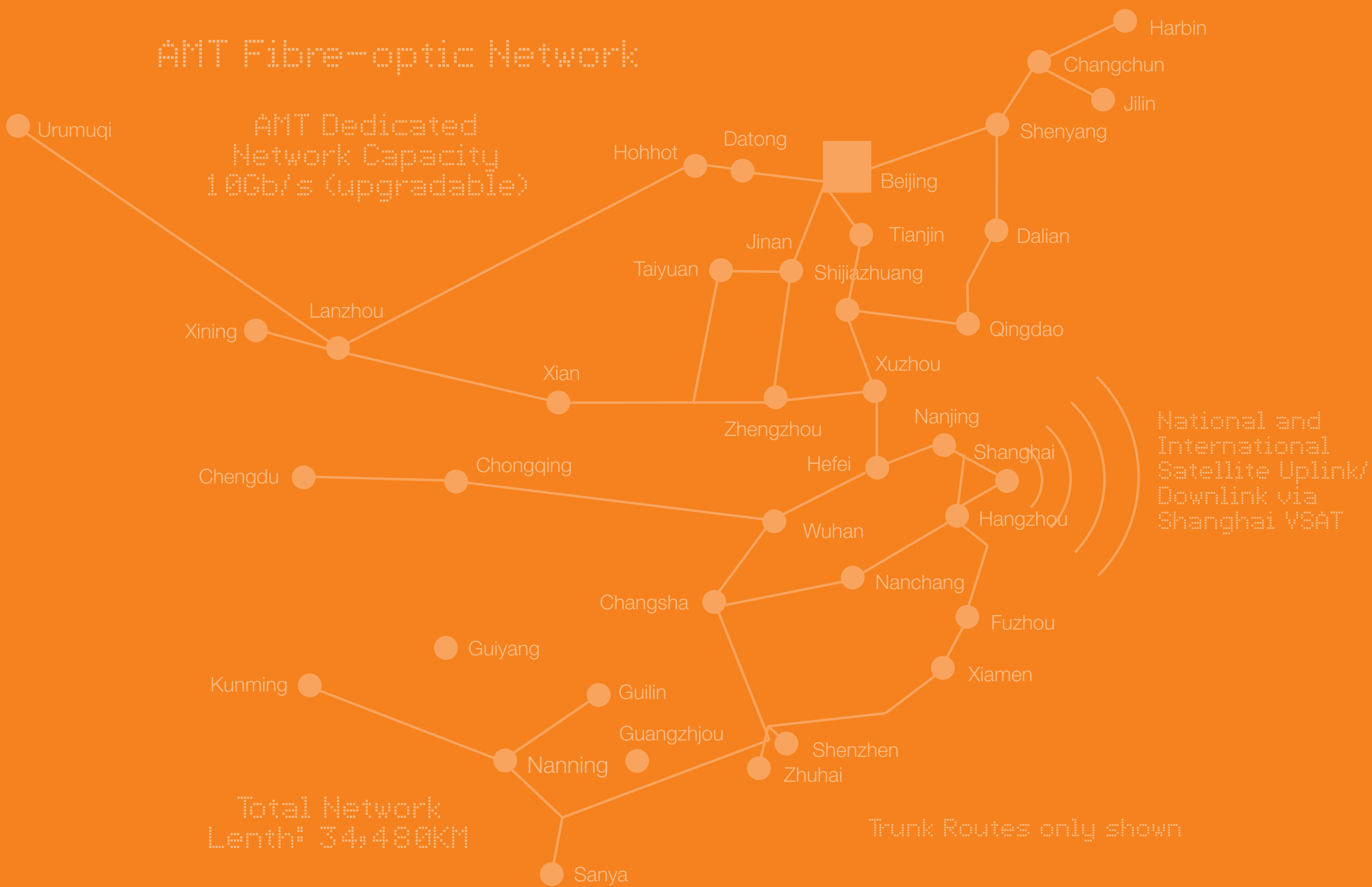
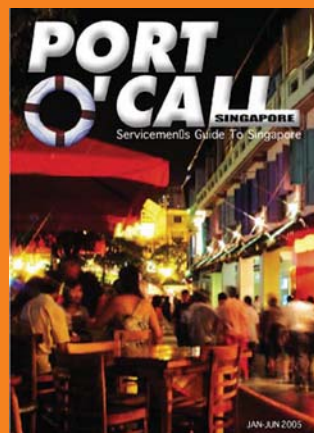
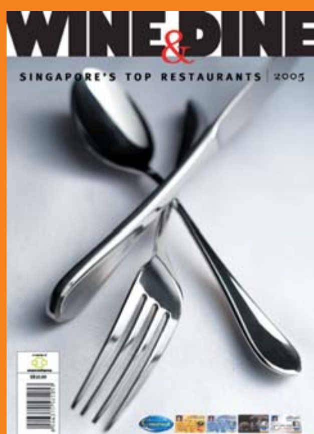


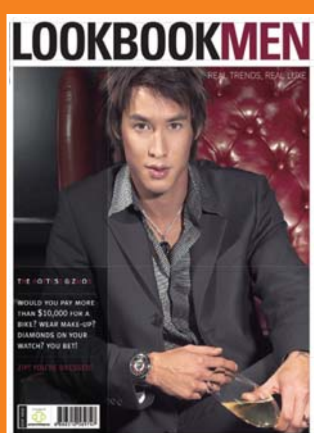
Annual Report **2004**

An Integrated Multimedia Company

SBN
SUN BUSINESS NETWORK
陽光財經網絡







Published by Sun Business Network Group

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11 You Susheng, Independent Director

NOMINATING COMMITTEE
Richard Tan Tew Han, Chairman
Low Song Take, Member
Jeffrey Tan Boon Khiong, Member

REMUNERATION COMMITTEE
Richard Tan Tew Han, Chairman
Jeffrey Tan Boon Khiong, Member
Ricky Ang Gee Hing, Member

AUDIT COMMITTEE
Jeffrey Tan Boon Khiong, Chairman
Kevin Low Ka Choon, Member
Richard Tan Tew Han, Member

COMPANY SECRETARY
Tan Min-Li

REGISTERED OFFICE
50 Raffles Place #29-00
Singapore Land Tower
Singapore 048623
Tel: (65) 6323 8383
Fax: (65) 6323 8282

Company Registration No. 199407135Z

SHARE REGISTRAR
Barbinder & Co Pte Ltd
8 Cross Street #11-00
PWC Building
Singapore 048424

AUDITORS
Ernst & Young
10 Collyer Quay #21-01
Ocean Building
Singapore 049315
Partner: Yee Woon Yim
(Appointment on 5 February 2002)

SOLICITORS
Colin Ng & Partners
50 Raffles Place #29-00
Singapore Land Tower
Singapore 048623

PRINCIPAL BANKERS
DBS Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

BOARD OF DIRECTORS

LOW SONG TAKE, HONORARY CHAIRMAN
Mr Low was one of the original founders and investors of then Panpac Media Group Ltd, and has guided the Company as Director and Non-Executive Chairman. He is also Executive Chairman of International Press Softcom (IPS), a company he co-founded in the late 1960's. Mr Low has been in the printing industry for more than 40 years.

DR. BRUNO ZHENG WU, EXECUTIVE CHAIRMAN
Dr. Bruno Wu is the Co-Founder and Executive Chairman of Sun Media Investment Holdings Limited (SMIH). Prior to this, Dr. Wu joined and served as Chief Operating Officer at ATV, one of two free-to-air networks in Hong Kong, from June 1998 to February 1999. From 2001-2002, Dr. Wu served as Co-Chairman of Sina Corporation, the world's leading Chinese Internet firm. Dr. Wu received his Diploma of Studies in French Civilization (1987, University of Savoie, France), graduated with a Bachelor of Science in Business Administration Finance (1990, Culver-Stockton College, Missouri, USA). He received his Master of Arts in International Affairs (1993, Washington University, Missouri, USA), and his Ph.D. in the International Politics Department of College of Law (2001, Fudan University, Shanghai, China). Dr. Wu is a member of the International Council and the Foundation of The International Academy of Television Arts & Sciences (USA). In 2003, he was appointed Chairman of the iEMMYs Festival for a two-year term. Dr. Wu is a member of the International Council of Museum of Television & Radio (New York & Los Angeles), and also a trustee of the Board of Foreign Affairs University of China. In 2005, Mr. Wu was appointed Finance & Business Development Committee Chairman of the Foundation of The International Academy of Television Arts & Sciences (USA). In 1998, he received the Super Media Star Award from the Hong Kong – Macau Distinguished Person's Society. In 2005 he was appointed a Chevalier du Tastevin in France, in recognition of his services to the wine industry.

RICKY ANG GEE HING, EXECUTIVE VICE-CHAIRMAN & MANAGING DIRECTOR
Prior to his present position, Mr Ricky Ang was the Managing Director and Chief Executive Officer of then Panpac Media Group Ltd, a position he had held since the company was established in October 1994. Prior to founding the Group with his partners, Mr Ang was CEO of HB Media Holdings, a media company he helped established in early 1993. Before that, he was Senior Vice President at Times Publishing Ltd, where he was instrumental in developing its printing business worldwide, with manufacturing facilities in Malaysia, Hong Kong and the United Kingdom. A graduate of London's College of Printing, Mr Ang has been in the printing and publishing industry for three decades, and was for several years Chairman of the TDB-sponsored, Printing and Publishing Advisory Council.

CHEN XIAOTAO, EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER
Mr. Chen Xiaotao is currently a Director of China Cable Media Group Ltd, China Cable Network Co. Ltd. and of Sina Corporation. He studied at The Foreign Language Institute of the People's Liberation Army, and joined Stone Group in 1989 working variously as a manager, General Manager, Assistant to President, Vice-President and President. His work experiences include international trading, investment portfolio management, group purchase and logistics management, and also nationwide distribution operation. Mr Chen also possesses extensive experience in operations management and business development.

JOHN ZONGYANG LI, EXECUTIVE DIRECTOR AND GROUP CHIEF FINANCIAL OFFICER
Mr. John Zongyang Li is currently the President of Sun Media Investment Holdings Limited. He has served in two Hong Kong-listed companies – as Executive Deputy CEO and CFO with Sun Media Group Holdings Ltd, and Deputy Chairman, CFO and Acting Chairman with Leadership Publishing Group. Mr. Li has a Bachelor's degree in Economics (Peking University), and a Master of Business Administration (Middlesex University Business School, London). Mr. Li has also worked with a leading investment company where he served as a Senior Fund Manager and Head of Asia Pacific.

BOARD OF DIRECTORS

YANG LAN, NON-EXECUTIVE DIRECTOR
Married to Dr Bruno Wu, Ms. Yang is the founding Chairperson of Sun Media Group Holdings Ltd. She has a Bachelor's degree in English Language and Literature (Beijing Foreign Studies University), and a Master's degree in International Affairs (Columbia University, New York). Ms. Yang has 14 years' experience as one of China's leading television journalists and talk show hosts. In 1999 and 2001, Ms Yang was named by Asiaweek magazine as one of the "Leaders in Society and Culture in Asia", and one of the "Movers and Shapers of the 21st Century of China" respectively. Ms. Yang received the "Chinese Women of the Year" award in 2001, and "Top Ten Women Entrepreneurs" award in 2002. Since March 2003, Ms. Yang has been serving as a member of the 10th National Committee of the Chinese People's Political Consultative Conference (CPPCC).

KEVIN LOW KA CHOON, NON-EXECUTIVE DIRECTOR
Mr Low is the eldest son of Mr Low Song Take. He is the Managing Director of International Press Softcom (IPS). A Bachelor of Law (Hons) graduate from the National University of Singapore, Mr Low practiced as a lawyer at a leading law firm in Singapore prior to joining the media industry in 1995.

JEFFREY TAN BOON KHIONG, INDEPENDENT DIRECTOR
Mr Tan has more than 30 years experience in publishing, and was with SNP Corporation Ltd (formerly known as Singapore National Printers) for 25 years, eventually holding the position of President of the SNP group of companies. Over the years, Mr Tan has served on various public committees. He was the Chairman for the Trade and Development Board's Printing and Publishing Advisory Committee for eight years, Chairman of the ASEAN Printing Club and President of the Masters Printers Association.

RICHARD TAN TEW HAN, INDEPENDENT DIRECTOR
Mr Richard Tan has held a number of senior posts in various foreign banks. He joined Overseas Union Bank (OUB) in 1987 prior to the legal merger of OUB into United Overseas Bank Ltd, and was seconded to International Bank of Singapore Limited (a then wholly-owned subsidiary of OUB) as Head in charge of Corporate Banking and the Overseas Department. He was appointed Senior Vice President in charge of Investment Banking and Corporate Finance Division in OUB in 1992. In 1999, he was promoted to Executive Vice President, before retiring from banking in 2001.

VINCENT CYRIL DEMITRIUS PEREIRA, INDEPENDENT DIRECTOR
Mr Cyril Pereira is the current chairman of the Society of Publishers in Asia, a 22-year industry organisation. Mr Pereira left the Hong Kong-based *South China Morning Post* (SCMP) in April 2001, as Director, Newspapers Operations, after a 15-year career. Mr Pereira runs his own media consultancy practice based in Hong Kong.

YOU SUSHENG, INDEPENDENT DIRECTOR
Mr You Susheng has held the position of Chairman of the Beijing Hanxiang Film & TV Culture Co. Ltd since 1995, and since 2002, is also the Chairman of China Railway New Express Transportation Equipment Co. Ltd. Currently, he is also the Vice Chairman of Zhongfangxin Property Co. Ltd, a position he has also held since 2002. From 2002 to 2003, he was also Chairman and Vice Chairman of Hong Kong Economy & Tourism Television Centre and Hainan Travel Satellite Television Centre Centre, respectively.

CHAIRMAN'S STATEMENT

INTRODUCTION
As the recently appointed Group Executive Chairman, it is my pleasure and privilege to be reporting a very strong set of results in my maiden Chairman Statement in our Group's FY2004 Annual Report.

FY2004 was a very eventful and successful year for the Group; we actively pursued the initiatives and objectives which we had outlined in our annual report last year, and transformed the Group from a loss-making to a profitable and promising enterprise.

A SEA CHANGE: MULTIMEDIA IN CHINA
During the course year, the Group underwent significant changes.

Through my family's private investment vehicle, Sun Media Investment Holdings Limited [SMIH], we became the largest single shareholder of the Group towards the end of last year. I was appointed the Executive Chairman on 10 November 2004. And, the company was renamed Sun Business Network Ltd. on 7 February 2005. Firstly, the name change is to reflect SMIH's commitment to the Group and secondly, to reflect the Group's new mission, business focus and profile, particularly in venturing into electronic-based new media by leveraging on the Group's intellectual properties and contents, represented by its stable of about 30 magazines titles.

We made a series of acquisitions in Greater China, including the highly influential and respected defense, political and current affairs magazine *Wide Angle* which is published in Hong Kong, but for circulation mainly on the mainland; *Observer Star*, *Community Star* and *China Business Post*, business and financial newspapers published in Beijing. These acquisitions not only provided the Group with a substantial presence in Greater China, but also provide us strategic in-depth business, financial and political content resources and generation capability.

We divested our 25% stake in Shareinvestor.com Holdings Pte Ltd, and in one of our wholly-owned magazine publishing subsidiaries, Panpac Lifestyle Magazines Pte Ltd, in Singapore.

Last but not least, we acquired a 20.5% stake in, and joint management control with SMIH, of Asia Network Technologies Limited ["ANT"], which owns and operates a 35,000 kilometers fibre optic cable network across China. Consequently, we own the delivery infrastructure for new media business publishing.

TRANSFORMATION: FROM LOSSES TO PROFIT AND TO BIGGER PROFIT
As a result of these developments and new ventures, the Group has been transformed from a loss-making South East Asia-based magazine publisher to a profitable, promising and exciting pan-Asia new business media company, with China as our main engine of growth.

For the year to December 31 2004, the Group recorded a Profit After Tax of $72.2 million, as compared with a loss of $5.4 million in the FY2003.

Net Asset Value as at the end of the year rose by 688% to about $113.5 million, from about $14.4 million, and Net Asset Value per share rose by 282% to about 17.79 cents from 4.66 cents from a year ago.

ASIA NETWORK TECHNOLOGIES LIMITED [ANT]: LISTING ON OTCBB OF NASDAQ
As we have announced previously, ANT is in the process of being listed on US-NASDAQ, through a reverse takeover of SE Global Equities Corp (SE Global), a NASDAQ OTC-BB company, headquartered in Canada. SE Global is a profitable global on-line securities trading company serving customers in the US, Japan and Korea.

The reverse takeover of SE Global is scheduled for completion in May 2005, and expects graduation to the NASDAQ main board to take place sometime before end of 2005 – by which time, we hope the value of our investment in ANT to appreciate substantially.

Ad interim, ANT will continue to pursue its objectives to evolve itself into a global multi-media enterprise through both organic and inorganic means.

While we remain focused on enhancing the values of our new investments in China and in ANT, we are fully committed to divesting our interests in non-core and non-strategic businesses.

CHAIRMAN'S STATEMENT

DIVESTMENT OF NON-CORE INVESTMENTS: AUSTON

At time of publication of this Annual Report, and as announced earlier, we are in the process of divesting our entire stake in troubled and loss-making education subsidiary, Auston International Group Limited ["Auston"], which is listed on the SGX-SESDAQ.

In December 2004, the new management team led by our Executive Vice Chairman and Managing Director, Mr Ricky Ang, who was concurrently appointed Auston's CEO in November 2004, discovered that Auston had misstated its financial statements for FY2002, FP2003 and HY2004. The matter was subsequently referred to the Commercial Affairs Department [CAD] for further investigation. At time of writing, the investigation is still ongoing.

