya) Berhad on 15 April 1966 and was converted into a private limited company, Nanyang Press (Malaya) Sdn. Bhd., on 22 October 1974. Subsequently, it was re-converted into a public company, Nanyang Press (Malaya) Berhad, on 22 November 1988. Nanyang was successfully listed on the Main Board of Bursa Malaysia Securities Berhad on 17 April 1989. On 28 October 1998, its name was subsequently changed to Nanyang Press Holdings Berhad.

The principal activities of Nanyang are investment holding, letting of properties and provision of management services. The principal activities of its subsidiaries are the publication of newspapers and magazines, provision of printing and advertising services and provision of internet related and electronic commerce services.

The management accounts of companies comprising Nanyang Group were prepared in accordance with the applicable Approved Accounting Standards in Malaysia for Entities Other Than Private Entities issued by Malaysian Accounting Standards Board ("MASB") (the "MAS GAAP financial statements"). The MAS GAAP financial statements of companies comprising Nanyang Group for the Relevant Periods were audited by Ernst & Young Kuala Lumpur, Chartered Accountants registered in Malaysia.

For the purpose of the Circular, Nanyang Group has prepared a separate set of the financial statements for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB"), which are based on the audited MAS GAAP financial statements after making the necessary adjustments as appropriate to comply with IFRSs (the "IFRS financial statements"). The IFRS financial statements were audited by Ernst & Young Kuala Lumpur in accordance with International Standards on Auditing.

The consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements of Nanyang Group for the Relevant Periods, the consolidated balance sheets of Nanyang Group, and the balance sheets of Nanyang as at 30 June 2004, 2005 and 2006, and 31 December 2006, together with the notes thereto set out in this report (collectively the "Financial Information"), have been prepared based on the audited IFRS financial statements.

The directors of Nanyang are responsible for the preparation of the Financial Information. In preparing the Financial Information, it is fundamental that appropriate accounting policies are selected and consistently applied. It is our responsibility to form an independent opinion on the Financial Information in respect of the Relevant Periods and to report our opinion solely to you. We believe that our work provides a reasonable basis for our opinion.

Procedures Performed in Respect of the Relevant Periods

For the purpose of this report, we have examined the Financial Information of Nanyang Group for the Relevant Periods and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

Procedures Performed in Respect of the Six Months Ended 31 December 2005

For the purpose of this report, we are satisfied that Ernst & Young Kuala Lumpur performed their review of the financial information for the six months ended 31 December 2005, for which directors are responsible, in accordance with the International Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the International Auditing and Assurance Standards Board. This standard requires that the auditors plan and perform the review to obtain moderate assurance as to whether the financial information for the six months ended 31 December 2005 are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the financial information for the six months ended 31 December 2005.

Opinion in Respect of the Relevant Periods

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of Nanyang and Nanyang Group as at 30 June 2004, 2005 and 2006 and 31 December 2006 and of the consolidated results and cash flows of Nanyang Group for the Relevant Periods.

Review Conclusion in Respect of the Six Months Ended 31 December 2005

Based on our review, nothing has come to our attention that causes us to believe that the financial information of Nanyang Group for the six months ended 31 December 2005 are not presented fairly, in all material respects, in accordance with IFRS.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

Nanyang Group

		Year ended 30 June			Six months ended 31 December	
		2004	**2005**	**2006**	**2005**	**2006**
	Notes	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)	
Revenue	4	306,929	323,317	312,585	157,926	158,999
Cost of sales		(187,552)	(223,766)	(235,020)	(117,477)	(122,274)
Gross profit		119,377	99,551	77,565	40,449	36,725
Other income and gain	5	960	1,003	1,338	718	640
Selling and distribution expenses		(74,646)	(65,831)	(68,153)	(34,019)	(34,856)
Administrative expenses		(21,750)	(23,122)	(24,143)	(11,703)	(11,629)
Other operating income/(expenses), net		(544)	2,985	(2,495)	4,407	88
Profit/(loss) from operations		23,397	14,586	(15,888)	(148)	(9,032)
Finance costs	6	(2,719)	(2,545)	(2,572)	(1,087)	(1,509)
Share of profits of an associate		—	207	220	245	53
Profit/(loss) before tax	7	20,678	12,248	(18,240)	(990)	(10,488)
Tax	10	(6,870)	(1,897)	1,795	(2,054)	578
Profit/(loss) for the year/period		13,808	10,351	(16,445)	(3,044)	(9,910)
Attributable to:						
Equity holders of Nanyang		13,709	10,245	(16,561)	(3,120)	(8,776)
Minority interests		99	106	116	76	(1,134)
		13,808	10,351	(16,445)	(3,044)	(9,910)
Dividends	11	4,216	3,690	1,055	—	—
Earnings/(loss) per share attributable to equity holders of Nanyang (sen)						
Basic	12	18.7	14.0	(22.6)	(4.3)	(12.0)
Diluted	12	18.6	13.9	N/A	N/A	N/A

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED BALANCE SHEETS

Nanyang Group

		As at 30 June			As at 31 December
		2004	2005	2006	2006
	Notes	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current assets					
Property, plant and equipment	13	85,175	87,036	122,452	126,255
Investment properties	14	15,726	16,050	16,339	16,505
Prepaid land lease payments	15	1,309	1,292	1,272	1,258
Goodwill		120	120	—	—
Intangible assets	16	912	1,080	5,044	1,226
Available-for-sale investments	17	10,094	10,935	4,603	2,141
Investments in associates	19	—	1,254	1,474	—
Deferred tax assets	32	2,753	2,144	333	1,821
		116,089	119,911	151,517	149,206
Current assets					
Inventories	20	75,597	67,269	68,719	47,635
Trade receivables	21	55,821	55,003	53,606	58,595
Prepayments, deposits and other receivables	22	4,457	4,944	4,701	4,655
Amount due from an associate	24	—	678	70	—
Tax recoverable		8,206	11,356	8,669	6,838
Cash and cash equivalents	25	15,672	18,124	24,190	13,907
		159,753	157,374	159,955	131,630
Non-current assets classified as held for sale	26	—	—	236	—
		159,753	157,374	160,191	131,630
Total assets		275,842	277,285	311,708	280,836
Equity and liabilities					
Equity attributable to equity holders of Nanyang:					
Issued capital	27	77,415	77,433	77,447	77,455
Treasury shares	28	(20,974)	(20,974)	(20,974)	(20,974)
Reserves	29	83,260	91,539	82,055	72,983
		139,701	147,998	138,528	129,464
Minority interests		553	636	2,742	1,608
Total equity		140,254	148,634	141,270	131,072

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED BALANCE SHEETS (Continued)

Nanyang Group

		As at 30 June			As at 31 December
		2004	**2005**	**2006**	**2006**
	Notes	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current liabilities					
Employee retirement benefits	30	1,836	1,933	1,949	2,259
Bank borrowings	31	3,000	9,250	26,160	19,815
Deferred tax liabilities	32	6,924	5,542	3,608	2,872
		11,760	16,725	31,717	24,946
Current liabilities					
Bank borrowings	31	67,398	60,650	81,878	67,824
Trade payables	33	22,981	25,204	31,464	29,179
Accruals and other payables	34	32,102	24,917	24,638	27,797
Amount due to an associate	24	—	—	343	—
Amount due to a minority shareholder		—	—	—	18
Tax payable		1,347	1,155	398	—
		123,828	111,926	138,721	124,818
Total liabilities		135,588	128,651	170,438	149,764
Total equity and liabilities		275,842	277,285	311,708	280,836

I. FINANCIAL INFORMATION (Continued)

BALANCE SHEETS

Nanyang

	Notes	As at 30 June 2004 RM'000	As at 30 June 2005 RM'000	As at 30 June 2006 RM'000	As at 31 December 2006 RM'000
Non-current assets					
Property, plant and equipment	13	518	565	837	810
Investment properties	14	26,255	26,255	26,255	26,255
Available-for-sale investments	17	10,094	10,935	4,603	2,141
Investments in subsidiaries	18	78,655	79,659	87,883	78,626
Investments in associates	19	—	2,000	2,000	—
Deferred tax assets	32	354	—	—	—
		115,876	119,414	121,578	107,832
Current assets					
Prepayments, deposits and other receivables	22	763	158	86	163
Amounts due from subsidiaries	23	5,128	4,180	1,381	16,608
Amount due from an associate	24	—	3	1	—
Tax recoverable		5,515	5,140	2,135	1,963
Cash at banks and on hand	25	755	911	9,696	668
		12,161	10,392	13,299	19,402
Total assets		128,037	129,806	134,877	127,234
Equity and liabilities					
Issued capital	27	77,415	77,433	77,447	77,455
Treasury shares	28	(20,974)	(20,974)	(20,974)	(20,974)
Reserves	29	38,205	41,403	43,285	33,506
Total equity		94,646	97,862	99,758	89,987
Non-current liabilities					
Amounts due to subsidiaries	23	15,700	14,355	14,608	17,082
Employee retirement benefits	30	16	22	30	35
Deferred tax liabilities	32	—	50	2,971	2,708
		15,716	14,427	17,609	19,825
Current liabilities					
Bank borrowings	31	16,270	16,270	16,270	16,270
Accruals and other payables	34	1,405	1,247	1,240	1,152
		17,675	17,517	17,510	17,422
Total liabilities		33,391	31,944	35,119	37,247
Total equity and liabilities		128,037	129,806	134,877	127,234

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Nanyang Group

		Attributable to equity holders of Nanyang										
	Notes	**Issued capital** *RM'000*	**Treasury shares** *RM'000*	**Revaluation reserve** *RM'000*	**Merger reserve** *RM'000*	**Share premium** *RM'000*	**Retained profits** *RM'000*	**Investment revaluation reserve** *RM'000*	**Share option reserve** *RM'000*	**Total** *RM'000*	**Minority interests** *RM'000*	**Total equity** *RM'000*
At 1 July 2003		61,911	(20,974)	4,323	2,770	3,869	84,204	(6,384)	—	129,719	467	130,186
Changes in fair values of available-for-sale investments	17	—	—	—	—	—	—	(259)	—	(259)	—	(259)
Tax effect of changes in fair values of available-for-sale investments	32	—	—	—	—	—	—	73	—	73	—	73
Total income and expense recognised directly in equity		—	—	—	—	—	—	(186)	—	(186)	—	(186)
Profit for the year		—	—	—	—	—	13,709	—	—	13,709	99	13,808
Total income and expense for the year		—	—	—	—	—	13,709	(186)	—	13,523	99	13,622
Bonus issue	27	15,478	—	—	—	(3,869)	(11,609)	—	—	—	—	—
Issue of shares pursuant to share options exercised	27, 29	26	—	—	—	71	—	—	—	97	—	97
Equity-settled share option arrangements	27	—	—	—	—	—	—	—	578	578	—	578
Dividends	11	—	—	—	—	—	(4,216)	—	—	(4,216)	—	(4,216)
Dividends paid to minority interests		—	—	—	—	—	—	—	—	—	(13)	(13)
At 30 June 2004		77,415	(20,974)	4,323*	2,770*	71*	82,088*	(6,570)*	578*	139,701	553	140,254

* *These reserve accounts comprise the consolidated reserves of RM83,260,000 in the consolidated balance sheet as at 30 June 2004.*

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Nanyang Group

		Attributable to equity holders of Nanyang										
	Notes	**Issued capital** *RM'000*	**Treasury shares** *RM'000*	**Revaluation reserve** *RM'000*	**Merger reserve** *RM'000*	**Share premium** *RM'000*	**Retained profits** *RM'000*	**Investment revaluation reserve** *RM'000*	**Share option reserve** *RM'000*	**Total** *RM'000*	**Minority interests** *RM'000*	**Total equity** *RM'000*
At 1 July 2004		77,415	(20,974)	4,323	2,770	71	82,088	(6,570)	578	139,701	553	140,254
Changes in fair values of available-for-sale investments	17	—	—	—	—	—	—	841	—	841	—	841
Tax effect of changes in fair values of available-for-sale investments	32	—	—	—	—	—	—	(235)	—	(235)	—	(235)
Total income and expense recognised directly in equity		—	—	—	—	—	—	606	—	606	—	606
Profit for the year		—	—	—	—	—	10,245	—	—	10,245	106	10,351
Total income and expense for the year		—	—	—	—	—	10,245	606	—	10,851	106	10,957
Issue of shares pursuant to share options exercised	27, 29	18	—	—	—	49	—	—	—	67	—	67
Equity-settled share option arrangements	27	—	—	—	—	—	—	—	1,069	1,069	—	1,069
Dividends	11	—	—	—	—	—	(3,690)	—	—	(3,690)	—	(3,690)
Dividends paid to minority interests		—	—	—	—	—	—	—	—	—	(20)	(20)
Capital contribution from minority interests		—	—	—	—	—	—	—	—	—	(3)	(3)
At 30 June 2005		77,433	(20,974)	4,323*	2,770*	120*	88,643*	(5,964)*	1,647*	147,998	636	148,634

* *These reserve accounts comprise the consolidated reserves of RM91,539,000 in the consolidated balance sheet as at 30 June 2005.*

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Nanyang Group

	Notes	Attributable to equity holders of Nanyang										
		Issued capital *RM'000*	Treasury shares *RM'000*	Revaluation reserve *RM'000*	Merger reserve *RM'000*	Share premium *RM'000*	Retained profits *RM'000*	Investment revaluation reserve *RM'000*	Share option reserve *RM'000*	Total *RM'000*	Minority interests *RM'000*	Total equity *RM'000*
At 1 July 2005		77,433	(20,974)	4,323	2,770	120	88,643	(5,964)	1,647	147,998	636	148,634
Changes in fair values of available-for-sale investments	17	—	—	—	—	—	—	755	—	755	—	755
Tax effect of changes in fair values of available-for-sale investments	32	—	—	—	—	—	—	(211)	—	(211)	—	(211)
Realised loss net of deferred tax of RM2,604,000 on available-for-sale investments transferred to the income statement		—	—	—	—	—	—	6,695	—	6,695	—	6,695
Total income and expense recognised directly in equity		—	—	—	—	—	—	7,239	—	7,239	—	7,239
Loss for the year		—	—	—	—	—	(16,561)	—	—	(16,561)	116	(16,445)
Total income and expense for the year		—	—	—	—	—	(16,561)	7,239	—	(9,322)	116	(9,206)
Issue of shares pursuant to share options exercised	27, 29	14	—	—	—	37	—	—	—	51	—	51
Equity-settled share option arrangements	27	—	—	—	—	—	—	—	856	856	—	856
Dividend	11	—	—	—	—	—	(1,055)	—	—	(1,055)	—	(1,055)
Dividend paid to minority interests		—	—	—	—	—	—	—	—	—	(10)	(10)
Capital contribution from minority interests		—	—	—	—	—	—	—	—	—	2,000	2,000
At 30 June 2006		77,447	(20,974)	4,323*	2,770*	157*	71,027*	1,275*	2,503*	138,528	2,742	141,270

* *These reserve accounts comprise the consolidated reserves of RM82,055,000 in the consolidated balance sheet as at 30 June 2006.*

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

Nanyang Group

		Attributable to equity holders of Nanyang										
	Notes	**Issued capital** *RM'000*	**Treasury shares** *RM'000*	**Revaluation reserve** *RM'000*	**Merger reserve** *RM'000*	**Share premium** *RM'000*	**Retained profits** *RM'000*	**Investment revaluation reserve** *RM'000*	**Share option reserve** *RM'000*	**Total** *RM'000*	**Minority interests** *RM'000*	**Total equity** *RM'000*
At 1 July 2006		77,447	(20,974)	4,323	2,770	157	71,027	1,275	2,503	138,528	2,742	141,270
Changes in fair values of available-for-sale investments	17	—	—	—	—	—	—	137	—	137	—	137
Tax effect of changes in fair values of available-for-sale investments	32	—	—	—	—	—	—	(37)	—	(37)	—	(37)
Realised gain net of deferred tax of RM288,000 on available-for-sale investments transferred to the income statement		—	—	—	—	—	—	(710)	—	(710)	—	(710)
Total income and expense recognised directly in equity		—	—	—	—	—	—	(610)	—	(610)	—	(610)
Loss for the period		—	—	—	—	—	(8,776)	—	—	(8,776)	(1,134)	(9,910)
Total income and expense for the period		—	—	—	—	—	(8,776)	(610)	—	(9,386)	(1,134)	(10,520)
Issue of shares pursuant to share options exercised	27, 29	8	—	—	—	21	—	—	—	29	—	29
Equity-settled share option arrangements	27	—	—	—	—	—	—	—	293	293	—	293
At 31 December 2006		77,455	(20,974)	4,323*	2,770*	178*	62,251*	665*	2,796*	129,464	1,608	131,072

** These reserve accounts comprise the consolidated reserves of RM72,983,000 in the consolidated balance sheet as at 31 December 2006.*

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED CASH FLOW STATEMENTS

Nanyang Group

		Year ended 30 June			Six months ended 31 December	
		2004	**2005**	**2006**	**2005**	**2006**
	Notes	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		20,678	12,248	(18,240)	(990)	(10,488)
Adjustments to reconcile profit/(loss) before tax to net cash flows:						
Non-cash:						
Share of profits of an associate		—	(207)	(220)	(245)	(53)
Gain on disposal of items of property, plant and equipment	7	(59)	(214)	(78)	(54)	(100)
Gain on disposal of non-current assets held for sale		—	—	—	—	(19)
Gain on deemed disposal of a subsidiary	7	—	(1,429)	—	—	—
Gain on partial disposal of a subsidiary	7	—	—	(2,000)	(2,000)	—
Dividend income from listed investments	5	(184)	(199)	(299)	(219)	(161)
Interest income	5	(41)	(51)	(256)	(111)	(69)
Depreciation	7	10,658	10,389	10,324	4,901	2,333
Amortisation	7	217	273	644	139	591
Recognition of prepaid land lease payments	7	84	17	20	9	14
Net loss from fair value adjustment of investment properties	7	8	15	22	17	10
Write-off of items of property, plant and equipment	7	—	1	346	297	—
Impairment of intangible assets	7	—	—	—	—	3,590
Goodwill written off	7	—	—	120	120	—
Inventories written off	7	—	—	73	48	54
Loss on disposal of an associate	7	—	—	—	—	27
Loss/(gain) on disposal of available-for-sale investments	7	—	—	7,017	—	(1,240)
Provision/(write-back of provision) for inventories obsolescence	7	—	120	(40)	—	—
Impairment allowance for doubtful debts	7	2,132	452	2,392	2,198	1,198
Bad debts written off	7	2,027	778	577	210	—
Interest expense	6	2,719	2,545	2,572	1,087	1,509
Equity-settled share option expenses	7, 8	578	1,069	856	515	293
Pension scheme contributions - defined benefit plan	7	(2,684)	393	534	260	200
		36,133	26,200	4,364	6,182	(2,311)

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED CASH FLOW STATEMENTS (Continued)

Nanyang Group

	Notes	Year ended 30 June 2004 RM'000	2005 RM'000	2006 RM'000	Six months ended 31 December 2005 RM'000 (Unaudited)	2006 RM'000
Working capital adjustments:						
Decrease/(increase) in inventories		(6,983)	8,205	(1,483)	(4,663)	21,030
Increase in trade receivables		(5,034)	(1,134)	(1,572)	(2,726)	(6,187)
Decrease/(increase) in prepayments, deposits and other receivables		1,281	(494)	243	(346)	46
Increase/(decrease) in trade payables		8,799	2,367	6,260	721	(2,285)
Increase/(decrease) in accruals and other payables		5,887	(5,943)	(382)	3,921	3,332
Decrease/(increase) in balances with an associate		—	(678)	951	542	(273)
Increase in an amount due to a minority shareholder		—	—	—	—	18
Cash generated from operations		40,083	28,523	8,381	3,631	13,370
Interest paid on short-term bank borrowings		(2,156)	(2,167)	(3,253)	(1,153)	(2,362)
Income taxes (paid)/refunded		(11,389)	(6,247)	787	1,149	38
Payment of retirement benefits	30	(187)	(296)	(415)	(300)	(63)
Net cash inflow from operating activities		26,351	19,813	5,500	3,327	10,983
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(10,706)	(13,455)	(45,505)	(24,226)	(5,181)
Purchases of software	16	(238)	(441)	(368)	(12)	(231)
Purchases of investment properties	14	—	(339)	(311)	—	(176)
Prepayment of land leases	15	(640)	—	—	—	—
Capital contribution from minority interests		—	(3)	—	—	—
Interest received		41	51	256	111	69
Dividends received from listed investments		184	199	299	219	161
Proceeds from disposal of items of property, plant and equipment		69	1,229	304	81	120
Dividends paid to minority shareholders		(13)	(20)	(10)	(10)	—
Proceeds from disposal of non-current assets held for sale		—	—	—	—	255
Proceeds from disposal of available-for-sale investments		—	—	9,369	—	2,841
Net cash outflow from deemed disposal of a subsidiary	35	—	(83)	—	—	—
Proceeds from disposal of investment in an associate	19	—	—	—	—	1,500
Proceeds from partial disposal of a subsidiary	18	—	—	1,000	1,000	—
Additions of product development expenditure	16	—	—	(1,240)	—	(132)
Net cash outflow from investing activities		(11,303)	(12,862)	(36,206)	(22,837)	(774)

I. FINANCIAL INFORMATION (Continued)

CONSOLIDATED CASH FLOW STATEMENTS (Continued)

Nanyang Group

	Notes	Year ended 30 June 2004 RM'000	Year ended 30 June 2005 RM'000	Year ended 30 June 2006 RM'000	Six months ended 31 December 2005 RM'000 (Unaudited)	Six months ended 31 December 2006 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Increase/(decrease) in long-term bank borrowings		(1,000)	6,250	23,650	19,900	(1,271)
Increase/(decrease) in short-term bank borrowings		(3,855)	(6,748)	14,488	(112)	(19,128)
Interest paid on long-term bank borrowings		(563)	(378)	(362)	(165)	(122)
Dividends paid		(4,216)	(3,690)	(1,055)	(1,055)	—
Proceeds from issue of shares		97	67	51	25	29
Net cash inflow/(outflow) from financing activities		(9,537)	(4,499)	36,772	18,593	(20,492)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,511	2,452	6,066	(917)	(10,283)
Cash and cash equivalents at beginning of the year/period		10,161	15,672	18,124	18,124	24,190
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		15,672	18,124	24,190	17,207	13,907
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash at banks and on hand		15,672	16,684	21,228	13,262	11,342
Non-pledged deposits with original maturity of less than three months when acquired		—	1,440	2,962	3,945	2,565
		15,672	18,124	24,190	17,207	13,907
ANALYSIS OF ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT						
By cash		10,706	13,455	45,505	24,226	5,181
By capitalisation of borrowing costs	6	—	—	1,043	231	975
		10,706	13,455	46,548	24,457	6,156
ANALYSIS OF PROCEEDS FROM PARTIAL DISPOSAL OF A SUBSIDIARY						
Cash consideration	18	—	—	1,000	1,000	—
Intangible assets — Film library and programme rights	18	—	—	2,000	2,000	—
		—	—	3,000	3,000	—

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Nanyang was incorporated in Malaysia on 23 July 1958 under the name of Nanyang Press (Malaya) Limited. It changed its name to Nanyang Press (Malaya) Berhad on 15 April 1966 and was converted into a private limited company on 22 October 1974. On 22 November 1988, Nanyang was re-converted into a public company and its name was changed to Nanyang Press (Malaya) Berhad. Nanyang was subsequently listed on the Main Board of Bursa Malaysia Securities Berhad on 17 April 1989. On 28 October 1998, it assumed its present name as Nanyang Press Holdings Berhad.

The registered office of Nanyang is located at 1 Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activities of Nanyang are investment holding, letting of properties and provision of management services. The principal activities of Nanyang's subsidiaries include the followings:

- publication of newspapers and magazines;
- provision of printing and advertising services; and
- provision of internet related and electronic commerce services.

During the Relevant Periods, there were no significant changes in the principal activities of Nanyang Group.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations promulgated by the International Accounting Standards Board. Nanyang Group has not early applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IAS 1 Amendment	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC Interpretation 10	Interim Financial Reporting and Impairment
IFRIC Interpretation 11	IFRS 2 - Group and Treasury Share Transactions

IAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. This revised standard will affect the disclosures about qualitative information about Nanyang Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

IFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the Financial Information to evaluate the significance of Nanyang Group's financial instruments and the nature and extent of risks arising from those financial instruments.

IFRIC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This new interpretation shall be applied for annual periods beginning on or after 1 November 2006.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Basis of Preparation (Continued)

IFRIC Interpretation 11 requires share-based payment transactions in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled, regardless of whether the entity chooses or is required to buy those equity instruments from another party to satisfy its obligations to its employees under the share-based payment arrangement. This new interpretation shall be applied for annual periods beginning on or after 1 March 2007.

Nanyang Group is in the process of making an assessment of the impact of these new and revised IFRSs and IFRICs upon initial application. So far, it has concluded that while the adoption of IAS 1 Amendment and IFRS 7 may result in new or amended disclosures, these new and revised IFRSs and IFRICs should not have any significant impact on Nanyang Group's results of operations and financial position.

Basis of measurement

The Financial Information has been prepared on a historical cost basis, except for certain investment properties and available-for-sale investments that have been measured at fair values, as further explained in respective accounting policies below. The Financial Information is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

Basis of consolidation

The Financial Information comprises the financial statements of Nanyang and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as Nanyang, using consistent accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which Nanyang Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the Financial Information, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the Financial Information for like transactions and events in similar circumstances.

Acquisitions of subsidiaries have been accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over Nanyang Group's interest in the net fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed represents goodwill.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by Nanyang Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities and contingent liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Significant Accounting Estimates and Judgements

(i) ***Critical Judgements Made in Applying Accounting Policies***

The following are the judgements made by management in the process of applying Nanyang Group's accounting policies that have the most significant effect on the amounts recognised in the Financial Information.

(a) *Classification between investment properties and property, plant and equipment*

Nanyang Group has developed certain criteria based on IAS 40 "Investment Property" in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), Nanyang Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) *Operating lease commitments — Nanyang Group as lessor*

Nanyang Group has entered into commercial property leases on its investment property portfolio. Nanyang Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(c) *Impairment allowances for doubtful debts*

The policy for impairment allowance for doubtful debts of Nanyang Group is based on the evaluation of collectibility and ageing analysis of the receivables and on management's judgement. Judgement is required in assessing the ultimate realisation of these receivables, including the current credit-worthiness and the past collection history of each customer. If the financial conditions of customers of Nanyang Group were to deteriorate, additional allowances may be required.

(ii) ***Key Sources of Estimation Uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) *Depreciation of plant and machinery*

The cost of plant and machinery for the printing of newspaper is depreciated on the straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 15 to 20 years. These are common life expectancies applied in the media industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.2 Significant Accounting Estimates and Judgements (Continued)

(ii) ***Key Sources of Estimation Uncertainty (Continued)***

(c) *Development costs*

Development costs are capitalised in accordance with the accounting policy for research and development costs to the Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

(d) *Share-based payment transactions*

The cost of equity-settled transactions is subject to the limitations of binomial tree model and the uncertainty in estimates used by management in the assumptions as disclosed in note 27 to the Financial Information.

2.3 Summary of Principal Accounting Policies

(i) ***Subsidiaries***

Subsidiaries are entities over which Nanyang Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Nanyang Group has such power over another entity.

In Nanyang's balance sheet, investments in subsidiaries are stated at cost, adjusted for fair value of share options granted to employees of Nanyang's subsidiaries under Nanyang's Employee Share Options Scheme (the "ESOS") and less impairment losses.

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

(ii) ***Associates***

Associates are entities in which Nanyang Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the Financial Information using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in Nanyang Group's share of net assets of the associate. Nanyang Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, Nanyang Group recognises its share of such change.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(ii) ***Associates (Continued)***

In applying the equity method, unrealised gains and losses on transactions between Nanyang Group and the associate are eliminated to the extent of Nanyang Group's interest in the associate. After application of the equity method, Nanyang Group determines whether it is necessary to recognise any additional impairment loss with respect to Nanyang Group's net investment in the associate. The associate is equity accounted for from the date Nanyang Group obtains significant influence and until the date Nanyang Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of Nanyang Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of Nanyang Group's share of the associate's profit or loss in the period in which the investment is acquired.

When Nanyang Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of Nanyang Group's net investment in the associates, Nanyang Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by Nanyang Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of Nanyang Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In Nanyang's financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is included in the income statement.

(iii) ***Goodwill***

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over Nanyang Group's interest in the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed as at the date of acquisition. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss recognised for goodwill is not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment is determined for goodwill by assessing recoverable amount of the cash-generating unit ("CGU") or group of CGUs, to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(iv) ***Intangible Assets***

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on the straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the CGU level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

(a) *Film library and programme rights*

Film library and programme rights are stated at costs less accumulated amortisation and impairment losses. Film library and programme rights are amortised on the straight-line basis over 5 years.

(b) *Research costs and product development expenditure*

All research costs are recognised in the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when Nanyang Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Product development costs, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding 5 years. Impairment is assessed whenever there is an indication of impairment and the amortisation period and method are also reviewed at least at each balance sheet date.

(c) *Software*

Costs of computer software, considered to have finite useful lives, are stated at cost less any impairment losses and are amortised using the straight-line basis over 10 years.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(v) ***Related Parties***

A party is considered to be related to Nanyang Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, Nanyang Group; (ii) has an interest in Nanyang Group that gives it significant influence over Nanyang Group; or (iii) has joint control over Nanyang Group;

(b) the party is an associate;

(c) the party is a member of the key management personnel of Nanyang Group;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of the employees of Nanyang Group, or of any entity that is a related party of Nanyang Group.

(vi) ***Property, Plant and Equipment and Depreciation***

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Nanyang Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the Relevant Periods in which they are incurred.

Subsequent to initial recognition, property, plant and equipment, except for freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings have been stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value was determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluation surplus was credited to the revaluation reserve included within equity. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits as a movement in reserves. Nanyang Group has taken the advantage of IFRS 1 "First-time Adoption of International Financial Reporting Standards" to regard the fair value of freehold land and buildings at the date of revaluation as deemed cost at the date of transition to IFRSs that is 1 July 2003.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(vi) ***Property, Plant and Equipment and Depreciation (Continued)***

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Plant and machinery	5% - 20%
Leasehold improvements	10% - 33⅓%
Motor vehicles	15% - 20%
Furniture and fittings	10% - 20%
Office equipment	10% - 20%

The residual values, useful lives and the depreciation method are reviewed at end of the Relevant Periods to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Construction in progress represents factory buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

With effect from 1 July 2006, Nanyang Group revised the estimated useful lives of certain computers and motor vehicles from 5 to 7 years and the estimated useful lives of certain plant and machinery from 10 to 20 years. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of Nanyang Group and of Nanyang for the 6 months ended 31 December 2006 have been reduced by approximately RM2,832,000 and RM36,000 respectively.

(vii) ***Investment Properties***

Investment properties are properties which are held to earn rental income and/or for capital appreciation, rather than for use in production or supply of goods or services or for administrative purposes; or for sales in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair values. Fair values are arrived at with reference to the valuation based on market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(vii) ***Investment Properties (Continued)***

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statement in the year/period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when Nanyang Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either it has been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from their disposals. Any gains or losses on the retirement or disposal of investment properties are recognised in the income statement in the year in which they arise.

(viii) ***Non-current Assets Held for Sale***

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets (other than investment properties, deferred tax assets and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

(ix) ***Impairment of Non-Financial Assets other than goodwill***

The carrying amounts of Nanyang Group's assets, other than investment properties, goodwill, inventories, deferred tax assets and non-current assets held for sale, are reviewed at end of the Relevant Periods to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement in the year/period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(x) ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out method. The cost of raw materials comprises costs of purchase. The cost of finished goods comprises costs of raw materials and incidentals in bringing the inventories into store.

Net realisable value is the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Goods received from customers in exchange for Nanyang Group's advertising services, newspapers or magazines are recognised as "inventories" at fair value of the services rendered or newspapers or magazines delivered upon receipt of those goods.

(xi) ***Financial Instruments***

Financial instruments are recognised in the Financial Information when Nanyang Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when Nanyang Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(a) *Cash and Cash Equivalents*

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call 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 Nanyang Group's cash management.

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

(b) *Investments and Other Financial Assets*

Financial assets within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are classified as either loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Nanyang Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at end of the Relevant Periods.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that Nanyang Group commits to purchase or sell the asset. Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xi) ***Financial Instruments (Continued)***

(i) Loans and receivables

Loans and receivables are non-derivative financial interests with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified in the loans and receivables category. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses being recognised directly in equity in the investment revaluation reserve. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognised in the income statement.

Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognised in the income statement when the right of payment has been established.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at end of the Relevant Periods.

(c) *Payables*

Payables are stated at fair value of the consideration to be paid in the future for goods and services received.

(d) *Interest-bearing Loans and Borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) *Equity Instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year/period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of Nanyang that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xii) ***Impairment of financial assets***

Nanyang Group assesses at end of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables or carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

Nanyang Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

(c) *Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statements, is transferred from equity to the income statements. Impairment losses on equity instruments classified as available for sale are not reversed through the income statements.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xiii) ***Derecognition of financial assets and liabilities***

(a) *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- Nanyang Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

- Nanyang Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Nanyang Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Nanyang Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Nanyang Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of Nanyang Group's continuing involvement is the amount of the transferred asset that Nanyang Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of Nanyang Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(b) *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statements.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xiv) ***Leases***

(a) *Classification*

A lease is recognised as a finance lease if it transfers substantially to Nanyang Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exception:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease and fair value model is applied.

(b) *Operating Leases — Nanyang Group as lessee*

Operating lease payments are recognised as an expense on the straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and the building element of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on the straight-line basis over the lease term.

(c) *Operating Leases — Nanyang Group as lessor*

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on the straight-line basis over the lease term.

(xv) ***Borrowing Costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment for specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are recognised in the income statement in the year/period in which they are incurred.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xvi) ***Income Tax***

Income tax comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year/period and is measured using the tax rates that have been enacted at end of the Relevant Periods.

Deferred tax is provided for, using the liability method, on temporary differences at end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at end of the Relevant Periods. Deferred tax is recognised as income or an expense and included in the income statement for the year/period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets acquired, liabilities and contingent liabilities assumed over the cost of the combination.

(xvii) ***Provisions***

Provisions are recognised when Nanyang Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation. Provisions are reviewed at end of the Relevant Periods and adjusted to reflect the current best estimate. Where the effect of discounting is material, the amount recognised for a provision is the present value at end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. Where discounting is used, the increase in the discounted present value amount arising from the passage of time is recognised as finance costs in the income statements.

(xviii) ***Employee Benefits***

(a) *Short-term Benefits*

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year/period in which the associated services are rendered by employees of Nanyang Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xviii) ***Employee Benefits (Continued)***

(b) *Defined Contribution Plan*

Defined contribution plan is post-employment benefit plan under which Nanyang Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statements as incurred. As required by law, companies in Malaysia require to make such mandatory contributions to the Employees Provident Fund ("EPF").

(c) *Defined Benefit Plan*

Nanyang Group operates an unfunded, defined benefit Retirement Benefit Scheme (the "Scheme") for its eligible employees. Nanyang Group's obligation under the Scheme is calculated using the projected unit credit method, determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their services in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on the straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheets represent the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the Scheme.

(d) *Share-Based Compensation*

Nanyang's ESOS, an equity-settled, share-based compensation plan, allows Nanyang Group's employees to acquire ordinary shares of Nanyang. The total fair value of the share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on the vesting date.

At each balance sheet date, Nanyang Group revises its estimates of the number of options that are expected to become exercisable on the vesting date. It recognises the impact of the revision of original estimates, if any, in the income statements, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained profits.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xix) ***Foreign Currencies***

(a) *Functional and Presentation Currency*

The individual financial statements of each entity in Nanyang Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RM, which is also Nanyang's functional currency.

(b) *Foreign Currency Transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At end of the Relevant Periods, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet dates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the year/period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statements for the year/period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(xx) ***Revenue Recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Nanyang Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

(a) *Advertising revenue*

Revenue is recognised when services are rendered.

(b) *Circulation revenue*

Circulation revenue comprises sales of newspapers and magazines and is recognised when the newspapers and magazines are dispatched to customers for a consideration. Unearned subscription fees received from subscribers are recorded as subscriptions received in advance under other payables in the balance sheets.

(c) *Internet related and electronic commerce*

Revenue from the provision of content to web and mobile phone users, web hosting and designing services, web advertising services and web audio video broadcasting services are recognised when services are rendered.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

2.3 Summary of Principal Accounting Policies (Continued)

(xx) ***Revenue Recognition (Continued)***

(d) *Rental Income*

Rental income from investment properties is recognised on the straight-line basis over the term of the lease.

(e) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

(f) *Dividend income*

Dividend income is recognised when Nanyang Group's right to receive payment is established.

