

# Management Discussion and Analysis

## 管理層討論與分析

### Liquidity and financial resources, capital structure, charges on Group's asset

The Group continued to maintain a healthy financial position with low level of borrowings. The Group, including its key-operating unit, Sing Tao Holdings Limited, was in net cash position. As at 30th September 2001, the Group held cash and bank balances of HK\$332 million, bank borrowings of HK\$11 million and available banking facilities of HK\$285 million. HK\$212.2 million of the Group's assets was pledged to secure the bank borrowings and general banking facilities.

In June, the substantial shareholder of the Company, Luckman Trading Limited, exercised the subscription rights attached to the preference shares to convert 132,000,000 preference shares into ordinary shares of the Company. This raised approximately HK\$75.9 million for the Company.

### Gearing ratio

The gearing ratio, defined as long-term borrowings to equity, was 1% as at 30th September 2001 (31st March 2001: Nil).

### Investments

As at 30th September 2001, the Group had total investments of HK\$58 million, of which 79% was investment in listed securities in Hong Kong. Due to the downturn of the stock market in Hong Kong, the Group had made a provision of HK\$12.4 million for the loss on changes in fair value of investments.

### Exposure to fluctuations in exchange rates

The Group had a limited exposure to foreign exchange fluctuations as the majority of purchases were denominated in Hong Kong dollars and US dollars and all the bank borrowings were in Hong Kong dollars. The Group also adopted a conservative treasury policy to minimise the foreign exchange risks.

### 流動資金與財政資源、資本架構、集團資產抵押

本集團財務狀況持續穩健，借貸維持低水平，與旗下主要營運機構星島集團均持有淨現金。於二零零一年九月三十日，集團持有的現金及銀行結餘約為332,000,000港元，銀行借貸為11,000,000港元，銀行備用額則為285,000,000港元。此外，約值212,200,000港元之資產用作為銀行借貸及備用額之抵押。

於本年六月，本公司之主要股東，Luckman Trading Limited，行使其持有之優先股所附帶之認購權，將132,000,000股優先股換成為本公司之普通股，為公司籌得現金約75,900,000港元。

### 資本負債比率

資本負債比率是指長期負債除以股本計算得出。於二零零一年九月三十日的資本負債比率是1%（二零零一年三月三十一日：無）。

### 投資

於二零零一年九月三十日，集團持有之投資為58,000,000港元，其中79%為投資本港上市公司證券。鑑於本港股票市場表現強差人意，集團於期內為此投資的公允值變動導致的虧損作出12,400,000港元撥備。

### 外匯波動

集團大部分購買行動均以港元及美元為結算單位，所有銀行借貸亦均以港元計算，故外幣匯率波動對集團的影響有限。此外，集團採取保守的財務政策，務求將外匯風險減至最低。

**Contingent liabilities**

The Company had executed several guarantees in favor of banks in respect of general banking facilities granted to certain subsidiaries amounting to approximately HK\$130 million. As at 30th September 2001, these subsidiaries had not utilised any of the facilities.

**Interim Dividend**

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2001. (2000: Nil)

**OPERATIONS REVIEW AND PROSPECT**

During the period under review, the Group continued to focus on the development of its core businesses, namely Broadband Technology and Services, Media and Information Services, Education and Corporate Training, as well as Financial Services. Significant progress has been made which helps to lay a solid foundation for the long-term development of the businesses.

**Broadband Technology and Services**

Good progress has been made in the development of advanced broadband technology and multimedia content services by Beelink Information Science and Technology Co., Limited ("Beelink Limited"), a joint venture in Shandong Province, China.

By the end of September 2001, subscribers of Beelink's broadband network as compared to 30th June 2001 had increased by approximately 30% and was increasing at approximately 700 subscribers per month in Jinan City, as a result of a series of aggressive sales and marketing campaigns. Beelink will continue to enlarge its market share by expanding the subscription base and usage in new residential districts and business sectors. The enhancement of the network in partnership with Cisco Networks will enable further geographical expansion.

