

## REVIEW OF OPERATIONS

The principal activities of the Group comprise Media Ownership and Services, Human Capital Management, Broadband Content and Distribution, and Trading.

During the first half of 2004, the Group generally saw improvements in its operations in line with the recovery in the Hong Kong economy. The consolidated turnover of the Group for the six months ended 30 June 2004 ("Period") increased by 20.1% to approximately HK\$678.2 million, as compared with approximately HK\$564.8 million for the six months ended 30 June 2003 ("Previous Period"), reflecting a revival in business volume in its core businesses. The Group took advantage of its strong cash position and continued confidence in business prospects and further expanded and diversified its media businesses, in particular its magazine and overseas newspaper operations. The investments made in these businesses, together with higher newsprint cost and usage, resulted in a loss from operating activities of approximately HK\$7.0 million for the Period. Net loss attributable to shareholders for the Period amounted to approximately HK\$9.8 million, or HK0.53 cents per share.

## 營運回顧

本集團的主要業務包括媒體出版與服務、人力資本管理、寬頻內容與服務與及貿易。

隨著本港經濟復蘇，本集團於二零零四年度首六個月的營運情況亦有所改善。截至二零零四年六月三十日止六個月（「本期內」），本集團之綜合營業額約為678,200,000港元，相較於二零零三年六月三十日止六個月（「去年同期」）約為564,800,000港元綜合營業額，上升20.1%；而營業額的上升概基於核心業務量均有所增加。本集團亦乘其穩健現金狀況及對其業務展望充滿信心，進一步開拓媒體業務，使之更多元化，尤其在雜誌及海外報章方面；亦由於需要投放資源於這些業務上，加上報紙紙張價格及使用量的上升，導致本期內錄得約為7,000,000港元的經營業務虧損。而本期內股東應佔日常業務虧損淨額約為9,800,000港元，或每股0.53港仙。

## MEDIA OWNERSHIP AND SERVICES

With the improvement in the economic environment, the Group's Media operations maintained profitability with a growth in turnover of 24.7%, from approximately HK\$430.1 million in the Previous Period to approximately HK\$536.4 million in the Period.

### Media Ownership Unit

The two newspapers published by the Group in Hong Kong, Sing Tao Daily and The Standard, both staged a healthy recovery during the Period with steady growth in advertising and circulation revenue. Building on its traditional strength in property advertising, Sing Tao Daily actively developed new categories of advertising and widened its customer base, with particular success in the retail, banking and telecommunications segments. Circulation continued its rising momentum, led by the weekend editions where infotainment and features content had been enriched. Continuing efforts were made to improve the editorial content, including the launch of a new Investment Weekly supplement in April, which further drove up circulation. Average daily circulation during the Period was 18.2% higher as compared with the Previous Period. The growth is particularly noteworthy in the context of a general trend of declining newspaper readership in the market.

## 媒體出版與服務

由於經濟環境得到改善，本集團之媒體業務於本期內保持盈利狀況，營業額從去年同期約為430,100,000港元增至本期內約為536,400,000港元，升幅為24.7%。

### 媒體出版

本集團在香港出版之兩份報章，《星島日報》及《英文虎報》，於本期內均已步入復蘇期，其在發行和廣告的收入亦見穩健增長。《星島日報》在其地產廣告的傳統優勢上，積極開拓嶄新的廣告領域，拓大客戶網絡，尤其在零售、銀行及電訊分類行業中，成績更見綽著。此外，周末版進一步加強其副刊及娛樂資訊內容，帶動發行量穩步上升。本集團亦不斷致力改善編採內容，包括於本年四月份創刊隨報附送的《投資王》周刊，也刺激了報章的發行量。而本期內每日平均發行量亦較去年同期增加了18.2%。在報紙讀者人數下降的市場普遍趨勢下，這項增長尤其值得一提。

The Standard continued to position itself as a leading source of information on Greater China's business and economy. Market share leadership was maintained in listed company notices, revenue from which benefited from increased capital markets activity during the Period. At the beginning of the year, a new management team was installed to lead the newspaper, including the appointment of one of Asia's most experienced business journalists as its Publisher and Editor-in-Chief. Since then, additional resources have continued to be committed to improve the newspaper's content, operations and market position. The initial response from both readers and advertisers has been encouraging. On 20 September, The Standard unveiled a more contemporary design in order to highlight the paper's improved editorial content.

