

EXECUTIVE DIRECTOR'S STATEMENT

執行董事報告

2006 has been a landmark year for our company's transformation into a China consumer growth story. During the year, Signal Media developed and executed a new diversified strategy in sectors aimed at capturing China's rapid growth in middle-class spending. The twin effects of China's rapid economic development and the shift in employment patterns from basic blue collar to higher income white-collar jobs is generating unprecedented growth in spending power. Consumer brands, property, media and financial products are amongst the leading sectors to capture this solid spending growth.

In April 2006, we completed the acquisition of Jovian Financial Communications Ltd. ("Jovian"), an established financial PR firm active in Hong Kong and China. Having an established base of listed clients, Jovian is well positioned to ride on the growth in stock market investment. The Group has been making additional investment in Jovian to expand its team to offer a complete range of service to its clients.

In December 2006, we made an investment into Guang Yuan Media Holdings Limited (GYM). GYM is China's largest operator of train mounted infotainment displays with over 15,000 panels in operation. GYM has exclusive contracts with more than half of the railway bureaus and expects to cover the majority of China's long distance trains over the next several years. With dominant market share and a 1.3 billion passenger on-train audience, GYM is becoming a major out-of-home media asset in the China market.

Our first foray into China consumer brands was a proposal to invest into the XS-EXECS brand in June 2006, which did not complete. The brand is targeted at white collar office workers.

In November 2006, we announced a China cosmetics partnership with Professor Cheng Ming Ming of the CMM International, which was later enlarged into a shares and cash offer for the entire company. Professor Cheng becomes Signal Media's second largest shareholder and brings her authoritative expertise in the China cosmetics market to Signal Media's Board. Cosmetics is one of the highest growth consumer sectors in China and fits in well with our strategy of capturing middle class spending. We intend to make significant investments into CMM International and look forward to working with Professor Cheng to further increase brand recognition and performance.

二零零六年對本公司而言乃一項里程碑，標記著本公司轉型為受惠於增長中的中國消費企業。烽火傳媒於年內發展及落實一項嶄新之行業分散策略，旨在抓著中國中產階層消費力強勁增長之成果。中國經濟騰飛，加上就業結構轉型，薪酬較高之白領漸漸取代藍領基層，造就歷來最快的消費力增長速度。消費品牌、地產、傳媒及金融產品在分享消費增長方面更是遙遙領先其他行業。

於二零零六年四月，本集團完成收購溢星財經傳播有限公司(「溢星」)，而該公司乃活躍於香港及中國之財經公關公司。溢星擁有一批上市公司為固定客戶基礎，具有優勢可乘股票市場投資增長之勢頭。本集團已增加在溢星之投資額，並擴充團隊，務求為客戶提供全面之服務。

於二零零六年十二月，本集團投資於Guang Yuan Media Holdings Limited(「廣源傳媒」)。廣源傳媒乃中國最大之列車電視媒體經營商，現正運作之電視屏幕逾15,000台。廣源傳媒與逾半鐵路局簽訂獨家合約，並計劃在未來數年覆蓋中國各主要長途列車。廣源傳媒坐擁龐大的市場佔有率，覆蓋鐵路乘客觀眾人次達13億，將成為中國主要戶外媒體公司。

本集團首次涉足中國消費品牌，乃於二零零六年六月計劃投資於XS-EXECS品牌，惟並沒有完成。該品牌主攻白領辦公室人員的衣服。

於二零零六年十一月，本集團公佈與CMM International之鄭明明教授組成中國化妝品合作夥伴，其後發展為以股份及現金收購整家公司。鄭教授成為烽火傳媒之第二大股東，並為烽火傳媒之董事會引進有關中國化妝品市場之權威性專業知識。化妝品為中國增長最快之消費品行業之一，與本集團致力爭取中產消費之策略相吻合。本集團計劃向CMM International作出重大投資，期待與鄭教授攜手合作，提升品牌知名度及表現。

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One of the best growth opportunities in China has been Macau; a city which has already surpassed Las Vegas as the world's gaming capital and continues to break records in both investment and consumption. In 2006, Signal Media made two significant investments in major Macau residential projects including a landmark luxury project on Nam Van Lake. Since the company made its investments, Macau luxury property prices have increased dramatically. We believe our two investments in this sector represent solid growth for our shareholders.

As 2006 draws to a close, our company has successfully repositioned itself as a China consumer growth story. I wish to take this opportunity to thank the staff for their hard work in turning around the company and look forward to further successes in 2007.

Mr. Edmund Kook

Executive Director

Hong Kong, 20 April 2007

中國其中一個最大之增長商機為澳門。澳門現已超越拉斯維加斯，成為全球博彩之都，並持續打破投資及消費紀錄。於二零零六年，烽火傳媒就澳門住宅項目作出兩項重要投資，其中包括一項位於南灣湖之地標豪宅項目。自從本公司作出該兩項投資以來，澳門豪宅物業樓價一直飆升。本集團深信，此行業之兩項投資可為股東帶來可觀的回報。

隨著二零零六年的過去，本公司已成功定位為增長中的中國消費行業。本人謹此感謝員工勉力為本公司作出的貢獻，並期待於二零零七年蒸蒸日上。

郭敬仁先生

執行董事

香港，二零零七年四月二十日