

## INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

For the first half of 2006, the Group reported total revenue of approximately HK\$42.7 million, almost at the same level in the corresponding period of 2005. Operating profit amounted to approximately HK\$6.2 million, representing a decrease of approximately 75% from the corresponding period last year. Profit attributable to shareholders was approximately HK\$698,000 representing a decrease of approximately 95% from the corresponding period last year.

Despite the fact that the Group's flagship title "Caijing Magazine" achieved an encouraging increase in revenue leveraging on its well-known brand name and excellent quality, enabling it to maintain its leading position among other finance magazines in China. However, advertising revenue of "Real Estate" (formerly known as "New Real Estate") dropped because the Chinese domestic real estate and related industries were heavily hit as a result of the Chinese government's implementation of stringent policies to curb the overheating real estate sector. Related events under planning had also been called off.

In view of the Group's long-term development, the Group collaborated with renowned international media group TIME Inc. in the first half of the year to launch "Sports Illustrated" in Mainland China. With respect to the household sector, the Group also teamed up with US renowned Meredith Corporation to introduce "Better Homes and Gardens" in China. A working team was set up by the Group for these magazines for the launch of trial copies during the first half of the year, but official publication of these magazines are expected to be launched in the second half of the year. In the meantime, "PC Magazine", a publication jointly launched with Ziff Davis Media Inc. at the end of 2005 also performed satisfactorily. However, it has commenced operation for only six months and is still in the nurturing stage. As a result of the substantial initial investment for the launch of these three titles, the Group recorded a fall in its profit in the first half of 2006.

## OUTLOOK

Given the Chinese government's determination to cool down the overheated real estate sector, it is anticipated that the Chinese domestic real estate market will not recover in a short period of time and as a result, advertising revenue from "Real Estate" will not pick up rapidly as well. However, in view of the sustained growth of the Chinese economy in recent years, it is expected that the real estate market will still have room for expansion. Furthermore, with "Real Estate"'s renowned brand name, the Company anticipates operating revenue from real estate advertisements to be encouraging, while flagship title "Caijing Magazine" will continue to maintain a positive growth momentum by taking advantage of its well-recognized brand name and superior quality.