3. SEGMENTAL INFORMATION

Segmental information is not presented as Nanyang Group is principally engaged in the publication and selling of newspapers and magazines in Malaysia, to which over 90% of Nanyang Group's revenue, profit/(loss) and assets relate during each of the Relevant Periods.

4. REVENUE

Revenue, which is also Nanyang Group's turnover, comprises advertising and circulation revenue and the invoiced value of internet related and electronic commerce services rendered.

Analysis of Nanyang Group's turnover for each of the Relevant Periods is as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Advertising and circulation revenue	302,541	318,716	308,967	154,487	157,112
Provision of internet related and electronic commerce services	487	1,081	1,086	1,531	1,428
Sundry income	3,901	3,520	2,532	1,908	459
	306,929	323,317	312,585	157,926	158,999

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

4. REVENUE (Continued)

The amounts of advertising and circulation revenue arising from exchange of goods are as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Revenue from exchange of goods	7,690	8,761	5,779	2,977	2,810

5. OTHER INCOME AND GAIN

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Rental income	735	753	783	388	410
Dividend income from listed investments	184	199	299	219	161
Interest income	41	51	256	111	69
	960	1,003	1,338	718	640

6. FINANCE COSTS

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Interests on bank loans wholly repayable within five years	2,719	2,545	3,615	1,318	2,484
Less: interest capitalised	—	—	(1,043)	(231)	(975)
	2,719	2,545	2,572	1,087	1,509

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

7. PROFIT/(LOSS) BEFORE TAX

Nanyang Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (Unaudited)	*RM'000*
Auditors' remuneration:					
Statutory audit	122	122	132	66	66
Other services	7	8	8	4	4
Impairment allowance for doubtful debts	2,132	452	2,392	2,198	1,198
Impairment of intangible assets *(note 16)*	—	—	—	—	3,590
Bad debts written off	2,027	778	577	210	—
Goodwill written off	—	—	120	120	—
Amortisation *(note 16)*	217	273	644	139	591
Depreciation *(note 13)*	10,658	10,389	10,324	4,901	2,333
Recognition of prepaid land lease payments *(note 15)*	84	17	20	9	14
Minimum lease payments under operating leases:					
Land and buildings	3,071	2,826	2,544	1,385	1,651
Plant and machinery	9	5	48	7	43
Gain on disposal of items of property, plant and equipment	(59)	(214)	(78)	(54)	(100)
Write-off of items of property, plant and equipment	—	1	346	297	—
Provision/(write-back of provision) for inventories obsolescence	—	120	(40)	—	—
Inventories written off	—	—	73	48	54
Net loss from fair value adjustment of investment properties *(note 14)*	8	15	22	17	10
Loss on disposal of an associate *(note 19)*	—	—	—	—	27
Gain on deemed disposal of a subsidiary	—	(1,429)	—	—	—
Gain on partial disposal of a subsidiary	—	—	(2,000)	(2,000)	—
(Gain)/loss on disposal of available-for-sale investments	—	—	7,017	—	(1,240)
Realised foreign exchange gain	(94)	(75)	(111)	(59)	(1)
Staff costs (excluding directors' remuneration *(note 8)*):					
Wages and salaries	60,376	58,910	57,194	29,942	35,594
Employee share option benefits	555	1,047	837	506	293
Pension scheme contributions					
— Defined contribution plan	6,435	6,715	6,813	3,342	3,472
— Defined benefit plan *(note 30)*	(2,684)	393	534	260	200

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

8. DIRECTORS' REMUNERATION

Details of directors' remuneration of Nanyang for each of the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Executive directors:					
Fees	—	—	32	15	—
Salaries, allowances and benefits in kind	736	712	1,313	351	536
Performance related bonuses	116	—	60	61	—
Employee share option benefits	23	22	19	9	—
Pension scheme contributions					
— Defined contribution plan	94	93	110	60	54
	969	827	1,534	496	590
Non-executive directors:					
Fees	428	438	364	192	211
Salaries, allowances and benefits in kind	56	57	52	25	23
	484	495	416	217	234
Total:					
Fees	428	438	396	207	211
Salaries, allowances and benefits in kind	792	769	1,365	376	559
Performance related bonuses	116	—	60	61	—
Employee share option benefits	23	22	19	9	—
Pension scheme contributions					
— Defined contribution plan	94	93	110	60	54
	1,453	1,322	1,950	713	824

During each of the Relevant Periods, certain directors of Nanyang were granted share options in respect of their services to Nanyang Group under the ESOS, further details of which are set out in note 27 to the Financial Information. The fair value of such options which has been charged to the income statements, was determined as at the date of grant and included in the above directors' remuneration disclosures.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

8. DIRECTORS' REMUNERATION (Continued)

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

	Year ended 30 June			Six months ended 31 December	
	2004	2005	2006	2005	2006
				(Unaudited)	
Executive directors:					
Up to RM400,000	—	—	2	1	3
RM400,001 to RM600,000	—	—	—	1	—
RM600,001 to RM800,000	1	1	—	—	—
RM1,000,001 to RM1,200,000	—	—	1	—	—
	1	1	3	2	3
Non-executive directors:					
Up to RM400,000	9	10	8	8	7
	9	10	8	8	7
Total:					
Up to RM400,000	9	10	10	9	10
RM400,001 to RM600,000	—	—	—	1	—
RM600,001 to RM800,000	1	1	—	—	—
RM1,000,001 to RM1,200,000	—	—	1	—	—
	10	11	11	10	10

9. FIVE HIGHEST PAID INDIVIDUALS

Details of the five highest paid individuals of Nanyang Group during each of the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	2005	2006	2005	2006
Directors	1	1	3	1	2
Non-directors	4	4	2	4	3
	5	5	5	5	5

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

9. FIVE HIGHEST PAID INDIVIDUALS (Continued)

Details of the remuneration of the above non-director, highest paid individuals during each of the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	966	1,019	633	524	435
Employee share option benefits	37	36	21	11	18
Pension scheme contributions					
— Defined contribution plan	117	121	81	72	58
	1,120	1,176	735	607	511

During each of the Relevant Periods, certain non-director, highest paid individuals were granted share options in respect of their services to Nanyang Group under the ESOS, further details of which are set out in note 27 to the Financial Information. The fair value of such options which has been amortised to the income statements, was determined as at the date of grant and included in the above non-director, highest paid individuals' remuneration disclosures.

The number of non-director, highest paid individuals whose remuneration fell within the following bands is as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
				(Unaudited)	
Employees:					
Up to RM400,000	4	4	2	4	3
	4	4	2	4	3

During each of the Relevant Periods, no emoluments were paid by Nanyang Group to any of the persons who are directors of Nanyang, or the non-director, highest paid individuals as an inducement to join or upon joining Nanyang Group or as compensation for loss of office. None of the persons who are directors of Nanyang waived or agreed to waive any remuneration during the Relevant Periods.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

10. TAX

(a) Tax expense

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* (Unaudited)	*RM'000*
Reported in the consolidated income statements:					
Income tax:					
Current year/period	7,722	4,375	1,420	2,917	1,853
Under/(over) provision in prior years	860	(1,470)	(277)	—	(458)
	8,582	2,905	1,143	2,917	1,395
Deferred tax: *(note 32)*					
Relating to origination and reversal of temporary differences	(888)	(1,082)	(2,128)	(1,037)	(3,430)
Relating to changes in tax rates	—	—	—	—	(130)
Under/(over) provision in prior years	(824)	74	(810)	174	1,587
	(1,712)	(1,008)	(2,938)	(863)	(1,973)
	6,870	1,897	(1,795)	2,054	(578)
Reported in the consolidated statements of changes in equity:					
Deferred tax: *(note 32)*					
Relating to changes in fair values of available-for-sale investments	(73)	235	2,815	146	(251)

Income tax is calculated at the following Malaysian corporate income tax rate of the estimated assessable profit for the year/period:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	%	%	%	%	%
Malaysian corporate income tax rate	28	28	28	28	27

The Malaysian corporate income tax rate will be reduced to 26% from the current period's rate of 27%, in the year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

10. TAX (Continued)

(b) Tax reconciliation

A reconciliation of income tax expense/(benefit) applicable to profit/(loss) before tax at the Malaysian corporate income tax rate to income tax expense/(benefit) at the effective income tax rate of Nanyang Group is as follows:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Profit/(loss) before tax	20,678	12,248	(18,240)	(990)	(10,488)
Tax at Malaysian corporate income tax rate	5,790	3,429	(5,107)	(277)	(2,832)
Effect of lower tax rates	—	(16)	(33)	—	—
Effect of opening deferred tax of reduction in tax rate	—	—	—	—	(130)
Share of profits of an associate	—	(58)	(62)	—	(14)
Income not subject to tax	—	—	(560)	(589)	(27)
Expenses not deductible for tax purpose	861	1,008	2,248	465	1,057
Utilisation of current year/period reinvestment allowances	(820)	(393)	(296)	—	(1,025)
Utilisation of previously unrecognised temporary differences	(37)	(811)	(367)	(1)	(1)
Deferred tax asset recognised on unutilised reinvestment allowances	—	—	—	—	(5,662)
Deferred tax assets not recognised during the year/period	1,040	134	3,469	2,282	6,867
Effect of deferred tax assets not recognised of reduction in tax rate	—	—	—	—	60
Under/(over)provision in prior years/period:					
Income tax	860	(1,470)	(277)	—	(458)
Deferred tax	(824)	74	(810)	174	1,587
Tax expense/(benefit) for the year/period	6,870	1,897	(1,795)	2,054	(578)

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

11. DIVIDENDS

	Amount of dividend net of tax
	RM '000
Year ended 30 June 2004	
2003 interim dividend — RM0.051 per share declared after the balance sheet date	3,162
2004 interim dividend — RM0.014 per share	1,054
	4,216
Year ended 30 June 2005	
2004 interim dividend — RM0.036 per share declared after the balance sheet date	2,636
2005 interim dividend — RM0.014 per share	1,054
	3,690
Year ended 30 June 2006	
2005 interim dividend — RM0.014 per share declared after the balance sheet date	1,055

4,198,763 shares repurchased by Nanyang Group in prior year were not qualified for any dividend during each of the Relevant Periods.

No dividend was declared by Nanyang during the six months ended 31 December 2006.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF NANYANG

(a) **Basic Earnings/(Loss) Per Share**

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for each of the Relevant Periods attributable to equity holders of Nanyang by the weighted average number of ordinary shares in issue during each of the Relevant Periods. Treasury shares outstanding during each of the Relevant Periods are not included in the calculation of the weighted average number of ordinary shares.

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
				(Unaudited)	
Earnings					
Profit/(loss) for the year/period attributable to equity holders of Nanyang (RM'000)	13,709	10,245	(16,561)	(3,120)	(8,776)
Shares					
Weighted average number of shares in issue ('000)	73,200	73,224	73,242	73,239	73,251
Basic earnings/(loss) per share (sen)	18.7	14.0	(22.6)	(4.3)	(12.0)

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF NANYANG (Continued)

(b) **Diluted Earnings Per Share**

For the purpose of calculating the diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue during each of the Relevant Periods have been adjusted for the dilutive effects of all potential ordinary shares pertaining to share options granted under the ESOS. Treasury shares outstanding during each of the Relevant Periods are not included in the calculation of the weighted average number of ordinary shares.

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
				(Unaudited)	
Earnings:					
Profit/(loss) for the year/period attributable to equity holders of Nanyang (RM'000)	13,709	10,245	(16,561)	(3,120)	(8,776)
Shares:					
Weighted average number of shares outstanding ('000)	73,200	73,224	73,242	73,239	73,251
Effect of dilution of share options	527	405	385	357	415
Adjusted weighted average number of ordinary shares in issue and issuable	73,727	73,629	73,627	73,596	73,666
Diluted earnings per share (sen)	18.6	13.9	N/A*	N/A*	N/A*

* *Share options granted under the ESOS had an anti-dilutive effect on the basic loss per share for the year/period because the diluted loss per share amount decreased.*

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. PROPERTY, PLANT AND EQUIPMENT

Nanyang Group	Freehold land *RM'000*	Buildings *RM'000*	Plant and machinery *RM'000*	Leasehold improvements *RM'000*	Motor vehicles *RM'000*	Furniture and fittings *RM'000*	Office equipment *RM'000*	Construction in progress *RM'000*	Total *RM'000*
Cost:									
At 1 July 2003	18,880	26,176	99,222	563	1,386	23,975	14,703	253	185,158
Additions	1,250	1,368	5,079	158	147	1,013	1,453	238	10,706
Transfer	—	253	—	—	—	—	—	(253)	—
Disposals	—	—	(98)	—	(5)	(4)	(4)	—	(111)
Write-off	—	—	(22)	—	—	—	(30)	—	(52)
At 30 June 2004 and 1 July 2004	20,130	27,797	104,181	721	1,528	24,984	16,122	238	195,701
Additions	—	—	1,884	90	273	714	1,031	9,463	13,455
Transfer	—	247	—	—	—	—	—	(247)	—
Disposals	(768)	—	(184)	—	(266)	—	(672)	—	(1,890)
Write-off	—	—	—	—	—	—	(2)	—	(2)
Deemed disposal of a subsidiary *(note 35)*	—	—	—	(7)	—	(77)	(302)	—	(386)
At 30 June 2005 and 1 July 2005	19,362	28,044	105,881	804	1,535	25,621	16,177	9,454	206,878
Additions	—	8,156	2,630	1,733	1,033	884	2,044	30,068	46,548
Transfer to non-current assets classified as held for sale *(note 26)*	—	(247)	—	—	—	—	—	—	(247)
Disposals	—	—	(428)	—	(363)	(185)	(253)	—	(1,229)
Write-off	—	(925)	—	—	—	—	(7)	—	(932)
At 30 June 2006 and 1 July 2006	19,362	35,028	108,083	2,537	2,205	26,320	17,961	39,522	251,018
Additions	—	1,349	1,832	1,168	272	833	679	23	6,156
Transfer	—	—	39,545	—	—	—	—	(39,545)	—
Disposals	—	—	—	—	(319)	(23)	(13)	—	(355)
Write-off	—	—	—	—	—	—	(25)	—	(25)
At 31 December 2006	19,362	36,377	149,460	3,705	2,158	27,130	18,602	—	256,794

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Nanyang Group	Freehold land *RM'000*	Buildings *RM'000*	Plant and machinery *RM'000*	Leasehold improvements *RM'000*	Motor vehicles *RM'000*	Furniture and fittings *RM'000*	Office equipment *RM'000*	Construction in progress *RM'000*	Total *RM'000*
Accumulated depreciation:									
At 1 July 2003	—	5,964	64,344	166	964	20,107	8,476	—	100,021
Charge for the year	—	637	6,966	74	145	1,368	1,468	—	10,658
Disposals	—	—	(91)	—	(5)	(4)	(1)	—	(101)
Write-off	—	—	(22)	—	—	—	(30)	—	(52)
At 30 June 2004 and 1 July 2004	—	6,601	71,197	240	1,104	21,471	9,913	—	110,526
Charge for the year	—	598	7,228	83	186	1,017	1,277	—	10,389
Disposals	—	—	(168)	—	(246)	—	(461)	—	(875)
Write-off	—	—	—	—	—	—	(1)	—	(1)
Deemed disposal of a subsidiary *(note 35)*	—	—	—	(3)	—	(27)	(167)	—	(197)
At 30 June 2005 and 1 July 2005	—	7,199	78,257	320	1,044	22,461	10,561	—	119,842
Charge for the year	—	635	6,991	254	313	900	1,231	—	10,324
Transfer to non-current assets classified as held for sale *(note 26)*	—	(11)	—	—	—	—	—	—	(11)
Disposals	—	—	(427)	—	(190)	(170)	(216)	—	(1,003)
Write-off	—	(581)	—	—	—	—	(5)	—	(586)
At 30 June 2006 and 1 July 2006	—	7,242	84,821	574	1,167	23,191	11,571	—	128,566
Charge for the period	—	314	871	177	70	303	598	—	2,333
Disposals	—	—	—	—	(316)	(11)	(8)	—	(335)
Write-off	—	—	—	—	—	—	(25)	—	(25)
At 31 December 2006	—	7,556	85,692	751	921	23,483	12,136	—	130,539

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Nanyang Group	Freehold land *RM'000*	Buildings *RM'000*	Plant and machinery *RM'000*	Leasehold improvements *RM'000*	Motor vehicles *RM'000*	Furniture and fittings *RM'000*	Office equipment *RM'000*	Construction in progress *RM'000*	Total *RM'000*
Net book value:									
At 30 June 2004	20,130	21,196	32,984	481	424	3,513	6,209	238	85,175
At 30 June 2005	19,362	20,845	27,624	484	491	3,160	5,616	9,454	87,036
At 30 June 2006	19,362	27,786	23,262	1,963	1,038	3,129	6,390	39,522	122,452
At 31 December 2006	19,362	28,821	63,768	2,954	1,237	3,647	6,466	—	126,255

The freehold land and buildings are all situated in Malaysia.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Nanyang	Leasehold improvements *RM'000*	Motor Vehicles *RM'000*	Furniture and fittings *RM'000*	Office equipment *RM'000*	Total *RM'000*
Cost:					
At 1 July 2003	34	376	369	200	979
Additions	—	—	1	8	9
At 30 June 2004 and 1 July 2004	34	376	370	208	988
Additions	—	150	—	9	159
At 30 June 2005 and 1 July 2005	34	526	370	217	1,147
Additions	8	451	3	14	476
Disposal	—	(75)	—	—	(75)
Write-off	—	—	—	(3)	(3)
At 30 June 2006 and 1 July 2006	42	902	373	228	1,545
Additions	4	—	7	—	11
Disposal	—	(224)	—	—	(224)
At 31 December 2006	46	678	380	228	1,332
Accumulated depreciation:					
At 1 July 2003	6	195	62	116	379
Charge for the year	3	60	9	19	91
At 30 June 2004 and 1 July 2004	9	255	71	135	470
Charge for the year	3	90	4	15	112
At 30 June 2005 and 1 July 2005	12	345	75	150	582
Charge for the year	4	181	4	13	202
Disposal	—	(75)	—	—	(75)
Write-off	—	—	—	(1)	(1)
At 30 June 2006 and 1 July 2006	16	451	79	162	708
Charge for the period	2	25	2	6	35
Disposal	—	(221)	—	—	(221)
At 31 December 2006	18	255	81	168	522
Net Book Value:					
At 30 June 2004	25	121	299	73	518
At 30 June 2005	22	181	295	67	565
At 30 June 2006	26	451	294	66	837
At 31 December 2006	28	423	299	60	810

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Certain of Nanyang Group's freehold land and buildings were revalued in 1998, by CH Williams, Talhar & Wong, independent professionally qualified valuers. The freehold land and buildings were revalued at open market value, based on their existing use. Since 1998, no further revaluations of Nanyang Group's freehold land and buildings have been carried out. Nanyang Group has taken the advantage of IFRS 1 to regard the fair value of freehold land and buildings carried out in 1998 to be the deemed cost for the preparation of the Finanical Information at the date of transition to IFRSs.

14. INVESTMENT PROPERTIES

	Nanyang Group	Nanyang
	RM'000	*RM'000*
At 1 July 2003	15,734	26,255
Net loss from fair value adjustment	(8)	—
At 30 June 2004 and 1 July 2005	15,726	26,255
Additions	339	—
Net loss from fair value adjustment	(15)	—
At 30 June 2005 and 1 July 2005	16,050	26,255
Additions	311	—
Net loss from fair value adjustment	(22)	—
At 30 June 2006 and 1 July 2006	16,339	26,255
Additions	176	—
Net loss from fair value adjustment	(10)	—
At 31 December 2006	16,505	26,255

Investment properties are stated at fair values, which have been determined based on valuations performed by Raine & Horne International Zaki + Partners Sdn. Bhd., an accredited independent valuer, at end of the Relevant Periods. Raine & Horne International Zaki + Partners Sdn. Bhd. is an industry specialist in valuing these types of investment properties. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards Committee Standards.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

14. INVESTMENT PROPERTIES (Continued)

Particulars of Nanyang Group's and Nanyang's investment properties, which are of medium lease term:

Nanyang Group

	Locations	Uses	Attributable interest of Nanyang Group
			%
(1)	Lot 4173, Mukim Tebrau, 3, Jalan Riang 22/1, Taman Gembira, Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia.	Factory buildings and office buildings	100
(2)	Lot 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia.	Office buildings	100
(3)	V5-09-05, Block 5, Sri Palma Villa, Jalan KL-Seremban, Bandar University, Teknologi Lagenda, 71700 Mantin, Negeri Sembilan, Malaysia.	Residential buildings	100
(4)	PT12917 HS(D), 103390 (Ground Floor), Putra Indah A, Putra Nilai, 71800 Nilai, Negeri Sembilan, Malaysia.	Commercial buildings	100
(5)	59-1-2 Jalan TMR 2, Taman Melaka Raya, 75000 Melaka, Malaysia.	Commercial buildings	100
(6)	AR09-F3A0, Ara Ria 09, Jalan UTL 9, Bandar University Teknologi Lagenda, 71700 Mantin, Negeri Sembilan, Malaysia.	Residential buildings	100
(7)	No. 11, Jalan Melor 1/4, Sg. Buloh Country Resort, 47000 Sg. Buloh, Selangor Darul Ehsan, Malaysia.	Residential buildings	100

Nanyang

	Locations	Uses	Attributable interest of Nanyang
			%
(1)	Lot 4173, Mukim Tebrau, 3, Jalan Riang 22/1, Taman Gembira, Tampoi, 81200 Johor Bahru, Johor Darul Takzim, Malaysia.	Factory buildings and office buildings	100
(2)	Lot 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia.	Office buildings	100
(3)	80, Jalan Riong, 59100 Kuala Lumpur, Malaysia.	Factory buildings and office buildings	100

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

15. PREPAID LAND LEASE PAYMENTS

Nanyang Group	RM'000
At 1 July 2003	753
Additions	640
Recognised during the year	(84)
At 30 June 2004 and 1 July 2004	1,309
Recognised during the year	(17)
At 30 June 2005 and 1 July 2005	1,292
Recognised during the year	(20)
At 30 June 2006 and 1 July 2006	1,272
Recognised during the period	(14)
At 31 December 2006	1,258

	As at 30 June			As at 31 December
	2004	2005	2006	2006
	RM'000	*RM'000*	*RM'000*	*RM'000*
Analysed as:				
Long-term leasehold land	102	253	975	962
Medium-term leasehold land	196	297	297	296
Short-term leasehold land	1,011	742	—	—
	1,309	1,292	1,272	1,258

The leasehold lands are all situated in Malaysia.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

16. INTANGIBLE ASSETS

Nanyang Group	Software *RM'000*	Film library and programme rights *RM'000*	Product development expenditure *RM'000*	Total *RM'000*
Cost:				
At 1 July 2003	3,670	—	—	3,670
Additions	238	—	—	238
At 30 June 2004 and 1 July 2004	3,908	—	—	3,908
Additions	441	—	—	441
At 30 June 2005 and 1 July 2005	4,349	—	—	4,349
Additions	368	3,000	1,240	4,608
At 30 June 2006 and 1 July 2006	4,717	3,000	1,240	8,957
Additions	231	—	132	363
At 31 December 2006	4,948	3,000	1,372	9,320
Accumulated amortisation and impairment:				
At 1 July 2003	2,779	—	—	2,779
Amortisation during the year	217	—	—	217
At 30 June 2004 and 1 July 2004	2,996	—	—	2,996
Amortisation during the year	273	—	—	273
At 30 June 2005 and 1 July 2005	3,269	—	—	3,269
Amortisation during the year	292	250	102	644
At 30 June 2006 and 1 July 2006	3,561	250	102	3,913
Amortisation during the period	161	300	130	591
Impairment during the period	—	2,450	1,140	3,590
At 31 December 2006	3,722	3,000	1,372	8,094
Net book value				
At 30 June 2004	912	—	—	912
At 30 June 2005	1,080	—	—	1,080
At 30 June 2006	1,156	2,750	1,138	5,044
At 31 December 2006	1,226	—	—	1,226

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

16. INTANGIBLE ASSETS (Continued)

Nanyang Cosmos Sdn. Bhd., a subsidiary of Nanyang Group which engages in distribution of 3G mobile entertainment content, has persistently failed to secure any revenue from its film library and programme rights and mobile multi-media products developed internally. Revenue generated from these intangible assets is not expected by the management and carrying amounts of film library and programme rights and product development expenditure were fully impaired during the period ended 31 December 2006.

17. AVAILABLE-FOR-SALE INVESTMENTS

Nanyang Group and Nanyang

Listed shares in Malaysia at fair value:

	RM'000
At 1 July 2003	10,353
Fair value adjustment	(259)
At 30 June 2004 and 1 July 2004	10,094
Fair value adjustment	841
At 30 June 2005 and 1 July 2005	10,935
Disposal during the year	(7,087)
Fair value adjustment	755
At 30 June 2006 and 1 July 2006	4,603
Disposal during the period	(2,599)
Fair value adjustment	137
At 31 December 2006	2,141

Available-for-sale investments represent investments in listed equity investments in Malaysia carried at fair values. The fair values of listed equity investments are based on Bursa Malaysia Securities Berhad quoted market bid prices at the close of business at end of the Relevant Periods. During the Relevant Periods, the gross gain on Nanyang's and Nanyang Group's available-for-sale investments recognised directly in equity and the amount on which transferred from equity to the income statement upon disposal for each of the Relevant Periods are as follows:

	Year ended 30 June			**Six months ended 31 December**	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* **(Unaudited)**	*RM'000*
Gross gain/(loss) on available-for-sale investments recognised directly in equity	(259)	841	755	521	137

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

17. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
				(Unaudited)	
Gain/(loss) on available-for-sale investments transferred from equity to the income statement	—	—	(9,299)	—	998

18. INVESTMENTS IN SUBSIDIARIES

Nanyang

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Unlisted shares:				
At valuation and deemed cost	75,558	75,558	75,558	75,558
At cost	4,494	4,497	11,997	11,997
Capital contribution to subsidiaries through the granting of share options to employees under the ESOS	555	1,556	2,280	2,518
	80,607	81,611	89,835	90,073
Less: Accumulated impairment losses	(1,952)	(1,952)	(1,952)	(11,447)
Net carrying amount	78,655	79,659	87,883	78,626

Certain of Nanyang's investments in subsidiaries were revalued in 1993. Since then, no further revaluation has been carried out. Nanyang has taken the advantage of IFRS 1 to regard the fair values of these investments in subsidiaries carried out in 1993 to be the deemed costs for preparation of the Financial Information at the date of transition to IFRSs.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name of company	Country/ date of incorporation	Issued and paid up share capital	Percentage of equity directly attributable to Nanyang				Principal activities
			As at 30 June			As at 31 December	
			2004	2005	2006	2006	
		RM'000	%	%	%	%	
Directly held:							
Nanyang Siang Pau Sdn. Bhd.	Malaysia 23 September 1965	60,000	100	100	100	100	Publication of newspapers and magazines and provision of advertising services
The China Press Berhad	Malaysia 1 February 1946	4,247	99.7	99.8	99.8	99.8	Publication of a daily newspaper and provision of printing and advertising services
Life Publishers Berhad	Malaysia 28 July 1971	9,000	100	100	100	100	Publication of newspapers and magazines
Nanyang Online Sdn. Bhd. ("NOL")	Malaysia 1 June 2000	10,000	100	100	100	100	Provision of internet related and electronic commerce services
CittaBella (Malaysia) Sdn. Bhd.	Malaysia 8 September 1994	1,000	51	51	51	51	Publication of magazines
Redhot Media Sdn. Bhd. ("RMSB")	Malaysia 9 March 2004	*	100	—	—	—	Provision of internet related and electronic commerce services and advertising broker
Indirectly held:							
Nanyang Cosmos Sdn. Bhd. ("NCSB")	Malaysia 31 October 2005	8,000	—	—	75	75	Development and distribution of 3G mobile entertainment content

* *Denotes amounts less than RM1,000*

The above table lists the subsidiaries of Nanyang which, in the opinion of the directors, principally affected the results for each of the Relevant Periods or formed a substantial portion of the net assets of Nanyang Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

18. INVESTMENTS IN SUBSIDIARIES (Continued)

Deemed disposal of a subsidiary (note 35)

On 18 December 2004, Nanyang Group signed a subscription agreement with Hebat Simfoni Sdn. Bhd. ("HSSB"). Pursuant to this agreement, HSSB and Nanyang subscribed for 3,000,000 ordinary shares and 1,999,998 ordinary shares, respectively, of RMSB of nominal value of RM1.00 each. Since then, HSSB has an interest of 60% and Nanyang Group has the interest of 40% in the enlarged issued and paid up share capital of RMSB. Following the completion of the aforesaid agreement, RMSB ceased to be a subsidiary of Nanyang and becomes an associate of Nanyang.

Acquisition and partial disposal of a subsidiary

On 7 November 2005, NOL acquired 2 ordinary shares of RM1.00 each, representing the entire issued and paid up capital of NCSB, for a cash consideration of RM2.00.

Subsequently, NOL has further subscribed shares in NCSB at the following dates:

Date of subscription	Number of ordinary shares of RM1.00 each	Total consideration RM
14 November 2005	4,999,998	4,999,998
31 December 2005	2,000,000	2,000,000

On 15 December 2005, NOL disposed of 1,000,000 ordinary shares of RM1.00 each, representing 20% interest in NCSB, to an independent third party for a cash consideration of RM1,000,000 and film library and programme rights of carrying amounts of RM2,000,000.

On 10 April 2006, NOL's interest in NCSB has been diluted to 75% following the allotment of 1,000,000 shares of RM 1.00 each of NCSB to Cosmos Discovery Sdn. Bhd. for film library and programme rights of RM1,000,000.

Impairment of an investment in subsidiary

Management of Nanyang considered that NOL has persistently suffered loss and future profit is not expected. The carrying amount of the investment in NOL of RM9,495,000 was fully impaired during the period ended 31 December 2006.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

19. INVESTMENTS IN ASSOCIATES

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Unlisted shares:				
At cost	10,206	10,206	10,206	10,206
Share of net assets	—	1,254	1,474	—
	10,206	11,460	11,680	10,206
Accumulated impairment losses	(10,206)	(10,206)	(10,206)	(10,206)
	—	1,254	1,474	—
Nanyang				
Unlisted shares:				
At cost	10,206	12,206	12,206	10,206
Accumulated impairment losses	(10,206)	(10,206)	(10,206)	(10,206)
	—	2,000	2,000	—

Details of the associates are as follows:

			Percentage of equity directly attributable to Nanyang Group				
			As at 30 June			As at 31 December	
Name of company	**Country of incorporation**	**Issued and paid-up share capital**	**2004**	**2005**	**2006**	**2006**	**Principal activities**
			%	%	%	%	
Channel K TV Pte. Ltd.	Singapore	S$5,440,000 ordinary shares and S$2,100,000 preference shares	18.38	18.38	18.38	18.38	In voluntary liquidation
RMSB	Malaysia	RM5,000,000	—	40.00	40.00	—	Provision of internet related and electronic commerce services and advertising broker

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

19. INVESTMENTS IN ASSOCIATES (Continued)

At an extraordinary general meeting held on 23 May 1997, the shareholders of Channel K TV Pte. Ltd. approved the voluntary winding up of the company. The cost of Nanyang's investment of RM10,206,000 in the unlisted shares of Channel K TV Pte. Ltd. was fully impaired and no sharing of profit/(loss) from Channel K TV Pte. Ltd. was made by Nanyang Group during each of the Relevant Periods.

On 24 November 2006, Nanyang's 40% interest in RMSB was disposed of to an independent third party at a consideration of RM1,500,000 and incurred a loss of RM27,000.

The summarised financial information of the associates extracted from their management accounts are as follows:

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Assets and liabilities				
Current assets	—	7,850	11,047	—
Non-current assets	—	2,103	2,222	—
Total assets	—	9,953	13,269	—
Current liabilities	—	4,934	7,740	—

	Year ended 30 June			Six months ended 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Results				
Revenue	—	11,189	10,046	—
Profit for the year/period	—	518	550	—

20. INVENTORIES

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Newsprints	72,804	64,488	66,109	41,632
Consumables	2,044	2,187	2,180	2,011
Others	749	594	430	3,992
	75,597	67,269	68,719	47,635

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

21. TRADE RECEIVABLES

An aged analysis of the trade receivables at end of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

		As at 30 June		As at 31 December
	2004	2005	2006	2006
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Within 30 days	24,862	24,948	24,799	26,499
31 to 60 days	15,965	16,356	15,518	16,671
61 to 90 days	7,778	8,266	7,130	8,172
91 to 180 days	7,216	5,433	6,159	7,253
	55,821	55,003	53,606	58,595

Nanyang Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Nanyang Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		As at 30 June		As at 31 December
	2004	2005	2006	2006
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Prepayments and deposits	2,501	3,603	2,549	1,665
Other receivables	1,968	1,353	2,164	2,990
	4,469	4,956	4,713	4,655
Impairment allowance for doubtful debts	(12)	(12)	(12)	—
	4,457	4,944	4,701	4,655
Nanyang				
Prepayments and deposits	85	75	82	107
Other receivables	678	83	4	56
	763	158	86	163

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

23. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from subsidiaries have no fixed-terms of repayment while the amounts due to subsidiaries will not be repayable within one year. All these balances are non-trade in nature, unsecured and bear interest at rates as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
	%	%	%	%
Interest rate	2.99 - 5.72	4.32 - 4.75	4.88 - 5.85	4.10 - 4.50

24. AMOUNTS DUE FROM/(TO) AN ASSOCIATE

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Amount due from an associate:				
Trade account	—	675	69	—
Current account	—	3	1	—
	—	678	70	—
Amount due to an associate:				
Trade account	—	—	(335)	—
Current account	—	—	(8)	—
	—	—	(343)	—
Nanyang				
Amount due from an associate:				
Current account	—	3	1	—
	—	3	1	—

The amounts due from/(to) an associate are unsecured, non-interest-bearing and have no fixed terms of repayment.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Cash at banks and on hand	15,672	16,684	21,228	11,342
Short-term deposits	—	1,440	2,962	2,565
	15,672	18,124	24,190	13,907
Nanyang				
Cash at banks and on hand	755	911	9,696	668

The carrying amounts of cash and cash equivalents approximate to their fair values.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The weighted average effective rates and average maturities of the short-term deposits of Nanyang Group are as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
Weighted average effective rates	—	2.67%	2.81%	2.96%
Average maturities	—	20 days	12 days	7 days

26. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 30 June 2006, a subsidiary of Nanyang planned to dispose of certain buildings with a net carrying amount of RM236,000. The buildings were classified as non-current asset held for sale in the consolidated balance sheet as at 30 June 2006, which were measured at the lower of carrying amount and fair value less costs to sell of RM236,000. The disposal was completed during the period ended 31 December 2006.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME

(a) **Shares (ordinary shares of RM1 each)**

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Authorised:				
At beginning and end of year/period	100,000	100,000	100,000	100,000
Issued and fully paid up:				
At beginning of year/period	61,911	77,415	77,433	77,447
Issued during the year/period:				
Bonus issue	15,478	—	—	—
Share options exercised	26	18	14	8
At end of year/period	77,415	77,433	77,447	77,455

The issued and paid-up ordinary shares as at end of the Relevant Periods included 4,198,763 shares held as treasury shares by Nanyang (note 28). The number of outstanding shares in issue and fully paid up after the set off of treasury shares are 73,215,775, 73,234,175, 73,248,175 and 73,256,075 ordinary shares of RM1.00 each at 30 June 2004, 30 June 2005, 30 June 2006 and 31 December 2006, respectively.

Bonus issue

On 13 October 2003, bonus issue of 15,477,668 new ordinary shares of RM1.00 each by Nanyang (the "Bonus Issue"), credited as fully paid up on the basis of one new ordinary share for every four ordinary existing shares held, was granted listing and quotation by Bursa Malaysia Securities Berhad. The bonus shares were issued by way of capitalisation of Nanyang's share premium of RM3,869,000 and retained profits of RM11,609,000.

(b) **ESOS**

The ESOS is governed by the by-laws approved by the shareholders at an extraordinary general meeting held on 30 July 2003. The ESOS was implemented on 30 September 2003 and is effective for a period of 5 years from the date of implementation. The first share option was granted on 10 November 2003.

The main features of the ESOS are as follows:

(i) The maximum number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid up share capital of Nanyang at any time during the duration of the ESOS or such additional number as may be permitted by the Securities Commission of Malaysia during the duration of the ESOS.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME (Continued)

(b) **ESOS (Continued)**

(ii) The employees and executive directors who are eligible to participate in the ESOS must as at the date of offer be at least 18 years of age and are confirmed employees with at least one year of continuous service with Nanyang Group.

(iii) The options granted shall be in force for a period of 5 years from 30 September 2003.