The overseas operations of Sing Tao Daily recorded satisfactory growth in terms of both circulation and advertising revenue in all major markets. In order to reinforce our leading position in existing markets as well as to expand our presence in new markets, significant investments were made on strengthening our overseas operations during the Period. Resources were allocated to increase the circulation and readership base, to enhance the editorial offering as well as to improve the production facilities. In the USA, we grew our market share in San Francisco also through the acquisition of Chinese Times 《金山時報》, an 80-year old locally published newspaper which we have since successfully revamped. In Europe, a new office was opened in Amsterdam to extend our reach further into Continental Europe.

《英文虎報》繼續定位為大中華地區商務及財經資訊來源的先行者。本期內，該報於上市公司通告之市場佔有率持續領先；其收入亦受惠於本期內增多的資本市場活動。本集團於本年初延聘了亞洲區資深傳媒精英加入管理層，出任該報社長及總編輯，又投放額外資源以進一步提升內容質素、營運及市場地位。而讀者及廣告客戶的反應均令人鼓舞。為了突出該報充實的編採內容，於本年九月二十日進行更新版面，務求給予讀者煥然一新之感。

《星島日報》的海外業務有可觀增長，於各主要外地市場的發行及廣告收入皆令人滿意。本集團於本期內在海外業務亦作出重要投資，通過增加發行量及擴大讀者群、提供更豐富內容及改善生產設備，以加強營運、進一步鞏固現存的領導地位，與及開拓新市場。在美國，本集團更通過收購在三藩市有八十年歷史的《金山時報》，並將之成功全面革新，進一步提高市場佔有率。而歐洲方面，亦於荷蘭阿姆斯特丹開設新的辦事處，將業務更深入拓展至歐洲大陸。

The Group's Magazine unit underwent a restructuring in its portfolio and management structure during the Period. Focus was put on strengthening our titles in three core topics, namely current affairs and entertainment, lifestyle, and IT news and trends. A new management team from Sing Tao Daily was transferred to the unit in early 2004, with a view to creating more synergies within the Group's Media operations. Since then, investments have been made to bolster the strength of the management, editorial and sales teams. In particular, increased resources were put into Eastweek to rebuild its brand and quality. To differentiate from its competitors and its previous image, the magazine was relaunched in May with a new logo and a total new look, and has achieved satisfactory growth in both circulation and advertising revenue.

In line with our "Central Kitchen" concept for content creation, the content of Eastweek has been utilized in Sing Tao Daily's overseas editions as a separate weekly insert. This has not only had an immediate positive impact on the circulation and advertising performance of the overseas editions, but has also helped to extend and promote the Eastweek brand in the overseas markets.

The Book Publication unit, although still representing a relatively small contribution to overall results, progressed considerably during the Period. By the end of June, the number of titles published had increased to over 200, focusing on travel, parenting and educational topics. In July, the unit became a licensee of the Walt Disney Company for publishing and distributing bi-lingual Disney children storybooks in Hong Kong and Macau.

