

SCMP GROUP

NEWSPAPER RETAIL

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82-3327

BY REGISTERED POST

25 March 2003

Exemption No. 33-51010

The U.S. Securities and Exchange Commission
450 Fifth Street, N. W.
Room 3099
Office of International Corporate Finance
Mail Shop 3-7, Washington D. C. 20549
U. S. A.



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Dear Sirs,

SCMP Group Limited (Exemption No. 33-51010)

On behalf of SCMP Group Limited (the "Company"), a company listed in Hong Kong, I am furnishing the below listed documents pursuant to Rule 12g3-2(b) (iii) under the Securities Exchange Act of 1934:

Announcements on (i) Final Results for the Year Ended 31 December 2002; and (ii) Notice of Annual General Meeting of the Company.


The Annual Report 2002 will be available in late April and dispatched to you by then.

Yours faithfully,
For and on behalf of
SCMP Group Limited


Vera Leung
Legal Counsel & Company Secretary

Enclosures

VL/vc



SCMP Group Limited

SCMP集團有限公司*

(Incorporated in Bermuda with limited liability)

25 March 2003 South China Morning Post Business B4

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Final results for the year ended 31 December 2002

FINAL RESULTS

The Directors of SCMP Group Limited (the "Company") are pleased to announce the audited consolidated final results of the Company and its group of companies (the "Group") for the year ended 31 December 2002 as follows:

CONSOLIDATED PROFIT & LOSS ACCOUNT

Year ended 31 December 2002

	Notes	Year ended 31 December 2002 HK\$'000	(Restated) (note 1) 18-month period ended 31 December 2001 HK\$'000
TURNOVER	2	1,364,925	2,745,083
Other revenue	3	8,739	44,328
Staff costs	1(b)(iii)	(417,177)	(721,693)
Cost of production materials/sales		(427,582)	(749,182)
Rental and utilities		(97,973)	(209,798)
Depreciation and amortisation		(78,996)	(130,458)
Advertising and promotion		(31,465)	(48,467)
Other operating expenses		(133,979)	(226,859)
		(1,178,433)	(2,042,129)
Gain on disposal of long-term investment shares		-	51,928
Gain on disposal of businesses		25,136	-
Deficit on revaluation of investment properties		(75,061)	(40,678)
Provision for asset impairment	4	-	(95,933)
		(49,925)	(84,683)
PROFIT FROM OPERATING ACTIVITIES		136,567	618,271
Finance costs		(1,097)	(1,020)
OPERATING PROFIT		135,470	617,251
Share of profits less losses of associates		4,952	10,200
Share of loss of a jointly controlled entity		(5,624)	(15,857)
PROFIT BEFORE TAX		134,798	611,594
Tax	5	(28,884)	(118,363)
PROFIT AFTER TAX		105,914	493,231
Minority interests		(3,367)	(7,017)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	1(b)(iii)	102,547	486,214
DIVIDEND DISTRIBUTIONS	8	124,876	572,367
EARNINGS PER SHARE	6	6.02 cents	28.04 cents
Basic		6.02 cents	28.04 cents
Diluted		N/A	28.04 cents

CONSOLIDATED BALANCE SHEET

As at 31 December 2002

	Notes	31 December 2002 HK\$'000	(Restated) (note 1) 31 December 2001 HK\$'000
NON-CURRENT ASSETS			
Intangible assets		14,130	-
Fixed assets		1,507,475	1,621,494
Defined benefit plan's assets	1(a)	37,858	42,355
Interests in associates		41,875	45,900
Interest in a jointly controlled entity		9,375	11,213
Long-term investment shares		128,523	151,486
		1,739,236	1,872,448
CURRENT ASSETS			
Inventories		43,172	56,981
Accounts receivable		155,326	158,238
Prepayments, deposits and other receivables		49,146	60,080
Bank balances and deposits		138,992	283,675
		386,636	558,974
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		169,533	167,594
Tax payable		1,360	8,996
Subscriptions in advance		16,285	12,875
		187,178	189,465
NET CURRENT ASSETS		199,458	369,509
TOTAL ASSETS LESS CURRENT LIABILITIES		1,938,694	2,241,957
NON-CURRENT LIABILITIES			
Minority interests		8,679	10,676
Interest-bearing bank loans, unsecured		310,000	-
Deferred tax		82,770	81,206
		401,449	91,882
	1(b)(ii)	1,537,245	2,150,075
CAPITAL AND RESERVES			
Issued capital		156,095	173,438
Reserves	7	1,318,712	1,976,637
Proposed final dividend distribution	7	62,438	-
		1,381,150	1,976,637
		1,537,245	2,150,075

