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.

The management has a firm belief that the Group's promising development in the future lies in the launch of more branded publications. China's sports market is expected to undergo drastic changes with the upcoming of the 2008 Beijing Olympic Games. The Group partnered with an international top media group to launch "Sports Illustrated" with a focus placed on the development of the sports market driven by the Olympic Games. However, it takes time to build up the brand presence, it is therefore unlikely for "Sports Illustrated", which is still at its nurturing stage in the year, to generate operating profit, and as a result the Group's profit for the year will be hit. The other two magazines, namely "Better Homes and Gardens" and "PC Magazine" also face similar situation.

The management believes that the Group should also strengthen its investment in the Internet business to cope with the challenges from ever-changing technology nowadays.

In conclusion of the aforesaid, it is anticipated that Group's operating profit will drop in 2006 which, however, will lay a solid foundation for substantial development in the coming years. Looking forward to the future advertising market, the Group plans to build up a diversified brand portfolio at the earliest possible time to facilitate its long-term strategic development.

LIQUIDITY AND FINANCIAL RESOURCES

On 19 May 2006, the Company issued US$10 million 2% convertible bond due 2011 and nil-paid warrant to Templeton Strategic Emerging Markets Fund II, LDC to raise fund to facilitate development and expansion of the Group. The proceeds was approximately HK$78 million and was used primarily as general working capital of the Group.

In May 2006, 708,502 shares of Sun New Media Inc of total value at US$2,692,308 (approximately HK$21 million) were received for settlement of the loan receivable. The investment was recorded as available-for-sale investments. As at 30 June 2006, the Group had available-for-sales investments of value approximately HK$32 million as compared to approximately HK$10 million as at 31 December 2005.

On 30 June 2006, the Group had acquired the remaining 22% effective interest in the Caixun Group and the aggregate purchase consideration of RMB95,749,000 (approximately HK$92,066,000) was settled in cash in Renminbi from internal resources.

The Group's daily operation activities were financed by internal resources. The Group's equity attributable to equity holders of the Company as at 30 June 2006 was approximately HK$273.9 million as compared to approximately HK$268.8 million as at 31 December 2005.

The Group had non-current debt of approximately HK$67.7 million as at 30 June 2006 and had no non-current debt as at 31 December 2005. The gearing ratio, which was computed by non-current liability over equity attributable to equity holders of the Company was 24.7% as at 30 June 2006.