

Porsche aims for 31pc stake in Volkswagen
Cars B17
World



The smart money is on for a boom in the mainland
Tom Holland B2
Comment

Hang Seng Index: change on the week
▲ 3.9%
Snapshot

Blue-chip mover of the week: China Resources
▲ 11.61%

of the week: Oil
▲ US\$5.17

MARKETS Baht hits 9-year high B20

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Business

Cofco aims to

Firm sells more coal but lower sale prices affect margins

Shenhua falls to record 17.5b

Life

How filmmakers are helping NGOs broadcast their message
Feature C5

Precious metallic: five great silver handbags
Style C7



TALKBACK Your view

City

SOUTH CHINA MORNING POST MONDAY, MARCH 26, 2007

Spotlight on jewellery retailers shows up flaws

The glare out there



Eric Ng

Black power

China Shenhua Energy, the world's second-largest coal producer by sales volume, posted an 11.8 per cent rise in net profit to a record 17.46 billion yuan for last year, although it was below market expectation due to lower than expected coal sale prices.

The profit is 7.2 per cent lower than the 18.83 billion yuan mean forecast of 21 analysts polled by Thomson First Call and 5.4 per cent below the 18.45 billion yuan forecast of the same number of analysts in a Bloomberg survey.

Second-half net profit grew 13 per cent year on year to 8.85 billion yuan, outpacing a 10.4 per cent increase in the first half.



Wrecking or renovating?
Battle lines are drawn over HK's pace of urban renewal

Behind the News A18



Diving Queen
China's Guo Jinglin sets a record fourth time

South China Morning Post

南華早報

see live updates at www.scmp.com

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Monday, March 26, 2007

Chief executive secures better-than-expected vote; pledges to strive for universal suffrage

Tsang promises to govern for



Jimmy Cheung and Denise Hung

Donald Tsang Yam-kuen yesterday pledged a government of consensus in his second term after securing an expected victory in the chief executive poll with 649 votes.

As the result was announced, Mr Tsang, 62, choked back tears, while supporters cheered and opponents chanted slogans calling for universal suffrage.

Mr Tsang received eight votes more than the nominations he received from the 795-member Election Committee. His challenger, Alan Leong Kah-kit of the Civic Party, received 123 votes, nine fewer than the nominations he received to force the first contested chief executive election since the handover - and first to have a pan-democrat challenger.

"The third SAR government, under my leadership, will be a government of consensus," he said.

barely three hours, brought together tycoons, professionals, unionists and lawmakers at the AsiaWorld-Expo at Chek Lap Kok to return Hong Kong's leader for the 2007-12 term.

Most of Mr Tsang's support came from government supporters and Beijing loyalists. His victory was a Beijing conclusion but the 11 blank foregone votes cast was a barometer of dissatisfaction with the ex-civil servant. Another five votes were invalid and one was unused. The number of blank ballots fell within the estimates of Mr Tsang's campaign team.

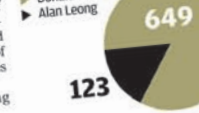
Mr Tsang described the voting outcome as "not bad". He said his campaign was to forge social consensus rather than fuel class struggle. "Let us resolve to put aside our differences and work together for our tomorrow," he said.

Mr Leong also claimed success, saying the election had brought about a fundamental change that could not be undone. He said he would continue to run again in 2012. Mr

Landslide victory

The vote
Number of eligible voters: 795

Number who voted: 788



Invalid votes: 1

At the nomination stage

Donald Tsang 641
Alan Leong 123

*One Election Committee member died during the period. # 23 committee members did not vote.

Chairman's Statement

I am pleased to report a strong set of operating results for 2006. The Group produced an operating profit from principal activities of HK\$377.6 million, an improvement of 31% over 2005. This improvement came about mainly due to the strong growth in notices and display advertising as well as efforts by management to control costs.

During the year, the Editorial Division scored many successes, receiving over 30 awards and citations in recognition of their initiatives. Our congratulations and thanks go to all of them for their excellent work.

Circulation and subscription figures for both print and online products remain stable and the quality of our readership demographic remains very strong.

The results of our Classified and Display Advertising teams' effort can be seen in the daily newspaper as well as in the financial performance. We have engaged with our clients and they have responded positively.

During the year, *SCMP* sponsored 18 major events to strengthen the *SCMP* brand and broaden our coverage and exposure across the community. As one example, this year's Operation Santa Claus fund raising campaign organised with RTHK raised over \$16 million for 27 charities.

Our Magazine Division had a good year with particularly strong performance from the *Cosmopolitan* and *Harper's Bazaar* titles, published in conjunction with Hearst Corporation.

A Look Ahead

In 2007, we will continue to build our online capabilities without compromising or weakening our focus on print products. We will look for the right opportunities

to dispose of non-core assets and activities as well as search for any investment opportunity that can strengthen or leverage our core publishing business.

The Group does not foresee any large funding requirement in the short-term and will continue to return cash to shareholders on a regular basis from profits and through the sale of non-core assets.

2007 will be a challenging year for the Group, but will bring opportunities which I am confident the *SCMP* management and staff will be ready to explore.

A Show of Appreciation

Mr. Robert Ng Chee Siong has decided not to seek re-election as a Non-executive Director at the forthcoming shareholders annual meeting. I would like to extend my thanks to him for his valuable contributions and support during his tenure with *SCMP*.

I would also like to take this opportunity to thank my fellow Board members for their support and counsel as well as the management and staff of the Group for their hard work and excellent achievements.

Kuok Khoon Ean
Executive Chairman