雜誌業務方面，本集團於本期內作出業務重整及管理層調配事宜，重點發展三個核心雜誌類別：時事財經及綜合娛樂、文化潮流與及科技資訊。本年初，從《星島日報》調配部份管理層主理雜誌業務，務求為營運帶來更多協同效益。同時，本集團繼續投放資源，以進一步加強管理層、編採及銷售部門的實力。在《東周刊》方面，為與競爭對手在風格上識別及擺脫其原先形象，本集團亦撥出更多資源，以提高質素及為品牌重新定位，而該刊亦在五月份採用新標誌及以全新形象推出，使發行及廣告收入均錄得令人滿意的增長。

秉承本集團一向採取共用內容資源的「中央廚房」概念，《東周刊》的內容亦轉載於《星島日報》海外版每周附送的專號內。此舉不但為海外版的發行及廣告表現即時帶來正面影響，亦有助推廣該刊及拓展其海外市場。

圖書出版業務方面，雖然目前僅佔本集團整體業績中一個較小的份額，卻在本期內迅速增長。截至本年六月底，其出版書目已超過200個，當中重點系列包括旅遊、親子及教育。另外，圖書出版部門亦在七月份獲授代理出版及於香港及澳門發行「迪士尼」中英雙語兒童故事叢書系列。

### Media Services Unit

The Group's print media distribution business in the PRC, conducted under a joint venture with the People's Daily Press 《人民日報》, made significant progress during the Period. The magazine distribution business, having been initiated in Beijing and extended to southern China during the second half of last year, focused on building up the number of titles handled, which grew from around 1,000 at the beginning of 2004 to over 1,200 at the end of June. At the same time, investment has been made on building a comprehensive IT network for distribution and logistics to offer value-added services to its customers. In line with its strategy of developing a nation-wide network for print media distribution, the joint venture will continue to explore acquisition opportunities in provincial distribution capabilities.

### 媒體服務

本集團與《人民日報》社在國內合資經營之平面媒體發行業務，於本期內有綽著進展；其期刊發行業務在北京展開後，已於去年下半年拓展至華南地區。業務發展重點除增加書目發行數量（由二零零四年初的約1,000個增至六月底的1,200個），還投放資源建立更全面的發行及物流資訊科技網絡，向客戶提供增值服務。另外，為配合全國性平面媒體發行網絡的策略，上述合資企業將繼續物色可收購對象，進一步打通各省的發行商機。

## HUMAN CAPITAL MANAGEMENT

The rebound in the Hong Kong economy and positive effects brought about by “CEPA” and the “Individual Visit Scheme” benefited the Group’s Human Capital Management unit (“HCM”), which comprises two main businesses: publishing of recruitment and continuing education publications, and provision of corporate training services. During the Period, HCM delivered sound results, with a significant growth in turnover of 50.3% as compared with the Previous Period. The unit achieved an operating profit of approximately HK\$0.03 million, registering a turnaround from the loss of approximately HK\$2.3 million in the Previous Period.

### Recruitment Media

The unit’s flagship recruitment media, JobMarket, had an outstanding first half as it broadened its services continually to take advantage of the revival in the employment market. Apart from the weekly publication, the online job seeking website, [www.jobmarket.com.hk](http://www.jobmarket.com.hk), was enhanced with real time features and a number of large-scale career exhibitions and seminars were organized, with a view to providing a one-stop solution to serve customers’ needs in recruitment advertising. The new monthly publication launched last year, Education Plus, has successfully been developed to become a leading brand for continuing education advertising, with an integrated print and online platform.

### Corporate Training

The corporate training and e-learning business carried out through a joint venture with the University of International Business and Economics (“UIBE”) in Beijing continued to make steady progress during the Period. Over 13,000 students have registered for the new academic year in September 2004 at the web-based distant learning university, eUIBE. At the same time, corporate training courses have been developed with reputable overseas educational institutes such as the University of Toronto, to broaden the business base and bring in additional revenue source.