NOTES TO THE ACCOUNTS

1. Restatement of the Group's Consolidated Balance Sheet and Profit and Loss Account for 18-month period ended 31 December 2001

Due to the adoption of a new Statement of Standard Accounting Practice ("SSAP") issued by the Hong Kong Society of Accountants in the current reporting period, certain figures have been restated. The changes are set out below:

(a) Defined benefit plan's assets

The Group's contributions to the defined benefit plan are made based on the periodic recommendations of independent qualified actuaries. Prior to the adoption of SSAP34, they were charged to the profit and loss account.

With effect from 1 January 2002, the Group has adopted SSAP34 "Employee Benefits" whereby pension costs are assessed using the projected unit credit method: the cost of providing pension is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plan.

The adoption of SSAP34 represents a change in accounting policy, which has retrospective effect and the changes are set out below.

There is a defined benefit plan's assets of HK\$42,355,000 as at 31 December 2001 which resulted from the fair value of plan assets exceeding the present value of funded obligations.

Changes to the consolidated balance sheet are:

- (i) Net assets were increased by HK\$42,355,000.
- (ii) Retained loss was decreased by HK\$42,355,000.

Changes to the consolidated profit and loss account are:

- (iii) Staff costs were decreased by HK\$3,421,000 being the difference in defined benefit pension cost recognised in the 18-month period ended 31 December 2001 following the change of above accounting policy.
- (iv) Profit attributable to shareholders was increased by HK\$3,421,000.

(b) Summary of restatements to the Group's consolidated balance sheet and profit and loss account for the 18-month period ended 31 December 2001:

(i) Retained losses as at 31 December 2001

	<i>HK\$'000</i>
As previously reported	(1,132,233)
Less:	
Defined benefit plan's assets	42,355
As restated	<u>(1,089,878)</u>

(ii) Net assets as at 31 December 2001

	<i>HK\$'000</i>
As previously reported	2,107,720
Defined benefit plan's assets	42,355
As restated	<u>2,150,075</u>

(iii) Profit attributable to shareholders for the 18-month period ended 31 December 2001

	<i>Staff costs HK\$'000</i>	<i>Profit attributable to shareholders HK\$'000</i>
As previously reported	725,114	482,793
Decreased in pension costs	(3,421)	3,421
As restated	<u>721,693</u>	<u>486,214</u>

2. Segment information

The Company acted as an investment holding company during the year. The principal activities of the Group during the year ended 31 December 2002 comprised the publishing, printing and distribution of the *South China Morning Post*, *Sunday Morning Post* and other print and on-line publications, retailing, video and film post-production, education and holding of properties for rental income purpose.

An analysis of the Group's turnover and contribution to operating profit for the year is as follows:

	Turnover		Contribution to operating profit	
	Year ended 31 December 2002 <i>HK\$'000</i>	18-month period ended 31 December 2001 <i>HK\$'000</i>	Year ended 31 December 2002 <i>HK\$'000</i>	(Restated) 18-month period ended 31 December 2001 <i>HK\$'000</i>
Newspapers, magazines and other publications	831,775	1,722,925	109,750	535,894
Retailing	418,641	610,408	(1,609)	(1,272)
Investment properties (note (a))	79,747	116,856	17,197	62,081
Video and film post-production	19,493	47,803	(3,761)	4,250
Entertainment, recreation and education services (note (b))	15,269	247,091	13,893	16,298
Total	<u>1,364,925</u>	<u>2,745,083</u>	<u>135,470</u>	<u>617,251</u>

Notes:

- (a) Included in operating profit is a receipt of HK\$15.9 million from an investment which was written off in prior years and a provision of HK\$75 million for deficit in revaluation of the investment properties as at 31 December 2002.
- (b) The Group disposed of its recreation club and education businesses in December 2001 and March 2002, respectively, and suspended the production operation of the entertainment business in October 2001. Included in operating profit is a gain of HK\$11.2 million from the sale of the education business.