(iv) The option price for each new share under the ESOS shall be determined at a discount of not more than 10% from the five-day weighted average market price of Nanyang's share immediately preceding the date on which the offer is made by the option committee or the par value of the share whichever is higher.

(v) The employees and executive directors to whom the options have been granted have no right to participate in another employees' share option scheme implemented by any company within Nanyang Group.

During each of the Relevant Periods, the following share options were outstanding:

Year ended 30 June 2004

		Number of share options						
Date of grant	**Exercise price** *RM*	**1 July 2003** *'000*	**Options granted** *'000*	**Options exercised** *'000*	**Options terminated** *'000*	**30 June 2004** *'000*	**Weighted average of Nanyang's share price at the date of exercise** *RM*	**Fair value of options granted** *RM*
10 November 2003	3.71	—	5,766	(26)	(105)	5,635	4.06	0.687 - 1.046
24 May 2004	3.71	—	175	—	—	175	—	0.688 - 0.958
		—	5,941	(26)	(105)	5,810		

Total fair value of share options granted during the year was RM578,000.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME (Continued)

(b) **ESOS (Continued)**

Year ended 30 June 2005

		Number of share options					Weighted average of Nanyang's share price at the date of exercise	Fair value of options granted
Date of grant	**Exercise price** *RM*	**1 July 2004** *'000*	**Options granted** *'000*	**Options exercised** *'000*	**Options terminated** *'000*	**30 June 2005** *'000*	*RM*	*RM*
10 November 2003	3.71	5,635	—	(16)	(468)	5,151	3.92	0.687 - 1.046
24 May 2004	3.71	175	—	—	(36)	139	—	0.688 - 0.958
10 November 2004	3.54	—	548	(2)	(14)	532	3.94	0.638 - 0.890
16 May 2005	3.54	—	138	—	—	138	—	0.638 - 0.775
		5,810	686	(18)	(518)	5,960		

Total fair value of share options granted during the year was RM1,069,000.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME (Continued)

(b) **ESOS (Continued)**

Year ended 30 June 2006

		Number of share options						
Date of grant	**Exercise price** *RM*	**1 July 2005** *'000*	**Options granted** *'000*	**Options exercised** *'000*	**Options terminated** *'000*	**30 June 2006** *'000*	**Weighted average of Nanyang's share price at the date of exercise** *RM*	**Fair value of options granted** *RM*
10 November 2003	3.71	5,151	—	(7)	(352)	4,792	3.95	0.687 - 1.046
24 May 2004	3.71	139	—	—	(16)	123	—	0.688 - 0.958
10 November 2004	3.54	532	—	(5)	(52)	475	3.91	0.638 - 0.890
16 May 2005	3.54	138	—	(2)	(24)	112	3.91	0.638 - 0.775
14 November 2005	3.58	—	112	—	(16)	96	—	0.608 - 0.714
15 May 2006	3.60	—	192	—	(8)	184	—	0.590 - 0.705
		5,960	304	(14)	(468)	5,782		

Total fair value of share options granted during the year was RM856,000.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME (Continued)

(b) **ESOS (Continued)**

Period ended 31 December 2006

		Number of share options						
Date of grant	**Exercise price** *RM*	**1 July 2006** *'000*	**Options granted** *'000*	**Options exercised** *'000*	**Options terminated** *'000*	**31 December 2006** *'000*	**Weighted average of Nanyang's share price at the date of exercise** *RM*	**Fair value of options granted** *RM*
10 November 2003	3.71	4,792	—	(2)	(119)	4,671	3.85	0.687 - 1.046
24 May 2004	3.71	123	—	—	(12)	111	—	0.688 - 0.958
10 November 2004	3.54	475	—	(3)	(11)	461	3.82	0.638 - 0.890
16 May 2005	3.54	112	—	—	(3)	109	—	0.638 - 0.775
14 November 2005	3.58	96	—	(1)	(10)	85	3.90	0.608 - 0.714
15 May 2006	3.60	184	—	(1)	(12)	171	4.06	0.590 - 0.705
13 November 2006	3.55	—	149	—	(4)	145	—	0.707 - 0.739
		5,782	149	(7)	(171)	5,753		

Total fair value of share options granted during the period was RM293,000.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

27. SHARE CAPITAL AND SHARE OPTION SCHEME (Continued)

(b) ESOS (Continued)

The fair value of equity-settled share options granted during the Relevant Periods was estimated by Watson Wyatt (Malaysia) Sdn. Bhd., using the binomial tree model, as at the date of grant taking into account the terms and conditions upon which the options were granted based on the binomial tree method. The following table lists the inputs to the model used for each of the Relevant Periods:

Date of grant of share options	10 November 2003	24 May 2004	10 November 2004	16 May 2005	14 November 2005	15 May 2006	13 November 2006
Dividend yield (%)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Expected volatility (%)	20.00	20.00	20.00	15.00	15.00	15.00	25.00
Historical volatility (%)	20.00	20.00	20.00	15.00	15.00	15.00	20.00 - 25.00
Risk-free interest rate (%)	3.70	3.70	3.20	3.10	3.30	4.00	3.60
Expected life of option (year)	4.83	4.33	3.83	3.33	2.83	2.33	1.87
Share price at date of grant (RM)	4.08	4.00	3.92	3.96	3.98	3.98	3.98

The expected life of the options is based on the historical data and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

Subsequent to 31 December 2006, no more share options were granted to any directors of Nanyang in respect of their services to Nanyang Group in the forthcoming year.

At the date of approval of the Financial Information, Nanyang had 2,715,900 share options outstanding under the ESOS, which represented approximately 3.4% of Nanyang's shares, including the treasury shares, in issue as at that date.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

28. TREASURY SHARES

The shareholders of Nanyang, by an ordinary resolution passed on 27 October 1999, approved Nanyang's plan to repurchase its own shares. The Directors of Nanyang are committed to enhance the value of Nanyang to its shareholders and believe that the buy back plan can be applied in the best interest of Nanyang and its shareholders.

4,198,763 shares repurchased were financed by internal funds. The shares repurchased are being held as treasury shares in accordance with the provisions of Section 67A of the Malaysia Companies Act, 1965.

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Treasury shares	20,974	20,974	20,974	20,974

29. RESERVES

Nanyang Group

The amounts of Nanyang Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity.

The revaluation reserve of Nanyang Group represents the net surplus arising from the revaluation of land and buildings in prior year.

The merger reserve represents the excess of the appropriate shares in nominal value of the share capital of a subsidiary over the acquisition cost in prior year.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

29. RESERVES (Continued)

Nanyang

	Non-distributable			Distributable		
	Share premium	**Re-valuation reserve**	**Share option reserve**	**Investment revaluation reserve**	**Retained profits**	**Total**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 July 2003	3,869	6,011	—	(6,384)	50,537	54,033
Profit for the year	—	—	—	—	3,403	3,403
Changes in fair values of available-for-sale investments *(note 17)*	—	—	—	(259)	—	(259)
Tax effect of changes in fair value of available-for-sale investments *(note 32)*	—	—	—	73	—	73
Bonus issue *(note 27)*	(3,869)	—	—	—	(11,609)	(15,478)
Issue of shares pursuant to share options exercised	71	—	—	—	—	71
Equity-settled share option arrangements *(note 27)*	—	—	578	—	—	578
Dividends *(note 11)*	—	—	—	—	(4,216)	(4,216)
At 30 June 2004 and 1 July 2004	71	6,011	578	(6,570)	38,115	38,205
Profit for the year	—	—	—	—	5,164	5,164
Changes in fair values of available-for-sale investments *(note 17)*	—	—	—	841	—	841
Tax effect of changes in fair values of available-for-sale investments *(note 32)*	—	—	—	(235)	—	(235)
Issue of shares pursuant to share options exercised	49	—	—	—	—	49
Equity-settled share option arrangements *(note 27)*	—	—	1,069	—	—	1,069
Dividends *(note 11)*	—	—	—	—	(3,690)	(3,690)
At 30 June 2005	120	6,011	1,647	(5,964)	39,589	41,403

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

29. RESERVES (Continued)

Nanyang

	Non-distributable			Distributable		
	Share premium *RM'000*	Re-valuation reserve *RM'000*	Share option reserve *RM'000*	Investment revaluation reserve *RM'000*	Retained profits *RM'000*	Total *RM'000*
At 1 July 2005	120	6,011	1,647	(5,964)	39,589	41,403
Loss for the year	—	—	—	—	(5,195)	(5,195)
Changes in fair values of available-for-sale investments *(note 17)*	—	—	—	755	—	755
Tax effect of changes in fair values of available-for-sale investments *(note 32)*	—	—	—	(211)	—	(211)
Realised losses net of deferred tax on available-for-sale investment transferred to the income statement (Deferred tax: RM2,604,000) *(notes 17 & 32)*	—	—	—	6,695	—	6,695
Issue of shares pursuant to share options exercised	37	—	—	—	—	37
Equity-settled share option arrangements *(note 27)*	—	—	856	—	—	856
Dividend *(note 11)*	—	—	—	—	(1,055)	(1,055)
At 30 June 2006 and 1 July 2006	157	6,011	2,503	1,275	33,339	43,285
Loss for the period	—	—	—	—	(9,483)	(9,483)
Changes in fair values of available-for-sale investments *(note 17)*	—	—	—	137	—	137
Tax effect of changes in fair values of available-for-sale investments *(note 32)*	—	—	—	(37)	—	(37)
Realised losses net of deferred tax on available-for-sale investments transferred to the income statement (Deferred tax: RM288,000) *(notes 17 & 32)*	—	—	—	(710)	—	(710)
Issue of shares pursuant to share options exercised	21	—	—	—	—	21
Equity-settled share option arrangements *(note 27)*	—	—	293	—	—	293
At 31 December 2006	178	6,011	2,796	665	23,856	33,506

The revaluation reserve of Nanyang represents the net surplus arising from the revaluation of investments in certain subsidiaries of RM4,662,000 and land and buildings of RM1,349,000.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

30. EMPLOYEE RETIREMENT BENEFITS

Nanyang Group operates the Scheme for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 36% and 48% of the final salary on attainment of the retirement age of 55.

Nanyang Group

The amounts recognised in the balance sheets at end of the Relevant Periods are determined as follows:

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Present value of unfunded defined benefits	2,016	2,113	2,232	2,369
Analysed as:				
Current *(note 34)*	180	180	283	110
Non-current:				
Later than 1 year but not later than 2 years	141	229	230	354
Later than 2 years but not later than 5 years	449	468	538	609
Later than 5 years	1,246	1,236	1,181	1,296
	1,836	1,933	1,949	2,259
	2,016	2,113	2,232	2,369

The amounts recognised in the income statements during each of the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Current service cost	210	276	495	111
Interest cost	90	137	54	64
Net transition (asset)/liability	(2,984)	(20)	(15)	25
Total recognised in staff costs	(2,684)	393	534	200

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

30. EMPLOYEE RETIREMENT BENEFITS (Continued)

Movements in the net liability during each of the Relevant Periods are as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At beginning of year/period	4,887	2,016	2,113	2,232
Recognised in the income statements *(note 7)*	(2,684)	393	534	200
Contributions paid	(187)	(296)	(415)	(63)
At end of year/period	2,016	2,113	2,232	2,369

Nanyang

The amounts recognised in the balance sheets at end of the Relevant Periods are determined as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Present value of unfunded defined benefits	16	22	30	35
Analysed as:				
Non-current:				
Later than 1 year but not later than 2 years	—	—	—	—
Later than 2 years but not later than 5 years	—	—	3	7
Later than 5 years	16	22	27	28
	16	22	30	35
	16	22	30	35

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

30. EMPLOYEE RETIREMENT BENEFITS (Continued)

The amounts recognised in the income statements during each of the Relevant Periods are as follows:

	Year ended 30 June			Six months ended 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Current service cost	5	6	8	5
Net transition asset	(75)	—	—	—
Total recognised in staff costs	(70)	6	8	5

Movements in the net liability during each of the Relevant Periods are as follows:

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At beginning of year/period	86	16	22	30
Recognised in the income statements	(70)	6	8	5
At end of year/period	16	22	30	35

Nanyang Group and Nanyang

The principal actuarial assumptions used are as follows:

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
	%	%	%	%
Discount rate	5	5	5	5
Expected inflation of price	3	3	3	3
Expected rate of salary increases	5	5	5	5

Nanyang Group's obligation under the Scheme at end of the Relevant Periods was computed by Watson Wyatt (Malaysia) Sdn. Bhd., an independent valuer, using the projected unit credit method.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

31. BANK BORROWINGS

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Current				
Bankers' acceptances (unsecured)	41,378	36,630	53,118	33,990
Revolving credits (unsecured)	21,270	23,270	21,270	21,270
Current portion of term loan (secured)	4,750	750	7,490	12,564
	67,398	60,650	81,878	67,824
Non-current				
Term loan (secured)	3,000	9,250	26,160	19,815
	70,398	69,900	108,038	87,639

Maturities of the bank borrowings are analysed as follows:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Bank borrowings repayable:				
Within one year	67,398	60,650	81,878	67,824
In the second year	—	3,062	10,814	8,376
In the third to fifth years, inclusive	3,000	6,188	15,346	11,439
	70,398	69,900	108,038	87,639

Interest rate information:

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
	%	%	%	%
Bank acceptances (% above the bank's annual cost of funds)	0.50 - 0.75	0.35 - 0.75	0.35 - 0.75	0.35 - 0.75
Revolving credits (% above the KLIBOR)	0.75 - 1.25	0.50 - 1.25	0.50 - 1.25	0.50 - 1.25
Term loan	5.00 - 5.70	4.75 - 5.95	4.75 - 6.80	4.75 - 6.80

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

31. BANK BORROWINGS (Continued)

Nanyang Group

The term loan is secured by a negative pledge on the properties and assets movable or immovable of a subsidiary of Nanyang, namely The China Press Berhad.

Nanyang

The short-term bank borrowings of Nanyang represent unsecured revolving credits, which bear interest at rates of certain percetange above the KLIBOR (as disclosed above).

32. DEFERRED TAX

		As at 30 June		As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At beginning of year/period	5,956	4,171	3,398	3,275
Recognised in the income statement during the year/period *(note 10)*	(1,712)	(1,008)	(2,938)	(1,973)
Recognised in equity during the year/period *(note 10)*	(73)	235	2,815	(251)
At end of year/period	4,171	3,398	3,275	1,051
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,753)	(2,144)	(333)	(1,821)
Deferred tax liabilities	6,924	5,542	3,608	2,872
	4,171	3,398	3,275	1,051
Nanyang				
At beginning of year/period	(370)	(354)	50	2,971
Recognised in the income statement during the year/period	89	169	106	(12)
Recognised in equity during the year/period	(73)	235	2,815	(251)
At end of year/period	(354)	50	2,971	2,708

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. DEFERRED TAX (Continued)

The components and movements of deferred tax liabilities and assets of Nanyang Group and Nanyang for each of the Relevant Periods prior to offsetting are as follows:

Deferred tax liabilities of Nanyang Group:

	Available-for-sale investments	Accelerated capital allowances	Revaluation of freehold land	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
At 1 July 2003	—	9,907	369	10,276
Recognised in the income statement during the year	—	(131)	(14)	(145)
At 30 June 2004 and 1 July 2004	—	9,776	355	10,131
Recognised in the income statement during the year	—	(958)	(23)	(981)
At 30 June 2005 and 1 July 2005	—	8,818	332	9,150
Recognised in the income statement during the year	—	(2,108)	(10)	(2,118)
Recognised in equity during the year	211	—	—	211
Transfer from deferred tax assets	283	—	—	283
At 30 June 2006 and 1 July 2006	494	6,710	322	7,526
Recognised in the income statement during the period	—	2,089	11	2,100
Recognised in equity during the period	(251)	—	—	(251)
At 31 December 2006	243	8,799	333	9,375

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. DEFERRED TAX (Continued)

Deferred tax assets of Nanyang Group:

	Available-for-sale investments	Investment properties	Employees retirement benefits	Provision for liabilities	Unabsorbed capital allowances	Unutilised reinvestment allowances	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 July 2003	(2,483)	(13)	(771)	(830)	(223)	—	(4,320)
Recognised in the income statement during the year	—	—	215	(1,782)	—	—	(1,567)
Recognised in equity during the year	(73)	—	—	—	—	—	(73)
At 30 June 2004 and 1 July 2004	(2,556)	(13)	(556)	(2,612)	(223)	—	(5,960)
Recognised in the income statement during the year	—	—	(28)	773	(772)	—	(27)
Recognised in equity during the year	235	—	—	—	—	—	235
At 30 June 2005 and 1 July 2005	(2,321)	(13)	(584)	(1,839)	(995)	—	(5,752)
Recognised in the income statement during the year	—	—	(100)	662	(1,382)	—	(820)
Recognised in equity during the year	2,604	—	—	—	—	—	2,604
Transfer to deferred tax liabilities	(283)	—	—	—	—	—	(283)
At 30 June 2006 and 1 July 2006	—	(13)	(684)	(1,177)	(2,377)	—	(4,251)
Recognised in the income statement during the period	—	(12)	347	192	1,062	(5,662)	(4,073)
At 31 December 2006	—	(25)	(337)	(985)	(1,315)	(5,662)	(8,324)

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. DEFERRED TAX (Continued)

Deferred tax liabilities of Nanyang:

	Available-for-sale investments	Investment properties	Accelerated capital allowances	Revaluation of freehold land	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 1 July 2003	—	1,516	864	79	2,459
Recognised in the income statement during the year	—	—	89	—	89
At 30 June 2004 and 1 July 2004	—	1,516	953	79	2,548
Recognised in the income statement during the year	—	—	38	—	38
At 30 June 2005 and 1 July 2005	—	1,516	991	79	2,586
Recognised in the income statement during the year	—	—	119	—	119
Recognised in equity during the year	211	—	—	—	211
Transfer from deferred tax assets	283	—	—	—	283
At 30 June 2006 and 1 July 2006	494	1,516	1,110	79	3,199
Recognised in the income statement during the period	—	(54)	16	—	(38)
Recognised in equity during the period	(251)	—	—	—	(251)
At 31 December 2006	243	1,462	1,126	79	2,910

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. DEFERRED TAX (Continued)

Deferred tax assets of Nanyang:

	Available-for-sale investments *RM'000*	Employees retirement benefits *RM'000*	Provision for liabilities *RM'000*	Unabsorbed capital allowances *RM'000*	Total *RM'000*
At 1 July 2003	(2,483)	(5)	(118)	(223)	(2,829)
Recognised in equity during the year	(73)	—	—	—	(73)
At 30 June 2004 and 1 July 2004	(2,556)	(5)	(118)	(223)	(2,902)
Recognised in the income statement during the year	—	(2)	41	92	131
Recognised in equity during the year	235	—	—	—	235
At 30 June 2005 and 1 July 2005	(2,321)	(7)	(77)	(131)	(2,536)
Recognised in the income statement during the year	—	(2)	(3)	(8)	(13)
Recognised in equity druing the year	2,604	—	—	—	2,604
Transfer to deferred tax liabilities	(283)	—	—	—	(283)
At 30 June 2006 and 1 July 2006	—	(9)	(80)	(139)	(228)
Recognised in the income statement during the period	—	(1)	(80)	107	26
At 31 December 2006	—	(10)	(160)	(32)	(202)

Deferred tax assets have not been recognised in respect of the following items:

	As at 30 June			As at 31 December
	2004	2005	2006	2006
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Unused tax losses	(10,857)	(9,562)	(17,572)	(31,857)
Unabsorbed capital allowances	(594)	—	(1,069)	(4,575)
Others	(4,528)	(4,000)	(6,000)	(14,552)
	(15,979)	(13,562)	(24,641)	(50,984)

The unused tax losses and unabsorbed capital allowances are available indefinitely for offseting against future taxable profits of a subsidiary. Deferred tax assets are only recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

32. DEFERRED TAX (Continued)

Nanyang

Nanyang has no unrecognised deferred tax assets at end of the Relevant Periods.

33. TRADE PAYABLES

An aged analysis of the trade payables at end of the Relevant Periods and based on the invoice date is as follows:

				As at
		As at 30 June		31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Within 30 days	12,412	13,799	18,616	13,987
31 to 60 days	2,583	2,922	3,015	3,566
61 to 90 days	1,694	2,832	2,371	2,547
91 to 180 days	1,644	1,666	2,188	1,691
More than 180 days	4,648	3,985	5,274	7,388
	22,981	25,204	31,464	29,179

The trade payables are non-interest-bearing and the normal trade credit terms granted to Nanyang Group range from 30 to 90 days.

34. ACCRUALS AND OTHER PAYABLES

				As at
		As at 30 June		31 December
	2004	**2005**	**2006**	**2006**
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Accruals	25,965	17,827	15,993	9,331
Deposits received	3,209	2,962	2,584	2,594
Employees retirement benefits *(note 30)*	180	180	283	110
Other payables	2,748	3,948	5,778	15,762
	32,102	24,917	24,638	27,797

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

34. ACCRUALS AND OTHER PAYABLES (Continued)

	As at 30 June			As at 31 December
	2004	**2005**	**2006**	**2006**
Nanyang	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Accruals	1,360	1,200	1,205	1,135
Other payables	45	47	35	17
	1,405	1,247	1,240	1,152

Other payables are non-interest-bearing and have an average term of 30 to 90 days.

35. DEEMED DISPOSAL OF A SUBSIDIARY

On 18 December 2004, Nanyang Group's interest in RMSB was reduced from 60% to 40% as a result of the subscription of 3,000,000 shares of RM1.00 each of RMSB by HSSB, the ex-minority shareholder. Following the completion of the aforesaid subscription, RMSB ceased to be a subsidiary of Nanyang and becomes an associate of Nanyang.

Carrying values of assets and liabilities disposed of at the date of deemed disposal of RMSB are as follows:

	RM'000
Net assets disposed of:	
Property, plant and equipment	189
Inventories	3
Trade receivables	722
Other receivables	7
Cash and bank balances	83
Trade payables	(144)
Accruals and other payables	(1,242)
	(382)
Gain on deemed disposal of RMSB	1,429
Transfer to interest in an associate	(1,047)
	—
Net outflow of cash and cash equivalents in respect of deemed disposal of RMSB	83

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) In addition to transactions detailed elsewhere in the Financial Information, Nanyang Group has the following transactions with related parties:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* **(Unaudited)**	*RM'000*
Purchases of newsprint from a related company, in which a substantial shareholder of Nanyang is the controlling shareholder	—	—	—	—	(19,522)
Sales of goods to an associate	—	1,424	1,616	1,498	—
Advertisement expenses paid to an associate	—	(485)	(1,470)	(1,329)	—
Transfer of plant and equipment to an associate	—	—	1,881	1,881	—
Professional fees paid to a former director of a subsidiary	—	(48)	(196)	(48)	(36)

The directors' are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Compensation of key management personnel of Nanyang Group:

	Year ended 30 June			Six months ended 31 December	
	2004	**2005**	**2006**	**2005**	**2006**
	RM'000	*RM'000*	*RM'000*	*RM'000* **(Unaudited)**	*RM'000*
Short-term employee beneifts	1,336	1,207	1,821	644	770
Post employment benefits	94	93	110	60	54
Share-based payments	23	22	19	9	—
	1,453	1,322	1,950	713	824

Further details of directors' emoluments are included in note 8 to the Financial Information.

37. CONTINGENT LIABILITIES

There are several claims against Nanyang Group. Nanyang Group is presently defending these claims. Based on the lawyers' assessment, the outcome and compensation of these claims, if any, are currently indeterminable and therefore have not been provided for.

Subsequent to 31 December 2006, there are new libel claims against Nanyang Group of which the outcome and compensation of these claims, if any, are currently indeterminable.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

38. CAPITAL COMMITMENTS

		As at 30 June		As at 31 December
	2004	2005	2006	2006
Nanyang Group	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Contracted, but not provided for:				
Property, plant and equipment	—	29,271	3,302	318
Intangible assets	—	—	—	702
	—	29,271	3,302	1,020
Authorised, but not contracted for:				
Property, plant and equipment	29,223	17,472	8,687	4,466
Nanyang				
Authorised, but not contracted for:				
Property, plant and equipment	20	20	30	20

39. OPERATING LEASE ARRANGEMENTS

Nanyang Group has entered into non-cancellable operating lease agreements for leasing certain of its buildings. These leases have an average term of between 3 and 5 years with no renewal option included in the contracts. There are no restrictions placed upon Nanyang Group by entering into these leases.

At end of the Relevant Periods, the total future minimum lease payments under non-cancellable operating leases, contracted for but not recognised as liabilities, falling due as follows:

Nanyang Group

		As at 30 June		As at 31 December
	2004	2005	2006	2006
	RM'000	*RM'000*	*RM'000*	*RM'000*
Not later than 1 year	431	436	524	424
Later than 1 year but no later than 5 years	727	409	769	659
Later than 5 years	2	—	34	—
	1,160	845	1,327	1,083

Nanyang

At end of the Relevant Periods, Nanyang had no significant operating lease commitments.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Nanyang Group seeks to ensure that adequate financial resources are available for the development of Nanyang Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. Nanyang Group operates within clearly defined guidelines that are approved by the board of directors. The board of directors has established Nanyang Group Management Committee to ensure that policies and guidelines on risk management are reviewed periodically and adhered to.

(a) Interest Rate Risk

Nanyang Group's primary interest rate risk relates to interest-bearing debts, as Nanyang Group had no substantial long-term interest-bearing assets at end of the Relevant Periods. Nanyang Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Nanyang Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(b) Foreign Exchange Risk

Nanyang Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in currency other than the functional currency of the operations to which they relate. The currency give rise to this risk is primarily Singapore dollars. Foreign exchange exposure in transactional currency other than functional currency of the operating entities are kept to an acceptable level.

The carrying amounts of unhedged financial asset and financial liability of Nanayng Group that are not denominated in the functional currency of RM are as follows:

Nanyang Group

	Singapore dollars equivalent			
	As at 30 June			**As at 31 December**
	2004	**2005**	**2006**	**2006**
Functional currency	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Trade receivables	174	301	331	543
Trade payables	(167)	(186)	(95)	(138)

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity Risk

Nanyang Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, Nanyang Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, Nanyang Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, Nanyang Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

(d) Credit Risk

Credit risk, or the risk arising from default of counterparty, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting Nanyang Group's association to business partners with sound creditworthiness. Collaterals are also obtained from some customers to further mitigate the credit risk exposure. Trade receivables are monitored on an ongoing basis via Nanyang Group's management reporting procedures.

Nanyang Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(e) Fair Values

The carrying amounts of financial instruments of Nanyang Group and Nanyang at end of the Relevant Periods approximate to their fair values.

It is not practical to estimate the fair values of the amounts due to and from subsidiaries and associate due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs. However, Nanyang Group does not anticipate the carrying amounts recorded at end of the Relevant Periods to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) ***Cash and cash equivalents, trade receivables, other receivables, trade payables and other payables***

The carrying amounts approximate to their fair values due to the relatively short term maturity of these financial instruments.

(ii) ***Marketable securities***

The fair value of Nanyang Group's available-for-sale investments is determined by reference to Bursa Malaysia Securities Berhad quoted market bid prices at the close of the business at end of the Relevant Periods.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) **Fair Values (Continued)**

(iii) ***Short-term bank borrowings***

The carrying amounts approximate to the fair values due to the relatively short-term maturity of these financial instruments.

(iv) ***Long-term bank borrowings***

The carrying amounts approximate to the fair values for long-term bank borrowings at floating rates which are repriced immediately when there are changes in market interest rates.

41. SUBSEQUENT EVENTS

The following significant events have occurred after 31 December 2006:

(a) **Proposed business combination**

On 29 January 2007, Nanyang received an irrevocable joint letter of offer from the Company and Sin Chew Media Corporation Berhad ("Sin Chew") to participate in a proposed business combination exercise (the "Proposals") comprising the following proposals:

(i) Proposed scheme of arrangement under Section 176 of the Malaysia Companies Act, 1965 whereby all the shareholders of Nanyang will exchange all their ordinary shares of RM1.00 each in Nanyang (the "Nanyang Shares") at a consideration of RM4.20 per share for new shares of the Company (the "Ming Pao Shares") to be issued and credited as fully paid up at an issue price of HK$2.70 (or indicative equivalent value of RM1.19) per share which represents an indicative basis of approximately 3.47 new Ming Pao Shares for every existing Nanyang Share;

(ii) Proposed placement of either new or existing Ming Pao Shares for purposes of complying with public shareholding spread, if required or the equity conditions which may be imposed by the relevant authorities in Malaysia or Hong Kong; and

(iii) Proposed transfer of listing status of Sin Chew on the Main Board of Bursa Malaysia Securities Berhad to the Company and thereafter Sin Chew and Nanyang will be delisted from the Main Board of Bursa Malaysia Securities Berhad.

The Proposals are subject to, amongst others, Sin Chew, Nanyang and the Company negotiating and entering into a merger agreement on or before 30 April 2007 or such later date as the parties may mutually agree. The merger agreement among Sin Chew, Nanyang and the Company was signed on 23 April 2007.

Upon completion of the Proposals, Nanyang will become a wholly-owned subsidiary of the Company and the Company will be primarily listed on the Main Board of both Bursa Malaysia Securities Berhad and The Stock Exchange of Hong Kong Limited.

I. FINANCIAL INFORMATION (Continued)

NOTES TO FINANCIAL INFORMATION (Continued)

41. SUBSEQUENT EVENTS (Continued)

(b) **Mandatory unconditional take-over of shares of The China Press Berhad**

On 22 March 2007, Nanyang received a Notice of Mandatory Unconditional Take-Over Offer from Ezywood Options Sdn. Bhd. ("Ezywood") to acquire the remaining 10,521 ordinary shares of RM1.00 each of The China Press Berhad ("China Press"), one of the Nanyang's subsidiaries, which are not already owned by Nanyang, for a cash consideration of RM30 per share. Such offer was closed on 20 April 2007.

(c) **Conditional take-over of shares of Nanyang**

On 23 March 2007, Nanyang received a Notice of Conditional Take-Over Offer from Ezywood to acquire the remaining voting shares of Nanyang not already owned by Ezywood and any persons acting in concert with it. Such offer was closed on 13 April 2007.

(d) **Disposal of NOL, Nanyang's wholly-owned subsidiary**

On 19 April 2007, NOL, Nanyang's wholly-owned subsidiary, entered into a share sales agreement (the "SSA") with Cosmos Discovery Sdn. Bhd. ("CDSB"), the minority shareholder of NCSB, to dispose of its 75% interest in NCSB for a cash consideration of RM10. CDSB has warranted that NCSB will enter into a sale of assets agreement with NOL for the disposal of the unutilised advertising space to NOL for a consideration of RM1 immediately upon the completion of the SSA.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Nanyang Group and Nanyang in respect of any period subsequent to 31 December 2006.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

NANYANG PRESS

During the financial years ended 30 June 2004, 2005 and 2006 and the six months ended 31 December 2006, Nanyang Press was an investment holding company and was principally engaged in letting of properties and provision of management services, while its subsidiaries companies were principally engaged in the publication of newspapers and magazines, provision of printing services, and provision of internet related and electronic commerce services.

FINANCIAL REVIEW

The information below concerning an analysis of the performance and other financial aspects of Nanyang Press Group has been prepared based on the financial information, of which directors of Nanyang Press have sole responsibilities, as extracted from the accountants' report prepared by Ernst & Young in respect of Nanyang Press Group contained in Appendix V to this circular.

The principal accounting policies adopted by the Nanyang Press Group in the financial information under IFRS are materially consistent with those adopted by the Company and HKFRS.

Six months ended 31 December 2006

Turnover

Nanyang Press Group recorded a turnover of approximately RM159.0 million during the period, representing an increase of approximately 0.7% compared to that of the six months ended 31 December 2005 of approximately RM157.9 million. This increase was principally due to 1% increase in advertising revenue and 5% increase in circulation revenue.

Gross profit and gross profit margin

Gross profit decrease to approximately RM36.7 million from approximately RM40.4 million (in the first six months of 2005), representing decrease of approximately 9.2%. The decrease was principally due to higher production cost resultant from higher newsprint consumption and average newsprint cost. However, gross profit margin decreased from approximately 25.6% (in the first six months of 2005) to approximately 23.0% during the period, which was primarily due to increase in production cost.

Selling and distribution expenses

Selling and distribution expenses increased in tandem with turnover. Such costs increased from approximately RM34.0 million (representing approximately 21.5% of the turnover of the first six months of 2005) to approximately RM34.9 million, representing approximately 21.9% of the turnover of the period.

Administrative expenses

Administrative expenses decreased by approximately 0.6% from approximately RM11.7 million in the first six months of 2005 to approximately RM11.6 million for the corresponding period in 2006. As a percentage of turnovers, administrative expenses decreased from approximately 7.4% to 7.3%.

Finance costs

Finance costs, which principally comprised interest expense, increased by approximately 38.8% from approximately RM1.1 million (in the first six months of 2005) to approximately RM1.5 million in the first six months of 2006. This was principally due to increase in the bank borrowings to fund the new printing plant located at Jalan Chan Sow Lin which amounted to approximately RM50.3 million.

Loss attributable to equity holders of Nanyang Press

Loss attributable to equity holders of Nanyang Press increased by approximately 281.3% from approximately RM3.1 million (in the first six months of 2005) to approximately RM8.8 million for the period. The increase in loss was mainly due to decrease in other income, higher newsprint cost and higher selling and distribution expenses incurred during the financial period. Selling and distribution expenses increase as a result of promotion drive to improve the Group's publications.

Year ended 30 June 2006 compared to year ended 30 June 2005

Turnover

Turnover decreased by approximately 3.3% from approximately RM323.3 million in 2005 to approximately RM312.6 million in 2006. The decrease in turnover during the period was principally due to cautious advertising spending in response to weakening consumer sentiment as a result of rising fuel prices and economic slow down.

Gross profit and gross profit margin

Gross profit decreased by approximately 22.1% from approximately RM99.6 million in 2005 to approximately RM77.6 million in 2006. Gross profit margin decreased from approximately 30.8% in 2005 to approximately 24.8% in 2006. This is principally due to higher production cost arising from increase in newsprint price and lower advertising revenue.

The newsprint cost increased by 7% resulting from 11% increase in average newsprint price.

Selling and distribution expenses

Selling and distribution expenses increased from approximately RM65.8 million in 2005 to approximately RM68.2 million in 2006. As a percentage of turnovers, selling and distribution expenses increased from approximately 20.4% in 2005 to approximately 21.8 % in 2006. This was mainly due to increase in expenses pertaining to marketing staff cost, transport and impairment allowance for doubtful debts.

Administration expenses

Administration expenses increased by approximately 4.3% from approximately RM23.1 million in 2005 to approximately RM24.1 million in 2006. As a percentage of turnover, administration expenses increased from approximately 7.2% in 2005 to approximately 7.7% in 2006. The increase in 2006 was primarily due to increase in staff cost and administration expenses.

Finance costs

Finance costs increased by approximately 4.0% from approximately RM2.5 million in 2005 to approximately RM2.6 million for the year. This was principally due to increase in the bank borrowings.

Loss attributable to equity holders of Nanyang Press

Nanyang Press Group recorded a loss of RM16.6 million in 2006 as compared to net profit attributable to shareholders of RM10.2 million achieved in 2005. The decrease in net profit was a result of decrease in turnover, higher newsprint cost, higher selling and distribution expenses, loss on disposal of available for sale investments amounted to RM7.0 million and partly offset by gain on partial disposal of a subsidiary.

Year ended 30 June 2005 compared to year ended 30 June 2004

Turnover

Turnover increased by approximately 5.3% from approximately RM306.9 million in 2004 to approximately RM323.3 million in 2005. The increase in turnover was mainly due to increase in circulation and advertising revenue.

Gross profit and gross profit margin

During the year ended 30 June 2005, gross profit decreased by approximately 16.6% from approximately RM119.4 million in 2004 to approximately RM99.6 million in 2005. Gross profit margin decreased by approximately 8.1% during the period. This is mainly due to newsprint cost increased by 26% or RM25.5 million, resulting from 21% increased in average newsprint price and higher consumption.

Selling and distribution expenses

Selling and distribution expenses decreased from approximately RM74.6 million in 2004 to approximately RM65.8 million in 2005. As a percentage of turnovers, distribution expenses decreased from approximately 24.3% in 2004 to approximately 20.4% in 2005. This was mainly due to decrease in impairment allowance for doubtful debts and bad debt written off.

Administration expenses

Administration expenses increased by approximately 6.3% from approximately RM21.8 million in 2004 to approximately RM23.1 million in 2005. As a percentage of turnovers, administration expenses increased from approximately 7.1% to 7.2%. The increase in administration expenses was mainly due to increase in turnover.

Finance costs

Finance costs decreased by approximately 6.4% from approximately RM2.7 million in 2004 to approximately RM2.5 million for the year. This was principally due to decrease in bank borrowings.

