

Business

South China Morning Post

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One billion yuan deal secures 24.99pc stake in Chongqing Commercial Bank

Maria Chan, Tim LeeMaster homeland to expand our banking

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南華早報

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CAPITAL GAINS

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SHAPING UP

BEATLE WATCH

Lennon files led after ars BEHIND THE NEWS



Ma faces KMT battle in run for president

Taiwan's Speaker tipped to be opposition leader in 2008

Lawrence Chung in Taipei

A battle is shaping up for the Kuomintang's candidate in Taiwan's presidential election, with legislative Speaker Wang Jin-pyng the likely challenger to its leader, Ma Ying-jeou.

Mr Wang, one of the most influential figures in the KMT, dropped a strong hint yesterday that he would challenge the former Taipei mayor in the 2008 election.

Mr Wang said more than one candidate from the party would join the March 2008 poll. "As far as I know, there will be other candidates who are interested in running" for president, he said.

He would not say who, but analysts saw his remarks as a strong pointer that he would go head to head with Mr Ma.

The former KMT vice-chairman said a primary should be held to decide who should represent the party in 2008.

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post magazine

December 24, 2006

Lasting images

2006 through the camera lens

also Celebrating 10 years of South Park
Death of a sporn king
Home and spa garden
Unreconstructed Thailand



It's snowing shares for ch thanks to airtl

It's far and away the biggest contribution Operation Santa Claus has ever received. Worth more than HK\$3 million, is from the airline's deal to acquire Dragonair. "This is such a delightful surprise. It was like money falling out of the sky like the Christmas snow," says Mark Clifford, editor-in-chief of the South China Morning Post. He received the gift with Cathay chief executive Pui Nan-lok. Full r

Study to consider third HKIA run

The Airport Authority will begin a feasibility study of a third runway at Hong Kong International Airport. The authority's chairman, Victor Kwok-king, says that "in years' time, the third runway will be a real issue. We need to think about it now". Full r

Surprise success for business

Hong Kong business

Editorial

The award winning editorial team covered a number of ground breaking stories throughout the year. Economic and social developments in Mainland China provided rich material. This coverage supported *SCMP* in its quest to maintain its position as the leading provider of news and analysis on China to the rest of the world while underlining the role of Hong Kong as China's gateway.

No one story better exemplified this sea change than the public offering of the Industrial & Commercial Bank of China (ICBC). China's largest bank raised US\$21.9 billion in the world's largest IPO ever. The international tranche was sold solely in Hong Kong, with an impressive allocation picked up by investors on the Shanghai stock market. International capital pools flocked to the IPO as China fever struck capital markets with a passion.

What was most impressive about the ICBC transaction was the coming of age of Hong Kong as a financial center. In the past, mainland companies have headed to the New York Stock Exchange or London Stock Exchange to attract investment. The fact that ICBC could raise a record amount through a listing in Hong Kong surprised the global market and signaled the emergence of Greater China as a capital pool that is as deep as any in the world.

The ICBC transaction was a seminal event, but it was not the only one. Over the course of 2006, Chinese companies raised well over US\$50 billion through public offerings. While ICBC made headlines, Bank of China achieved the world's second largest IPO last year and China Construction Bank came to market as well, fulfilling the WTO commitment that the China banking sector will open to foreign participation within five years of accession.

A host of Chinese companies including medical supply companies, media enterprises, property developers and industrial firms raised capital and enhanced their international profile through IPOs in Hong Kong. Hong Kong stood its own as an international financial center setting the stage for growth opportunities for *SCMP* in the years to come. As one editor remarks: "It is our beat to lose."

China Positioning

As the 10th anniversary of the Handover approaches, Hong Kong has found renewed confidence in its role as the gateway to China. The rising importance of China's

economy, the globalization of its companies and the run-up to the Beijing Olympics are key factors driving demand for English information on China. No one is in a better position to fill this void than *SCMP*.