## 人力資本管理

本集團的人力資本管理業務亦受惠於較早前復蘇的本港經濟，與及「更緊密經貿關係」和「自由行」等措施。而人力資本管理業務概包括兩個主要範疇：出版招聘和持續教育刊物，與及提供企業培訓服務。與去年同期相比，人力資本管理業務於本期內的業績超卓，營業額顯著增長50.3%，整體經營溢利約為30,000港元，扭轉了去年同期虧損約為2,300,000港元的不利形勢。

### 招聘媒體

作為轄下旗艦刊物，《求職廣場》乘著就業市場復蘇之利，不斷拓展服務，在上半年表現出色。除該週期刊物外，網上求職網站[www.jobmarket.com.hk](http://www.jobmarket.com.hk)增設即時更新功能，並舉辦多個大型職業展覽及講座，務求提供一站式解決方案，以配合顧客的招聘廣告需求。嶄新月刊《進修指南》配合隨刊附送的專號及網上平臺，已於去年推出，並成功發展為持續教育廣告客戶的首選品牌刊物。

### 企業培訓

本集團透過與北京對外經濟貿易大學合營之中外合資企業，經營企業培訓及網上進修業務，在本期內獲得穩定增長。二零零四年九月新學年，超過13,000名學生已於網上遠程大學註冊。同時，該合資企業又與海外著名學府如多倫多大學合辦企業培訓課程，拓闊業務基礎及引入額外收入來源。

## BROADBAND CONTENT AND DISTRIBUTION

The Broadband Content and Distribution unit achieved satisfactory progress during the Period. Beelink Information Science & Technology Co., Ltd. (“Beelink Information”) (百靈信息科技有限公司) maintained its market leadership as the dominant broadband service provider in Jinan, Shangdong Province, with a subscriber base of over 85,000, representing a 25% increase as compared with the end of 2003. At present, Beelink Information’s broadband network has more than 90% coverage in Jinan. In conjunction with its broadband services, efforts have been placed on developing value-added services, such as short messaging, games and online advertising, which generated a steady source of additional revenue.

Beelink Information’s system integration and development business, which primarily targets provincial government projects, was negatively affected by the macroeconomic control measures implemented in the PRC during the first half, as government departments cut back on their IT budgets. To diversify its revenue source from this business, Beelink Information has accelerated efforts to broaden its product offerings for non-government sectors.

## TRADING

Revenue at the Trading unit benefited from the rapidly developing digital camera market in the PRC. Although intense competition in the market had resulted in pressure on operating margins, the unit recorded a significant growth in sales of 64.7% as compared with the Previous Period. In order to compensate for the deteriorating margins in the photographic product distribution business, the unit has begun to diversify into new product lines whilst leveraging on its existing distribution network, and a newly licensed brand of “Jeep” camera and video bags were launched in August.

## 寬頻內容與服務

本集團的寬頻內容與服務業務於本期內進展理想，轄下百靈信息科技有限公司（「百靈信息」）一直保持其市場領導地位，為山東省濟南市之主要寬頻服務供應商，其寬頻用戶超過85,000，較二零零三年底增加25%。現時，百靈信息於濟南市之寬頻網絡覆蓋率已超過90%。為配合寬頻服務，百靈信息更積極拓展增值服務，如流動電話短訊、遊戲及網上廣告等，以開拓穩定額外收入來源。

百靈信息之系統整合及開發業務（其主要客戶對象為省政府項目），於上半年受到國內實施宏觀經濟調控，政府部門削減資訊科技項目經費的影響，有見及此，百靈信息已加速開拓非政府界別之產品供應，使業務收入來源更趨多元化。

## 貿易

本集團之貿易業務於本期內收入受惠於發展迅速的國內數碼相機市場。儘管市場競爭激烈致使經營利潤受壓，但相較去年同期貿易業務銷售額仍錄得64.7%顯著增長。為填補攝影產品分銷業務下跌之利潤，該部門已開始開發新產品線及利用現有分銷網絡，並於八月推出新特許品牌「JEEP」相機及攝錄機袋。

## PROSPECTS

The recovery of the Hong Kong economy in the first half of 2004 has provided a favourable operating environment for the Group, and we have taken advantage of such an environment to make appropriate investments to strengthen our competitiveness, as well as to expand our business where, we believe, the market represents growth potential. At the same time, faced with escalating newsprint prices against our achievements in growing circulation of our publications, we have made efforts on improving operational efficiency to keep costs under control.

