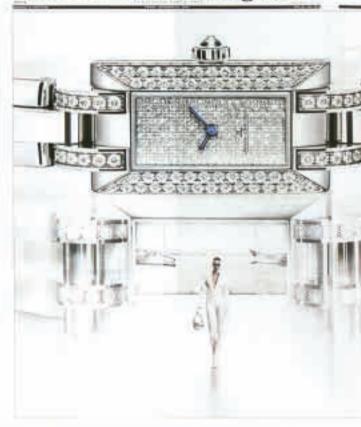
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South China Morning Post



This impressive six-page panorama wrap around advertising campaign for Jaeger-LeCoultre watches is one of the new creative display advertising solutions launched during the year



JAEGER-LECOULTRE

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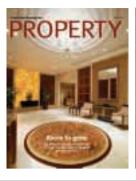
Adding Value

When it comes to the biggest names in luxury goods, financial services, property and business, the SCMP is the advertising vehicle of choice in Hong Kong. An affluent and influential readership with a high disposable income makes the SCMP a must buy for advertisers and agencies. The SCMP combines this impressive readership with creative advertising solutions, top of the line production quality and new products to better serve its customers.













Display advertising posted a strong year in 2005, with increases across all product lines and a 13% rise in revenues over 2004. Against the backdrop of a solid economy and expansion in most sectors, advertisers increased spending to take advantage of the unique SCMP platform. Faced with rising newsprint costs, the focus of the sales team was on yield improvement through more color ads, rate increases for prime positions and creative executions that carry a premium. This strategy produced an ad yield rise of 13% year-on-year.

Revenue Drivers

The newspaper remained the most important revenue source, although Post Magazine recorded the largest percentage growth in advertising revenues. The performance of the glossy magazines improved in terms of revenue, yield and profit margin. Creative formats were expanded and special executions launched to show the effectiveness and flexibility of newspapers as an advertising medium. The launch of wrapper advertising aroused interest and stimulated activity. New revenue streams were created with customized publishing services for select clients.

Fashion, jewelry, telecom, property and financial services were the strongest ad categories. The property category recorded the highest growth as a result of customized products and the first ever wrapper execution. Two categories showed reduced ad spend. Airline advertising fell as a result of budget cuts from regional airlines suffering from higher oil prices and education ads decreased due to competition from other publications.

Other revenue drivers included industry focused supplements published to satisfy the demand for content associated with particular goods and services. The distribution network was leveraged to offer targeted reach to specific channels or geographic areas.

Operational Changes

During the year, more experienced sales people were hired and a new commission scheme introduced to focus the sales effort on categories with the highest growth potential. In addition, the sales team was supported by better market intelligence. These changes have won acceptance from



Wrapper



Belly Belt



Envelope

Special magazine supplements inserted into the South China Morning Post – like Glow, Property and Style – are proving to be an attractive way for advertisers to promote their brand

clients, with positive feedback received from advertisers about the proactive and collaborative approach of the sales team. Meanwhile, marketing campaigns were launched for brand awareness.

On the operations side of the business, systems and procedures were enhanced to effectively manage pricing and ad ratios. New business and revenue generating ideas were developed through collaboration with the classified, scmp.com, marketing and editorial teams.

Outlook

In the coming year, display advertising will benefit from the ongoing expansion of the economy. Resources will be focused on high yield products and new ad categories will be explored. Rates for prime positions in high demand have been raised. Ad yields will be enhanced through creative executions. New printing technology will allow for innovative advertising products and integrated solutions will be offered through print, digital and outdoor media platforms. Further investments will be made in market research and readership surveys to build overall competitiveness.



Insert

With special advertising executions the SCMP offers advertisers even more ways to make an impact. Advertising campaigns can be more creative and more targeted and advertisers can get more mileage from their advertising and marketing budgets



Cover Wrapper