For the financial year to 31 December 2004, Auston recorded a loss of $2.9 million. Currently, the Group has an effective 64.4% stake in the company. Our share of losses in Auston was therefore about $2.6 million.

KEY MANAGEMENT CHANGES

In January 2005, we strengthened our top management team with the appointment of Mr Chen Xiaotao as our new Chief Executive Officer to replace Mr Ricky Ang, who was promoted to Executive Vice-Chairman. Mr Chen brings with him a wealth of experience in the new media industry in the region, having been Executive Director of NASDAQ-listed Sina.com, one of China's largest Internet companies, for several years.

FUTURE PROSPECTS

Going forward, the foreseeable future promises to be just as eventful, and hopefully more successful, than the year just past.

We have proven our ability to turn around the Group successfully from a loss-making enterprise to a highly profitable one in FY 2004, and we believe we can continue to build on the success that we have achieved thus far. And, we are determined to continue to emphasize on delivering shareholder value over the long-term.

Strategically, we are focused on building a substantial traditional media platform to serve our long-term interest in the new media, and eventually converting the Group into a leading integrated business information service company in the region. And we remain committed to our strategy to focus on the business media sector in Greater China, with an emphasis on the deployment of new technology applications, and will continue to seek opportunities to expand our presence there. Nevertheless, we remain prudent and will continue to invest in businesses that offer significant returns, if not in the short term, but at least in the longer-term, and in businesses with high growth potential.

CONCLUSION

In conclusion, on behalf of my fellow colleagues on the Board of Sun Business Network Ltd., I would like to thank our shareholders, management and staff at all levels, and business partners for their continuing and unwavering commitment to the Group, and for their diligence in returning the Group to profitability. In particular, I would like to thank Mr Ricky Ang, who has worked tirelessly this past year to make my wife and my involvement in the Group possible, and rewarding.

At the same time I would like to extend a warm welcome to the new directors, managers and staff who have joined us during the course of the year. In particular, to Mr Chen Xiaotao, who have made a bold decision to join us in the pursuit of our mission to become a global integrated multimedia company.

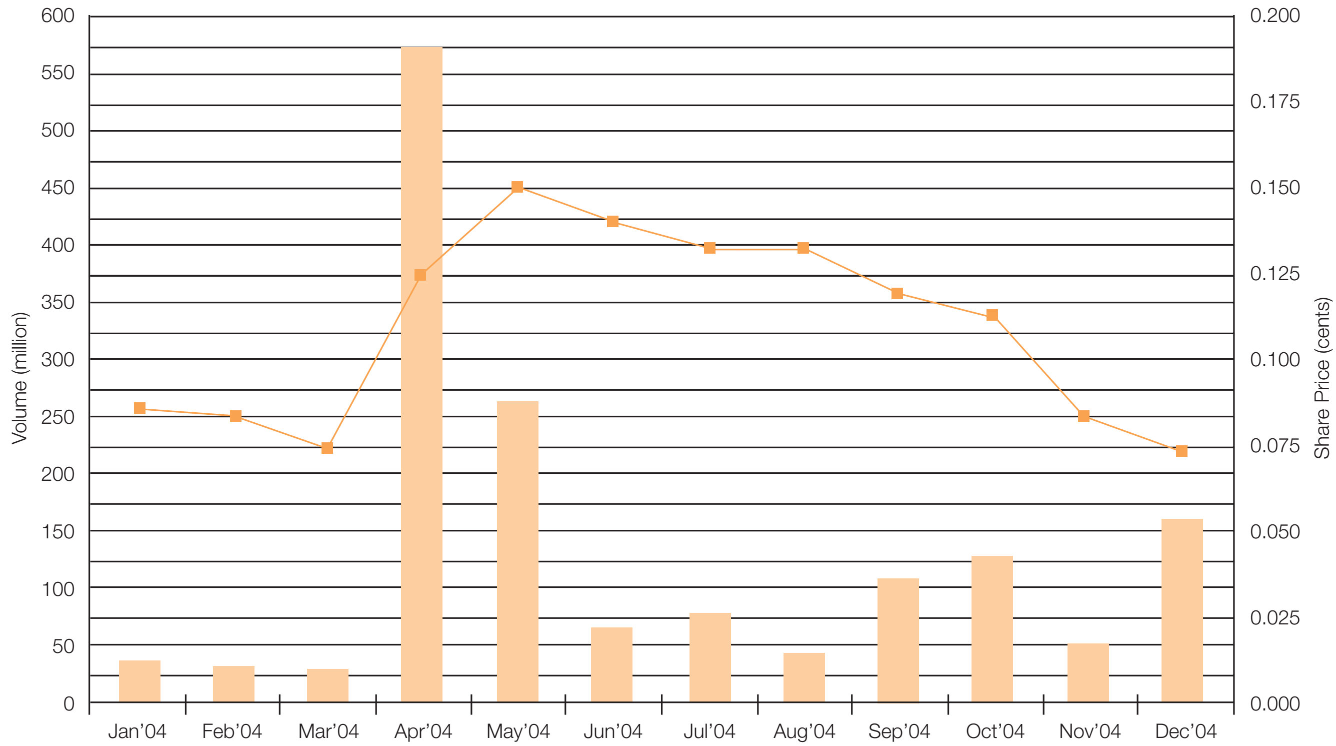
Bruno Zheng Wu
Executive Chairman

FINANCIAL HIGHLIGHTS

Year	Revenue** S$ '000	Profit/(Loss) attributable to shareholders S$ '000	Earnings/(Loss) Per Share Cents
FY 1997	8,897	327	NA#
FY 1998	20,641	2,703	3.26
FY 1999	14,636	(2,844)	(2.06)
FY 2000	14,513	(11,610)	(6.18)
FY 2001	16,917	(27,653)	(13.81)
FY 2001*	10,402	210	0.10
FY 2002	14,698	(4,382)	(1.66)
FY 2003@	21,390	(5,380)	(1.32)
FY 2004	114,080	72,191	15.82

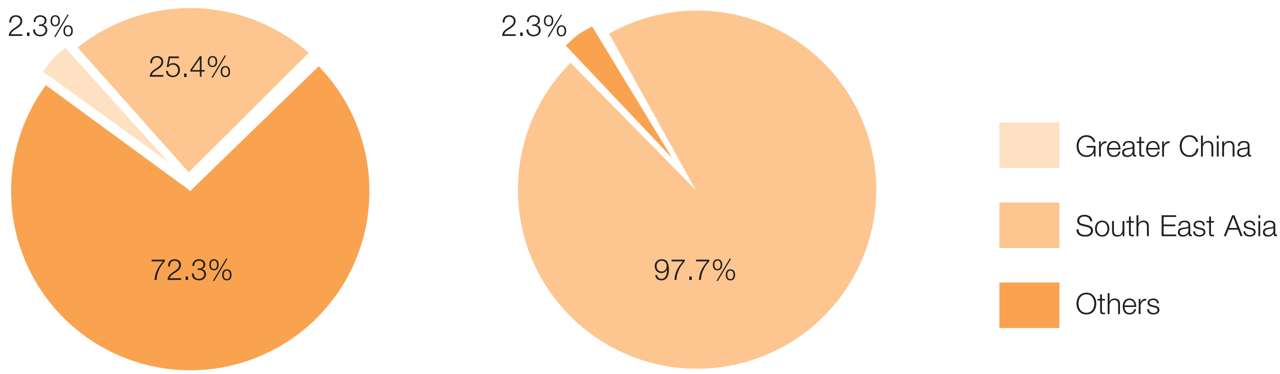
* Results are for a 9-month period
Company changed its year end to 31 December with effect 31 December 2001
** Including other income
# Converted to public listed company on 8 July 1998
@ Restated

Share Price & Total Monthly Volume



Segmental Performance

Revenue** by Geographical Region



2004
S$114.1 million

2003
S$21.4 million

Revenue** by Business Division / Operating Profit/(Loss) by Business Division

Revenue** by Business Division	2004# S$ million	2003 S$ million	Operating Profit/(Loss) by Business Division	2004# S$ million	Restated 2003 S$ million
Publishing & Events Management	21.3	10.8	Publishing & Events Management	4.0	(1.1)
Education	7.2	9.3	Education	(3.2)	(2.8)
HQ Costs & Investments	85.6	1.3	HQ Costs & Investments	70.7	(5.8)

** Including other income
# Refer to Note 37

Staff Strength

	01 Jan 2004	31 Dec 2004	31 Mar 2005
HQ	9	9	9
Publishing & Events Management	118	245	309
Greater China	–	179	224
Singapore and Malaysia	118	66	85
Education	54	40	39
Technology	8	5	5
DIS/JuzLAW	8	5	5
Total	189	299	362

MANAGEMENT TEAM

Ms Cheung Chung Yee, Fendi, is the Chief Financial Officer (Greater China) of the Group. Miss Cheung has more than 12 years experience in a wide range of financial matters of companies in Hong Kong and PRC, including four spent as Financial Controller with companies listed in the Hong Kong Exchanges and Clearing Limited. Miss Cheung holds a Bachelor of Arts in Accountancy from City Polytechnic of Hong Kong, and is a fellow member of the Associate of Chartered Certified Accountants; associate member of the Hong Kong Institute of Certified Public Accountants, and associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

Mr Jackie Tay joined Auston International Group Ltd as its Chief Operating Officer in April 2004, and is responsible for the overall operations, growth and strategic direction of the Group. Prior to this, he was General Manager of YMCA Education Centre. Mr Tay holds a Master degree in Business Administration (University of Hull, UK) and a Diploma in Marketing from the Chartered Institute of Marketing, UK. Mr Tay is also a member of the Institute of Chartered Secretaries and Administrators.

Ms Agatha Koh Brazil is the Group's Publishing Director responsible for the publishing activities of the Group's magazines. She has more than 25 years experience in the media industry, having worked in both newspaper and magazine publishing as an Editor and a Publisher. Ms Koh Brazil joined the Group in 1994, and after a brief absence, rejoined it in 2002. She holds a Bachelor of Arts degree from the National University of Singapore.

Mr Azhar Khalid is Publisher/Managing Editor of Smart Investor Pte Ltd, a subisidiary of the Group. Prior to joining in April 2005, Mr Azhar was a Financial Correspondent with The Straits Times, a position he held since 2000. He was previously a licensed Fund Manager in an asset management firm based in Kuala Lumpur, and had been the General Manager of a savings and loan co-operative society in Singapore. He holds a Masters degree in Accounting from the University of Queensland, Australia, and a Master of Social Sciences (Economics) from the National University of Singapore. Upon graduation, Mr Azhar worked as a Senior Equities Research Executive at a local financial information company.

Ms Ng Hwee Ling is the Chief Financial Officer (Corporate and South East Asia). Ms Ng is responsible for overseeing the Group's financial and management accounting, and payroll matters, in South East Asia. Prior to joining the Group, she was an Auditor with an international public accounting firm. Ms Ng is a Certified Public Accountant and holds a Bachelor of Accountancy degree (Honours) from Nanyang Technological University of Singapore.

Mr Teoh Lo Hai is in charge of the development and implementation of the Group's overall IT strategy, which includes network infrastructures and office IT. Mr Teoh joined the Group as Chief Technical Officer in 1999. He has extensive experience in the technology-oriented market. Mr Teoh graduated from the University of Hawaii with a Bachelor of Science (Electrical Engineering) degree.

Ms Yeoh Suat Cheng is responsible for the day-to-day management of the Group's magazine publishing operations in Malaysia and has direct responsibility for the financial performance of the Malaysian operations. Prior to joining the Group in 1998, she was General Manager of Eastview Publications Sdn Bhd in Malaysia, a subsidiary of Singapore-based PPPC. Ms Yeoh graduated from the University of North London with an Accounting (Honours) degree.

Mr Zheng Yuchun is Chief Executive Officer of Observer Star and Star newspapers. He was also Senior Vice President, Sun Media Investments Holdings Limited, from April 2004 to February 2005. His previous appointments include Senior Research Analyst, (Guosen Securities Co. Ltd) and Vice President & Manager (Estates Department, Shenzhen Futian Estate Administration & Management Co.) Mr. Zheng YuChun has a Ph.D. in Finance (University of Hong Kong), a Master's in Business Administration (Harbin Institute of Technology), and a Bachelor's degree in Physics (Peking University).

CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Sun Business Network Ltd. recognises the significance of sound corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting. It is committed to maintaining a high standard of corporate governance within the Group based on which its operations, businesses and strategies are directed and controlled.

The main corporate governance practices adopted by the Group and Company are outlined below.

Board Matters

(1) Board's Conduct of its Affairs

The Board holds meetings on a regular basis throughout the year to review and approve the Group's major strategic plans as well as major investments, disposals and funding matters. The Board is also responsible for the overall corporate governance of the Group. Ad-hoc meetings are also held when the need arises. Attendance of the directors at meetings of the Board and Board committees, as well as the frequency of such meetings, are as follows:

Name	ATTENDANCE AT MEETINGS: Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held during his appointment	No. of meetings attended	No. of meetings held during his appointment	No. of meetings attended	No. of meetings held during his appointment	No. of meetings attended	No. of meetings held during his appointment	No. of meetings attended
Low Song Take	8	7	–	–	1	1	–	–
Bruno Zheng Wu [1]	6	2	–	–	–	–	–	–
Ricky Ang Gee Hing	8	8	6	6	–	–	1	1
Chen Xiaotao [2]	1	1	2	1	–	–	1	1
John Zongyang Li [3]	3	1	–	–	–	–	–	–
Kevin Low Ka Choon	8	4	5	3	–	–	–	–
Yang Lan [4]	6	–	–	–	–	–	–	–
Jeffrey Tan Boon Khiong	8	7	6	5	1	1	1	1
Richard Tan Tew Han	8	5	6	6	1	1	1	1
Vincent Cyril Demitrius Pereira	8	1	–	–	–	–	–	–
You Susheng [5]	3	–	–	–	–	–	–	–

Notes:

[1] Dr Bruno Zheng Wu was appointed as a non-Executive Director of our Company on 26 April 2004. He became the Executive Chairman of our Company with effect from 10 November 2004.

[2] Mr Chen Xiaotao was appointed as an Executive Director and Chief Executive Officer of the Company on 3 January 2005.

[3] Mr John Zongyang Li was appointed as an Executive Director and Group Chief Financial Officer of our Company on 10 November 2004.

[4] Ms Yang Lan was appointed as a non-Executive Director of our Company on 26 April 2004.

[5] Mr You Susheng was appointed as an independent non-Executive Director of our Company on 8 September 2004.

All the Directors are updated regularly on any changes in company policies, Board processes, corporate governance and best practices.

(2) Board Composition and Balance

The Board comprises four Executive Directors, three non-Executive Directors and four independent non-Executive Directors. Key information regarding the Directors can be found under the "Corporate Information" section of this annual report. The Nominating Committee ("NC") reviews the independence of each director annually.

The Board and NC are of the view that the current Board, with more than one-third of its composition made up of independent non-Executive Directors, exhibits a level of independence that sufficiently enables the Board to exercise objective judgment on corporate affairs independently from the management and substantial shareholders. The Board and NC are also of the view that no individual or small groups of individuals dominate the Board's decision-making processes.

The Board also considers that its composition of non-Executive Directors provide an effective Board with a mix of knowledge, business contacts and successful business and commercial experience. This balance is important in ensuring that the strategies proposed by the executive management are fully discussed and examined, taking into account the long term interests of the Group.

(3) Role of Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are kept separate to ensure an appropriate balance of power and authority within our Company.

Our Chief Executive Officer, Mr Chen Xiaotao, has full executive responsibilities over business directions and operational decisions of the Group. The Audit Committee ("AC") reviews all major decisions made by the Chief Executive Officer. The Board and NC periodically review his performance and his appointment to the Board and the Remuneration Committee ("RC") periodically reviews his remuneration package.

Mr Low Song Take, a non-Executive Director of the Company, is the Honorary Chairman of the Company while Dr Bruno Zheng Wu is the Executive Chairman of the Company. Dr Bruno Zheng Wu is primarily responsible for the effective working of the Board and ensures (with the help of the Company Secretary) that board meetings are held when necessary. The agenda of board meetings is set by the Chief Executive Officer and approved by the Executive Chairman. The Executive Chairman, Managing Director Mr Ricky Ang Gee Hing and the Chief Executive Officer reviews the Board papers before they are presented to the Board and ensures that the Board members are provided with complete, adequate and timely information.

(4) Board Membership

We believe that Board renewal must be an on-going process, to ensure good corporate governance and to maintain relevance to the business as well as changing needs of the Company. Our Articles of Association require at least one-third of our Directors (excluding the Managing Director) to retire and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") such that no director stays in office for more than three years without being re-elected by shareholders.

The NC comprises our independent non-Executive Directors, namely Mr Richard Tan Tew Han and Mr Jeffrey Tan Boon Khiong, and our non-Executive Director Mr Low Song Take. Mr Richard Tan Tew Han is the Chairman of the NC. The NC is responsible for (i) re-nomination of the Directors having regard to the Directors' contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding on whether or not a Director is able to and has been adequately carrying out his duties as a director.

(5) Board Performance

The NC uses its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC undertakes a formal review of the Board's performance collectively and individually on an annual basis. The NC also reviews the Board's performance informally with inputs from the Board members.

The Board understands that apart from the fiduciary duties (i.e. act in good faith, with due diligence and care and in the best interests of the Company and its shareholders), its key responsibilities are to set strategic growth directions of the Group and ensuring that the long term objective of enhancing shareholders' wealth is achieved. The Board's performance is measured by its ability to support the management especially in times of crisis and to steer the Company towards profitable directions. Hence, in view of the above, the Company is of the opinion that the financial indicators set out in paragraph 5.2 of the Code of Corporate Governance are guidelines for evaluating our Board's performance. Such financial indications tend to provide a short term view of the Company's performance rather than the long term wealth and value creation of the Company.