3. Other revenue

	Year ended 31 December 2002 HK\$'000	18-month period ended 31 December 2001 HK\$'000
Dividend income from listed investments	2,462	4,441
Interest income	4,958	36,481
Others	1,319	3,397
Total	8,739	44,321

4. Provision for asset impairment

	Year ended 31 December 2002 HK\$'000	18-month period ended 31 December 2001 HK\$'000
Provision for impairment in value of long-term investment shares	-	92,401
Provision for impairment in leasehold land and buildings	-	3,531
Total	-	95,932

5. Tax

	Year ended 31 December 2002 HK\$'000	18-month period ended 31 December 2001 HK\$'000
Company and subsidiaries:		
Provision for the year/period	26,235	109,081
Deferred tax	1,664	5,711
	27,899	114,802
Associates:		
Hong Kong	-	-
Elsewhere	985	3,561
	985	3,561
Tax charge for the year/period	28,884	118,363

Hong Kong profits tax has been calculated at 16% (2001: 16%) on the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

6. Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of HK\$102,547,000 (2001: HK\$486,214,000) and the weighted average of 1,704,448,053 (2001: 1,733,784,078) shares in issue during the year. As at 31 December 2002, there were 1,560,945,596 shares in issue, following the completion of the share repurchase offer in October 2002.

The diluted earnings per share for the year is not shown as there is no dilution effect. The diluted earnings per share for the 18-month period ended 31 December 2001 is based on the profit attributable to shareholders of HK\$486,214,000 and the weighted average of 1,733,784,078 shares in issue during the period plus 136.44 dilutive shares deemed to have been issued for no consideration in respect of share options outstanding during the period.

7. Reserves and proposed final dividend distribution

Group	Share premium HK\$'000	Contributed surplus HK\$'000	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	note 1(b)(i) Retained profits/ (losses) HK\$'000	Total HK\$'000
At 1 January 2002	1,151,275	1,925,381	27,337	1,503	(38,981)	(1,132,233)	1,934,282
Effect of adopting SSAP 34 Defined benefit plan's assets	-	-	-	-	-	42,355	42,355
As restated	1,151,275	1,925,381	27,337	1,503	(38,981)	(1,089,878)	1,976,637
Share premium reduction (Note (a))	(1,105,290)	-	-	-	-	1,105,290	-
Repurchase of shares	(5,014)	(607,034)	-	-	-	-	(612,048)
Change in fair values of long-term investment shares	-	-	(23,091)	-	-	-	(23,091)
Revaluation reserve released on disposal	-	-	6	-	-	-	6
Exchange differences on consolidation	-	-	-	-	(463)	-	(463)
Profit for the year	-	-	-	-	-	102,547	102,547
2002 interim dividend distribution	-	(62,438)	-	-	-	-	(62,438)
At 31 December 2002 (Note (b))	<u>4,971</u>	<u>1,255,909</u>	<u>4,252</u>	<u>1,503</u>	<u>(39,444)</u>	<u>117,959</u>	<u>1,381,152</u>

Notes:

- (a) During the year, the share premium account was reduced by an amount of HK\$1,105,290,000 to enable the Company to eliminate the accumulated losses which resulted from the amortisation of intangible assets and goodwill on acquisition following the adoption of certain new SSAPs.
- (b) The proposed final dividend distribution of HK\$62,438,000 for year ended 31 December 2002 is to be paid out of the Company's contributed surplus.

8. Dividends

	Year ended 31 December 2002 HK\$'000	18-month period ended 31 December 2001 HK\$'000
1st interim dividend distribution of HK4 cents per share (2001: HK15 cents)	62,438	260,171
2nd interim dividend distribution, Nil per share (2001: HK8 cents)	n/a	138,751
Special dividend, Nil per share (2001: HK10 cents)	-	173,431
Proposed final dividend distribution of HK4 cents per share (2001: Nil)	62,438	-
Total	124,876	572,363

MANAGEMENT'S DISCUSSION AND ANALYSIS

Principal Activities

The Company is an investment holding company. The principal activities of the Group during the year comprised the publishing, printing and distribution of the *South China Morning Post*, *Sunday Morning Post* and other print and on-line publications. The Group was also involved in retailing, video and film post-production education and property investment through its subsidiaries.

Review of Operations

To facilitate better understanding of the Group's performance, the comparison presented below covered 12 month period ended 31 December 2002 and 2001.

