

Chairman's Statement

Dear Shareholders,

The annual results of this financial year (ending 31 March 2006) is in my hands. As I am ready to write the Chairman's Statement, three thoughts come to my mind: we have not failed your expectation; we have come a long way; and we have to continue to forge ahead or we will be left behind.

The day 3 August 2005 marked an important milestone for our company. We were formally listed and our shares commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Thanks to public support, our public offer shares were over-subscribed by 392 times; investors had cast us their votes of confidence. I am proud to say that we bucked the trend in a relatively quiet stock market at the time.

I am pleased to say that we have not failed your expectation of this financial results. Hong Kong's economy continued to grow in 2005. The Gross Domestic Product (GDP), continuing with its climb of 8.6% in 2004, grew further by 7.3%. With rising consumer spending, unemployment rate hitting a five year low and a gradual improvement in wages and income level, we were able to take advantage of the favourable economic conditions. Our turnover registered a solid growth of 19% over the previous financial year to HK\$721.7 million, and profit attributable to shareholders recorded a remarkable increase of 51% to HK\$98.2 million.

Though the macroeconomic climate is generally pleasant, local newspaper market has experienced stormy weather; costs have risen and competition is more intense. Making such spectacular achievement was not easy. Looking into the next financing year, it will be full of challenges. We have to keep moving ahead or we would be overtaken. On 10 May 2006, the Stock Exchange announced that the Listing Committee has approved the proposed rule amendments related to the abolition of mandatory requirement for Main Board issuers to publish paid announcements in newspapers. Before the full implementation of the proposed change, there will be a transitional period during which Main Board issuers are only required to publish notifications in the newspapers informing investors to refer to the full announcement on the Stock Exchange and the issuers' websites. The implementation is subject to system and operational readiness and approval of the Securities and Futures Commission. As explained in our listing Prospectus last year, the said implementation will have some negative impact on our performance. However, as the leading business daily in Hong Kong, we believe many listed companies will continue to use us as the main medium in their communication with the investment community, especially the small investors.

As the ancient maxim says, "Prepare for danger in times of safety. If you are prepared, then you will have no worries." Since the change is expected, we have prepared ourselves for the challenges ahead. We put revenue diversification as our priority. We are pleased to report that we have accomplished the diversification from a mere newspaper company to a media group. The Electronic Information and Solutions segment and the Recruitment Advertising and Training segment both recorded healthy growth in terms of turnover and profit in the year under review. The investments in these two segments were made in line with our diversification strategy to broaden our income base. They are now bringing in fruitful results. In fact, the majority of our business units have achieved pleasing revenue and profit increases.

Two new publications were also launched during this period, namely, the community weekly *Take me Home* in August 2005, and the lifestyle and leisure magazine *U Magazine* in December 2005. Both circulation and advertising revenue of these two publications have made progress as planned. They have enabled us to reach readers and advertisers who are not regular patrons of *Hong Kong Economic Times*, our flagship newspaper. The investment in these two publications will help sustain our growth in the medium term. The circulation war of the free dailies has not affected the circulation and advertising revenues of *Hong Kong Economic Times*, but we see even stiffer competition ahead. We will continue to monitor the market situation closely.

Facing the stiff competition in the newspaper market, I find the saying of the late United States President Kennedy particularly relevant, "Do not pray for easy lives. Pray to be stronger men." To be stronger, to further our diversification, to expand our market share and for effective delegation, the Board of Directors has identified five business directions, namely finance, property, human resources, education and lifestyle. With these clear and distinct business focuses, the management team and staff would strive to achieve a portfolio of balanced revenues, rather than over-relying on any one particular source of income. We shall continue to work for leadership positions in these five sectors.

Despite concerns over volatile oil prices, rising interest rates, and a possible slow-down of the United States' economy, Hong Kong's economy is forecasted to grow by about 6% in 2006. Mainland's economic growth continues to be a major driving force behind the Hong Kong economy, which, in turn, favours the further development of our business. Thus, we are very confident about the future of the company.

Finally, I would like to express my heartfelt thanks to my fellow directors, management team and staff for their dedication, hard work and valuable contributions. I would also like to extend gratitude to our readers, customers, business partners and investors for their unfailing support.

Fung Siu Por, Lawrence
Chairman

Hong Kong, 26 June 2006



Mr. Fung Siu Por, Lawrence
Chairman