(6) Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, the management is required to provide adequate and timely information to the Board on affairs and issues that require the Board's decision as well as ongoing reports relating to the operational and financial performance of the Company and the Group. Whenever appropriate, senior managers who can provide additional information on the matters to be discussed are invited to attend Board meetings. The Company Secretary of the Company ("Company Secretary") will also attend Board meetings.

The Board has separate and independent access to the senior management and the Company Secretary at all times. Where necessary, Directors (whether as a group or individually), will seek independent professional advice, at the Company's expense, to enable them to discharge their duties.

Please refer to the "Corporate Information" section of the annual report for the composition of the Company, Board of Directors and Board committees.

Remuneration Matters

(7) Procedures for Developing Remuneration Policies
(8) Level and Mix of Remuneration
(9) Disclosure on Remuneration

The function of the Remuneration Committee ("RC") is to review the remuneration of the Executive Directors of the Company and to provide a greater degree of objectivity and transparency in the determination of remuneration.

The RC comprises of our independent and non-Executive Directors namely Mr Jeffrey Tan Boon Khiong and Mr Richard Tan Tew Han and our Executive Vice-Chairman and Managing Director Mr Ricky Ang Gee Hing. Mr Richard Tan Tew Han is the Chairman of the RC.

The RC reviews and recommends to the Board, in consultation with the management, a framework for all aspects of remuneration. The RC also determines the specific remuneration packages and terms of employment for each of the Executive Directors of the Company and those employees who are related to the Executive Directors for recommendation to the Board for approval. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind are determined by the RC.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual Directors. No Director will be involved in deciding his own remuneration.

Each of the Executive Directors has entered into a service agreement with the Company. The service agreement covers the terms of employment, specifically salary and other benefits. The Directors' fees for the Directors (including non-Executive Directors) are determined by their contributions to the Company, taking into account factors such as effort and time spent as well as his responsibilities on the Board and various Board Committees.

Directors' Remuneration

Our Executive Director's remuneration consists of salary, allowances and bonuses. Directors' fees for the Directors are subject to approval of shareholders at the AGM.

The band of remuneration of each individual Director for the financial period under review is as follows:

Name	Director's Fees (S$)	Exceeding S$500,000	S$250,000 to $500,000	Up to S$250,000
Low Song Take	20,000			✓
Bruno Zheng Wu	13,500			✓
Ricky Ang Gee Hing	20,000	✓		
John Zongyang Li	3,500			✓
Kevin Low Ka Choon	20,000			✓
Yang Lan	13,500			✓
Jeffrey Tan Boon Khiong	32,000			✓
Richard Tan Tew Han	28,500			✓
Vincent Cyril Demitrius Pereira	22,500			✓
You Susheng	8,500			✓
Cheong Poh Kin*	12,000			✓

* Mr Cheong Poh Kin retired as a Director at the Annual General Meeting held on 28 April 2004.

The level and mix of the annual remuneration of executive Directors are set out below:

Name	Salaries %	Bonuses %	CPF %	Allowances & Others %
Bruno Zheng Wu	100	–	–	–
Ricky Ang Gee Hing	12.5	84.7	0.4	2.4
John Zongyang Li	100	–	–	–
Vincent Cyril Demitrius Pereira*	78.5	–	–	21.5

* Mr Vincent Cyril Demitrius Pereira was appointed as the Chief Executive Officer of The Observer Star Global Publishing Holdings Limited ("OSGPH) from June to October 2004 and was paid remuneration in accordance to his appointment. He ceased to be the Chief Executive Officer of OSGPH on 31 October 2004 and is now an independent Director of the Company.

Remuneration of Key Employees

Details of remuneration paid to the top five executives, in terms of remuneration (who are not Directors of the Company) for the financial year under review are set out below. For competitive reasons, the Company is only disclosing the band of remuneration of each executive for the financial period under review:

Name	Exceeding S$500,000	S$250,000 to S$500,000	Up to S$250,000
Agatha Koh Brazil			✓
Jackie Tay			✓
Lo Mei			✓
Ng Hwee Ling			✓
Teoh Lo Hai			✓

There are no employees in the Group who are immediate family members of any Director or controlling shareholder of the Company.

Accountability and Audit

(10) Accountability

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings.

(11) Audit Committee

The Audit Committee ("AC") is made up of three non-Executive Directors, namely Mr Jeffrey Tan Boon Khiong, Mr Richard Tan Tew Han and Mr Kevin Low Ka Choon, two of whom including the Chairman are independent non-Executive Directors. At least two of the members of the AC possess appropriate accounting experience and/or related financial management expertise. Mr Jeffrey Tan is the Chairman of the AC.

The AC holds periodic meetings and primarily carries out the following functions:

a) reviews the audit plans set forth by the external auditors, evaluates the report issued by the external auditors from their examination of the Company's internal and accounting controls system;

CORPORATE GOVERNANCE

b) reviews the operating results of the Group and Company, accounting policies and assistance given by the management to external auditors;
c) reviews the financial statements of the Group and Company before submission to the Board;
d) reviews all interested persons' transactions; and
e) nominates the external auditors for reappointment.

The AC has full access to and co-operation of the management. The AC also has the power to conduct or authorize investigations into any matters within its terms of reference. The external auditors have unrestricted access to the AC.

The AC also reviews the external auditors' non-audit services to satisfy itself that the nature and extent of such services has not prejudiced the independence and objectivity of the external auditors.

The AC recognizes the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors, based on value for money consideration.

On 8 December 2004, Messrs Deloitte & Touche was appointed by one of the Company's subsidiaries, Auston International Group Limited ("Auston") as the Independent Auditors to investigate the possible irregularlities and mis-statements in the accounts of Auston.

(12) Internal Controls
The Board is responsible for the overall internal control framework of the Company, but recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. During the year, the AC, on behalf of the Board, has reviewed the effectiveness of the internal control system put in place by the management and is satisfied that there are adequate internal controls in the Company. The Directors regularly review the effectiveness of all internal controls, including operational controls.

(13) Internal Audits
The Group Chief Financial Officer heads the Internal Audit ("IA") team. He oversees and carries out the functions of internal audits, including the running of a robust and timely process of identifying and evaluating business risks, controls over cash flows and preparing timely reports and communications to the various committees, such as audit matters to the Audit Committee and administrative and operational matters to the Board.

As part of the procedures to ensure adequacy of the internal audit function, the AC reviews the IA's activities and processes on a half yearly basis.

Communication with Shareholders

(14) Communication with Shareholders
(15) Greater Shareholder Participation
The Company believes in regular and timely communication with its shareholders as part of its organisation development to build systems and procedures that will enable it to operate globally.

In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual and the Companies Act (Cap 50, Singapore), the policy of the Board is that all shareholders should be equally and timely informed of all major developments that will or expect to impact the Company or the Group.

Shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of the AGM is despatched to all shareholders of the Company, together with explanatory notes or a circular on items of special business (if necessary), at least 14 working days before the meeting. The Board welcomes questions from shareholders who will have an opportunity to raise issues either informally or formally before or at the AGM. The Chairman of the Audit, Remuneration and Nominating Committees are normally available at the AGM to answer those questions relating to the work of these committees.

The Company communicates information to shareholders and the investing community through announcements that are released to via SGXNET. Such announcements include half-year and full-year financial results, material transactions and other developments relating to the Group that require disclosure under the corporate disclosure policy of the SGX-ST.

Interested Person Transactions (IPT)

The Company has established a procedure for recording and reporting interested person transactions. Details of significant interested person transactions for the year ended 31 December 2004 are set out below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transaction less than S$100,000)
Bruno Zheng Wu Yang Lan Sun Media Investment Holdings Limited	NA	S$7,136,000 [1]

[1] The acquisition was completed on 29 October 2004 and 44,000,000 ordinary shares of the Company was recorded at $0.085 each (the closing price on completion date) instead of $0.145 each as stated in the Sale and Purchase Agreement. Shareholders' approval for this aquisition was obtained at an extraordinary general meeting held on 20 October 2004.

All the above interested person transactions were made under normal commercial terms.

Material Contracts

Saved as disclosed in the interested person transactions section, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the Chief Executive Officer, Directors or controlling shareholders, which are either subsisting at the end of the financial year or, if not than subsisting, entered into since the end of the previous financial year.

The Material Contracts entered into by the Company during the financial year in review are as follows:-

1) The Company has on 11 February 2004 entered into a Notes Subscription Agreement with UOB Kay Hian Private Limited to create and issue, from time to time, up to an aggregate of S$5,000,000 in principal amount of unsecured notes due 2007 in three tranches of S$250,000, S$2,200,000 and S$2,550,000 respectively, bearing interest at a rate of 3%, payable semi-annually in arrears, such Notes to be convertible, at the option of the holder, into new ordinary shares of par value S$0.05 each in the capital of the Company at a conversion price determined in accordance with the terms and conditions of the Notes and subject to such adjustments as to the conversion price and on such other terms and conditions as the Directors may decide.

2) On 13 April 2004, the Company entered into a Sale and Purchase Agreement with Mr Yin Jianping and Mr Hu Yishi for the acquisition of The Observer Star Global Publishing Holdings Limited ["OSGPH"] (formerly known as Media Sky Associates Limited) for an aggregate consideration of S$3,960,000. On 3 September 2004, the Company entered into a letter agreement with Mr Yin Jianping and Mr Hu Yishi in respect of the Agreement, under which the Company has provided consent to Mr Yin and Mr Hu to realise or transfer any part of their respective shareholdings in the share capital of the Company at any time on the condition that they shall only sell their shares in the Company to Sun Media Investment Holdings Limited (a shareholder of the Company).

3) The Company also entered into a Subscription Agreement with Sun Media Investment Holdings Limited ("SMIH") on 13 April 2004. Under the terms of the Subscription Agreement, the Company will place 10 million new shares to SMIH and grant an option to SMIH to purchase 40 million new shares in the Company at a placement price of S$0.085 per share for both.

4) On 21 May 2004, OSGPH entered into a binding memorandum of understanding with SMIH to acquire the entire issued share capital of The Observer Star Group Holdings Limited for an aggregate consideration of HK$32.9 million.

5) The Company has on 14 June 2004 entered into a non-binding memorandum of understanding in relation to a proposed joint venture with Tianjin Jin Bao Media Investments Ltd. The memorandum of understanding has subsequently lapsed in accordance with the terms of the memorandum.

6) On 3 September 2004, the Company entered into a Subscription Agreement with Quantum Capital Asset Management Limited, to create and issue, from time to time, up to an aggregate of S$10,000,000 in principal amount of unsecured notes due 2007 in two equal tranches of a principal amount of S$5,000,000 per tranche, bearing interest at a rate of 3%, payable semi-annually in arrears, such Notes to be convertible, at the option of the holder, into new ordinary shares of par value S$0.05 each in the capital of the Company at a conversion price determined in accordance with the terms and conditions of the Notes and subject to such adjustments as to the conversion price and on such other terms and conditions as the Directors may decide.

7) The Company has entered into a Sale and Purchase Agreement dated 7 November 2004 between OSGPH and SEEC Media Group Limited for the proposed acquisition of the entire issued and paid up capital in Maxful Management Corp (to be renamed as "Caijing Times Advertising Development Corporation Ltd.") for an aggregate consideration of HK$48.0 million.

8) The Company has entered into a Sale and Purchase Agreement dated 7 November 2004 with Sky Win Advertising Group Limited in relation to a disposal of the Company's interest in the entire issued share capital of Panpac Lifestyle Magazines Pte Ltd for a consideration of S$6.3 million.

9) The Company has entered into a Sale and Purchase Agreement dated 10 November 2004 between OSGPH and Toorak Group Limited, for a proposed acquisition of the entire issued and paid up capital in Optima Media International Ltd for an aggregate consideration of HK$12.0 million.

10) The Company has entered into a Sale and Purchase and Licence Agreement dated 30 November 2004 with Asia Network Technologies Limited [ANTL] (formerly known as China Multi-Media Private Network Limited). Under the terms of the agreement, the Company sold its 25% stake in Shareinvestor.com Holdings Pte Ltd to ANTL for S$3 million, as well as providing a grant to ANTL for perpetual digital publishing rights for the use of the contents owned and created by the Group for S$5 million.

Dealings in Securities

The Company has adopted internal codes in relation to dealings in the Company's securities pursuant to the SGX-ST Best Practices Guide that are applicable to all its officers. The Company and its officers are not allowed to deal in the Company's shares during the period commencing one month before the announcement of the Company's half year or full year financial results, and ending on the date of the announcements of these results.

Directors and executives of the Company are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

Risk Management Policies and Processes

Our management is in charge and reports to the Board in respect of the group's risk management policies and processes. In addressing and managing the risks faced by our Group, the management is also supported by the AC, the NC and the RC.

Best Practices Guide

The Company has complied materially with the Best Practices Guide issued by SGX-ST.

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of Sun Business Network Ltd. (the "Company") and of its subsidiary companies (the "Group") for the financial year ended 31 December 2004.

On 7 February 2005, the Company changed its name from Panpac Media Group Limited to Sun Business Network Ltd.

Directors

The names of the directors of the Company in office at the date of this report are:

Low Song Take	
Bruno Zheng Wu	(Appointed on 26 April 2004)
Ricky Ang Gee Hing	
Chen Xiaotao	(Appointed on 3 January 2005)
John Zongyang Li	(Appointed on 10 November 2004)
Kevin Low Ka Choon	
Yang Lan	(Appointed on 26 April 2004)
Jeffrey Tan Boon Khiong	
Richard Tan Tew Han	
Vincent Cyril Demitrius Pereira	
You Susheng	(Appointed on 8 September 2004)

Share option schemes

The Sun Business Network Ltd. Share Option Scheme (the "Scheme") enables the full-time employees of the Company at Executive level and above to subscribe for ordinary shares (at par value $0.05 each) in the capital of the Company.

The Scheme is administered by a Committee comprising all the members of the Board of directors at the date of this Report.

As at 31 December 2004, the numbers of unissued options granted under the Scheme were as follows:

Date of Grant	Options granted as at 1.1.2004/ granted during the financial year	No. of options exercised	No. of options lapsed	No. of options outstanding as at 31.12.2004	Exercise price per share	Expiry Date
27.2.2000	675,000	–	523,000	152,000	S$0.976	26.02.2005
15.8.2000	281,500	–	170,000	111,500	S$0.448	14.08.2005
10.8.2001	1,336,000	–	910,000	426,000	S$0.180	09.08.2006
12.7.2002	1,232,000	–	730,000	502,000	S$0.120	11.07.2007
			2,333,000	1,191,500		

No options were granted to directors and controlling shareholders or to associates of controlling shareholders of the Company.

The names of the employees who received 5% or more of total options available under the Scheme were as follows:

Name of Participant	Option granted during the financial year under review	Aggregate options granted since commencement of Scheme to 31.12.2004	Aggregate options exercised/lapsed since commencement of Scheme to 31.12.2004	Aggregate options outstanding as at 31.12.2004
Agatha Koh Brazil	–	100,000	–	100,000
Cecilia Goh Ah Lian	–	180,000	–	180,000
Ng Hwee Ling	–	126,500	–	126,500
Paul Tan Chee Kian	–	115,000	–	115,000
Swee Mei Lan	–	162,000	–	162,000
Teoh Lo Hai	–	331,000	–	331,000
Yew May Geok	–	70,000	–	70,000
	–	1,084,500	–	1,084,500

Share option schemes (cont'd)

The options under the Scheme do not entitle the holders of the option to participate in any share issue of any other corporation by virtue of the option.

Except for the above, no options to take up unissued shares of the Company and its subsidiary companies were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary companies. There were no unissued shares of any other subsidiary companies under the options as at the end of the financial year.

Convertible notes

(a) During the financial year, the Company entered into a Note Subscription Agreement dated 11 February 2004 with UOB Kay Hian Pte Ltd ("UOB Note Subscription Agreement"), which was approved by the shareholders at the extraordinary general meeting of the Company held on 11 February 2004, whereby the Company agreed to:

(i) issue up to $5,000,000 3% unsecured convertible notes ("UOB Notes") in principal amount (denominated in $25,000 each) as follows:
– a first tranche of a principal amount of $250,000;
– a second tranche with a principal amount of $2,200,000 divided into 11 sub-tranches of $200,000 each; and
– an option tranche with an option for a principal amount of $2,550,000 divided into 25 sub-tranches of $100,000 each and a 26th sub-tranche of $50,000.

(ii) grant options to the holder of the UOB Notes to convert the UOB Notes into new ordinary shares of the Company of $0.05 each ("Shares") at an issue price of 100% of the principal amount of the UOB Notes; and

(iii) grant options to the holder of the UOB Notes to exchange the UOB Notes for up to 28 million shares of $0.01 each in a subsidiary company, Auston International Group Limited, at an issue price of 100% of the principal amount of the UOB Notes under the terms and conditions of the UOB Note Subscription Agreement.

The UOB Notes will be issued at 100% of its principal amount and mature on 13 February 2007. Unless previously redeemed, converted, purchased or cancelled, the UOB Notes will be redeemed at 100% of its principal value on its maturity date, 13 February 2007.

During the financial year, the Company issued $5,000,000 UOB Notes at its principal value for cash, of which all the $5,000,000 was converted into 59,957,445 Shares at a premium of $2,002,128. The proceeds of the Notes were used to finance the operations of the Company and the Group.

