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852 2680 8805

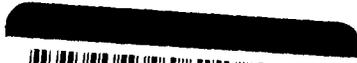
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By Registered Post

Date: 6 October 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.



03032747

03 OCT 21 2003

Attention: Ms Sandra Folsom

SUPPL

Dear Sirs,

**SCMP Group Limited (Exemption No. 33-51010)**

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

Announcement on Ongoing Connected Transactions

Yours faithfully,  
For and on behalf of  
SCMP Group Limited

PROCESSED

OCT 29 2003

THOMSON FINANCIAL

Vera Leung  
Legal Counsel & Company Secretary

Enclosure

VL/jc

dlw  
10/23

CoSec\Correspondence\announcement distribution - profit warning

**SCMP Group Limited**

**SCMP集團有限公司**

(Incorporated in Bermuda with limited liability)

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

**ONGOING CONNECTED TRANSACTIONS**

The subsidiaries of the Company from time to time engage subsidiaries of Kerry Group to provide Logistics Services, Transportation and Distribution Services and services of similar nature. These transactions are and will be regarded as connected transactions for the Company under the Listing Rules. The Stock Exchange has granted to the Company a conditional waiver of compliance with the disclosure requirements as stipulated under Rule 14.25 of the Listing Rules in respect of the Transactions on each occasion they arise for a period of three financial years ending 31 December 2003, details of the Transactions and the waiver have been disclosed in the Company's announcement dated 1 November 2001.

The Directors, including the independent non-executive Directors, of the Company are of the view that the Transactions are and will be on normal commercial terms and fair and reasonable so far as the Company and the shareholders of the Company are concerned and in the interest of the Company and the shareholders of the Company as a whole. Accordingly, the Company applied for the conditional waiver from the Stock Exchange from complying with the disclosure requirements as stipulated under Rule 14.25 of the Listing Rules in respect of the Transactions on each occasion such requirements arise to be extended to the financial years ending 31 December 2004 and 2005.

**ONGOING TRANSACTIONS**

The subsidiaries of the Company from time to time engage subsidiaries of the Kerry Group to provide Logistics Services, Transportation and Distribution Services and services of similar nature. The following is a summary of these transactions. Kerry Group Limited is a substantial shareholder (as defined in the Listing Rules) of the Company holding approximately 38.10% of the Company's issued share capital as at 30 June 2003. Accordingly, companies of the Kerry Group are connected persons (as defined in the Listing Rules) and these transactions constituted connected transactions for the Company under the Listing Rules.

**A. Logistics Services**

- (a) An agreement dated 3 November 2001 made between SCMP Book Publishing and Kerry Logistics whereby SCMP Book Publishing engages Kerry Logistics to provide Logistics Services for a period of one year from 19 October 2001 to 18 October 2002. Pursuant to two agreements of extension dated 5 October 2002 and 30 December 2002 respectively, both parties have agreed to extend the term of the agreement for approximately two and half months to 31 December 2002 and subsequently for a further period of two months to 28 February 2003 under the same terms and conditions. SCMP Book Publishing and Kerry Logistics entered into a new agreement dated 25 March 2003 whereby both parties agree to continue the Logistics Services for a further term of one year from 1 March 2003 to 29 February 2004. The service fee shall be based on the logistic services provided. It is envisaged that the arrangement will be continued after 29 February 2004 and the agreement may be extended for a further term to be agreed by both parties depends on the then prevailing business needs. The service fee will be based on the services provided by reference to the then prevailing market conditions.
- (b) An agreement dated 16 September 2002 made between SCMP Retailing and Kerry Logistics whereby SCMP Retailing engages Kerry Logistics to provide Logistics Services for a period of one year from 1 October 2002 to 30 September 2003. Pursuant to an agreement of extension dated 29 September 2003, both parties have agreed to extend the term of the agreement for one month to 31 October 2003 under the same terms and conditions. The service fee shall be based on the logistic services provided. It is envisaged that the arrangement will be continued after 31 October 2003 and the agreement may be extended for a further term to be agreed by both parties depends on the then prevailing business needs. The service fee will be based on the services provided and number of outlets by reference to the then prevailing market conditions.

The aggregate amount of service fee of the above transactions paid for the financial year ended 31 December 2002 amounted to HK\$933,000, which represents 0.0158% of the book value of the Company's NTA as disclosed in the latest published audited accounts of the Company made up to 31 December 2002.

