

In mid November, “Oriental Daily News© Paper” and “The Sun© Paper” will launch a free trial promotion to attract a broader range of readership. For mobile business, the Group will become the first newspaper group in Hong Kong to launch its own brand name mobile platform which positions itself as ‘The Strongest Chinese Infotainment Mobile Center’. The Group is committed to expand into multimedia business in Greater China by capitalizing its leading position in media industry. “orisun.com” will focus in 3G and broadband television (IPTV) markets in Mainland China. In addition, benefit from the fast growing internet advertising market, “orisun.com” is now considering to adjust advertising rates upwards. It is expected that the advertising revenue for the second half of the year will record substantial growth. “orisun.com” is one of the major drives for the Group’s long term growth, the Group will keep investing on it to ensure its robust development. After the consolidation of the Internet market, investor has regained confidence in TMT (technology/media/telecom) stocks. The Group predicts that a new boom in TMT stocks is round the corner. In order to take advantage of the coming prospectus, “orisun.com” has undergone a complete reorganization and has well-equipped itself with contents enrichment, hardware and relevant network equipment upgrade. The Group is considering soliciting strategic investors for “orisun.com” to establish global presence and broaden business scope. Further announcement will be made to the public when appropriate. Moreover, the Group does not rule out the possibility of spinning-off “orisun.com” for a separate listing on the Hong Kong Stock Exchange or NASDAQ when time is propitious.

Following the disposal of the old Tai Po factory, the Group has engaged a well known international property management firm to manage the Oriental News Building situated in Kowloon Bay and to take charge of the rental matters. It is believed that, with the vast experience and professional knowledge of that firm, the rental business could achieve satisfactory results. Units in the building, if fully rented, would generate a stable rental income to the Group. However, the Group would also consider to have it disposed of should the property market prevail.

In respect of the hotel operation in Australia, it had recorded a satisfactory occupancy rate, and the overall income had also met our expectation. In July 2005, the Group has further acquired at a consideration of approximately HK\$45,294,000 a commercial shopping arcade in Australia for investment purpose. That property has been fully rented and has contributed a stable income to the Group.

## **FINANCIAL RESOURCES AND LIQUIDITY**

At 30 September 2005, the Group’s working capital increased about 15.1% to HK\$1,314,867,000 (31 March 2005: HK\$1,142,137,000), which mainly attributable from operating income and the proceeds from disposal of the old Tai Po factory of HK\$180,000,000. At 30 September 2005, the Group’s cash and cash equivalents amounted to HK\$911,246,000 (31 March 2005: HK\$770,806,000).

At 30 September 2005, the Group’s gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders’ equity, was 3.2% (31 March 2005: 3.3%).

During the period, the Group’s capital expenditure was approximately HK\$62,085,000.