(b) During the financial year, the Company entered into note subscription agreement dated 3 September 2004 with Quantum Capital Asset Management Limited ("Quantum Note Subscription Agreement"), which was approved by the shareholders of the Company at the extraordinary general meeting held on 3 September 2004, whereby the Company agreed to:

(i) issue up to $10,000,000 in principal amount (denominated in $50,000 each) of notes ("Quantum Notes") in 2 tranches with each tranche divided into 5 sub-tranches of $1,000,000 each; and

(ii) grant options to the holder of the Quantum Notes to convert the Quantum Notes into new Shares at an issue price of 100% of the principal amount of the Quantum Notes provided always that the new Shares which arise from the conversion are not in excess of 228,476,098 Shares, adjusted for any consolidation or sub-division of Shares.

The Quantum Notes will be issued at 100% of its principal amount and mature on 3 September 2007. Unless previously redeemed, converted, purchased or cancelled, the Quantum Notes will be redeemed at 100% of its principal value on its maturity date, 3 September 2007.

During the financial year, the Company issued $7,000,000 Quantum Notes at its principal value for cash, of which all the $7,000,000 was converted into 93,620,920 Shares each at a premium of $2,318,954. The proceeds of the Quantum Notes were used to finance the operations of the Company and the Group.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in the shares of the Company and related corporations as stated below:

	Shares registered in the names of directors		Other shareholdings in which directors are deemed to have an interest	
	As at 1.1.2004/ date of appointment	As at 31.12.2004	As at 1.1.2004/ date of appointment	As at 31.12.2004
Number of ordinary shares of $0.05 each held by:				
Low Song Take	6,117,647	6,117,647	63,962,588	76,962,588
Bruno Zheng Wu	–	–	–	98,000,000
Ricky Ang Gee Hing	10,213,235	10,513,235	29,397,294	28,197,294
Kevin Low Ka Choon	1,835,294	2,600,000	63,962,588	76,962,588
Yang Lan	–	–	–	98,000,000
Vincent Cyril Demitrius Pereira	1,340,000	–	–	–

	Warrants registered in the names of chairman/directors		Warrants in which chairman/directors are deemed to have an interest	
	As at 1.1.2004	As at 31.12.2004	As at 1.1.2004	As at 31.12.2004
Number of warrants held by the following with rights to subscribe for ordinary shares of $0.05 each:				
Low Song Take	–	–	10,855,000	–
Ricky Ang Gee Hing	1,238,250	–	4,540,500	–
Kevin Low Ka Choon	–	–	10,855,000	–

There was no change in the above-mentioned interests between the end of the financial year and 21 January 2005.

Except for the above, no other directors of the Company had an interest in any shares or debentures of the Company or related corporations either at the beginning of the financial year or, at date of appointment, if later, or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which he has a substantial financial interest.

Audit committee

The audit committee performed the functions specified in the Companies Act. The functions performed are detailed in the Report on Corporate Governance.

Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of directors,

Bruno Zheng Wu
Director

Ricky Ang Gee Hing
Director

Singapore
10 May 2005

STATEMENT BY DIRECTORS

We, Bruno Zheng Wu and Ricky Ang Gee Hing, being two of the directors of Sun Business Network Ltd., do hereby state that, in the opinion of the directors:

(i) except for the matters noted in the Auditors' Report, the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004, and of the results of the business of the Group, changes in equity of the Company and of the Group and cash flow of the Group for the financial year then ended; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of directors,

Bruno Zheng Wu
Director

Ricky Ang Gee Hing
Director

Singapore
10 May 2005

AUDITORS' REPORT

We were engaged to audit the accompanying financial statements of Sun Business Network Ltd. (the "Company") and its subsidiary companies (collectively the "Group") set out on pages 22 to 56 for the financial year ended 31 December 2004. These financial statements are the responsibility of the Company's directors.

Except as discussed in the following paragraphs, we conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation.

The following matters were noted during the audit:

Intangible assets
We have considered the financial statements and auditors' report of a group of subsidiary companies, namely The Observer Star Global Publishing Holdings Limited group of companies (the "OSGPH Group"), of which we have not acted as auditors. The auditors of the OSGPH Group reported that due to the effect of the limitation placed on the scope in evidence concerning the intangible assets amounting to $11.0 million (or equivalent to HK$52.5 million), acquired through business combination, they have not obtained all the information and explanations that they considered necessary for the purpose of their audit. As such, they were unable to carry out additional procedures necessary to enable them to express an opinion on the financial statements of the OSGPH Group. Consequently, we were also unable to satisfy ourselves as to the appropriateness of the financial statements of the OSGPH Group for the financial year ended 31 December 2004 that had been included in the consolidated financial statements of the Group for the financial year ended 31 December 2004.

Investment in an associated company
As stated in Note 12 to the financial statements, the Group has a 20.5% equity interest in an associated company, Asia Network Technologies Limited group of companies (the "ANTL Group"). As at 31 December 2004, the balance sheet of the ANTL Group includes intangible assets of US$368.7 million. These intangible assets were recorded at an amount agreed by all the investing parties through their joint venture agreement. The auditors of the ANTL Group were unable to express an opinion on these intangible assets due to the limitation in obtaining relevant information and absence of alternative audit processes available to express an opinion on these intangible assets. Consequently, we were also unable to satisfy ourselves as to the appropriateness of the carrying value of these intangible assets included in the consolidated balance sheet of the Group.

The Group acquired its 20.5% share of the ANTL Group by way of an exchange of assets by (i) disposing its investment in an associated company, Shareinvestor.com Holdings Pte Ltd, and (ii) granting of perpetual digital publishing rights for the use of the contents owned and created by the Group. The gain recognised on the grant of contents amounted to approximately $3.98 million and has been included in revenue.

On acquisition, the Group determined that the fair value of its share of assets acquired in the ANTL Group amounted to $89.8 million. This included a negative goodwill of $83.5 million correspondingly recognised in the profit and loss accounts. The negative goodwill has been derived based on the valuation of the pledged fixed assets performed by Beijing Zhongjinhua Certified Public Accountants Firm Limited, and assigning a Nil value to its share of the intangible assets of approximately $124.4 million recorded in the ANTL Group's financial statements.

At the date of this report, there is insufficient evidence to ascertain the fair value of the underlying assets recorded as investment in associated company, and correspondingly the recognition of the negative goodwill and revenue recognised for grant of licence of certain publications.

Accounting errors arising from irregularities
As stated in Note 3 to the financial statements, on 8 December 2004, a group of subsidiary companies, Auston International Group Ltd. group of companies (the "AIGL Group"), announced that accounting irregularities with regards to its financial statements for the financial periods 2002, 2003 and the first half of 2004 were discovered. Concurrently, the matter was referred to the Commercial Affairs Department ("CAD") for further investigation and Deloitte and Touche, were appointed by AIGL soon after. The report from Deloitte and Touche has since been finalised and was released together with an announcement on 23 February 2005. The investigation by the CAD is still on-going. The outcome of the investigations might uncover other information which might require adjustments to be made to the financial statements.

Going concern of AIGL

The AIGL Group incurred a net loss of $2,908,000 for the financial year ended 31 December 2004, and the AIGL Group's current liabilities exceeded its current assets by $1,845,000. As of 31 December 2004, the AIGL Group was in a net shareholders' deficit position of $890,000. As at 31 December 2004, there were amounts due to creditors and banks by the AIGL Group amounting to $2,868,000.

As stated in Note 39, on 20 April 2005, AIGL announced a Rights issue of up to 68,000,000 Rights Shares with Warrants at an issue price of $0.025 per Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share, with up to 34,000,000 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share in the capital of AIGL (the "New Shares") at an exercise price of $0.025 for each New Share, on the basis of one (1) Warrant for every two (2) Rights Shares subscribed by shareholders of AIGL. In addition, AIGL also announced the proposed placement of up to 13,600,000 new ordinary shares (the "New Placement Shares") of $0.01 each in AIGL at a minimum issue price S$0.10 each. The successful allotment and issue of the New Shares and New Placement Shares are pending approval by shareholders at an extraordinary general meeting to be convened and the approval of the authorities.

The ability of the AIGL Group to meet their financial obligations and to continue as going concerns depends on the successful allotment and issue of the new shares.

If the AIGL Group is unable to continue in operational existence for the foreseeable future, the AIGL Group may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the AIGL Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Because of the significance of the matters referred to in the preceding paragraphs, we are not in a position to, and accordingly, do not express an opinion as to whether

(i) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the “Act”) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004, the results of the Group, changes in equity of the Company and of the Group and cash flows of the Group for the financial year ended 31 December 2004; and

(ii) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
10 May 2005

FINANCIALS

Consolidated Profit and Loss Account
for the financial year ended 31 December 2004

	Note	2004 $	Restated 2003 $
Revenues			
Advertisement		6,962,349	7,205,544
Circulation		2,605,303	2,669,999
Sale of contents rights and licensing fees		4,768,442	–
Exhibition & events		363,838	595,504
Education		6,868,009	10,296,798
		21,567,941	20,767,845
Other income	4	92,512,386	622,330
Cost and expenses			
Direct costs:			
– Publication		(5,467,664)	(5,093,548)
– Exhibition		(971,038)	(740,551)
– Education		(3,235,880)	(4,559,447)
Staff costs	5	(9,668,124)	(8,175,235)
Amortisation and depreciation	5	(783,206)	(2,111,025)
Rental expenses		(1,697,857)	(1,968,466)
Other operating expenses	5	(20,778,092)	(4,625,531)
Total cost and expenses		(42,601,861)	(27,273,803)
Profit/(loss) from operations		71,478,466	(5,883,628)
Share of profits/(losses) of associated companies		139,729	(6,687)
Finance costs	6	(149,950)	(178,409)
Profit/(loss) before taxation and minority interests		71,468,245	(6,068,724)
Taxation	7	104,612	261,316
Profit/(loss) after taxation and before minority interests		71,572,857	(5,807,408)
Minority interests, net of taxes		617,656	427,169
Profit/(loss) attributable to shareholders		72,190,513	(5,380,239)
Earnings/(loss) per share - cents	8		
– Basic		15.82	(1.57)
– Diluted		15.82	(1.57)

The accounting policies and explanatory notes on pages 28 to 56 form an integral part of the financial statements.

Balance Sheets
as at 31 December 2004

		Group		Company	
	Note	2004 $	Restated 2003 $	2004 $	2003 $
Non-current assets					
Fixed assets	9	4,715,008	1,855,839	67,646	254,692
Intangible assets	10	22,496,374	15,804,268	–	–
Investment in subsidiary companies	11	–	–	36,897,881	46,132,780
Investment in associated companies	12	89,858,924	163,490	8,000,000	1,100,000
Other receivables	13	237,390	–	–	–
Long-term investment	14	–	300,000	–	–
Current assets	15	18,026,292	8,043,073	28,484,244	3,463,900
Current liabilities	22	(20,605,864)	(10,137,002)	(7,337,120)	(3,266,799)
Net current (liabilities)/assets		(2,579,572)	(2,093,929)	21,147,124	197,101
Non-current liabilities					
Hire purchase liabilities, non-current portion	28	(21,990)	(18,569)	–	–
Loan from a subsidiary company	29	–	–	(31,434,642)	(31,434,642)
Deferred taxation	30	(861,418)	(1,031,066)	(858,066)	(898,066)
		113,844,716	14,980,033	33,819,943	15,351,865
Share capital and reserves					
Share capital	31	31,902,569	17,149,475	31,902,569	17,149,475
Share premium	32	16,723,449	4,592,712	16,723,449	4,592,712
Revenue reserve/(accumulated losses)		63,214,707	(8,975,806)	(14,806,075)	(6,390,322)
Foreign currency translation reserve		1,637,448	1,591,262	–	–
		113,478,173	14,357,643	33,819,943	15,351,865
Minority interests		366,543	622,390	–	–
		113,844,716	14,980,033	33,819,943	15,351,865

The accounting policies and explanatory notes on pages 28 to 56 form an integral part of the financial statements.

Statements of Changes in Equity
for the financial year ended 31 December 2004

	Note	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Share capital [1]	31				
Balance at beginning		17,149,475	17,149,413	17,149,475	17,149,413
Issuance of ordinary shares		14,753,094	62	14,753,094	62
Balance at end		31,902,569	17,149,475	31,902,569	17,149,475
Share premium	32				
Balance at beginning		4,592,712	4,606,086	4,592,712	4,606,086
Premium on shares issued during the year		12,130,737	88	12,130,737	88
Expenses on issue of new shares		–	(13,462)	–	(13,462)
Balance at end		16,723,449	4,592,712	16,723,449	4,592,712
Revenue reserve/(accumulated losses)					
Balance at beginning as previously reported		(7,355,825)	(2,827,103)	(6,390,322)	(1,243,705)
Prior year adjustments	33	(1,619,981)	(768,464)	–	–
Balance at beginning, as restated		(8,975,806)	(3,595,567)	(6,390,322)	(1,243,705)
Profit/(loss) for the financial year		72,190,513	(5,380,239)	(8,415,753)	(5,146,617)
Balance at end		63,214,707	(8,975,806)	(14,806,075)	(6,390,322)
Foreign currency translation reserve					
Balance at beginning		1,591,262	1,539,689	–	–
Movement during the financial year		46,186	51,573	–	–
Balance at end		1,637,448	1,591,262	–	–
Total equity		113,478,173	14,357,643	33,819,943	15,351,865

[1] The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The accounting policies and explanatory notes on pages 28 to 56 form an integral part of the financial statements.

Consolidated Cash Flow Statement
for the financial year ended 31 December 2004

	2004 $	Restated 2003 $
Cash flows from operating activities		
Profit/(loss) before taxation and minority interests	71,468,245	(6,068,724)
Adjustments for:		
Amortisation of goodwill on consolidation	–	943,059
Share of (profits)/ loss of associated companies	(139,729)	6,687
Depreciation of fixed assets	767,933	946,996
(Gain)/loss on disposal of fixed assets	(17,928)	17,729
(Gain)/loss on deemed dilution in a subsidiary company	(913)	28,522
Gain on disposal of investment in subsidiary companies	(6,558,123)	–
Gain on disposal of investment in associated companies	(1,402,787)	–
Gain on disposal of joint venture company	–	(3,810)
Gain on sale of contents rights and licensing fees	(4,727,202)	
Negative goodwill arising from acquisition of an associated company	(83,498,924)	–
Amortisation of other intangible assets	15,273	220,970
Provision for impairment of goodwill	10,156,652	–
Provision for impairment of intangible assets	404,632	–
Provision for impairment of investments	300,000	–
Fixed assets written off	106,255	1,904
Write off of other investments	114,361	–
Intangible assets written off	94,123	–
Interest expense	149,950	178,409
Operating cash flow before working capital changes	(12,768,182)	(3,728,258)
(Increase)/decrease in:		
Trade debtors	1,351,276	(37,629)
Other debtors, deposits and prepayments	(627,432)	1,006,241
Work-in-progress	247,694	(95,379)
Due from associated companies, net	–	55,923
(Decrease)/increase in:		
Trade creditors	859,932	88,748
Other creditors and accruals	2,891,952	(98,971)
Due to joint venture company	–	(11,958)
Cash used in operations	(8,044,760)	(2,821,283)
Interest paid	(149,950)	(178,409)
Income taxes paid	(39,590)	(323,198)
Net cash used in operating activities	(8,234,300)	(3,322,890)

Consolidated Cash Flow Statement
for the financial year ended 31 December 2004

	2004 $	Restated 2003 $
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired (Note A)	(1,249,709)	–
Increase in investment in subsidiary companies	–	(78,828)
Increase in intangible assets	(25,540)	(457,848)
Proceeds from disposal of fixed assets	29,312	23,849
Purchase of fixed assets	(1,028,412)	(475,406)
Proceeds from disposal of subsidiary companies, net of cash disposed (Note A)	(203,893)	–
Proceeds from disposal of joint venture company, net of cash disposed	–	96,160
Purchase of unquoted equity shares	(17,361)	(300,000)
Net cash used in investing activities	(2,495,603)	(1,192,073)
Cash flows from financing activities		
Proceeds from issue of new shares	850,787	150
Proceeds from issue of unsecured convertible notes (Note B)	12,000,000	–
Contribution from a minority shareholder of a subsidiary company	30,000	–
Proceeds from issue of new shares by a subsidiary company, net of listing expenses	–	2,352,223
Repayment of hire purchase/finance lease liabilities	(21,263)	(103,543)
Proceeds from short-term bank loans	373,500	280,000
Dividends paid by a subsidiary company to minority shareholders	–	(13,689)
Payment of expenses on issuance of additional shares	–	(13,462)
Net cash generated from financing activities	13,233,024	2,501,679
Net effect of exchange rate changes in consolidating subsidiary companies	167,034	3,177
Net increase/(decrease) in cash and cash equivalents	2,670,155	(2,010,107)
Cash and cash equivalents at beginning of year (Note 21)	1,021,174	3,031,281
Cash and cash equivalents at end of year (Note 21)	3,691,329	1,021,174

The accounting policies and explanatory notes on pages 28 to 56 form an integral part of the financial statements.

Consolidated Cash Flow Statement
for the financial year ended 31 December 2004

NOTE A
The acquisitions and disposals of subsidiary companies have been shown in the statement as a single item. The effect on the individual assets and liabilities is set out below:

	Acquisition of subsidiaries 2004 $	Acquisition of subsidiaries 2004 $
Fixed assets	(3,074,552)	348,159
Intangible assets	–	204,149
Work-in-progress	–	138,218
Trade debtors	(598,790)	921,216
Other debtors, deposits and prepayments	(1,859,503)	576,297
Cash and bank balances	(166,245)	203,893
Trade creditors	403,034	(792,878)
Other creditors and accruals	1,173,133	(1,536,105)
Term loans	–	(520,000)
Hire purchase creditors	27,900	–
Fair value of net assets	(4,095,023)	(457,051)
Goodwill and intangible assets (arising on acquisition)/written off on disposal	(18,537,211)	198,929
Gain on disposal of investment in subsidiary companies	–	6,558,123
Fair value of net assets	(22,632,234)	6,300,001
Minority interests	339,831	–
Total consideration	(22,292,403)	6,300,001
Shares issued, at fair value	14,033,043	–
Deferred cash settlement	6,843,406	(6,300,000)
Consideration (paid)/received in cash	(1,415,954)	1
Cash and cash equivalents acquired/(released)	166,245	(203,894)
Net cash outflow on acquisition/disposal of subsidiary companies	(1,249,709)	(203,893)

NOTE B
During the financial year, the Company issued convertible notes amounting to $12,000,000 which were subsequently fully converted to 153,578,365 ordinary shares of $0.05 each. For details on the convertible notes, refer to the Directors' Report.