Beelink Limited will also continue to strengthen its partnership with telecommunication operators, stock brokers and education institutions by developing added-value products and services,

**或然負債**

於二零零一年九月三十日，本公司為集團附屬公司獲授之一般銀行備用額，向銀行發出公司擔保約130,000,000港元。於同日，此等附屬公司尚未動用任何銀行備用額。

**中期股息**

董事會不建議就截至二零零一年九月三十日止六個月派發中期股息(二零零零年：無)。

**業務回顧及展望**

於回顧期內，集團繼續發展其核心業務，分別為寬頻技術及服務、傳媒及資訊服務、教育及企業培訓及金融服務，並獲得良好進展，為此等業務長遠發展定下的穩固根基。

**寬頻技術及服務**

集團在山東省的合營企業——百靈訊息科技有限公司(「百靈公司」)在先進寬頻技術及多媒體內容開發上，已取得良好進展。

在策略性的市場營銷及推廣推動下，百靈網絡於二零零一年九月底在山東濟南市寬頻用戶較同年六月三十日約有30%增長，增長幅度每月約有七百戶。同時，百靈將不斷開拓新住宅區及商貿企業，擴大用戶數目及網絡使用量，提高市場佔有率。此外，百靈正與Cisco Networks攜手提升網絡質素，促使百靈進一步擴大服務覆蓋地域。

百靈公司亦將繼續加強與網絡商、證券公司及教育團體的合作關係，共同開發增值產品與服務，包括短訊服務

including SMS, online stock trading, distance education, and the provision of certificate of authenticity. These services will generate new revenue streams and attract more subscriptions.

In response to market changes and Shandong government's promotion of its online tax collection and payment, Beelink Limited is building its software development and system integration business with special focus on finance, tax and healthcare.

### Media and Information Services

#### *Sing Tao Holdings Limited ("Sing Tao")*

The consolidated turnover for the period recorded a decline of 4% to HK\$648.5 million as compared to the prior corresponding period while operating losses increased to HK\$26 million. Loss attributable to shareholders rose to HK\$35 million. This included a sum of HK\$13 million as part of the costs of a business restructuring and staff redundancy program in September.

#### *Newspaper publishing operations*

During the period under review, turnover for the Hong Kong newspaper publishing operations declined by 2%. The decline was mainly attributable to decrease in advertising income as a result of the general economic downturn in Hong Kong since early this year, which was further exacerbated by the "9-11" event.

Although the U.K. market registered modest growth in advertising income, the overall turnover from overseas newspaper publishing operations decreased by 4% as compared to the prior corresponding period. The climbing unemployment rate, weakening consumer confidence together with sluggish retail sales put pressure on the U.S. markets, Sing Tao's principal overseas markets.

#### *Commercial printing operations*

The commercial printing operations posted 8% growth in operating profit to HK\$41.7 million despite a 7% decline in turnover to HK\$247.5 million during the interim period. Although Roman Financial Press Limited and Noble World Printing Company Limited were affected by the slow down in capital market

(SMS)、網上證券買賣、遙距教學及電子商務認證；此等服務將可增加集團新收入來源及吸引新客戶群。

此外，迎合山東政府大力鼓吹的網上稅項徵收及付款，百靈公司積極建立軟件及系統整合業務，並以財務、稅務及保健等項目為重點。

### 傳媒及資訊服務

#### *星島集團 (「星島」)*

於回顧期內，星島報業總營業額為648,500,000港元，下降4%，較去年同期，經營虧損增加至26,000,000港元。股東應佔日常虧損亦增至35,000,000港元。星島於九月份實行業務整頓及遣散部份員工，費用約為13,000,000港元。

#### *報章發行業務*

於回顧期內，香港報章發行業務受到香港整體經濟放緩及後來之「9-11」事件所影響，總廣告收入減少，營業額下降了2%。

較去年同期，英國的廣告雖收入錄得輕微增長，但海外報章發行總營業額下跌4%，主要由於以美國為主的海外市場受到失業率上升，人民消費信心下跌及零售業銷售蕭條所影響，令其營業額面對重大壓力。

#### *商業印刷業務*

商業印刷業務總營業額下降7%至247,500,000港元，但整體利潤不跌反升，全期獲得8%增長至41,700,000港元。洛文財經印刷有限公司和卓越印刷有限公司均受到香港資本市場放緩的影

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activities in Hong Kong, South China Printing Company (1988) Limited's ("South China Printing") sales were impervious to the economic slow down in the U.S. and the U.K. By securing new customers and reducing costs, South China Printing was able to achieve a higher operating profit during the period.