- Total turnover: HK\$1,364.9 million
- Net profit attributable to shareholders: HK\$102.5 million
- Net profit before revaluation deficit: HK\$177.5 million
- Earnings per share: HK6.02 cents
- Earnings per share before revaluation deficit: HK10.42 cents
- EBITDA: HK\$256.7 million
- EBITDA margin: 18.8%

The Group's consolidated operating results for the year ended 31 December 2002 and 2001 were as follows:

(HK\$ million, except per share amounts)	For the year ended	
	2002	(Restated) 2001
Turnover	1,364.9	1,693.7
Staff costs	(417.2)	(477.7)
Cost of production materials/sales	(427.6)	(499.0)
Rental and utilities	(98.0)	(143.0)
Advertising and promotion	(31.4)	(37.0)
Other operating expenses	(134.0)	(149.0)
Operating cost before depreciation and amortisation	(1,108.2)	(1,306.7)
EBITDA	256.7	387.0
Depreciation and amortisation	(79.0)	(88.0)
Finance cost	(1.1)	(0.0)
Gain on disposal of long-term investment shares	—	22.0
Gain on disposal of businesses	25.1	—
Provision for asset impairment	—	(72.0)
Revaluation deficit	(75.0)	(40.0)
Other revenue	8.8	25.0
Operating profit	135.5	233.0
Net profit attributable to shareholders	102.5	165.7
Earnings per share (HK cents)		
Basic	6.02	9.55
Diluted	N/A	9.55

For the year ended 31 December 2002, the Group's turnover and profit attributable to shareholders amounted to HK\$1,364.9 million (2001: HK\$1,693.7 million) and HK\$102.5 million (2001: HK\$165.7 million) respectively. Earnings per share was HK6.02 cents (2001: HK9.55 cents), calculated based on the weighted average of 1,704,448,053 shares in issue during the year (2001: 1,734,160,257 shares). The Company bought back (and cancelled) 173,438,400 shares in October 2002, and the number of shares in issue as at 31 December 2002 were 1,560,945,596 shares.

The reported earnings of HK\$102.5 million included a gain of HK\$25.1 million from disposal of certain businesses and a provision of HK\$75 million for deficit in revaluation of the investment properties. Excluding the investment properties revaluation deficit, the Group would report a net profit of HK\$177.5 million, or an earnings per share of HK10.42 cents.

The Group's total revenue in 2002 was down 19.4% from the previous year, primarily due to the downturn in advertising revenue from the newspaper business and disposal of certain businesses. The entertainment, recreation and education businesses were substantially ceased or disposed of in 2001 and early 2002; these operation accounted for HK\$155.5 million of the Group's turnover in 2001, compared with HK\$15.3 million in 2002. Excluding the turnover from the entertainment, recreation and education businesses, the Group's turnover in 2002 was down 12.3% from the previous year.

Total operating costs were down by 14.9%. Staff costs decreased by 12.7% following from headcount reduction undertaken during the year. Total headcount of the Group in December 2002 was 1,293, down from 1,570 in December 2001 due to disposal and suspension of certain businesses and magazine titles, and overall reduction of headcount. Cost of production materials and sales was down 14.3%, primarily due to lower newsprint price and usage. The average cost of newsprint for production decreased by 26.4% to HK\$3,853 (US\$494) per ton. Rental and utilities decreased by 31.6% due to disposal of recreation club and education businesses and the closure of nine *Health Plus* stores, though this was partially offset by net increase of 11 *Daily Stop* outlets. Advertising and promotion and other operating expenses decreased by 15.6% and 10.1%, respectively, due to various cost cutting measures, though offset by an increase in distribution costs related to *Jiu Jik* being distributed in the MTR network from July 2002.

Newspaper, Magazines and Other Publications

For the year ended 31 December 2002, this division recorded revenues of HK\$831.8 million, a decrease of 18%. Revenues have come under extreme pressure in these times as companies continue to reduce costs and expenses, especially in marketing and advertising areas, and the volatile and weak stock markets continue to restrict corporate and fund raising activities. Recruitment advertising is still being severely affected by the high unemployment rate in Hong Kong.

Display advertising revenue in the newspapers decreased by 9.7%, average yield also decreased slightly offset by the increase in average volume. Advertising revenue in *Classified Post* declined 35.9%, average volume was down by some 28.6% and average yield also decreased.

The average circulation of *South China Morning Post* and *Sunday Morning Post* recorded a decline in 2002 year-on-year. Circulation for January – June 2002 of the *South China Morning Post* was 104,406 copies (January – June 2001: 110,155), and for the *Sunday Morning Post* was 90,868 copies (January – June 2001: 92,353). Circulation for July – December 2002 for the *South China Morning Post* was 104,484 copies (July – December 2001: 114,028) and for the *Sunday Morning Post* was 81,719 copies (July – December 2001: 89,204). The continuing weak economy has impacted circulation sales. Hotel and airlines subscriptions have recovered since the tragic events of September 11, but agents' subscriptions and newsstand sales have declined as Hong Kong is faced with record level of redundancies and closure of small businesses and offices. We are confident, however, that circulation sales will recover when the economy improves, as we have seen similar decline during the Asian financial crisis and subsequent recovery thereafter.