The accounting policies and explanatory notes on pages 28 to 56 form an integral part of the financial statements.

Notes to the Financial Statements
31 December 2004

1. Corporate information
The Company is a limited liability company which is incorporated and domiciled in Singapore.

On 7 February 2005, the Company changed its name from Panpac Media Group Limited to Sun Business Network Ltd.

The registered office of Sun Business Network Ltd. is located at 50 Raffles Place #29-00 Singapore Land Tower, Singapore 048623. The address of its principal place of business is at 371 Beach Road, #03-18 Keypoint, Singapore 199597.

The principal activities of the Company are the provision of management services and in the business of making investments. The principal activities of its subsidiary companies are disclosed in Note 11 of the financial statements.

The Group operates in People's Republic of China, Hong Kong, Singapore and Malaysia. The Company and Group had 9 and 299 (2003 : 9 and 189) employees as of 31 December 2004 respectively.

2. Summary of significant accounting policies

(a) Basis of preparation
The financial statements of the Company and of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Singapore Companies Act.

The financial statements of the Company and of the Group, which are presented in Singapore dollars (SGD or S$), have been prepared under the historical cost convention.

The accounting policies have been consistently applied and are consistent with those used in the previous financial year except for the changes mentioned below.

On 1 July 2004, the Council on Corporate Disclosure and Governance issued FRS 103 Business Combinations, revised FRS 36 Impairment of Assets and revised FRS 38 Intangible assets. Accordingly, FRS 22 Business Combinations was withdrawn.

These standards are to be applied to the accounting for business combinations for annuals period beginning on or after 1 July 2004. However, early adoption of these standards is permitted and must be applied prospectively from the same date.

The Group has decided to early adopt FRS 103, revised FRS 36 and revised FRS 38. These standards are applied on a prospective basis effective 1 January 2004. The early adoption of these standards has not resulted in any prior year adjustments.

(b) Revenue recognition
Revenue from the circulation of magazines and periodicals is recognised upon delivery of goods and acceptance by customers. Subscription income is amortised over the period of the subscription.

Revenue from advertisements is recognised based on the date of publication.

Revenue from events management and conventions organisation is recognised when the exhibition event has occurred, at which time the direct costs associated with the organisation of the event are matched with the respective revenue.

Education revenue consists of course fee, upfront licence fee and recurring affiliate/franchise fee.

Course fee income and recurring affiliate/franchise fee is recognised over the period of the course.

Revenue from upfront licence fee from affiliation/franchising agreements is generally recognised from the date of acceptance and fulfilment of obligations under the affiliation/franchising agreements.

Interest income on fixed deposits is recognised on an accrual basis.

(c) Basis of consolidation
The accounting year of the Company and all its subsidiary companies ends on 31 December and the consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies. The results of subsidiary companies acquired or disposed of during the financial year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. All significant intercompany balances and any unrealised profit or loss on inter-company transactions have been eliminated on consolidation.

2. Summary of significant accounting policies (cont'd)

(c) Basis of consolidation (cont'd)

The financial statements of subsidiary companies are prepared for the same reporting period as the holding company, using uniform accounting policies. In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiary companies have been translated from their respective functional currencies to Singapore dollars as follows:

(i) all assets and liabilities at the rates of exchange approximating those ruling at the balance sheet date;
(ii) share capital and reserves at historical rates of exchange; and
(iii) profit and loss items at the average exchange rates for the financial year.

Foreign currency translation differences are taken directly to foreign currency translation reserve in the consolidated balance sheet.

Goodwill arising on acquisition which represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is accounted for on the basis outlined in paragraph (g) below.

(d) Investment in subsidiary companies

A subsidiary is a company in which the group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investment in subsidiary companies is stated at cost less any impairment loss in the Company's balance sheet.

An assessment of the value of investment in subsidiary companies is performed when there is indication that such assets have been impaired or the impairment losses recognised in the prior years no longer exist.

(e) Investment in associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term equity interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's investments in associated companies are accounted for under the equity method. Investment in associated companies are recorded at cost and adjusted to recognise the Group's share of the net assets of the associated companies at the date of acquisition plus post-acquisition changes in the Group's share of net assets of associated companies, less any impairment loss.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition of losses is discontinued except to the extent of the Group's commitment.

The Group's share of the results of associated companies is included in the consolidated profit and loss account. Where the audited financial statements are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Investments in associated companies are stated at cost less any impairment loss in the Company's balance sheet. An assessment of investments in associates is performed when there is indication that such assets have been impaired or the impairment losses recognised in the prior years no longer exist.

(f) Fixed assets and depreciation

Fixed assets are stated at cost net of accumulated depreciation and any impairment loss. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and if carrying amounts exceed these recoverable amounts, assets are written down.

Fixed assets are depreciated using the straight-line method to write-off the cost over their useful lives as follows:

Motor vehicles	–	5 years
Furniture and fittings	–	5 to 20 years
Office equipment	–	5 to 10 years
Computers	–	3 years
Renovation	–	5 to 10 years
Warehouse and leasehold properties	–	over the remaining lease period

Notes to the Financial Statements
31 December 2004

2. Summary of significant accounting policies (cont'd)

(f) Fixed assets and depreciation (cont'd)

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets.

(g) Goodwill on consolidation

The adoption of FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. Goodwill shall no longer be amortised, instead, impairment is tested annually, or more frequent if events or changes in circumstances indicate that the goodwill might be impaired. The carrying value of goodwill brought forward from previous year is accounted for at cost and tested for impairment annually.

The effects of the early adoption of FRS 103 are as follows:
(i) there is no restatement to the Group's opening accumulated losses as at 1 January 2004, as there is no adjustment required for previously recognised negative goodwill;
(ii) elimination of a potential goodwill amortisation of $1.4 million in the 2004 consolidated profit and loss account of the Group; and
(iii) recognition of negative goodwill amounting to $83.5 million in the current year profit and loss account instead of amortisation of negative goodwill of $4.2 million annually.

Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets and liabilities acquired. Goodwill on acquisition of subsidiary companies is included in intangible assets. Goodwill on acquisition of associated companies is included in investment in associated companies.

Goodwill is stated at cost and allowance is made for impairment in value.

Previously before the adoption of FRS 103, goodwill is amortised on a straight-line basis over 10 to 20 years through the profit and loss account from the date of acquisition. The estimated useful life is revised for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Negative goodwill

Negative goodwill arising on acquisition represents the excess of the net fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

The early adoption of FRS 103 requires that if at the acquisition date, the Group's interest in the net fair value of those items acquired exceeds the cost of acquisition, the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of acquisition are reassessed. Any excess remaining after the reassessment is recognised by the Group's in the consolidated profit and loss account.

Previously before the adoption of FRS 103, to the extent that negative goodwill relates to an expectation of future losses and expenses, that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

(h) Intangible assets

The early adoption of FRS 38 requires intangible assets to be measured at cost less any accumulated amortisation and accumulated impairment losses. Intangible asset with a definite life is amortised over its useful life, whilst an intangible asset with an indefinite useful life is not to be amortised.

The depreciable amount of an intangible asset with a finite useful life is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation method used is straight-line method. The amortisation charge for each period is recognised in profit or loss. The useful life of such asset will be reviewed each reporting period to determine whether event and circumstances continue to support an indefinite useful life assessment for that asset.

In accordance with FRS 36, it is required to test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

2. Summary of significant accounting policies (cont'd)

(h) Intangible assets (cont'd)

Magazines mastheads

Magazines mastheads are capitalised and less accumulated impairment losses. The intangible assets are reviewed annually by the directors and provision is made for impairment in value.

Previously, magazines mastheads are amortised on a straight-line basis between 10 to 20 years.

The effect of the early adoption of FRS 38 is that of no amortisation charges in the current year financial statements. Instead, the Group recognised provision for impairment losses on intangible assets amounting to approximately $405,000.

Course development costs

Course development costs incurred in developing new courses and the accompanying manuals and other projects are capitalised so long as it can reasonably be expected to be recovered from related future revenues. Such expenditure is amortised over the periods expected to benefit from it, commencing with the period in which related revenues are first generated.

Advertising right

Advertising right arising from business combination is capitalised and amortised on a straight line basis over its 20-year useful life.

(i) Investment in quoted shares

Investment in quoted shares, which is stated at cost (ie. the fair value on acquisition date) are generally not intended to be retained on a long-term basis. Provision, if required, is made where there is a decline in value that is other than temporary, determined on an individual basis and is included in the profit and loss statement. Dividend received is reported as dividend income. On disposal of an investment, the difference between the net disposal proceeds and the carrying amounts is included in the profit and loss account.

(j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) Employee benefits

Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

Executives' Share Option Scheme

The Company has in place an Executives' Share Option Scheme for the granting of options to eligible executives of the Group to subscribe for shares in the companies under the Scheme. Details of the Scheme are disclosed in the Report of the Directors. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital (for the par value of the shares issued) and share premium.

(l) Income taxes

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantially enacted at the balance sheet dates.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies and associated companies, except where the timing of the reversal of such temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

At each balance sheet date, the group re-assesses unrecognised deferred tax assets and the carrying amounts of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit, part or all, of the deferred tax asset to be utilised.

Notes to the Financial Statements
31 December 2004

2. Summary of significant accounting policies (cont'd)

(l) Income taxes (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

(m) Foreign currency transactions and balances

The accounting records of the companies in the Group are maintained in their respective functional currencies. Transactions in foreign currencies during the financial year are recorded in the respective functional currencies using exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those ruling at that date. All resultant exchange differences are dealt with through the profit and loss account, other than foreign currency translation differences as stated in Note 2(c) above.

(n) Leases

Finance lease

Where assets are financed by hire purchase or finance lease agreements that give rights approximating ownership, the assets are capitalised as if they had been purchased outright at the values equivalent to the present value of the total rent payable during the periods of the hire purchase/finance lease and the corresponding hire purchase/finance lease commitments are included under liabilities. The excess of hire purchase/finance lease payments over the recorded hire purchase/finance lease liabilities are treated as finance charges which are allocated over each hire purchase/finance lease term to give a constant rate of interest on the outstanding balance at the end of each period.

Operating lease

Leases where the lessor effectively retains all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account over the lease term.

(o) Work-in-progress

Work-in-progress relates to costs incurred in the production of magazines and periodicals which have not been issued and exhibitions that have not been launched as at the end of the financial year.

(p) Trade and other receivables

Trade receivables, which generally have 60-90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Amounts due from subsidiary companies, investee company and associated companies are recognised and carried at cost less an allowance for any uncollectible amounts

(q) Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 90-120 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to subsidiary companies and loan from a subsidiary company are carried at cost.

(r) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of any impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised. All reversals of impairment loss are recognised in the profit and loss account.

(s) Government grants

Grants from Government are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grants relate to an expense item, they are recognised as income over the periods necessary to match them on a systematic basis to the costs which they are intended to compensate. Where the grants relate to an asset, the fair value is deducted in arriving at the carrying amount of the related asset.

2. Summary of significant accounting policies (cont'd)

(t) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

3. Restatement of financial statements

Investigation into accounting irregularities

On 8 December 2004, the AIGL Group announced that accounting irregularities with regards to its financial statements for the financial periods 2002, 2003 and the first half of 2004 were discovered. Concurrently, the matter was referred to the Commercial Affairs Department ("CAD") for further investigation and Deloitte and Touche, were appointed by AIGL soon after. The report from Deloitte and Touche has since been finalised and released on 23 February 2005 while the investigation by the CAD is still on-going. The necessary adjustments to the financial statements have been made and are detailed in Note 33. The investigation by the CAD is still on-going. The outcome of the investigations might uncover other information which might require adjustments to be made to the financial statements.

4. Other income

	Group	
	2004	**Restated 2003**
	$	**$**
Other income include the following items:		
Gain on disposal of subsidiary companies	6,558,123	–
Gain on disposal of associated companies	1,402,787	–
Negative goodwill arising from acquisition of an associated company	83,498,924	–

5. Staff costs, amortisation and depreciation, other operating expenses

Staff costs:		
– Payments to defined contribution plans	(531,387)	(851,832)
Amortisation and depreciation:		
– Amortisation of goodwill on consolidation	–	(943,059)
– Amortisation of other intangible assets	(15,273)	(220,970)
– Depreciation of fixed assets	(767,933)	(946,996)
Other operating expenses:		
– Bad trade debts written off	(15,637)	(46,578)
– Bad trade debts recovered	99,259	14,815
– Provision for doubtful debts – non-trade	(737,182)	–
– Provision for doubtful debts – external trade debts	(645,739)	(225,984)
– Foreign exchange loss, net	(339,952)	(17,851)
– Fixed assets written off	(106,255)	(1,904)
– Gain on disposal of joint venture company	–	3,810
– Interest income from banks	–	(4,081)
– Gain/(loss) on disposal of fixed assets	17,928	(17,729)
– Expenses on issuance of convertible notes	(500,261)	–
– Provision for impairment on long term investment	(300,000)	–
– Provision for impairment on intangible assets	(404,632)	–
– Provision for impairment on goodwill	(10,156,652)	–
– Intangible assets written off	(94,123)	–
– Development expenses written off – publication	(1,297,432)	–
– Write off of other investments	(114,361)	–
– Write off of costs arising from aborted acquisition of PT. Rizki Lancar Sentosa	(189,871)	–
– Costs arising from investigation into accounting irregularities	(231,947)	–

6. Finance costs

	Group 2004 $	Group Restated 2003 $
Interest on:		
– Bank loans/borrowings	109,120	108,172
– Bank overdrafts	37,485	61,777
– Finance leases/hire purchase	3,345	8,460
	149,950	178,409

7. Taxation

Major component of income tax expenses/(credit) for the financial years ended 31 December were:

	2004	2003
Current taxation:		
– current year	73,600	–
– over-provision in respect of prior years	(8,564)	(292,316)
	65,036	(292,316)
Deferred taxation:		
– current year	(169,648)	31,000
Tax credit	(104,612)	(261,316)

A reconciliation of the statutory tax rate to the Group and Company's effective tax rate applicable to profit/(loss) from continuing operations for the financial years ended 31 December was as follows:

	2004	2003
Domestic statutory rate	20.0%	(22.0%)
Tax effect of income not taxable in determining taxable profits	(25.4%)	(0.2%)
Tax effect of expenses not deductible in determining taxable profits	3.3%	12.1%
Tax effect of benefits arising from deductible differences not recognised	2.1%	10.1%
Tax effect on over-provision in prior years	(0.1%)	(4.3%)
Effective tax rate	(0.1%)	(4.3%)

Based on the Group Relief System for companies that was introduced in Singapore with effect from year of assessment 2004, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unutilised donations (made to approved charitable organisations) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Group intends to transfer unabsorbed trade losses of $151,000 (2003: $1,156,000) to a subsidiary company by virtue of the Group Relief System. This is subject to compliance with the governing tax legislation and agreement by the Inland Revenue Authority of Singapore.

After the transfer of the unabsorbed trade losses as mentioned above, the Group has unabsorbed tax losses of approximately $35,077,000 (2003 : $27,749,000) and unabsorbed capital allowances of $554,000 (2003: $649,000) available for carry forward into future years of assessment and the Company has unabsorbed tax losses of approximately $2,598,000 (2003: $2,022,000) available for carry forward into future years of assessment.

The use of such tax losses and capital allowances is subject to compliance with the governing tax legislation and agreement by the relevant tax authorities of the respective countries in which such losses and capital allowances arose. The benefits in respect of these capital allowances and tax losses have not been provided for in the financial statements due to uncertainty of their recoverability.

8. Earnings/(loss) per share (cents)

Basic

The earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after taxation and minority interests of $72,190,513 (2003: ($5,380,239)) by weighted average of 456,305,982 (2003: 342,989,397) ordinary shares of $0.05 each during the financial year.

Diluted

In respect of the diluted earnings per share in relation to the share options, a calculation is performed to determine the number of shares that could have been acquired at market price (determined as the share price of the Company's shares as at the end of the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the number of ordinary shares outstanding for the purpose of computing the dilution. For the share options calculation, no adjustment is made to the net profit. There is no dilution of earnings per share from the share options outstanding as the exercise prices of the share options are higher than the market price as at 31 December 2004.