It is expected that the effects of the "9-11" event on the global economy will become more apparent in the coming year. Recovery of the local advertising market is not likely in the immediate future, hence posing further challenge on the operating environment of the media industry. Sing Tao undertook a series of restructuring exercises to streamline its operations including the redundancy of approximately 180 staffs which the potential annual cost savings of approximately HK\$50 million and the re-positioning of Hong Kong iMail into a newspaper focusing on financial news in the Greater China region. Such restructuring would enable Sing Tao to cost-effectively exploit an underserved segment within the English-language newspaper market.

While Sing Tao will strive to maintain its market share and increase operating profits in the coming year in its current markets, it will be actively exploring new opportunities outside Hong Kong. In particular, China's accession to the World Trade Organization offers significant business opportunities as the media market would be opened up gradually. Sing Tao Daily and Hong Kong iMail are in an excellent position to expand its reach and advertiser base. Foundation is being laid for Sing Tao's development in China with several new initiatives being actively pursued. The development of the China businesses will bring in long term, sustainable value to Sing Tao and its shareholders.

### ***Xinhuaonline***

May 2001 saw the establishment of Xinhua Online Info-tech Company Limited ("XOL"), a joint venture with the China Economic Information Services ("CEIS"), a subsidiary of Xinhua News Agency. This was followed by the official launch of Xinhuaonline in Beijing on 16th July 2001. XOL specialises in providing value-added China business information and market intelligence to the Mainland and overseas customers.

響，南華印刷(1988)有限公司(「南華印刷」)則未受美國及英國經濟倒退而影響其業務表現，憑藉取得新客戶及降低成本，南華印刷於期間獲得較高的營業利潤。

預料明年全球經濟將更明顯地受到「9-11」事件的影響，本地廣告市場難望短期內復甦，而媒體行業的營商環境將會面對更大挑戰，因此，星島正在進行一連串的業務重整計劃，包括裁減約180人(相信每年因此可減低成本約50,000,000港元)及把 Hong Kong iMail 從新定位為一份以大中華地區為主的金融報章，此等重組行動能令星島更有經濟效益地開拓英文報業市場。

星島除致力保持香港市場佔有率及增加經營溢利外，也積極地尋求香港以外的商機。特別是中國加入世界貿易組織後，中國媒體市場將日漸開放，商機機會日漸增加，將有利星島日報及 Hong Kong iMail 於內地擴展讀者及廣告市場。集團正在洽談數個項目，為發展中國市場定下基礎。相信發展中國市場業務定會為星島及其股東帶來長遠回報。

### ***新華在線***

二零零一年五月，集團與新華社旗下的中國經濟信息社(「經濟信息社」)成立合營企業－新華在線信息技術有限公司(「新華在線」)。同年七月十六日，新華在線在中國正式推出，專門為國內外客戶提供獨到精關的增值中國業務資訊及市場消息。

With China's entry into the World Trade Organization and the rapid pace of globalisation, demand for value-added information, both locally and internationally is bound to surge. In view of this, the media and financial industries have been identified as the main focus of XOL's product development efforts during the initial stage of its launch. The Board is confident that XOL's extensive network of resources, powerful alliances and distribution capability will provide a strong competitive edge for the company.

Authoritative financial reports including competitive analysis, investment reports, finance and economics briefings are also being developed for sale to international wires, including Dow Jones and Reuters.

XOL has established a strategic partnership with Reuters to exchange content and distribute products. Leveraging on the strong reputation and distribution network of Reuters, XOL is already developing new overseas markets and channels.

