HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

Interim Report
2005/2006

INTERIM RESULTS 2005/2006

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2005 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited For the six months ended 30 September	
		2005	2004
	Note	**HK$'000**	HK$'000
Turnover	*3*	**360,245**	297,937
Cost of goods sold		**(190,875)**	(171,194)
Gross profit		**169,370**	126,743
Other revenues	*4*	**3,976**	240
Selling and distribution expenses		**(46,182)**	(36,298)
General and administrative expenses		**(58,554)**	(49,614)
Operating profit	*5*	**68,610**	41,071
Finance costs	*6*	**(1,529)**	(236)
Profit before taxation		**67,081**	40,835
Taxation	*7*	**(12,465)**	(7,539)
Profit for the period		**54,616**	33,296
Attributable to:			
Shareholders		**53,311**	32,002
Minority interests		**1,305**	1,294
		54,616	33,296
Dividend			
Proposed interim dividend of 2.9 cents (2004: nil) per share		**12,516**	–
Basic earnings per share (cents)	*8*	**15.21**	10.26

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited As at 30 September 2005 HK$'000**	As at 31 March 2005 (Restated) HK$'000
Non-current assets			
Goodwill	*9*	**23,922**	–
Fixed assets	*10*	**195,447**	152,917
Lease premium for land	*11*	**55,221**	55,287
Deferred tax assets		**539**	1,207
		275,129	209,411
Current assets			
Inventories		**2,420**	3,704
Trade receivables	*12*	**129,502**	105,435
Deposits, prepayments and other receivables		**18,203**	23,557
Due from a related company		**–**	602
Bank balances and cash		**236,291**	39,072
		386,416	172,370
Current liabilities			
Trade payables	*13*	**27,502**	22,046
Fees in advance		**31,435**	31,741
Accruals and other payables		**58,608**	55,587
Taxation payable		**14,696**	4,197
Due to a related company		**–**	11,983
Current portion of obligations under finance leases	*14*	**13,149**	3,018
Current portion of bank loans, secured	*15*	**4,721**	4,721
Short-term bank loans, secured		**–**	32,156
		150,111	165,449
Net current assets		**236,305**	6,921
Total assets less current liabilities		**511,434**	216,332

	Note	Unaudited As at 30 September 2005 HK$'000	As at 31 March 2005 (Restated) HK$'000
Financed by:			
Share capital	*16*	**43,160**	791
Reserves		**363,454**	176,677
Proposed dividend		**12,516**	–
		375,970	176,677
Shareholders' funds		**419,130**	177,468
Minority interests		**481**	1,159
Total equity		**419,611**	178,627
Non-current liabilities			
Obligations under finance leases	*14*	**66,760**	11,578
Bank loans, secured	*15*	**13,238**	15,599
Deferred tax liabilities		**11,825**	10,528
		91,823	37,705
Total equity and non-current liabilities		**511,434**	216,332

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited For the six months ended 30 September	
	2005	2004
	HK$'000	HK$'000
Net cash inflow from operating activities	**61,428**	53,932
Net cash outflow from investing activities	**(74,669)**	(11,763)
Net cash inflow/(outflow) from financing activities	**210,460**	(33,357)
Increase in cash and cash equivalents	**197,219**	8,812
Cash and cash equivalents at 1 April	**39,072**	27,752
Cash and cash equivalents at 30 September	**236,291**	36,564

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the six months ended 30 September 2005