Yang Kaisheng, Vice Chairman and President of ICBC, bangs the gong to celebrate the world's largest IPO

With more reporters on the ground than any international media group, *SCMP* excels in delivering breaking news and analysis on mainland China. No international media organization produces more content on China and no mainland counterpart can claim the independence that characterizes *SCMP* coverage. This unique positioning allowed *SCMP* to build a loyal audience, and is the foundation for achieving an even greater reach in 2007.

Improving Quality

SCMP had a successful year in producing a quality paper while keeping costs under control. *SCMP* won over 30 awards, underscoring its position as one of the best newspapers in Asia. The prizes won by the newspaper and the acceptance of the community as seen in stable circulation levels prove the *SCMP*'s market leadership although the need to further improve quality and consistency remains.

Another major accomplishment this year is one that cannot be easily seen – the reduction in the number of errors in the newspaper. The integration of the editorial team of the *Sunday Morning Post* with the rest of the newspaper in October 2006 has delivered a more consistent tone.

To improve quality and consistency, more resources were devoted to in-house training programs. The news section strove to break more stories and do more interpretative reporting to break away from stories which simply report the news. In addition, new photo and graphics editors were appointed to improve the visual content.



Award winning special supplement

Editorial Team

A number of new editorial appointments were made over the last year to further enhance business and China coverage.

In February 2007, CK Lau was appointed the Editor. An *SCMP* veteran who first joined the newspaper in the early 1980s, Lau has held various writing

and management positions. Before this appointment, Lau was the Executive Editor responsible for policy. Lau previously worked for The Australian in Sydney and for the Overseas Chinese Daily. He held the post of Chief Press Information Officer at the Independent Commission Against Corruption.

In January 2007, Wang Xiang Wei was appointed Deputy Editor responsible for the Business and China sections. Wang has impressive roots as a global journalist with an economics background. Wang has contributed to the China Daily, Financial Times, Economist, BBC World, the Chinese edition of Asiaweek and Eastern Express. He has a diploma in Advanced Practical Journalism at Thomson Foundation Editorial Study Center in Cardiff and an MA in journalism from the China Academy of Social Sciences.

In February 2007, Daniel Kwan was appointed China Editor succeeding Wang. Kwan is responsible for overseeing China coverage and managing news bureaus on the mainland and in Taipei. Kwan holds a BA in Economics from York University of Toronto and an EMBA from the Chinese University of Hong Kong. Kwan joined *SCMP* in 1988 and after many years on the China

desk was promoted to Deputy China Editor in 1995 and China News Editor in 2005.

New Look for SCMP

Another accomplishment this year was the redesign of *SCMP* and *Sunday Morning Post*. Although the new look was unveiled in March 2007, much of the strategic thinking and work that went into the design were done in 2006.

The aim of the redesign was to produce a sleeker, clearer, cleaner design to make the reading experience engaging and enjoyable. Everything from typeface and layout to graphics and photography was reviewed to enable readers to access information quicker and easier.

A “hierarchy of content” – the size and order of how stories appear on the page – was set so readers can access important items at a glance. The font style and size were changed to make headlines, picture captions and introductions more explicit. All infographics were updated to show facts and figures clearly and different color tones were used to give sections a distinct personality.

Another important part of the redesign is how it interfaces and integrates with *SCMP.com*. Interactivity is a major feature introduced into the look and feel of the newspaper, as is the ability to link the print and online content in a cohesive manner. All in all, the redesign will support the drive for readership as well as the digital platform initiative.



This photo won Excellence in News Photography from SOPA

Awards Explosion

SCMP continued its editorial tradition as Hong Kong’s most awarded newspaper in 2006. Editors, journalists, photographers, designers and cartoonists won numerous awards from leading local, regional and international associations across different categories. *SCMP* took top honors at the prestigious Society of Publishers in Asia (SOPA) awards for Editorial Excellence 2006. Winners were selected for 17 categories from among a record 457 entries from across the region. Some 85 respected journalists, editors and academics



SCMP's new look
launched in March 2007

based in Asia judged the competition. *SCMP* competed in the local newspapers published in English category.