Net profit attributable to equity holders of Nanyang Press and net profit margin

Net profit attributable to equity holders of Nanyang Press decreased from approximately RM13.7 million in 2004 to approximately RM10.2 million in 2005, whilst the net profit margin for the year decreased from approximately 4.5% in 2004 to approximately 3.2% in 2005. Although there was an increase in turnover during the year by approximately 5.3%, Nanyang Press recorded a decrease in net profit in 2005 of approximately 25.5%, which was mainly due to higher production cost resultant from increased in newsprint consumption and average newsprint cost.

TAXATION

During the financial years ended 30 June 2004, 2005 and 2006 and the six months ended 31 December 2006, the businesses of Nanyang Press were carried out by Nanyang Press and its subsidiaries, and, accordingly, income tax were charged to Nanyang Press and its subsidiaries separately. The Malaysian income tax is charged at the rate of 28% for the financial years ended 30 June 2004, 2005 and 2006 and at the rate of 27% for the six months ended 31 December 2006.

The effective tax rate of Nanyang Press Group (being income tax amount divided by profit before taxation) for the financial years ended 30 June 2004, 2005 and 2006 were approximately 33%, 15% and nil, respectively. For the financial year ended 30 June 2005, the effective tax rate of Nanyang Press was lower than the standard tax rate of 28%, which was due principally to the over provision of tax in prior years, utilization of reinvestment allowances and capital gain which is not subject to income tax.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2004, 2005 and 2006 and 31 December 2006, the net current assets of Nanyang Press Group amounted to RM35.9 million, RM45.4 million, RM21.5 million, and RM6.8 million, respectively, and shareholders' funds were RM140.3 million, RM148.6 million, RM141.3 million and RM131.1 million, respectively.

Nanyang Press Group maintained a satisfactory cash position for the three years ended 30 June 2006 and the six months ended 31 December 2006. Nanyang Press Group's liquidity has remained satisfactory and has sufficient cash and banking facilities to meet its commitment, working capital and future investment requirements. As at 30 June 2004, 2005 and 2006 and 31 December 2006, the total cash balances were RM15.7 million, RM18.1 million, RM24.2 million and RM13.9 million, respectively, and total bank borrowings were RM70.4 million, RM69.9 million, RM108.0 million and RM87.6 million, respectively. For the same periods, net debt positions were RM54.7 million, RM51.8 million, RM83.8 million and RM73.7 million, respectively. Nanyang Press' bank borrowings and cash balances were principally denominated in Malaysian Ringgit.

Gearing ratio, defined as the ratio of total bank borrowings to total equity attributable to the equity holders of Nanyang Press. As at 30 June 2004, 2005 and 2006 and 31 December 2006, the gearing ratio of Nanyang Press Group was approximately 50.2%, 47.0%, 76.5% and 66.9%, respectively. The gearing ratio of Nanyang Press have increased from 47.0% in 2005 to 76.5% in 2006. The increase in gearing ratio is mainly due to the bank borrowings which is being undertaken by one of its subsidiary, The China Press Berhad to fund the new printing plant located at Jalan Chan Sow Lin which amounted to approximately RM50.3 million.

BUSINESS AND GEOGRAPHICAL SEGMENTS

During the financial years ended 30 June 2004, 2005 and 2006 and the six months ended 31 December 2006, Nanyang Press was principally engaged in the publication and selling of newspapers and magazines in Malaysia and accordingly, no analysis of business and geographical segment is presented.

PLEDGE OF ASSETS

The term loan is secured by a negative pledge on the properties and assets movable or immovable of a subsidiary of Nanyang Press, namely The China Press Berhad.

FOREIGN EXCHANGE RISK EXPOSURE

Nanyang Press Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in currency other than the functional currency of the operations to which they relate. The currency give rise to the risk is primarily Singapore dollars. Foreign exchange exposure in transactional currency other than functional currency of the operating entities are kept to an acceptable level.

CONTINGENT LIABILITIES

There are no material contingent liabilities as the date of this report other than several libel suits against the companies in the Nanyang Press Group. The outcome and compensation of these suits are currently indeterminable.

CAPITAL COMMITMENT

The capital commitments contracted by Nanyang Press Group (but not provided for) as at 30 June 2004, 2005 and 2006 and 31 December 2006 were nil, approximately RM29.3 million, RM3.3 million and RM1.0 million, respectively, which were principally contracts for acquisition of property, plant, equipment and construction of factory.

CAPITAL EXPENDITURE, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

The capital expenditures of Nanyang Press Group for 2004, 2005 and 2006 and the six months ended 31 December 2006 were approximately RM11.3 million, RM13.8 million, RM46.9 million and RM6.3 million, respectively, which were primarily for the acquisition of property, plant, equipment and construction of factory.

On 1 September 2006, Nanyang Press entered into a Sale and Purchase Agreement with Mr. Cheong Chia Chieh to dispose of Nanyang Press's 40% stake in Redhot Media Sdn. Bhd. ("RHM").

The total sales consideration of RM1.5 million is based on willing seller willing buyer basis.

The Sale was completed on 24 November 2006. Accordingly, RHM ceased to be an associated company of Nanyang Press.

On 19 April 2007, the Nanyang Press's wholly-owned subsidiary, Nanyang Online Sdn. Bhd. ("NOL") had on 19 April 2007 entered into Shares Sale Agreement with Cosmos Discovery Sdn. Bhd. to dispose of NOL's 75% stake in Nanyang Cosmos Sdn. Bhd. ("NCSB").

The total consideration is RM10.00 based on willing seller willing buyer basis. Accordingly, NCSB ceased to be a subsidiary company of Nanyang Press.

HUMAN RESOURCES PRACTICE

As at 30 June 2004, 2005 and 2006, Nanyang Press Group had approximately 1,801, 1,844 and 1,869 employees. As at 31 December 2006, the number of employees of Nanyang Press Group was increased to approximately 1,927 employees, which was principally due to Nanyang Press Group's strategy to promote its group's publications.

Nanyang Press Group remunerates its employees based on industry practice and performance of individual employees. The emoluments of the directors are reviewed by a remuneration committee, having regard to the Nanyang Press Group's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration. In addition, Nanyang Press has share option schemes as an incentive to eligible employees and directors.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated balance sheet, consolidated income statement and consolidated cash flow statement of the Enlarged Group (collectively referred to as the "Unaudited Pro Forma Financial Information") have been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed very substantial acquisition of 100% equity interests in Sin Chew Group and Nanyang Press Group by the Company (the "Proposed Merger") as if it had taken place on 31 March 2006 for the unaudited pro forma consolidated balance sheet, and on 1 April 2005 for the unaudited pro forma consolidated income statement and consolidated cash flow statement. The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, financial results and cash flow of the Enlarged Group had the Proposed Merger been completed as at 31 March 2006 and 1 April 2005 or at any future dates.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated financial statements of the Group for the year ended 31 March 2006 as set out in Appendix I to this circular, after giving effect to the pro forma adjustments as set out in the notes below.

The Company's consolidated financial statements up to 31 March 2006 were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). Pursuant to the Proposed Merger, the Company has adopted International Financial Reporting Standards ("IFRS"), which are the common accounting standards acceptable to both the Stock Exchange and Bursa Malaysia Securities, in the preparation of its consolidated financial statements for the year ended 31 March 2007. The change from HKFRS to IFRS will not result in any significant change in the principal accounting policies adopted by the Group in the preparation of the consolidated financial statements.

The Unaudited Pro Forma Financial Information has been prepared on the same accounting basis and in accordance with the principal accounting policies of the Group.

Unaudited pro forma consolidated balance sheet of the Enlarged Group

	The Group as at 31 March 2006 (Audited)	Pro forma adjustments								The Pro Forma Enlarged Group as at 31 March 2006
	HK$'000	*RM'000*	*HK$'000*	*HK$'000*		*RM'000*	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2a*	*Note 2b*		*Note*	*Note 7a*	*Note 7b*		*Note*	
ASSETS										
Non-current assets										
Property, plant and equipment	163,831	148,836	337,978			126,255	286,701	57,635	*8c*	846,145
Leasehold land and land use rights	110,557	27,472	62,384			1,258	2,857	9,719	*8c*	185,517
Investment properties	—	5,000	11,354			16,505	37,480	(3,338)	*8c*	45,496
Intangible assets	41,449	3,340	7,584			1,226	2,784	161,186	*8c*	213,003
Goodwill	27,684	41,982	95,333	564,806	*5b*	—	—	23,985	*8d*	711,808
Available-for-sale financial assets	—	—	—			2,141	4,862			4,862
Defined benefit plan's assets	15,104	—	—			—	—			15,104
Deferred income tax assets	671	12,119	27,520			1,821	4,135			32,326
	359,296	238,749	542,153			149,206	338,819			2,054,261
Current assets										
Inventories	53,124	44,238	100,456			47,635	108,170			261,750
Available-for-sale financial assets	4,698	—	—			—	—			4,698
Financial assets at fair value through profit or loss	2,085	—	—			—	—			2,085
Trade and other receivables	238,784	92,865	210,879			63,250	143,629			593,292
Deferred income tax assets	3,521	—	—			—	—			3,521
Income tax recoverable	6,476	—	—			6,838	15,528			22,004
Bank balances and cash	308,933	79,600	180,756			13,907	31,580			521,269
	617,621	216,703	492,091			131,630	298,907			1,408,619
Current liabilities										
Trade and other payables	183,430	49,179	111,676	11,950	*5b*	56,976	129,382	20,887	*8d*	464,701
				7,376	*6*					
Income tax liabilities	633	3,685	8,368			—	—			9,001
Short-term bank loans	18,964	9,830	22,322			55,260	125,485			166,771
Bank overdrafts, secured	20,906	—	—			—	—			20,906
Current portion of long-term liabilities	5,227	9,745	22,129			12,564	28,530			55,886
Deferred income tax liabilities	878	—	—			—	—			878
Amount due to a minority shareholder	—	—	—			18	41			41
	230,038	72,439	164,495			124,818	283,438			718,184
Net current assets	387,583	144,264	327,596			6,812	15,469			690,435
Total assets less current liabilities	746,879	383,013	869,749			156,018	354,288			2,744,696

	The Group as at 31 March 2006 (Audited)			Pro forma adjustments						The Pro Forma Enlarged Group as at 31 March 2006
	HK$'000	*RM'000*	*HK$'000*	*HK$'000*		*RM'000*	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2a*	*Note 2b*		*Note*	*Note 7a*	*Note 7b*		*Note*	
EQUITY										
Capital and reserves attributable to the equity holders of the Company										
Share capital	40,522	151,000	342,892	(342,892)	*4a & 5a*	77,455	175,885	(175,885)	*8b*	169,004
				101,598	*3*			26,884	*8a*	
Treasury shares	—	—	—			(20,974)	(47,628)	47,628	*8b*	—
Share premium	605,739	467	1,060	(1,060)	*4a & 5a*	178	404	(404)	*8b*	2,892,710
				1,808,437	*3*			478,534	*8a*	
Other reserves	42,944	—	—	(791,184)	*4b*	10,554	23,966	(23,966)	*8b*	(748,240)
(Accumulated losses)/ retained profits at the beginning of the year	(127,027)	172,856	392,527	(194,222)	*5a*	71,027	161,289	(161,289)	*8b*	71,278
Profit/(loss) for the year	71,995	24,763	56,227	(27,821)	*5a*	(8,776)	(19,928)	19,928	*8b*	93,025
				(7,376)	*6*					
	634,173	349,086	792,706			129,464	293,988			2,477,777
Minority interests	81,387	—	—			1,608	3,651	230	*8c*	85,268
Total equity	715,560	349,086	792,706			131,072	297,639			2,563,045
Non-current liabilities										
Employee retirement benefits	—	—	—			2,259	5,130			5,130
Long-term liabilities	17,926	18,129	41,167			19,815	44,996			104,089
Deferred income tax liabilities	13,393	15,798	35,876			2,872	6,523	16,640	*8c*	72,432
	746,879	383,013	869,749			156,018	354,288			2,744,696

Notes to the unaudited pro forma consolidated balance sheet of the Enlarged Group:

1. The audited consolidated balance sheet of the Group as at 31 March 2006 has been extracted without adjustment from the audited consolidated financial statements of the Group for the year ended 31 March 2006, as set out in Appendix I to this circular, which has been prepared in accordance with HKFRS.

2. Pursuant to the Proposed Merger, the Group will issue new shares to the existing shareholders of the Sin Chew Group in exchange for 100% interest in the Sin Chew Group, which will become a wholly owned subsidiary of the Group after the Proposed Merger.

   (a) The adjustment represents the inclusion of the balance sheet expressed in RM of the Sin Chew Group as at 31 December 2006 extracted without adjustment from the accountants' report of the Sin Chew Group as at 31 December 2006 as set out in Appendix III to this circular which has been prepared in accordance with the Group's accounting policies.

   (b) The adjustment represents the translation of the balance sheet in RM as stated in Note 2(a) into HK$ at an exchange rate of RM0.440372/HK$, being the closing rate as at the Latest Practicable Date.

3. The adjustment represents the consideration payable to the shareholders of the Sin Chew Group, which will be satisfied by the issue of approximately 1,015,976,000 shares to be issued and credited as fully paid-up. The fair value of the consideration shares of approximately HK$1,910,035,000 is based on the closing market price of the Company's shares of HK1.88 per share as at the Latest Practicable Date. Since the fair value of the consideration shares at the date of the completion of the merger may be substantially different from the fair value used in the preparation of the Unaudited Pro Forma Financial Information, the actual consideration arising from the merger may be different from the estimated consideration. The issue of approximately 1,015,976,000 shares of HK$0.1 par value per share as consideration for the merger will increase the Company's share capital by approximately HK$101,598,000, and share premium by approximately HK$1,808,437,000.

4. The Group will apply merger accounting to account for the combination of the financial position of the Sin Chew Group as if the combination had occurred from the date when the Group and the Sin Chew Group came under the common control of the controlling party pursuant to the Proposed Merger. For the purpose of merger accounting, the business combination was based on an aggregate interest of 50.52% in the Sin Chew Group attributable to the common controlling shareholder, Tan Sri Datuk Tiong and certain of his associates. The remaining 49.48% interest in the Sin Chew Group was held by minority shareholders. The adjustments reflect:

   (a) The elimination of the share capital and share premium of the Sin Chew Group attributable to the controlling shareholder amounting to an aggregate of approximately HK$173,765,000.

   (b) The recognition of the merger reserve of approximately HK$791,184,000 arising from the Proposed Merger which represents the difference between the Group's interest in the nominal values of the share capital and share premium of the Sin Chew Group acquired pursuant to the Proposed Merger of approximately HK$173,765,000 and the consideration of the shares of the Group issued in exchange thereof amounting to approximately HK$964,949,000.

5. The Group will acquire the remaining 49.48% interest of the Sin Chew Group attributable to the minority shareholders. The adjustments to account for such transaction with minority shareholders of the Sin Chew Group reflect:

   (a) The elimination of the retained profits attributable to the 49.48% interests held by the minority shareholders of Sin Chew Group amounting to an aggregate of approximately HK$222,043,000 and the share capital and share premium of the Sin Chew Group attributable to the 49.48% interests held by the minority shareholders of Sin Chew Group amounting to an aggregate of approximately HK$170,187,000.

   (b) The recognition of goodwill of approximately HK$564,806,000 arising from the transaction with minority shareholders of the Sin Chew Group which has been determined as the difference between the consideration of approximately HK$957,036,000, including the professional fees and other transaction costs of approximately HK$11,950,000 directly attributable to the transaction with the minority shareholders of the Sin Chew Group, given to the minority shareholders interested in 49.48% of the Sin Chew Group and the Group's interest in the Sin Chew Group's net assets acquired at book values of approximately HK$392,230,000 attributable to the minority interests.

6. The adjustment represents the professional fee and other transaction costs directly attributable to the Proposed Merger of the Group with the Sin Chew Group of approximately HK$7,376,000 to be expensed in the unaudited pro forma consolidated income statement.

7. Pursuant to the Proposed Merger, the Group and the Sin Chew Group will jointly make an offer to the Nanyang Press Group to participate in the Proposed Merger, by issuing new shares to the existing shareholders of the Nanyang Press Group in exchange for 100% interest in the Nanyang Press Group, which will become a wholly owned subsidiary of the Group after the Proposed Merger.

(a) The adjustment represents the inclusion of the balance sheet expressed in RM of the Nanyang Press Group as at 31 December 2006 extracted without adjustment from the accountants' report of the Nanyang Press Group as at 31 December 2006 as set out in Appendix V to this circular which has been prepared in accordance with the Group's accounting policies.

(b) The adjustment represents the translation of the balance sheet in RM as stated in Note 7(a) into HK$ at an exchange rate of RM0.440372/HK$, being the closing rate as at the Latest Practicable Date.

8. The Group will apply the purchase method to account for the acquisition of 100% interest in the Nanyang Press Group as a fully owned subsidiary pursuant to the Proposed Merger. The adjustments reflect:

(a) The consideration payable to the shareholders of Nanyang Press which will be satisfied by the issue of approximately 268,839,000 shares to be issued and credited as fully paid-up without taking into account the outstanding options that may be exercised pursuant to Nanyang Press Group's employee share option scheme. The fair value of the consideration shares of approximately HK$505,418,000 is based on the closing market price of the Company's shares of HK1.88 per share as at the Latest Practicable Date. Since the fair value of the consideration shares at the date of the completion of the acquisition may be substantially different from the fair value used in the preparation of the Unaudited Pro Forma Financial Information, the actual consideration arising from the acquisition may be different from the estimated consideration. The issue of approximately 268,839,186 shares of HK$0.1 par value per share as consideration for the acquisition will increase the Company's share capital by approximately HK$26,884,000, and share premium by approximately HK$478,534,000.

(b) The elimination of the pre acquisition retained profits and other reserves of the Nanyang Press Group amounting to an aggregate of approximately HK$165,327,000 and the share capital, treasury shares and share premium of the Nanyang Press Group amounting to an aggregate of approximately HK$128,661,000.

(c) Upon completion of the Proposed Merger, the identifiable assets and liabilities of the Nanyang Press Group will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the purchase method of accounting in accordance with HKFRS No. 3 "Business Combination".

For the purpose of the unaudited pro forma consolidated balance sheet of the Enlarged Group, the fair value of property, plant and equipment, leasehold land and land use rights and investment properties are stated at their fair value as at 31 March 2007 and the other identifiable assets and liabilities are stated at their fair value as at 31 December 2006 which are estimated by the directors with reference to the valuation reports by independent valuers. Adjustments are made to restate the carrying amounts of the Nanyang Press Group's assets and liabilities as at 31 December 2006 to their fair value as at 31 December 2006 and 31 March 2007 by:

i) increasing the amount of property, plant and equipment by approximately HK$57,635,000,

ii) increasing the amount of leasehold land and land use rights by approximately HK$9,719,000,

iii) decreasing the amount of investment properties by approximately HK$3,338,000, and

iv) recognising the mastheads as intangible assets of approximately HK$161,186,000.

Minority interests have been increased by approximately HK$230,000 relating to their share of the fair value adjustments to property, plant and equipment, leasehold land and land use rights and intangible assets.

According to the relevant Malaysian tax rules and regulations, the original carrying amounts of the property, plant and equipment will continue to serve as the tax base for future years. Accordingly, an increase in deferred income tax liabilities of approximately HK$16,640,000 is included in the unaudited pro forma consolidated balance sheet as a result of the aforesaid fair value adjustments.

(d) The recognition of a goodwill of approximately HK$23,985,000 arising from the acquisition which has been determined as the excess of the purchase consideration of approximately HK$505,418,000 and transaction costs directly attributable to the acquisition of the Nanyang Press Group of approximately HK$20,887,000 over the Group's interest in the net fair value of the identifiable assets and liabilities of the Nanyang Press Group amounting to approximately HK$502,320,000 as at 31 December 2006. For the purpose of preparing the unaudited pro forma consolidated balance sheet of the Enlarged Group, the net fair value of the identifiable assets and liabilities of the Nanyang Press Group as at 31 December 2006 with fair value adjustments based on valuations as at 31 December 2006 and 31 March 2007, are applied in the calculation of the estimated goodwill arising from the acquisition. Since the fair values of the assets and liabilities of the Nanyang Press Group at the date of completion of the acquisition may be substantially different from the fair values used in the preparation of the unaudited pro forma consolidated balance sheet, the final amounts of the fair values of the assets and liabilities of the Nanyang Press Group will be different from those applied in the calculation of the estimated goodwill.

9. No adjustment has been made to reflect any trading result or other transactions entered into by the Group subsequent to 31 March 2006 and by the Sin Chew Group and the Nanyang Press Group subsequent to 31 December 2006 respectively.

(1) Unaudited pro forma consolidated income statement of the Enlarged Group

	The Group for the year ended 31 March 2006 (Audited)			**Pro forma adjustments**						**The Pro forma Enlarged Group for the year ended 31 March 2006**
	HK$'000	*RM'000*	*HK$'000*	*RM'000*	*HK$'000*	*HK$'000*		*HK$'000*		*HK$'000*
	Note 1	*Note 2a*	*Note 2b*	*Note 3a*	*Note 3b*	*Note 4*	*Note*	*Note 5*	*Note*	
Turnover	1,248,623	450,302	1,022,549	312,585	709,820					2,980,992
Cost of goods sold	(911,147)	(312,736)	(710,163)	(235,020)	(533,685)					(2,154,995)
Gross profit	337,476	137,566	312,386	77,565	176,135					825,997
Other gains	70,229	14,621	33,201	1,338	3,038					106,468
Selling and distribution expenses	(197,280)	(44,537)	(101,135)	(68,153)	(154,762)					(453,177)
Administrative expenses	(123,838)	(26,597)	(60,397)	(24,143)	(54,823)					(239,058)
Other operating expenses, net	(945)	(6,111)	(13,877)	(2,495)	(5,666)	(7,376)	*4*	(519)	*5(a)*	(32,413)
								(4,030)	*5(b)*	
Operating profit/(loss)	85,642	74,942	170,178	(15,888)	(36,078)					207,817
Finance costs	(3,209)	(4,252)	(9,655)	(2,572)	(5,841)					(18,705)
Share of (losses)/profits of associated companies	(2,909)	—	—	220	500					(2,409)
Profit/(loss) before income tax	79,524	70,690	160,523	(18,240)	(41,419)					186,703
Income tax (expense)/credit	(7,529)	(17,334)	(39,362)	1,795	4,076			97	*5(c)*	(42,718)
Profit/(loss) for the year	71,995	53,356	121,161	(16,445)	(37,343)					143,985
Attributable to:										
Equity holders of the Company	68,514	53,356	121,161	(16,561)	(37,606)					140,362
Minority interests	3,481	—	—	116	263			(121)	*5(d)*	3,623
	71,995	53,356	121,161	(16,445)	(37,343)					143,985

Notes to the unaudited pro forma consolidated income statement of the Enlarged Group:

1. The audited consolidated income statement of the Group has been extracted without adjustment from the audited consolidated financial statements of the Group for the year ended 31 March 2006, as set out in Appendix I to this circular which has been prepared in accordance with HKFRS.

2. (a) The adjustment represents the inclusion of the income statement expressed in RM of the Sin Chew Group extracted without adjustment from the accountants' report of the Sin Chew Group for the year ended 31 March 2006, as set out in Appendix III to this circular which has been prepared in accordance with the Group's accounting policies.

   (b) The adjustment represents the translation of the income statement in RM as stated in Note 2(a) into HK$ at an exchange rate of RM0.440372/HK$, being the closing rate as at the Latest Practicable Date.

3 (a) The adjustment represents the inclusion of the income statement expressed in RM of the Nanyang Press Group extracted without adjustment from the accountants' report of the Nanyang Press Group for the year ended 30 June 2006 as set out in Appendix V to this circular which has been prepared in accordance with the Group's accounting policies.

   (b) The adjustment represents the translation of the income statement in RM as stated in Note 3(a) into HK$ at an exchange rate of RM0.440372/HK$, being the closing rate as at the Latest Practicable Date.

4. The adjustment relates to expensing of professional fee and other transaction costs directly attributable to the Proposed Merger of the Group with the Sin Chew Group of approximately HK$7,376,000.

5. The adjustments relate to the acquisition accounting of 100% interests in the Nanyang Press Group as a wholly owned subsidiary pursuant to the Proposed Merger which have taken into account the following:

   (a) Recognition of further depreciation charges of the property, plant and equipment and leasehold land use rights of approximately HK$519,000 based on the fair value adjustments assessed by independent valuers of the Nanyang Press Group as at 31 March 2007 as ascribed to the Nanyang Press Group upon the acquisition of the Nanyang Press Group by the Group as detailed in note 8(c) of section 1 of this Appendix.

   (b) Recognition of amortisation charges of the intangible assets of approximately HK$4,030,000 upon the acquisition of the Nanyang Press Group by the Group based on the fair value assessed by an independent valuer of the Nanyang Press Group as at 31 December 2006 as detailed in note 8(c) of section 1 of this Appendix.

   (c) Recognition of the deferred income tax expenses of approximately HK$97,000 incurred upon the recognition of the depreciation arising from the fair value adjustments for property, plant and equipment upon the acquisition of the Nanyang Press Group by the Group.

   (d) Recognition of the share of minority interests of approximately HK$121,000 in notes 5(a), (b) and (c) above.

6. No adjustment has been made to reflect any trading results or other transactions of the Group and the Sin Chew Group after 31 March 2006 and of the Nanyang Press Group after 30 June 2006 respectively.

(3) Unaudited Pro Forma Consolidated Cash Flow Statement of the Enlarged Group

	The Group for the year ended 31 March 2006 (Audited)	Pro forma adjustments						The Pro Forma Enlarged Group for the year ended 31 March 2006
	HK$'000	*RM'000*	*HK$'000*	*HK$'000*	*RM'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2a*	*Note 2b*	*Note 2c*	*Note 3a*	*Note 3b*	*Note 3c*	*Note 4*
Net cash generated from/(used in) operating activities	42,245	78,154	177,473	(198)	5,500	12,489	(822)	231,187
Net cash generated from/(used in) investing activities	107,005	(15,476)	(35,143)		(36,206)	(82,217)		(10,355)
Net cash (used in)/generated from financing activities	(38,636)	(72,298)	(164,175)	198	36,772	83,502	822	(118,289)
Net increase/(decrease) in cash and cash equivalents	110,614	(9,620)	(21,845)		6,066	13,774		102,543
Cash and cash equivalents at the beginning of the year	177,654	41,831	94,990		18,124	41,156		313,800
Exchange adjustment on cash and cash equivalents	(241)	—	—		—	—		(241)
Cash and cash equivalents at the end of the year	288,027	32,211	73,145		24,190	54,930		416,102

Notes to the unaudited pro forma consolidated cash flow statement of the Enlarged Group:

1. The audited consolidated cash flow statement of the Group has been extracted without adjustment from the consolidated financial statements of the Group for the year ended 31 March 2006, as set out in Appendix I to this circular, which has been prepared in accordance with HKFRS.

2. (a) The adjustment represents the inclusion of the cash flow statement expressed in RM of the Sin Chew Group extracted without adjustment from the accountants' report of the Sin Chew Group for the year ended 31 March 2006, as set out in Appendix III to this circular which has been prepared in accordance with the Group's accounting policies.

   (b) The adjustment represents the translation of the cash flow statement in RM as stated in Note 2(a) into HK$ at an exchange rate of RM 0.440372/HK$, being the closing rate as at the Latest Practicable Date.

   (c) The adjustment represents the reclassification of the interest received from operating activities to investing activities to align with the presentation of the Group.

3. (a) The adjustment represents the inclusion of the cash flow statement expressed in RM of the Nanyang Press Group extracted without adjustment from the accountants' report of the Nanyang Press Group for the year ended 30 June 2006 as set out in Appendix V to this circular which has been prepared in accordance with the Group's accounting policies.

   (b) The adjustment represents the translation of the cash flow statement in RM as stated in Note 3(a) into HK$ at an exchange rate of RM 0.440372/HK$, being the closing rate as at the Latest Practicable Date.

(c) The adjustment represents the reclassification of the interest paid from financing activities to operating activities to align with the presentation of the Group.

4. No adjustment has been made to reflect any trading results or other transactions of the Group and the Sin Chew Group after 31 March 2006 and of the Nanyang Press Group after 30 June 2006 respectively.

B. REPORT FROM ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REPORT FROM ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF MING PAO ENTERPRISE CORPORATION LIMITED

We report on the unaudited pro forma financial information set out on pages VII-1 to VII-9 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix VII of the circular dated 9 June 2007 (the "Circular") of Ming Pao Enterprise Corporation Limited (the "Company"), in connection with the proposed merger of Sin Chew Media Corporation Berhad and Nanyang Press Holdings Berhad (the "Transaction") by the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages VII-1 to VII-9 of the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment

Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited consolidated balance sheet of the Group as at 31 March 2006, audited consolidated income statement and cash flow statement of the Group for the year ended 31 March 2006 with the audited consolidated financial statements of the Company for the year ended 31 March 2006 as set out in Appendix I of the Circular, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group as at 31 March 2006 or any future date, or

— the results / cash flows of the Group for the year ended 31 March 2006 or any future periods.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 9 June 2007

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular, received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at 31 March 2007 of the property interests of the Enlarged Group.

Sallmanns
Corporate valuation and consultancy
www.sallmanns.com

西門

22nd Floor, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong
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9 June 2007

Ming Pao Enterprise Corporation Limited
15th Floor, Block A
Ming Pao Industrial Centre
No. 18 Ka Yip Street
Chai Wan
Hong Kong

Dear Sirs,

Ming Pao Enterprise Corporation Limited (the "Company", together with its subsidiaries, hereinafter referred to as the "Group") entered into the Merger Agreement with Sin Chew Media Corporation Berhad ("Sin Chew") and Nanyang Press Holdings Berhad ("Nanyang Press") on 23 April 2007 in respect of the proposed Merger of the Company, Sin Chew and Nanyang Press (together with their respective subsidiaries, hereinafter together referred to as the "Enlarged Group") which takes the form of the exchange of all the issued shares in each of Sin Chew and Nanyang Press into the Company shares. In accordance with your instructions to value the properties in which the Enlarged Group has interests in Hong Kong, the People's Republic of China (the "PRC"), USA, Canada and Malaysia, we confirm that we have carried out physical 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 capital values of the property interests as at 31 March 2007 (the "date of valuation").

Our valuations of the property interests represent the market value 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".

We have valued the property interests in Group I to Group III and Group VI (except Property No. 29 and 30) and Property No. 18, 19, 24, 26, 40, 41, 42, 43 and 44 by the direct comparison approach assuming sale of the properties in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

We have valued the properties in Group IV by a combination of direct comparison approach and the investment method by capitalizing the potential rental values of the properties with appropriate capitalization rate derived from market comparables.

Where, due to the nature of the buildings and structures of the properties in Malaysia, there are no market sales comparables readily available, the property interests in Group V and Group VII to VIII (except Property No. 18, 19, 24, 26, 40, 41, 42, 43 and 44) and Property No. 29 and 30 have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the Market Value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement costs of the property interests are subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the properties in Group IX to Group XIV, which are rented by the Enlarged Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

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

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition May 2003) published by the Royal Institution of Chartered Surveyors (the 'RICS'); and the HKIS Valuation Standards on Properties (1st Edition January 2005) published by the Hong Kong Institute of Surveyors. The RICS is the leading worldwide professional body incorporating professional practice in respect of land, property, construction and environmental issues (including property valuation). The RICS is one of the relevant recognised professional bodies in, inter alia, USA, Canada, Malaysia and PRC.

We have relied to a very considerable extent on the information given by the Enlarged Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been, in some instances, provided by the Group with extracts of the title documents relating to the properties in the PRC and have caused search to be made at the Hong Kong Land Registry in respect of Hong Kong property. Where possible, we have searched the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the properties or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company's PRC legal advisers Jun He Law Offices, concerning the validity of the Group's titles to the property interests in the PRC.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigations to determine the suitability of the ground conditions and the services etc for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Enlarged Group. We have also sought confirmation from the Enlarged Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK$). The exchange rates adopted in our valuations are approximately HK$1 = RMB0.986, HK$1 = CAD$0.147, HK$1 = RM0.4409 which were approximately the prevailing exchange rates as at the date of valuation.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 24 years' experience in the valuation of properties in the PRC and 27 years of property valuation experience in Hong Kong, the United Kingdom, USA, Canada and the Asia-Pacific region including Malaysia.