9. Fixed assets

	Motor Vehicles $	Furniture and fittings $	Office Equipment $	Computers $	Renovation $	Warehouse & leasehold properties $	Total $
Group							
Cost							
At beginning of year	184,975	1,051,335	1,170,777	2,816,065	1,385,607	–	6,608,759
Additions	44,683	61,395	296,484	206,733	419,117	–	1,028,412
Disposals	(109,997)	(9,945)	(122)	(14,413)	–	–	(134,477)
Write-off	–	(21,622)	(4,092)	(12,894)	(152,707)	–	(191,315)
Acquisitions through business combinations	166,841	221,263	83,970	222,395	269,378	2,447,776	3,411,623
Disposals of subsidiary companies	(50,658)	(17,391)	(465,339)	(227,271)	(250,167)	–	(1,010,826)
Currency realignment	(5,097)	(1,147)	(2,486)	(15,595)	(5,414)	–	(29,739)
At end of year	230,747	1,283,888	1,079,192	2,975,020	1,665,814	2,447,776	9,682,437
Accumulated depreciation							
At beginning of year	179,345	648,383	826,811	2,241,986	856,395	–	4,752,920
Charge for the financial year	10,822	90,372	129,407	277,647	258,181	1,504	767,933
Disposals	(109,997)	(4,015)	(36)	(9,045)	–	–	(123,093)
Write-off	–	(6,135)	(3,270)	(6,845)	(68,810)	–	(85,060)
Acquisitions through business combinations	78,652	101,414	25,135	67,155	36,891	27,824	337,071
Disposals of subsidiary companies	(50,658)	(16,228)	(304,931)	(152,034)	(138,816)	–	(662,667)
Currency realignment	(5,075)	(743)	(1,843)	(9,576)	(2,438)	–	(19,675)
At end of year	103,089	813,048	671,273	2,409,288	941,403	29,328	4,967,429
Depreciation charge for 2003	32,738	95,125	201,537	375,656	241,940	–	946,996
Net book value							
At end of year	127,658	470,840	407,919	565,732	724,411	2,418,448	4,715,008
At beginning of year	5,630	402,952	343,966	574,079	529,212	–	1,855,839

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9. Fixed assets (cont'd)

	Furniture and fittings $	Office Equipment $	Computers $	Renovation $	Total $
Company					
Cost					
At beginning and end of year	414,528	347,452	1,256,967	597,450	2,616,397
Accumulated depreciation					
At beginning of year	390,047	300,083	1,191,369	480,206	2,361,705
Charge for the financial year	23,684	34,359	64,366	64,637	187,046
At end of year	413,731	334,442	1,255,735	544,843	2,548,751
Charge for the previous financial year	68,539	55,777	151,248	112,802	388,366
Net book value					
At end of year	797	13,010	1,232	52,607	67,646
At beginning of year	24,481	47,369	65,598	117,244	254,692

Included in the fixed assets of the Group are assets acquired under hire purchase arrangements with a net book value of approximately $51,997 (2003 : $42,928).

Details of the warehouse and leasehold properties are as follows:

Description/Address	Tenure of properties	Cost $
Warehouse (Unit Q, 5th Floor Houston Industrial Building Tsuen Wan Town Lot No. 93, N.T. Hong Kong)	33 years lease from 1990	75,406
Residential property (House No.265 Beijing Longyuan Bie Shu 8 Xiangyang Road South Shunyi District Beijing, China)	65 years lease from 1998	1,252,020
Residential property (10-C, Royal Place No. 6 Gong Yuan Xi Jie Jianguomen Nei Avenue Dongdheng District Beijing, China)	65 years lease from 2004	1,120,350
		2,447,776

10. Intangible assets

	Goodwill $	Magazines mastheads $	Course development costs $	Advertising right $	Total $
Cost					
Balance at beginning	15,705,271	3,524,475	673,150	–	19,902,896
Prior year adjustments	–	–	(287,702)	–	(287,702)
Restated balance	15,705,271	3,524,475	385,448	–	19,615,194
Additions through business combinations	7,494,116	–	–	11,043,095	18,537,211
Additions	–	–	9,160	16,380	25,540
Write-off	–	–	(102,679)	–	(102,679)
Disposals of subsidiaries	(877,923)	–	(204,149)	–	(1,082,072)
Currency realignment	(107,856)	–	–	–	(107,856)
Balance at end	22,213,608	3,524,475	87,780	11,059,475	36,885,338
Accumulated amortisation					
Balance at beginning	2,202,761	1,599,609	59,623	–	3,861,993
Prior year adjustments	–	–	(51,067)	–	(51,067)
Restated balance	2,202,761	1,599,609	8,556	–	3,810,926
Amortisation	–	–	15,273	–	15,273
Write-off	–	–	(8,556)	–	(8,556)
Provision for impairment loss	10,156,652	404,632	–	–	10,561,284
Currency realignment	912	9,125	–	–	10,037
Balance at end	12,360,325	2,013,366	15,273	–	14,388,964
Amortisation charge in 2003	943,059	212,414	59,623	–	1,215,096
Net book value					
At end of year	9,853,283	1,511,109	72,507	11,059,475	22,496,374
At beginning of year	13,502,510	1,924,866	376,892	–	15,804,268

There was no amortisation for goodwill and magazine mastheads due to the early adoption of FRS 103 and FRS 38 as mentioned in Note 2(a) to the financial statements.

The advertising right stated above was acquired through business combination by acquiring the entire issued share capital of Caijing Times Advertising Development Corporation Ltd. ["Caijing"] (formerly known as Maxful Management Corp.) on 31 December 2004. Caijing owned an exclusive advertising publication right with China Business Post for twenty years and a first right of refusal to renew the exclusive right for a further twenty years upon the expiry of the first twenty year term.

11. Investment in subsidiary companies

	Company 2004 $	Company 2003 $
Unquoted equity shares, at cost	74,922,504	73,660,772
Provision for impairment in value	(38,024,623)	(27,527,992)
	36,897,881	46,132,780

Notes to the Financial Statements
31 December 2004

11. Investment in subsidiary companies (cont'd)

The effect of the acquisitions and disposals of subsidiary companies on the financial position of the Group at 31 December 2004 and its results for the financial year is shown below:

	Acquisition of subsidiaries 2004 $	Disposal of subsidiaries 2004 $
Total assets at 31 December 2004	5,699,090	2,391,932
Total liabilities at 31 December 2004	1,604,067	2,848,983
Contributions to the Group for the financial year:		
– Revenues	1,396,810	4,059,915
– Profit/ (loss) before taxation and minority interests	652,482	(808,707)
– Profit/ (loss) after taxation	615,530	(808,707)

Details of the subsidiaries companies at 31 December 2004 are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2004 $	Cost of investment 2003 $	Percentage of equity held by the Group 2004 %	Percentage of equity held by the Group 2003 %
Held by the Company					
[1] Panpac Marketing & Circulation Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	1,950,000	1,950,000	100	100
[1] Panpac Concepts Marketing Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines – currently dormant (Singapore)	680,000	680,000	100	100
[1] Panpac Specialist Magazines Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines – currently dormant (Singapore)	2,300,000	2,300,000	100	100
[1] Panpac Lifestyle Magazines Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	–	5,328,707	–	100
[1] Panpac Events Management Pte Ltd (Singapore)	Exhibition fair and convention organizers – currently dormant (Singapore)	1,185,001	1,185,001	100	100
[1] Panpac Business Communications Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines - currently dormant (Singapore)	5,578,000	5,578,000	100	100
[1] Wine & Dine Experience Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	2,500,000	2,500,000	100	100
[1] SmartInvestor Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines (Singapore)	9,850,000	9,850,000	100	100
[1] Panpac Future Titles Pte Ltd (Singapore)	Publishing and sale of periodicals and magazines – currently dormant (Singapore)	300,000	300,000	100	100

11. Investment in subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2004 $	Cost of investment 2003 $	Percentage of equity held by the Group 2004 %	Percentage of equity held by the Group 2003 %
Held by the Company					
(8) AsiaStockWatch.com (Australia) Pty Ltd (Australia)	Provision of Internet database services and information – currently dormant (Australia)	2	2	100	100
(8) Panpac Tech Strategic Ltd (British Virgin Islands)	Investment holding (British Virgin Islands)	24,321,000	24,321,000	100	100
(8) Panpac Media.com (Australia) Pty Ltd (Australia)	Investment holding - currently dormant (Australia)	2	2	100	100
(2) Panpac Media (M) Sdn. Bhd. (Malaysia)	Publishing and sale of periodicals and magazines (Malaysia)	2,551,483	2,551,483	100	100
(1) Grierson Pte Ltd (Singapore)	Provision of e-business consultancy and marketing services to real estate and related industries – currently dormant (Singapore)	850,000	850,000	85	85
(1) Panpac Ventures (China) Pte Ltd (Singapore)	Investment holding – currently dormant (Singapore)	5	5	100	100
(3) Auston Technology Group Pte Ltd (Singapore)	Investment holding (Singapore)	16,062,570	16,062,570	78.2	78.2
(1) Asia Media Pte Ltd (Singapore)	Provision of media, publishing, communications and education related businesses (Singapore)	70,000	2	70	100
(6) Education & Entertainment Workshop Pte Ltd (Singapore)	Publishing and sale of books – currently dormant (Singapore)	204,000	204,000	77.8	77.8
(4) The Observer Star Global Publishing Holdings Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	6,520,441	–	100	–
		74,922,504	73,660,772		

Notes to the Financial Statements
31 December 2004

11. Investment in subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2004 %	2003 %
Held through subsidiary companies			
(2) Panpac Specialist Magazines (Malaysia) Sdn. Bhd. (Malaysia)	Letting of property – currently dormant (Malaysia)	100	100
(2) Panpac Business Media (M) Sdn. Bhd. (Malaysia)	Media Publishing – currently dormant (Malaysia)	100	100
(2) WDE (Malaysia) Sdn. Bhd. (Malaysia)	Media Publishing – currently dormant (Malaysia)	100	100
(2) Panpac Lifestyle Magazines (M) Sdn. Bhd. (Malaysia)	Media Publishing – currently dormant (Malaysia)	100	100
(2) Golf Times (Malaysia) Sdn. Bhd. (Malaysia)	Media advertising contractors and agents – currently dormant (Malaysia)	100	100
(2) Inovatif Media Asia Sdn. Bhd. (Malaysia)	Media publishing (Malaysia)	80.2	80.2
(1) Auston International Group Ltd (Singapore)	Consultancy and management services (Singapore)	82.8	82.8
(3) Biz2net Asia Pte Ltd (Singapore)	Consultancy and web design services – currently dormant (Singapore)	100	100
(3) Blue-Oaks.com Pte Ltd (Singapore)	Software development and consultancy management services – currently dormant (Singapore)	100	100
(7) Data Information Systems Pte Ltd (Singapore)	Consultants on computers, peripheral equipment and technical and advisory services (Singapore)	100	100
(3) Juzlaw Solutions Pte Ltd (Singapore)	Trading in computer hardware and accessories (Singapore)	80	80
(1) Auston Consultants Pte Ltd (Singapore)	Consultancy and management services – currently dormant (Singapore)	100	100
(1) Auston Unicorp International Pte Ltd (Singapore)	Investment holding (Singapore)	–	100

11. Investment in subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2004 %	2003 %
Held through subsidiary companies			
(8) Auston International College Pty Ltd (Australia)	Provision of academic education – currently dormant (Australia)	100	100
(8) Auston Open University Corporation (British Virgin Islands)	Provision of academic education – currently dormant (British Virgin Islands)	100	100
(1) Auston Professional Learning Pte Ltd (Singapore)	Provision of information technology related courses (Singapore)	100	100
(8) Panpac Management and Information Consultants (Shanghai) Limited (China)	Provision of consultancy services for events, executive forms, forum workshops and strategic business conferences – currently dormant (China)	100	100
(6) TPMC Asia Pte Ltd (Singapore)	Distribution of magazines – currently dormant (Singapore)	77.8	77.8
(4) Wide Angle Press Limited (Hong Kong)	Publishing & sale of magazine (Hong Kong)	100	–
(4) Golden Horse Management Limited (Hong Kong)	Investment holding – currently dormant (Hong Kong)	85	–
(4) The Observer Star Group Holdings Limited (British Virgin Islands)	Investment holding – currently dormant (British Virgin Islands)	100	–
(4) The Observer Star Publishing Global Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	70	–
(4) Star Newspapers Limited (Hong Kong)	Publishing & sale of newspaper (Hong Kong)	70	–
(4) United Business Newspapers Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	100	–
(4) The Observer Star (PRC) Limited (British Virgin Islands)	Investment holding – currently dormant (British Virgin Islands)	70	–
(4) Intercontinental Advertising Limited (China)	Media advertising agent (China)	85	–
(4) Excellence Financial Production Limited (Hong Kong)	Currently dormant (Hong Kong)	65	–

Notes to the Financial Statements
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11. Investment in subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2004 %	2003 %
Held through subsidiary companies			
(4) Sun Global Publishing Group (Hong Kong) Limited (Hong Kong)	Investment holding (Hong Kong)	100	–
(4) Shanghai Panpac Management & Consultancy Limited (China)	Management & consultancy services (China)	100	–
(4) Shanghai Panpac Culture Distribution Limited (China)	Media advertising agent (China)	100	–
(4) Observer Star (HK) Limited (Hong Kong)	Publishing & sale of newspaper (Hong Kong)	100	–
(4) Optima Media International Limited (British Virgin Islands)	Management & consultancy services (British Virgin Islands)	100	–
(4) Caijing Times Advertising Development Corporation Ltd. (British Virgin Islands)	Media advertising agent (British Virgin Islands)	100	–

(1) Audited by Ernst & Young Singapore
(2) Audited by Ernst & Young Malaysia
(3) Audited by B H Tan & Associates, Certified Public Accountants, Singapore
(4) Audited by Dennis Wong & Company, Certified Public Accountants, Hong Kong
(5) Audited by Young & Allen, Chartered Accountants, Australia
(6) Audited by Lee Yeok Chai and Co., Certified Public Accountants, Singapore
(7) Audited by PG Wee & Partners, Certified Public Accountants, Singapore
(8) Not required to be audited by the laws of their countries of incorporation

12. Investment in associated companies

	Group		Company	
	2004 $	2003 $	2004 $	2003 $
Unquoted equity shares,				
– At cost	6,420,000	–	8,060,000	1,160,000
– At valuation	–	490,957	–	–
Group's share of post-acquisition reserves	–	(327,467)	–	–
Negative goodwill on acquisition	83,498,924	–	–	–
	89,918,924	163,490	8,060,000	1,160,000
Provision for impairment in value	(60,000)	–	(60,000)	(60,000)
	89,858,924	163,490	8,000,000	1,100,000

12. Investment in associated companies (cont'd)

On 30 November 2004, the Company entered into a Sale and Purchase and Licence Agreement with Asia Network Technologies Limited ("ANTL") whereby the Company sold its 25% stake in Shareinvestor.com Holdings Pte Ltd ("SI.com") to ANTL for $3 million as well as providing a grant to ANTL for perpetual digital publishing rights for the use of the contents owned and created by the Group for $5 million. Concurrently, ANTL also entered into agreements with two other parties who will inject a fibre optic network and some intangible assets into ANTL respectively.

The recognition of negative goodwill was based on the Group's share of the fair value of the tangible assets of approximately $438.4 million (about US$268.3 million). The Group has disregarded intangible assets amounting to approximately $607.5 million (about US$371.8 million) as it was not able to ascertain the fair value of the intangible assets. The tangible assets comprise a 25% equity stake in SI.com and a 34,480 kilometre two-core national IP protocol fibre optic network which serves 440 cities in the PRC. Beijing Zhongjinhua Certified Public Accountants Firm Limited has valued the fibre optic network at about $435.4 million (RMB2.2 billion) based on depreciable replacement cost method. FB Gemini Capital Limited, an investment banker, has also provided an opinion that the valuation of $435.4 million (RM2.2 billion) for the fibre optic network is fair.

The financial statements of ANTL for the period ended 31 December 2004 were audited by Grant Thornton, Beijing, which included an "except for" audit opinion. As of 31 December 2004, the total intangible assets of ANTL were approximately $607.5 million (about US$371.8 million), of which approximately $602.4 million (about US$368.7 million) was conformed and approved by all investors through their Joint Venture Agreement. Due to the limitation of providing relevant information and there are no alternative audit processes available for Grant Thornton to perform in order to obtain all information and explanations which they considered necessary, therefore Grant Thornton could not express their opinion upon the intangible assets with the amount of approximately $602.4 million (about US$368.7 million). In view of this, Grant Thornton has issued an "except for" audit opinion.

Details of the associated companies at 31 December 2004 are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Percentage of equity held by the Group 2004 %	2003 %	Cost of investment 2004 $	2003 $
Held by the Company					
(1) Shareinvestor.com Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	–	25	–	1,100,000
(2) Asia Link Media Pte Ltd (Singapore)	Dormant (Singapore)	49.9	49.9	60,000	60,000
(3) Asia Network Technologies Limited (British Virgin Islands)	Investment holding (British Virgin Islands)	20.5	–	8,000,000	–
				8,060,000	1,160,000
Held by subsidiary companies					
(2) PropertyNetAsia (Malaysia) Sdn Bhd (Malaysia)	Own, develop and operate the property portal (Malaysia)	34	34		
*Auston Ventures Pty Ltd (Australia)	Provision of academic and technical education (Australia)	–	30		

(1) Information required pursuant to Rule 717 of the SGX Listing Manual : Audited by Foo, Kon & Tan, Certified Public Accountants, Singapore
(2) Audited by other certified public accountants. These associates are not significant as defined under Listing Rule 718 of the Singapore Exchange Manual.
(3) Information required pursuant to Rule 717 of the SGX Listing Manual : Audited by Grant Thornton, Certified Public Accountants, China
* Not required to be audited by the laws of the country of incorporation

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13. Other receivables

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Amount due from an investee company	974,572	–	–	–
Provision for doubtful debts	(737,182)	–	–	–
	237,390	–	–	–

Amount due from an investee company (subsidiary company which was disposed during the year) is unsecured, interest-free and is not due till 2008.