"H5N1: Facts and Fears" won a SOPA award for Excellence in Explanatory Reporting and "WTO in Hong Kong" won Honorable Mention. The judges called "H5N1": "An indispensable aid to reader understanding of a high-profile story of great importance to public welfare – comprehensive, informative and engagingly written, with good scope and balance." "H5N1" won Excellence in Public Service Journalism for a piece that "didn't shy away from looking closely at China, one of the biggest x-factors in an H5N1 flu pandemic."

SCMP took the all-important award for Excellence in Reporting of Breaking News for its investigative report on "Nancy Kissel Jailed for Life". "Riots in Huaxi Village" won an Honorable Mention. Excellence in Special Issue or Special Sections was awarded to "Asian Tsunami Aftermath", acclaimed as "thorough and serious, an ambitious and important project, extensively reported and well executed."

Sunday Morning Post took the award for Excellence in Reporting on the Environment for "Hidden Danger in Our Air". "Banks Buy into Jail Labor Firm" won Excellence in Business Reporting. The judges commented: "Excellent investigative reporting into a specific situation – use of prison labor in Chinese manufacturing – that has broad implications for investors and the exercise of due diligence as China opens."

SCMP fared well in other awards ceremonies. The newspaper received the Grand Award for Heritage from the Pacific Asia Travel Association 2006 and 14 awards at the Hong Kong Newspaper Society News Awards 2006, with a sweep in business news writing. *SCMP* took top prize in four of 14 categories, including "Best Science

News Reporting" for a series on Stephen Hawking, "Best News Writing (English)" for a piece on the spread of AIDS as a result of blood sales, and "Best Business News Writing (English)" for a feature on stockbrokers struggling against competition.

Visual Excellence

SCMP has always taken pride in its presentation of the news and the skills of its photographers and cartoonists in putting images to stories. As such, *SCMP* won two awards at the Society for News Design's 27th Best of Newspaper Design Competition. Meanwhile, the *Sunday Morning Post* won Excellence in Newspaper Design from SOPA for "best use of pictures, superior overall design, which succeeds in demonstrating it is of *SCMP* stable while retaining its own identity."

SCMP took the SOPA award for Excellence in News Photography with its "dramatic" photos on the "Siege of Wan Chai". On the same subject, *SCMP* received a "highly commended" citation from the Pacific Area Newspaper Publishers' Association (PANPA) for photographs of the WTO riots.

SCMP won a photography award at the IFRA Asia Media Awards 2006 and took one award and one runner-up at the Hong Kong Press Photographers Association. "Harry's View" won SOPA's Excellence in Editorial Cartooning. The SOPA judges characterized it as "a series with all the right ingredients: technique, humor and political savvy."

Outlook

A major challenge for 2007 is the execution of the newspaper redesign and the increasing integration of print and digital editorial operations. In addition, the competition for staff is a significant short- and medium-term concern. Staff promotions and an intensified training program should have the benefit of reducing staff turnover, building employee morale and improving editorial quality.



Award for Excellence in Reporting of Breaking News

Circulation



The Hong Kong newspaper industry is very competitive as demonstrated by cover price cuts, premiums and distribution of free Chinese dailies. In the midst of falling circulation levels among paid newspapers in Hong Kong, SCMP held its own, performing better than its peers due to aggressive direct marketing campaigns for subscribers and promotions to attract newsstand sales.

Efforts to maintain circulation levels were directed at raising subscriptions to counter expected falls in other distribution channels and to improve the quality of readership. The initiative to increase subscribers is important as these readers fall more into the influential and affluent demographic category.

To achieve this objective, direct marketing campaigns and targeted promotions were conducted throughout the year. These initiatives paid off. Direct subscriptions rose by nearly 6%.

