

Management Discussion and Analysis

管理層討論及分析

FINANCIAL RESULTS

The consolidated turnover of the Group for the year amounted to approximately HK\$1,441 million as compared with approximately HK\$1,182 million last year. The Group recorded exceptional gains of approximately HK\$18 million on revaluation on properties and approximately HK\$18 million on disposal of an unconsolidated subsidiary. Profit after tax amounted to approximately HK\$4 million as compared with approximately HK\$10 million last year.

FINANCIAL REVIEW

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 year under review. During the year, the Group received repayments of approximately HK\$26 million from its jointly-controlled entity in Canada, and invested approximately HK\$57 million in various high yield short-term investments to maximize the return on cash on hand. As at 31 December 2004, the Group had a net cash balance (calculated with reference to the Group's cash balances and total borrowings) of approximately HK\$468 million (31 December 2003: approximately HK\$544 million).

The gearing ratio, defined as long-term borrowings to equity, was zero as at 31 December 2004 (31 December 2003: zero). As at 31 December 2004, the Group had pledged time deposits of approximately HK\$42 million (31 December 2003: approximately HK\$58 million) to secure banking facilities granted to the Group.

Capital structure, exposure to fluctuations in exchange rates

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.

財務業績

本集團本年度之綜合營業額為約1,441,000,000港元，去年則為約1,182,000,000港元。本集團因重估物業及出售一間未有作合併賬處理之附屬公司而分別錄得非經常收益約18,000,000港元及約18,000,000港元。除稅後溢利為約4,000,000港元，去年則為約10,000,000港元。

財務回顧

流動資金及財務資源、資本負債比率及本集團資產抵押

於回顧年內，本集團之財務狀況維持穩健，全年保持淨現金狀況。年內，本集團收取其於加拿大之共同控制公司之還款約26,000,000港元，並投資約57,000,000港元於若干高回報短期投資，以擴大手頭現金回報。於二零零四年十二月三十一日，本集團之現金結餘淨額（經參考本集團之現金結餘及總借款計算）約為468,000,000港元（二零零三年十二月三十一日：約544,000,000港元）。

於二零零四年十二月三十一日，資本負債比率（即長期借貸與資本之比率）為零（二零零三年十二月三十一日：零）。於二零零四年十二月三十一日，本集團已抵押定期存款約42,000,000港元（二零零三年十二月三十一日：約58,000,000港元），作為本集團銀行備用額之擔保。

資本結構、匯率波動風險

本集團審慎管理其司庫功能，並採用不同之對沖方法，務求將外匯波動對其財務表現造成之影響減至最低。

Contingent liabilities

Save as the corporate guarantee given to banks to secure the banking facilities, as at 31 December 2004, the Group did not have any contingent liability or claim which the Directors considered to be material.

BUSINESS REVIEW

Media Ownership and Services

The Group's core business, Media Ownership and Services, benefited from the recovery in the local economy and achieved satisfactory results for the year. Revenue of the Media operations increased by approximately 17% in 2004 as compared with 2003. Although the business remained profitable, higher costs due to escalating newsprint prices, increased paper consumption arising from circulation growth, and investments in the business to lay a strong foundation for future development had resulted in a lower operating profit of approximately HK\$4.4 million for the year, compared with approximately HK\$13.4 million in 2003.

Media Ownership Unit

Newspaper publishing and magazine publishing are the two key businesses within the Media Ownership unit. The Group's flagship newspaper, Sing Tao Daily, recorded a significant growth in circulation and readership in 2004, which confirmed the success of our strategy of focusing on offering the highest quality newspaper for Hong Kong's middle-class readers. On the editorial side, efforts were made on developing our political news reporting and commentaries, which were well received by the market. We also focused on information regarding investments and finance which catered to the needs of the recovering economy, as well as infotainment and features content for the weekend editions. The results were evident: average circulation of Sing Tao Daily recorded a substantial increase in 2004 as compared with 2003, in particular on Mondays, on which the "Investment Weekly" supplement was bundled with the newspaper, as well as on Saturdays and Sundays. Circulation of the property supplement "Super Property Browser" also saw a major upsurge, reinforcing Sing Tao Daily's leading position in the property advertising market. The newspaper

