

# SCMP GROUP

NEWSPAPER MAG RETAIL FUTURE

Direct Line 852 2680 8805 Direct Fax 852 2680 8860

BY REGISTERED POST

4 April 2005

Exemption No. 33-51010

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

Attention: Ms Sandra Folsom

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:

Announcement on Final Results for the Year Ended 31 December 2004

The Annual Report 2004 will be available before end of April 2005 and dispatched to you by then.

Yours faithfully,  
For and on behalf of  
SCMP Group Limited

Vera Leung  
Legal Counsel & Company Secretary

Enclosure

VL/vc

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SUPPL

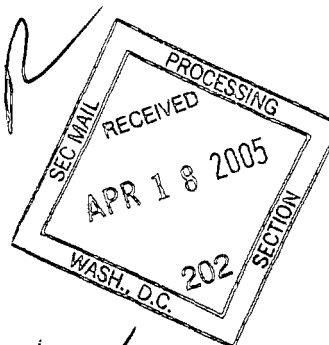


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截至二零零四年十二月三十一日止年度之末期業績



末期業績

SCMP集團有限公司(「本公司」)董事會欣然宣佈,本公司及其附屬公司(「本集團」)截至二零零四年十二月三十一日止年度之末期業績如下:

綜合收益表

截至二零零四年十二月三十一日止年度

Table with columns for 2004 and 2003, listing various financial items like revenue, expenses, and profit.

十二月三十一日 二零零四年 二零零三年

附註 港幣千元 港幣千元

Table with columns for 2004 and 2003, listing various financial items like interest income, interest expense, and other income.

十二月三十一日 二零零四年 二零零三年

附註 港幣千元 港幣千元

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十二月三十一日 二零零四年 二零零三年

附註 港幣千元 港幣千元

4. 稅項

Table showing tax items for 2004 and 2003, including company and individual income tax.

5. 股息

本公司於二零零四年十二月三十一日止年度之末期業績如下:

Table showing dividend information for 2004 and 2003.

6. 儲備及撥備

Table showing reserves and provisions for 2004 and 2003.

7. 股息

Table showing dividend information for 2004 and 2003.

管理層討論及分析

SCMP集團於二零零四年為投資管理公司,其內其主業為提供及出售保險、雜誌及印刷、零售、出版及投資。

Table showing financial ratios and other metrics for 2004 and 2003.

本集團之經營成果

本集團截至二零零四年及二零零三年十二月三十一日止年度之綜合業績如下:

Table showing operating results for 2004 and 2003, including revenue, expenses, and profit.

本集團於二零零四年十二月三十一日止年度之經營成果如下:

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Table showing operating results for 2004 and 2003, including revenue, expenses, and profit.

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Table showing operating results for 2004 and 2003, including revenue, expenses, and profit.

業務分部之財務回顧

本集團主要收入來源為出版及印刷業務,本集團經營溢利之67%及經常性經營溢利之90%乃源自出版業務。

於二零零四年,星期一至星期六及星期日之收益分別增加1%及5%,廣告收益則增加29%,商業廣告收益則增加23%,印刷業務收益則增加14%。

本集團於二零零四年九月,本集團以101.5百萬港元出售其零售業務資產,該項出售於二零零四年十一月完成,本集團自該項出售獲得76.8百萬港元之收益。

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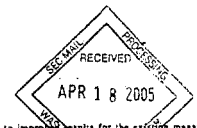
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SCMP集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code 583)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004



FINAL RESULTS

The Directors of SCMP Group Limited (the "Company") are pleased to announce the audited consolidated financial results of the Company and its group of companies (the "Group") for the year ended 31 December 2004 as follows:

CONSOLIDATED PROFIT & LOSS ACCOUNT Year ended 31 December 2004

Table with columns for 2004, 2003, and 2002. Rows include Turnover, Other revenue, Cost of production, Depreciation and amortisation, Profit before tax, Profit after tax, and various assets and liabilities.

CONSOLIDATED BALANCE SHEET

Table with columns for 2004, 2003, and 2002. Rows include Non-current assets, Current assets, Current liabilities, Net current assets, Total assets less current liabilities, and Capital and reserves.