SUMMARY OF VALUES

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
	GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG	
1.	Workshops 1-7 on G/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	58,320,000
2.	Workshops 1-16 on 1/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	44,950,000
3.	Workshops 1-12 on 15/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	17,840,000
4.	Workshops 1-12 on 16/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	18,020,000
5.	Workshops 1-12 on 17/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	18,200,000
6.	Workshops 1-12 on 18/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	18,380,000
7.	Workshops 1-12 on 19/F and Flat Roofs and the External Wall of Roof Floor of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	21,080,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
8.	Private Car & Light Van Parking Space Nos. P1, P2 and Lorry Parking Space Nos. L1- L4 on 1/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	3,160,000
9.	Private Car & Light Van Parking Space Nos. P18-P20 and Lorry Parking Space Nos. L18, L19 on 3/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	2,034,000
10.	Private Car & Light Van Parking Space No. P11 & Lorry Parking Space No. L17 on 3/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	917,000
	Sub-total:	202,901,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
GROUP II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC		
11.	The whole block of Yun Xing Building Winking International Commercial Centre No. 5 Yun Jia Street, Yun Jing Road Bai Yun District Guangzhou The PRC	34,470,000
12.	Flats A to D on each 3rd Floor to 6th Floor De Yun Court Winking Garden No. 13 Xiang Yun Street, Yun Jing Road Bai Yun District Guangzhou The PRC	7,550,000
	Sub-total:	42,020,000
GROUP III — PROPERTY INTERESTS HELD FOR INVESTMENT BY THE GROUP IN THE PRC		
13.	Flat D on 25th Floor of East Block Wen Hua Service Apartment Shennan East Road Luo Hu District Shenzhen The PRC	1,920,000
14.	Flat E on 25th Floor of East Block Wen Hua Service Apartment Shennan East Road Luo Hu District Shenzhen The PRC	1,830,000
	Sub-total:	3,750,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
GROUP IV — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN CANADA		
15.	5368 Parkwood Place, Richmond Vancouver British Columbia Canada	21,560,000
16.	Suite 1105 8248 Lansdowne Road Richmond Vancouver British Columbia Canada	2,280,000
17.	1355 Hungtingwood Drive Scarborough Toronto Ontario Canada	16,390,000
	Sub-total:	40,230,000
GROUP V — PROPERTY INTERESTS HELD AND OCCUPIED BY NANYANG PRESS IN MALAYSIA		
18.	Geran 28265 & 28266 and Lot Nos. 951S &1552S, Mukim of Ipoh (S), District of Kinta, State of Perak Darul Ridzuan Bangunan Wisma Nanyang Siang Pau, Nos. 224-226, Jalan Sultan Iskandar, 30000 Ipoh, Perak Darul Ridzuan, Malaysia	3,290,000
19.	H.S.(D) 10074, Lot No. MLO 8123, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim No. 7, 7A & 7B, Jalan Maju, Taman Maju Jaya, 80400 Johor Bahru, Johor Darul Takzim	2,150,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
20.	Geran 40683, Lot 12, Section 96A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 6, Jalan Liku, Off Jalan Bangsar, 59100 Kuala Lumpur	4,310,000
21.	GRN 106457, Lot No. 1561, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 9, Jalan Dewani, Kawasan Perindustrian Dewani, 81200 Johor Bahru, Johor Darul Takzim	5,220,000
22.	Pajakan Negeri 34570, Lot 541, Section 92, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 40, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur	2,720,000
23.	H.S.(D) 2873/79, Lot No. 15644, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan Lot No. 11, Persiaran Sri Rapat, Off Jalan Lapangan Terbang, 31350 Ipoh, Perak Darul Ridzuan, Malaysia	1,130,000
24.	GRN 2187, Lot 335, Kawasan Bandar VIII, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah. No. 57-F, Jalan Tun Ali, 75300 Melaka Bandaraya Bersejarah	3,180,000
25.	Geran 26618, Lot 10024, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan No. 1, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	99,800,000
26.	Geran 37137, Lot 307 Section 23, Town of Georgetown, District of North East, State of Pulau Pinang 24, 24A, 24B, Pengkalan Weld, 10300 Pulau Pinang	2,270,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
27.	HS(D) 110749, PT No. 531, Section 92, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 31, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur	25,630,000
28.	Geran 11451, Lot 10, Section 96A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 80, Jalan Riong, Bangsar, 59100 Kuala Lumpur	29,710,000
	Sub-total:	179,410,000

GROUP VI — PROPERTY INTERESTS HELD FOR INVESTMENT BY NANYANG PRESS IN MALAYSIA

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
29.	H.S.(D) 6373, Lot No. 4173, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 3, Jalan Riang 22/1, Kawasan Perindustrian Gembira, 81200 Johor Bahru, Johor Darul Takzim	1,770,000
30.	Developer's Lot No. 25, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, State of Selangor Darul Ehsan. Lot No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia	30,030,000
31.	PN 8695, Lot 688, Kawasan Bandar XXXIX, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah. No. 59, 59-1 and 59-2, Jalan Melaka Raya 25, Taman Melaka Raya, 75000, Melaka Bandaraya Bersejarah	730,000
32.	Developer Parcel No. V5-09-05, Type 1Ai, Floor No. 09, Block No. 05, Bandar Universiti Teknologi Legenda held under Master Title Geran 75044, Lot No. 1502, Mukim of Setul, District of Seremban, State of Negeri Sembilan Darul Khusus Unit No.V5-09-05, 9th Floor, Block 5, Sri Palma Villa, Bandar Universiti Teknologi Legenda, 71700 Mantin, Negeri Sembilan Darul Khusus	270,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
33.	Developer Parcel No. AR09-F3A01, Type A, Floor No. Level 3A, Block No. 09, Bandar Universiti Teknologi Legenda held under master title Lot P.T. Nos. 3920, 3925, 3927, 3928, 3932, 3976, 3977, 3978, 3982, 3984 and 3986, Locality of Batu 12, Mukim of Setul, District of Seremban, State of Negeri Sembilan Darul Khusus Unit No.AR09-F3A01, 4th Floor, Block AR09, Ara Ria, Jalan UTL 9, Bandar Universiti Teknologi Legenda, 71700 Mantin, Negeri Sembilan Darul Khusus	230,000
34.	PT 12917, Ground Floor, Jalan BBN 1/7D, Putra Point, Bandar Baru Nilai, 78100 Nilai, Negeri Sembilan Darul Khusus held under Master Title H.S(D) 103390, PT No. 12917, Mukim of Labu, District of Seremban, State of Negeri Sembilan Darul Khusus	680,000
35.	Developer's Lot No. 162, Sungai Buloh Country Resort Phase 4B, Type Tudor Homes held under Master Title H.S.(D) 3268, Lot No. 2787, Mukim of Ijuk, District of Kuala Selangor, State of Selangor Darul Ehsan. No. 11, Fasa 4B, Jalan Melor 1/4, Sungai Buloh Country Resort, Sungai Buloh, Selangor Darul Ehsan, Malaysia	390,000
	Sub-total:	34,100,000

GROUP VII — PROPERTY INTERESTS HELD AND OCCUPIED BY SIN CHEW IN MALAYSIA

36.	H.S.(D) 210903, Lot No. PTD 64085, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 19, Jalan Angkasa Mas 5, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor Darul Takzim	11,160,000
37.	H.S.(D) 43029, Lot P.T. 3827, Mukim 1, District of Seberang Perai Tengah, State of Pulau Pinang Plot No. 19, Jalan Jelawat, Kawasan Perindustrian Seberang Jaya, 13700 Perai, Pulau Pinang.	6,800,000
38.	Pajakan Negeri 17344, Lot 93, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan	102,060,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
39.	PN 20334, Lot 1339, Section 2, Town of Port Swettenham, District of Klang, State of Selangor Darul Ehsan No. 19, Jalan Sungai Keladi 2, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	480,000
40.	H.S.(D) 10258, Lot No. MLO 8164, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim No. 12, Jalan Maju, Taman Maju Jaya, 80400 Johor Bahru, Johor Darul Takzim	2,200,000
41.	PN 27546, Lot 12, Kawasan Bandar XXXIX, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah. No. 109, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka Bandaraya Bersejarah	1,250,000
42.	GRN 1453, Lot No. 189, Sec 19, Town and District of Kuantan, State of Pahang Darul Makmur No. 38, Jalan Haji Abdul Aziz, 25000 Kuantan, Pahang Darul Makmur	1,450,000
43.	Developer's unit No. A4-12-20, 12th Floor, Block A4, Leisure Commerce Square, held under Master Title No. H.S.(D) 176575, Lot P.T. No. 574, Town of Sunway, District of Petaling State of Selangor Darul Ehsan. Unit No. A4-12-01, 12th Floor, Block A4, Leisure Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan.	340,000
44.	Developer's unit No. A4-12-21, 12th Floor, Block A4, Leisure Commerce Square, held under Master Title No. H.S.(D) 176575, Lot P.T. No. 574, Town of Sunway, District of Petaling State of Selangor Darul Ehsan. Unit No. A4-12-21, 12th Floor, Block A4, Leisure Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan.	340,000
45.	Lease of State Land — B, Lot 2123, Section 66, Locality of Pending Industrial Estate, Kuching, Kuching Town Land District, State of Sarawak Lot 2123, Section 66, Lorong 3, Off Jalan Semangat, Pending Industrial Estate, Kuching, Sarawak	15,810,000

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
46.	Lot 3608 (Part of Lot 1865), Jalan Lanang Barat (formerly Upper Lanang Road), Off Jalan Lanang, Sibu, Sarawak, Malaysia	9,590,000
47.	Geran 19126, Lot No. 1691 Section 12, Town of Georgetown, District of North East, State of Pulau Pinang No. 67, Jalan Macalister, 10400 Pulau Pinang	9,070,000
48.	Lot 2620 (Part of Lot 804), Miri Concession Land District, Jalan Cattleya 3, Piasau Industrial Estate, Miri, Sarawak	13,700,000
	Sub-total:	174,250,000

GROUP VIII — PROPERTY INTERESTS HELD FOR INVESTMENT BY SIN CHEW IN MALAYSIA

49.	Country Lease 015539983 and Country Lease 015540011, Locality of Jalan Bunga Ulam Raja, District of Kota Kinabalu, State of Sabah No. 3, Lorong Kilang F, Kolombong, 88450 Kota Kinabalu, Sabah	10,930,000
	Sub-total:	10,930,000

GROUP IX — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

50.	Suite 5 23rd Floor Sino Plaza 255-257 Gloucester Road Causeway Bay Hong Kong	No commercial value
51.	Room 803 Good Hope Building 612-618 Nathan Road Kowloon Hong Kong	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
52.	Room 606A 6th Floor Hang Lung Centre 2-20 Paterson Street Causeway Bay Hong Kong	No commercial value
53.	11th & 13rd Floor Yeung Iu Chi Commercial Building No.460-462 Jaffe Road Causeway Bay Hong Kong	No commercial value
54.	Unit 202 2nd Floor Kerry Warehouse (Chai Wan) No. 50 Ka Yip Street Chai Wan Hong Kong	No commercial value
55.	Flat A 15th Floor Marigold Mansion Harbour View Gardens No. 10 Taikoo Wan Road Taikoo Shing Hong Kong	No commercial value
	Sub-total:	Nil

GROUP X — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

56.	Room 1903 to 1908 & half portion of Unit 1909 19th Floor Tower A Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
57.	B1-2 Basement Level 1 Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	No commercial value
58.	B1-7 Basement Level 1 Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	No commercial value
59.	A Commercial Shop Taiyuxiao District Zhenwan Village Zhangjiawan Tongzhou District Beijing The PRC	No commercial value
60.	Rooms 02 and 03 19th Floor No. 511 Weihai Road Jingan District Shanghai The PRC	No commercial value
61.	Room 101 No. 5 Xin Village Alley 66 Qingdao Road Huangbu District Shanghai The PRC	No commercial value
62.	Unit C 30th Floor Zhongqiao Building No. 76 Xianliezhong Road Yuexiu District Guangzhou City The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
63.	Room No.19 of Unit 2701 Guangdong Foreign Economic & Trade Building No.351 Tianhe Road Tianhe District Guangzhou City The PRC	No commercial value
64.	2#1207 SOHO Modern City Chaoyang District Beijng The PRC	No commercial value
	Sub-total:	Nil

GROUP XI — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN TAIWAN

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
65.	Unit 2 6th Floor No.91, Sec. 2, Roosevelt Road Taipei Taiwan	No commercial value
	Sub-total:	Nil

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
	GROUP XII — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN CANADA	
66.	Suite 160 5611 Cooney Road Richmond Vancouver British Columbia Canada	No commercial value
67.	Suite 3500 4151 Hazelbridge Way Richmond Vancouver British Columbia Canada	No commercial value
68.	Suite 105 Metrotower II 4720 Kingsway Burnaby Vancouver British Columbia Canada	No commercial value
69.	No.135 139 Keefer Street Vancouver British Columbia Canada	No commercial value
70.	No.Y007B of 1 Promenade Circle Thornhill Toronto Ontario Canada	No commercial value
	Sub-total:	Nil

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*

GROUP XIII — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN USA

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
71.	No. 102 1st Floor of a building 3360 Flair Drive El Monte California CA 91731 USA	No commercial value
72.	Room 402, 403 and 406 4th Floor 265 Canal Street New York NY 10013 USA	No commercial value
73.	Suite No.246 2th Floor Burlingame Executive Center 1818 Gilbreth Road Burlingame CA 94010 USA	No commercial value
74.	2585 Third Street Unit 100 San Francisco CA 94107 USA	No commercial value
75.	1192 Illinois Street San Francisco CA 94107 USA	No commercial value
76.	2585 Third Street Unit 101 San Francisco CA 94107 USA	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
77.	822 Clay Street San Francisco CA 94108 USA	No commercial value
78.	81-22 Dongan Avenue 2R Elmhurst NY 11373 USA	No commercial value
	Sub-total:	Nil

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*

GROUP XIV — PROPERTY INTERESTS LEASED AND OCCUPIED BY SIN CHEW IN MALAYSIA

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
79.	No. 58A, Jalan Anggaerik, Taman Kulai Utama, 81000 Kulai, Johor Darul Takzim	No commercial value
80.	Jln Chui Yin Bentung Pahang	No commercial value
81.	No. 77, Jalan Barrack, 34000, Jln Pejabat Pos, 31900, Kampar, Perak Darul Ridzuan	No commercial value
82.	1st Floor, No. 31A, Jln Pejabat Pos, 31900, Kampar, Perak Darul Ridzuan	No commercial value
83.	59-F Mezz Floor Jln Tok Lam K. Terengganu	No commercial value
84.	No. 3 1st Floor Jln Keli Taman Seri Tenggara 34200 Parit Buntar Perak	No commercial value
85.	Ground Floor, No. 152, Jalan Petaling, Kuala Lumpur	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
86.	1st Floor, No. 3, Medan Sri Intan, Jln Sekolah, 36000, Teluk Intan	No commercial value
87.	1st Floor, No. 24, Jalan Ibrahim, 85000 Segamat, Johor Darul Takzim	No commercial value
88.	No. 12, Jalan Bunga Raya, 28400 Mentakab, Pahang Darul Makmur	No commercial value
89.	Ground Floor, No. 8, Jalan Puteri, 8300 Batu Pahat, Johor Darul Takzim	No commercial value
90.	No. 16, Lorong Gudang Nanas 2, 41400 Klang, Selangor Darul Ehsan	No commercial value
91.	2nd Floor, No. 6, Jalan Mawar 2, Taman Pekan Baru, 08000 Sungai Petani, Kedah Darul Aman	No commercial value
92.	Unit A1-13-17, Genting View Resort Condominium, Bentong, Pahang Darul Makmur	No commercial value
93.	No. 12, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 *HK$*
94.	1st Floor, No. 12, Taman Anson, Jalan Raja Omar, Sitiawan, Perak	No commercial value
95.	No. 93, Jln Leong Sin Lam, 30300 Ipoh Perak Darul Ridzuan	No commercial value
96.	1st Floor, No. 1025, Jalan Berjaya 3, Seberang Jalan Putra, 05150, Alor Setar, Kedah Darul Aman	No commercial value
97.	No. 45-67, Jalan Salleh, 84000 Muar, Johor Darul Takzim	No commercial value
98.	No. 240, Jalan Mersing, 86000 Kluang, Johor Darul Takzim	No commercial value
99.	1st and 2nd Floors, No. 15, Jalan Mewah Satu, Taman Mewah, 12100 Butterworth, Penang	No commercial value
100.	No. 71, 71A, 71B and 71C, Jalan Macalister, 10400 Penang	No commercial value
101.	Unit No. 6-1, Jalan Delima 1, Pusat Perdagangan Pontian, 82000 Pontian, Johor Darul Takzim	No commercial value
102.	No. 19 Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan	No commercial value

No.	Property	Capital value in existing state as at 31 March 2007 HK$
103.	No. 235-236, Ground Floor, Kemena Commercial Centre, Jalan Tanjong Batu, 97000 Bintulu Sarawak	No commercial value
104.	Unit T01-U09, Putrajaya	No commercial value
105.	2nd Floor, No. 25, Kampong Nyabor Road, 96000 Sibu, Sarawak	No commercial value
106.	1st Floor, No. 29, Block F, Taman Sri Sarawak Mall, Jalan Pandungan, 93100 Kuching, Sarawak	No commercial value
107.	1st Floor, No. G5, Jalan Tiong Ung Huong, 96800 Kapit, Sarawak	No commercial value
108.	41A, 1st Floor, Jalan Mandailing, Kajang, Selangor Darul Ehsan	No commercial value
109.	Lot 3951, 4th Mile, Lebuhraya Shapadu, 42100 Klang, Selangor Darul Ehsan	No commercial value
110.	No. 22, Jalan Sultan Mohamed 4, 42000 Port Klang, Selangor Darul Ehsan	No commercial value
	Sub-total:	Nil
	Grand-total:	687,591,000

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 31 March 2007** *HK$*
1.	Workshops 1-7 on G/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises 7 workshops on the ground floor of a 4-storey workshop and carpark podium on which two industrial buildings are erected. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 17,557 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for production workshop and storage purposes.	58,320,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
2.	Workshops 1-16 on 1/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises 16 workshops on the 1st floor of a 4-storey workshop and carpark podium on which two industrial buildings are erected. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 33,224 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for storage and canteen purposes except for a portion of the property with a lettable area of approximately 1,320 sq.ft. which is currently rented to One Media Holdings Limited, an indirect non wholly-owned subsidiary of the Company for industrial and ancillary office purposes.	44,950,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

7. According to a Tenancy Agreement entered into between Ming Pao Holdings Limited, an indirect wholly-owned subsidiary of the Company (the “Landlord”) and Sodexho (Hong Kong) Limited (the “Canteen Tenant”) dated 15 October 2004, a portion of 1st Floor with a lettable area of approximately 6,350 sq.ft are rented to the CanteenTenant for a term of 4 years.

8. According to a Tenancy Agreement entered into between Holgain Limited (the "Landlord") and One Media Holdings Limited (formerly known as One Media Group Limited and Richtop Resources Limited) (the "Tenant") dated 23 March 2005 as supplemented by Supplemental Agreement dated 14 April 2005 and 20 March 2006, a portion of 1st Floor with a lettable area of approximately 1,320 sq.ft. together with various car parking spaces stated in the property 8 and whole floor of the property 4 are rented to the Tenant for a term of 3 years and 2 months commencing from 1 Feburary 2004 and expiring on 31 March 2007, at a monthly rent of HK$123,470 exclusive of rates, government rent, management fees and other outgoings, and with an option to renew for a further term of 3 years.

9. One Media Holdings Limited is an indirect non wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
3.	Workshops 1-12 on 15/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises the whole of 12 workshops on the 15th floor of a 15-storey industrial building erected on a 4-storey workshop and carpark podium. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 16,071 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for ancillary office purposes.	17,840,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. The property is subject to a Deed Poll vide Memorial no. 06062202680013 dated 20 June 2006.

7. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
4.	Workshops 1-12 on 16/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises the whole of 12 workshops on the 16th floor of a 15-storey industrial building erected on a 4-storey workshop and carpark podium. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 16,071 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently rented to One Media Holdings Limited, an indirect non wholly-owned subsidiary of the Company, for industrial and ancillary office purposes.	18,020,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. The property is subject to a Deed Poll vide Memorial no. 06062202680013 dated 20 June 2006.

7. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

8. According to a Tenancy Agreement entered into between Holgain Limited (the "Landlord") and One Media Holdings Limited (formerly known as One Media Group Limited and Richtop Resources Limited) (the "Tenant") dated 23 March 2005 as supplemented by Supplemental Agreement dated 14 April 2005 and 20 March 2006, whole floor of 16th Floor together with various car parking spaces stated in the property 8, and a portion of the property 2 with a lettable area of approximately 1,320 sq.ft. are rented to the Tenant for a term of 3 years and 2 months commencing from 1 Feburary 2004 and expiring on 31 March 2007, at a monthly rent of HK$123,470 exclusive of rates, government rent, management fees and other outgoings, and with an option to renew for a further term of 3 years.

9. One Media Holdings Limited is an indirect non wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
5.	Workshops 1-12 on 17/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises the whole of 12 workshops on the 17th floor of a 15-storey industrial building erected on a 4-storey workshop and carpark podium. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 16,071 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for ancillary office purposes.	18,200,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. The property is subject to a Deed Poll vide Memorial no. 06062202680013 dated 20 June 2006.

7. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
6.	Workshops 1-12 on 18/F of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises the whole of 12 workshops on the 18th floor of a 15-storey industrial building erected on a 4-storey workshop and carpark podium. The buildings are completed in 1992. The workshops have a total gross floor area of approximately 16,071 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for ancillary office purpose.	18,380,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. The property is subject to a Deed Poll vide Memorial no. 06062202680013 dated 20 June 2006.

7. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
7.	Workshops 1-12 on 19/F and Flat Roofs and the External Wall of Roof Floor of Block A MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises the whole of 12 workshops on the 19th floor, flat roofs and the external wall of roof floor of a 15-storey industrial building erected on a 4-storey workshop and carpark podium. The buildings are completed in 1992. The total gross floor area of the workshops is approximately 16,071 sq.ft. and the floor area of its respective roof is approximately 13,823 sq.ft. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for ancillary office purpose.	21,080,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5392656 dated 18 July 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. The property is subject to a Mortgage to Secure General Banking Facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB6513632 dated 29 December 1995. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

5. The property is subject to a Deed of Variation and Further Charge to Secure G.B.F. in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. UB8041410 dated 6 March 2000. The consideration is all moneys including the lift lobbies and corridors on 1/F & 14/F to 18/F.

6. The property is subject to a Deed Poll vide Memorial no. 06062202680013 dated 20 June 2006.

7. Two generator rooms are erected on the roof for emergency electricity supply purpose.

8. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
8.	Private Car & Light Van Parking Space Nos. P1, P2 and Lorry Parking Space Nos. L1- L4 on 1/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises 2 covered private car and light van parking spaces and 4 covered lorry parking spaces on the 1st floor of a 4-storey workshop and carpark podium on which two industrial buildings are erected. The buildings are completed in 1992. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for parking purpose except for a portion of the car parking spaces named numbers 5, 6, 8, 11, 18, 19, 26 stated in the Tenancy Agreement which is currently rented to One Media Holdings Limited, an indirect non wholly-owned subsidiary of the Company for car parking purpose.	3,160,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB7109632 dated 16 May 1997.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

5. According to a Tenancy Agreement entered into between Holgain Limited (the "Landlord") and One Media Holdings Limited (formerly known as One Media Group Limited and Richtop Resources Limited) (the "Tenant") dated 23 March 2005 as supplemented by Supplemental Agreement dated 14 April 2005 and 20 March 2006, a portion of the car parking spaces named numbers 5, 6, 8, 11, 18, 19, 26 stated in the Tenancy Agreement together with a portion of the property 2 with a lettable area of approximately 1,320 sq.ft. and whole floor of the property 4 are rented to the Tenant for a term of 3 years and 2 months commencing from 1 Feburary 2004 and expiring on 31 March 2007, at a monthly rent of HK$123,470 exclusive of rates, government rent, management fees and other outgoings, and with an option to renew for a further term of 3 years.

6. One Media Holdings Limited is an indirect non wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
9.	Private Car & Light Van Parking Space Nos. P18-P20 and Lorry Parking Space Nos. L18, L19 on 3/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises 3 open private car and light van parking spaces and 2 covered lorry parking spaces on the 3rd floor of a 4-storey workshop and carpark podium on which two industrial buildings are erected. The buildings are completed in 1992. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for car parking purpose.	2,034,000

Notes:

1. The registered owner of the property is Holgain Limited vide Memorial No. UB5406217 dated 6 August 1992.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. Holgain Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
10.	Private Car & Light Van Parking Space No. P11 and Lorry Parking Space No. L17 on 3/F MP Industrial Centre No.18 Ka Yip Street Chai Wan Hong Kong	The property comprises 1 covered private car and light van parking space and 1 covered lorry parking space on the 3rd floor of a 4-storey workshop and carpark podium on which two industrial buildings are erected. The buildings are completed in 1992. The property is held under Conditions of Sale No. 12021 for a term commencing from 13 July 1988 until 30 June 2047.	The property is currently occupied by the Group for car parking purpose.	917,000

Notes:

1. The registered owner of the property is Maribo Brief Limited vide Memorial No. UB5882661 dated 15 December 1993.

2. The property is subject to an Occupation Permit No. H66/92 vide Memorial No. UB5333174 dated 12 May 1992.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB5379410 dated 18 July 1992.

4. Maribo Brief Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
11.	The whole block of Yun Xing Building Winking International Commercial Centre No. 5 Yun Jia Street, Yun Jing Road Bai Yun District Guangzhou The PRC	The property comprises the whole block of a 6-storey industrial building completed about 1993. The building has a total gross floor area of approximately 11,133.32 sq.m. The land use rights of the property were granted for a term of 50 years commencing from November 1992.	The property is occupied by the Group for printing workshop purpose.	34,470,000

Notes:

1. Pursuant to 14 Real Estate Title Certificates — Sui Fang Di Zheng Zi Di Nos. 0365413, 0365438 to 0365450 issued by the People's Government of Guangzhou, the property with a total gross floor area of approximately 11,133.32 sq.m. is owned by Cheerlane Development Limited (智新發展有限公司) and the land use rights of the property were granted for a common term of 50 years commencing from November 1992 for factory use.

2. Cheerlane Development Limited is an indirect wholly-owned subsidiary of the Company.

3. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and Hideki Kawaji dated 2 November 2006, a portion of the property on the 5th floor designated as units 5A 501 with a gross floor area of 120 sq.m. is leased to Hideki Kawaji from Cheerlane Development Limited for a term of 2 years at a monthly rental of RMB3,000, exclusive of management fees, water and electricity charges.

4. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 廣州綠誠科技商貿有限公司 dated 25 August 2006, a portion of the property on the 5th floor designated as unit 5A 502 with a gross floor area of 263.49 sq.m. is leased to 廣州綠誠科技商貿有限公司 from Cheerlane Development Limited for a term of 1 year commencing from 31 August 2006 until 31 August 2007 at a monthly rental of RMB6,300, exclusive of management fees, water and electricity charges.

5. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 廣州市峰騰電子有限公司 dated 25 May 2006, a portion of the property on the 6th floor designated as unit 6B with a gross floor area of 300 sq.m. is leased to 廣州市峰騰電子有限公司 from Cheerlane Development Limited for a term of 1 year at a monthly rental of RMB4,500, exclusive of management fees, water and electricity charges.

6. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 黃冬斌 dated 15 December 2006, a portion of the property on the 5th floor designated as unit 5B with a gross floor area of 868.15 is leased to 黃冬斌 from Cheerlane Development Limited for a term of 1 year commencing from 1 January 2007 until 31 December 2007 at a monthly rental of RMB12,000, exclusive of management fees, water and electricity charges.

7. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 廣州奧潤噴霧系統有限公司 dated 25 September 2006, a portion of the property on the 2nd floor designated as unit 2A 207 with a gross floor area of 81.98sq. m. is leased to 廣州奧潤噴霧系統有限公司 from Cheerlane Development Limited for a term of 1 year commencing from 30 September 2006 until 30 September 2007 at a monthly rental of RMB1,950, exclusive of management fees, water and electricity charges.

8. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 廣東睿誠運動物保健品有限公司 dated 25 January 2007, a portion of the property on the 2nd floor designated as unit 2A 203 with a gross floor area of 175.66 sq. m. is leased to 廣東睿誠運動物保健品有限公司 from Cheerlane Development Limited for a term of half year at a monthly rental of RMB4,000, exclusive of management fees, water and electricity charges.

9. Pursuant to a Tenancy Agreement entered into between Cheerlane Development Limited and 廣州建明印刷有限公司 dated 28 December 2004, several portion of the property on the 1st and 3rd floors designated as unit 1A, 1B, 3A and 3B, with a gross floor area of 3,291.23 sqml is leased to 廣州建明印刷有限公司 from Cheerlane Development Limited for a term of 3 years at a monthly rental of RMB26,329, exclusive of management fees, water and electricity charges.

10. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

    i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

    ii) The property can be freely transferred, sub-let or mortgaged by the Group without payment of any further land grant premium or transfer fee.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
12.	Flats A to D on each 3rd Floor to 6th Floor De Yun Court Winking Garden No. 13 Xiang Yun Street, Yun Jing Road Bai Yun District Guangzhou The PRC	The property comprises 16 units of a 6-storey residential building completed about 1993. The property has a total gross floor area of approximately 1,580.70 sq.m. The land use rights of the property were granted for a term of 70 years commencing from November 1992.	The property is currently occupied by the Group for dormitory purpose.	7,550,000

Notes:

1. Pursuant to 16 Real Estate Title Certificates — Sui Fang Di Zheng Zi Di Nos. 0354150 to 0354165 issued by the People's Government of Guangzhou, the property with a total gross floor area of approximately 1,580.70 sq.m. is owned by Cheerlane Development Limited (智新發展有限公司) and the land use rights of the property were granted for a common term of 70 years commencing from November 1992 for residential use.

2. Cheerland Development Limited is an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) The property can be freely transferred, sub-let or mortgaged by the Group without payment of any further land grant premium or transfer fee.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTERESTS HELD FOR INVESTMENT BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
13.	Flat D on 25th Floor of East Block Wen Hua Service Apartment Shennan East Road Luo Hu District Shenzhen The PRC	The property comprises a unit of a 30-storey (plus 1 level of basement) commercial/residential building completed in 1994. The building has a gross floor area of approximately 200.00 sq.m. The land use rights of the property were granted for a term of 50 years expiring on 24 May 2038.	The property is currently rented out to an independent third party.	1,920,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Shen Fang Di Zi Di No. 4202473 issued by the People's Government of Shenzhen, the property with a gross floor area of approximately 200.00 sq.m. is owned by Centricon Enterprises Limited (商安企業有限公司) and the land use rights of the property were granted for a term of 50 years expiring on 24 May 2038 for residential use.

2. Centricon Enterprises Limited is an indirect wholly-owned subsidiary of the Company.

3. Pursuant to a Tenancy Agreement entered into between Centricon Enterprises Limited and 香港海蘭實業公司深圳代表處 dated 30 January 2007, the property is leased to 香港海蘭實業公司深圳代表處 from Centricon Enterprises Limited for a term of 3 months at a monthly rental of RMB6,000, exclusive of management fees, water and electricity charges.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) The property can be freely transferred, sub-let or mortgaged by the Group without payment of any further land grant premium or transfer fee.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
14.	Flat E on 25th Floor of East Block Wen Hua Service Apartment Shennan East Road Luo Hu District Shenzhen The PRC	The property comprises a unit of a 30-storey (plus 1 level of basement) commercial/residential building completed in 1994. The building has a gross floor area of approximately 191.00 sq.m. The land use rights of the property were granted for a term of 50 years expiring on 24 May 2038.	The property is currently rented out to an independent third party.	1,830,000

Notes:

1. Pursuant to a Real Estate Title Certificate — Shen Fang Di Zi Di No. 4202476 issued by the People's Government of Shenzhen, the property with a gross floor area of approximately 191.00 sq.m. is owned by Perfect Gain Development Limited (沛盈發展有限公司) and the land use rights of the property were granted for a term of 50 years expiring on 24 May 2038 for residential use.

2. Perfect Gain Development Limited is an indirect wholly-owned subsidiary of the Company.

3. Pursuant to a Tenancy Agreement entered into between Perfect Gain Development Limited and 翁筱杭 dated 1 May 2006, the property is leased to 翁筱杭 from Perfect Gain Development Limited for a term of 1 year at a monthly rental of RMB4,600, exclusive of management fees, water and electricity charges.

4. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

    i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

    ii) The property can be freely transferred, sub-let or mortgaged by the Group without payment of any further land grant premium or transfer fee.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN CANADA

	Property	**Description and tenure**	**Particulars of occupancy**	**Capital value in existing state as at 31 March 2007** *HK$*
15.	5368 Parkwood Place, Richmond, BC Vancouver Canada	The property comprises a parcel of land with a site area of approximately 2,256 sq.m. on which a 2-storey steel frame concrete building was completed in 1991 with additions in 1993 and 1994. The building is a service industrial and office building and has a total floor area of approximately 1,757 sq.m. of which approximately 453 sq.m. of the floor area on ground floor is used for industrial purpose while the remainder is for office use. The property is situated in a Business Park Industrial District and it legal rights are Fee Simple Interest.	The property is currently occupied by the Group for industrial and office purposes.	21,560,000

Notes:

1. The registered owner of the property is Ming Pao Holdings (Canada) Limited.

2. Ming Pao Holdings (Canada) Limited is an indirect wholly-owned subsidiary of the Company.

3. The Property is subject to a charge of mortgage in favour of Hongkong Bank of Canada vide instrument charge no. BH2853 dated 6 January 1994.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
16.	Suite 1105 8248 Lansdowne Road Richmond, Vancouver, BC Canada	The property comprises a condominium apartment suite on the 11th floor of a 16-storey reinforced concrete building completed in1995. The property has a floor area of approximately 103.7 sq.m. The property is strata title property comprises Strata Lot 128 Sec 4 B4N R6W NWD Strata Plan LMS1798 and interest in the common property.	The property is currently occupied by the Group for domestic purpose.	2,280,000

Notes:

1. The registered owner of the property is Ming Pao Holdings (Canada) Limited.

2. Ming Pao Holdings (Canada) Limited is an indirect wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
17.	1355 Hungtingwood Drive Scarborough Ontario Canada	The property comprises a parcel of land with a site area of approximately 7,605 sq.m. on which a single storey steel frame concrete building was completed in 1973 with additions in 1980. The building has a total floor area of approximately 3,743 sq.m. of which half of the floor is for office use and the remainder is for warehouse use. The property is situated in an Industrial Zone and it legal rights is a Fee Simple Interest.	The property is currently occupied by the Group for industrial and office purposes.	16,390,000

Notes:

1. The registered owner of the property is Ming Pao Holdings (Canada) Limited.

2. Ming Pao Holdings (Canada) Limited is an indirect wholly-owned subsidiary of the Company.

3. The Property is subject to a charge in favour of Hongkong Bank of Canada vide instrument reg. no. C872856 dated 7 January 1994.

VALUATION CERTIFICATE

GROUP V — PROPERTY INTERESTS HELD OCCUPIED BY NANYANG PRESS IN MALAYSIA

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
18.	Geran 28265 & 28266 and Lot Nos. 951S &1552S, Mukim of Ipoh (S), District of Kinta, State of Perak Darul Ridzuan Bangunan Wisma Nanyang Siang Pau, Nos. 224-226, Jalan Sultan Iskandar, 30000 Ipoh, Perak Darul Ridzuan, Malaysia	The property comprises of five storey commercial building with a site area of approximately 3,474 square feet completed in year 1975. The gross floor area of the building is 15,852.26 square feet. The property is held under freehold interest.	The property is currently occupied by Nanyang Press for group's area office purpose.	3,290,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. We were unable to obtain the Certificate of Fitness for Occupation for the property from the client. However, we made to understand by the Dewan Bandaraya Ipoh that the building already been issued with Certificate of Fitness for Occupation.

4. Part of the land is subject to the lease to Lembaga Lektrik Negara Tanah Melayu (presently known as Tenaga National Berhad) vide Presentation 12688/1984 Volume 14 Folio 73 for 30 years from 1 February 1984 until 31 January 2014.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
19.	H.S.(D) 10074, Lot No. MLO 8123, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim No. 7, 7A & 7B, Jalan Maju, Taman Maju Jaya, 80400 Johor Bahru, Johor Darul Takzim	The property is a three storey intermediate shopoffice with a land area of approximately 165.6461 sq.m. or 1,783 sq. ft. The building was completed in year 1977 and having a gross floor area of approximately 4,716 sq.ft. The land use rights of the property were granted for perpetuity (freehold).	The property is currently occupied by Nanyang Siang Pau Sdn. Bhd. for group's area office purpose.	2,150,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

4. The Property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
20.	Geran 40683, Lot 12, Section 96A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 6, Jalan Liku, Off Jalan Bangsar, 59100 Kuala Lumpur	The property comprises a parcel of industrial land with a site area of approximately 8,099 sq. ft. erected upon with a double storey detached factory. The building was completed in year 1988 having a total gross floor area of the building is 10,480 sq.ft. The property is held under grant in perpetuity (freehold) interest.	The property is currently tenanted to The China Press Berhad at a monthly rental of RM3,000. However, the details on the tenancy were not made available to us.	4,310,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. The Certificate of Fitness for Occupation was not made available to us during our inspection. However, we were made to understand by the Kuala Lumpur City Hall that the building has already been issued with the Certificate of Fitness for Occupation.

4. The Property is free from all the encumbrances.

5. The Property is subject to a Lease to Mitsuhiko Asada vide Presentation No. 22578/44, Volume No. 111. Folio No. 182 dated 14 March 1944. Our verbal check with the Kuala Lumpur Land Office revealed that the lease has been expired.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
21.	GRN 106457, Lot No. 1561, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 9, Jalan Dewani, Kawasan Perindustrian Dewani, 81200 Johor Bahru, Johor Darul Takzim	The property comprises a parcel of industrial land with a site area of approximately 37,189 square feet erected upon with a single storey detached factory with a double-storey office annexed and other ancillary buildings completed in year 1992. The buildings have a total gross floor area of approximately 27,015 square feet. The land use rights of the property were granted for perpetuity (freehold).	The property is currently occupied by The China Press Berhad for printing factory and group's area office purposes.	5,220,000

Notes:

1. The registered owner of the property is The China Press Berhad.

2. The China Press Berhad is a 99.8% subsidiary of Nanyang Press.

3. We were unable to obtain the Certificate of Fitness for Occupation for the property from the client. However, we made to understand by the Majlis Bandaraya Johor Bahru that the building already been issued with Certificate of Fitness for Occupation.

4. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
22.	Pajakan Negeri 34570, Lot 541, Section 92, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 40, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur	The property comprises a parcel of industrial land with a site area of approximately 10,463 sq. ft. erected upon with a four storey detached factory. The building was completed in year 1968 and is in a poor state of repair. The total gross floor area of the buildings is 26,820 sq.ft. The property is held under 60 years leasehold interest expiring on 29 September 2064.	The ground floor of the property is currently tenanted to restaurant operator whilst the upper floors are vacant. However, the details of the tenancy were not made available to us during our inspection.	2,720,000

Notes:

1. The registered owner of the property is The China Press Berhad.

2. The China Press Berhad is a 99.8% subsidiary of Nanyang Press.

3. The Certificate of Fitness for Occupation was not made available to us during our inspection. However, we were made to understand by the Kuala Lumpur City Hall that the building has already been issued with the Certificate of Fitness for Occupation.

4. The Property is free from all the encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
23.	H.S.(D) 2873/79, Lot No. 15644, Mukim of Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan Lot No. 11, Persiaran Sri Rapat, Off Jalan Lapangan Terbang, 31350 Ipoh, Perak Darul Ridzuan, Malaysia	The property comprises a parcel of industrial land with a site area is 23,574 square feet erected upon with a single storey detached factory building and other ancillary buildings completed in year 1983. The buildings are in poor state of repair. The total gross floor area of the buildings is 11,639.97 square feet. The property is held under a 60-years leasehold interest expiring on 8 May 2039.	The property is currently occupied by The China Press Berhad for printing factory and operational office purposes.	1,130,000

Notes:

1. The registered owner of the property is The China Press Berhad.

2. The China Press Berhad is a 99.8% subsidiary of Nanyang Press.

3. We were unable to obtain the Certificate of Fitness for Occupation for the property from the client. However, we made to understand by the Dewan Bandaraya Ipoh that the building already been issued with Certificate of Fitness for Occupation.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
24.	GRN 2187, Lot 335, Kawasan Bandar VIII, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah No. 57-F, Jalan Tun Ali, 75300 Melaka Bandaraya Bersejarah	The property comprises a parcel of development land zoned for commercial use with a site area of approximately 39,262 sq. ft. erected upon with a single storey office block. The building is old and of insignificant value. The property is held under 99-year leasehold interest expiring on 19 September 2055.	The property is currently occupied by Nanyang Siang Pau Sdn. Bhd. for group's area office purposes.	3,180,000

Notes:

1. The registered owner of the property is Majlis Perbandaran Melaka Bandaraya Bersejarah. However, we noted that the land is leased to Nanyang Press (Singapore) Limited. At the time of title search conducted, we were unable to determine the tenure of the lease. However, we were given to understand that the term is 99-year from 16 September 1956 to 15 September 2055 with an unexpired term of about 48 years.