The estimated aggregate amount of service fee of the above transactions payable for the financial year ending 31 December 2003 will be approximately HK\$2,419,000, which represents 0.0408% of the book value of the Company's NTA as disclosed in the latest published audited accounts of the Company made up to 31 December 2002.

**B. Transportation and Distribution Services**

- (a) An agreement dated 15 August 2001 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide Transportation and Distribution Services to SCMP Publishers for a term of one year from 15 August 2001 to 14 August 2002. Pursuant to an agreement of extension dated 19 August 2002, both parties have agreed to continue the Transportation and Distribution Services for a further term of one year from 15 August 2002 to 14 August 2003. SCMP Publishers and Kerry Distribution agreed to early terminate the agreement with effect from 1 April 2003 and the Transportation and Distribution Services are being provided to SCMP Publishers under new agreements mentioned below.
- (b) An agreement dated 19 August 2002 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide daily newspaper pre-delivery services for a term of two years from 31 May 2002 to 30 May 2004. SCMP Publishers and Kerry Distribution agreed to early terminate the agreement with effect from 1 April 2003 and the services are being provided to SCMP Publishers under new agreements mentioned below.
- (c) An agreement dated 27 February 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide delivery services of newspapers to schools on Hong Kong Island and Kowloon for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the newspaper delivery services provided and delivery locations of the schools.
- (d) An agreement dated 27 February 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide delivery services of newspapers to schools in the New Territories, Hong Kong for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the newspaper delivery services provided and delivery locations of the schools.
- (e) An agreement dated 27 March 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide delivery services of newspapers to SCMP Publishers' designated clients in Hong Kong for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the newspaper delivery services provided.
- (f) An agreement dated 29 March 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide delivery services of newspapers to SCMP Publishers' distributors in Hong Kong for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the newspaper delivery services provided.
- (g) An agreement dated 31 March 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide delivery and collection services of documents to and from SCMP Publishers' designated offices in Hong Kong for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the document delivery and collection services provided.
- (h) An agreement dated 31 March 2003 made between SCMP Publishers and Kerry Distribution whereby SCMP Publishers engages Kerry Distribution to provide pre-delivery services at the loading bay situated on the ground floor of Morning Post Centre in Tai Po, New Territories, Hong Kong for a term of two years from 1 April 2003 to 31 March 2005. The service fee shall be based on the pre-delivery services provided.

As noted from the above, the transactions described under item B(a) and B(b) had terminated and the remaining are ongoing.

The aggregate amount of service fee of the above transactions paid for the financial year ended 31 December 2002 amounted to HK\$7,071,000, which represents 0.1194% of the book value of the Company's NTA as disclosed in the latest published audited accounts of the Company made up to 31 December 2002.

The estimated aggregate amount of service fee of the above transactions payable for the financial year ending 31 December 2003 will be approximately HK\$4,500,000, which represents 0.0818% of the book value of the Company's NTA as disclosed in the latest published audited accounts of the Company made up to 31 December 2002.

Details of the above agreements A(a), A(b), B(a) and B(b) as required under Rule 14.25(1)(A) to (D) of the Listing Rules were disclosed in the Company's Annual Report 2002.

**REASONS FOR THE ONGOING TRANSACTIONS**

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

Kerry Logistics is principally engaged in the provision of logistics services including warehousing, inventory management and delivery for supply and retail chains in Hong Kong. Through its modern e-fulfillment centre at the Kerry Cargo Centre in Hong Kong, Kerry Logistics is able to provide seamless centralized replenishment operation for the subsidiaries of the Company. The management of the Group considered Kerry Logistics to be a reputable provider of the Logistics Services in Hong Kong.

Kerry Distribution is principally engaged in the provision of transportation and distribution services in Hong Kong. The management of the Group considered Kerry Distribution to be a reputable provider of the Transportation and Distribution Services in Hong Kong.

By engaging Kerry Logistics and Kerry Distribution to provide Logistics Services and Transportation and Distribution Services, the subsidiaries of the Company will be able to reduce significant amount of relevant administrative and overhead costs or to increase efficiency and reliability in serving their outlets and customers.