First half audited circulation was stable year-on-year at 104,415 for SCMP and 80,498 for *Sunday Morning Post*. Circulation in the second half dropped slightly on the back of an industry-wide trend of declining retail sales. Unaudited figures showed a circulation drop of 2.4% to 102,013 copies for SCMP and a decline of 1.6% to 80,113 copies for *Sunday Morning Post*, compared with the 2005 period.

SCMP conducted a subscriber survey in the first half 2006. Acting on the results, new benefit programs around films, books, wine and special reader access to sporting and cultural events were launched. In the university market SCMP rolled out a coupon booklet

program, allowing students to pick up copies where convenient. In an effort to reach readers at the earliest age, SCMP conducted six teacher seminars to explain how the newspaper can be best used in education for secondary school students.

SCMP Reach

Circulation efforts are focused on reaching the right people than on building numbers for the sake of building numbers. The ability to maintain a high profile in a niche market of influential and affluent English speaking readers in Hong Kong is at the foundation of the franchise. This demographic reach is what advertisers pay for and the ability to deliver this target audience is the SCMP focus.

SCMP Circulation

103,964 2005 1H

104,552 2005 2H

104,415 2006 1H

102,013 2006 2H

SMP Circulation

81,099 2005 1H

81,453 2005 2H

80,498 2006 1H

80,113 2006 2H

Note: Audited (except 2H 2006)

According to the 2006 Asian Business Readers Survey (ABRS), a survey conducted by Ipsos, one of the world's leading market research firms, SCMP has done an impressive job in connecting with core readers. To report readership trends ABRS looked at medium and large sized businesses and commercial establishments of high importance, covering a projected population of 31,550.

ABRS showed that SCMP achieves the highest percentage of "regular readers" and paid copies, and the second highest Average Issue Readership (AIR) with the lowest percentage of "never read" against all local and regional titles. All other local and regional titles, including the Asian Wall Street Journal, Financial Times and International Herald Tribune, are behind in terms of readership profile.

From an image perspective, SCMP leads in five of eight attributes studied. The newspaper led "the most important business reading" and "the most important current affairs reading" categories. SCMP ranks top in the categories of "trustworthy", "I make time to read it" and "enhanced advertised product/service". SCMP ranks high in the other categories: second only behind Time in the "authoritative" category; third behind Economist and Fortune for "stimulating thinking"; and, second only to Apple Daily in "providing insight that cannot be found elsewhere".

The ABRS considered the role of the newspaper in society. The survey noted that newspapers drive most actions in business life when compared to other media. Newspapers lead in the following areas: quoted in discussions and presentations, kept for future reference, used for business decision-making, advertising response for retailers and dealers as well as contacting of an advertising company.

In terms of readership, SCMP continues to be the newspaper of choice for affluent and influential decision-makers. Among readers, which include everyone from department heads to Chairmen and



Most Trusted Newspaper

25.3%

South China Morning Post

20.1%
HK Economic Times

17.8%
HK Economic Journal

16.4%
Apple Daily

15.7%
Ming Pao Daily

15.5%
Wall Street Journal Asia

9.6%
Financial Times

6.3%
International Herald Tribune

5.3%
The Standard

Most Important Newspaper

21.8%

South China Morning Post

17.1%
Wall Street Journal Asia

16.6%
HK Economic Times

15.5%
HK Economic Journal

9.1%
Financial Times

3.2%
International Herald Tribune

3.0%
Ming Pao Daily

1.2%
Apple Daily

1.0%
The Standard

Ipsos Media Asian Business Readership Survey (ABRS) 2006

CEOs, SCMP is the newspaper of choice. Nearly half of Hong Kong readers work for companies with regional operations and over one-quarter work for companies headquartered outside Asia. On the income scale the results are impressive. More than one-quarter of readers earn over US\$100,000 per year and more than half earn over US\$50,000.