NOTES TO THE ACCOUNTS

1. Turnover, revenue and segment information. The Company is an investment holding company. The principal activities of the Group during the year consisted of publishing, printing and distribution of the South China Morning Post, Sunday Morning Post and other print and digital publications. The Group was also involved in retailing, video and film post-production and property investment through its subsidiaries. During the year, the Group disposed its retailing business.

2. Earnings per share. The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of HK\$317,146,000 (2003: HK\$176,200,000) and 1,560,945,596 (2003: 1,560,945,596) shares in issue during the year.

3. Reserves and proposed dividend distributions. The Group has a total reserve of HK\$1,821,707,000 as at 31 December 2004, compared with HK\$1,470,024,000 as at 31 December 2003.

Table showing Dividend distributions for 2004, 2003, and 2002. Includes ordinary dividends and special dividends.

4. Proposed final dividend distribution of HK\$1109,266,000 and special dividend distribution of HK\$246,137,000 for the year ended 31 December 2004 is to be paid out of the Company's consolidated surplus.

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Activities. SCMP Group acted as an investment holding company in 2004. Its principal business activities during the year were newspaper, magazine and book publishing, retailing, music publishing and investment.

Financial Highlights table with columns for 2004, 2003, and 2002. Rows include Turnover, Operating profit, Net profit, Earnings per share, and Dividend per share.

Operating Results of the Group. The Group's consolidated operating results for the years ended 31 December 2004 and 2003 were as follows:

Table showing Operating results of the Group for 2004, 2003, and 2002. Rows include Turnover, Operating profit, Net profit, Earnings per share, and Dividend per share.

PROSPECTS

The prospects in 2005 are positive although we expect our publishing businesses to grow at a slower pace than in 2004, which started from a very low base. Ad spending is expected to continue to grow in 2005 and beyond, fuelled by a strong rebound in economic activity and consumer confidence.

DIVIDEND DISTRIBUTIONS

The Directors recommended to pay from the consolidated surplus account of the Company a final dividend of HK\$7 cents per share (2004: HK\$7 cents) and a special dividend of HK\$21 cents per share (2003: nil) out of the gain from the sale of the Group's retailing assets.

BOOK CLOSURE

The Register of Members of the Company will be closed from Thursday, 19 May 2005 to Tuesday, 24 May 2005, both days inclusive. All transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar.

EMPLOYEES

The Group had 1,035 employees as at 31 December 2004. Salaries of employees are maintained at competitive levels while bonuses are granted based on individual and business performance.

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 year.

CORPORATE GOVERNANCE

The Board of Directors 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.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice set out in Appendix A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year, 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.

AUDIT COMMITTEE

The Audit Committee has been established since 1995 with written terms of reference and is comprised of three independent Non-executive Directors, namely Mr. Peter Lee Ting Ching, Mr. Ronald J. Arculli and Dr. The Hon. David Li Kwok Po. Two Audit Committee meetings had been held during the year. The Audit Committee has reviewed the Group's audited financial results for the year ended 31 December 2004.

Financial Review by Business

Newspaper Publishing. The Group's major source of earnings is the newspaper publishing business. In 2004, 67% of the operating profit and 90% of the recurring operating profit of the Group came from this business.

In 2004, circulation revenues for the weekday and Sunday editions increased 1% and 5%, respectively. Advertising revenues increased 29% compared with 2003. Display ad revenues increased 23% due to an increase in ad volume. Recruitment ad revenues increased 51% as a result of a 40% increase in ad volume and a 1% increase in yield.

Magazine and Book Publishing

The economic recovery in 2004 also led to improved results for the existing magazine titles. Advertising revenues increased across all titles but decreased slightly after taking into account an operating loss for MAXIM which was launched in April 2004.

The book publishing business recorded its best sales and operating profit in five years. These results were achieved by changing the emphasis to Chinese fiction books aimed at young adult readers, selectively publishing English books and controlling costs.

