

2007

INTERIM REPORT

SCMP Group Limited

Stock Code: 583

SCMP Group Limited

Interim Results

The Directors of SCMP Group Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its group of companies (the "Group") for the six months ended 30 June 2007 as follows:

Condensed Consolidated Balance Sheet

	Notes	(Unaudited) 30 June 2007 HK\$'000	(Audited) 31 December 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	552,510	566,953
Investment properties		773,800	773,800
Lease premium for land		32,099	32,609
Intangible assets		33,024	34,920
Interests in associates		58,005	53,169
Available-for-sale financial assets		207,596	208,516
Defined benefit plan's assets		43,709	39,611
		1,700,743	1,709,578
Current assets			
Inventories		26,977	29,252
Accounts receivable	4	258,457	281,771
Prepayments, deposits and other receivables		14,924	17,028
Cash and bank balances		212,300	255,306
		512,658	583,357
Total assets		2,213,401	2,292,935
EQUITY			
Capital and reserves			
Share capital	5	156,095	156,095
Reserves		1,578,638	1,523,737
Proposed dividend		124,876	202,923
		1,703,514	1,726,660
Shareholders' funds		1,859,609	1,882,755
Minority interests		18,948	11,832
Total equity		1,878,557	1,894,587
LIABILITIES			
Non-current liabilities			
Long-term bank loan, unsecured		17,000	17,000
Deferred income tax liabilities		109,422	111,833
		126,422	128,833
Current liabilities			
Accounts payable and accrued liabilities	6	114,031	149,881
Subscriptions in advance		18,408	23,037
Current income tax liabilities		56,806	81,672
Short-term bank loan, unsecured		2,060	1,990
Bank overdraft, secured		17,117	12,935
		208,422	269,515
Total liabilities		334,844	398,348
Total equity and liabilities		2,213,401	2,292,935
Net current assets		304,236	313,842
Total assets less current liabilities		2,004,979	2,023,420

SCMP Group Limited

Condensed Consolidated Income Statement

	Notes	(Unaudited)	
		For the six months ended 30 June	
		2007 HK\$'000	2006 HK\$'000 (Restated)
Revenue	2	632,860	583,167
Other income		2,091	2,150
Staff costs		(191,001)	(180,594)
Cost of production materials		(88,271)	(86,040)
Rental and utilities		(21,541)	(16,920)
Depreciation and amortisation		(29,149)	(32,434)
Advertising and promotion		(16,821)	(16,015)
Other operating expenses		(71,674)	(73,034)
Gain on disposal of available-for-sale financial assets		1,370	–
Operating profit		217,864	180,280
Net interest income	8	3,163	622
Share of profits of associates		943	2,895
Profit before income tax		221,970	183,797
Income tax expense	9	(39,710)	(33,202)
Profit for the period		182,260	150,595
Attributable to:			
Shareholders		175,000	146,530
Minority interests		7,260	4,065
		182,260	150,595
Dividend			
Proposed interim dividend of HK8 cents per share (2006: HK6 cents per share)	10	124,876	93,657
Earnings per share			
Basic and diluted	11	11.21 cents	9.39 cents

SCMP Group Limited

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

(Unaudited)
Attributable to shareholders

	Share capital and share premium HK\$'000	Contributed surplus HK\$'000	Investments revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total shareholders' funds HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2006	197,066	865,672	93,216	3,624	(35,938)	596,864	1,720,504	10,406	1,730,910
Available-for-sale financial assets									
– Fair value gain taken to equity	–	–	24,716	–	–	–	24,716	–	24,716
Exchange differences on consolidation	–	–	–	–	3,189	–	3,189	22	3,211
Net income recognised directly in equity	–	–	24,716	–	3,189	–	27,905	22	27,927
Profit for the period	–	–	–	–	–	146,530	146,530	4,065	150,595
Total recognised income for the period	–	–	24,716	–	3,189	146,530	174,435	4,087	178,522
Dividends	–	–	–	–	–	(156,095)	(156,095)	–	(156,095)
Balance at 30 June 2006	197,066	865,672	117,932	3,624	(32,749)	587,299	1,738,844	14,493	1,753,337
Balance at 1 January 2007	197,066	865,672	159,802	3,624	(29,105)	685,696	1,882,755	11,832	1,894,587
Available-for-sale financial assets									
– Fair value gain taken to equity	–	–	19	–	–	–	19	–	19
– Transfer to profit or loss on disposal	–	–	(1,218)	–	–	–	(1,218)	–	(1,218)
Exchange differences on consolidation	–	–	–	–	5,976	–	5,976	(144)	5,832
Net income recognised directly in equity	–	–	(1,199)	–	5,976	–	4,777	(144)	4,633
Profit for the period	–	–	–	–	–	175,000	175,000	7,260	182,260
Total recognised income for the period	–	–	(1,199)	–	5,976	175,000	179,777	7,116	186,893
Dividends	–	–	–	–	–	(202,923)	(202,923)	–	(202,923)
Balance at 30 June 2007	197,066	865,672	158,603	3,624	(23,129)	657,773	1,859,609	18,948	1,878,557