Revenues from magazines and other publications for the year ended 31 December 2002 remained stable. The operating profit was lower due to losses incurred by *CosmoGIRL!*, which was launched in September 2001.

Retailing

This division recorded revenues of HK\$418.6 million, an increase of 1% year-on-year. The operating loss of HK\$1.6 million was due to losses incurred in the *Health Plus* business, the *Daily Stop* operations are profitable. During the year, nine unprofitable *Health Plus* shops were closed and as at the end of 2002, 18 shops were in operation. As at the end of 2002, there were 83 *Daily Stop* outlets compared with 72 in December 2001.

Investment Properties

Rental income and EBITDA from the Group's investment properties increased due to new leases in 2002, though slightly offset by a lease expiry. Operating profit of HK\$17.2 million was after adjusting for (i) a receipt of HK\$15.9 million from an investment written off in prior years; and (ii) a provision of HK\$75 million for diminution in value of the investment properties. HK\$65 million of the provision relates to the TV City property. This property is currently leased to TVB as film studios at HK\$70.6 million per annum, and the lease will expire in December 2003. The professional property valuers had valued the property on the basis of its existing use as at 31 December 2002.

The Company has received an in-principle approval from the Town Planning Board to change the land use of TV City to a "Comprehensive Development Area (2)", thus permitting a development involving principally uses for residential purposes. The Draft Clear Water Bay Peninsula North Development Permission Area Plan (the "Plan"), which indicates the zoning of the land upon which the TV City is situated, was gazetted on 22 March 2002, and was opened to public objections for a period until 22 May 2002; following which the objections have been considered by the Town Planning Board. The Plan, together with the un-withdrawn objections, has been submitted to the Chief Executive in Council for approval. In the meantime, the Company has revised the master layout plan to comply with Government's latest requirements and has submitted it to the Town Planning Board for approval, to be followed by, inter alia, submission of an application and the subsequent execution of a Land Exchange, which includes the assessment and negotiation of land premium. Based on the advice of consultants, this process is likely to take at least 18 months.

Video and Film Post-Production

This division recorded revenue of HK\$19.5 million with an operating loss of HK\$3.8 million. The poor performance was mainly due to reduction in documentary tape income.

Entertainment, Recreation and Education Services

The operations of this division have substantially ceased with the disposal of the recreation club and education businesses and suspension of the production operation of entertainment business. The operating profit of education business included a gain of HK\$11.2 million resulting from the disposal of the business in March 2002.

Capital Expenditure

Total capital expenditure for the year ended 31 December 2002 amounted to HK\$61.7 million, of which HK\$12.1 million was spent on replacement items and HK\$49.6 million on new capital items. Of the new capital items, HK\$23.7 million was spent on partial payment for the editorial and Oracle financial systems and HK\$23.6 million on final payment for the two Geoman colour presses. The remaining new capital expenditure represented investment in new *Daily Stop* outlets and computer hardware and software.

For the coming year, the Group has approved capital expenditure of approximately HK\$79 million, of which HK\$64.1 million is allocated for (i) replacement of the editorial, advertising and circulation systems, (ii) 15 new *Daily Stop* outlets, (iii) video-film production equipment, and (iv) computers and technology related equipment and software. The balance of HK\$14.9 million is allocated for replacement items.

Liquidity and Capital Resources

Net cash provided by operating activities was HK\$255.9 million for the year ended 31 December 2002, compared with net inflow of HK\$587.7 million in the 18-month period ended 31 December 2001. Cash was used primarily for payment of dividends, taxation and capital expenditures.

Net cash outflow from financing activities was HK\$384.8 million for the year ended 31 December 2002, compared with net outflow of HK\$830.7 million in the 18-month period ended 31 December 2001. During the year, the Company repurchased a total of 173,438,400 shares. The total consideration was approximately HK\$629.4 million and was funded by internal cash and HK\$310 million in bank borrowings.

Cash generated from the Group's operations and the funds available from external sources are expected to be adequate to cover all cash requirements, including working capital needs and planned capital expenditure.

