

## Chairman's Statement 主席函件

As I reflect on the year, I observe that economic uncertainty seems to have been the buzz word for quite some time. In reality, since 2008's financial crisis, economic uncertainty seems to have become the 'new norm'.

Certainly, 2012 has proven to be a challenging year for Hong Kong. Aside from the unsettling climate of changing leadership both in Hong Kong and in the mainland, we've also been seeing the effects of the slowdown in the Chinese economy and the lingering Eurozone crisis. Over and above the macro and micro-economic factors are the challenges we face as the print industry gradually gives way to a newly re-priced media economy, in which digital dollars become the new, hard-earned currency.

Yet, the true reflection of the year's performance is measured by how those challenges are met. The SCMP Group has focused on understanding and gearing up for the changes in the industry as well as adapting to a difficult economic environment by diversifying our revenue sources. This and the strength of our brands have enabled us to maintain a solid bottom line performance, and better prepare us for the challenges that lie ahead.

Our year ended with \$1,019.6 million revenue for the 12 months ended December 2012, compared to \$946.1 million in 2011, with profit attributable to shareholders of \$329.1 million and a net EPS of \$0.211. This revenue increase was driven largely by new revenue sources, including the newly acquired *ELLE* magazine and the contract printing opportunity, and higher revenue from the Magazine publishing business. However, net profit is lower than the previous year, with exceptional costs excluded, largely due to increased investment in new digital products.

Our flagship and founding title, the *South China Morning Post*, proudly launched a fully revamped website in the third quarter of the year. This was complemented with the paper's first mobile optimised edition, the introduction of a metered paywall to allow non-subscribers access and the ability to search and share articles. This will pave the way for significant growth in pageviews and thus, digital advertiser revenues, and we have already seen evidence of this with digital revenue growth during the last quarter.

The challenges posed by a difficult IPO market, a weak recruitment sector and a more stringently regulated and volatile property market impacted key important revenue sources for the *South China Morning Post*, creating a big gap in traditional print advertising

revenue during a time when the paper needed to make investments into its digital future.

This challenge was met in some small part by generating new revenue from contract printing. While many newspaper publishers have been downsizing their print operations, we were fortunate to find ourselves needing new presses to support a contract printing deal with the local freesheet, *AM730*, which will bring valuable revenue to our bottom line for the coming few years.

The SCMP Group has further cemented its dominance in the women's magazines category by being appointed to publish the Hong Kong edition of *ELLE*, its website and its related titles. This is thanks to the strong relationship the team has built with Hearst Corporation; and the acquisition of a 79-person strong team will add to the overall revenues and overheads for the Group, while boosting our segment leadership and expertise.

The introduction of new improved digital products across all our brands is actively underway, but delivering significant digital revenues remains a challenge. Meeting this challenge will be the key to supporting the talent and talent development costs required to create valuable and versatile content across all the platforms demanded by consumers. This ongoing process still has some way to evolve before a new, viable media economy becomes fully apparent.

In closing out the year, I would like to thank our colleagues, partners, readers and supporters, for their continued participation in our business and community initiatives. From the 23rd Annual Hong Kong Business Awards hosted by *South China Morning Post* and partner DHL to the SCMP/RTHK jointly organised Operation Santa Claus, which celebrated its 25th Anniversary with a record breaking \$18.8 million, I am proud of the contribution our company makes to the city it calls home. As we enter 2013, we hope to continue on that path of service to the community, and expand upon it.

Finally, I would like to thank my fellow board members, staff members, our readers, advertisers, and shareholders for all their support, and hope we can count on it as we continue on our fascinating and rewarding journey.

Yours sincerely,

**Dr David J. Pang**  
Chairman, SCMP Group



回顧本年度，經濟不明朗已成為一時之流行術語。事實上，自二零零八年金融危機以來，經濟不明朗似乎已成為「新常態」。

二零一二年乃香港充滿挑戰之一年。除香港及中國內地領導層變動之不穩定氛圍外，亦受中國經濟放緩及歐元區危機持續之影響。此外，除宏觀及微觀經濟因素，媒體之經營環境正值調整，印刷行業面對之挑戰乃逐步由數碼業務得來不易之新收益來源所取代。

然而，如何應對該等挑戰才是衡量本年度業務表現之真正反映。南華早報集團一直留意行業之變化並就此作出準備，透過更多元化之收益來源迎向困難重重之經濟環境。加上本集團之品牌實力，令盈利表現保持平穩，為迎接未來挑戰作更佳準備。

本年度截至二零一二年十二月止之十二個月，收益為1,019.6百萬港元，二零一一年則為946.1百萬港元，股東應佔盈利為329.1百萬港元，每股淨盈利為0.211港元。收益增長主要來自新收益來源（包括新收購之《ELLE》雜誌及合約印刷業務商機），以及雜誌出版業務之較高收益貢獻。然而，撇除額外成本，淨盈利較去年下降，主要因增加投資於新數碼產品。

本集團旗艦及創刊報章《南華早報》於本年度第三季隆重推出全面革新之網站。配合《南華早報》首個流動電話優化版及推出按量收費以供非訂閱讀者瀏覽，加上搜尋及分享文章功能，令網頁瀏覽人次大幅上升，從而使來自數碼廣告客戶之收益顯著增長，於最後一個季度數碼收益增長可見一斑。

首次公開招股活動市況欠佳，招聘市場疲弱，以及物業市場受更嚴格規管及市況波動，此等挑戰對《南華早報》主要收益來源造成影響，使傳統印刷廣告收益未能配合需為未來數碼業務作出之投資。

合約印刷業務帶來之新收益有助應付一小部分之挑戰。多家報社已縮減其印刷業務，反觀本集團需添置新印刷機組為本地免費報章《AM730》提供合約印刷服務，為此感到欣慰，而此業務之收益將為未來數年帶來寶貴之盈利貢獻。

南華早報集團取得出版《ELLE》香港版、其網站及相關刊物之業務，進一步鞏固在女性雜誌刊物之領導地位。此有賴雜誌業務團隊與 Hearst Corporation 已建立之緊密關係；而增添79人之強大團隊將增加本集團之整體收益及開支，同時提升市場領導地位及專長。

本集團正陸續推出各品牌旗下全新或改進之數碼產品，惟取得顯著之數碼收益仍是一項挑戰。應對此項挑戰之關鍵乃投放資源於人才及人才發展，於所有服務平台上提供消費者所渴求之精彩及多元化內容。在全面而可行之媒體經營環境完全展現前，此過程仍會持續演變。

總結本年度，本人謹此對各同事、合作伙伴、讀者及支持者不斷參與本集團之業務及社會活動致以衷心謝意。由《南華早報》及合作伙伴DHL攜手合辦之第23屆香港傑出商業大獎，以至《南華早報》與香港電台合辦，在其25週年籌得創新記錄18.8百萬港元之「愛心聖誕大行動」，讓本人對集團為本地作出之貢獻感到自豪。踏入二零一三年，期望繼續服務社群並擴展有關服務。

最後，本人藉此機會感謝董事會成員、各同事、讀者、廣告客戶及股東對本集團之鼎力支持，並期望繼續邁向奇妙而成果豐碩之旅程。

南華早報集團主席

彭定中博士

謹啟