Condensed Consolidated Cash Flow Statement

	(Unaudited)	
	For the six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Net cash generated from operations	226,969	191,314
Hong Kong profits tax paid	(66,724)	(49,865)
Overseas tax paid	(264)	–
Net cash generated from operating activities	159,981	141,449
Net cash used in investing activities	(3,417)	(3,557)
Net cash inflow before financing activities	156,564	137,892
Cash flows from financing activities		
Dividend paid	(202,923)	(156,095)
Interest paid	(829)	(1,760)
Net cash used in financing activities	(203,752)	(157,855)
Net decrease in cash and cash equivalents	(47,188)	(19,963)
Cash and cash equivalents at 1 January	242,371	174,736
Cash and cash equivalents at 30 June	195,183	154,773

Notes to the financial statements

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements (“interim financial statements”) are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim financial statements should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

Certain comparative figures in the income statement for the six months ended 30 June 2006 have been reclassified to conform to current period’s presentation. This reclassification had no impact to the results of the Group for the six months ended 30 June 2006.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1 January 2007. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on these interim financial statements.

2. Segment information

The Company acted as an investment holding company during the period. The principal activities of the Group comprised the publishing, printing and distribution of the *South China Morning Post*, *Sunday Morning Post* and other print and digital publications, property investment, video and film post-production, and music publishing.

Substantially all the activities of the Group are based in Hong Kong and below is an analysis of the Group’s revenue and contribution to operating profit by principal activity:

	(Unaudited) Revenue for the six months ended 30 June		(Unaudited) Contribution to operating profit for the six months ended 30 June	
	2007 HK\$’000	2006 HK\$’000	2007 HK\$’000	2006 HK\$’000 (Restated)
Newspapers, magazines and other publications	613,270	561,099	210,208	174,320
Investment properties	8,921	8,692	6,754	6,346
Video and film post-production	9,393	10,278	128	(1,434)
Music publishing	1,276	3,098	774	1,048
Total	632,860	583,167	217,864	180,280

3. Property, plant and equipment

	(Unaudited)			Total HK\$'000
	Leasehold buildings HK\$'000	Other fixed assets HK\$'000	Assets in progress HK\$'000	
At 1 January 2007				
Cost or valuation	308,868	1,018,489	779	1,328,136
Accumulated depreciation and impairment losses	(81,031)	(680,099)	(53)	(761,183)
Net book value at 1 January 2007	227,837	338,390	726	566,953
Additions	–	3,456	6,998	10,454
Depreciation	(3,244)	(21,604)	–	(24,848)
Translation differences	–	36	–	36
Disposals	–	(85)	–	(85)
Transfer	–	6,936	(6,936)	–
Net book value at 30 June 2007	224,593	327,129	788	552,510
At 30 June 2007				
Cost or valuation	308,868	1,028,626	841	1,338,335
Accumulated depreciation and impairment losses	(84,275)	(701,497)	(53)	(785,825)
Net book value at 30 June 2007	224,593	327,129	788	552,510
Analysis of cost and valuation as at 30 June 2007				
At cost	299,673	1,028,626	841	1,329,140
At valuation – 1990	9,195	–	–	9,195
	308,868	1,028,626	841	1,338,335

4. Accounts receivable

The Group allows an average credit period of 7 to 90 days to its trade customers and an ageing analysis of accounts receivable by due date is as follows:

	(Unaudited) 30 June 2007		(Audited) 31 December 2006	
	Balance HK\$'000	Percentage %	Balance HK\$'000	Percentage %
0 to 30 days	212,361	81.3	190,835	66.9
31 to 60 days	14,631	5.6	49,473	17.3
61 to 90 days	23,793	9.1	31,811	11.1
Over 90 days	10,423	4.0	13,223	4.7
Total	261,208	100.0	285,342	100.0
Less: Accumulated impairment losses	(2,751)		(3,571)	
	258,457		281,771	

5. Share capital

	(Unaudited) 30 June 2007 HK\$'000	(Audited) 31 December 2006 HK\$'000
Authorised: 5,000,000,000 shares of HK\$0.10 each	500,000	500,000
Issued and fully paid: 1,560,945,596 (2006: 1,560,945,596) shares of HK\$0.10 each	156,095	156,095

6. Accounts payable and accrued liabilities

An ageing analysis of the accounts payable is as follows:

	(Unaudited) 30 June 2007		(Audited) 31 December 2006	
	Balance HK\$'000	Percentage %	Balance HK\$'000	Percentage %
0 to 30 days	22,272	85.8	29,888	80.2
31 to 60 days	1,039	4.0	4,436	11.9
61 to 90 days	376	1.5	333	0.9
Over 90 days	2,267	8.7	2,609	7.0
Total accounts payable	25,954	100.0	37,266	100.0
Accrued liabilities	88,077		112,615	
Total accounts payable and accrued liabilities	114,031		149,881	

7. Capital commitments

	(Unaudited) 30 June 2007 HK\$'000	(Audited) 31 December 2006 HK\$'000
Capital commitments for property, plant and equipment		
Contracted, but not provided for	3,668	3,627
Authorised, but not contracted for	12,486	24,242
	16,154	27,869

8. Net interest income

	(Unaudited) For the six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Interest income on bank deposits	3,992	2,382
Interest expense on bank loans and overdraft	(829)	(1,760)
	3,163	622

9. Income tax expense

	(Unaudited) For the six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Current income tax		
Hong Kong profits tax	41,857	34,964
Overseas taxation	264	347
Deferred income tax	(2,411)	(2,109)
	39,710	33,202

Hong Kong profits tax has been provided for at a rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

10. Dividend

A 2006 final dividend of HK13 cents per share, totalling HK\$202,923,000 was paid in May 2007. A 2005 final dividend of HK10 cents per share, totalling HK\$156,095,000 was paid in May 2006.

The Directors have declared an interim dividend of HK8 cents per share (2006: HK6 cents per share), amounting to HK\$124,876,000 (2006: HK\$93,657,000), for the period.

11. Earnings per share

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to shareholders of HK\$175,000,000 (2006: HK\$146,530,000) and 1,560,945,596 (2006: 1,560,945,596) shares in issue during the period.

As at 30 June 2007, there were share options outstanding that enable holders to subscribe for 6,463,000 shares (2006: 7,033,000 shares) in the Company. These share options could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

12. Approval of the interim financial statements

These interim financial statements were approved by the Board of Directors on 13 September 2007.

Management Discussion and Analysis

Operating Results of the Group

Net profit for the first half of 2007 was \$175.0 million, an increase of 19% or \$28.5 million over the first half of 2006, mainly due to strong advertising sales.

<i>(HK\$ millions, except per share amounts)</i>	For the six months ended 30 June		
	2007	2006	% Change
Revenue	632.9	583.2	9
Staff costs	(191.0)	(180.6)	6
Production costs	(88.3)	(86.0)	3
Rental and utilities	(21.5)	(16.9)	27
Advertising and promotions	(16.8)	(16.0)	5
Other operating expenses	(71.7)	(73.1)	(2)
Operating costs before depreciation and amortisation	(389.3)	(372.6)	4
Depreciation and amortisation	(29.2)	(32.4)	(10)
Operating profit from principal activities	214.4	178.2	20
Other income	2.1	2.1	—
Gain on disposal of available-for-sale financial assets	1.4	—	*
Operating profit	217.9	180.3	21
Net interest income	3.2	0.6	*
Share of profits of associates	0.9	2.9	(69)
Income tax expense	(39.7)	(33.2)	20
Minority interests	(7.3)	(4.1)	78
Profit attributable to shareholders	175.0	146.5	19
Earnings per share (HK cents)	11.2	9.4	19

