



## RESULTS

The unaudited profit attributable to shareholders of the Group for the six months ended 30 September 2004 ("Interim Results") amounted to HK\$210,013,000, representing an increase of approximately 2.2% as compared to the profit of HK\$205,572,000 for the same period in 2003.

## INTERIM DIVIDEND

The Board declared an interim dividend of HK3.5 cents per share (2003: HK3.0 cents), payable to the shareholders whose names appeared in the register of members of the Company on 6 January 2005. The interim dividend will be payable on 10 January 2005.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 January 2005 to 6 January 2005, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend proposed, all transfers accompanied by the relevant certificates must be lodged with the Company's Share Registrar, Friendly Registrars Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration no later than 4:00 pm on 31 December 2004.

## BUSINESS REVIEW

For the first half of the year, the advertising revenue has maintained a steady growth, resulting the Group's profit with an increase of 2.2% over that of the same period last year. It is very encouraging. In response to the marked recovery of Hong Kong's economy, advertisers have extensively made use of the effectiveness of newspapers in promoting their products. It has benefited the Group in an increase in advertising revenue. On exploring new revenue streams for advertising segment, the results are remarkable as evidenced by the dramatic increase in the number of advertisement orders and of the industries involved. To conclude, with the support of advertisers and clients, the Group's advertising segment has performed satisfactorily. In terms of news contents, "Oriental Daily News" and "The Sun" keep improving themselves on their quality and coverage: focusing not only on the standard requirement of reporting on unexpected incidents, but also on the depth of reporting on the events closely linked with people. They were well received by readers.

"Oriental Daily News" has, with readers from all walks of life, remained the best-selling newspaper in Hong Kong for 28 years. "Oriental Daily News" is considered to be the "Paper for Hong Kong" as it grows and progresses in line with Hong Kong people. Having carried out continuous reforms, "Oriental Daily News" now achieves a balance between the contents and its layout to enable itself to meet each and every need of a wide spectrum of readers and advertisers. The circulation of "Oriental Daily News" for the first half of the year has been satisfactory. On 5 May



2004, “Oriental Daily News” recorded intraday sales amounting to 536,614 copies, representing an excess of 156,614 copies, or more than 41.2%, over the claimed print-run of 380,000 copies (including wastage, complimentary copies and unsold copies) of the second best-selling newspaper on that day. According to the “Readership and Consumption Survey” conducted by Hong Kong Polling and Business Research Company during the period from 20 March 2004 to 2 April 2004, the regular readership of “Oriental Daily News” amounted to 3,430,000, outnumbering that of the second best-selling newspaper by 37%. The survey also showed that “Oriental Daily News” has a wide spectrum of readers, among which the students readership leads far ahead of the second best-selling newspaper by more than 90%, proving that “Oriental Daily News” is a favorite newspaper for young readers. In terms of businessmen, entrepreneurs and self-employed readership, it also outnumbers that of the second best-selling newspaper by about 60%. Readership with monthly household income of over HK\$80,000 is also more than that of the second best-selling newspaper by approximately 30%. Because of these favorable conditions, “Oriental Daily News” has definitely had a stronger appeal to the advertisers. The Group is satisfied with the trend of its steady growth. Presently, its enriched contents and the vigorously improved layout as presented in diligent artistic design are attractive to readers. Following formal participation in the market of Mainland China, the number of readers would break through the geographical constraint. It is believed that the number of readers will keep increasing, and so will the Group’s revenue in the near future.

“The Sun” continues to maintain its strong position as the third best-selling newspaper in Hong Kong. After prolonged efforts made in the past five years, “The Sun” has successfully secured its position among the top three best-sellers in the Chinese newspapers industry in Hong Kong. For years, “The Sun” has continuously undertaken reforms to cope with the pace of this ever-changing generation. In September this year, a special sector has been launched, which provides a forum for celebrated writers commenting on both ancient and current political affairs, which is favorably received by readers. The contents of “The Sun” have been enriched day by day, especially on educational matters which are reported in depth to meet the needs of youth readers. The success and progress of “The Sun” have been repeatedly affirmed by the advertising clients and readers.

“The Sun Racing Journal” has remained in the leading role of similar publications in the market, widely supported by the horse racing circle and massive fans. For this season starting in September, the information on horses’ positioning is enhanced by increasing the past racing records from 8 races to 10 races. Together with increased information, it comes in handy and comprehensive to readers and, thus, becomes more popular. On racing days, the colourful printing of layout not only gives readers a lively outlook, but also keeps providing them with highly reliable tips from well-known horse commentators. As usual, “The Sun Racing Journal” keeps upholding the truthfulness and accuracy in the coverage of the activities and arrangements made in stables. The racing database maintained by the “The Sun Racing Journal” is considered to be the most comprehensive of its kind and is one of the most valuable assets of the Group.

“orisun.com” has maintained a dramatic growth in revenue, an increase of 50% as compared to that of the same period last year. The revenue from on-line advertisements is most remarkable, increasing in multiple. For the first half of the year, the aggregate daily page-views on the web-



sites of “orisun.com” are close to 600,000. Its effectiveness proves itself as the appropriate platform for advertisers placing their multimedia advertisements. The subscriptions to “Oriental Daily News© Paper” and “The Sun© Paper” are widespread among local communities. There are about 60 community centres, in which the two© papers are available for browsing. The subscriptions in the Mainland China and other overseas locations are also increasing steadily. Further, “orisun.com” started selling contents to major web-sites running in the Mainland China. The people over there are keen on Hong Kong’s current affairs, entertainment and soccer information. It is believed that there is ample development potential in the market of Mainland China for “orisun.com” to explore. Meanwhile, “orisun.com” takes advantage of the business opportunities derived from the mobile telecommunication markets and is negotiating with several local telecommunication companies for cooperation in providing information browsing services. Such service has been available in Singapore. Presently, “orisun.com” is looking for further business partners for developing similar services in other local markets in Asia in order to increase regular sources of income to the Group.

## BUSINESS OUTLOOK

The “Free Travel” scheme introduced by the Mainland China does stimulate expansion of the retailing industry in Hong Kong. Advertisers take this opportunity to carry out marketing programs to promote their products. This is beneficial to “Oriental Daily News” and “The Sun” in taking more advertisement orders. It is expected that more people from the Mainland China will be coming to Hong Kong for leisure and shopping. Accordingly, the retailing industry will become more thriving and so will the advertising segment of the Group. Further, the subscriptions to “Oriental Daily News” and “The Sun” in the Mainland China are satisfactory, as evidenced by a steady increase in number of subscribers. With the increase in number and the widespread profile of readers, the Group is ideally positioned to capture more advertisement orders.

The Group will, on one hand, continue to concentrate its effort on consolidating the business of local newspaper publications and, on the other hand, keeps exploring other business opportunity. In recent years, there is great development in value-added features enhanced in the products of various wireless telecommunication equipment, such as wireless internet function available in most personal digital assistants and cellular phones, thus becoming multimedia products. As a result, a fifth media platform is being formed following those of newspapers, radio, televisions and computers. The Group has successfully extended the traditional newspaper business to the internet business. Knowing of the keen demand on information from all around the world, the Group is ready to expand to the wireless telecommunication industry, which is of substantial investment potential. With its sizeable reporting team and experienced editorial staff, the Group can easily extend its services to providing news and information to enable its clients to enjoy the unlimited freedom of communication. In future the Group will, based on its operating policy of “Maintaining high efficiency with lowest possible costs”, quicken its pace on strengthening the ties with big internet service providers and, when necessary, undertake activities of combining or acquiring relevant businesses in order to enhance the revenue of its internet segment.