

The SCMP Group can be characterized as a local publishing company with a regional focus and a global impact. In terms of reach we can be compared to the concentric rings that spread out when one drops a pebble into a pool of still water. The first ring is Hong Kong, the next is the Pearl River Delta, then comes the rings of China, the region and the world.



# Chairman's Statement

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I am pleased to report that in 2005 the SCMP Group achieved moderate success in its financial performance. Before allowing for extraordinary charges and adjustments the Group's operations generated a profit of HK\$287.3 million.

Over the course of the year, we conducted a group-wide exercise to examine the organization's strengths and weaknesses. This resulted in a call to action for all our staff and associates. The value proposition of the SCMP that emerged can best be described as one of engagement: engage change, engage our stakeholders and engage our community.

As part of the SCMP value proposition we are committed to improve processes and systems to raise efficiency across the operations of our core business – publishing. We are now reorganizing to better prepare for expansion of this business across the region and, in particular, throughout Greater China.

## **Brand Building**

The value of the South China Morning Post brand strongly reflects the quality of our affluent readership. This is what advertisers pay a premium for. We will continue to invest in building a strong and valuable readership base in both Hong Kong and the region.

We raised our level of proficiency and capability across the Group by investing in people through recruitment programs as well as training. These critical initiatives are ongoing.

To enhance our brand we increased participation in organizing and sponsoring major conferences, forums and events in Hong Kong and on the mainland. This has raised the visibility and reach of the SCMP.

In addition, we were early to embrace the internet and engage in exploiting the digital transformation of our industry. Achievements so far have been modest but most encouraging. We are well on our way to building a multimedia platform for our content that will drive the digital component of both the brand and the business for many years to come.

Finally, I extend my sincere thanks to my fellow Directors for their valuable contributions and wise counselling throughout the year. I would also like to express my appreciation to management and staff for a job well done. And, I would like to thank all our stakeholders for their ongoing endorsement and support of the SCMP Group.

**Kuok Khoon Ean**

**Chairman**