	Attributable to shareholders						
	Share capital HK$'000	**Share premium** HK$'000	**Capital reserve** HK$'000	**Retained earnings** HK$'000	**Total shareholders' funds** HK$'000	**Minority interests** HK$'000	**Total equity** HK$'000
Balance at 1 April 2004, as previously reported as equity	791	66,353	–	15,130	82,274	–	82,274
Balance at 1 April 2004, as previously separately reported as minority interests	–	–	–	–	–	2,427	2,427
Balance at 1 April 2004, as restated	791	66,353	–	15,130	82,274	2,427	84,701
Profit for the period	–	–	–	32,002	32,002	1,294	33,296
Dividend paid by a subsidiary to the then shareholders	–	–	–	(2,700)	(2,700)	(1,800)	(4,500)
Balance at 30 September 2004	791	66,353	–	44,432	111,576	1,921	113,497
Balance at 1 April 2005, as previously reported as equity	791	66,353	34,000	76,324	177,468	–	177,468
Balance at 1 April 2005, as previously separately reported as minority interests	–	–	–	–	–	1,159	1,159
Balance at 1 April 2005, as restated	791	66,353	34,000	76,324	177,468	1,159	178,627
Dividend paid by a subsidiary to the then shareholders	–	–	–	(2,175)	(2,175)	(1,450)	(3,625)
Reorganisation	30,409	(66,353)	35,944	–	–	–	–
Issue of shares for cash	11,960	191,360	–	–	203,320	–	203,320
Share issuance costs	–	(18,914)	–	–	(18,914)	–	(18,914)
Acquisition of additional interests in a subsidiary	–	–	–	–	–	(533)	(533)
Gift shares to employees by a substantial shareholder	–	–	6,120	–	6,120	–	6,120
Profit for the period	–	–	–	53,311	53,311	1,305	54,616
Balance at 30 September 2005	43,160	172,446	76,064	127,460	419,130	481	419,611

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 19 July 2005. Details of the Reorganisation are set out in the prospectus dated 22 July 2005 issued by the Company (the "Prospectus"). The shares of the Company have been listed on the Main Board of the Stock Exchange since 3 August 2005.

The Company is an investment holding company. The principal activities of its subsidiaries are the publishing of newspapers, magazines and books, the provision of electronic financial and property market information services and the provision of training services.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated profit and loss accounts and cash flow statements for the six months ended 30 September 2005 and 2004 were prepared on the basis as if the current group structure had been in existence throughout the periods. The consolidated balance sheet of the Group as at 31 March 2005 has been prepared to present the assets and liabilities of the Group as if the current group structure had been in existence at that date.

The unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange.

This unaudited condensed consolidated financial information should be read in conjunction with the Group's audited financial information included in the Prospectus.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those adopted in the preparation of the Group's audited financial information as included in the Prospectus, except that the Group has adopted the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs (collectively referred to as "new HKFRSs") issued by the HKICPA which are effective for accounting periods commencing on or after 1 January 2005.

This interim financial information has been prepared in accordance with those new HKFRSs and interpretations issued and effective as at the time of preparing this financial information.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 2 below.

2. Changes in accounting policies

(i) Effect of adopting new HKFRSs

In 2005, the Group adopted the new HKFRSs below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The adoption of HKASs 36, 38 and HKFRS 3 has no material impact on the accounting policies of the Group. The effect of adopting the other HKASs and HKFRSs on the interim financial information is as follows:

(a) HKAS 1 Presentation of Financial Statements

The adoption of HKAS 1 has resulted in changes in presentation in the interim financial information. It has no effect on profit attributable to shareholders. However, certain comparative figures have been restated to comply with the new presentation requirements. This change in accounting policy has been applied retrospectively.

(b) HKAS 16 Property, Plant and Equipment

The adoption of HKAS 16 has resulted in a change in accounting policy relating to the recognition of leasehold property, plant and equipment. Please refer to Note 2(i)(c) for details.

(c) HKAS 17 Leases

The adoption of HKAS 17 has resulted in a change in accounting policy relating to leasehold land. Leasehold land and buildings in Hong Kong were previously carried at cost less accumulated depreciation and accumulated impairment losses. In accordance with the provisions of HKAS 17, a lease of land and building should be split into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. The lease of land should be classified as an operating lease and any premium paid thereon is stated at cost and amortised over the period of the lease. The leasehold building is stated at cost less accumulated depreciation and accumulated impairment losses and included under the classification of fixed assets in the balance sheet under HKAS 16. The effect of these changes has been reflected in the comparative figures and has resulted in a decrease in fixed assets and a corresponding increase in lease premium for land of HK$55,287,000 as at 31 March 2005.

The prepaid land premium is presented in the balance sheet as a separate item under non-current assets and expensed in the profit and loss account on a straight line basis over the period of the lease. In prior years, leasehold land was depreciated over 50 years or the unexpired period of the lease, whichever is shorter.