2. We were unable to verify if there are any encumbrances on the property. We advice a solicitor to be approval to hereby the matter.

3. According to the Rental Agreement entered into between Nanyang Siang Pau Sdn. Bhd. (the "Landlord") and Nanyang Press Marketing Sdn. Bhd. (the "Tenant") dated 23 August 2006, a portion of approximately 800 sq.ft. are rented to the Tenant for a term of 2 years commencing from 1 August 2006 and expiring on 31 July 2008, at a monthly rent of RM1,600 exclusive of electricity and water bills.

4. According to the Rental Agreement entered into between Nanyang Siang Pau Sdn. Bhd. (the "Landlord") and Life Publishers Berhad (the "Tenant") date 11 November 2006, a portion of approximately 400 sq.ft. are rented to the Tenant for a term of 2 years from 1 April 2006 to 31 March 2008, at a monthly rental RM400 exclusive of electricity and water bills.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
25.	Geran 26618, Lot 10024, Mukim of Damansara, District of Petaling, State of Selangor Darul Ehsan No. 1, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia	The property comprises a parcel of industrial land with a net site area of approximately 25,100 sq.ft. (after acquisition) erected upon with four and a half storey office building, a two and a half storey factory building and a single storey warehouse building completed in November 1999. The buildings have a total gross floor area of approximately 252,726 sq.ft. The property is held under freehold interest.	The property is currently occupied by Nanyang Press for printing factory and operational office purposes.	99,800,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. We had not been provided with the Certificate of Fitness for Occupation during our inspection. However, we were informed by Majlis Perbandaran Petaling Jaya, the official of the Department of Building of the local authority, that the Certificate of Fitness for Occupation already been issued to the building vide reference No. 8829 / Plan No. BP 72/92.

4. The property is free from all the encumbrances.

5. The tenancy agreements of the property in respect of landloard, tenant, date of agreement signed, area, lease term and rents are shown as follows:

	Land-lord	**Tenant**	**Date of Agreement**	**Area (sq.ft.)**	**Term**	**Rental (monthly)**
(i)	Nanyang Siang Pau Sdn. Bhd.	Life Publishers Berhad	18/1/2007	2/F (30,152 sq.ft.)	3 years 1/10/2006-30/9/2009	1 yr RM62,868 2 yr RM67,908 3 yr RM72,948
(ii)	Nanyang Siang Pau Sdn. Bhd.	Nanyang Press	26/7/2006	3/F (3,946 sq.ft.)	2 years 1/7/2006-30/6/2008	RM11,048.80
(iii)	Nanyang Siang Pau Sdn. Bhd.	Nanyang Press	11/11/2006	3/F (818 sq.ft.)	2 years 1/11/2006-31/10/2008	RM2,289
(iv)	Nanyang Siang Pau Sdn. Bhd.	Redhot Media Sdn. Bhd.	5/7/2006	3/F (3,816 sq.ft.)	2 years 1/1/2007-31/12/2008	RM10,684.8
(v)	Nanyang Siang Pau Sdn. Bhd.	Nanyang Press Marketing Sdn. Bhd.	26/7/2006	M/F (5,988 sq.ft.)	2 years 1/7/2006-30/6/2008	RM16,766.40

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
26.	Geran 37137, Lot 307 Section 23, Town of Georgetown, District of North East, State of Pulau Pinang Nos. 24, 24A & 24B, Pengkalan Weld, 10300 Pulau Pinang	The property comprises of a double storey pre-war building annexed with a double storey pre-war building at the rear portion with a site area of 4,164 square feet estimated completed more than 90 years. The buildings have a total gross floor area of approximately 7,022 sq.ft. The property is held under freehold interest.	The ground floor of the property is currently tenanted to The China Press Berhad whilst the first floor is owner-occupied by Nanyang Siang Pau Sdn. Bhd. and being used as operational office purposes. The building annexed at the rear portion is currently tenanted to Eam Huat Cafe for shophouse purposes.	2,270,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. We were given to understand that the building is partly owner-occupied and partly tenanted. However, the detail of tenancies is not made available to us.

4. The Certificate of Fitness for Occupation was not provided to us during our inspection. However, we were informed by Majlis Perbandaran Pulau Pinang that the buildings were estimated to be more than 90 years old and the Certificate of Fitness for Occupation is not available.

5. The property is free from all the encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
27.	HS(D) 110749, PT No. 531, Section 92, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 31, Jalan Lima, Off Jalan Chan Sow Lin, 55200 Kuala Lumpur	The property comprises a parcel of industrial land with a site area of approximately 46,866 sq. ft. on which is constructed a single storey detached factory with a lower ground level and a guard house completed in early 2006. The buildings have a total gross floor area of approximately 72,933 sq.ft. The land is held under for 60-year leasehold interest expiring on 7 March 2066.	The property is currently occupied by The China Press Berhad for printing factory and operational office purpose.	25,630,000

Notes:

1. The registered owner of the property is Life Publishers Berhad.

2. Life Publishers Berhad is a 100% subsidiary of Nanyang Press.

3. The Property has yet to be issued with the Certificate of Fitness for Occupation.

4. The Property is free from all the encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
28.	Geran 11451, Lot 10, Section 96A, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur No. 80, Jalan Riong, Bangsar, 59100 Kuala Lumpur	The property comprises a parcel of industrial land with a site area of approximately 42,715 sq. ft. on which is constructed a double storey detached factory with a basement level and a three storey office block annexed. The building was completed in year 1975. The buildings have a total gross floor area of approximately 81,618 sq.ft. The land use rights of the property were granted for perpetuity (freehold).	The property is currently tenanted to The China Press Berhad at a monthly rental of RM73,000. However, the further details on the tenancy agreement were not made available to us.	29,710,000

Notes:

1. The registered owner of the property is Nanyang Press (Malaya) Berhad (presently known as Nanyang Press).

2. The Certificate of Fitness for Occupation was not made available to us during our inspection. However, we were made to understand by the Kuala Lumpur City Hall that the building has already been issued with the Certificate of Fitness for Occupation.

3. The Property is free from all the encumbrances.

VALUATION CERTIFICATE

GROUP VI — PROPERTY INTERESTS HELD FOR INVESTMENT BY NANYANG PRESS IN MALAYSIA

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
29.	H.S.(D) 6373, Lot No. 4173, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 3, Jalan Riang 22/1, Kawasan Perindustrian Gembira, 81200 Johor Bahru, Johor Darul Takzim	The property comprises a parcel of industrial land with a site area of approximately 20,204 square feet erected upon with a single storey detached factory with a double-storey office annexed which is currently vandalise and in dilapidated condition. The building was completed in year 1991 and having a total gross floor area of the buildings is 7,844 square feet. The land use rights of the property were granted for perpetuity (freehold).	The property is currently unoccupied and it is currently in poor state of repair.	1,770,000

Notes:

1. The registered owner of the property is Nanyang Press (Malaya) Berhad (presently known as Nanyang Press).

2. We were unable to obtain the Certificate of Fitness for Occupation for the property from the client. However, we made to understand by the Majlis Bandaraya Johor Bahru that the building already been issued with Certificate of Fitness for Occupation.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
30.	Developer's Lot No. 25, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, State of Selangor Darul Ehsan Lot No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor Darul Ehsan, Malaysia	The property comprises a parcel of industrial land with a site area of 132,000 square feet erected upon with a four storey office building with a single storey detached factory annexed and a single storey guard house completed in year 1995. The total gross floor area of the buildings is 106,876 square feet. The property will convey a freehold upon issuance an individual subsidiary title.	The property is currently tenanted by Kum-Vivar Printing Sdn. Bhd. at a monthly rental of RM52,000 expiring on 31 December 2007. The monthly rental will increase to RM53,000 commencing 1 January 2008 expiring on 31 December 2008	30,030,000

Notes:

1. Vide a copy of Sale and Purchaser Agreement date 1 August 2002 between Kum-Vivar Printing Sdn. Bhd. ("the Vendor") and Nanyang Press, we note that the later is the current beneficial owner of the Property.

2. We were unable to obtain the Certificate of Fitness for Occupation for the property from the client. However, we made to understand by the Majlis Perbandaran Selayang that the building already been issued with Certificate of Fitness for Occupation.

3. Pursuant to the Tenancy Agreement dated 4 October 2002 made between Nanyang Press ("the Landlord") and Kum-Vivar Printing Sdn. Bhd. ("the tenant"), we note the following:

(i) The monthly rental is as follows:-

(1) First Term — RM51,000 (1 January 2006 to 31 December 2006)
(2) Second Term — RM52,000 (1 January 2007 to 31 December 2007)
(3) Third Term — RM53,000 (1 January 2008 to 31 December 2008)

(ii) The rental payable subject to the following:

i. The tenant shall be responsible to general maintenance and cleaning of the Premises, including toilets and corridor servicing the premises and to punctually pay all charges in respect of electricity, water and telephone services.

ii. The landlord shall be responsible to pay all the quit rent and assessments and to keep in good repair the exterior walls and the main structure.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
31.	PN 8695, Lot 688, Kawasan Bandar XXXIX, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah No. 59, 59-1 and 59-2, Jalan Melaka Raya 25, Taman Melaka Raya, 75000, Melaka Bandaraya Bersejarah	The property comprises a renovated 3-storey corner shop-office with a site area of approximately 1,388.54 sq. ft. completed in 1979. The total gross floor area of the building is 4,294 sq.ft. The property is held under 99-year leasehold interest expiring on 24 February 2094.	The property is currently tenanted to Tokyo Marine Insurans (Malaysia) Berhad for office used. However details of the tenancy were not made available to us.	730,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a 100% subsidiary of Nanyang Press.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

4. The Property is free from all encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
32.	Developer Parcel No. V5-09-05, Type 1Ai, Floor No. 09, Block No. 05, Bandar Universiti Teknologi Legenda held under Master Title Geran 75044, Lot No. 1502, Mukim of Setul, District of Seremban, State of Negeri Sembilan Darul Khusus Unit No.V5-09-05, 9th Floor, Block 5, Sri Palma Villa, Bandar Universiti Teknologi Legenda, 71700 Mantin, Negeri Sembilan Darul Khusus	The property comprises a three-bedroom condominium unit located on the 9th floor of a 13-storey condominium block completed in November 2004. The unit has a floor area of approximately 1,020 sq. ft. The property will convey a freehold interest upon issuance the individual strata title.	The property is currently un-occupied	270,000

Notes:

1. Vide a Sale and Purchase Agreement dated 21 February 2006, we note that the current beneficial owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a wholly-owned subsidiary of Nanyang Press.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
33.	Developer Parcel No. AR09-F3A01, Type A, Floor No. Level 3A, Block No. 09, Bandar Universiti Teknologi Legenda held under master title Lot P.T. Nos. 3920, 3925, 3927, 3928, 3932, 3976, 3977, 3978, 3982, 3984 and 3986, Locality of Batu 12, Mukim of Setul, District of Seremban, State of Negeri Sembilan Darul Khusus Unit No.AR09-F3A01, 4th Floor, Block AR09, Ara Ria, Jalan UTL 9, Bandar Universiti Teknologi Legenda, 71700 Mantin, Negeri Sembilan Darul Khusus	The property comprises a three-bedroom apartment unit located on the 4th floor of a 5-storey apartment block completed in 2005. The unit has a floor area of approximately 1,000 sq. ft. The property will convey a 99-year leasehold interest upon issuance the individual strata title.	The property is currently un-occupied	230,000

Notes:

1. Vide a Sale and Purchase Agreement dated 17 March 2005, we note that the current beneficial owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a wholly-owned subsidiary of Nanyang Press.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
34.	PT 12917, Ground Floor, Jalan BBN 1/7D, Putra Point, Bandar Baru Nilai, 78100 Nilai, Negeri Sembilan Darul Khusus held under Master Title H.S(D) 103390, PT No. 12917, Mukim of Labu, District of Seremban, State of Negeri Sembilan Darul Khusus	The property comprises a shop-unit on the ground floor of a four-storey shop-office block completed in November 1998. The unit has a gross floor area of approximately 1,800 sq. ft. The property will convey a freehold interest upon issuance the individual strata title.	The property is currently un-occupied	680,000

Notes:

1. Vide a Sale and Purchase Agreement dated 21 February 2006, we note that the current beneficial owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a wholly-owned subsidiary of Nanyang Press.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
35.	Developer's Lot No. 162, Sungai Buloh Country Resort Phase 4B, Type Tudor Homes held under Master Title H.S.(D) 3268, Lot No. 2787, Mukim of Ijuk, District of Kuala Selangor, State of Selangor Darul Ehsan. No. 11, Fasa 4B, Jalan Melor 1/4, Sungai Buloh Country Resort, Sungai Buloh, Selangor Darul Ehsan, Malaysia	The property comprises a double storey intermediate terrace house with a land area of approximately 1,699 square feet. The building was completed in January 2006 having a total gross floor area of approximately 1,580 square feet. The property will convey a freehold interest upon issuance the individual subsidiary title.	The property is currently un-occupied.	390,000

Notes:

1. The registered owner of the property is Nanyang Siang Pau Sdn. Bhd.

2. Nanyang Siang Pau Sdn. Bhd. is a wholly-owned subsidiary of Nanyang Press.

3. The property is subject to a Certificate of Fitness for Occupation No. A 0423 dated 9 January 2006.

VALUATION CERTIFICATE

GROUP VII — PROPERTY INTERESTS HELD AND OCCUPIED BY SIN CHEW IN MALAYSIA

	Property	**Description and tenure**	**Particulars of occupancy**	**Capital Value in existing state as at 31 March 2007** *HK$*
36.	H.S.(D) 210903, Lot No. PTD 64085, Mukim of Tebrau, District of Johor Bahru, State of Johor Darul Takzim No. 19, Jalan Angkasa Mas 5, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor Darul Takzim	The property comprises a parcel of industrial land with a site area of approximately 79,706 square feet erected upon with a single storey detached factory with a double-storey office annexed, a single storey warehouse and other ancillary buildings completed in September 1997. The total gross floor area of the buildings is 51,094 square feet. The land use rights of the property were granted for perpetuity (freehold).	The property is currently occupied by Sin Chew for printing factory and group's area office purposes.	11,160,000

Notes:

1. The registered owner of the property is Perbadanan Johor. However, vide Lease Presentation Nos. 75355/1996 & 11517/2005 dated 13 November 1996 & 23 February 2005, we note that the Property is leased to Sin Chew for 60-years expiring on 14 April 2053.

2. The property is subject to a Certificate of Fitness for Occupation No. 533/97 dated 6 September 1997.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
37.	H.S.(D) 43029, Lot P.T. 3827, Mukim 1, District of Seberang Perai Tengah, State of Pulau Pinang Plot No. 19, Jalan Jelawat, Kawasan Perindustrian Seberang Jaya, 13700 Prai, Pulau Pinang	The property comprises a parcel of industrial land with a site area of 131,134 sq.ft. erected upon with a single storey factory building cum office. The building has a gross floor area of approximately 192,269 sq.ft. The land is held under 60-year leasehold interest expiring on 29 October 2058.	The property is currently occupied by Sin Chew for printing factory and operation office purposes.	6,800,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Certificate of Fitness for Occupation was not provided to us during our inspection. However, we were informed by Majlis Perbandaran Seberang Jaya that the building was completed about ten years and the Certificate of Fitness would have been issued.

3. The property is free from all the encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
38.	Pajakan Negeri 17344, Lot 93, Town of Petaling Jaya, District of Petaling, State of Selangor Darul Ehsan No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan	The property comprises a parcel of industrial land with a site area of 189,311 sq.ft. erected upon with four storey office building and a five storey factory building. The buildings have a total gross floor area of approximately 192,269 sq.ft. The land is held under 99-leasehold interest expiring on 4 June 2063.	The property is currently occupied by Sin Chew for printing factory and operation office purposes.	102,060,000

Notes:

1. The registered owner of the property is Sin Chew.

2. The property is subject to an Occupation Certificate No. 8492 dated 1 July 1991.

3. The property is currently charged to RHB Bank vide Presentation No. 41814/2004 dated 27 August 2003 and subject to a private caveat entered by RHB Bank Berhad dated 14 October 2004.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
39.	PN 20334, Lot 1339, Section 2, Town of Port Swettenham, District of Klang State of Selangor Darul Ehsan No. 19, Jalan Sungai Keladi 2, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	The property comprises a one and a half-storey intermediate terrace factory with a site area of 2,002 sq. ft. completed in December 1992. The building has a gross floor area of approximately 2,160 sq.ft. The land is held under 60-year leasehold interest expiring on 9 February 2031.	The property is currently tenanted to Duga Engineering Sdn. Bhd. on a month to month basis with a monthly rental RM1,000. The property currently used for factory purposes.	480,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. We were given to understand that the Property is currently tenanted to Duga Engineering Sdn. Bhd. at a monthly rental of RM1,000. However, the detail of tenancies is not made available to us.

3. The Property is a standard developer's unit in an approved development. A Certificate of Fitness would have been issued for the development and therefore an individual certificate of fitness for occupation is not available.

4. The Property is currently charged to Public Bank Berhad vide Presentation No. 42506/1993 and 42503/1993.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
40.	H.S.(D) 10258, Lot No. MLO 8164, Mukim of Plentong, District of Johor Bahru, State of Johor Darul Takzim No. 12, Jalan Maju, Taman Maju Jaya, 80400 Johor Bahru, Johor Darul Takzim	The property is a three storey intermediate shop-office with a land area of approximately 194.1673 sq.m. or 2,090 sq. ft. The building was completed in year 1979 and having a gross floor area of approximately 4,620 sq.ft. The land use rights of the property were granted for perpetuity (freehold).	The property is currently occupied by Sin Chew Daily and Guang Ming Daily for group's area office purpose.	2,200,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Property is subject to a Certificate of Fitness for Occupation No. 1672/76 dated 21 August 1996.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
41.	PN 27546, Lot 12, Kawasan Bandar XXXIX, District of Melaka Tengah, State of Melaka Bandaraya Bersejarah No. 109, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka Bandaraya Bersejarah	The property comprises an extended and renovated 3-storey intermediate shop-office with a site area of approximately 1,604 sq. ft. The building completed in February 2004 having a total gross floor area of approximately 4,240 sq.ft. The property is held under 99-year leasehold interest expiring on 19 August 2075.	The property is currently occupied by Sin Chew Daily for group's area office purposes.	1,250,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Property is subject to a Certificate of Fitness for Occupation dated 6 February 2004.

3. The Property is free from all encumbrances.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
42.	GRN 1453, Lot No. 189, Sec 19, Town and District of Kuantan, State of Pahang Darul Makmur No. 38, Jalan Haji Abdul Aziz, 25000 Kuantan, Pahang Darul Makmur	The property is a three storey intermediate shopoffice with a land area of approximately 1,600 sq. ft. The building completed on year 1979 and having a gross floor area of approximately 4,800 sq.ft. The land use rights of the property were granted for perpetuity (freehold).	The property is currently occupied by Sin Chew Daily for group's area office purpose.	1,450,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Property is subject to a Certificate of Fitness for Occupation No. (41)dlm.MPK/R/B:T/5-199 Jld.2 dated 12 October 2004.

3. The Property is free from all encumbrances.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
43. Developer's unit No. A4-12-20, 12th Floor, Block A4, Leisure Commerce Square, held under Master Title No. H.S.(D) 176575, Lot P.T. No. 574, Town of Sunway, District of Petaling State of Selangor Darul Ehsan Unit No. A4-12-01, 12th Floor, Block A4, Leisure Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan	The property comprises an office unit located on the 12th floor within a 12th storey office building completed in September 1999. The unit has a gross floor area of approximately 818 sq. ft. The Property will convey a 99-year leasehold interest upon issuance the individual strata title.	The property is currently unoccupied.	340,000

Notes:

1. Vide a Sale and Purchase Agreement dated 7 September 1999, we note that the current beneficial owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Property is a standard developer's unit in an approved development. A Certificate of Fitness for Occupation issued for the development and therefore an individual certificate of fitness for occupation is not available.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
44.	Developer's unit No. A4-12-21, 12th Floor, Block A4, Leisure Commerce Square, held under Master Title No. H.S.(D) 176575, Lot P.T. No. 574, Town of Sunway, District of Petaling State of Selangor Darul Ehsan Unit No. A4-12-21, 12th Floor, Block A4, Leisure Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan	The property comprises an office unit located on the 12th floor within a 12th storey office building completed in September 1999. The unit has a gross floor area of approximately 818 sq. ft. The Property will convey a 99-year leasehold interest upon issuance the individual strata title.	The property is currently unoccupied.	340,000

Notes:

1. Vide a Sale and Purchase Agreement dated 7 September 1999, we note that the current beneficial owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The Property is a standard developer's unit in an approved development. A Certificate of Fitness for Occupation issued for the development and therefore an individual certificate of fitness for occupation is not available.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
45.	Lease of State Land — B, Lot 2123, Section 66, Locality of Pending Industrial Estate Kuching, Kuching Town Land District, State of Sarawak Lot 2123, Section 66, Lorong 3, Off Jalan Semangat, Pending Industrial Estate, Kuching, Sarawak	A parcel of industrial land erected upon with a single storey detached factory/warehouse annexed with a three-storey office block and other ancillary structures. The buildings were completed in September 1997. The total gross floor area of the buildings is approximately 42,101 square feet. Besides that we also noted that the northern portion of the land erected upon with several temporary structure dwellings which are currently used as staff quarters of the land lord. However the buildings are old and of insignificant value. The property is held under 60-year leasehold interest expiring on 5 November 2047.	The property is currently occupied by Sin Chew for printing factory and group's area office purposes.	15,810,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sendirian Berhad (presently known as Sin Chew).

2. The property is subject to an Occupation Permit No. M.O. 323/96 dated 22 September 1997.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
46.	Lot 3608 (Part of Lot 1865), Jalan Lanang Barat (formerly Upper Lanang Road), Off Jalan Lanang, Sibu, Sarawak, Malaysia	The property comprises a parcel of industrial land with a site area of approximately 92,548 square feet erected upon with a single storey detached factory annexed with a double-storey office block and a guardhouse completed in November 1999. The total gross floor area of the buildings is approximately 25,950 sq.ft. Besides, a double-storey store block with a gross floor area of 6,684 sq. ft. situated at the rear of the factory building is currently under construction and is scheduled to be completed in August 2007. The property is held under 60-year leasehold interest expiring on 14 January 2063.	The property is currently occupied by Sin Chew for printing factory and group's area office purposes.	9,590,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sendirian Berhad (presently known as Sin Chew).

2. The property is subject to an Occupation Permit No. 127/99 dated 22 September 1999.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
47.	Geran 19126, Lot No. 1691 Section 12, Town of Georgetown, District of North East, State of Pulau Pinang No. 67, Jalan Macalister, 10400 Pulau Pinang	The property comprises a parcel of commercial land with a site area of approximately 15,736 square feet erected upon with a double storey detached office block together with pantry area completed in April 2005 and having a total gross floor area is approximately 13,423 sq.ft. The land is held under freehold interest.	The property is currently occupied by Guang Ming Daily for group's area office purpose.	9,070,000

Notes:

1. The registered owner of the property is Sin Chew.

2. The property is subject to a Certificate of Development Order No. JPB/KM/3494/A dated 3 January 2007.

3. The property is free from all encumbrances.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital Value in existing state as at 31 March 2007 *HK$*
48.	Lot 2620 (Part of Lot 804), Miri Concession Land District, Jalan Cattleya 3, Piasau Industrial Estate, Miri, Sarawak	The property comprises a parcel of industrial land with a site area of approximately 80,363 square feet erected upon with a single storey detached factory-cum-warehouse annexed with a double-storey office block and other ancillary buildings completed in April 2006. The total gross floor area of the buildings is approximately 32,826 square feet. The property is held under 60-year leasehold interest expiring on 2 March 2036.	The property is currently occupied by Sin Chew for printing factory and group's area office purposes.	13,700,000

Notes:

1. The registered owner of the Parent Lot (Lot 804) is Vital Focus Shipping Sendirian Berhad. During our search at the Land and Survey Department Sarawak in Miri, we noted that the Parent lot has been subdivided into two portions that are Lots 2620 and 2621. However, we made to understand that the individual subsidiary title of the property (Lot 2620) has not been issued as yet.

   Vide a copy of Sale and Purchase Agreement made between Vital Focus Shipping Sdn. Bhd. ("the Vendor") and Sin Chew ("the Purchaser"), we note that Sin Chew is the current beneficial owner of the property.

2. The property is subject to an Occupation Permit No. 51/1 in MCC/PW-125/2006 dated 12 April 2006.

VALUATION CERTIFICATE

GROUP VIII — PROPERTY INTERESTS HELD FOR INVESTMENT BY SIN CHEW IN MALAYSIA

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
49.	Country Lease 015539983 and Country Lease 015540011, Locality of Jalan Bunga Ulam Raja, District of Kota Kinabalu, State of Sabah No. 3, Lorong Kilang F, Kolombong, 88450 Kota Kinabalu, Sabah	The property comprises two adjoining parcels of industrial land with a total site area of approximately 60,170 square feet. CL 015539983 is erected upon with a 4-storey building currently used showroom and office and ancillary buildings whilst CL 015540011 is currently vacant. The buildings were completed in August 1998. The buildings have a total gross floor area of approximately 23,126 square feet. The property is held under 999-year leasehold interest expiring on 24 August 2920.	The property is currently rented to a various parties as follows:- Ground and Mezzanine floors with a lettable area of 5,818 square feet and the adjoining vacant industrial land (CL 015540011) with a land area of about 29,300 square feet, both are tenanted to USF Hicom (M) Sdn. Bhd. for a term of 3 years commencing 1 April 2005 at a monthly rental of RM15,120. First Floor has been partitioned to accommodate two office suites. One portion with a lettable area of 2,500 square feet is tenanted to Pfizer (M) Sdn. Bhd. for a term of 3 years commencing 1 March 2006 at a monthly rental of RM3,750. The other portion with a lettable area of 2,021 square feet is tenanted to Jasutera Sdn. Bhd. for a term of 2 years commencing 1 September 2005 at a monthly rental of RM2,500. Second floor with a lettable area of 5,452 square feet is tenanted to Mr Tan Suan Kin (Cambridge) for a term of 3 years commencing 1 March 2004 at a monthly rental of RM6,542. The term has been expired (28 February 2007) and the renewal is in process. Third floor with a lettable area of 5,452 square feet is tenanted to Nadi Hasil (M) Sdn. Bhd. for a term of 3 years commencing 1 February 2007 at a monthly rental of RM6,542.	10,930,000

Notes:

1. The registered owner of the property is Pemandangan Sinar Sdn. Bhd. (presently known as Sin Chew).

2. The property is subject to an Occupation Certificate No. 3/4.98S/1249 dated 26 August 1998.

3. The property is free from all the encumbrances.

4. Pursuant to the Tenancy Agreements, the property is tenanted to the above tenants and the rental payable are subject to the following:-

   i) The tenant shall be responsible to general maintenance and cleaning of the Premises, including toilets and corridor servicing the premises and to punctually pay all charges in respect of electricity, water and telephone services.

   ii) The Landlord is responsible to pay all the quit rent and assessments and to keep in good repair the exterior walls and the main structure.

VALUATION CERTIFICATE

GROUP IX — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN HONG KONG

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
50.	Suite 5 23rd Floor Sino Plaza 255-257 Gloucester Road Causeway Bay Hong Kong	The property comprises a unit on 23rd floor of a 30-storey commercial building completed about 1992. The unit has a gross floor area of approximately 3,322 sq.ft. The property is held under a Government Lease for a term of 99 years commencing from 30 September 1929 The property is currently rented to Charming Holidays Limited, an indirect wholly-owned subsidiary of the Company, from Quality Investment Limited, an independent third party, for a term 2 years commencing from 1 November 2006 until 31 October 2008 at a monthly rental of HK$83,050 exclusive of rates and government rent, management fee and other outgoings according to a Tenancy Agreement signed by both parties. The registered owner of the property is Quality Investment Limited vide Memorial No. UB4677878 dated 14 December 1990.	The property is currently occupied by Charming Holidays Limited for office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
51.	Room 803 Good Hope Building 612-618 Nathan Road Kowloon Hong Kong	The property comprises an unit on 8th floor of a 22-storey with a single basement residential and commercial building completed about 1971. The unit has a gross floor area of approximately 384 sq.ft. The property is held under a Government Lease for a term commencing from 9 August 1991 and expiring on 30 June 2047. The property is currently rented to Charming Holidays Limited, an indirect wholly-owned subsidiary of the Company, from Hong Kong Professional teachers' Union, an independent third party, for a term 3 years commencing from 1 October 2004 until 30 September 2007 at a monthly rental of HK$11,520 inclusive of management fee, rates, government rent, water and electricity charges according to a Tenancy Agreement signed by both parties on 30 September 2004. The registered owner of the property is Hong Kong Professional Teachers' Union vide Memorial No. UB7498809 dated 14 May 1998.	The property is currently occupied by Charming Holidays Limited for office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
52.	Room 606A 6th Floor Hang Lung Centre 2-20 Paterson Street Causeway Bay Hong Kong	The property comprises an unit on 6th floor of a 27-storey with a single basement commercial building completed about 1975. The unit has a gross floor area of approximately 670 sq.ft. The property is held under a Government Lease for a term of 999 years commencing from 24 December 1865. The property is currently rented to Charming Holidays Limited, an indirectly wholly-owned subsidiary of the Company, from Hang Chui Company Limited, an independent third party, for a term 2 years commencing from 1 August 2005 until 31 July 2007 at a monthly rental of HK$22,110 exclusive of government rates, management and air-conditioning charges according to a Tenancy Agreement on 4 August 2005 signed by Hang Lung Real Estate Agency Limited and Charming Online Travel Limited and Novation Agreement made between Hang Lung Real Estate Agency Limited and Charming Online Travel Limited and Charming Holidays Limited on 14 July 2006. The registered owner of the property is Hang Chui Company Limited vide Memorial No. UB3039056 dated 14 April 1986.	The property is currently occupied by Charming Holidays Limited for office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
53. 11th & 13th Floor Yeung Iu Chi Commercial Building No.460-462 Jaffe Road Causeway Bay Hong Kong	The property comprises 2 units on level 11 and 13 respectively of a 19-storey commercial building completed about 1985. The property has a total gross floor area of approximately 990 sq.ft. The property is held under a Government Lease for a term of 99 years commencing from 15 April 1929. The property is currently rented to Charming Holidays Limited, an indirect wholly-owned subsidiary of the Company, from Yeung Ho Ching Yee, an independent third party, for various terms of 2 years with the expiry date on 31 March 2008 and 28 February 2007 at a total monthly rental of HK$11,900 inclusive of management charges and rate payable in Hong Kong Currency according to a Tenancy Agreement signed by both parties on 17 February 2006 and 19 January 2005 respectively. The registered owners of the property are Alexander Yeung, Edward Yeung and Francis Yeung vide Memorial No. UB9101650 dated 11 September 2003.	The property is currently occupied by Charming Holidays Limited for storage purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
54. Unit 202 2nd Floor Kerry Warehouse (Chai Wan) No. 50 Ka Yip Street Chai Wan Hong Kong	The property comprises a unit on 2nd floor of a 15-storey industrial building completed about 1986. The unit has a gross floor area of approximately 10,044 sq.ft. The property is held under a Government Lease for a term of 75 years commencing from 27 February 1981. The property is currently rented to Ming Pao Holdings Limited, an indirect wholly-owned subsidiary of the Company, from Kerry Warehouse (Hong Kong) Limited, an independent third party, for a term 2 years commencing from 25 September 2006 until 24 September 2008 at a monthly rental of HK$36,660.6 exclusive of rates, government rent, management fee, electricity consumption and other outgoings according to a Tenancy Agreement signed by both parties on 2 June 2006. The registered owner of the property is Kerry Warehouse (Chai Wan) Limited vide Memorial No. UB8989883 dated 23 July 1999.	The property is currently occupied by Ming Pao Holdings Limited for warehouse purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
55. Flat A 15th Floor Marigold Mansion Harbour View Gardens No. 10 Taikoo Wan Road Taikoo Shing Hong Kong	The property comprises a unit on 15th floor of a 28-storey residential building completed about 1985. The unit has a gross floor area of approximately 1,237 sq.ft. The property is held under a Government Lease for a term of 999 years commencing from 18 April 1900. The property is currently rented to Ming Pao Holdings Limited, an indirect wholly-owned subsidiary of the Company, from Narong Investments Limited, an independent third party, for a term 2 years commencing from 1 April 2006 until 31 March 2008 at a monthly rental of HK$30,000 exclusive of government rates and management fees according to a Tenancy Agreement signed by both parties on 22 March 2006. The registered owner of the property is Narong Investments Limited vide Memorial No. UB6482120 dated 2 December 1995.	The property is currently occupied by Ming Pao Holdings Limited for residential purpose.	No commercial value

VALUATION CERTIFICATE

GROUP X — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN THE PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
56.	Room 1903 to 1908 & half portion of Unit 1909, 19th Floor, Tower A, Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	The property comprises 6 contiguous and a half portion of another contiguous unit on level 19 of a 26-storey office building completed about late 1990s. The units have a total gross floor area of approximately 1,083 sq.m. The property is currently rented to Media2U Company Limited, an indirect non wholly-owned subsidiary of the Company, from Sherwin International Limited, an independent third party, for a term 5 years commencing from 1 April 2005 until 31 March 2010 at a monthly rental of HK$64,622 according to a Tenancy Agreement signed by both parties on 1 April 2005 and Supplemental Agreement signed on 4 April 2005.	The property is currently occupied by Media2U Company Limited for office purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
57. B1-2 Basement Level 1 Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	The property comprises a unit on basement level 1 of a 30-storey office building completed about 1996. The units have a total gross floor area of approximately 12 sq.m. The property is currently rented to Beijing Times Resource Technology Consulting Limited, which is deemed to be a subsidiary of the Company, from 北京豐聯廣場商業有限公司, an independent third party, for a term 1 year commencing from 21 November 2006 until 20 November 2007 at a monthly rental of RMB1,500 according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Beijing Times Resource Technology Consulting Limited for storage purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
58. B1-7 Basement Level 1 Full Link Plaza No. 18 Chaoyangmenwai Avenue Chaoyang District Beijing The PRC	The property comprises a unit on basement level 1 of a 30-storey office building completed about 1996. The units have a total gross floor area of approximately 12.6 sq.m. The property is currently rented to Beijing Times Resource Technology Consulting Limited, which is deemed to be a subsidiary of the Company, from 北京豐聯廣場商業有限公司, an independent third party, for a term 1 year commencing from 8 August 2006 until 7 August 2007 at a monthly rental of RMB1,575 according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Beijing Times Resource Technology Consulting Limited for storage purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
59.	A Commercial Shop Taiyuxiao District Zhenwan Village Zhangjiawan Tongzhou District Beijing The PRC	The property comprises a single-storey warehouse completed about 2002. The units have a total gross floor area of approximately 600 sq.m. The property is currently rented to Beijing Times Resource Technology Consulting Limited, which is deemed to be a subsidiary of the Company, from 鄭長利, an independent third party, for a term 5 years commencing from 1 April 2005 until 31 March 2010 at a monthly rental of RMB5,000 according to a Tenancy Agreement signed by both parties on 29 April 2005 and supplemental agreement signed on 1 April 2006.	The property is currently occupied by Beijing Times Resource Technology Consulting Limited for storage purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) As no title certificate nor consent to sublet in respect of the above property is produced, it is uncertain if the lessor has the right to rent out the property. In case the lessor is found to have no right to rent out the property, it has the risk that the Tenancy Agreement shall be pleaded void by the third parties with interests on it.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
60.	Rooms 02 and 03 19th Floor No. 511 Weihai Road Jingan District Shanghai The PRC	The property comprises 2 units on level 19 of a 23-storey office building completed about 1996. The units have a total gross floor area of approximately 327.61 sq.m. The property is currently rented to Beijing OMG M2U Advertising Company Limited, an indirect non wholly-owned subsidiary of the Company, from 上海紳士商城有限公司, an independent third party, for a term 2 years commencing from 1 April 2006 until 31 March 2008 at a monthly rental of RMB39,859 according to a Tenancy Agreement signed by both parties on 5 April 2006.	The property is currently occupied by Beijing OMG M2U Advertising Company Limited for office purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
61.	Room 101 No. 5 Xin Village Alley 66 Qingdao Road Huangbu District Shanghai The PRC	The property comprises a unit on level 1 of a 24-storey residential building completed about 2004. The unit has a gross floor area of approximately 78.31 sq.m. The land use rights of the parcel of land were granted for a term expiring on 5 March 2072 for residential use. The property is currently rented to Beijing OMG M2U Advertising Company Limited, an indirect non wholly-owned subsidiary of the Company, from 郭新民 , an independent third party, for a term 1 year commencing from 4 July 2006 until 3 July 2007 at a monthly rental of RMB5,000 according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Beijing OMG M2U Advertising Company Limited for residential purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
62.	Unit C 30th Floor Zhongqiao Building No. 76 Xianliezhong Road Yuexiu District Guangzhou City The PRC	The property comprises a unit on level 30 of a 30-storey with a 2 level basement office building completed about 2000. The unit has a gross floor area of approximately 75.45 sq.m. The property is currently rented to Beijing OMG M2U Advertising Company Limited, an indirect non wholly-owned subsidiary of the Company, from 廣州天華房地產發展有限公司, an independent third party, for a term 1 year commencing from 1 August 2006 until 31 July 2007 at a monthly rental of RMB5,100 according to a Tenancy Agreement signed by both parties on 18 July 2006.	The property is currently occupied by Beijing OMG M2U Advertising Company Limited for office purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) As no title certificate nor consent to sublet in respect of the above property is produced, it is uncertain if the lessor has the right to rent out the property. In case the lessor is found to have no right to rent out the property, it has the risk that the Tenancy Agreement shall be pleaded void by the third parties with interests on it.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
63. Room No.19 of Unit 2701 Guangdong Foreign Economic & Trade Building No.351 Tianhe Road Tianhe District Guangzhou City The PRC	The property comprises a unit on level 27 of a 33-storey with a 2 level basement office building completed about 1986. The unit has a gross floor area of approximately 55 sq.m. The property is currently rented to 周大偉 , Charming Holidays Limited, an indirect wholly-owned subsidiary of the Company, from 廣東茶葉進出口有限公司物業管理分公司 , an independent third party, for a term a year commencing from 15 February 2007 until 14 February 2008 at a monthly rental of RMB2,860 according to a Tenancy Agreement signed by both parties on 7 February 2007.	The property is currently occupied by Charming Holidays Limited for office purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
64. 2#1207 SOHO Modern City Chaoyang District Beijng The PRC	The property comprises a unit on level 12 of a 30-storey commercial building completed about 2000. The unit has a gross floor area of approximately 150 sq.m. The property is currently rented to Ming Pao Newspapers Limited, an indirect wholly-owned subsidiary of the Company, from 馬麗君 , an independent third party, for a term 2 years commencing from 1 March 2007 until 28 February 2009 at a monthly rental of RMB6,800 according to a Tenancy Agreement signed by both parties on 23 February 2007.	The property is currently occupied by Ming Pao Newspapers Limited for office purpose.	No commercial value

Notes:

1. We have been provided with a legal opinion on the legality of the lease agreements to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following:

   i) The Tenancy Agreement is valid, binding and enforceable under the PRC laws;

   ii) There is no legal impediment for lawful occupation of the Group.

