

Chairman's Statement

主席報告

I am pleased to report that the Group enjoyed a solid year in 2006, with the core media operations delivering strong results. On a macroeconomic level, this financial year was characterized by continuing robust economic growth, a thriving labour market, rising consumer and investor confidence, and vibrant stock market activity. These positive conditions contributed to a 7% growth in advertising spending in Hong Kong during the year.

The Group as a whole benefited from the dynamic advertising market in 2006. In particular, our free newspaper, Headline Daily, gained momentum amidst the encouraging industry environment. Headline Daily has been established as the number 1 free newspaper in Hong Kong in terms of circulation, distribution network and content coverage. Surveys have shown that free newspapers in Hong Kong claimed a 12% share of the newspaper advertising market in 2006, doubling their share in the previous year, and the trend is continuing upwards. With its leadership position in the free newspaper market, Headline Daily is well poised to capture the benefits from this trend and to become the growth engine for the Group.

Whilst the general advertising market held up well, property-related advertisements shrank by 13% during 2006, as a result of the property market consolidation earlier in the year upon successive interest rate rises. Property transactions in the residential market also declined by 20% in volume in 2006 as compared with the previous year. Although this affected advertising revenue of Sing Tao Daily, the impact was more than offset by growth in other advertising categories and especially in mass market consumption-related advertisements, which were the targeted clientele of Headline Daily. The Group's newspaper products complemented each other and demonstrated that our strategy of diversifying into the free newspaper market has been successful.

The diversification strategy also bore results at Sing Tao Daily. By persistently strengthening its content in finance, education and lifestyle, Sing Tao Daily gained advertising market share in these categories and reduced its reliance on property advertisements, whilst reinforcing its market position in the quality, middle class segment. At the same time, the Group's Magazine operations, faced with intense market competition, placed its strategic focus on quality improvement. East Week undertook a series of editorial enhancements, culminating in a revamped brand design in early 2007, in order to highlight its

本人欣然報告，本集團於二零零六年取得穩健發展，核心媒體業務亦錄得強勁業績。從宏觀經濟層面看，該財政年度經濟持續迅速增長、勞工市場欣向榮、消費者及投資者信心持續上升且股票市場交投活躍，而受上述利好因素影響，香港於二零零六年度的廣告開支錄得7%的增長。

本集團整體受惠於二零零六年活躍的廣告市場，其中以本集團的免費報章《頭條日報》受益最為顯著，在利好的行業環境中發展迅速，並已成為全港發行人量最大、發行網絡最廣及內容覆蓋最全面的免費報章。調查顯示，二零零六年香港免費報章在報章廣告市場所佔的市場份額達12%，為之前一年之兩倍，且仍呈上升趨勢。憑藉其在免費報章市場上的領導地位，《頭條日報》已穩佔有利位置以從該趨勢中受益，成為本集團的未來發展動力。

縱然廣告市場普遍向好，但由於物業市場於二零零六年早段因利率接連上調而進行整固，地產相關廣告於二零零六年減少13%，而住宅市場在該年內的物業成交量亦較之前一年下跌20%。雖然《星島日報》的廣告收入因而受影響，但其他廣告類別的增長足以抵銷地產相關廣告的縮減，尤以大眾化的消費品相關廣告的增幅最為顯著，而該等廣告亦即《頭條日報》的目標廣告市場。本集團的報章產品互相補足，證明本集團開拓免費報章市場的策略成功。

多元化策略亦為《星島日報》帶來成果，透過不斷加強財經、教育及時尚生活方面的內容，《星島日報》增加了在這些廣告類別的市場佔有率，減低對地產廣告的依賴，並鞏固其作為優質中產報章的市場地位。同時，本集團的雜誌業務重點提高產品質素，作為面對激烈市場競爭的策略。《東周刊》進行了一系列加強編採內容的計劃，並於二零零七年初推出

positioning as a premium current affairs magazine and to establish a market image distinct from other entertainment publications. Through the efforts of both its Newspaper and Magazine operations, the Group has built up a credible reputation as a provider of quality media products and developed a foothold among high-end advertisers.

Among the Group's other media businesses, the overseas Sing Tao Daily operations managed to achieve sound growth against a background of rising commodity costs, and their satisfactory performance was testament that the previous investments made have begun to pay off. The Standard also recorded a good year in 2006, but will be adversely affected by the abolition of mandatory listed company announcements in newspapers, phase 1 of which will come into effect on 25 June 2007.

Despite the challenges, the prospects for the Group appear encouraging. The Hong Kong economy is expected to remain on a broad-based upturn, although aberrations in the financial markets may give rise to some disruptions. We have built up a balanced and complementary portfolio of media products which will take advantage of domestic as well as global growth. In addition, to facilitate and support the further growth of its media business, the Group plans to strengthen its production capacity and build a new printing factory. The Group aims to maintain its competitive edge through astute expansion, careful strategic planning and vigilant cost control.

Finally, on behalf of the Board, I wish to thank our management and staff for their dedication and diligent work, and customers, readers and shareholders for their support in 2006.

Ho Tsu Kwok, Charles
Chairman

Hong Kong, 16 April 2007

全新標誌，以突出其優質時事雜誌的定位，建立有別於其他娛樂刊物的市場形象。透過其報章及雜誌業務的努力，本集團已成功建立優質媒體產品供應商的信譽，廣受高檔廣告商認同。

本集團的其他媒體業務中，海外《星島日報》業務在原料物品價格持續上漲的情況下取得穩健增長，足以證明先前所作出的投資已漸見回報。《英文虎報》於本年度亦表現良好，但取消上市公司在報章刊登付費通告的規定之第一階段將於二零零七年六月二十五日生效，將對《英文虎報》產生不利影響。

縱然面對挑戰，本集團的前景依然樂觀。即使金融市場的波動可能會帶來若干衝擊，但預計香港經濟將持續普遍向好。本集團已建立平衡互補的媒體產品組合，以充分掌握本地及全球的經濟增長所帶來的機遇。另外，為促進及支援其媒體業務發展，本集團計劃擴展生產設施，興建一所全新印刷廠房。本集團將實行靈活的業務擴展、精密的策略性計劃及嚴格的成本控制措施，以維持競爭優勢。

最後，本人謹代表董事會向管理層和全體員工致意，感謝他們所作出的努力和貢獻。我同時亦向客戶、讀者及股東在二零零六年對本集團的支持表示謝意。

何柱國
主席

香港，二零零七年四月十六日