(d) HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement
The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method. In prior years, borrowings and debt instruments were stated at the nominal principal balance. This change in accounting policy has been applied prospectively.

(ii) New Accounting Policies
The accounting policies used for the condensed consolidated financial information for the six months ended 30 September 2005 are the same as those adopted in the preparation of the Group's audited financial information as included in the Prospectus except for as those described under Note 2 (i) above and the following:

2.1 Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

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

2.3 Share-based Payment
The fair value of the employee services received in exchange for the grant of shares by shareholders is recognised as an expense in the profit and loss account and a corresponding increase in capital reserve within equity.

(iii) *Summary of restatements made to the prior period in the interim financial information*
Consolidated Balance Sheet as at 31 March 2005

	Fixed assets HK$'000	**Lease premium for land** HK$'000
As previously reported	208,204	–
Effect of adopting HKAS 16 and HKAS 17	(55,287)	55,287
As restated	152,917	55,287

3. Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segment represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

	For the six months ended 30 September									
	Publishing and multimedia (Unaudited)		**Electronic information and solutions (Unaudited)**		**Recruitment advertising and training (Unaudited)**		**Corporate (Unaudited)**		**Consolidated (Unaudited)**	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Turnover, gross	**267,613**	215,568	**57,376**	53,781	**36,101**	29,610	**–**	–	**361,090**	298,959
Inter-segment transactions	**(541)**	(305)	**(284)**	(717)	**(20)**	–	**–**	–	**(845)**	(1,022)
Turnover, net	**267,072**	215,263	**57,092**	53,064	**36,081**	29,610	**–**	–	**360,245**	297,937
Segment results	**49,387**	31,734	**3,199**	(1,156)	**13,638**	10,493	**2,386**	–	**68,610**	41,071
Finance costs									**(1,529)**	(236)
Profit before taxation									**67,081**	40,835
Taxation									**(12,465)**	(7,539)
Profit for the period									**54,616**	33,296
Attributable to:										
Shareholders									**53,311**	32,002
Minority interests									**1,305**	1,294
									54,616	33,296

4. Other revenues

	For the six months ended 30 September 2005 HK$'000	2004 HK$'000
Bank interest income	**3,908**	3
Management fee income	**–**	185
Rental income from machinery and properties	**2**	52
Other service income	**66**	–
	3,976	240

5. Operating profit

Operating profit is stated after charging the following:

	For the six months ended 30 September 2005 HK$'000	2004 HK$'000
Depreciation of fixed assets	**11,228**	11,713
Amortisation of lease premium for land	**66**	–

6. Finance costs

	For the six months ended 30 September 2005 HK$'000	2004 HK$'000
Interest on bank loans	**734**	115
Interest element of finance leases	**1,118**	121
Interest capitalised in machinery	**(323)**	–
	1,529	236

7. Taxation

	For the six months ended 30 September 2005 HK$'000	2004 HK$'000
Hong Kong profits tax	**10,500**	7,686
Deferred taxation relating to the origination and reversal of temporary differences	**1,965**	(147)
Taxation charge	**12,465**	7,539

Hong Kong profits tax has been provided at a rate of 17.5% (2004: 17.5%) on the estimated assessable profits for the period.

8. Basic earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$53,311,000 and weighted average number of 350,389,071 shares in issue during the period.

The comparative basic earnings per share is calculated based on profit attributable to shareholders of the Company of HK$32,002,000 and an aggregate of 312,000,000 shares comprising 78 shares issued immediately after incorporation of the Company and 311,999,922 shares issued upon the Reorganisation, which were deemed to have been in issue since 1 April 2004.

There were no dilutive potential ordinary shares in existence during the period under review and, therefore, no diluted earnings per share amounts have been presented.

