Management Discussion and Analysis

For the year ended 31st March, 2002, the turnover of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") increased by 48% from HK$398 million for the previous year to HK$590 million, out of which HK$336 million was attributable to the publishing and printing business of the Group.

The loss attributable to shareholders, on the other hand, increased from HK$57 million for the previous corresponding year to approximately HK$120 million, out of which HK$116 million was attributable to the publishing and printing business.

DIVIDEND

The directors of the Company ("Directors") do not recommend the payment of a dividend for the year ended 31st March, 2002.

REVIEW OF OPERATIONS

Publishing and Printing

With the acquisition of Eastweek and Oriental Sunday, the publishing business had become an important sector of the Group's business. The overall performance of the Group has thus become highly dependent on the performance of the publishing business.

A. *New Media Group*

The Group acquired Eastweek and Oriental Sunday, two well-known local news and infotainment magazines and their official websites at a consideration of HK$65 million in September 2001. Following the acquisition, the New Media Group was formally set up, offering readers a comprehensive portfolio of infotainment weekly comprising the newly acquired Eastweek and Oriental Sunday, New Monday and Weekend Weekly. The editorial and advertising operations of Cable Guide Weekly for Cable TV ceased in July 2002.

During the year, Weekend Weekly, a leisure weekly, emerged as a leader in its category, while New Monday secured a premier position as a healthy weekly for young readers. The strong editorial standing of Eastweek and Oriental Sunday have won themselves satisfactory circulation and created talk-of-the-town topics. Although the total circulation of the magazines has been steadily on the rise, the magazines were still at an investment stage.

B. *Hong Kong Daily News*

During the year, operating environment significantly deteriorated amidst the intense competition among newspapers and local magazines. The management underwent editorial reform in its "Supplement" and "Horse Racing" sections and received encouraging response from readers and advertisers.

C. *Economic Digest*

With over 20 years' history, Economic Digest has been providing readers with financial analyses on the local market on a weekly basis with a readership base covering professionals, corporate executives and businessmen and a distribution footprint covering Hong Kong, mainland China and Taiwan. During the year, the operation had also diversified into the publication of book series and a money management weekly entitled "My Money". The publication of book series recorded a slight profit. However, the recent financial market turmoil as well as the September 11 incident in the United States had placed "My Money" into a very tough operating environment and its publication was discontinued with effect from September 2001. To broaden its income stream, the management had further diversified its business into hosting seminars, workshops and business study missions on finance, wealth management, business operations and management.

D. *Hong Kong Daily Offset Printing*

Hong Kong Daily Offset Printing is the printing arm of the Group. During the year under review, it managed to record a slight profit despite of the keen competition.

Apparel Trading and Retailing

The apparel trading and retailing arm of the Group is currently the exclusive distributor of the menswear of "Balenciaga" and "Smalto", two well-known French menswear labels, in the People's Republic of China ("PRC"), including Hong Kong.

With the effort of the Group in the past years, the brand equity of the "Balenciaga" label had already been well established in the PRC. During the year, it continued to bring positive contribution to the Group. The turnover for the year increased and benefited from the promotion campaigns launched by the Group during the peak shopping seasons in Christmas and the Chinese New Year which were well received. Slight loss, however, was recorded for the "Smalto" label during the year as it took time to penetrate the market. The performance of the "Courreges" label had not been satisfactory. The Group had been in dispute with the licensor of the "Courreges" label in relation to the termination of the Licence Agreement.

Fishery and Marine Products

The fishery products retail business in Hong Kong continued to make positive contribution to the operating results of the Group during the year. The glass eels trading business sector managed to turn from loss to profit as the seasonal glass eel trading business became in season in the second half of the financial year.