* Represents a change in excess of 100%

Revenue

Revenue for the six months ended 30 June 2007 and 2006, by business segment and for the Group, were as follows:

<i>(HK\$ millions)</i>	For the six months ended 30 June		
	2007	2006	% Change
Newspaper publishing	542.2	492.3	10
Magazine and book publishing	71.1	68.8	3
Investment properties	8.9	8.7	2
Video and film post-production	9.4	10.3	(9)
Music publishing	1.3	3.1	(58)
Total	632.9	583.2	9

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Operating Profit and EBITDA by Division

Operating profit and EBITDA for the six months ended 30 June 2007 and 2006, by business segment and for the Group, were as follows:

(HK\$ millions)	Contribution to EBITDA			Contribution to Operating Profit		
	2007	2006	% Change	2007	2006	% Change
Newspaper publishing	223.9	192.9	16	198.8	165.2	20
Magazine and book publishing	12.0	9.7	24	11.4	9.1	25
Investment properties	6.8	6.3	8	6.8	6.3	8
Video and film post-production	0.1	0.6	(83)	0.1	(1.4)	*
Music publishing	0.8	1.1	(27)	0.8	1.1	(27)
Total	243.6	210.6	16	217.9	180.3	21

* Represents a change in excess of 100%

Operating Costs and Expenses

Operating costs before depreciation and amortisation increased 4% or \$16.7 million. Staff costs increased 6% or \$10.4 million due to higher bonus provision and severance payments. Average newsprint cost rose 5% from US\$604 to US\$635 per metric ton. The current market price of 48.8gsm newsprint is US\$570 per metric ton. Rental and utilities expenses rose 27% or \$4.6 million largely due to the higher lease renewal of office premises.

Financial Review by Business

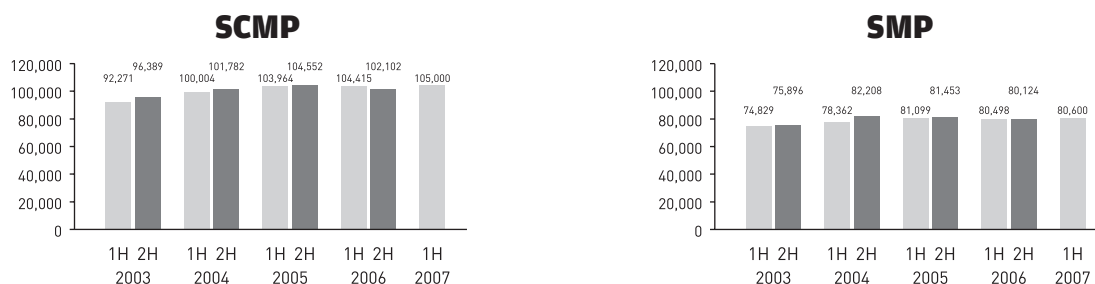
Publishing

(HK\$ millions)	For the six months ended 30 June		
	2007	2006	% Change
Revenue			
Newspaper publishing	542.2	492.3	10
Magazine and book publishing	71.1	68.8	3
Total	613.3	561.1	9
EBITDA	235.9	202.6	16
Operating profit	210.2	174.3	21
Net Profit	171.3	141.9	21
EBITDA margin	38%	36%	
Operating profit margin	34%	31%	

Newspaper Publishing revenues grew 10% and accounted for 86% of turnover of the Group. EBITDA margin and operating profit margin improved as a result of strong notices advertising with high margins and sustained growth in display revenue.

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The unaudited circulation of *South China Morning Post* and *Sunday Morning Post* was stable in the first half of 2007.



Note: Audited except 1H 2007

Display advertising revenue increased by 7%, compared with a 1.5% increase in newspaper ad spend in Hong Kong (source: Admango). Ad yield rose 5% and ad volume was 2% higher.

Classified advertising rose 14% with notices advertising revenue achieving a record high in the first half this year. Total notices revenue increased by 31%, of which IPO revenue, which went up by 83%, accounted for 46% of total notices revenue. Print recruitment advertising revenue increased 2.5% mainly driven by volume, on the back of a 1.6% growth in recruitment advertisements in major publications in the first half of 2007. Online recruitment revenue continued to show double digit growth.

