

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Associated Companies

Due to robust growth in advertising revenues during January to June 2004, the contribution after taxation from Television Broadcasts Limited to Group profits during the period increased by 40%.

Movie City Project

The Movie City is expected to come into operation in phases starting from the end of first quarter of 2005.

Financial

The Group had no significant external borrowing and none of the Group's assets are subject to any charge. There was no acquisition or disposal of material subsidiaries or associated companies in the course of the period.

Contingent Liabilities

As at 30th September 2004, the Group and the Company did not have any significant contingent liabilities.

Exposure To Fluctuations In Exchange Rates

As the majority of the revenues, expenses, assets and liabilities of the Group are denominated in Hong Kong Dollars, the Group does not have significant risk in exposure to fluctuations in exchange rates.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2004, the Group employed a total of 186 full time employees, all in Hong Kong. During the period under review, there was no significant change in the Group's remuneration policies.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30th September 2004, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

Throughout the six months ended 30th September 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save that independent non-executive directors who have not been appointed for a specific term are subject to retirement by rotation as specified by the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's Interim Report and unaudited condensed accounts for the six months ended 30th September 2004.