14. Long-term investment

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Unquoted equity shares, at cost				
Balance at beginning	300,000	–	–	–
Additions	–	300,000	–	–
Provision for impairment in value	(300,000)	–	–	–
Balance at end	–	300,000	–	–

15. Current assets

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Work-in-progress, at cost	146,943	532,855	–	–
Trade debtors (Note 16)	2,397,181	4,070,881	460,919	310,685
Other debtors, deposits and prepayments (Note 17)	9,436,971	1,361,215	6,610,868	288,264
Due from subsidiary companies – non-trade (Note 18)	–	–	19,333,714	2,780,684
Due from associated companies – non-trade (Note 19)	–	–	–	–
Investments in quoted shares (Note 20)	1,645,200	–	–	–
Cash and bank balances (Note 21)	4,399,997	1,077,777	2,078,743	84,267
Fixed deposits (Note 21)	–	1,000,345	–	–
	18,026,292	8,043,073	28,484,244	3,463,900

16. Trade debtors

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
External trade debtors	3,464,089	5,209,404	195,926	195,926
Subsidiary companies	–	–	963,620	1,068,154
	3,464,089	5,209,404	1,159,546	1,264,080
Provision for doubtful trade debts	(1,066,908)	(1,138,523)	(698,627)	(953,395)
	2,397,181	4,070,881	460,919	310,685

A subsidiary company pledged its trade debts amounting to $133,500 (2003: $280,000) to a finance company to secure the deed of debentures (Note 27).

17. Other debtors, deposits and prepayments

	Group		Company	
	2004	Restated 2003	2004	2003
	$	$	$	$
Deposits	762,347	332,914	115,176	110,177
Prepayments	487,739	60,293	20,644	22,021
Staff loan	5,700	35,208	–	–
Tax recoverable	402,641	411,934	–	–
Sundry debtors	7,719,044	466,953	6,475,048	156,066
Other assets @	60,966	55,437	–	–
	9,438,437	1,362,739	6,610,868	288,264
Provision for other debtors	(1,466)	(1,524)	–	–
	9,436,971	1,361,215	6,610,868	288,264

Included in sundry debtors are:

(a) an amount of $6,300,000 (2003: Nil) in the Company and the Group representing consideration receivable for the disposal of a subsidiary company. This amount is receivable within six months from the completion date of the disposal; and

(b) amounts due from related parties of $333,600 (2003: Nil) in the Group. The related parties refer to a controlling shareholder and companies controlled by this shareholder. These amounts are non-trade related, interest-free and have no fixed terms of repayment.

@ Other assets relate to food vouchers, hotel room-stays, gifts and promotion items arising from barter trades concluded with customers. This is an industry practice and constitutes a legally binding settlement arrangement for services rendered. These items are stated at cost as determined by the directors and are charged to the profit and loss account as and when utilised.

18. Due from subsidiary companies (non-trade)

	Company	
	2004	2003
	$	$
Amounts due from subsidiary companies	24,620,175	6,219,951
Provision for doubtful debts	(5,286,461)	(3,439,267)
	19,333,714	2,780,684

These non-trade amounts are unsecured, interest-free and are repayable on demand.

19. Due from associated companies (non-trade)

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Associated companies	60,000	60,000	60,000	60,000
Provision for doubtful debts	(60,000)	(60,000)	(60,000)	(60,000)
	–	–	–	–

These non-trade amounts are unsecured, interest-free and are repayable on demand.

Notes to the Financial Statements
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20. Investment in quoted shares

		Group 2004 $	Group 2003 $
Quoted equity shares	– at cost	1,645,200	–
	– at market value	4,330,100	–

The quoted equity shares are listed in the USA OTC market and these shares are illiquid as they are not actively traded in the market.

21. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts. Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts:

	2004 $	2003 $
Cash and bank balances	4,399,997	1,077,777
Fixed deposits	–	1,000,345
Bank overdrafts	(708,668)	(1,056,948)
Cash and cash equivalents, net	3,691,329	1,021,174

22. Current liabilities

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Trade creditors (Note 23)	4,255,109	3,785,021	376,634	333,575
Other creditors and accruals (Note 24)	13,952,866	3,487,973	3,725,164	202,494
Due to subsidiary companies (non-trade) (Note 25)	–	–	1,735,322	456,175
Bank overdrafts (Note 26)	708,668	1,056,948	–	774,555
Term loans (Note 27)	1,633,500	1,780,000	1,500,000	1,500,000
Hire purchase liabilities, current portion (Note 28)	22,121	18,906	–	–
Provision for taxation	33,600	8,154	–	–
	20,605,864	10,137,002	7,337,120	3,266,799

23. Trade creditors

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
External trade creditors	4,255,109	3,785,021	376,634	320,835
Subsidiary companies	–	–	–	12,740
	4,255,109	3,785,021	376,634	333,575

24. Other creditors and accruals

	Group 2004 $	Group Restated 2003 $	Company 2004 $	Company 2003 $
Deferred revenue	533,577	513,570	–	–
Accrued operating expenses	5,263,739	1,801,661	3,444,537	198,148
Course fees received in advance	450,459	957,280	–	–
Sundry creditors	7,705,091	215,462	280,627	4,346
	13,952,866	3,487,973	3,725,164	202,494

24. Other creditors and accruals (cont'd)

Included in the Group's sundry creditors are:

(a) an amount of approximately $6,090,000 (2003: Nil) representing consideration payable for the acquisition of a group of subsidiary companies. This amount is payable within six months from the completion date of the acquisition; and

(b) amouonts due to related parties of $16,000 (2003: Nil). The related parties refer to a controlling shareholder and companies controlled by this shareholder. These amounts are non-trade related, interest-free and have no fixed terms of repayment.

Included in accrued operating expenses is an accrual of performance bonus payable to a director amounting to approximately $2,095,000 (2003: Nil) which is provided in accordance with the service agreement and has been approved by the Remuneration Committee.

25. Due to subsidiary companies (non-trade)

The non-trade amounts due to subsidiary companies are unsecured, interest-free and have no fixed terms of payment.

26. Bank overdrafts

The bank overdrafts of a subsidiary company is secured by corporate guarantee given by the Company and bears interest of 8% (2003: 8%) per annum.

27. Term loans

	Group		Company	
	2004 $	2003 $	2004 $	2003 $
Bank term loans (unsecured)	1,500,000	1,500,000	1,500,000	1,500,000
Factoring loans (secured)	133,500	280,000	–	–
	1,633,500	1,780,000	1,500,000	1,500,000

The unsecured short-term bank loans of the Company bears interest of 3.1% (2003 : 2.6%) per annum.

The factoring loans related to amounts which have been obtained from a finance company by a subsidiary company under a factoring facility. Interest is charged at 2.25% (2003 : 2.25%) per annum above the prevailing Singapore Inter-Bank offer rate. These loans are secured by a corporate guarantee given by the Company and floating charge over trade receivables amounting to $133,500 (2003: $280,000).

28. Hire purchase creditors

The Group bears hire purchase interest at a flat rate ranging from 10.71% to 15.5% (2003 : 10.71% to 15.5%) per annum. No disclosure of effective rates is made as the amounts are inmaterial. Future minimum lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum payments 2004 $	Present value of payments 2004 $	Minimum payments 2003 $	Present value of payments 2003 $
Within one year	25,588	22,121	22,433	18,906
After one year but not more than five years	23,647	21,990	21,021	18,569
Total minimum lease payments	49,235	44,111	43,454	37,475
Less: Amounts representing finance charges	(5,124)	–	(5,979)	–
	44,111	44,111	37,475	37,475

29. Loan from a subsidiary company

This amount is unsecured, interest-free and is not expected to be repaid within the next 12 months.

30. Deferred taxation

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Balance at beginning	1,031,066	1,000,066	898,066	898,066
(Write back)/charge for the year	(169,648)	31,000	(40,000)	–
Balance at end	861,418	1,031,066	858,066	898,066

Deferred taxes at 31 December related to the following:
Deferred tax liabilities

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Excess of net book value over tax written down value of fixed assets	–	133,000	–	–
General provision in respect of the operations of the Group	861,418	898,066	858,066	898,066
	861,418	1,031,066	858,066	898,066

Unprovided timing differences are disclosed in Note 7 to the financial statements.

31. Share capital

	Group and Company 2004 $	Group and Company 2003 $
Authorised:		
At beginning and end of the year 1,000,000,000 ordinary shares of $0.05 each	50,000,000	50,000,000
Issued and fully paid		
Balance at beginning 342,989,501 (2003 : 342,988,251) ordinary shares of $0.05 each	17,149,475	17,149,413
Issued during the financial year 295,061,875 (2003 : 1,250) ordinary shares of $0.05 each	14,753,094	62
Balance at end 638,051,376 (2003 : 342,989,501) ordinary shares of $0.05 each	31,902,569	17,149,475

During the financial year, the Company issued:

(a) 5,250 ordinary shares of $0.05 each at a premium of $0.10 per share arising from the exercise of warrants;

(b) 153,578,365 ordinary shares of $0.05 each at a premium ranging from $0.004 to $0.0787 arising from the conversion of convertible notes with UOB Kay Hian Pte Ltd and Quantum Capital Asset Management Limited;

(c) 44,000,000 ordinary shares of $0.05 each at a premium of $0.095 as consideration pursuant to the acquisition of The Observer Star Group Publishing Holdings Limited;

(d) 10,000,000 ordinary shares of $0.05 each at a premium of $0.035 pursuant to a subscription agreement with Sun Media Investment Holdings Limited;

31. Share capital (cont'd)

(e) 44,000,000 ordinary shares of $0.05 each at a premium of $0.035 as consideration pursuant to the acquisition of The Observer Star Group Limited; and

(f) 43,478,260 ordinary shares of $0.05 each at a premium of $0.04 as consideration pursuant to the acquisition of Optima Media International Limited and Caijing Times Advertising Development Corporation Ltd.

The new ordinary shares issued rank pari passu in all respects with the existing issued shares.

For details on the convertible notes, refer to the Directors' Report.

32. Share premium

	Group and Company	
	2004	2003
	$	$
Balance at beginning	4,592,712	4,606,086
Premium arising on the issue of		
– 5,250 (2003: 1,250) ordinary shares of $0.05 each at $0.15 (2003: $0.12) per share	525	88
– 153,578,365 (2003: Nil) ordinary shares of $0.05 each at $0.054 to $0.1287 per share	4,321,082	–
– 44,000,000 (2003: Nil) ordinary shares of $0.05 each at $0.145 per share	4,180,000	–
– 10,000,000 (2003: Nil) ordinary shares of $0.05 each at $0.085 per share	350,000	–
– 44,000,000 (2003: Nil) ordinary shares of $0.05 each at $0.085 per share	1,540,000	–
– 43,478,260 (2003: Nil) ordinary shares of $0.05 each at $0.09 per share	1,739,130	–
	16,723,449	4,606,174
Less: Expenses in connection with the issue of shares	–	(13,462)
Balance at end	16,723,449	4,592,712

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33. Prior year adjustments

	Group 2004 $'000	Group 2003 $'000
Accumulated losses		
Balance at beginning, as previously reported	(7,355,825)	(2,827,103)
Prior year adjustments –		
Adjustments by AIGL		
– Related to university fees (Note a)	(631,514)	587,000
– De-recognition of student fees receivables (Note b)	(305,772)	–
Goodwill on consolidation written off (Note c)	(1,227,498)	(1,227,498)
Effect of dilution in a subsidiary company (Note d)	222,664	–
Minority interests (Note d)	322,139	(127,966)
	(1,619,981)	(768,464)
Balance at beginning, as restated	(8,975,806)	(3,595,567)

Notes:

(a) This adjustment relates to under-accrual of university fees and incorrect capitalisation of amounts paid to universities.

(b) This adjustment relates to improper recognition of student fees receivables.

(c) This adjustment relates to the goodwill on consolidation written off in respect of the prior year adjustments.

(d) These adjustments relate to the effects of the adjustments (a) and (b) at the Group level.

34. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	Group 2004 $	Group 2003 $
Directors' fees	194,000	80,000
Directors' remuneration	2,708,519	397,670
Executive officers' remuneration	759,175	695,531
Printing costs paid to a subsidiary of corporate shareholder	–	88,544
Gain on sale of contents rights to an associated company	3,975,000	–
Gain on disposal of an associated company to another associated company	1,402,787	–
Gain on sale of contents rights to a former director of a subsidiary company	752,202	–
Cost of acquisition of subsidiary companies from a controlling shareholder	4,535,599	–
Cost of acquisition of quoted investment from a former director of a subsidiary company	1,645,200	–

35. Commitments

Non-cancellable lease commitments

As at 31 December 2004, the Group and the Company had minimum aggregate lease commitments for office premises amounting to approximately $2,872,446 and $184,316 (2003 : $2,777,501 and $619,581) respectively. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Within one year	1,825,455	1,617,005	184,316	435,265
Within 2 to 5 years	1,046,991	1,160,496	–	184,316
	2,872,446	2,777,501	184,316	619,581

36. Contingent liabilities

Profit guarantee given to Sky Win Advertising Group Ltd in relation to disposal of PLM	2,100,000	–	2,100,000	–
Unlawful dismissal of an employee (Thiang Kai Goh)	43,100	–	–	–
	2,143,100	–	2,100,000	–

(a) On 31 December 2004, the Company disposed of its entire equity interest in Panpac Lifestyle Magazines Pte Ltd ("PLM") to Sky Win Advertising Group Limited ("Sky Win") for a consideration of $6.3 million. Under the terms of the sale and purchase agreement, the Company warrants and guarantees to Sky Win that the profit after tax ("PAT") of PLM for financial years from 1 January 2005 to 31 December 2007 shall not be less than $700,000 for each of the financial year (the "Target Profit"). In the event that the PAT is less than the Target Profit, the Company shall upon demand by Sky Win, pay the difference between the PAT in that particular financial period and Target Profit or the sum of the quantum of the loss and the Target Profit.

The directors are of the view that PLM will be able to meet the Target Profit, as such, no provision has been included in the financial statements.

(b) In the Session Court matter, Thiang Kai Goh ("TKG") claimed against a subsidiary company, Panpac Malaysia Sdn Bhd ("PMM"), for a sum of $43,100 (about RM100,000) being damages of breach of the Sale and Purchase Agreement (the "Agreement"). Under the terms of the Agreement, TKG sold 100% of his shareholding in Golf Times Sdn. Bhd. to PMM and was appointed as a Non-Executive Director with an annual remuneration of $215,500 (about RM500,000). TKG alleged that PMM has breached the Agreement by removing him from office after one year of service.

PMM has responded that TKG has breached his fiduciary duties owed to PMM and therefore, was, lawfully, reasonably and with valid justification, removed from office. TKG has placed himself in a conflict of position during his tenure as a director with PMM by having undisclosed dealings with rival companies and he has breached his duty of confidentiality owed to PMM by disclosing confidential information to rival companies.

PMM is currently counter-suing TKG for an amount of $366,350 (about RM850,000) being the cost of the purchase consideration and the losses suffered, together with interest, due to breach of his duties.

The outcome of this case is subject to the validity and reasonableness of the removal. No provision has been included in the financial statement in relation to this case.

Notes to the Financial Statements
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37. Group segmental reporting

(a) Business segments

The Group is organised on a regional basis into three main operating divisions, namely:
– Publishing and events management
– Education
– HQ costs and investments

2004	Publishing and events management $'000	Education $'000	HQ costs and investments $'000	Group $'000
Revenues	14,700	6,868	–	21,568
Other income	6,618	314	85,580	92,512
Operating profit/(loss)	4,038	(3,219)	70,659	71,478
Finance costs				(150)
Share of profits of associated companies	–	–	140	140
Profit before taxation and minority interest				71,468
Taxation				105
Minority interest				618
Net profit for the year				72,191
Segment assets	30,618	6,429	8,428	45,475
Investment in associated companies	–	–	89,859	89,859
Total assets				135,334
Segment liabilities	(11,558)	(3,316)	(5,720)	(20,594)
Unallocated liabilities				(895)
Total liabilities				(21,489)
Other segment information:				
Capital expenditure	(1,015)	(13)	–	(1,028)
Depreciation and amortisation	(298)	(291)	(194)	(783)
Provision for impairment on long term investments	–	(300)	–	(300)
Provision for impairment on intangible assets	(404)	–	–	(404)
Provision for impairment on goodwill	(2,171)	(7,861)	(125)	(10,157)
Provision for doubtful debts (trade)	(172)	(474)	–	(646)

37. Group segmental reporting (cont'd)

2003 (Restated)	Publishing and events management $'000	Education $'000	HQ costs and investments $'000	Group $'000
Revenues	10,472	9,153	1,143	20,768
Other income	294	137	191	622
Loss from operating activities, before tax	(1,105)	(2,836)	(1,861)	(5,802)
Unallocated expenses				(82)
Operating loss before interest and tax				(5,884)
Finance costs				(178)
Share of losses of associated companies	–	(51)	44	(7)
Loss before taxation and minority interest				(6,069)
Taxation				262
Minority interest				427
Net loss for the year				(5,380)
Segment assets	7,518	16,360	1,446	25,324
Investment in associated companies	44	–	119	163
Unallocated assets				679
Total assets				26,166
Segment liabilities	(4,574)	(2,426)	(3,148)	(10,148)
Unallocated liabilities				(1,039)
Total liabilities				(11,187)
Other segment information:				
Capital expenditure	(90)	(364)	(21)	(475)
Depreciation and amortisation	(630)	(970)	(511)	(2,111)
Provision for doubtful debts (trade)	(191)	–	(35)	(226)

Notes to the Financial Statements
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37. Group segmental reporting (cont'd)

(b) Geographical segments

Revenue is based on the location of customers and assets and capital expenditure are based on the location of the entities.