Outlook

SCMP expects to maintain a relatively stable circulation throughout 2007, despite the industry-wide trend of declining retail sales. SCMP will press on with its plans to convert more readers to subscribers with a series of promotional packages. The combined print and online package will be an important component of the marketing campaign.

Classified Advertising

Classified advertising rose 13% on the back of major increases in notices. Notices advertising was largely driven by the listings of mainland companies on the Hong Kong Stock Exchange. With more companies listed on the Hong Kong Stock Exchange, results and other company announcements rose as well.



SCMP constructed the largest exhibition booth at the highly popular Education and Careers Expo

Total classified advertising revenue rose 13% over 2005. Recruitment revenue increased only 1% above 2005 figures. However, this performance was strong relative to the market. According to a SCMP/Nielsen Media survey, the number of positions advertised in all recruitment publications declined 7% compared to 2005. Revenue was affected industry-wide by online advertising. Online recruitment revenue rose 18% over 2005 figures. In 2006, online recruitment revenue contributed less than 10% of total recruitment advertising revenue.

Notices revenue achieved a record high due to strong IPO bookings especially in the second half of 2006. IPO revenue exceeded the 2005 level by 101%. Of the 55 IPOs in the Hong Kong market, 48 were advertised in SCMP. SCMP market share of main board IPOs rose to 87.3% from 87.1% in 2005. Revenue for other classified categories fell 7% below the 2005 mark. The segment was affected by a decline in second hand property sales.

Recruitment

SCMP has a two-pronged strategy towards the recruitment business: maintain its leading position in print and develop online recruitment to capture growth opportunities. Distribution, sales and marketing efforts to support print are focused on delivering response rate, maintaining market share and top-of-mind brand awareness.

In August, SCMP extended *Classified Post* standalone distribution to cover all Circle-K outlets. In addition, 80 outlets of Pacific Coffee, Starbucks and continuing education institutes were selected as distribution channels to target high quality job seekers.

Saturday recruitment supplements were also inserted into Friday newspapers to increase reach and generate better response. This move was well-received by advertisers and generated more advertising in the fourth quarter 2006. SCMP successfully renewed the *Jiu Jik* distribution contract with the MTR Corporation.

SCMP focused on building its position in the recruitment market with events and conferences. In February 2007, SCMP and the Hong Kong Institute of Human Resource Management (IHRM) joined forces to recognize top performing organizations and respective HR teams at the first People Management Awards. The winners were judged for transforming the HR function, creating business impact through learning and development and improving business performance.

SCMP and the IHRM also hosted "Human Capital in Greater

China: Managing the Next Wave". This conference provided information and insights on human capital management in Greater China, building on the successes of SCMP HR conferences over the last three years. Highlights included a CEO forum on how they view the HR contribution to business strategy, 2010 from the eyes of the central government, implications of China's 11th Five Year Plan on operations and HR trends.

SCMP and Hewitt Associates presented "Building Leaders for Greater China". This conference explored how organizations fill the leadership gap and develop talent.

Other events were backed by SCMP and *Classified Post* to promote recruitment. These included: SCMP/Henley MBA Awards, Jiu Jik/University of Sunderland Scholarships, SCMP Secondary Schools Teachers Seminar, SCMP/Continuing Professional Development Alliance seminars, the SCMP/HKMA Management Game and Awards and the biggest exhibition booth at the Education and Careers Expo.

Plans were put in place to create synergies between *Classified Post* print and online products to provide value added to advertisers. The design of classifiedpost.com was enhanced early in 2006. The result was a traffic record of nearly 10.7 million page views one month after the re-launch. Meanwhile, jiujik.com achieved a record 6 million page views. Later in 2006, classifiedpost.com went through another development phase to improve search and navigation functions and provide a recruitment solution to advertisers.

Notices

SCMP closely watched Hong Kong Stock Exchange (HKEx) developments with regards to notices. Current rules require Main Board listed companies to publish full results and other company announcements such as shareholder meetings, directorship changes and certain deals, such as related party transactions in both

an English and Chinese language newspaper.