**WAIVER APPLICATION**

The ongoing transactions are envisaged to take place on a continuing basis. While the necessity of future similar arrangements will depend on the prevailing business needs of the Group and Kerry Group, it is anticipated that subsidiaries of the Company will continue to engage subsidiaries of Kerry Group to provide the Services (including the ongoing transactions, the "Transactions"). The Transactions are and will be regarded as connected transactions for the Company under the Listing Rules. The Directors, including independent non-executive Directors, of the Company are of the view that the Transactions are and will be on normal commercial terms and fair and reasonable so far as the Company and the shareholders of the Company are concerned and in the interest of the Company and the shareholders of the Company as a whole.

Based on the aggregate amount of services fees of HK\$933,000 paid for the Logistics Services and HK\$7,071,000 paid for the Transportation and Distribution Services for the financial year ended 31 December 2002 and the estimated aggregate amount of services fees of approximately HK\$2,419,000 payable for the Logistics Services and approximately HK\$4,545,000 payable for the Transportation and Distribution Services for the financial year ending 31 December 2003, the Directors of the Company anticipate that the aggregate annual service fee to be paid by the subsidiaries of the Company in respect of the Transactions under the respective category of Logistics Services and Transportation and Distribution Services will, in each case, be less than 3% of the book value of the Company's NTA in each of the relevant financial years or HK\$10 million, whichever is the higher. It would be impracticable and unduly burdensome for the Company to make separate press announcements on each occasion such requirements arise.

Accordingly, the Company applied for the conditional waiver from the Stock Exchange from complying with the disclosure requirements as stipulated under Rule 14.25 of the Listing Rules in respect of the Transactions on each occasion such requirements arise to be extended to the financial years ending 31 December 2004 and 2005 respectively, such that the Transactions need only be disclosed in the respective published annual reports and accounts of the Company and no press announcement will be required on the conditions that the aggregate amount of the Transactions under the respective category of Logistics Services and Transportation and Distribution Services for each financial year shall not exceed 3% of the book value of the Company's NTA in the relevant financial year or HK\$10 million, whichever is the higher.

The waiver is also subject to the following conditions:

1. the Transactions shall be:
  - (a) entered into by the Group in the ordinary and usual course of its business;
  - (b) conducted on normal commercial terms or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable than terms available from independent third parties as appropriate; and
  - (c) in accordance with the relevant agreements on terms that are fair and reasonable so far as the shareholders of the Company are concerned and in the interest of the Company as a whole;
2. the aggregate amount of the Transactions under the respective category of Logistics Services and Transportation and Distribution Services for each financial year shall, in each case, not exceed 3% of the book value of the Company's NTA in the relevant financial year or HK\$10 million, whichever is the higher (the "Relevant Cap Amount");
3. the independent non-executive Directors of the Company shall review the Transactions annually and confirm in the Company's annual report for each of the relevant financial year that the Transactions have been conducted in the manner as stated in paragraphs 1 and 2 above;
4. the auditors of the Company shall review annually the Transactions and confirm by way of a letter addressed to the Board of Directors of the Company and a copy to the Stock Exchange stating that:
  - (a) the Transactions have been approved by the Board of Directors of the Company;
  - (b) the Transactions have been entered into in accordance with the terms of the agreements governing the Transactions or (where there is no such agreement) on terms no less favourable than terms available to or from independent third parties; and
  - (c) the aggregate value of the Transactions under the respective category of Logistics Services and Transportation and Distribution Services does not exceed, in each case, the Relevant Cap Amount as stated in paragraph 2 above; and
  - (d) the Transactions are in accordance with the pricing policy of the Group
 and where, for whatever reason, the auditors decline to accept the engagement or are unable to provide the letter, the Directors shall contact the Stock Exchange immediately; and
5. details of the Transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the annual report of the Company for the relevant year whilst the Transactions subsist together with a confirmation of the independent non-executive Directors of the Company referred to in paragraph 3 above.

If any of the values of the Transactions exceed the relevant annual Cap Amount as referred to in condition (2) above or if any terms of the agreements or arrangements related to the Transactions are materially altered (unless as provided for under the terms of the relevant agreement or arrangement) or if the Group enters into any new agreements or arrangements with any connected persons in the future, the Company will comply in full with all the relevant provisions of Chapter 14 of the Listing Rules dealing with connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the granting of the waiver on transactions of the kind to which the Transactions belong including, but not limited to, a requirement that such transactions be made conditional on approval by the independent shareholders of the Company, the Company will take immediate steps to ensure compliance with such requirements within a reasonable time.

