



RESULTS

For the six months ended 30 September 2006, the Group recorded a profit of HK\$143,400,000 before netting off the expenditure incurred for the newspaper promotion campaign of HK\$139,600,000. The unaudited profit attributable to shareholders amounted to HK\$3,800,000. The decrease in the Group's profit was mainly due to the soaring production costs and the newspaper promotion campaign.

INTERIM DIVIDEND

The Directors have resolved not to pay interim dividend for the six months ended 30 September 2006 (six months ended 30 September 2005: HK2.5 cents per share).

BUSINESS REVIEW

As the competition in the advertising industry has intensified, there has been a decrease in the Group's advertising revenue. High production costs including those of crude oil and newsprint, together with the newspaper promotion campaign during the period, led to increases in overall operating costs. As a result, the Group recorded a less than satisfactory operating result.

In terms of circulation and readership, "Oriental Daily News" and "The Sun" together shared approximately 60% of the Chinese newspaper market in Hong Kong. "Oriental Daily News", as the best-selling newspaper in Hong Kong for 30 years, is the most profitable publication of the Group. Since the launch of a campaign to reward readers in October last year, the circulation and both the advertising rate and volume of "The Sun" have recorded remarkable increases. During the period, the retail price of "The Sun" has been adjusted twice: an increase to HK\$4 on 13 May 2006 and another to HK\$5 on 26 August 2006. The circulation remains steady, but it generates increased circulation revenue for the Group.

Through the effort of the development team, the usability of "Oriental Daily News © Paper" and "The Sun © Paper", the Group's proprietary products, continues to improve and this has strengthened their competitiveness. "orisun.com", our flagship online portal, has serviced the global community with its extensive content. Riding on the rapid development of online advertising market, "orisun.com" has become one of the major online media, generating significant revenue growth. Following our highly successful mobile site <wap.orisun.com>, "orisun.com" has launched a new channel <breaking news> whose content is continuously updated and improved. With support from the editorial professionals of our two newspapers, the website has been providing readers with round-the-clock, high-quality real-time news, and has produced a series of in-depth current affairs features. Together with our wap platform, readers can have easy access to our news content. During the period, "orisun.com" has successfully entered into agreements with three of the top international handset manufacturers to pre-load their latest phones with shortcuts to our mobile news or websites. This has been well-received by users who have joint the customer base of the Group's wireless platform.