In March 2007, the HKEx announced changes which will allow listed companies to

publish these announcements on websites instead of in local newspapers. There is a one year transition period starting in June 25, 2007 after which the rules come into effect on June 25, 2008. Results announcements account for 4.9% of newspaper revenues, up 19% over 2005, and other company announcements make up 5.6%, up 16%.

The transition period has two phases. In Phase I, listed companies with existing company websites can stop publishing full announcements in newspapers but must still publish notifications. As companies tend to report interim results in August and September, and annual results from March to May, this may have an impact on second half 2007 revenues.

During Phase II, which starts six months after Phase I, companies which were using websites in Phase I no longer need to publish notifications in newspapers. Companies without websites must still publish announcements in newspapers. By June 25, 2008, all companies must use their own or a third-party hosted website for their announcements.

There are some 1,000 companies listed on the Main Board, of which around 30% are SCMP advertisers.



Classified Post is competing aggressively on the recruitment front

SCMP Response

SCMP has anticipated the change in listing rules with regard to results announcements and has focused its sales and product development efforts on investor relations (IR) products to turn these new rules into an opportunity.

SCMP will make use of the transition period to discuss with listed companies the role SCMP can play as a media for transparency, corporate governance and disclosure as a means to improve their profile in the investment community.

There are a number of factors that make this area still potentially lucrative for SCMP. First, the underlying market for IR is growing. The rolls of listed companies grow every year with new listings, a trend accelerating due to a record number of IPOs and capital markets transactions. Not only are more companies listing in Hong Kong, which enlarges the universe of IR clients, but the size of listed companies rivals those of developed markets.

Mainland listed companies are embracing the internationalization process. Management and government officials understand the need to communicate to global investors in order to raise substantial amounts of capital and improve valuation. For this process to continue smoothly, listed enterprises must comply with global IR standards and provide quality communications to compete for capital.



2006 was a great year for IPOs on the Hong Kong Stock Exchange

SCMP IR

SCMP strongly believes that no media company in the world is better positioned to deliver the IR messages for Chinese enterprises than SCMP, and this reach and credibility has been proven time and again in important

surveys and polls. The challenge of SCMP is to better present this positioning to listed enterprises and provide a range of products and services that allows companies to spread the IR message through the newspaper and multimedia platforms.

In this regard, a new SCMP IR sales kit was produced to explain the different opportunities available to companies. The sales kit highlighted a number of applications to attract more reader attention to announcements. In addition, sponsored statement programs and other methods of enhancing the IR image of a company were presented.

SCMP plans to offer more advertising options across print and online platforms to retain notices revenue. The ability to supplement newspaper advertising with online communications is important to the value added proposition in this area. In 2006 SCMP made strides with the preparation of a companies.scmp.com website to enhance the sales program.

Online IR

SCMP is in the final stages of development of SCMP IR, an investor relations digital platform which will provide services to listed companies to host websites, post results and other announcements and press releases, provide financial information and support the IR campaign in every way possible. The site will eventually offer multimedia capabilities as value-added services for IR campaigns.

SCMP will turn new listing rules into an opportunity. For example, new rules note that listed companies must have a URL to publish information in English and Chinese. Some 20% of listed firms do not have a URL and others have difficulty in generating online traffic. SCMP has designed a package to permit a company to "Be in the Business Section of SCMP.com Everyday" with a URL, a profile, the ability to combine company content with SCMP stories, DIY notices uploads, press releases, a calendar and multimedia applications.



HKEx has proven to be China's gateway to global capital pools

Outlook

The outlook for classified advertising is challenging. Recruitment advertising, especially at the low end, is moving online. For most of 2006, SCMP is working on the revamp of classifiedpost.com. The revamped site will be launched in April 2007 with a better search engine and navigation and an application management system among other new features.