As at 31 December 2002, the Group had bank borrowing of HK\$310 million. The bank borrowing is a Hong Kong Dollar unsecured term loan repayable within 3 years and had floating interest rate. The Group has no significant exposure to foreign exchange fluctuations.

The ratio of current assets to current liabilities was 2.07 times as at 31 December 2002 compared to 2.95 times as at 31 December 2001. As at 31 December 2002, the gearing ratio of the Group was 11.1% (2001: nil), calculated by dividing the total borrowings of HK\$310 million (2001: nil) net of available cash of HK\$139 million by shareholders' funds of HK\$1,537.2 million.

Defined benefit plan's assets

The Group has adopted a new accounting standard, HKSSAP34 "Employee Benefits" in 2002. This standard requires the Group to recognise the surplus on its defined benefit plan as assets in its balance sheet and charge the cost of providing the defined benefit plan benefits to profit and loss accounts systematically. The defined benefit plan's assets recognised as at 31 December 2002 was HK\$37.9 million (2001: HK\$42.4 million) and the cost of providing the defined benefit plan benefits for the year ended 31 December 2002 was HK\$4.5 million (2001: HK\$2.7 million).

PROSPECTS

The continuing weak economic conditions, compounded by the geopolitical events in the Middle East, have made it extremely difficult to predict the prospects for 2003. However, over the last two years, the Group has taken measures to strengthen its core business. As we enter the centenary year of the *South China Morning Post* in these challenging times, the Group is well positioned to maximize our revenue potential and profitability when market conditions improve. Steps taken include:

- Disciplined cost control measures, which resulted in operating costs and expenses down by 15% year-on-year, and continuing efforts to contain costs and improve efficiencies;
- Leading market position of the *South China Morning Post* strengthened with improvements in quality and presentation of the paper to provide a more attractive product for both our readers and advertisers alike. Examples of changes include the opinion pages, business section and a new City section to build on the success of the Features section;
- Near completion of the major capital expenditures started some two years ago, with:
 - two new Geoman colour presses, which came into full operation in August 2002, giving us production flexibility, more colour capacity and creative possibilities for our sales team and advertisers; already reflected in the newspaper, *Classified Post*, *Jiu Jik* and *Classified Plus*;
 - new editorial publishing system, which will be fully implemented by October this year, giving us faster more efficient news production, enhanced design capabilities and tighter communication with remote bureaus;
 - new advertising and circulation management systems expected to be completed end of this year which will streamline operations and enhance sales functions; and
 - near completion of the digitization of 150,000 selected photos from our archives, to add to our inventory of 70,000 images. *Photo.scmp.com* launched in December 2002 has a current inventory of 160,000 images for online purchase;
- Successful completion of the 10% share buyback offer in October 2002. The Company undertook this buyback exercise as an opportunity both to capitalize on the low interest rate environment to restructure the balance sheet, to incorporate some gearing for a more efficient capital structure, and to return cash to shareholders and, enhance shareholder value by increasing earnings per share in future years. The Company is now able to make on-market share repurchases within the Hong Kong regulatory framework; and
- The Group is in a strong financial position to take advantage of any opportunities that may arise.

DIVIDEND DISTRIBUTION

The Directors recommend the payment of a final dividend distribution from the contributed surplus account of the Company of Hong Kong 4 cents per share (2001: nil) to shareholders whose names appear on the Register of Members of the Company on Friday, 23 May 2003. This final dividend distribution, together with the interim dividend distribution of Hong Kong 4 cents per share, will make a total dividend distribution of Hong Kong 8 cents per share for the year ended 31 December 2002. The proposed final dividend distribution, if approved, will be paid on Tuesday, 27 May 2003.

BOOK CLOSURE

The Register of Members of the Company will be closed from Tuesday, 20 May 2003 to Friday, 23 May 2003, both dates inclusive. All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited of 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 19 May 2003 so as to qualify for the final dividend distribution.