Looking to the second half of 2004, we shall continue to adopt a prudent approach, combining a strategy of investing selectively in new products and markets for long term growth, and exercising discipline in cost control and productivity gains to ensure improved profit performance. We are confident that the investments we have made have laid a strong foundation for our future growth, and have positioned the Group to fulfill its long term objective of becoming a leading multi-media content provider for global Chinese communities.

## LIQUIDITY AND FINANCIAL RESOURCES, GEARING RATIO, CHARGES ON GROUP'S ASSETS

The Group maintained a strong financial position with a net cash position throughout the Period. During the Period, the Group received repayments of approximately HK\$26 million from its jointly-controlled entity in Canada, and invested approximately HK\$56 million in various high yield short-term investments to maximize the return on cash on hand. As at 30 June 2004, the Group had a net cash balance (calculated with reference to the Group's cash balances and total borrowings) of approximately HK\$459 million (31 December 2003: approximately HK\$544 million).

## 展望

二零零四年上半年，本港經濟復蘇為本集團提供有利的經營環境，本集團亦把握時機，作出適當投資以加強競爭力，並把業務拓展至具增長潛力的領域。同時，在報紙紙張價格上升及本集團出版刊物之發行量持續上升的環境下，本集團已著力改善經營效率以控制成本。

在二零零四年下半年展望方面，本集團將繼續持謹慎態度，以選擇性策略投資在新產品及市場上，務使利潤長期增長。同時，嚴格控制成本，加強生產力，以保障盈利目標。本集團深信作出的資源投放已為未來發展奠定良好基石，並締造有利條件藉以達至本集團之長遠目標，成為全球華人社群中領先的跨媒體內容供應商。

## 流動資金及財務資源、資本負債比率、本集團資產抵押

本集團於本期內維持穩健之財政狀況並有現金淨額。本期內，本集團自加拿大共同控制公司收取約為26,000,000港元之還款及投放約為56,000,000港元於多項高收益短期投資，以盡量增加手頭現金回報。截至二零零四年六月三十日，本集團現金結餘淨額（根據本集團現金結餘及借貸總額計算）約為459,000,000港元（二零零三年十二月三十一日：約為544,000,000港元）。

The gearing ratio, defined as long-term borrowings to equity, was zero as at 30 June 2004 (31 December 2003: zero). As at 30 June 2004, the Group had pledged time deposits of approximately HK\$52 million (31 December 2003: approximately HK\$58 million) to secure banking facilities granted to the Group.

The Group adopts a prudent approach in managing its treasury function and uses different hedging methods to minimize the impact of foreign exchange fluctuations on its financial performance.

## EMPLOYEES

As at 30 June 2004, the Group had a total of approximately 2,000 employees.

The Group adopts a prudent human resources policy to ensure that while managing an efficient cost base, it will be able to attract and retain quality staff. Apart from basic salaries, the Group provides its staff with various fringe benefits such as medical insurance, discretionary bonus, share options and contribution to mandatory provident fund.

## INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (Previous Period: Nil).

截至二零零四年六月三十日本集團之資本負債比率(即長期借貸除以股本)為零(二零零三年十二月三十一日:零)。截至二零零四年六月三十日,本集團已向銀行抵押定期存款約為52,000,000港元(二零零三年十二月三十一日:約為58,000,000港元),作為本集團所獲銀行信貸之擔保。

本集團採取審慎方式管理其財資運作及使用各種對沖方法以減低因外匯波動而對本集團造成之影響。

## 僱員

截至二零零四年六月三十日,本集團共有約2,000名僱員。

本集團採取審慎之人力資源政策,以確保管理符合成本效益之餘,亦可吸引及挽留優秀員工。除基本薪金外,本集團亦向員工提供醫療保險、不定額花紅、購股權及強制性公積金供款等多項福利。

## 中期股息

董事會議決不會就本期派任何中期股息(去年同期:無)。