

DISCUSSION AND ANALYSIS FOR THE GROUP'S PERFORMANCE

The consolidated turnover of the Group for the six months ended 30th June 2002 ("Period") amounted to HK\$538.8 million as compared to HK\$648.5 million for the six months ended 30th September 2001 ("Previous Period") while operating losses narrowed substantially from HK\$18.7 million to HK\$8.6 million (excluding gain on disposal of commercial printing operations). The Group recorded an exceptional gain of HK\$146.9 million from the disposal of its commercial printing operations. Profit attributable to shareholders was HK\$122.4 million for the Period.

The decline in turnover was mainly attributable to the sale of the Group's commercial printing operations during the Period.

Publishing operations

Revenue for the publishing operations for the Period, which included contribution from the newly set up magazine division, amounted to HK\$413.0 million as compared to HK\$399.6 for the Previous Period. Although the local economy had yet to show signs of recovery, the Group managed to mitigate the effects on advertising income by launching new publications and improving existing products.

During the Period, the publishing operations recorded operating profit of HK\$1.6 million as compared to operating loss of HK\$35.1 million for the Previous Period. The marked improvement was a result of continuous cost cutting efforts with improving gross margin.

Commercial printing operations

The Group entered into a sale and purchase agreement with an independent third party to dispose of its commercial printing operations on 25th January 2002 which was subsequently completed on 19th April 2002. Revenue for the commercial printing operations from 1st January 2002 to 19th April 2002 was HK\$103.6 million while operating profit was HK\$5.4 million.

Profit shared from jointly controlled entities and associates

Share of profits from jointly controlled entities and associates for the Period was HK\$3.1 million. Increased contribution from the Canadian newspaper operations was offset by a non-recurrent provision for one of the Group's investment and higher losses sustained by the Colony Hotel in Toronto.