**DEFINITIONS**

"Company"	SCMP Group Limited, a company incorporated in Bermuda with limited liability, whose shares are listed in the Main Board of the Stock Exchange
"Directors"	Directors of the Company, including independent non-executive Directors
"Group"	Company and its subsidiaries
"Kerry Distribution"	Kerry Distribution (Hong Kong) Limited, a subsidiary of Kerry Properties Limited which is a subsidiary of Kerry Group Limited (a substantial shareholder of the Company)
"Kerry Group"	Kerry Group Limited, a substantial shareholder of the Company (as defined in the Listing Rules), and its subsidiaries
"Kerry Logistics"	Kerry Logistics (Hong Kong) Limited, a subsidiary of Kerry Properties Limited which is a subsidiary of Kerry Group Limited (a substantial shareholder of the Company)
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Logistics Services"	Logistics services including warehousing, inventory management, delivery and related services
"NTA"	Net tangible assets as disclosed in the latest published audited consolidated accounts of the Company
"SCMP Book Publishing"	SCMP Book Publishing Limited, a wholly-owned subsidiary of the Company
"SCMP Publishers"	South China Morning Post Publishers Limited, a wholly-owned subsidiary of the Company
"SCMP Retailing"	SCMP Retailing (HK) Limited, a wholly-owned subsidiary of the Company
"Services"	Services provided and to be provided by subsidiaries of Kerry Group relating to Logistics Services and Transportation and Distribution Services and services of similar nature
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transportation and Distribution Services"	Transportation and distribution services

By Order of the Board  
Yera Leung  
Company Secretary

香港聯合交易所有限公司對本公司之內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不會就本公司全部或任何部分內容而產生或倚賴該等內容而引致之任何損失承擔任何責任。

持續關連交易

本公司之附屬公司不時定期與Kerry Group之附屬公司提供物流服務、運輸和配送服務及類似性質之服務。根據上市規則，此等交易被及將被視為本公司之關連交易。...

本公司董事(包括獨立非執行董事)認為就本公司及其股東而言，該等交易屬及將屬一般商業條款，皆為公平及合理，且符合本公司及其股東之整體利益。...

持續交易

本公司之附屬公司不時定期與Kerry Group之附屬公司提供物流服務、運輸和配送服務及類似性質之服務。根據上市規則，此等交易被及將被視為本公司之關連交易。...

甲、物流服務

- (a) 博益出版(集團)有限公司... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (b) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...

乙、運輸和配送服務

- (a) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (b) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (c) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (d) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (e) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (f) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (g) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...
- (h) 南華早報... 根據上市規則，此等交易被及將被視為本公司之關連交易。...

如上文所述，上述乙(a)項及乙(b)項之交易已終止，其餘交易則持續。截至二零零二年十二月三十一日止財務年度，上述交易所支付之總服務費為7,071,000港元。...

進行持續交易之原因

本公司為投資控股公司，主要業務包括在香港出版、印刷及分銷《南華早報》、《星期日報》及其他印刷及網上刊物。本集團亦透過其附屬公司在香港經營零售、錄像及影片後期製作以及物業投資等業務。...

嘉里配送之主要業務為於香港提供運輸和配送服務。本集團管理層認為嘉里配送是於香港具有良好聲譽之運輸和配送服務提供者。...

申請豁免

預期持續之交易將繼續進行，而日後對類似安排之需求將視乎本集團及Kerry Group提供之業務需要而定。本公司董事(包括獨立非執行董事)認為，該等交易屬及將屬一般商業條款，皆為公平及合理，且符合本公司及其股東之整體利益。...

豁免亦須符合下列條件：

- 1. 該等交易將會：(a) 由本集團在正常及一般業務運作中進行；(b) 按正常的商業條款進行，或如沒有足以相比較之交易來判斷該等條款是否屬公平商業條款，則以不遜於由獨立第三方提供之條款為準進行；...

釋義

- 「本公司」 SCMP Group Limited，一間於百慕達註冊成立之有限公司，其股份於聯交所上市。
- 「董事」 本公司之董事，包括獨立非執行董事。
- 「本集團」 本公司及其附屬公司。
- 「嘉里配送」 嘉里配送(香港)有限公司，嘉里建設有限公司之附屬公司。...

香港，二零零三年十月三日