Classifiedpost.com underwent a complete revamp to provide a more user-friendly interface and more advanced functionalities to job seekers and advertisers. With the launch of the new site in April 2007, page views were up by 10% year-on-year.

Scmp.com website also undertook a complete overhaul, enabling greater integration between the paper and the website by boosting its content with more multimedia, personalisation, mobile WAP access and interactive functions. The website was re-launched in May 2007 and had approximately 18,300 subscribers as of end June.

The Magazine Division reported a 68% increase in net profit mainly from the strong performance of *Cosmopolitan* and *Harper's Bazaar*. Reflecting the strong momentum of consumer spending, the Hearst titles showed impressive growth in advertising revenue.

The main challenge for the magazine market in Hong Kong is to improve or sustain its circulation. Low cover price and free cover mounts have proven to be effective. Competitors will continue using this expensive method to increase readership. The higher cost of maintaining circulation and slower growth rate in advertising revenue will create pressure on profitability.

In China, our magazine operation is focused on securing ad pages. Despite the very competitive market, ad revenue doubled in the first half of 2007 due to broader recognition and acceptance by clients of the magazine's name and editorial quality.

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Investment Properties

<i>(HK\$ millions)</i>	For the six months ended 30 June		
	2007	2006	% Change
Revenue	8.9	8.7	2
EBITDA	6.8	6.3	8
Operating profit	6.8	6.3	8
Net profit	5.5	5.2	6

Rental income was stable as higher contribution from billboards this year offset the loss in rental from the expiry of TV City lease in early 2006.

Video and Film Post-production

<i>(HK\$ millions)</i>	For the six months ended 30 June		
	2007	2006	% Change
Revenue	9.4	10.3	(9)
EBITDA	0.1	0.6	(83)
Operating profit/(loss)	0.1	(1.4)	*
Net loss	(2.6)	(1.6)	63

* Represents a change in excess of 100%

The division recorded a loss of \$2.6 million as the Group recognised a \$2.3 million loss in taking up the share of losses from minority interests. This restructuring results in VFP becoming a wholly owned subsidiary of SCMP Group.

Demand for documentary tapes production in Hong Kong remains strong. However, tape transfer businesses continue to suffer from the weak local film market and TV commercial market is still dominated by big players. In view of the keen competition and poor business outlook, the operation in Guangzhou was closed in July 2007.

Music Publishing

<i>(HK\$ millions)</i>	For the six months ended 30 June		
	2007	2006	% Change
Revenue	1.3	3.1	(58)
EBITDA	0.8	1.1	(27)
Operating profit	0.8	1.1	(27)
Net profit	0.8	1.0	(20)

Capital Artists reported a net profit of \$0.8 million. Revenue was mainly generated from the conclusion of several licensing deals in the first half of 2007.

Liquidity and Capital Resources

Overview

The Group's financial positions as at 30 June 2007 and 31 December 2006 were as follows:

<i>(HK\$ millions)</i>	30 June 2007	31 December 2006	% Change
Cash and bank balances	212.3	255.3	(17)
Bank overdraft	17.1	12.9	33
Bank loan – current portion	2.1	2.0	5
– non-current portion	17.0	17.0	–
Shareholders' funds	1,859.6	1,882.8	(1)
Ratios:			
Gearing	–	–	
Current ratio	2.5	2.2	

As at 30 June 2007, the Group had total borrowings of \$36.2 million. Of this amount, a \$17.0 million floating rate loan denominated in Hong Kong dollars is payable within three years. The balance comprises of a \$17.1 million bank overdraft and a \$2.1 million short-term revolving bank loan denominated in Renminbi payable within one year. The Group's cash and bank balances were held predominantly in Hong Kong dollars and the Group had no significant exposure to foreign exchange fluctuations.

As at 30 June 2007, the Group had no gearing (after deducting bank balances and deposits). The ratio of current assets to current liabilities was 2.5 times compared with 2.2 times as at 31 December 2006.

The Group expects its opening cash balances, cash generated from operations and fund available from external sources to be adequate to meet its working capital requirements, repay bank loans, finance planned capital expenditures and pay dividends.