VALUATION CERTIFICATE

GROUP XI — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN TAIWAN

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
65.	Unit 2 6th Floor No.91,Sec. 2, Roosevelt Road, Taipei Taiwan	The property comprises a unit on 6th floor of a 26-storey commercial and residential building completed about 1990. The unit has a gross floor area of approximately 150 sq.m. The property is currently rented to 亞週股份有限公司, an indirect wholly-owned subsidiary of the Company, from 林幸姿, an independent third party, for a term 2 years commencing from 21 November 2005 until 20 November 2007 at a monthly rental of NT$56,000 exclusive of water and electricity charges according to a Tenancy Agreement signed by both parties on 16 November 2005.	The property is currently occupied by 亞週股份有限公司 for office purpose.	No commercial value

VALUATION CERTIFICATE

GROUP XII — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN CANADA

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
66. Suite160 5611 Cooney Road Richmond Vancouver British Columbia Canada	The property comprises a unit on the Ground Floor of a 3-storey building completed in between 25 and 30 years ago. The building has a floor area of approximately 2,017 sq.ft. The property is currently rented to Delta Tour and Travel Services (Canada) Inc. d/b/a Charming Holidays, an indirect wholly-owned subsidiary of the Company, from Richmond Professional Building Limited, an independent third party, for a term (Renewal Term) of 5 years commencing from 23 March 2007 until 22 March 2012 at a monthly rental of CAD$2,185.08 plus GST for the first 36 months of the Term and CAD$2,353.17 plus GST for the last 24 months of the Term exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties dated 1 November 2006. The registered owner of the property is Richmond Professional Building Limited.	The property is currently occupied by Delta Tour and Travel Services (Canada) Inc. for retail and office purposes.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
67. Suite 3500 4151 Hazelbridge Way Richmond Vancouver British Columbia Canada	The property comprises a unit on 3rd floor of a 3-storey mall and 7-storey residentical building. The shopping mall portion was completed in 2003 and the residential portion is still in progress of constructing. The building has a floor area of approximately 610 sq.ft. The property is currently rented to Delta Tour and Travel Services (Canada) Inc. d/b/a Charming Holidays (Canada), an indirect wholly-owned subsidiary of the Company, from Fairchild Developments Ltd., an independent third party, for a term 5 years commencing from 23 February 2004 until 22 February 2009 at an annual rental per square foot of CAD$65 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 19 March 2003. The registered owner of the property is Fairchild Developments Ltd.	The property is currently occupied by Delta Tour and Travel Services (Canada) Inc. for retail purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
68.	Suite 105 Metrotower II 4720 Kingsway Burnaby Vancouver British Columbia Canada	The property comprises a unit on ground floor of a 30-storey commercial building completed about 1991. The building has a floor area of approximately 706 sq.ft. The property is currently rented to Delta Tour and Travel Services (Canada) Inc. d/b/a Charming Holidays (Canada), an indirect wholly-owned subsidiary of the Company, from Ivanhoe Cambridge II Inc., an independent third party, for a term 5 years commencing from 1 November 2005 until 31 October 2010 at an annual rental of CAD$21,180 plus GST commencing from 1 November 2005 to 31 October 2008 and CAD$24,710 plus GST from 1 November 2008 to 31 October 2010 according to a Tenancy Agreement signed by both parties on 25 August 2005. The registered owner of the property is Ivanhoe Cambridge II Inc..	The property is currently occupied by Delta Tour and Travel Services (Canada) Inc. for retail purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
69. No.135 139 Keefer Street Vancouver British Columbia Canada	The property comprises a unit on the ground floor of a 2-storey commercial building completed in 1986. The building has a floor area of approximately 1,050 sq.ft. The property is currently rented to Ming Pao Newspapers (Canada) Ltd., an indirect wholly-owned subsidiary of the Company, from Chow's Land Inc. and Chow & Sons Land Inc., an independent third party, for a term (Renewal term) of 3 years commencing from 15 June 2006 until 14 June 2009 at a monthly rental of CAD$2,231.25 plus GST exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 22 February 2006. The registered owner of the property is Chow's Land Inc. and Chow & Sons Land Inc..	The property is currently occupied by Ming Pao Newspapers (Canada) Ltd. for office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
70.	No.Y007B of 1 Promenade Circle Thornhill Toronto Ontario Canada	The property comprises certain space in a 2-storey shopping mall was estimated to be completed in about 1997. The building is an office unit and has a floor area of approximately 614 sq.ft. The property is currently rented to Delta Tour and Travel Services (Canada) Inc., an indirect wholly-owned subsidiary of the Company, from T & T Supermarket Inc., an independent third party, for a term 5 years commencing from 1 October 2002 at a annual rental of CAD$36,840 inclusive of tenant's taxes according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Delta Tour and Travel Services (Canada) Inc. for office purpose.	No commercial value

VALUATION CERTIFICATE

GROUP XIII — PROPERTY INTERESTS LEASED AND OCCUPIED BY THE GROUP IN USA

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
71. No. 102 1st Floor of a building 3360 Flair Drive El Monte California CA 91731 USA	The property comprises a unit on 1st floor of a 2-storey commercial and industrial building was completed about 1979. The building is an office unit and has a floor area of approximately 2,800 sq.ft. The property is currently rented to Delta Tour and Travel Services Inc., an indirect wholly-owned subsidiary of the Company, from Coldwell Banker Management, an independent third party, for a term 5 years commencing from 1 July 2004 until 30 June 2009 at a monthly rental of US$3,500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 6 October 2004.	The property is currently occupied by Delta Tour and Travel Services Inc. for office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
72.	Room 402, 403 and 406 4th Floor 265 Canal Street New York NY 10013 USA	The property comprises 3 units on 4th floor of a 6-storey manufacturing building was completed about 1900. The property has 3 units with a floor area of approximately 3,000 sq.ft. The property is currently rented to Delta Tour and Travel Services (USA), Inc., d/b/a Charming Holidays (USA), an indirect wholly-owned subsidiary of the Company, from 267 Canal Street Corp., an independent third party, for a term 5 years and 1 month commencing from 15 June 2003 until 14 July 2008 at an average monthly rental of approximately US$5,535.73 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 9 June 2003.	The property is currently occupied by Delta Tour and Travel Services Inc. for office purpose.	No commercial value

1. Pursuant to a Sublease Agreement dated 10 June 2003 entered into between Delta Tour and Travel Services (USA) Inc., d/b/a Charming Holidays (USA) and Ming Pao (New York) Inc., rooms 403 and 406 of the property are currently rented to Ming Pao (New York) Inc. for a term of 5 years commencing from 15 July 2003 and expiring on 14 July 2008, at a monthly rental of US$2,350 exclusive of management charges and other outgoings.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
73.	Suite No.246 2th Floor Burlingame Executive Center 1818 Gilbreth Road Burlingame 94010 USA	The property comprises a unit on 2nd floor and 2 parking spaces of a 2-storey office and light industrial building was completed in 1972. The property has an office unit with a floor area of approximately 603 sq.ft and 2 parking spaces. The property is currently rented to Delta Tour and Travel Services Inc., an indirect wholly-owned subsidiary of the Company, from Certosa, Inc., an independent third party, for a term 1 year commencing from 1 February 2007 until 31 January 2008 at a monthly rental of US$988.92 according to a Tenancy Agreement signed by both parties on 23 January 2007.	The property is currently occupied by Delta Tour and Travel Services Inc. for office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
74. 2585 Third Street Unit 100 San Francisco CA 94107 USA	The property comprises a portion of a 3-storey mixed use building was completed in 1955. The property has an office unit with a floor area of approximately 8,200 sq.ft. The property is currently rented to MP Printing Inc., an indirect wholly-owned subsidiary of the Company, together with Trendway Press Corporation, Chinese Times and Michael K. Y. Lam, the independent third parties, from Angelo Markoulis, an independent third party, for a term 7 years commencing from 1 August 2002 until 31 July 2009 at a monthly rental of US$6,400 according to a Tenancy Agreement signed by both parties on 15 April 2002.	The property is currently occupied by MP Printing Inc. for factory purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
75. 1192 Illinois Street San Francisco CA 94107 USA	The property comprises a portion of a 3-storey mixed building was completed in 1955. The property has an warehouse unit with a floor area of approximately 3,850 sq.ft. The property is currently rented to MP Printing Inc., an indirect wholly-owned subsidiary of the Company, from Angelo Markoulis, an independent third party, for a term commencing from 16 March 2004 until 31 July 2009 at a monthly rental of US$4,185 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 9 February 2004.	The property is currently occupied by MP Printing Inc. for warehouse purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
76.	2585 Third Street Unit 101 San Francisco CA 94107 USA	The property comprises a portion of a 3-storey mixed use building was completed in 1955. The property has an office unit with a floor area of approximately 4,300 sq.ft. The property is currently rented to Ming Pao (San Francisco) Inc., an indirect wholly-owned subsidiary of the Company, from Angelo Markoulis, an independent third party, for a term commencing from 1 December 2003 until 31 July 2009 at a monthly rental of US$3,440 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 13 November 2003.	The property is currently occupied by Ming Pao (San Francisco) Inc. for office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
77. 822 Clay Street San Francisco CA 94108 USA	The property comprises a portion of a 3-storey retail and residential building was completed in 1907. The property has an office unit with a floor area of approximately 400 sq.ft. The property is currently rented to Ming Pao (San Francisco) Inc., an indirect wholly-owned subsidiary of the Company, from Jian Min Health LCC, an independent third party, for a term of a year commencing from 15 February 2007 until 15 February 2008 at a monthly rental of US$1,000 according to a Tenancy Agreement signed by both parties on 15 February 2007.	The property is currently occupied by Ming Pao (San Francisco) Inc. for office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
78.	81-22 Dongan Avenue 2R Elmhurst NY 11373 USA	The property comprises a unit of a 2-storey residential building was completed in 1920. The property has an office unit with a floor area of approximately 800 sq.ft. The property is currently rented to Ming Pao (New York) Inc., an indirect wholly-owned subsidiary of the Company, from Si Kang Chen, an independent third party, for a term of a year commencing from 10 April 2006 until 30 April 2007 at a monthly rental of US$1,150 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 10 April 2006.	The property is currently occupied by Ming Pao (New York) Inc. for residential purpose.	No commercial value

VALUATION CERTIFICATE

GROUP XIV — PROPERTY INTERESTS LEASED AND OCCUPIED BY SIN CHEW IN MALAYSIA

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
79.	No. 58A, Jalan Anggaerik, Taman Kulai Utama, 81000 Kulai, Johor Darul Takzim	The property comprises an office lot situated on the 1st floor of a 2-storey shop-office building. The building is completed about 5 years ago. The net lettable area of the property is approximately 1,452 square feet. The property is currently rented to Sin Chew from Chaw Chen Chiang, an independent third party, for a term 3 years commencing from 1 July 2006 until 30 June 2009 at a monthly rental of RM500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 26 July 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
80.	Jln Chui Yin Bentung Pahang	The property comprises a ground floor shop lot situated within a 2-storey shop-office building completed about 68 years ago. The net lettable area of the property is approximately 240 square feet. The property is currently rented to Sin Chew from Kwang Tung Bentung Association, an independent third party, for a term 3 years commencing from 1 September 2003 until 31 August 2006 at a monthly rental of RM400 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 September 2003.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
81. No. 77, Jalan Barrack, 34000, Jln Pejabat Pos, 31900, Kampar, Perak Darul Ridzuan	The property comprises a ground floor shop lot located within a 2-storey shop-office building completed about 50 years ago. The net lettable area of the property is 989 square feet. The property is currently rented to Sin Chew from Leong Meng Kee, an independent third party, for a term 3 years commencing from 1 March 2006 until 28 February 2009 at a monthly rental of RM1,050 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 20 April 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
82. 1st Floor, No. 31A, Jln Pejabat Pos, 31900, Kampar, Perak Darul Ridzuan	The property comprises an office lot situated on the 1st floor of a 2-storey shop-office building completed about 10 years ago. The net lettable area of the property is 1,694 square feet. The property is currently rented to Sin Chew from Low Sek Wah, an independent third party, for a term 3 years commencing from 1 August 2006 until 31 July 2009 at a monthly rental of RM350 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 29 September 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
83.	59-F Mezz Floor Jln Tok Lam K. Terengganu	The property comprises an office lot situated on the mezzanine floor of a 5-storey shop-office building completed about 27 years ago. The net lettable area of the property is 555 square feet. The property is currently rented to Sin Chew from Low Fat Realty Sdn. Bhd., an independent third party, for a term 2 years commencing from 1 July 2006 until 30 June 2008 at a monthly rental of RM550 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 29 September 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
84.	No. 3 1st Floor Jln Keli Taman Seri Tenggara, 34200 Parit Buntar Perak	The property comprises an office lot situated on the 1st floor of a 2-storey shop-ffice building completed about 25 years ago. The net lettable area of the property is 1,264 square feet. The property is currently rented to Sin Chew from Lim Ah Kan, an independent third party, for a term 2 years commencing from 1 October 2006 until 31 September 2008 at a monthly rental of RM500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 November 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
85. Ground Floor, No. 152, Jalan Petaling, Kuala Lumpur	The property comprises a ground floor shop lot situated within a 2-storey shop-office building completed about 60 years ago. The net lettable area of the property is 890 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 February 2005 until 31 January 2008 at a monthly rental of RM3,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 28 February 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
86.	1st Floor, No. 3, Medan Sri Intan, Jln Sekolah, 36000, Teluk Intan	The property comprises an office lot situated on the 1st floor of a 3-storey shop-office building completed about 13 years ago. The net lettable area of the property is 968 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM1,100 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
87. 1st Floor, No. 24, Jalan Ibrahim, 85000 Segamat, Johor Darul Takzim	The property comprises an office lot situated on the 1st floor of a 2-storey shop-office building completed about 53 years ago. The net lettable area of the property is 903 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
88. No. 12, Jalan Bunga Raya, 28400 Mentakab, Pahang Darul Makmur	The property comprises a ground floor shop lot situated within a 4-storey shop-apartment building completed about 11 years ago. The net lettable area of the property is 1,376 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM1,800 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
89.	Ground Floor, No. 8, Jalan Puteri, 8300 Batu Pahat, Johor Darul Takzim	The property comprises a ground floor shop lot situated within a 2-storey shop-office completed about 20 years ago. The net lettable area of the property is 1,152 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM2,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
90.	No. 16, Lorong Gudang Nanas 2, 41400 Klang, Selangor Darul Ehsan	The property comprises a four and a half storey shop-office building with a site area of approximately 1,540 square feet completed about 15 years ago. The net lettable area of the property is 5,960 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM3,100 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
91. 2nd Floor, No. 6, Jalan Mawar 2, Taman Pekan Baru, 08000 Sungai Petani, Kedah Darul Aman	The property comprises an office lot situated on the 2nd floor of a 3-storey shop-office building completed about 12 years ago. The gross floor area of the property is 1,420 square feet whilst the net lettable area of about 1,250 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 May 2005 until 30 April 2008 at a monthly rental of RM700 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 17 June 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
92.	Unit A1-13-17, Genting View Resort Condominium, Bentong, Pahang Darul Makmur	The property comprises 2 bedrooms condominium unit situated on the 13 floor of a 20-storey condominium block known as Block A1, Genting View Resort Condominium. The building is completed about 12 years ago. The gross floor area of the property is 829 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM1,500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 April 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
93.	No. 12, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus	The property comprises 4 shop/office lots situated on the ground, mezzanine, first and third floors of a 4½-storey shop-office building completed about 20 years ago. The net lettable area of the property is 3,432 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 September 2006 until 31 August 2009 at a monthly rental of RM2,120 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 November 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
94.	1st Floor, No. 12, Taman Anson, Jalan Raja Omar, Sitiawan, Perak	The property comprises an office lot situated on the 1st floor of a 2-storey shop-office building completed about 10 years ago. The net lettable area of the property is 1,849 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 January 2007 until 31 December 2009 at a monthly rental of RM350 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 January 2007.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
95. No. 93, Jln Leong Sin Lam, 30300 Ipoh Perak Darul Ridzuan	The property comprises a 4-storey shop-office building with a site area of approximately 1,963 square feet completed about 20 years ago. The net lettable area of the building is 6,193 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 August 2004 until 31 July 2007 at a monthly rental of RM3,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 28 August 2004.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
96. 1st Floor, No. 1025, Jalan Berjaya 3, Seberang Jalan Putra, 05150, Alor Setar, Kedah Darul Aman	The property comprises an office lot situated on the 1st floor of a 3-storey shop-office building completed about 12 years ago. The net lettable area of the property is 1,056 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 October 2004 until 30 September 2007 at a monthly rental of RM1,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 October 2004.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
97. No. 45-67, Jalan Salleh, 84000 Muar, Johor Darul Takzim	The property comprises a ground floor shop lot situated within a 3-storey shop-office building completed about 13 years ago. The net lettable area of the property is 800 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 January 2005 until 31 December 2007 at a monthly rental of RM2,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 28 February 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
98.	No. 240, Jalan Mersing, 86000 Kluang, Johor Darul Takzim	The property comprises a ground floor shop lot situated within a 3-storey shop-office building completed about 33 years ago. The net lettable area of the property is 1,356 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 February 2005 until 31 January 2008 at a monthly rental of RM2,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 28 February 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value
99.	1st and 2nd Floors, No. 15, Jalan Mewah Satu, Taman Mewah, 12100 Butterworth, Penang	The property comprises 2 shop/office lots situated on the 1st and 2nd floors of a 3-storey shop-office building completed about 15 years ago. The net lettable area of the property is 2,524 square feet. The property is currently rented to Sin Chew from Pacific Hijau Sdn. Bhd., an independent third party, for a term 2 years commencing from 1 April 2006 until 31 March 2008 at a monthly rental of RM500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
100. No. 71, 71A, 71B and 71C, Jalan Macalister, 10400 Penang	The property comprises 4 office lots situated on the ground floor, 2nd floor and 3rd floor of a 5-storey shop-building completed about 10 years ago. The net lettable area of the building is 14,890 square feet. The property is currently rented to Sin Chew from Persatuan Hokkien Pulau Pinang, an independent third party, for a term 3 years commencing from 1 April 2005 until 31 March 2008 at a monthly rental of RM15,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 1 April 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
101. Unit No. 6-1, Jalan Delima 1, Pusat Perdagangan Pontian, 82000 Pontian, Johor Darul Takzim	The property comprises an office lot located on the 1st floor of a 3-storey commercial building completed about 4 years ago. The net lettable area of the property is 1,589 square feet. The property is currently rented to Sin Chew from Pontian Sundry Provision Good Merchants, an independent third party, for a term 3 years commencing from 1 December 2004 until 30 November 2007 at a monthly rental of RM450 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 8 March 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
102. No. 19, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan	The property comprises a 2-storey office building with an adjoining single storey factory, a single storey factory extension and a 6-storey office building with 3 basement levels. It has a site area of approximately 121,350 square feet. The buildings are completed about 38 years ago. The total gross floor area of the buildings is 128,398 square feet. The property is currently rented to Sin Chew from Rimbunan Hijau Estate, an independent third party, for a term 3 years commencing from 2 March 2004 until 3 March 2007 at a monthly rental of RM270,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 2 March 2004.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
103. No. 235-236, Ground Floor, Kemena Commercial Centre, Jalan Tanjong Batu, 97000 Bintulu Sarawak	The property comprises a ground floor shop lot situated within a 4-storey shop-office building completed about 21 years ago. The net lettable area of the property is 1,920 square feet. The property is currently rented to Mulu Press Sdn. Bhd. (a subsidiary company, 100% owned by Sin Chew) from Rimbunan Hijau Holding, an independent third party, for a term 3 years commencing from 1 October 2005 until 30 September 2008 at a monthly rental of RM1,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 30 September 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
104. Unit T01-U09, Putrajaya	The property comprises an office lot situated on the 1st floor of a 4-storey office block with a sub-basement car parking level completed about 3 years ago. The net lettable area of the property is 840.89 square feet. The property is currently rented to Sin Chew from Senandung Budiman Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 June 2004 until 31 May 2007 at a monthly rental of RM2,522.67 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 28 May 2004.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value
105. 2nd Floor, No. 25, Kampong Nyabor Road, 96000 Sibu, Sarawak	The property comprises an office lot situated on the 2nd floor of a 4-storey shop-office building completed about 23 years ago. The net lettable area of the property is 1,192 square feet. The property is currently rented to Mulu Press Sdn. Bhd. (a wholly owned subsidiary company of Sin Chew) from Tiong Toh Siong & Sons Sdn. Bhd, an independent third party, for a term 3 years commencing from 1 August 2005 until 31 July 2008 at a monthly rental of RM1,000 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 29 July 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
106. 1st Floor, No. 29, Block F, Taman Sri Sarawak Mall, Jalan Pandungan, 93100 Kuching, Sarawak	The property comprises an office lot situated on the 1st floor of a 4-storey shop-office building completed about 31 years ago. The net lettable area of the property is 660 square feet. The property is currently rented to Mulu Press Sdn. Bhd. (a wholly owned subsidiary company of Sin Chew) from Tiong Toh Siong & Sons Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 August 2005 until 31 July 2008 at a monthly rental of RM400 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 29 July 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value
107. 1st Floor, No. G5, Jalan Tiong Ung Huong, 96800 Kapit, Sarawak	The property comprises an office lot situated on the 1st floor of a 4-storey shop-office building completed about 40 years ago. The net lettable area of the property is 204 square feet. The property is currently rented to Mulu Press Sdn. Bhd. (a wholly owned subsidiary company of Sin. Chew Media Corporation Berhad) from Tiong Toh Siong & Sons Sdn. Bhd., an independent third party, for a term 3 years commencing from 1 August 2005 until 31 July 2008 at a monthly rental of RM300 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 29 July 2005.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
108. 41A, 1st Floor, Jalan Mandailing, Kajang, Selangor Darul Ehsan	The property comprises an office lot situated on the 1st floor of a 2-storey shop-office building completed about 30 years ago. The gross floor area of the property is 1,200 square feet. The property is currently rented to Sin Chew from Tan Im Wah, an independent third party, for a term 2 years commencing from 1 January 2007 until 31 December 2008 at a monthly rental of RM650 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 5 February 2007.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value
109. Lot 3951, 4th Mile, Lebuhraya Shapadu, 42100 Klang, Selangor Darul Ehsan	The property comprises a single-storey warehouse with a site area of approximately 100,188 square feet completed about 7 years ago. The gross floor area of the property is 30,000 square feet. The property is currently rented to Sin Chew from United Shipping and Forwarding Sdn. Bhd., an independent third party, for a term 2 years commencing from 1 January 2006 until 31 December 2007 at a monthly rental of RM22,500 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties on 13 March 2006.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2007 *HK$*
110.	No. 22, Jalan Sultan Mohamed 4, 42000 Port Klang, Selangor Darul Ehsan	The property comprises a single-storey warehouse with a site area of approximately 130,680 square feet completed about 10 years ago. The gross floor area of the property is 76,800 square feet. The property is currently rented to Sin Chew from United Shipping and Forwarding Sdn. Bhd., an independent third party, for a term 2 years, 8 months and 2 days commencing from 11 April 2005 until 31 December 2007 at a monthly rental of RM61,440 exclusive of management charges and other outgoings according to a Tenancy Agreement signed by both parties.	The property is currently occupied by Sin Chew for group's area office purpose.	No commercial value

RESPONSIBILITY STATEMENT

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

SHARE CAPITAL

The authorised and issued and fully paid up share capital of the Company as at the Latest Practicable Date were as follows:

Authorised share capital:		*HK$*
500,000,000	Shares	50,000,000
2,000,000,000	Shares to be created at the SGM	200,000,000
2,500,000,000	Shares immediately following the SGM	250,000,000
Issued, fully paid or credited as fully paid:		
404,465,000	Shares	40,446,500
1,015,976,055	Sin Chew Consideration Shares to be issued on Completion	101,597,605
268,839,186	Nanyang Press Consideration Shares to be issued on Completion	26,883,919
1,689,280,241	Shares in issue immediately following Completion *(Note)*	168,928,024

Note: This assumes that no Shares will be issued from the Latest Practicable Date to the date of Completion other than the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares.

All the Shares rank *pari passu* in all respects, including all rights as to dividend, voting and interests in the capital.

DISCLOSURE OF INTERESTS

Interests of Directors

(i) As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provision of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

(a) *Interests in Shares*

	Number of Shares / underlying Shares held						
Name of Director	**Personal interests**	**Family interests**	**Corporate interests** *(Note 1)*	**Total interests in Shares**	**Interests in underlying Shares pursuant to share options** *(Note 2)*	**Aggregate interests**	**Percentage of issued Share capital**
Tan Sri Datuk Tiong Hiew King	150,000	—	252,487,700	252,637,700	600,000	253,237,700	62.61
Dr Tiong Ik King	—	—	252,487,700	252,487,700	600,000	253,087,700	62.57
Mr Tiong Kiu King	611,000	147,000	—	758,000	600,000	1,358,000	0.34
Mr Tiong Kiew Chiong	1,200,000	—	—	1,200,000	600,000	1,800,000	0.45

Notes:

1. The corporate interests of Tan Sri Datuk Tiong and Dr Tiong Ik King in the Company are jointly held through Conch Company Limited ("Conch") which holds 252,487,700 shares of the Company. 40% of the interest in Conch is held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Tiong and Dr Tiong Ik King. In addition, Tan Sri Datuk Tiong Hiew King and Dr Tiong Ik King directly hold 25% and 22% of the interests in Conch respectively.

2. These represent share options granted by the Company to the directors under the share option scheme of the Company to subscribe for the shares of the Company.

DISCLOSURE OF INTERESTS (Continued)

Interests of Directors (Continued)

(i) (b) *Interests in share options granted by the Company*

Name of Director	Underlying Shares pursuant to share options	Percentage of issued share capital	Exercise price per Share *(HK$)*	Date of grant	Exercisable period
Tan Sri Datuk Tiong Hiew King	300,000	0.074%	1.592	31/08/2001	01/09/2001-20/08/2011
Tan Sri Datuk Tiong Hiew King	300,000	0.074%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr Tiong Kiu King	300,000	0.074%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr Tiong Kiu King	300,000	0.074%	1.800	15/09/2003	16/09/2003-20/08/2011
Dr Tiong Ik King	300,000	0.074%	1.592	31/08/2001	01/09/2001-20/08/2011
Dr Tiong Ik King	300,000	0.074%	1.800	15/09/2003	16/09/2003-20/08/2011
Mr Tiong Kiew Chiong	300,000	0.074%	1.592	31/08/2001	01/09/2001-20/08/2011
Mr Tiong Kiew Chiong	300,000	0.074%	1.800	15/09/2003	16/09/2003-20/08/2011

Save as disclosed above, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DISCLOSURE OF INTERESTS (Continued)

Interests of Directors (Continued)

(ii) As at the Latest Practicable Date, none of the Directors and the chief executive of the Company was a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(iii) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which were, since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

(iv) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Enlarged Group.

Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the persons, other than Directors or the chief executive of the Company, who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of substantial shareholder	Number of Shares held	Percentage of issued Share capital
Conch Company Limited ("Conch") *(Note 1)*	252,487,700(*)	62.43%
Dr Louis Cha *(Note 2)*	40,463,400(*)	10.00%

* All the interests stated above represent long positions in the shares of the Company.

Notes:

1. Conch owned 252,487,700 shares of the Company. 40% of the interest in Conch was held by Seaview Global Company Limited, a company jointly owned by Tan Sri Datuk Tiong and Dr Tiong Ik King. In addition, Tan Sri Datuk Tiong and Dr Tiong Ik King directly held 25% and 22% of the interest in Conch, respectively. The remaining 13% of the interest in Conch was held by brothers and sons of Tan Sri Datuk Tiong.

2. Dr Louis Cha beneficially owned 38,798,400 shares of the Company and Snowdrop Limited, a company wholly owned by Dr Louis Cha, owned 1,665,000 shares of the Company.

DISCLOSURE OF INTERESTS (Continued)

Interests in the Enlarged Group

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the persons, other than Directors or the chief executive of the Company, who was 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 Enlarged Group, and the amount of each of such person's interest in such securities, together with any options in respect of such capital, were as follows:

Name of Subsidiary	Name of registered owner of shares or equity interest (as the case may be)	Effective % of equity interest held
Winmax Resources Limited	RGM Ventures Limited	14.97%
One Media Group Limited	RGM Ventures Limited	11.07%
One Media Holdings Limited	RGM Ventures Limited	11.07%
Top Plus Limited	RGM Ventures Limited	11.07%
Media2U (BVI) Company Limited	RGM Ventures Limited	11.07%
Ming Pao Magazines Limited (formerly known as Lisport Company Limited)	RGM Ventures Limited	11.07%
One Media (HK) Limited	RGM Ventures Limited	11.07%
Media2U Company Limited	RGM Ventures Limited	11.07%
One Media Group (HK) Limited	RGM Ventures Limited	11.07%
Media2U (Beijing) Company Limited	RGM Ventures Limited	11.07%
Beijing OMG M2U Advertising Company Limited	RGM Ventures Limited	11.07%
Beijing Times Resource Technology Consulting Limited	RGM Ventures Limited	11.07%
Beijing Times Resource Advertising Company Limited	RGM Ventures Limited	11.07%
CittaBella (Malaysia) Sdn Bhd	Lianhe Publishing Limited	49.00%

EXPERTS AND CONSENTS

The following are the experts, and their qualifications, who have given opinions contained in this circular:

Expert	Qualifications
Anglo Chinese Corporate Finance, Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
Ernst & Young	Certified public accountants
PricewaterhouseCoopers	Certified public accountants
Sallmanns (Far East) Limited	Qualified property valuer

Each of Anglo Chinese Corporate Finance, Limited, Ernst & Young, PricewaterhouseCoopers and Sallmanns (Far East) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports as set out in this circular and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Anglo Chinese Corporate Finance, Limited, Ernst & Young, PricewaterhouseCoopers and Sallmanns (Far East) Limited was beneficially interested in the share capital of any member of the Enlarged Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, nor did it have any direct or indirect interest in any assets which were, since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Enlarged Group.

LITIGATION

The Group

As at the Latest Practicable Date, save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Directors are not aware of any proceedings, pending or threatened, against the Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group.

LITIGATION (Continued)

Ming Pao Newspapers Limited, a subsidiary of Ming Pao Holdings Limited, has been named as the defendant in the High Court of Hong Kong Action No. 1895 of 2006 whereby the plaintiff, Hong Kong Institute of Technology Limited, commenced proceedings on 31 August 2006 for alleged defamation in an article published by Ming Pao Newspapers Limited on 24 and 25 July 2006. The defence was filed on 27 September 2006 but the plaintiff has not taken any further action to date.

The Company or the Group has received a number of complaints and letters of demand, some of which have not yet resulted in proceedings being issued, and the Company believes that these are not likely to be pursued. Other matters have involved proceedings being issued but further recent action has not been taken, and the Company believes that it is unlikely the plaintiff in these inactive cases will take further action.

Sin Chew Group

Save as disclosed below, the Sin Chew Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Sin Chew Group and the directors of Sin Chew are not aware of any proceedings, pending or threatened, against the Sin Chew Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Sin Chew Group.