POST BALANCE SHEET EVENTS

On 10th June, 2002, Wide Profit Investments Limited ("Wide Profit"), a wholly-owned subsidiary of Emperor International Holdings Limited ("EIHL"), entered into a conditional agreement (the "Sale and Purchase Agreement") with Jade Forest Limited ("Jade Forest") to dispose of the entire issued share capital of Goldstream Group Limited ("Goldstream"), which held approximately 34.94% of the entire issued share capital of the Company, and the shareholder's loan outstanding from Goldstream to Wide Profit, at a cash consideration of approximately HK$51.5 million. The Sale and Purchase Agreement was conditional upon, inter alia, the Island Gold Agreement (as defined below) becoming unconditional.

On 10th June, 2002, the Company also entered into an agreement (the "Island Gold Agreement") with EIHL pursuant to which the Company agreed to dispose of its entire interest in the publishing and printing arm of the Group, being the entire issued share capital of Island Gold Developments Limited ("Island Gold") and the shareholder's loan ("Loan") outstanding from Island Gold and its subsidiaries (collectively "Island Gold Group") to the Company, at a cash consideration equivalent to the face value of the Loan after netting off the consolidated net liabilities of the Island Gold Group at the date of completion.

The completion of the above two agreements was conditional upon, inter alia, the approval by the independent shareholders of the Company of the Island Gold Agreement at the extraordinary general meeting of the Company scheduled to be held on 22nd July, 2002.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the year ended 31st March, 2002, the Group had been funding its operation and capital and capital expenditure through bank balances and cash on hand, cash from operation, bank borrowings and unsecured loan from a related company.

As at 31st March, 2002, total external borrowings (excluding intra-group liabilities, normal trade payables and accruals, bills payable and tax liabilities) amounted to approximately HK$72 million, when compared with and that for the last corresponding year of approximately HK$67 million. The increase is about 7%. Debt to equity ratio (measured by total external borrowings as a percentage to the shareholders' fund of the Group) increased from 27% as at 31st March, 2001 to 57% as at 31st March, 2002. The increase was mainly due to the drop of shareholders' fund of the Group as a result of the loss attributable to shareholders of approximately HK$120 million for the year under review.

The Group's external bank borrowings (partly secured by the Groups' leasehold land and buildings and bank deposits) and bank balances and cash were mainly denominated in Hong Kong dollars while certain of Group's purchases were denominated in foreign currencies. Some of the non-US dollar purchases, such as Euro, Sterling Pound, Italian Lira and French Franc purchases were hedged by forward contracts and no significant exposure to foreign exchange rate fluctuation is expected. External borrowings bear interest at prevailing market rates and the Group do not have material contingency liabilities at the reporting date.

With the cashflow generated from the operations of the Group in its ordinary course of business, its existing loan facilities and the sales proceeds arising from disposal of the Group's entire interest in the Island Gold Group as mentioned above, the Directors expect the Group to have sufficient working capital for its operation.

STAFF COSTS

The total cost incurred for staff including directors amounted to HK$199 million as compared with HK$95 million for the previous year. The increase was due to the acquisition of the printing and publishing businesses in June 2000 and Eastweek and Oriental Sunday in September 2001. The number of staff was approximately 1,000 as at the year end date.

ASSETS PLEDGED

Assets with carrying value of HK$12 million were pledged as security for the banking facilities.

PROSPECTS

Following the completion of the Sale and Purchase Agreement, it was anticipated that Jade Forest, the new substantial shareholder of the Company would introduce a new management team to the Group. Jade Forest had indicated that other than the disposal of the publishing and printing arm of the Group as set out above, its current intention was to keep the existing principal activities of the Group in the trading of marine products and trading and retailing of consumer products unchanged. The new management might explore new investment opportunities including but not limited to communication related business in due course if it is in the interest and is desirable to the development of the Group.

APPRECIATION

On behalf of the Directors, I would like to take this opportunity to thank all staff as well as our business partners and shareholders of the Group for their continued efforts and support towards the business of the Group.

On behalf of the Board
Wong Chi Fai
Director

Hong Kong, 16th July, 2002