9. Goodwill

	2005 HK$'000
Balance at 1 April 2005	–
Acquisition of additional interests in a subsidiary (Note 17)	**23,922**
Balance at 30 September 2005	**23,922**

10. Fixed assets

	Leasehold buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Network and computer equipment HK$'000	Machinery under installation HK$'000	Total HK$'000
Net book value at 1 April 2005								
– as previously reported	103,507	5,135	44,912	12,717	595	4,485	36,853	208,204
– effect of adopting HKAS 17 (Notes 2(iii) and 11)	(55,287)	–	–	–	–	–	–	(55,287)
As restated	48,220	5,135	44,912	12,717	595	4,485	36,853	152,917
Additions	–	6,778	4,995	5,490	420	323	35,755	53,761
Depreciation	(581)	(1,565)	(4,308)	(3,410)	(107)	(1,257)	–	(11,228)
Disposals	–	–	–	(2)	–	(1)	–	(3)
Transfers	–	–	72,608	–	–	–	(72,608)	–
Net book value at 30 September 2005	**47,639**	**10,348**	**118,207**	**14,795**	**908**	**3,550**	**–**	**195,447**
At 1 April 2005								
Cost	58,194	12,394	71,796	48,477	909	64,306	36,853	292,929
Accumulated depreciation	(9,974)	(7,259)	(26,884)	(35,760)	(314)	(59,821)	–	(140,012)
Net book value	48,220	5,135	44,912	12,717	595	4,485	36,853	152,917
At 30 September 2005								
Cost	**58,194**	**19,172**	**149,399**	**53,767**	**1,329**	**64,519**	**–**	**346,380**
Accumulated depreciation	**(10,555)**	**(8,824)**	**(31,192)**	**(38,972)**	**(421)**	**(60,969)**	**–**	**(150,933)**
Net book value	**47,639**	**10,348**	**118,207**	**14,795**	**908**	**3,550**	**–**	**195,447**

11. Lease premium for land

	2005 HK$'000
Net book value at 1 April	
– as previously reported	–
– effect of adopting HKAS 17 (Note 10)	55,287
– as restated	55,287
Amortisation	(66)
Net book value at 30 September	55,221

12. Trade receivables

The Group allows an average credit period of 30 days to 90 days to its trade customers. An ageing analysis of trade receivables by due date is as follows:

	As at 30 September 2005		As at 31 March 2005	
	Balance HK$'000	Percentage %	Balance HK$'000	Percentage %
0 to 30 days	85,443	63	69,110	62
31 to 60 days	25,368	19	18,269	16
61 to 90 days	10,290	8	7,245	6
Over 90 days	14,135	10	17,642	16
Total	135,236	100	112,266	100
Less: Provision for bad and doubtful debts	(5,734)		(6,831)	
	129,502		105,435	

13. Trade payables

The ageing analysis of trade payables is as follows:

	As at 30 September 2005		As at 31 March 2005	
	Balance HK$'000	Percentage %	Balance HK$'000	Percentage %
0 to 30 days	22,495	82	19,624	89
31 to 60 days	2,716	10	2,035	9
61 to 90 days	228	1	263	1
Over 90 days	2,063	7	124	1
Total	27,502	100	22,046	100

14. Obligations under finance leases

	As at 30 September 2005 HK$'000	As at 31 March 2005 HK$'000
Total minimum lease payments	**79,909**	14,596
Less: amount due within one year included under current liabilities	**(13,149)**	(3,018)
	66,760	11,578
The analysis of the above is as follows:		
Wholly repayable within five years	**13,141**	14,596
Not wholly repayable within five years	**66,768**	–
	79,909	14,596
The Group's finance lease liabilities were repayable as follows:		
Within one year	**13,149**	3,018
In the second year	**13,842**	3,109
In the third to fifth year	**42,866**	8,469
After the fifth year	**10,052**	–
	79,909	14,596

15. Bank loans, secured

	As at 30 September 2005 HK$'000	As at 31 March 2005 HK$'000
Bank loans, secured	**17,959**	20,320
Less: current portion included under current liabilities	**(4,721)**	(4,721)
	13,238	15,599
The analysis of the above is as follows:		
Wholly repayable within five years	**11,837**	11,780
Not wholly repayable within five years	**6,122**	8,540
	17,959	20,320
The Group's bank loans were repayable as follows:		
Within one year	**4,721**	4,721
In the second year	**4,721**	4,721
In the third to fifth year	**8,137**	9,862
After the fifth year	**380**	1,016
	17,959	20,320