EMPLOYEES

The Group had 1,293 employees as at 31 December 2002. The Group remunerates its employees largely based on industry practice and also adopts a share option scheme for employees with awards determined annually based upon the performance of the Group and individual employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company announced on 3 September 2002 a proposed conditional voluntary cash offer to be made by The Hongkong and Shanghai Banking Corporation Limited on behalf of the Company to repurchase up to 173,438,400 shares of the Company, representing approximately 10% of the total issued share capital of the Company as at that date, at an offer price of HK\$3.6 per share (the "Offer"). The Offer was approved by shareholders of the Company at the Special General Meeting held on 11 October 2002. In accordance with the terms of the Offer, the Company repurchased a total of 173,438,400 shares in aggregate at the offer price of HK\$3.6 per share on 30 October 2002 and the shares repurchased were cancelled on the same date. The total consideration paid by the Company for the Offer is approximately HK\$624.4 million. After the repurchase and cancellation of the said 173,438,400 shares under the Offer, the number of shares of the Company in issue was reduced to 1,560,945,596.

Save as the Offer detailed above, the Company and any of its subsidiaries had not purchased, sold or redeemed any of the Company's own shares during the year.

CORPORATE GOVERNANCE

The Directors and management are committed to high standards of corporate governance which provide an important framework for the overall operations of the Group. In the opinion of the Directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save that the non-executive Directors have not been appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the Company's By-laws.

CORPORATE COMMUNICATIONS INITIATIVES

Web site

The Company's web site, *scmpgroup.com*, was launched in October 2000. The site has continued to enhance the Group's corporate image and is a helpful source of information for third parties on the Group and its current activities. The web site has average pageviews of 19,492 per month in 2002.

Investor relations

Senior management hosts analysts and investors briefings twice a year, following the release of the Group's interim and final results, as occasions for the investment community to query the senior management on the Group's performance and strategy. The senior management is willing and regularly meets with institutional investors and analysts.

AUDIT COMMITTEE

The Audit Committee has been established since 1998 with written terms of reference and currently comprises two Independent non-executive Directors, namely Mr. Peter Lee Ting Chang and Mr. Ronald J. Arculli. Two Audit Committee meetings had been held during the year.

On Behalf of the Board
KUOK Khoon Ean
Chairman

Hong Kong, 24 March 2003

Detailed final results containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website in due course. The Annual Report of the Company will be dispatched to shareholders before end of April 2003.

* For identification purpose only

(7)

截至二零零二年十二月三十一日止年度之末期業績

末期業績 (附註1) 本公司董事會欣然宣佈，本公司及其集團公司(「本集團」) 截至二零零二年十二月三十一日止年度之經營業績綜合末期業績如下：

Table with 2 columns: Description (e.g., 營業收入, 銷售成本) and Amount (e.g., 1,364,925, 417,177). Includes sub-sections for (a) and (b).

Table with 2 columns: Description (e.g., 出售長期投資之收益, 出售物業之收益) and Amount (e.g., 2,042,129, 51,928).

Table with 2 columns: Description (e.g., 經營費用, 利息收入) and Amount (e.g., 618,271, 617,251).

Table with 2 columns: Description (e.g., 稅項, 少數股東權益) and Amount (e.g., 105,914, 3,367).

Table with 2 columns: Description (e.g., 股東應佔溢利, 股息分派) and Amount (e.g., 486,214, 572,367).

Table with 2 columns: Description (e.g., 非流動資產, 非流動負債) and Amount (e.g., 14,130, 1,507,475).

Table with 2 columns: Description (e.g., 流動資產, 流動負債) and Amount (e.g., 43,172, 158,326).

Table with 2 columns: Description (e.g., 總資產, 總負債) and Amount (e.g., 167,594, 8,996).

Table with 2 columns: Description (e.g., 資產減值撥備, 長期應收賬項) and Amount (e.g., 82,400, 3,530).

Table with 2 columns: Description (e.g., 公司及其附屬公司之其他資產, 物業投資) and Amount (e.g., 95,933, 109,085).

Table with 2 columns: Description (e.g., 年內/期內收項, 香港利得稅) and Amount (e.g., 3,560, 3,560).

Table with 2 columns: Description (e.g., 每股溢利, 每股派息) and Amount (e.g., 0.46, 0.12).

Table with 2 columns: Description (e.g., 股東應佔溢利, 股東應佔溢利) and Amount (e.g., 1,500, 42,335).

Table with 2 columns: Description (e.g., 非流動資產, 非流動負債) and Amount (e.g., 1,131,273, 1,925,381).

Table with 2 columns: Description (e.g., 流動資產, 流動負債) and Amount (e.g., 40,971, 1,235,909).

Table with 2 columns: Description (e.g., 總資產, 總負債) and Amount (e.g., 1,102,790, 62,438).

Table with 2 columns: Description (e.g., 總資產, 總負債) and Amount (e.g., 572,367, 128,876).