或然負債

除為銀行備用額向銀行提供公司擔保外，本集團於二零零四年十二月三十一日並無任何董事認為屬重大之或然負債或索償。

業務回顧

媒體出版與服務

受惠於本港經濟復甦，本集團之核心媒體出版與服務業務於本年度取得令人滿意的業績。於二零零四年，媒體業務之收入較二零零三年增加約17%。儘管該業務保持盈利，但由於報紙紙張價格持續攀升及發行量的上升令紙張消耗量增加，均引致成本上揚。同時，本集團於本年內投放資源，為未來發展奠定基石。以上原因導致本年度經營溢利從二零零三年錄得的約13,400,000港元下降至約4,400,000港元。

媒體出版

報章出版及雜誌出版乃本集團媒體出版之兩大主要業務。於二零零四年，本集團之旗艦報章《星島日報》在發行量及讀者人數兩方面均錄得強勁增長，這肯定了本集團為香港中產階層提供最優質報章的策略。在編採方面，《星島日報》致力發展政治新聞報道及評論，在市場上大受好評。另外，《星島日報》為配合經濟復甦之環境，向讀者提供更多投資及財經資訊，更於逢周一隨報附送《投資王》周刊；同時又在周末版增添娛樂資訊及副刊等內容。透過上述的策略及努力，成績有目共睹：《星島日報》二零零四年之平均發行量相對二零零三年明顯上升，尤其以周一、周六及周日為然。地產專刊《超級睇樓王》之發行量亦大幅飆升，更加鞏固了《星島日報》於地產廣告市場之領導地位。該報章亦積極地開發新廣告類別擴闊客源，尤其在零售、銀行及電訊業方面，成績顯著。《星島日報》更不斷開發創新之廣告形式從而幫助廣告商有效地推銷其

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also actively developed new categories of advertising and widened its customer base, especially in the retail, banking and telecommunications segment. Innovative formats of advertising were developed to help advertisers reach their audience effectively, and earlier this year Sing Tao Daily pioneered a “musical wrapper” advertisement for a property developer. This original format, by combining the audio and print medium, set a new direction for advertising and promotion in Hong Kong, and was very well-received in the market.

In view of the more positive outlook for the advertising markets, during the year we made prudent investments in our media products to increase their competitiveness, notably the overseas editions of Sing Tao Daily and The Standard. The latter has successfully been re-positioned as a leading source of information on Greater China’s business and economy. Under the new management team put into place in January 2004, additional human and technology resources have been committed to strengthen the newspaper’s content, operations and market position.

Through a series of investments made in our overseas markets, the overseas operations of Sing Tao Daily registered strong growth in both circulation and advertising in 2004. In all our major markets, we further built up our editorial resources and enhanced the content offering, as well as invested in efforts to expand our circulation and readership bases. We successfully fended off the challenge to our leadership position from new competitors in San Francisco, and grew our business significantly notwithstanding the competition. In Europe, we opened a new office in Amsterdam in June 2004 to extend our reach further into the Continent. We believe that the overseas Chinese markets represent ongoing potential for development and will continue to make appropriate investments to increase our competitive advantage. In Los Angeles, preparations are underway for a brand new printing and production plant, to be in operation later this year, which will further facilitate business growth.

產品，並於今年初為一地產發展商推出首創「音樂盒式」廣告，此種以聲音結合文字的跨媒體宣傳，揭示了香港之廣告及宣傳的新方向，在市場內大受歡迎。

鑑於廣告市場前景樂觀，本集團於本年內在媒體產品上作出了謹慎投資，務求提升其競爭力，尤以《星島日報》海外版及《英文虎報》為然。後者已成功重新定位為大中華區商務及財經資訊來源的先行者。本集團於二零零四年一月延聘了新的管理班子加入《英文虎報》，並投放了額外的人力及技術資源以提升該報章之內容、營運及市場地位。

透過在海外市場之一系列資源投放，於二零零四年，《星島日報》海外業務在發行量及廣告量均有可觀的增長。本集團在主要海外市場進一步強化編採資源及提供更豐富內容，同時力求增加發行量及擴闊讀者群。在三藩市，縱使於本年內有新的競爭對手加入市場，本集團仍然錄得業務上的顯著增長，並成功保持《星島日報》於市場上的領導地位。在歐洲方面，本集團於二零零四年六月在荷蘭阿姆斯特丹開設了新辦事處，將業務更深入拓展至歐洲大陸。由於海外華人市場具有持續發展潛力，本集團將繼續作出適當資源投放以提升其競爭優勢。在洛杉磯，本集團正籌備一所全新之印刷及製作廠房，預計該廠房可於今年稍後投入運作，進一步促進業務發展。