	Assets		Capital expenditure		Revenues	
	2004 $'000	Restated 2003 $'000	2004 $'000	2003 $'000	2004 $'000	Restated 2003 $'000
Greater China	19,689	–	959	–	1,541	–
South East Asia	25,786	23,509	69	416	20,027	20,276
Others	–	1,815	–	59	–	492
	45,475	25,324	1,028	475	21,568	20,768

38. Directors' remuneration

Number of directors of the Company in remuneration bands are as follows:

	Executive directors	Non-executive directors	Total
2004			
$500,000 and above	1	–	1
$250,000 to $499,999	–	–	–
Below $250,000	2	7	9
	3	7	10
2003			
$500,000 and above	–	–	–
$250,000 to $499,999	1	–	1
Below $250,000	–	6	6
	1	6	7

39. Subsequent events

Subsequent to 31 December 2004,

(a) The Company entered into a subscription agreement dated 3 September 2004 with Quantum Capital Asset Management Limited. Tranches 2.3 to 2.5 amounting to $3 million was converted on 7, 13 and 17 January 2005 respectively. The conversions were undertaken at a floating conversion price of S$0.054 per share. The number of new shares issued pursuant to the conversions was 55,555,554 ordinary shares of $0.05 each;

(b) On 26 January 2005, the Company issued 20,000,000 ordinary shares of $0.05 each pursuant to the Subscription Agreement dated 13 April 2004 with Sun Media Investment Holdings Limited. The shares were allotted and issued at a price of S$0.085 per share;

(c) On 7 February 2005, the Company changed its name from Panpac Media Group Limited to Sun Business Network Ltd. The change in name is to better reflect the Group's current corporate profile and strategy to position itself as a leading player in the business and financial media space in the People's Republic of China;

(d) On 1 March 2005, a subsidiary company, United Business Newspaper Publishing Group Limited, acquired 30% of the remaining equity interest, which the Group did not own, in the share capital of Observer Star (PRC) Limited ("OSPRC") for a consideration of approximately $118,200 (RMB600,000) from China United Group Media Limited ("China United"). Subsequent to this acquisition, OSPRC becomes a wholly owned subsidiary of the Group;

39. Subsequent events (cont'd)

(e) On 1 March 2005, The Observer Star Group Holdings Ltd ("OS Group"), another subsidiary company of the Group, acquired 30% equity interest, which the Group did not own, in the share capital of Observer Star Publishing Group Limited ("OS Publishing") from China United for a consideration of approximately $630,000 (HK$3 million). Subsequent to this acquisition, OS Publishing becomes a wholly owned subsidiary of the Group;

(f) On 12 April 2005, a subsidiary company, Auston Technology Group Pte Ltd ("ATG"), had entered into three separate conditional sale and purchase agreements with unrelated parties, Ethe One Limited ("Ethe One"), Mr Tan Choon Wee ("TCW") and Kim Eng Securities Pte Ltd ("Kim Eng"), through which ATG would divest 47 million shares or approximately 69.1% of issued and paid-up capital of its subsidiary company, Auston International Group Ltd ("AIGL"), (the "ATG Agreements"). Kim Eng is the placement agent for up to 17 million AIGL shares pursuant to the ATG Agreements. Ethe One and TCW will become Substantial Shareholders of AIGL pursuant to the ATG Agreements. The Shareholders of ATG have approved, inter alia, the ATG Agreements at an extraordinary general meeting held by ATG on 25 April 2005. The completion of the transactions under the ATG Agreements is still pending approval from the relevant authorities.

(g) On 17 March 2005 and 20 April 2005, AIGL announced a Rights issue of up to 68,000,000 Rights Shares with Warrants at an issue price of $0.025 per Rights Share, on the basis of one (1) Rights Share for every one (1) existing ordinary share, with up to 34,000,000 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share in the capital of AIGL (the "New Shares") at an exercise price of $0.025 for each New Share, on the basis of one (1) Warrant for every two (2) Rights Shares subscribed by Shareholders of AIGL as at the Books Closure Date for the purposes of determining the Shareholders' entitlements, fractional entitlements to be disregarded.

In addition, AIGL also announced the proposed placement of up to 13,600,000 new ordinary shares of $0.01 each in AIGL at a minimum issue price $0.10 each. The successful allotment and issue of the new shares are pending approval by shareholders at an extraordinary general meeting to be convened and the approval of the authorities.

40. Financial instruments

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, foreign currency risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below:

Credit risk

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. The Group does not expect to incur material credit losses.

The carrying amounts of trade and other debtors, cash and bank balances as well as fixed deposits represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk. Cash is placed with reputable financial institutions.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's fixed deposit investments and banking facilities. The Group's policy is to deposit excess funds at short term tenure with banks or financial institutions in order to maintain a high level of liquidity. Such deposits offer flexibility such that the funds can readily be transferred to alternative banks or financial institutions which offer better interest rates.

The Group's exposure to the risk of changes in interest rates relates to short-term bank borrowings which are mainly on floating rate terms, factoring loans, and deposits with banks and financial institutions.

Information relating to the Group's interest rate risk exposure is disclosed in Notes 26, 27 and 28 to the financial statements.

Foreign currency risk

During the ordinary course of business, the Group engages in foreign currency denominated transactions, primarily the US dollar, Australian dollar, Hong Kong dollar, Chinese Reminbi and Malaysian ringgit. As a result, the Group is exposed to movements in foreign currency exchange rates.

The Group does not use derivative financial instruments to protect against the volatility associated with the foreign currency transactions, and other financial assets and liabilities created in the ordinary course of business.

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40. Financial instruments (cont'd)

Financial risk management objectives and policies (cont'd)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

Short-term borrowings are obtained from banks for working capital purposes.

Fair values of financial instruments

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective Notes to these financial statements, where applicable.

The following methods and assumptions are used to estimate the fair values of each class of financial instruments for which it is practicable to estimate such value.

Cash and bank balances, fixed deposits with financial institutions, other debtors and other creditors, amounts due from/to subsidiary companies and short-term loans

The carrying amounts approximate their fair values due to their short-term nature.

Trade debtors, trade creditors, trade amounts due from/to subsidiary companies

The carrying amounts approximate their fair values because these are subject to normal trade credit terms.

Investments in quoted shares

The fair value of investment in quoted shares is disclosed in Note 20 to the financial statements.

Bank term loans and factoring loans

The carrying amounts of these balances approximate their fair values. The fair values are estimated based on current incremental lending rates for similar types of arrangements.

Hire purchase liabilities

The carrying amounts of hire purchase liabilities approximate their fair values. The fair values are estimated based on discounting future contractual cash flows using the current rates available for lease obligation contracts with the same maturity profile.

Information relating to the fair value of hire purchase liabilities is disclosed in Note 28 to the financial statements.

Non-trade amounts due from/to associated companies/investee company/subsidiary companies and loan from a subsidiary company

No disclosure of fair values is made for these balances as it is not practicable to determine their fair values with sufficient reliability since these balances are interest-free and have no fixed terms of repayment.

41. Comparative figures

Comparative figures have been reclassified and restated to effect the adjustments as detailed in Notes 3 and 33 to the financial statements.

42. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2004 were authorised for issue in accordance with a resolution of the directors dated 10 May 2005.

Top Twenty Shareholders As At 22 April 2005

S/N	Name of shareholder	No. of Shares	% of Shares
1	Sun Media Investment Holdings Limited	118,000,000	16.54
2	International Press Holdings Pte Ltd	76,962,588	10.79
3	SEEC Media Group Limited	31,772,575	4.45
4	HSBC (Singapore) Nominees Pte Ltd	21,038,000	2.95
5	Ahmed Aka Aldhaheri S.O H E Ali K A Aldhaheri	20,000,000	2.80
6	Mayban Nominees (S) Pte Ltd	19,346,000	2.71
7	UOB Kay Hian Pte Ltd	18,042,000	2.53
8	United Overseas Bank Nominees Pte Ltd	17,128,000	2.40
9	SBS Nominees Pte Ltd	14,530,000	2.04
10	Kim Eng Securities Pte. Ltd.	13,806,000	1.93
11	DBS Nominees Pte Ltd	12,699,042	1.78
12	Toorak Group Limited	11,705,685	1.64
13	DBS Vickers Securities (S) Pte Ltd	11,296,000	1.58
14	Ng Swee Hua	10,937,000	1.53
15	OCBC Securities Private Ltd	9,866,000	1.38
16	Fontana Investments Pte Ltd	8,297,294	1.16
17	Citibank Nominees Singapore Pte Ltd	7,932,000	1.11
18	Cheong Poh Kin	7,811,764	1.10
19	Low Song Take	6,117,647	0.86
20	G K Goh Stockbrokers Pte Ltd	5,381,041	0.75
	TOTAL:	**442,668,636**	**62.03**

Distribution Of Shareholders By Size Of Shareholdings as at 22 April 2005

Size Of Shareholdings	No. Of Shareholders	%	No. of Shares
1 – 999	13	0.27	5,780
1,000 – 10,000	2,291	47.62	10,945,001
10,001 – 1,000,000	2,458	51.09	197,055,912
1,000,001 – and above	49	1.02	505,600,237
Grand Total	**4,811**	**100.00**	**713,606,930**

Substantial Shareholders As At 22 April 2005

	Direct Interest		Deemed Interest	
Name	**No. Of Shares**	**%**	**No. Of Shares**	**%**
Low Song Take	6,117,647	0.86	76,962,588	10.79
Bruno Zheng Wu	–	–	118,000,000	16.54
Ricky Ang Gee Hing	10,513,235	1.47	28,197,294	3.95
Kevin Low Ka Choon	2,600,000	0.36	76,962,588	10.79
Yang Lan	–	–	118,000,000	16.54
International Press Holdings Pte Ltd	76,962,588	10.79	–	–
Sun Media Investment Holdings Limited	118,000,000	16.54	–	–
Fontana Investments Pte Ltd	28,197,294	3.95	–	–

Rule 723 of the SGX-ST Listing Manual

As at 22 April 2005, there were 471,216,166 shares in the hands of the public as defined in the SGX-ST Listing Manual representing approximately 66.0% of the issued share capital of the Company. The Company confirms that Rule 723 is complied with.

Note:

1. The Directors of IPH are Messrs Low Song Take and Woo Khai Chong. The shareholders of IPH are Chee Chun Holdings Pte Ltd ("Chee Chun") (50.0 per cent.) and Ze Hua Holdings Pte Ltd ("Ze Hua") (50.0 per cent.).
   The directors of Chee Chun are Messrs Woo Khai San and Woo Khai Chong. The shareholders of Chee Chun are Messrs Woo Khai San (49.99 per cent.) and Woo Khai Chong (50.01 per cent.). Both Messrs Woo Khai San and Woo Khai Chong have an indirect interest in the company through their holdings in Chee Chun.
   The directors of Ze Hua are Messrs Low Song Take and his wife, Leong Shook Wah. The shareholders of Ze Hua are Messrs Low Song Take (10.0 per cent.), his wife, Leong Shook Wah (10.0 per cent.) and his children, Low Li Sze (20.0 per cent.), Kevin Low Ka Choon (20.0 per cent.), Low Ka Hoe (20.0 per cent.) and Low Ka Wei (20.0 per cent.).
   Messrs Low Song Take, Leong Shook Wah, Low Li Sze, Kevin Low Ka Choon, Low Ka Hoe and Low Ka Wei have an indirect interest in the company through their holdings in Ze Hua.

2. The directors of Sun Media are Messrs Bruno Zheng Wu and Yang Lan. The shareholders of Sun Media are Messrs Bruno Zheng Wu (50 per cent.) and Yang Lan (50 per cent.). Messrs Bruno Zheng Wu and Yang Lan have an indirect interest in the company through their shareholdings in Sun Media.

3. The directors of Fontana are Messrs Ricky Ang Gee Hing, his wife, See Ming Foong, Melinda, and his daughters, Ang Hui Ling, Audrey and Ang Wern Ling, Alison. The shareholders of Fontana are Messrs Ricky Ang Gee Hing (50.0 per cent.) and See Ming Foong, Melinda (50.0 per cent.). Messrs Ricky Ang Gee Hing and See Ming Foong, Melinda have an indirect interest in the company through their holdings in Fontana.

SUN BUSINESS NETWORK LTD

(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Sun Business Network Ltd. will be held at 371 Beach Road #03-18, Keypoint, Singapore 199597 on Tuesday, 31 May 2005 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and, if approved, to adopt the Audited Accounts for the financial year ended 31 December 2004 together with the Directors' Report and Auditors' Report thereon. [Resolution 1]
2. To approve Directors' fees of S$194,000 for the financial year ended 31 December 2004. [Resolution 2]
3. To re-elect Dr Bruno Zheng Wu who is retiring under Article 117 of the Articles of Association. [Resolution 3]
4. To re-elect Ms Yang Lan who is retiring under Article 117 of the Articles of Association. [Resolution 4]
5. To re-elect Mr You Susheng who is retiring under Article 117 of the Articles of Association. [Resolution 5]
6. To re-elect Mr John Zongyang Li who is retiring under Article 117 of the Articles of Association. [Resolution 6]
7. To re-elect Mr Chen Xiaotao who is retiring under Article 117 of the Articles of Association. [Resolution 7]
8. To re-appoint Messrs Ernst & Young, Certified Public Accountants as auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 8]
9. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

10. IT WAS RESOLVED THAT approval be and is hereby given to the Directors to offer and grant options under the Sun Business Network Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15 per cent of the total issued share capital of the Company from time to time. [Resolution 9]
11. IT WAS RESOLVED THAT the Directors be and are hereby authorised pursuant to the provisions of Section 161 of the Companies Act, Cap. 50 (the "Act") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited to allot and issue shares and convertible securities of the Company on such terms and conditions and with such rights or restrictions as they may deem fit PROVIDED ALWAYS THAT the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed fifty per cent (50%) of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting. For the purposes of this resolution, the percentage of issued share capital shall be based on the Company's issued share capital at the time of the passing of this resolution after adjusting for:
    (a) new shares arising from the conversion or exercise of convertible securities or from exercising employee share options outstanding or subsisting at the time of the passing of this resolution; and
    (b) any subsequent consolidation or subdivision of shares. [Resolution 10]

BY ORDER OF THE BOARD

TAN MIN-LI
COMPANY SECRETARY
SINGAPORE, 16 May 2005

Notes:

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf.
A proxy need not be a member of the Company.
The instrument appointing a proxy must be deposited at the Company's registered office at 50 Raffles Place #29-00, Singapore Land Tower, Singapore 048623 at least 48 hours before the time of the Meeting.

(ii) If re-elected under Resolution 3, Dr Bruno Zheng Wu will remain as Executive Director and Chairman of the Company.

(iii) If re-elected under Resolution 4, Ms Yang Lan will remain as non-Executive Director of the Company.

(iv) If re-elected under Resolution 5, Mr You Susheng will remain as an Independent Director of the Company.

(v) If re-elected under Resolution 6, Mr John Zongyang Li will remain as Executive Director and Group Chief Financial Officer of the Company.

(vi) If re-elected under Resolution 7, Mr Chen Xiaotao will remain as Executive Director and Chief Executive Officer of the Company.

(vii) Resolution 9 above, if passed, will empower the Directors to issue shares pursuant to the Sun Business Network Ltd. Share Option Scheme (the "Scheme"), of up to an amount not exceeding in total of fifteen per cent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(viii) Resolution 10 above, if passed, will empower the Directors of the Company to issue shares and convertible securities in the Company up to a maximum of fifty per cent (50%) of the issued share capital of the Company (of which the aggregate number of shares and convertible securities to be issued other than on pro rata basis to existing shareholders shall not exceed twenty per cent (20%) of the issued share capital of the Company) for such purposes as they consider would be in the interests of the Company. This authority will continue in force until the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, unless the authority is previously revoked or varied at a general meeting.

SUN BUSINESS NETWORK LTD
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:
1. For Investors who have used their CPF monies to buy Sun Business Network Ltd's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ______________________________

of ______________________________

being a member/members of the above-mentioned Company, hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 371 Beach Road #03-18, Keypoint, Singapore 199597 on the 31st day of May 2005 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated.

No.	Ordinary Resolutions	For	Against
	Ordinary Business		
1.	To adopt the Audited Accounts, Directors' Report and Auditors' Report		
2.	To approve the payment of Directors' Fees		
3.	To re-elect Dr Bruno Zheng Wu as a Director under Article 117		
4.	To re-elect Ms Yang Lan as a Director under Article 117		
5.	To re-elect Mr You Susheng as a Director under Article 117		
6.	To re-elect Mr John Zongyang Li as a Director under Article 117		
7.	To re-elect Mr Chen Xiaotao as a Director under Article 117		
8.	To re-appoint Auditors and authorise Directors to fix their remuneration.		
	Special Business		
9.	To authorise Directors to allot and issue shares in connection with the exercise of options granted pursuant to Sun Business Network Share Option Scheme		
10.	To authorise Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited		

Dated this ____________ day of ____________ 2005

____
Signature(s) of member(s) or Common Seal

No. of Shares Held

IMPORTANT: PLEASE READ NOTES OVERLEAF

Please glue and seal along the edge

Please glue and seal along the edge

Please glue and seal along the edge

Please
Affix 23 Cents
Postage Stamp
Here

The Company Secretary
Sun Business Network Ltd.
50 Raffles Place
#29-00 Singapore Land Tower
Singapore 048623

1st Fold

SUN BUSINESS NETWORK LTD.
Notes to the Proxy Form

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2nd Fold

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead.

3. Where a member appoints two proxies, he shall specify the percentage of his shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of his shareholding and the second named proxy shall be deemed to be an alternate to the first named.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies together with the letter of power of attorney, if any, under which it is signed or a duly certified copy thereof, must be deposited at the registered office of the Company at 50 Raffles Place #29-00 Singapore Land Tower, Singapore 048623 at least 48 hours before the time appointed for the Annual General Meeting.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

7. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

9. In the case of a member whose shares are entered against his name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Tel: (8621) 6841 9980
Fax: (8621) 6841 9416

Hong Kong
22/F Sino Favour Centre
1 On Yip Street
Chai Wan, Hong Kong
Tel: (852) 3102 2300
Fax: (852) 2169 3733

Malaysia
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Aman Suria
47301 Petaling Jaya
Selangor, Malaysia
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Fax: (603) 7803 9810