16. Share capital

Authorised share capital

	Note	Number of ordinary shares	Nominal value HK$
At 15 February 2005 (date of incorporation), ordinary shares of US$0.01 each		5,000,000	390,000
On 30 June 2005,	*(a)*		
Consolidation of every ten shares of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.80) such that par value of each share becomes HK$0.78		500,000	390,000
Sub-division of each share into 7.8 shares of HK$0.10 each		3,900,000	390,000
Increase in authorised share capital		1,996,100,000	199,610,000
At 30 September 2005		2,000,000,000	200,000,000

Issued share capital

	Note	**Number of ordinary shares**	**Nominal value** HK$
At 15 February 2005 (date of incorporation)		–	–
On 23 February 2005, issue of share of US$0.01 each at nil paid		1	–
On 30 June 2005,	*(a)*		
Issue of shares of US$0.01 each at nil paid		99	–
Consolidation of every ten issued share capital of US$0.01 each into one share of US$0.10 each and re-denomination (at the rate of US$1.00 to HK$7.80) such that par value of each share becomes HK$0.78		10	–
Sub-division of every issued share capital into 7.8 shares of HK$0.10 each		78	–
On 19 July 2005, issued and credited as fully paid at par the new shares and credited as fully paid at par the 78 shares in issue as consideration for acquisition of Hong Kong Economic Times Group (BVI) Limited as part of the Reorganisation	*(b)*	311,999,922	31,200,000
On 3 August 2005, issued and fully paid new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange	*(c)*	104,000,000	10,400,000
On 5 August 2005, issued and fully paid new shares of HK$0.10 each at HK$1.70 per share by way of the exercise of the Over-allotment Option	*(d)*	15,600,000	1,560,000
At 30 September 2005		431,600,000	43,160,000

Notes:

(a) Pursuant to the written resolutions of the sole shareholder of the Company passed on 30 June 2005,

(i) every ten issued and unissued shares of US$0.01 each of the Company was consolidated into one share of US$0.10 each;

(ii) the authorised and issued share capital of the Company was re-denominated (at the rate of US$1.00 to HK$7.80) from US$50,000 and US$1.00 to HK$390,000 and HK$7.80 respectively such that the par value of each share was changed from US$0.10 to HK$0.78;

(iii) every issued and unissued share of HK$0.78 each in the capital of the Company was sub-divided into 7.8 shares of HK$0.10 each; and

(iv) the authorised share capital of the Company was increased from HK$390,000, divided into 3,900,000 shares of HK$0.10 each to HK$200,000,000, divided into 2,000,000,000 shares of HK$0.10 each, by the creation of an additional 1,996,100,000 shares of HK$0.10 each in the capital of the Company.

(b) Pursuant to the written resolutions of the sole shareholder of the Company passed on 19 July 2005, the Directors were authorised to issue and allot credited as fully paid at par the 311,999,922 shares and credited as fully paid at par the 78 shares in issue as consideration for the acquisition of Hong Kong Economic Times Group (BVI) Limited as part of the Reorganisation.

(c) On 3 August 2005, the Company issued 104,000,000 new shares of HK$0.10 each at HK$1.70 per share by way of Placing and Public Offer in connection with the listing of the Company's shares on the Main Board of the Stock Exchange.

(d) On 5 August 2005, the Company further issued 15,600,000 new shares of HK$0.10 each at HK$1.70 per share by way of the exercise of the Over-allotment Option in connection with the listing of the Company's shares on the Main Board of the Stock Exchange as set out in the Prospectus issued by the Company.

17. Acquisition of additional interests in a subsidiary

On 12 August 2005, as part of the Reorganisation, a subsidiary of the Company, iCareerTimes (BVI) Limited acquired the remaining 40% interests in the issued share capital of Cotino Limited, one of the Group's subsidiaries from an independent third party, for a cash consideration of HK$24,455,000. Details of the Reorganisation are disclosed in the Prospectus. The excess of the purchase consideration over the book value of net assets acquired of HK$533,000 was recognised as goodwill amounted to HK$23,922,000.