SCMP will introduce a rate increment for online jobs to grow revenue. New marketing campaigns will aggressively build the user database. The "Apply Now" marketing program launched in March 2007 will be followed by other campaigns to improve response. On the user interface, employers will have the benefit of a candidate ranking systems and job seekers will be able to track the application process.

The expected loss of revenue from notices which will start having an effect in the second half of 2007 poses a risk to continuing growth. SCMP has taken steps to mitigate this risk.

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INDUSTRIAL AND COMMERCIAL BANK OF CHINA

Congratulations to
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

Successful Dual Listing on The Stock Exchange of Hong Kong and the Shanghai Stock Exchange
H share stock code: 1398 A share stock code: 601398

A Historic Achievement

Merrill Lynch CICC CREDIT SUISSE Deutsche Bank ICEA
with compliments

To deliver more effective Results Announcements campaigns to listed corporations SCMP will provide value-added investor relations services

Display Advertising

SCMP posted solid revenue gains in Display Advertising for 2006 due to a strong economic environment and the strength of the franchise. This was well above the 4% average growth experienced in the Hong Kong print media market.

Despite an industry trend to cut advertising rates, *SCMP* increased its rates for certain prime positions in 2006. An increase in yield was driven by a higher volume of color advertising and creative ad executions.

Branded goods, watches & jewelry, banking & finance, fund listing and overseas & local property were the top ad categories in 2006. Branded goods expanded for two consecutive years. Banking revenue grew on a solid contribution from fund managers and private banks.

SCMP remains the newspaper of choice for overseas property developers while the launch of high end residential and commercial properties pushed the local property category up. Another strong sector was hotels, mainly due to the Macau tourism boom. Airlines and telecom were the only categories that declined in 2006, primarily due to cost saving initiatives across these industries.

Advertising Awards

The work of the display advertising sales team was highlighted by a number of important marketing and advertising awards over the last year. Awards for technical excellence in printing and production explain why the world's leading brands prefer to advertise in Hong Kong through *SCMP*.

At the Pacific Area Newspaper Publishers' Association (PANPA) awards, judges chose *SCMP* as the winner for marketing display advertising among newspapers with a 50,000-plus circulation. It was the newspaper's second PANPA prize for marketing in two years.

This year's winning marketing campaign was a series of Green Man direct-mails, aimed at highlighting the influence and affluence of *SCMP* readership. Judges were impressed by a "very innovative campaign combined with excellent planning and execution". The campaign generated a 95% recall rate and positive feedback from some two-thirds of respondents. About nine out of ten advertisers agreed that the Green

Man campaign was eye-catching, funny and interesting. The campaign included a singing card, a padded figure package and a customized newspaper package.

SCMP won two Technical Excellence awards from PANPA for printing and picture-reproduction

quality, an area that highlights the benefits of the new color presses to advertisers. It is the sixth award in seven years for *SCMP* in the pre-print/supplement printed on a double-width press category and the third year running for technical excellence among newspapers printed on a double-width press. The printing work was applauded by judges as "an unbeatable entry that sets the benchmark for the industry".



SCMP supplements had a strong year with Style, Net Worth and World Prestige Homes leading the charge

SCMP was awarded two first prizes and a second prize at the International Newspaper Marketing Association (INMA) Awards held in April 2006. The global competition generated 1,019 entries from 206 newspapers in 37 countries. SCMP won for its "All you need to know" media kit in the category of Newspaper Research, Data Books and Media Packets. The judges commented that the kit was "an excellent execution. Clean in design and type, reflecting an effort beyond expectations."

Another first place was awarded for the "Figures" campaign in the Direct Mail category. This campaign featured three direct mail pieces in the shape of human figures designed to reinforce excellent audience numbers with creativity and humor. The judges noted it was "a wonderful integrated campaign that puts the message front and centre in an appealing way, achieving remarkable recall rates."

SCMP took second place in the INMA category Promotion of the Newspaper as an Advertising Medium for its "Print Conference". SCMP is the first newspaper in Hong Kong to win INMA awards.