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The Group's magazine publishing business saw considerable improvements in its results in 2004 as compared with 2003, thanks to a full year contribution by East Week which was above expectations, as well as savings realised from a consolidation of the business. During the year, the magazine unit underwent a restructuring in its portfolio and management structure. 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. Several face-lifts and content revamp were carried out for the major titles, including East Week, East Touch and PC Market, resulting in further consolidation of the titles' brand value, readership profile and leadership position. With significant growth in circulation, East Week came in 4th in total readership among Hong Kong's magazines in just one year after its re-launch by the Group, according to Nielsen Media Index – Hong Kong Report (January-December 2004). Its exclusive and authoritative reports on major political and economic issues also earned itself a high standing in the market.

In addition, through organising a number of large-scale events, the Magazine unit has successfully promoted the brand image of its titles and increased their penetration of the target readership bases across the political, business and academic sectors as well as among the young, trendsetting circles. At the same time, extensive effort has been made to provide a multi-faceted yet targeted medium for advertisers, which generated a substantial increase in advertising revenue to the unit.

The business of the Book Publication unit proceeded in line with plans. With a focus on titles on parenting and educational topics, the unit has established a brand value in this segment and will continue to pursue its development in this market direction.

於二零零四年，本集團之雜誌出版業務較二零零三年進展更為理想，這有賴於《東周刊》本年度全年為本集團貢獻業績，表現超越預期，以及透過業務整合帶來成本減省。雜誌業務於本年內作出業務重整及管理層調配事宜，重點發展三個核心類別：時事財經及綜合娛樂、科技資訊與文化潮流。於二零零四年初，部份管理層從《星島日報》調往雜誌部門主理雜誌業務，務求為營運帶來更多協同效益。本集團的主要雜誌包括《東周刊》、《東Touch》及《電腦腦場》進行了全面革新及提高內容質素，以進一步提升品牌價值、讀者群結構及其市場地位。其中以《東周刊》表現最為突出，根據尼爾遜媒介指數－香港報告(2004年1月至12月)，《東周刊》的總讀者人數在復刊後的短短一年內晉身全港雜誌的第四位，而其獨家及權威性的政治及財經報道亦贏得公眾的注視，在市場的地位也因而提高。

此外，透過舉辦多項大型活動，雜誌業務已成功推廣其產品品牌形象，並進一步拓闊其目標讀者群，包括政治、商業、學術界以及至於年青的潮流領導者。同時，雜誌業務亦致力為廣告商提供一個多面向及目標為本的媒介平台，使雜誌廣告收入達到相當程度的升幅。

圖書出版業務方面，於本年內按計劃持續發展。該業務專注於親子及教育題材為主的書目，並已在該範疇建立本身之品牌價值，及將會繼續朝這市場方向積極開拓。

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Media Services Unit

The Group's Media Services unit, represented primarily by the print media distribution business in the PRC, progressed steadily during the year. The 49%-owned joint venture with the People's Daily Press (人民日報社), Greater China Media Services Limited ("GCMS") (大華媒體服務有限責任公司), continued to expand both the geographical coverage of its network as well as the scope of its operations. With an initial presence in Beijing, the magazine distribution business operating as Da Hua Hong Jing Magazine Distribution Company Limited (北京大華弘景期刊發行有限責任公司) has extended its presence to Southern China, as well as parts of Eastern China including Jiangsu and Anhui Provinces, through the setting-up of joint venture operations with provincial and local print media distributors. It is intended that whilst GCMS will continue to explore acquisition opportunities to develop its nation-wide network, emphasis will also be placed by management on growing the business organically and on improving operational efficiencies.

Human Capital Management

The Group's Human Capital Management unit, comprising recruitment and continuing education media and provision of corporate training services, recorded a remarkable growth in revenue and improvement in profitability during the year. In both Hong Kong and Mainland China, the businesses benefited from the more buoyant economic climate and the increasing demand for self-enhancement by the working population.