18. Commitments

Capital commitments contracted but not provided for in respect of:

	As at 30 September 2005 HK$'000	As at 31 March 2005 HK$'000
Fixed assets	**7,957**	43,597

19. Related party transactions

During the six months ended 30 September 2005, the subsidiaries of the Company had entered into the following significant transactions with related parties:

	For the six months ended 30 September	
	2005 HK$'000	2004 HK$'000
Rental expenses on leased property paid/payable to affiliates of the Company's controlling shareholder and/or a director	**2,907**	2,625
Mainland advertising income received/receivable from an affiliate of the Company's controlling shareholder	**689**	–

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

	For the six months ended 30 September 2005 HK$'000	2004 HK$'000	% Change
Turnover	**360,245**	297,937	21%
Cost of goods sold	**(190,875)**	(171,194)	11%
Gross profit	**169,370**	126,743	34%
Other revenues	**3,976**	240	1,557%
Selling and distribution expenses	**(46,182)**	(36,298)	27%
General and administrative expenses	**(58,554)**	(49,614)	18%
Operating profit	**68,610**	41,071	67%
Finance costs	**(1,529)**	(236)	548%
Profit before taxation	**67,081**	40,835	64%
Taxation	**(12,465)**	(7,539)	65%
Profit for the period	**54,616**	33,296	64%
Minority interests	**(1,305)**	(1,294)	1%
Profit attributable to shareholders	**53,311**	32,002	67%

General

The Group has attained exceptional results for the first six months of the financial year 2005/06, both in terms of turnover and profit. This is largely due to our staff's hard work and innovative inputs as well as fruitful results from investments made in previous years. These business investments were made in the Group's core direction and in line with its diversification strategy to broaden the Group's income base. Hence, we witness across-the-board growth in all business segments in the reported period.

Turnover

Advertising income for the six months period ended 30 September 2005 increased by 26% to HK$243.5 million as compared to HK$194.0 million for the corresponding period in 2004. During this period, the Group was able to capture the increasing demand for advertisement in its newspaper and magazines. The growth in demand for print advertisement is expected to continue. Premium quality products coupled with the creativity and dedication of the Group's sales team enabled it to prosper under the improved business atmosphere.

Contribution from *e-zone* continued to increase as the publication attained number one position in the PC and digital products magazine market in terms of readership and advertising income.

Circulation income of the Group's printed media increased by 20% to HK$54.0 million as compared to HK$45.2 million for the six months period ended 30 September 2004. The increase was mainly due to the growing circulation of *e-zone* and the retail price rise. The circulation of *Hong Kong Economic Times*, the flagship newspaper of the Group was unaffected by the emergence of another two new free dailies in the market since July 2005.

Service income increased by 5% in the corresponding period in 2005. The increase came mainly from the increased demand of electronic information in the professional market in this period.

Enrolment income increased by 28% to HK$5.6 million in the reported period as compared to HK$4.4 million for the six months period ended 30 September 2004. The increase was in line with the public's increasing awareness and demand for self enhancement and development.

Cost of Goods Sold

Staff costs continued to be the major component of cost of goods sold and represented approximately 40% of the total said cost. An increase of around 6% as compared to the period ended 30 September 2004 was recorded and mainly arose from the increase in editorial staff to enrich the contents of *Hong Kong Economic Times* and other publications.

Newsprint costs increased by approximately 28% in the reported period. It was mainly driven by the increase of import newsprint price, which went up by more than 10% as compared to same period ended 30 September 2004 and the overall increase in average number of broadsheets due to the increase in both editorial content and advertising volume.

Printing costs increased by approximately 19% in the reported period as a result of the increase in copies of *e-zone* printed by an independent third party.

Content expenses increased in line with the enhancement of editorial content of the Group's products.

Solution expenses decreased as a result of cost savings resulted from the enhancement of the quotation system.

Other Revenues

Other service income for the period ended 30 September 2005 was mainly derived from one-off project management fee income from the electronic information and solutions segment, whereas the management fee income received from a related company ceased from 1 April 2005.

The significant increase in bank interest income for the period ended 30 September 2005 was due to the bank interest derived from the overwhelming response of the Placing and Public Offer of the Company's shares at the end of July 2005. The net listing proceeds received was placed under short-term deposits with banks in Hong Kong.