Operating Activities

The newspaper publishing business continues to deliver strong results and remains as the major source of the Group's cash flow from operating activities. For the six months ended 30 June 2007, cash flow from operating activities was \$160.0 million compared with \$141.4 million for the same period last year.

Investing Activities

Net cash used for investing activities for the six months ended 30 June 2007 was \$3.4 million, about the same level as last year. Cash was mainly used to pay for capital expenditures, total \$12.3 million was spent on systems enhancement, office renovation, production and computer equipment and replacement items. These cash outflows were partially offset by interest income, proceeds from the disposal of listed investments and dividend income.

Financing Activities

Net cash used for financing activities was \$203.8 million mainly for the payment of final dividend for 2006.

Outlook

First half results have been encouraging, given the strong economy and active investment market. Unemployment rate in the second quarter of 2007 was at its lowest level in the past nine years. Management is positive that these favorable economic conditions will continue in the second half of the year.

Print's recruitment revenue is expected to be maintained, despite the shifting trend towards online recruitment. However, notices revenue will be affected by the change in Hong Kong listing rules in the second half year.

Staff

As at 30 June 2007, the Group had 1,032 employees compared with 1,016 as at 31 December 2006. Salaries of employees are maintained at competitive levels while discretionary bonuses are granted based on individual and the Group's business performance. Other employee benefits include provident fund, medical insurance and share option schemes.

Interim Dividend

The Directors have declared an interim dividend of HK8 cents per share, amounting to HK\$124,876,000, payable to shareholders whose names appear on the Register of Members of the Company on Monday, 8 October 2007 and payable on Thursday, 11 October 2007.

Book Closure

The Register of Members of the Company will be closed from Wednesday, 3 October 2007 to Monday, 8 October 2007, both days inclusive. All transfers of shares 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 Room no. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 October 2007 so as to qualify for the interim dividend.

Directors

The Directors of the Company during the six months ended 30 June 2007 and up to the date of this report were:

Executive Directors

Mr. Kuok Khoon Ean

Chairman

Ms. Kuok Hui Kwong

Non-executive Directors

Mr. Roberto V. Ongpin

Deputy Chairman

Tan Sri Dr. Khoo Kay Peng

Mr. Robert Ng Chee Siong

(retired on 28 May 2007)

Independent Non-executive Directors

The Hon. Ronald J. Arculli

Mr. Peter Lee Ting Chang

Dr. The Hon. Sir David Li Kwok Po

Mr. Wong Kai Man

(appointed on 2 April 2007)

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2007, the Directors of the Company had the following interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Name of Director	Ordinary shares of the Company		
	Capacity/ Nature of interests	Number of shares held	Approximate % of issued share capital *
Mr. Kuok Khoon Ean (Note 1)	Corporate	340,000	0.022%
Tan Sri Dr. Khoo Kay Peng (Note 2)	Corporate	16,150,000	1.035%
Dr. The Hon. Sir David Li Kwok Po	Personal	4,778,000	0.306%

Notes:

- The interests in the 340,000 shares are in respect of deemed corporate interests held by Mr. Kuok Khoon Ean through Allerlon Limited, which is wholly owned by Mr. Kuok and his spouse.
- The interests in the 16,150,000 shares are in respect of deemed corporate interests held by Tan Sri Dr. Khoo Kay Peng through Bonham Industries Limited. As at 30 June 2007, Dr. Khoo held 99.9% of the entire issued capital of Bonham Industries Limited.

* *Approximate percentage calculated based on the 1,560,945,596 ordinary shares of the Company in issue as at 30 June 2007.*

All the interests stated above represent long positions in the shares of the Company.

Save as stated above, none of the Directors (including their spouses and children under 18 years of age) had been granted by the Company or had exercised any rights to subscribe for shares or debentures of the Company or any of its associated corporations during the six months ended 30 June 2007. At no time during the six months ended 30 June 2007 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Apart from the aforesaid, as at 30 June 2007, none of the Directors of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Interests in Share Capital

