

RESULTS

The Group recorded an unaudited profit attributable to shareholders of HK\$181,446,000 for the six months ended 30 September 2005 (“Interim Results”), representing a decrease of approximately 13.8% as compared to the profit of HK\$210,412,000 for the corresponding period of 2004. For the first half of this year, revenue from the Group’s advertising operation remained stable. The Group also recorded an unaudited gain of approximately HK\$14,500,000 on the disposal of the old Tai Po factory in September 2005. However, the decrease in the profit for the first half of this year as compared to the corresponding period of last year was mainly due to the soaring printing costs.

INTERIM DIVIDEND

The Directors declare an interim dividend of HK2.5 cents (2004: HK3.5 cents) per share, payable to the shareholders whose names appear on the Register of Members on 8 December 2005. The interim dividend will be payable on 12 December 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 December 2005 to 8 December 2005, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by relevant share certificates must be deposited at the Company’s share registrar, Friendly Registrars Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration no later than 4:00 p.m. on 2 December 2005.

BUSINESS REVIEW

For 29 years, “Oriental Daily News” has been the best-selling newspaper in Hong Kong. As certified by one of the “Big Four” international accounting firms on 5 May 2004, “Oriental Daily News” achieved intraday sales amounting to 536,614 copies, more than 41% over the claimed print-run of “Apple Daily”, which includes wastage, complimentary copies and unsold copies on that day. “Oriental Daily News” always commits to enhance its contents and update its page layout, particularly in artistic design. Such effort has won unanimous praises from the readers. To commemorate its 37th anniversary, “Oriental Daily News” has recently launched a special offer campaign to reward readers. Response to this special campaign has been enthusiastic. Subscription of “Oriental Daily News” in the Mainland has been satisfactory, with steady growth of readership as reported. The success in cross-border expansion of readership is likely to have the ability of soliciting advertisements by “Oriental Daily News” and fuel a deriving momentum for remarkable advertising revenue to the Group.

“The Sun” maintains its solid position as the third best-selling newspaper in Hong Kong. As certified by an international accounting firm on 1 November 2005, “The Sun” achieved intraday sales amounting to 380,165 copies, ranking the second-best selling Chinese newspaper. On 5 November 2005, its circulation made another record of 420,166 copies as certified. Marching towards the 7th year of publication, “The Sun” has launched a special offer campaign to reward its readers. At the same time, to reward our loyal readers for their long-term support, retail price of “The Sun” has been adjusted to HK\$3 from 19 October 2005. While the special offer campaign will inevitably increase the Group’s expenses and affect the circulation revenue as well as its bottom line, such impact is believed to be short-term based on past experiences. As this special offer period eventually comes to an end, we believe that a solid growth in the circulation and advertising

revenue of “The Sun” will be achieved. In the long run, it could have a long lasting and positive impact to the Group’s overall development, and so are the shareholders’ returns. Having carried out an overall reform, the news content of “The Sun” has been enriched and the layout design has been enhanced, which is favourably received by readers. Following the steady growth in circulation, the Group believes that “The Sun” will steadily rank as the second best-selling newspaper in Hong Kong in the near future.

Since its publication in 1991, “The Sun Racing Journal” has been committed to provide horse racing fans with comprehensive horse racing information and attain a high rate of hits. In the last horse racing season, it repeatedly predicted the horse racing results with accuracy, including the results of Triple Trio, Double Trio, Six Up and Treble etc., which helped horse racing fans winning huge amount of reward. The colour printing format on horse racing days aims at making “The Sun Racing Journal” a favourite racing journal among horse racing readers. “The Sun Racing Journal” has established the most extensive racing database among similar publications, which is one of the most valuable assets of the Group.

Revenue growth of “orisun.com” continued at a high pace during the first half of this year. During the period, “orisun.com” has reached agreements with various mobile operators and service providers (SPs) to launch mobile infotainment products in Mainland China as well as Singapore and Malaysia. The Group’s proprietary products “Oriental Daily News© Paper” and “The Sun© Paper”, which publish online at 4:30 a.m. every morning, provide latest information to world-wide readers and have earned critically acclaim. During the period, the membership of the “© Paper” has steadily increased to 550,000 and brought sustainable income for “orisun.com”.

BUSINESS OUTLOOK

In these past few years, Hong Kong economy had been enjoying a run of sustained recovery and the local property market conditions have improved. Consequently, consumers have become more willing to spend, contributing to significant business growth in retailing, tourism and hotels. It will thus benefit the Group’s advertising business. On the other hand, subscriptions of “Oriental Daily News” and “The Sun” in Mainland China have been encouraging, with number of subscribers increase steadily. With increased readership and widened reader spectrum, the Group is well positioned to secure more advertising orders.

Currently, newsprint price has risen by approximately 10% from that of a year ago. This, associated with the soaring oil price, directly leads to increase in the operating cost of the Group. High production cost notwithstanding, improvement in overall operating efficiency following the Group’s relocation to the new headquarters in Tai Po, has enabled substantial saving of resources by the Group, thereby achieving a certain level of cost control. While such special offer campaigns since October 2005 have affected the circulation revenue, this will be partly offset by the increase in advertising revenue during the time of these campaigns. We expect that the circulation of these two newspapers will increase steadily and there is room for upward adjustment of advertisement rates. Thus, we believe that as a result of these campaigns, the foundation of the Group will be more concrete and with reasonable revenue from advertising and circulation.

In the view that the population of immigrants from the Mainland, Hong Kong and Taiwan to overseas continuously increases, the Group considers that it is the appropriate time to develop the overseas edition of “Oriental Daily News” and “The Sun”. Australia is selected as the first overseas market to explore. Once the Australian market has been firmly established, the second market for overseas edition of these two newspapers will be North America. With vast experience in newspaper publication, the Group believes that the overseas edition will achieve remarkable results.