

creative  
influential  
multi-cultural  
professional  
popular  
publishing

Management's Discussion and Analysis  
Operations Review

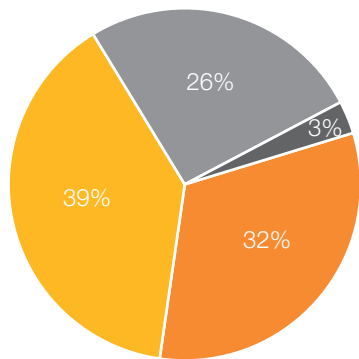


# publishing

Management's Discussion and Analysis  
Operations Review

The development pace in the  
**Mainland  
China market**  
in year 2005 has been  
**stepping up**

Revenue Mix



- Advertising
- Book Sales
- Magazine Sales
- Others



Revenues of the Publishing Group grew 14% to HK\$1,035 million for the year. EBITDA was HK\$137 million, a growth of 21% over last year's HK\$113 million; EBITDA margin was 13% compared to 12% in the past year. Segment profit of the group increased by 14% to HK\$97 million.

Taiwan remains the main growth avenue for the Publishing Group and accounted for 93% of the group's total revenues for the year. The joint venture Popular Computer Week in Chongqing, of which TOM owned approximately 49% and the exclusive rights in advertising and distribution, contributed HK\$21 million EBITDA to the Publishing Group for the year.

Revenues of advertising made up 32% of the group's total revenues for the year. Magazine sales accounted for 26% of the total versus last year's 28%, while book sales made up 39% compared to 36% in the past year. During the year, five new magazines were launched and over 2,000 new book titles were published.



As at 31 December 2005, the Publishing Group has a portfolio of over 60 magazine titles and over 40 imprints in book. The group operated five bookstores in Taiwan and one in Hong Kong for the year.

The publishing businesses in Taiwan i.e. Cité Publishing Group mainly publishes books and magazines. The development pace in the Mainland China market in year 2005 has been stepping up after successfully licensed over 460 book titles and 13 magazines to Mainland China. In the fourth quarter of 2005, “DG Best”, “So Cool” and “Global Business”, the extension of “Business Weekly”, were formally launched in Mainland China, whilst “Micro-Electronic” and “International Wrist Watch” are the leading magazines in Mainland China and the extension of the Taiwan editions.

During the year, the publishing group in Taiwan won several awards including 2005 Golden Tripod Awards and Business Weekly was awarded as the Best Business Magazine, 2005 Golden Butterfly

Award, Top 12 non-literature books recommended by 2005 Taipei International Book Exhibition, Top 10 best books recommended by Graduate Institute of Technology and Innovation Management at National Chengchi University, Top 100 best physical books recommended by the Physical Society of Republic of China. In addition, for the 18 publishing trademarks of cultural and creative industries nominated by Intellectual Property Rights Bureau of the Ministry of Economic Affairs, 12 of our publishers and imprints won the awards.

The publishing group in Taiwan has started the trial run e-publishing in year 2006 and over 40 e-publishing products will be launched to test market, the content will be self-own licence, pictures and literary.

Looking to the future, the group will leverage the resources in Taiwan and the joint venture Popular Computer Week to increase its presence in the Mainland China market and will continue to explore opportunities in acquisition.



### 2005 Selected Award-winning Publications

- Golden Tripod Awards – “Business Weekly” as the Best Business Magazine
- Golden Tripod Awards – Editor of the topic “Business Weekly-Grandmother’s Son” as the Best Reporter
- Golden Butterfly Award – Cité’s “Little Sun”
- Top 10 best books recommended by National Chengchi University: Cité’s “The Economy of Aesthetics”, “When Markets Don’t”, “Guiding Growth” etc
- Top 100 best physical books recommended by Physical Society of ROC: Cité’s “The Ghost in the Atom”, “What is Life?”, “The Pursuit of Destiny: A History of Prediction” etc