(i) Wong Cher Feng, a practicing advocate and solicitor has filed a suit against Sin Chew as 2nd defendant alleging that Sin Chew has defamed him by reason of an article published. Wong Cher Feng is claiming for damages in the sum of RM5 million plus costs. The matter has been fixed for hearing on 13 November 2006. Sin Chew's solicitors are of the opinion that Sin Chew has a defence on the ground of justification and fair comment;

(ii) Chew Ee Teong and Tan Suan Choo have filed a suit against GMRSB and Sin Chew as 4th and 5th defendants respectively, alleging that Sin Chew has defamed them by reason of an article published. Chew Ee Teong and Tan Suan Choo are claiming for damages in the sum of RM5 million plus costs. The court has fixed 18 October 2006 to 19 October 2006 as the hearing dates for the continuation of the trial for the said matter. The solicitors have advised that if the Plaintiff are to succeed in its claim, the sum to be awarded, if any, will not be material;

(iii) Badrul Zaman Bin P. S. Md Zakariah, a managing director of an employment agency has filed a suit against Sin Chew as 1st defendant alleging that Sin Chew has defamed him by reason of an article published arising from a press conference by the 2nd Defendant, the then Deputy Director General of the Immigration Department. Badrul Zaman Bin P. S. Md Zakariah is claiming for damages in the sum of RM50 million plus costs. The High Court has fixed 12 March 2007 to 14 March 2007 for trial. Sin Chew's solicitors are of the opinion that Sin Chew has a defence on the ground of qualified privilege;

(iv) Chua Seow Heong has filed a suit against Sin Chew and GMRSB as 2nd and 3rd defendants respectively, alleging that he has been defamed by reason of an article publishing the 1st

Defendant's (i.e. the Bank of China's) statement in response to the Plaintiff's claim against the 1st Defendant. Chua Seow Heong is claiming for damages in the sum of RM40 million plus costs. This suit was struck off on 27 June 2002 for the plaintiff's/plaintiff's solicitors' failure to attend court but the suit has been successfully reinstated on 30 October 2003. The High Court has fixed the matter for trial on 22 March 2010 to 25 March 2010. Sin Chew's and GMRSB's solicitors are of the opinion that their defence in this matter ought to succeed;

(v) Airport Limo (M) Sdn Bhd has filed a suit against Sin Chew alleging that Sin Chew has defamed it by reason of an article published. Airport Limo (M) Sdn Bhd is claiming for damages in the sum of RM15 million plus costs. The High Court has fixed 16 May 2007 to 17 May 2007 as the hearing dates for the case. Sin Chew's solicitors are of the opinion that Sin Chew has a defence if it is able to prove the truth of the material facts in the article published and if the Plaintiff is to succeed in its claim, the sum to be awarded, if any, will not be material;

(vi) KL City Bazaar Sdn Bhd has filed a suit against Sin Chew as 2nd defendant alleging that Sin Chew has defamed him by reason of an article published concerning a statement made by the 1st Defendant, a Minister in the Prime Minister's Department in charge of the Federal Territory of Kuala Lumpur. KL City Bazaar Sdn Bhd is claiming for damages in the sum of RM7.7 million as special damages for expenses incurred for a project, general damages plus costs. No mention of hearing date has been fixed until KL City Bazaar Sdn Bhd files the notice to attend pre-trial case management. Sin Chew's solicitors are of the opinion that Sin Chew may have a defence on the ground of qualified privilege if the Minister confirms making the alleged statement in his defence, that there is no basis for the Plaintiff to seek the RM7.7 million special damages and if the Plaintiff is to succeed in its claim, the sum to be awarded, if any, will not be material;

(vii) Ng Yeow Song (as public officer of Dewan Perniagaan dan Perindustrian Tionghua Johor Bahru) has filed a suit at the Shah Alam High Court against Sin Chew as 2nd defendant in its capacity as printer and publisher of Sin Chew Jit Poh alleging that Sin Chew has defamed the Dewan Perniagaan by reason of an article published. The plaintiff is claiming for damages in the sum of RM10 million plus costs. A Summons-In Chambers to strike out the plaintiff's Amended Writ of Summons and Amended Statement of Claim has been filed. The court has fixed 23 October 2006 for mention. Sin Chew's solicitors are of the opinion that Sin Chew's defence of qualified privilege and fair comment ought to succeed;

(viii) Ng Yeow Song (as public officer of Dewan Perniagaan dan Perindustrian Tionghua Johor Bahru) has also filed a suit at the Johor Bahru High Court against GMRSB and Sin Chew as 2nd and 3rd defendants respectively, in their capacity as the publisher, of "Guang Ming Ribao" and as the printer respectively. The plaintiff has alleged that Sin Chew and GMRSB have defamed the Dewan Perniagaan by reason of an article published. The plaintiff is claiming for damages in the sum of RM10 million plus costs. Sin Chew's application to strike out the plaintiff's suit on the ground that a society registered under the Societies Act 1966 is incapable of maintaining an action for defamation has been allowed with costs on 21 January 2002. The plaintiff filed an appeal against this decision and the appeal was allowed resulting in the suit being reinstated. Sin Chew's solicitors have filed an appeal to the Court of Appeal and are awaiting the hearing date. Sin Chew's solicitors are of the opinion that on the merits of the case, Sin Chew and GMRSB have a reasonably good defence as the statements made were fair comment on a matter of public interest;

(ix) New Tang Dynasty ("NTD") had filed a suit against Sun Xiang Yang and Sin Chew as 1st and 2nd defendant respectively alleging that Sun Xiang Yang and Sin Chew had defamed it by reason of an article published. The court has fixed 5 October 2006 for hearing of the application by the Defendant to strike out the Plaintiff's claim. NTD is claiming for RM100 million in general, aggravated and exemplary damages. Sin Chew's solicitors are of the preliminary opinion that Sin Chew has a defence on the ground of qualified privilege; and

(x) Chan Pooi Fuan commenced legal action against Sin Chew and the Editor of Sin Chew claiming that an article published in the Sin Chew Daily on 25 January 2005 had defamed the plaintiff. The plaintiff is claiming for amongst others damages in the sum of RM5,000,000, aggravated damages, public apology, an injunction, interest, costs and other relief.

Nanyang Press Group

Save as disclosed below, the Nanyang Press Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Nanyang Press Group and the directors of Nanyang Press are not aware of any proceedings, pending or threatened, against the Nanyang Press Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Nanyang Press Group.

Nanyang Siang Pau Sdn Bhd ("NSP"), wholly-owned by Nanyang Press

(i) On 30 January 1999, Goh Choon Liang commenced legal proceedings against Wong Kam Hor as the first defendant and NSP as the second defendant claiming that an article published in Nanyang Siang Pau on 3 March 1998 defamed him. The plaintiff is seeking general damages, aggravated damages, an injunction, interest, costs and other relief. The defendants have filed the Statement of Defence dated 9 April 1999. The solicitors of NSP are still in the process of accumulating the relevant evidence and documents for the matter.

(ii) On 20 April 2005, Ng Wan Ting commenced a new legal proceedings against NSP, Guang Ming Ribao Sdn Bhd, Kwong Wah Yit Poh Press Sdn Bhd, The China Press Berhad, Pemandangan Sinar Sdn Bhd and Sun Media Corporation Sdn Bhd claiming, inter alia, that articles in Nanyang Siang Pau on 26 April 1999 and 11 May 1999 defamed her. The plaintiff is claiming for RM1,000,000 in damages, cost and other relief that the Court deems fit. NSP filed its Statement of Defence dated 11 August 2005. The parties are in the midst of negotiating an amicable settlement.

(iii) On 12 May 2000, Wong Cher Feng commenced legal proceedings against Ng Ching Sea, the Chairman of the Johor Bahru District House Buyers Association, as the first defendant and NSP as the second defendant claiming that an article published in Nanyang Siang Pau on 13 December 1999 defamed him. The plaintiff is seeking damages in aggregate of RM5,000,000 as aggravated and exemplary damages, costs, interests, an injunction and other relief. On 20 October 2003 the 1st defendant's application to consolidate this case with two other High Court suits brought by the plaintiff was granted by the Court. The Court has fixed the matter for trial on 8 October 2007 and 9 October 2007.

(iv) On 24 November 2000, Lew Wah and Leow Tsuey Huah (trading as White House Wedding Photos) commenced legal proceedings against NSP claiming that an article and the coloured pictures of White House Wedding Photos appearing in Nanyang Siang Pau Kuala Lumpur/Selangor Edition on 5 April 2000 defamed him. The plaintiffs are claiming RM1,000,000 as special damages, unspecified aggravated and exemplary damages, costs, interest and other relief. NSP has filed its Statement of Defence dated 23 January 2001 and an Amended Statement of Defence dated 6 July 2005. The parties are in the midst of complying with the Court's case management directions. The Court has fixed the case for further mention on 31 July 2007 and for trial on 10, 11, 12 and 13 January 2011.

(v) On 2 February 2001, Badrul Zaman bin P.S. Md Zakariah commenced legal proceedings against NSP as the first defendant, Datuk Aseh Che Mat as the second defendant and the Government of Malaysia as the third defendant. The plaintiff is seeking general damages of RM50,000,000, unspecified exemplary and aggravated damages, injunction, costs, interests and other relief. NSP filed its Statement of Defence dated 29 June 2001. The Court has on 10 December 2001 approved the Attorney General Chamber's application to consolidate all related actions commenced by the plaintiff. The Court proceeded with trial of this matter on 12 to 14 March 2007, and has now fixed the same for decision on 28 June 2007.

(vi) On 23 January 2002, Too Kam Kau commenced legal proceedings against Wong Kam Hor as the first defendant and NSP as the second defendant claiming that an article appearing in Nanyang Siang Pau on 25 February 2001 defamed him. The plaintiff is claiming for general and exemplary damages, interest, an injunction, costs and other relief. NSP has filed a Statement of Defence dated 19 April 2002. The Court has fixed the case for further mention on 3 September 2007.

(vii) On 17 September 2001, Tan Chon Sing @ Tan Kim Tieng (the President of the Hokkien Association of Negeri Sembilan) and 10 others instituted legal proceedings against Lau Chee Boon as first defendant and NSP as the second defendant claiming that an article published in the Nanyang Siang Pau on 21 July 2000 defamed them. They are claiming for unspecified general damages, aggravated and/or exemplary damages, interests, injunction, costs and other relief. NSP has filed an Amended Statement of Defence dated 28 April 2004. The Court has fixed the case for further hearing on 11, 12 and 13 June 2007.

(viii) On 7 March 2003 De Paris Image Sdn. Bhd. commenced legal proceedings against NSP claiming that an article and the coloured pictures of a photo published in the Nanyang Siang Pau on 5 April 2000 defamed them. The plaintiff is claiming for RM400,000 in special damages, general damages, exemplary damages, general damages, cost, interest and other relief. NSP has filed a Memorandum of Appearance dated 24 March 2003 and a Statement of Defence dated 3 April 2003. On 8 November 2006, the Court dismissed the plaintiff's claim with cost as the plaintiff's counsel was absent from Court without reasonable excuse. The plaintiff has applied to reinstate its Writ of Summons dated 7 December 2006 and their claim against NSP. The Court has fixed the plaintiff's application for hearing on 11 July 2007.

(ix) On 11 June 2004 Bok Tai Siew commenced legal action against NSP claiming that NSP has infringed the plaintiff's copyright in respect of a photo which NSP has published in an advertisement in Nanyang Siang Pau on 20 May 2002 without the plaintiff's consent. The plaintiff is claiming for a declaration that NSP, its employees and agent have infringed the plaintiff's copyright in respect of the photo, various Court orders, general damages, aggravated damages, exemplary damages, interest, cost and other relief. NSP has filed its Statement of Defence dated 1 October 2004.

(x) On 20 April 2004 Chan Cheng Keng commenced legal action against Lee Huan Choon as 1st defendant and NSP as the 2nd defendant claiming that an advertisement published in the Nanyang Siang Pau on 1 September 2006 has defamed him. The Court has on 10 August 2004 struck off the plaintiff's writ and dismissed the plaintiff's application for extension of time to file its Statement of Claim. The plaintiff's appeal to the Judge in Chamber against the decision of the Senior Assistant Registrar was also dismissed by the High Court on 21 June 2005. On 7 June 2006, the plaintiff appealed to the Court of Appeal against the High Court's decision on 21 June 2005.

(xi) On 15 July 2004 Lim Chong Hoe, Koay Teng Cheang and Lim Tech Chye commenced legal actions against NSP and Tan Hoo Chuan claiming that an article published in the Nanyang Siang Pau on 12 February 2004 had defamed them. The plaintiffs are claiming for general including aggravated and/or exemplary damages, injunction, interest, cost and other relief. NSP has filed a Statement of Defence dated 19 August 2004. On 26 June 2005, the Court has granted an order to consolidate this case with the High Court Pulau Pinang case brought by Northern Elevator Berhad against NSP (see paragraph xii below). The case was heard on 5 June 2007 but adjourned to a new date yet to be fixed.

(xii) On 15 July 2004 Northern Elevator Berhad commenced legal actions against NSP and Tan Hoo Chuan claiming that an article published in the Nanyang Siang Pau on 12 February 2004 had defamed the plaintiff. The plaintiff is claiming for general including aggravated and/or exemplary damages, injunction, interest, cost and other relief. On 26 June 2005, the Court has granted an order to consolidate this case with the High Court Pulau Pinang case brought by Lim Chong Hoe, Koay Teng Cheang and Lim Tech Chye against NSP (see paragraph xi above). NSP has filed a Statement of Defence dated 19 August 2004. The Court heard on 5 June 2007 but adjourned to a new date yet to be fixed.

(xiii) On 21 February 2007 Chan Pooi Fuan commenced legal action against NSP and the editor of Nanyang Siang Pau claiming that the issue of Nanyang Siang Pau on 25 January 2005 defamed her. The plaintiff is claiming for damages in the sum of RM5,000,000, aggravated damages, public apology, injunction, interest, cost and such further relief. The defendants filed the Memorandum of Appearance on 11 April 2007. NSP is considering filing an application to Court to strike out the action and statement of claim of the plaintiff.

The China Press Berhad ("TCP"), wholly-owned by Nanyang Press

(i) On 20 April 2005, Ng Wan Ting commenced a new legal proceeding against NSP, Guang Ming Ribao Sdn Bhd, Kwong Wah Yit Poh Press Sdn Bhd, TCP, Pemandangan Sinar Sdn Bhd and Sun Media Corporation Sdn Bhd claiming, inter alia, that an article in China Press on 11 May 1999 defamed her. The plaintiff is claiming for RM1,000,000 in damages, costs and other relief that the Court deems fit. TCP has filed its Statement of Defence dated 11 August 2005. The parties are in the midst of negotiating a settlement.

(ii) On 2 February 2001, Badrul Zaman bin P.S. Md Zakariah commenced legal proceedings against TCP as the first defendant, Datuk Aseh Che Mat as the second defendant and the Government of Malaysia as the third defendant claiming that an article published in China Press on 25 February 1998 defamed him. He is seeking general damages of RM50 million, unspecified exemplary and aggravated damages, special damages, injunction, costs, interest and other relief. The matter proceeded with trial on 12 to 14 March 2007, and the Court has fixed this matter for decision on 28 June 2007.

(iii) On 23 January 2002, Too Kam Kau instituted legal proceedings against Phuah You Lai (editor-in-chief) as the first defendant and TCP as the second defendant claiming that an article appearing in China Press on 25 February 2001 defamed him. The plaintiff is claiming for an unspecified amount of general and exemplary damages, interest, costs, an injunction and other relief. The defendants have filed their Statement of Defence dated 19 April 2002. The Court directed that the above matter be fixed for further mention on 3 September 2007.

(iv) On 4 September 2002, A.J. Ariffin, Yeo & Harpal and Harwinder Kaur a/p Harbhajan Singh commenced legal proceedings against Teresa Kok Suh Sim as the first defendant and TCP as the second defendant claiming that an article published in China Press dated 5 August 2002 has defamed them. They are claiming for loss of legal fees amounting to RM1,200,000, damages of RM25,000,000, unspecified exemplary damages against the defendants or each of them, special damages of RM1,200,000, apology, injunction, covenant that the Court or plaintiffs will be at liberty to commence contempt proceedings against the defendants for contemptuous statements, costs, interest and other relief. The solicitors for TCP had filed the Statement of Defence and Counter Claim on 12 October 2002. Following the High Court Order dated 11 September 2003 striking out the plaintiffs' claim with cost and dismissing the plaintiffs' application for injunction on the basis that the article concerned did not refer to the 2nd plaintiff and that the article is not defamatory, the plaintiff has filed an appeal to the Court of Appeal against the whole decision of the High

Court Judge. On 17 March 2005, TCP's Notice of Appeal to Judge In Chambers has been allowed with cost, and the plaintiff has also appealed to the Court of Appeal against the decision. The Court has adjourned the matter to 10 July 2007 for further case management. The case has been fixed for hearing on 21, 22, 23 and 24 February 2011.

(v) On 22 September 2002, Leong Siew Kin commenced legal proceedings against Wong Ching Fatt as the first defendant, Kang Hock Choon as the second defendant, Kwong Wah Yit Poh Press Bhd as the third defendant and TCP as the fourth defendant claiming, inter alia, that a news report published in China Press on 21 May 2002 has defamed him. He is claiming for aggravated and exemplary damages of RM20,000,000, an unspecified amount of general damages, an injunction to restrain from further publishing, costs, interest and other relief. TCP has filed its Statement of Defence dated 27 November 2002. The case was to be set for trial on 18, 19 and 20 September 2006 but was then adjourned on application by the solicitors on behalf of the 1st and 2nd defendants, pending decision of the interim application to strike out the 1st and 2nd defences as parties to the suit, which was dismissed by the Court on 22 February 2007.

(vi) On 29 December 2004, Ng Bee Chin commenced legal proceedings against TCP claiming, inter alia, that an article published in China Press on 29 September 2004 has defamed her. The plaintiff is claiming for an unspecified amount of general damages, any other sum determined by the Court, costs, interest and other relief. TCP had filed its Statement of Defence dated 2 February 2005. TCP has filed an application to dismiss the Plaintiff's claim. The Court has also fixed the matter for mention on 5 December 2007.

(vii) On 24 February 2005, Vincent Thee Chiu Un, Hanil Medical (Far East) Sdn Bhd and 99 Networks Sdn Bhd commenced legal proceedings against Guang Ming Ribao Sdn Bhd as 1st defendant, Sin Chew Media Corporation Bhd as 2nd defendant, TCP as 3rd defendant and Messrs Maanor Yusoff & Co as the 4th defendant claiming, inter alia that an notice in China Press on 8 September 2004 has defamed them. The plaintiffs are claiming for unspecified amount of damages, compensatory (including aggravated) damages, exemplary damages, an injunction, interest, costs and other relief that the Court deems fit. The 1st, 2nd and 3rd defendants have filed their Statement of Defence dated 16 May 2005. The Court has fixed the matter for case management on 26 June 2007. TCP has also filed an application to dismiss the plaintiff's claim on 20 November 2006. The Court has fixed TCP's application and the plaintiffs' application to amend their Statement of Claim for hearing on 3 July 2007.

(viii) On 27 May 2005 Sera-Tama Development Sdn Bhd commenced legal action against TCP, Tan Wai Leong Yeoh Beng Hong, Wong Yi Perng and Khong Chee Seng claiming, inter alia, that an article in China Press on 02 April 2005 defamed the plaintiff. The plaintiff is claiming for unspecified amount of general damages, aggravated damages, a published apology in China Press, written agreement or undertaking not to publish similar article, an injunction, costs and other relief. TCP has filed its Statement of Defence dated 15 July 2005 and an Amended Statement of Defence dated 19 July 2005. The Court has allowed the 2nd to 5th defendants' application to transfer the case to the Shah Alam High Court and to consolidate this case with another Shah Alam High Court case.

(ix) On 7 July 2005, Aw Boon Huan commenced legal proceedings against TCP, the Editor of TCP and Lim Kin Bui claiming, inter alia, that an article published in China Press on 26 May 2004 has defamed him. The plaintiff is claiming for an unspecified amount in damages, injunction, interest and other relief. TCP has filed a Statement of Defence dated 1 September 2005.

(x) On 30 May 2006, 3JC Meatballs Sdn Bhd commenced legal proceedings against TCP claiming, inter alia, that the advertisement published by TCP on 25 February 2006 is false and malicious. The plaintiff is claiming for costs and expense, an apology and withdrawal of the advertisement, unspecified amount of general damages, exemplary damages, interests, costs and other relief. TCP has filed its Statement of Defence dated 11 July 2006. The plaintiff has applied to strike out TCP's Statement of Defence dated 11 July 2006 and TCP has applied to strike out the plaintiff's claim. Pursuant to a Court Order dated 29 November 2006, the Court has transferred this matter to the Civil Division of the High Court.

Life Publishers Berhad ("LP"), wholly-owned by Nanyang Press

On 24 September 2003, Dr. Ong Sing Kwee commenced legal proceedings against Lai Yin Yee as the first defendant, Lim Hooi Hia as the second defendant and LP as the third defendant claiming that an article published on 20 September 2001 in the Feminine has defamed him. The plaintiff is claiming for general damages, special damages totalling RM101,143.50, loss of income from March 2002, special damages of RM2,500 as cost of translation, an injunction, aggravated and/or exemplary damages, interest, cost and other relief. The defendants have filed their Statement of Defence dated 14 January 2004. On 14 March 2006, the High Court allowed the defendants' application for stay of proceeding and trial of this case until after the trial of a case in the Seremban Session Court filed against, inter alia, the plaintiff. The plaintiff has appealed to the Court of Appeal against the decision of the High Court for stay of proceedings.

SERVICE CONTRACTS

Each of Mr Tang Ying Yu, Mr David Yu Hon To and Mr Victor Yang has entered into a service contract as independent non-executive director of the Company for a term of two years and three months commencing from 1 January 2006 until 31 March 2008, and unless terminated by either party in writing prior to the expiry of the term, the appointment will be renewed for two successive years. Remuneration paid to the above three independent non-executive directors are HK$130,000, HK$160,000 and HK$140,000 respectively for the year ended 31 March 2006.

Mr Tiong Kiew Chiong entered into a service contract with the Company as executive director of the Company in May 1998. The service contract shall continue unless and until terminated by either the Company or Mr Tiong Kiew Chiong giving to the other not less than 3 months' prior notice in writing to terminate the service contract. The remuneration paid to Mr. Tiong Kiew Chiong for the year ended 31 March 2006 was HK$2,009,000.

MATERIAL CONTRACTS

The Group

The following is a summary of all material contracts showing dates of, parties to and principal contents of such contracts, not being contracts in the ordinary course of business, were entered into by the Group within two years immediately preceding the Latest Practicable Date, and are or may be material:

a. Sale and Purchase Agreement dated 20 March 2006 entered into between Energetic Assets Limited as the vendor, Skyland International Investment Limited as the purchaser, TOM Group Limited, the Company and Yazhou Zhoukan Holdings Limited (an indirect wholly-owned subsidiary of the Company) whereby Skyland International Investment Limited agreed to purchase the sale shares being fifty per cent. (50%) of the issued share capital of Yazhou Zhoukan Holdings Limited at a total consideration of HK$16,200,000 to be satisfied by the issue and allotment by the Company to the vendor of the consideration shares of 12,000,000 ordinary shares of the Company at the issue price of HK$1.35 per share.

b. Reorganisation Agreement dated 26 September 2005 entered into between Winmax Resources Limited (an indirect non-wholly-owned subsidiary of the Company) and One Media Group Limited whereby Winmax Resources Limited agreed to sell to One Media Group all the issued share capital of One Media Holdings Limited and One Media Group allotted and issued the consideration shares of 294,500,000 ordinary shares of HK$0.001 each in the capital of One Media Group. The consideration was at book value.

c. the Loan Agreement dated 16 October 2003 entered into between Media2U Company Limited (an indirect non-wholly-owned subsidiary of the Company), JIN Yue and ZHU Delin whereby JIN Yue and ZHU Delin agreed to borrow respective amount of RMB250,000 and RMB80,000 from Media2U Company Limited on an interest-free basis, for the purpose of acquiring the equity interest of Beijing Times Resource Technology Consulting Limited ("TRT").

d. the Option Deed dated 16 October 2003 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRT whereby JIN Yue and ZHU Delin granted to Media2U Company Limited an option to purchase the equity interests in TRT held by JIN Yue and ZHU Delin. The consideration was RMB1 or at market value.

e. the Equity Interest Pledge Agreement dated 16 October 2003 entered into between Media2U (Beijing) Company Limited (an indirect non-wholly-owned subsidiary of the Company), JIN Yue and ZHU Delin whereby JIN Yue and ZHU Delin agreed to pledge all their respective equity interests in TRT to Media2U (Beijing) Company Limited.

f. the Loan Agreement dated 13 October 2003 entered into between Media2U Company Limited, JIN Yue and ZHU Delin whereby JIN Yue and Zhu Delin agreed to borrow the respective amount of RMB378,800 and RMB121,200 from Media2U Company Limited on an interest-free basis, for the purpose of acquiring the equity interest of Beijing Times Resource Advertising Company Limited ("TRA").

MATERIAL CONTRACTS (Continued)

g. the Option Deed dated 13 October 2003 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRA whereby JIN Yue and ZHU Delin granted to Media2U Company Limited an option to purchase the equity interests in TRA held by JIN Yue and ZHU Delin. The consideration was RMB1 or at market value.

h. the Equity Interest Pledge Agreement dated 4 November 2003 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin whereby JIN Yue and ZHU Delin agreed to pledge all their respective equity interests in TRA to Media2U (Beijing) Company Limited.

i. the supplemental Equity Interest Pledge Agreement relating to TRT dated 16 February 2004 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin, pursuant to which the Equity Interest Pledge Agreement referred to in paragraph e above was supplemented and amended so that the equity interest was pledged for the purpose of securing the performance of JIN Yue and ZHU Delin of the Loan Agreement referred to in paragraph c above.

j. the supplemental Equity Interest Pledge Agreement relating to TRA dated 16 February 2004 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin, pursuant to which the Equity Interest Pledge Agreement referred to in paragraph h above was supplemented and amended so that the equity interest was pledged for the purpose of securing the performance of JIN Yue and ZHU Delin of the Loan Agreement referred to in paragraph f above.

k. the supplemental agreement to the Loan Agreement relating to TRT dated 2 April 2005 entered into between Media2U Company Limited, JIN Yue and ZHU Delin, pursuant to which the aggregate principal amount of the loans under the Loan Agreement referred to in paragraph c above was increased from RMB330,000 to RMB2,000,000.

l. the supplemental Option Deed relating to TRT dated 2 April 2005 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRT, pursuant to which the Option Deed referred to in paragraph d above was supplemented and amended to reflect an increase of the registered capital of TRT from RMB330,000 to RMB2,000,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in TRT.

m. the supplemental Equity Interest Pledge Agreement relating to TRT dated 2 April 2005 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin, pursuant to which the Equity Interest Pledge Agreement referred to in paragraph e above was supplemented and amended to reflect an increase of the registered capital of TRT from RMB330,000 to RMB2,000,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in TRT.

MATERIAL CONTRACTS (Continued)

n. the supplemental agreement to the Loan Agreement relating to TRA dated 1 November 2005 entered into between Media2U Company Limited, JIN Yue and ZHU Delin, pursuant to which the aggregate principal amount of the loans under the Loan Agreement referred to in paragraph f above was increased from RMB500,000 to RMB3,500,000.

o. the supplemental Option Deed relating to TRA dated 1 November 2005 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRA, pursuant to which the Option Deed referred to in paragraph g above was supplemented and amended to reflect an increase of the registered capital of TRA from RMB500,000 to RMB3,500,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in TRA.

p. the second supplemental Equity Interest Pledge Agreement relating to TRA dated 1 November 2005 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin, pursuant to which the Equity Interest Pledge Agreement referred to in paragraph h above was supplemented and amended to reflect an increase of the registered capital of TRA from RMB500,000 to RMB3,500,000 and a change of the respective shareholdings of JIN Yue and ZHU Delin in TRA.

q. the second supplemental agreement to the Loan Agreement relating to TRT dated 2 December 2005 entered into between Media2U Company Limited, JIN Yue and ZHU Delin, pursuant to which the aggregate principal amount of the loans under the Loan Agreement referred to in paragraphs c and k above was increased from RMB2,000,000 to RMB3,000,000.

r. the second supplemental Option Deed relating to TRT dated 2 December 2005 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRT, pursuant to which the Option Deed referred to in paragraphs d and l above was supplemented and amended to reflect an increase of the registered capital of TRT from RMB2,000,000 to RMB3,000,000.

s. the second supplemental Equity Interest Pledge Agreement relating to TRT dated 2 December 2005 entered into between Media2U (Beijing) Company Limited, JIN Yue and ZHU Delin, pursuant to which the Equity Interest Pledge Agreement referred to in paragraphs e and m above was supplemented and amended to reflect an increase of the registered capital of TRT from RMB2,000,000 to RMB3,000,000.

t. the second supplemental agreement to the Loan Agreement relating to TRA dated 6 April 2006 entered into between Media2U Company Limited, JIN Yue and ZHU Delin, whereby Media2U Company Limited agreed to grant a further loan of RMB1,500,000 to JIN Yue making an aggregate loan amount of RMB3,600,000.

u. the second supplemental Option Deed relating to TRA dated 6 April 2006 entered into between Media2U Company Limited, JIN Yue, ZHU Delin and TRA to reflect that Media2U Company Limited granted a further loan of RMB1,500,000 to JIN Yue making an aggregate loan amount of RMB3,600,000.

MATERIAL CONTRACTS (Continued)

v. the third supplemental Equity Interest Pledge Agreement relating to TRA dated 6 April 2006 entered into between Media2U (Bejing) Company Limited, JIN Yue and ZHU Delin to reflect that Media2U Company Limited granted a further loan of RMB1,500,000 to JIN Yue making an aggregate loan amount of RMB3,600,000.

No agreement or arrangement has been entered into with a competitor which relates to the prices or conditions of contract under which any goods or services are to be tendered for and/or performed or supplied by or to the Group.

Nanyang Press Group

The following is a summary of all material contracts showing dates of, and parties to and principal contents of such contracts, not being entered into in the ordinary course of business were entered into by the Nanyang Press Group within two years immediately preceding the Latest Practicable Date, and are or may be material:

(i) An Agreement dated 1 September 2006 between Nanyang Press and Cheong Chia Chieh ("CCC") whereby NPHB agreed to sell 2,000,000 ordinary shares of Ringgit Malaysia One (RM1.00) each in Redhot Media Sdn Bhd ("RMSB") (representing 40% of the issued and paid-up share capital in RMSB) to CCC for a total consideration of RM1,500,000.00 to be satisfied in cash.

(ii) A Sale and Purchase Agreement dated 5 January 2005 between The China Press Berhad and Dauphin Graphic Machines, Inc. ("DGM") for the purchase of printing press equipment consisting of, inter alia, forty (40) DGM 44OS Printing Units, two (2) DGM 1240 folders, twenty-six (26) water to air-heat exchangers, a five (5) ton chiller and other machinery at the total purchase price of USD10,197,972.00 (equivalent to approximately RM37,207,300) to be satisfied in cash.

(iii) Letter dated 22 December 2005 from Nanyang and accepted by Vivar Printing Sdn. Bhd. (formerly known as Kum-Vivar Printing Sdn. Bhd.) ("VPSB") extending the term of the Tenancy Agreement dated 4 October 2002 in relation to the tenancy by Nanyang Press to VPSB of the land known as Lot No. 25, Rawang Integrated Industrial Park, Jalan Batu Arang, 48000 Rawang, Selangor together with a 4-storey office building an a single-storey factory erected thereon ("Property"), for a further period of three (3) years from 1 January 2006 to 31 December 2008 at the following revised monthly rental:-

(a) monthly rental of RM51,000 for the period 1 January 2006 to 31 December 2006;

(b) monthly rental of RM52,000 for the period 1 January 2007 to 31 December 2007; and

(c) monthly rental of RM53,000 for the period 1 January 2008 to 31 December 2008.

(iv) A Form of Acceptance and Transfer for Offer Shares dated 24 May 2006 pursuant to which Nanyang Press has accepted the unconditional mandatory offer extended by GLL (Malaysia) Pte. Ltd. ("GLLM") to acquire 12,011,540 ordinary shares of RM0.50 each in GuocoLand (Malaysia) Berhad ("GuocoLand") owned by Nanyang ("GuocoLand Shares") for a total cash consideration of RM9,369,001.20. The GuocoLand Shares were transferred to GLLM on 29 May 2006.

(v) A Share Sale Agreement dated 18 November 2005 between Nanyang Online Sdn. Bhd. ("NOL") and Cosmos Discovery Sdn. Bhd. ("CDSB") in respect of a disposal by NOL of 1,000,000 ordinary shares of RM1.00 each in Nanyang Cosmos Sdn. Bhd. ("NCSB") representing 20% shareholding in NCSB to CDSB for a total consideration of RM3,000,000 to be satisfied by RM1,000,000 in cash and the transfer or assignment by CDSB of its production rights in 100 episodes of Asian Golden Melody valued at RM2,000,000 to NOL.

(vi) A Shareholders' Agreement dated 18 November 2005 between NOL, CDSB and NCSB to regulate the rights obligations and liabilities of NOL and CDSB as shareholders of NCSB and in relation to the management of NCSB.

(vii) A conditional Call Option Agreement dated 18 November 2005 ("Call Option Agreement") between NOL, CDSB and Connectpro Sdn. Bhd. ("CSB") whereby, in consideration of RM1.00 paid by CSB, NOL and CDSB have agreed to grant to CSB a call option to acquire up to ten percent (10%) of the total issued and paid up capital of NCSB from NOL and CDSB on a pro rata basis in accordance with their respective shareholding percentage in NCSB, subject to the condition that CSB or such other person(s) as may be acceptable to NOL and CDSB procuring at least an aggregate of RM3,000,000 worth of sales contract for NCSB during the period commencing on the date immediately after the fulfilment of the last condition precedent and expiring on the third anniversary of the Call Option Agreement.

Sin Chew Group

The following is a summary of all material contracts showing dates of, and parties to and principal contents of such contracts, not being entered into in the ordinary course of business were entered into by the Sin Chew Group within two years immediately preceding the Latest Practicable Date, and are or maybe material:

(i) A Heads of Agreement dated 29 January 2007 between the Company and Sin Chew in relation to the Merger.

(i) A Deed of Accession dated 19 April 2007 between the Company, Sin Chew and Nanyang Press whereby Nanyang Press acceded to the Heads of Agreement (referred to in paragraph 3.1(i)) and undertook to be bound by all provisions of the Heads of Agreement.

(iii) A conditional Merger Agreement dated 23 April 2007 between the Company, Sin Chew and Nanyang Press in relation to the Proposals.

GENERAL

(i) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

(ii) The head office and principal place of business in Hong Kong is 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong.

(iii) The principal registrar and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.

(iv) The Hong Kong branch registrar of the Company is Tengis Limited at 26/F, Tesbury Centre, 28 Queens Road East, Wanchai, Hong Kong.

(v) The company secretary of the Company is Ms Law Yuk Kuen, a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

(vi) The qualified accountant of the Company is Ms Fu Shuk Kuen, a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants.

(vii) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text thereof.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of Simmons & Simmons, at 35/F., Cheung Kong Center, 2 Queen's Road Central, Hong Kong during normal business hours on any weekdays other than public holidays up to and including 23 June 2007:-

(i) the Merger Agreement;

(ii) the memorandum of association and Bye-laws of the Company;

(iii) the annual reports of the Company for each of the three years ended 31 March 2004, 2005 and 2006;

(iv) the letter from the Independent Board Committee, the text of which is set out on pages 38 to 39 of this circular;

(v) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 40 to 58 of this circular;

DOCUMENTS AVAILABLE FOR INSPECTION (Continued)

(vi) the accountants' report on the Sin Chew Group, the text of which is set out in Appendix III to this circular;

(vii) the accountants' report on the Nanyang Press Group, the text of which is set out in Appendix V to this circular;

(viii) the unaudited pro forma financial information of the Enlarged Group and the report thereon from PricewaterhouseCoopers, the text of each of which is set out in Appendix VII to this circular;

(ix) the property valuation report for the Enlarged Group, the text of which is set out in Appendix VIII to this circular;

(x) the written consents as referred to in the paragraphs headed "Experts and consents" in this Appendix;

(xi) the material contracts as referred to in the paragraphs headed "Material contracts" in this Appendix; and

(xii) a copy of each circular of the Company issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules since 31 March 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

明報

MING PAO ENTERPRISE CORPORATION LIMITED

明 報 企 業 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 685)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Ming Pao Enterprise Corporation Limited (the "**Company**") will be held at Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 27 June 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT:**

(A) the authorised share capital of the Company be increased from HK$50,000,000 divided into 500,000,000 ordinary shares of HK$0.10 each to HK$250,000,000 divided into 2,500,000,000 ordinary shares by creating additional 2,000,000,000 ordinary shares of HK$0.10 each, which new shares shall rank pari passu in all respects with the existing shares in the capital of the Company;

(B) the merger agreement dated 23 April 2007 (the "**Merger Agreement**") entered into between the Company, Sin Chew Media Corporation Berhad ("**Sin Chew**") and Nanyang Press Holdings Berhad ("**Nanyang Press**"), (a copy of which marked "A" has been produced to the SGM and signed by the Chairman of the SGM for the purpose of identification) as further described in the circular ("**Circular**") dated 9 June 2007 to the shareholders of the Company (a copy of which marked "B" has been produced to the SGM and signed by the Chairman of the SGM for the purpose of identification), and pursuant to which, in consideration for the issue of new shares of HK$0.10 each in the capital of the Company, the existing shareholders of Sin Chew and Nanyang Press will transfer their shares in Sin Chew and Nanyang Press respectively to the Company, and the transactions contemplated under the Merger Agreement, be and are hereby approved, ratified and confirmed;

(C) the issue and allotment of the Sin Chew Consideration Shares and the Nanyang Press Consideration Shares (each as defined in the Circular) to the existing shareholders of Sin Chew and Nanyang Press respectively, be and are hereby approved;

(D) the directors of the Company, acting together or by committee or any director of the Company acting individually, if the affixation of the common seal is necessary, be and are/is hereby authorised on behalf of the Company to sign, seal, execute, perfect, deliver all such other agreements, instruments and other documents and do all such other acts as they/he may in their/his absolute discretion consider necessary, desirable or expedient to implement and/or give effect to the Merger Agreement and the completion thereof and the transactions contemplated thereunder as they/he may consider necessary, desirable or expedient."

By order of the Board
Ming Pao Enterprise Corporation Limited
Tiong Kiew Chiong
Director

Hong Kong, 9 June 2007

Notes:

1. The ordinary resolutions to be considered at the SGM will be decided by poll. On voting by poll, each member of the Company shall have one vote for each share held in the Company.

2. A member entitled to attend and vote at the SGM is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.

3. A proxy form for use at the SGM is enclosed. Whether or not you intend to attend the SGM in person, you are urged to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof if you so wish. In the event that you attend the SGM after having returned the completed proxy form, your proxy form will be deemed to have been revoked.

4. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at the Company's head office and principal place of business at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.

5. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the SGM, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of the joint holders are present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members in respect of the relevant shares will alone be entitled to vote in respect of them.

6. As at the date of this notice, the Board comprises Tan Sri Datuk Tiong, Mr Tiong Kiu King, Dr Tiong Ik King and Mr Tiong Kiew Chiong, being executive Directors, and Mr Tang Ying Yu, Mr David Yu Hon To and Mr Victor Yang, being independent non-executive Directors.