二零零二年一月至六月(「前半年度」)之平均銷售額為104,406份(二零零一年一月至六月之平均銷售額為90,868份)及(「前半年度」)之平均銷售額為114,028份(二零零一年一月至六月之平均銷售額為104,000份)。

25 March 2003

South China Morning Post

Business B5

SCMP Group Limited

SCMP集團有限公司*

(Incorporated in Bermuda with limited liability)

Annual General Meeting

Notice is hereby given that an Annual General Meeting of SCMP Group Limited will be held at Island Ballroom A, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Hong Kong on Monday, 26 May 2003 at 11:00 a.m. to transact the following ordinary businesses:

1. To receive and consider the Audited Financial Statements, and the Directors' Report and Auditors' Report for the year ended 31 December 2002;
2. To approve the payment of a final dividend distribution from the contributed surplus account;
3. To re-elect retiring Directors and authorise the Board to fix Directors' fee;
4. To re-appoint Auditors and authorise the Directors to fix their remuneration;

and by way of special business to consider and if thought fit, pass the following resolutions as ordinary resolutions:

5. To give a general mandate to the Directors to issue and allot shares;
6. To give a general mandate to the Directors to repurchase shares; and
7. To give a general mandate to the Directors to add repurchased shares to the share issue general mandate.

By Order of the Board
Vera Leung
Company Secretary

Hong Kong, 24 March 2003

NOTES:

- (1) This is a summary of the full text of the Notice of Annual General Meeting. The full text of the Notice will be contained in a Circular to shareholders giving information about the businesses to be conducted at the Meeting. The Circular will be despatched to shareholders together with the Annual Report of the Company for the year ended 31 December 2002 before end of April 2003.
- (2) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not also be a member.
- (3) Forms of proxy must be lodged at Morning Post Centre, 22 Dai Fat Street, Tai Po Industrial Estate, New Territories, Hong Kong not later than 11:00 a.m. on Saturday, 24 May 2003. Completion and return of the form of proxy will not preclude a member from attending and voting in person.
- (4) The Register of Members will be closed from Tuesday, 20 May 2003 to Friday, 23 May 2003, both dates inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited of 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Monday, 19 May 2003 so as to qualify for attending the Annual General Meeting.

* For identification purpose only

25 March 2003

Ming Pao

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SCMP Group Limited

SCMP集團有限公司*

(在百慕達註冊成立之有限公司)

股東週年大會

茲通告 SCMP集團有限公司股東週年大會謹訂於二零零三年五月二十六日(星期一)上午十一時正,假座香港法院道太古廣場港島香格里拉大酒店五樓香島殿舉行,以處理下列一般事項:

1. 省覽截至二零零二年十二月三十一日止年度之經審核財務報告及董事會報告與核數師報告;
 2. 通過從繳入盈餘賬中派發末期股息分派;
 3. 重新選舉任期屆滿之董事,並授權董事釐訂董事酬金;
 4. 重新委聘核數師,並授權董事釐訂其酬金;
- 及作為特別事項,考慮並酌情通過下列決議案為普通決議案:
5. 給予董事一般性授權以增發股份;
 6. 給予董事一般性授權以購回股份;及
 7. 給予董事一般性授權使增發股份之授權可加上購回股份之數額。

承董事會命
公司秘書
梁慧賢

香港,二零零三年三月二十四日

附註:

- (1) 此乃股東週年大會通告全文之摘要。通告全文將刊載於一份予股東之通函。該通函載列股東週年大會將處理事項之詳情,並將於二零零三年四月底前連同本公司截至二零零二年十二月三十一日止年度之年報寄發予股東。
- (2) 凡有權出席及在上述大會投票之股東可委派一位或多位代表出席及投票,代表人無須為本公司股東。
- (3) 代表委託書須於二零零三年五月二十四日(星期六)上午十一時前送達香港新界大埔工業邨大發街22號南華早報中心,方為有效。填妥及交回代表委託書後,股東仍可親自出席及投票。
- (4) 本公司將由二零零三年五月二十日(星期二)至二零零三年五月二十三日(星期五),首尾兩天包括在內,暫停辦理股份過戶登記手續。為確保可出席股東週年大會,所有過戶文件連同有關股票必須於二零零三年五月十九日(星期一)下午四時前送達本公司在香港之股份過戶登記分處香港中央證券登記有限公司,地址為香港皇后大道東183號合和中心19樓,辦理過戶登記手續。

* 僅供識別