Promotions

To promote the display advertising business, SCMP provides advertisers with as much information as possible. Over the year, SCMP hosted a few industry briefings, inviting analysts and industry experts to cover topics of interest to the local advertising community. In addition, SCMP sends out a newsletter to advertisers to highlight new display advertising formats and market trends.

Last year saw the first SCMP/Harper's Bazaar Style Awards Gala Presentation. The awards recognize accomplishments in 13 categories: Fashion Photographer, Fashion Designer, Model, Cover Girl, Airline Lounge, Restaurant, Night Spot, Food Retailer, Spa, Residential Development, Car and



Above (from left to right): Qi Qi, Michelle Reis and Vivienne Tam were recognized as style trendsetters at the SCMP/Harper's Bazaar Style Awards



Right: Comedy king Stephen Chow Sing-chi took StyleMaker of the Year

Gadget and StyleMaker of the Year. The StyleMaker award is presented to the individual who personifies Hong Kong style through vision, contribution and innovation.

The StyleMaker award went to Stephen Chow, a comedy king in Hong Kong cinema and an internationally renowned filmmaker. A gala event was held to honor the winners. As part of the evening's highlights, a chef was flown in from Arzak, a three-star Michelin restaurant in Spain, to create a unique culinary experience for the 300 invited guests.

Outlook

SCMP expects another solid year for display advertising. The ongoing expansion of the Hong Kong economy should lift consumer confidence and bolster advertising budgets.



Luxury brand advertisers led the way in display advertising revenues and creative ad campaigns like this multi-page advertising treatment

Digital Media

SCMP made another round of technology investment in 2006 which will continue through 2007. The goals of this development project are to integrate print and online services at a new level of interactivity and to generate new advertising opportunities.

The convergence of print and online is a worldwide trend. As a pioneer in the online delivery of news content, SCMP is dedicated to maintaining its leadership in new media content distribution.

SCMP is one of only a few news content sites in the world that charges a subscription fee for access. At 31 December 2006, the site had 18,300 subscribers. Subscription renewal rates increased to 69% from 61% in 2005. Print-plus-online packages rose 30%.

New Online Products

Leading podcast and vidcast innovation in Asia, SCMP launched podcasting.scmp.com in 2005. By December 2006, SCMP podcasts were generating 173,000 downloads per month. The introduction of SCMP Today, a daily podcast of top news stories, commentaries and interviews, fuelled podcast downloads. Vidcasts have risen in popularity, generating over 12,000 downloads per month by December 2006.

SCMP introduced new products on mobile platforms. As part of a subscription package or as a standalone product, a mini-web WAP site accessible by mobile phone delivers content to 2.5G and 3G phones. A daily or weekly alert sends content such as headlines, jobs, videos, photos and cartoons to mobile phones. Finally, two-to-four minute versions of SCMP Today can be accessed on a per call charge.

Advertising and Syndication

SCMP expanded ad revenue by 24% over 2005, well above the Hong Kong average. To achieve this, SCMP.com and the display advertising team developed an integrated strategy to market to advertisers. By taking this approach SCMP plans to substantially increase online advertising revenues.

Revenue from content syndication and licensing dropped 15% over 2005. One reason was a 25% decrease in digital royalties, a result of a drop in third-party agency sales. Due to the success of online search engines, more companies turn to free information services.

Outlook

The outlook for SCMP.com is promising. With the ongoing digital development work, revenue generation and cross-sell synergies between print and online will emerge.

In coming years, insertion of audio and video commercials is possible along with enhanced SMS, audio and video ads. Keyword targeting and search ads will be introduced to sponsors and cross-platform opportunities will drive advertising revenues.

SCMP is moving rapidly into the new media era with its unique brand of exclusive English language news and analysis content



SCMP.com is the largest paid subscription English language news content website in Asia

SCMP markets books and other publications online with digital downloads

An electronic direct marketing campaign with Vodafone and Palm