媒體服務

本集團之媒體服務業務，主要為國內平面媒體發行業務，於本年內穩步進展。與「人民日報社」合資經營的大華媒體服務有限責任公司（「大華媒體」）由本集團持有49%股權，並於本年內繼續擴大網絡地域覆蓋面及經營範圍。以北京為原根據地之期刊發行企業北京大華弘景期刊發行有限責任公司，通過與各省市之平面媒體發行商組成合資企業，已將其業務範圍擴展至華南與及華東部份地區包括江蘇及安徽省。大華媒體擬繼續物色可收購對象以發展全國性發行網絡，管理層亦同時專注於業務內部擴充及改進經營效率。

人力資本管理

本集團之人力資本管理業務，主要包括出版招聘和持續教育媒體與及提供企業培訓服務，於本年內錄得明顯的收入增長及盈利改善。中港兩地之業務均受惠於蓬勃之經濟環境及在職人士對自我增值日增的需求。

Recruitment Media

The unit's local recruitment publication, JobMarket, delivered outstanding results for the year with revenue increasing by approximately 45% and operating losses narrowing by approximately 48%. With the implementation of "CEPA", the "Individual Visit Scheme" and various measures for economic partnership between Hong Kong and the Pearl River Delta, coupled with the development of new tourist attractions, Hong Kong has reinforced its position as Asia's transport and logistics hub and significant new employment opportunities have arisen. In the first quarter of 2005, Hong Kong's youth unemployment rate has reached a record low since 1998. It is against this macroeconomic background that JobMarket has broadened its services continually to take advantage of the revival in the human capital market. From a print medium, JobMarket has diversified into a multi-media platform that effectively provides the latest recruitment information through the magazine JobMarket Weekly, the online jobs website www.jobmarket.com.hk and a number of large-scale career exhibitions and seminars, with a view to providing a one-stop solution to serve customers' needs in recruitment advertising.

At the same time, JobMarket has also opened up a new channel to meet the market's demand for information on continuing education, through the new title "Education Plus" which was launched in 2003. By means of an integrated print and online platform, the magazine "EDUPlus" and website www.eduplus.com.hk provide comprehensive information and advice on further education. The title is now a leading brand for continuing education advertising.

Corporate Training

The corporate training and e-learning business in the PRC, carried out through 70%-owned Beijing Jing Hua Human Capital Management Company Limited (北京經華智業教育科技有限公司), made solid progress during the year achieving an operating profit of approximately HK\$3.7 million, compared with a loss of approximately HK\$0.1 million in 2003. The web-based distant learning university "eUIBE" has attracted over 13,000 students for the new academic year starting in September 2004. 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 sources of revenue.

招聘媒體

該業務的本港招聘刊物《JobMarket求職廣場》於本年內表現出色，相較二零零三年，收入增長約45%，而經營虧損則收窄約48%。隨著「更緊密經貿關係安排」、「自由行計劃」的實施及多項香港與泛珠三角地區經貿合作，再加上本地旅遊事業之發展，香港已進一步鞏固其作為亞洲運輸及物流中樞之地位，而新增的就業機會亦大幅提升。於二零零五年第一季，香港青年失業率下跌至自一九九八年以來之最低紀錄。《JobMarket求職廣場》乘著人力資本市場復甦之利，不斷拓展其服務。《JobMarket求職廣場》已從一個平面媒體發展成多媒體的中介平台，通過《JobMarket求職廣場》周刊、招聘網站 www.jobmarket.com.hk 以及多項大型職業展覽及講座，有效地提供最新的招聘資訊，務求提供一站式解決方案，以配合顧客的招聘廣告需求。

與此同時，《JobMarket求職廣場》通過於二零零三年推出的嶄新刊物《EDUplus進修指南》成功開發新的渠道，旨在滿足市場對持續教育資訊之需求。透過平面刊物及網上平台的配合，《EDUplus進修指南》及網站 www.eduplus.com.hk 提供全面進修課程的資訊及諮詢。該刊物現為持續教育廣告客戶之首選品牌刊物。

企業培訓

本集團所經營的國內企業培訓及網上進修業務，透過其擁有70%股權的北京經華智業教育科技有限公司，於本年內錄得經營溢利約3,700,000港元，相對二零零三年虧損約100,000港元，有穩步增長。於二零零四年九月開始之新學年，網上遠程大學「eUIBE」已招收超過13,000名學生。同時，該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。

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Broadband Content and Distribution

During the year, the Broadband Content and Distribution business, operated through 40%-owned Beelink Information Science & Technology Company Limited (“Beelink”) (百靈信息科技有限公司), achieved satisfactory progress. As the dominant broadband service provider in Jinan, Shandong Province, Beelink commanded a subscriber base of over 100,000 by the end of 2004, representing a growth of approximately 47% as compared with the end of 2003.