As at 30 June 2007, the following persons (other than the Directors of the Company) had interests or short positions in the shares and underlying shares of the Company representing 5% or more of the voting power at any general meeting of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Capacity/ Nature of interests	Number of ordinary shares held	Approximate % of issued share capital *
Kerry Media Limited (Note 1)	Beneficial owner	524,730,000	33.62%
Kerry 1989 (C.I.) Limited (Note 2)	Interest of controlled corporations	525,036,000	33.64%
Kerry Holdings Limited (Notes 3 & 4)	Interest of controlled corporations	594,576,000	38.09%
Kerry Group Limited (Note 4)	Interest of controlled corporations	594,576,000	38.09%
Silchester International Investors Limited (Notes 5 & 7)	Investment manager	218,603,000	14.00%
Brandes Investment Partners, L.P. (Notes 5 & 8)	Investment manager	177,865,278	11.39%
The Northern Trust Company (Note 6)	Approved lending agent	109,705,447	7.03%
Harris Associates L.P. (Notes 5 & 9)	Investment manager	101,304,000	6.49%
Sprucegrove Investment Management Ltd. (Notes 5 & 10)	Investment manager	88,163,000	5.65%

Notes:

- The interests in the 524,730,000 shares held by Kerry Media Limited are duplicated in the respective interests reported above for Kerry 1989 (C.I.) Limited, Kerry Holdings Limited and Kerry Group Limited.
- The interests in the 525,036,000 shares held by Kerry 1989 (C.I.) Limited are duplicated in the respective interests reported above for Kerry Holdings Limited and Kerry Group Limited.
- The interests in the 594,576,000 shares held by Kerry Holdings Limited are duplicated in the interests reported above for Kerry Group Limited.
- The Company has been notified informally that as at 30 June 2007, Kerry Group Limited and Kerry Holdings Limited were interested in 606,372,000 shares (representing approximately 38.85% of the Company's issued share capital) and this increase in shareholding was not required to be disclosed under Part XV of the SFO.
- Investment manager acting on behalf of clients and not connected with the Company.
- Approved lending agent and not connected with the Company.
- Silchester International Investors Limited has informally notified the Company that as at 30 June 2007, it held 219,485,000 shares (representing approximately 14.06% of the Company's issued share capital) and this increase in shareholding was not required to be disclosed under Part XV of the SFO.
- Brandes Investment Partners, L.P. has informally notified the Company that as at 30 June 2007, it held 178,044,578 shares (representing approximately 11.41% of the Company's issued share capital) and this increase in shareholding was not required to be disclosed under Part XV of the SFO.
- Harris Associates L.P. has informally notified the Company that as at 30 June 2007, it held 108,178,000 shares (representing approximately 6.93% of the Company's issued share capital) and this increase in shareholding was not required to be disclosed under Part XV of the SFO.
- Sprucegrove Investment Management Ltd. has informally notified the Company that as at 30 June 2007, it held 82,120,000 shares (representing approximately 5.26% of the Company's issued share capital) and this decrease in shareholding was not required to be disclosed under Part XV of the SFO.

* Approximate percentage calculated based on the 1,560,945,596 ordinary shares of the Company in issue as at 30 June 2007.

All the interests stated above represent long positions in the shares of the Company.

Save as stated above, as at 30 June 2007, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

Share Option Schemes

The Company has two share option schemes. A share option scheme (the “Current Scheme”) was approved by shareholders on 27 October 1997 and was amended with shareholders’ approval on 6 November 2000 and further amended at the annual general meeting held on 29 May 2002 in conformity with the amended Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Current Scheme will expire on 27 October 2007. Another share option scheme (the “New Scheme”) was approved at the annual general meeting of the Company held on 25 May 2006.

Under the Current Scheme and the New Scheme, the Board of Directors of the Company may grant options to subscribe for shares of the Company to any full-time employee or Executive Director of the Company or any of its subsidiaries.

No share option was granted under the Current Scheme during the six months ended 30 June 2007 (the “Period”).

The outstanding shares in respect of options granted under the Current Scheme as at 30 June 2007 are summarised below:

	Number of shares in respect of options granted
Outstanding at 1 January 2007	6,793,000
Granted during the Period	–
Exercised during the Period	–
Cancelled during the Period	–
Lapsed during the Period	(330,000)
Outstanding at 30 June 2007	6,463,000

SCMP Group Limited

Details of the movements during the six months ended 30 June 2007 in the share options granted under the Current Scheme are as follows:

(i) Options granted to Directors

None of the Directors of the Company has any outstanding share options or has any options exercised, cancelled or lapsed during the six months ended 30 June 2007.