### **Solid Progression in Software Development**

A further step in developing software business has been made after the formation of the joint venture, Liancheng Hudong Software Co. Ltd. ("Liancheng Hudong") in August 2001. Liancheng Hudong is one of the first Customer Relationship Management ("CRM") software providers in Zhong Guan Cun, Beijing.

The latest version of the company's product, "My CRM for SFA", was released in May 2001, targeting the enterprise market. In order to capture the booming CRM market in China, Liancheng Hudong expanded its sales force from Beijing to Shanghai in August 2001 to capture the market opportunities in eastern China.

In September, the Group established its own software development company in Beijing, 北京泛華滙通軟件科技有限公司, to complement the Group's four core businesses.

隨著中國加入世貿，加上全球化發展步伐迅速，預期中國內外對增值財務資訊的需求勢必急速增長，因此，新華在線在首階段以媒體及金融行業為服務對象。董事會相信，憑藉新華在線豐富的資源、實力強大的結盟關係與分銷能力，定能為公司帶來強大優勢。

與此同時，新華在線亦提供具權威力的財務報告，例如市場分析、投資報告、財務及經濟狀況簡介等等，供海外通訊社如道瓊斯及路透社購買。

新華在線亦與路透社建立策略夥伴合作關係，交流彼此內容及分銷產品。借助路透社的超卓信譽及強大分銷網絡，新華在線定能開拓嶄新海外市場及渠道。

### **軟件開發進展良好**

隨著集團於二零零一年八月獲中國當局批准成立合營企業，北京聯成互動軟件技術有限公司（「聯成互動」），集團軟件開發業務又向前邁進一步。聯成互動為北京中關村的客戶關係管理（「CRM」）軟件供應商先驅之一。

聯成互動於二零零一年五月，推出以大企業為主要銷售目標的客戶關係管理軟件最新版本— MyCRM for SFA。同年八月，鑑於中國 CRM 市場發展蓬勃，將其銷售隊伍從北京擴展至上海，藉此緊握在華東地區的種種商機。

同年九月，於北京成立集團自己的軟件開發公司，命為北京泛華滙通軟件科技有限公司，全力配合集團四大核心業務發展。

**Education and Corporate Training, Financial Services**

The Group is pursuing opportunities in the areas of Education and Corporate Training as well as Financial Services. Negotiations are now underway and announcements will be made as soon as they are finalised.

**Trading**

During the period under review, trading of photographic products in China continued to face keen competition. In order to better co-ordinate the distribution of our products, representative offices have been set up in Beijing, Shanghai and Chengdu. Senior staffs have been recruited to further support and strengthen marketing and the operations of these offices.

Moreover, there was a reallocation of resources to focus on products with higher profit margin, such as Nikon photographic products, while trading of low margin products has ceased. This resulted in a drop in trading turnover of 61% to HK\$69 million which represented 9.6% of total Group's turnover.

**Material acquisition and disposals**

During the period under review, there was no material acquisition or disposal of any subsidiary, associate or joint venture of the Group.

**Employees**

As at 30th September 2001, the Group excluding Sing Tao employed 75 staffs, including 21 staffs in China and 54 staffs in Hong Kong.

**教育及企業培訓、金融服務**

集團將繼續悉力以赴發展教育及企業培訓及金融業務。並在作出多項磋商，當行動取得進一步進展後，將作出公佈。

**貿易業務**

於回顧期內，集團在國內的貿易業務面對強大競爭，為有效地統籌集團代理產品的分銷，已於北京、上海及成都設立代表辦事處；此外，為加強市場推廣成效，集團亦於各辦事處招聘資深員工，藉此提高各辦事處之營運表現。

在回顧期內，集團亦重新調配資源，著重分銷毛利較高之產品，如尼康攝影器材產品，並停止一些低利潤產品的分銷業務，貿易業務營業額因而下跌61%至69,000,000港元，佔集團總營業額9.6%。

**重大收購及出售行動**

回顧期內，集團並沒有作出重大收購行動或出售任何附屬公司、聯營公司或合營企業。

**員工**

集團於二零零一年九月三十日的員工數目為75人（不包括星島），分別為國內員工21人，香港員工54人。