Trading

The Trading unit contributed positively to Group results recording a notable growth in revenue of approximately 47% and an operating profit of approximately HK\$1.4 million for the year, largely accounted for by growth in digital camera sales. However, intense price competition has continued to place pressure on profit margins in the photographic product distribution business, and is expected to be the trend for the foreseeable future. In order to diversify its income sources, during the year the unit has extended its product range to the “Jeep” brand of camera and video bags, leveraging on its established distribution network in major cities across the PRC. The initial response has been positive and there are plans to broaden the product range further to include leather goods, luggage gear and watches.

PROSPECTS

In 2004, the Group had taken advantage of the favourable economic environment to deliver strong business growth whilst at the same time making appropriate investments to strengthen its media business foundation for future development. At the same time, we have improved productivity and kept close control on overhead costs. Earlier in 2005, the Company was renamed Sing Tao News Corporation Limited. This was a decision made after careful consideration. We believe that the new name will better reflect our core business focus and, by leveraging on the strength of the recognised and respected “Sing Tao” brand, will further augment the platform for our future growth. All this has positioned us well to capture the new opportunities presented by the continuing positive economic outlook for 2005.

寬頻內容與服務

於本年內，本集團的寬頻內容與服務業務，透過其擁有40%股權之百靈信息科技有限公司（「百靈」）進展理想。作為山東省濟南市之主要寬頻服務供應商，百靈於二零零四年底擁有逾100,000寬頻用戶，較二零零三年底增加約47%。

貿易

貿易業務為本集團業績作出正面貢獻。由於數碼相機銷售額上升，本年度收入錄得約47%之顯著增長及約1,400,000港元之經營溢利。然而，強烈的價格競爭對攝影產品分銷業務之利潤率構成持續壓力，並預計該趨勢於可預見未來亦將持續。為了分散其收入來源，貿易業務於本年內將其產品範圍擴大至「Jeep」品牌的相機及攝錄機袋，以發揮其全國各主要城市分銷網絡的優勢。由於市場初步反應理想，本集團現正計劃進一步把產品範圍擴展至皮具、行李箱及手錶。

展望

於二零零四年，本集團受惠於利好之經濟環境並錄得穩健業務增長。與此同時，本集團亦作出了適當投資，以增強媒體業務，為其未來發展奠定良好基石。同時，本集團亦致力於提高生產力並繼續嚴格控制經常性支出。於二零零五年初，本公司已更改名稱為星島新聞集團有限公司，此舉乃經過深思熟慮之決定。本集團相信新的名稱將更有效地反映本集團專注於媒體之業務重心，並可充份發揮廣受公認及尊崇之「星島」品牌，為其日後拓展提供堅穩之平台。本集團已作好準備在經濟形勢持續利好之二零零五年抓緊新機遇。

Management Discussion and Analysis

管理層討論及分析

At the same time, competition in the media market is expected to intensify in 2005, and rising newsprint prices will place continuous pressure on us to improve our productivity and efficiencies. We will continue to adopt a prudent approach, combining business growth with cost control to maximise shareholder return.

EMPLOYEES

As at 31 December 2004, the Group had a total of approximately 2,100 employees.

The Group continues its prudent human resources policy to ensure its ability to attract and retain quality staff while managing an efficient cost base. 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.

同時，本集團將提高生產力及效率以面對預計於二零零五年將日益劇烈的媒體市場競爭，以及報紙紙張價格上升對業務帶來的衝擊。本集團將繼續持謹慎態度，在業務增長之同時亦嚴格控制成本，為股東帶來最大的回報。

僱員

於二零零四年十二月三十一日，本集團共有約2,100名員工。

本集團繼續其審慎人力資源方針，以確保能吸引及挽留優質員工之同時，亦維持有效率之成本控制。除基本薪金外，本集團亦給予其員工各種附帶福利，如醫療保險、酌情花紅、購股權及強積金供款。