(ii) Options granted to employees

Date of grant	Exercise period	Exercise price/share HK\$	Number of shares in respect of options granted				Outstanding at 30/06/2007
			Outstanding at 01/01/2007	Granted during the Period	Exercised during the Period	Lapsed during the Period	
02/08/1999	02/08/2000-27/10/2007	5.00	1,092,500	–	–	(80,500)	1,012,000
11/01/2000	11/01/2001-27/10/2007	5.51	740,500	–	–	(19,500)	721,000
20/04/2000	20/04/2001-27/10/2007	6.05	2,990,000	–	–	(180,000)	2,810,000
28/06/2001	28/06/2002-27/10/2007	4.95	420,000	–	–	–	420,000
23/09/2003	23/09/2004-27/10/2007	3.90	1,550,000	–	–	(50,000)	1,500,000
Total			6,793,000	–	–	(330,000)	6,463,000

During the six months ended 30 June 2007, no share option was granted, exercised, cancelled or lapsed under the New Scheme. No share option was outstanding under the New Scheme as at 30 June 2007.

Purchase, Sale or Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 June 2007.

Corporate Governance

The Board of Directors (the "Board") and management are committed to upholding the Group's obligations to shareholders. We regard the promotion and protection of shareholders' interests as one of our priorities and keys to success.

Over the years, the Group has put in place sound corporate governance practices to ensure it adheres to the highest ethical and business standards. The key test of corporate governance practices is if they align the interests of management with those of shareholders to adequately protect and promote shareholders' interests. The Group constantly reviews these guidelines and policies and implements new ones to ensure they remain relevant and practical in today's fast changing business environment and market expectations.

The corporate governance principles adopted by the Group during the six months ended 30 June 2007 are in line with the corporate governance statement as set out in the Company's 2006 Annual Report. The Group's corporate governance practices comply with all the code provisions of the Code on Corporate Governance Practices ("Stock Exchange Code") as set out in Appendix 14 of the Listing Rules except where stated and explained below. The Group also adheres to the recommended best practices of the Stock Exchange Code insofar as they are relevant and practicable.

The Group has an Executive Chairman. No individual has been appointed as a chief executive officer. The Executive Chairman oversees the management of the Board and the Group's business with the assistance of the Group's senior management team. The Executive Chairman oversees the overall management of the Group. Other functions normally undertaken by a chief executive officer of a company are delegated to members of the Group's senior management team.

This structure deviates from the relevant code provision of the Stock Exchange Code that requires the roles of the chairman and chief executive officer to be separate and not performed by the same individual. The Board has considered this matter carefully and decided not to adopt the provision. The Board believes that the current management structure has been effective in facilitating the operation and development of the Group and its business for a considerable period of time and that the necessary checks and balances consistent with sound corporate governance practices are in place. The Board consists of high calibre individuals who have many years of experience in serving public companies and who are highly committed to the good running of the Group. Accordingly, the Board does not believe the Group should change its current management structure. However, the Board will review the management structure from time to time to ensure it continues to meet these objectives.

Code for Securities Transactions by Directors

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors of the Company. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code during the period from 1 January 2007 to 30 June 2007.

Audit Committee

The Company established an Audit Committee in 1998 with written terms of reference. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Peter Lee Ting Chang, The Hon. Ronald J. Arculli and Sir David Li Kwok Po. The Audit Committee met once in the first six months of 2007. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2007. Mr. Wong Kai Man, Independent Non-executive Director, was appointed as an additional member of the Audit Committee on 13 September 2007.

Remuneration Committee

The Company established a Remuneration Committee in 2000 with written terms of reference. The Remuneration Committee currently comprises two Independent Non-executive Directors, namely Mr. Peter Lee Ting Chang and The Hon. Ronald J. Arculli, and the Executive Chairman, Mr. Kuok Khoon Ean.

Nomination Committee

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee currently comprises two Independent Non-executive Directors, namely Mr. Peter Lee Ting Chang and The Hon. Ronald J. Arculli, and the Executive Chairman, Mr. Kuok Khoon Ean.

On Behalf of the Board
KUOK Khoon Ean
Chairman

Hong Kong, 13 September 2007