Selling and Distribution Expenses

Selling and distribution expenses increased by 27% to HK$46.2 million for the period ended 30 September 2005 as compared to HK$36.3 million for the six months period ended 30 September 2004. The increase was mainly due to the increase in staff costs for sales force and was in line with the increase in revenue.

General and Administrative Expenses

There was an increase of 18% in general and administrative expenses to HK$58.6 million during the six months period ended 30 September 2005 as compared to the corresponding period in 2004. This increase was mainly attributed to general salary increment and an increase in headcount to cope with the expanding operation of the Group.

Finance Costs

The finance costs had increased by more than five times as the Group had drawn down leasing loans for the purchase of printing equipment during a period of interest rate hikes.

Profit Attributable to Shareholders

The profit attributable to shareholders has increased by 67% to HK$53.3 million as compared to HK$32.0 million for the six months period ended 30 September 2004. The publishing and multimedia segment continued to be the core contributor of the Group's net profit. Gross profit margin and net profit margin have improved when compared to the corresponding period in 2004. The Group will continue to explore opportunities for growth and expansion while keeping costs under control at the same time.

Use of Proceeds from Initial Public Offering

The Company issued 119.6 million shares (including exercise of Over-allotment Option) at HK$1.70 per share by way of Placing and Public Offer (as set out in details in the Prospectus dated 22 July 2005) on 3 August 2005. The net proceeds after deducting relevant expenses were approximately HK$184.4 million. The Company intends to apply such proceeds in accordance with the proposed allocation as set out in the Prospectus.

Liquidity and Capital Resources

	As at 30 September 2005 HK$'000	As at 31 March 2005 HK$'000
Net current assets	**236,305**	6,921
Bank balances and cash	**236,291**	39,072
Bank loans and finance leases	**97,868**	67,072
Gearing ratio	**14.8%**	17.6%
Current ratio	**2.57 times**	1.04 times

The Group's net current assets as at 30 September 2005 has increased significantly following the Initial Public Offering on 3 August 2005 and the good performance of the Group during the period under review. The net listing proceeds received was placed under short-term deposits with banks in Hong Kong from the listing date to 30 September 2005.

Apart from cash inflow from capitalisation, the Group's principal source of liquidity is cash flow from operating activities.

Increase in bank loans and finance leases was derived from the drawing down of finance lease loans during the period for the installation of printing equipment commissioned in October 2005.

Gearing ratio and current ratio improved significantly following the Initial Public Offering. The Group is able to meet its working capital requirements, repay bank loans and finance leases, and fulfill investment fund required for any future plans at the current level of funds.

OUTLOOK

In August 2005, the Group extended its range of products by spinning-off a weekly community newspaper, *Take me Home*, from the newspapers to be distributed in middle income communities. Riding on the success of *e-zone*, the Group launched a new lifestyle and leisure magazine, *U Magazine* in December 2005.

Hong Kong's economy is largely influenced by the economies of the United States and Mainland. The Company believes that the economies of the United States and Mainland will continue to grow, providing healthy impetus to Hong Kong's economy. The favorable economic environment will be beneficial to the Group's business.

The recent emergence of free dailies has not affected the circulation and advertising revenues of *Hong Kong Economic Times*, our flagship newspaper. Nevertheless, the Company is constantly monitoring the market situation closely.

The Stock Exchange released on 18 November 2005 an Exposure Paper to seek market views on the abolition of requirement for Main Board issuers to publish paid announcements in newspapers. Subject to market's comments, Stock Exchange's system and operational readiness and the Securities and Futures Commission's approval, the new policy may be implemented at a date to be announced by the Stock Exchange.

The potential impact of the Stock Exchange's abolition of mandatory requirement for Main Board issuers to publish paid announcements in newspapers, the concern over the spread of avian flu and the impact of rising interest rate on Hong Kong's economy will collectively add some uncertainty to the Group's business.

The launch of *Take me Home* in August 2005 and a new lifestyle and leisure magazine, *U Magazine* in December 2005 will reduce somewhat the Group's profit growth in the short term as it is normal for new publications to take time to make positive contribution to the Group's profit.

After taking both the positive and negative factors into consideration, and barring any unforeseen circumstances, the Company remains optimistic in the results for the whole financial year 2005/06.

EMPLOYEES

As at 30 September 2005, the Group had 1,131 employees (30 September 2004: 1,013 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.029 per share, amounting to HK$12,516,400, payable on 16 January 2006 to shareholders whose names appear on the Register of Members of the Company on 19 December 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 20 December 2005 to 23 December 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividends, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19 December 2005.

DIRECTORS

The following persons were Directors of the Company as at the date of this report:

Executive Directors

Mr. FUNG Siu Por Chairman
Mr. MAK Ping Leung
Mr. CHAN Cho Biu
Mr. SHEK Kang Chuen
Ms. SEE Sau Mei Salome

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
Mr. CHOW On Kiu
Mr. LO Foo Cheung

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2005, the Directors of the Company had the following interests or short positions in shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

	Ordinary shares of the Company		
Name of Director	**Capacity/ Nature of interest**	**Number of shares held**	**Approximate % of issued share capital**
Mr. FUNG Siu Por *(Note)*	Corporate	261,000,000	60.473%
Mr. MAK Ping Leung	Personal	14,600,000	3.383%
Mr. CHAN Cho Biu	Personal	11,600,000	2.688%
Mr. SHEK Kang Chuen	Personal	11,000,000	2.549%
Ms. SEE Sau Mei Salome	Personal	9,000,000	2.085%
Mr. CHU Yu Lun *(Note)*	Corporate	261,000,000	60.473%
Mr. CHOW On Kiu	Personal	50,000	0.012%
Mr. LO Foo Cheung	Personal	284,000	0.066%

Note: The interests in the 261,000,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por and Mr. Chu Yu Lun through Golden Rooster Limited, in which Mr. Fung Siu Por and Mr. Chu Yu Lun own 33.5% of the issued share capital respectively. For the purpose of Part XV of the SFO, Mr. Fung Siu Por and Mr. Chu Yu Lun are therefore deemed interested in the Company's shares held by Golden Rooster Limited.

All interests stated above represent long positions in the shares of Company.

Save as disclosed above, as at 30 September 2005, none of the Directors (including their spouses and children under 18 years age) had been granted by the Company or had exercised any rights to subscribe for shares or debentures of the Company or any of its associated corporations during the six months ended 30 September 2005. At no time during the six months ended 30 September 2005 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Apart from aforesaid, as at 30 September 2005, none of the Directors of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

So far as the Directors of the Company are aware of, as at 30 September 2005, the shareholders, other than Directors of the Company, who had interests or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provisions of Division 2 and 3 in Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of shareholders	Number of ordinary Shares held (long position)	Approximate % of issued share capital of the Company
Golden Rooster Limited	261,000,000	60.473%

Note: The issued share capital of Golden Rooster Limited is owned as to 33.5% by Mr. Fung Siu Por and Mr. Chu Yu Lun respectively. For the purpose of Part XV of the SFO, Mr. Fung Siu Por and Mr. Chu Yu Lun are therefore deemed interested in the Company's shares held by Golden Rooster Limited.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2005.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange except as stated below.

The Chairman of the Company is responsible for the management of the Board and overseeing the Group's business together with other Executive Directors and senior management of the Group. This was a departure from the Code Provisions requiring clear division of responsibilities of Chairman and Chief Executive Officer. The Board considered the existing management structure as an effective structure for the Group's operation and business development and other necessary measures had been adopted to ensure the underlying objectives of the Code Provisions are in place.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange during the period from 3 August 2005 to 30 September 2005.

AUDIT COMMITTEE

The Company established an Audit Committee on 29 April 2005 with written terms of reference. The Audit Committee comprises three Independent Non-executive Directors. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 September 2005.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Lo Foo Cheung and Mr. Chow On Kiu.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 29 April 2005 with written terms of reference. The Nomination Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu and Mr. Chan Mo Po, Paul.

On Behalf of the Board
Fung Siu Por
Chairman

Hong Kong, 1 December 2005