Retailing

In September 2004 the Group sold its retailing assets for \$101.5 million. The sale was completed in November 2004. The Group recorded a gain from the sale of \$76.8 million.

Investment Properties

Real estate investment properties fell in 2004 as a result of the expiration of the TV City lease on 31 December 2003. Real estate from this property amounted to \$45.9 million in 2003. Investment properties recorded an operating profit for 2004 as a result of a revaluation gain of \$1.8 million compared with a loss in 2003 as a result of a revaluation deficit of \$112.0 million.

The Group will continue to explore options to maximise the value of the TV City property, including an application to change the land use to principally residential development, which has received in-principle approval from the Town Planning Board. Given that the application process is expected to take some time, we will continue to consider the property's potential for rental income as investment property.

Video and Film Post-production

Operating losses for this business increased in 2004 compared with 2003 despite an 11% increase in revenues because of price competition and initial set-up costs of operations to Guangzhou.

Music Publishing

Revenues and operating profit for the music publishing business increased due to strong demand for old music recordings of Anita Mui and Leslie Cheung.

Liquidity and Capital Resources

Overview. As at 31 December 2004, the Group had total borrowings of \$249.4 million. Of this amount, \$230 million and \$17 million are secured Hong Kong dollar term loans at floating interest rates payable within one year and five years, respectively. The remaining \$2.4 million is a bank overdraft payable within one year. The Group has no significant exposure to foreign exchange fluctuations.

As at 31 December 2004, the Group had no gearing (after deducting bank balances and deposits) compared with a gearing ratio of 5% as at 31 December 2003.

The ratio of current assets to current liabilities was 1.6 times as at 31 December 2004 compared with 2.3 times at 31 December 2003. The decline was due to the reclassification of a \$220 million bank loan due in October 2005 from long-term liabilities to current liabilities in 2004.

In 2005, the Group expects its beginning cash balances, cash generated from operations and funds available from external sources to be adequate to meet working capital requirements, repay bank loans, fund planned capital expenditures and pay dividends.

Operating Activities

The primary source of the Group's liquidity is cash flows from operating activities, mainly newspaper publishing and other cash provided by operating activities in 2004 was \$252.8 million, compared with \$214.6 million in 2003. Net cash increased because of an increase in revenues while operating costs were stable.

Investment Activities

Net cash inflow from investing activities in 2004 was \$77.5 million compared with a net cash outflow of \$19.9 million in 2003. Investment cash inflows in 2004 include the proceeds from the sale of retailing assets (\$90.4 million) and investment shares (\$17.6 million). These inflows were partially offset by capital expenditures. Capital expenditures in 2004 were \$37.9 million, of which \$114.6 million was invested in new advertising and circulation systems; \$18.0 million was used to buy video film production equipment; and \$103.1 million was spent on replacement loans and consumer research.

The Group is investing in four new presses which will be commissioned in late 2005. These new presses will replace four old ones that have been in use for 18 years and are near the end of their useful lives. The estimated cost of the new presses is \$93.2 million of which \$9.0 million was paid in 2004. \$80.2 million will be paid in 2005 and \$4.0 million will be paid in 2006.

In 2005, the Group is investing approximately \$115.0 million in fixed assets, including \$10.2 million for the presses.

Financing Activities

Net cash used in financing activities during the year was \$126.5 million consisting of dividend payments of \$140.3 million to shareholders of the Group and \$3.0 million to a minority shareholder of a subsidiary, which were partially offset by a bank loan of \$17.0 million.

PROSPECTS

The prospects in 2005 are positive although we expect our publishing businesses to grow at a slower pace than in 2004, which started from a very low base. Ad spending is expected to continue to grow in 2005 and beyond, fuelled by a strong rebound in economic activity and consumer confidence. Many companies have indicated they would continue to recruit new staff in 2005.

DIVIDEND DISTRIBUTIONS

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Independent Non-Executive Director. The Company's Annual Report 2004 containing all the information required by the Listing Rules will be published on The Stock Exchange of Hong Kong Limited's website in due course and will be dispatched to shareholders before end of April 2005.

For identification purpose only.

On Behalf of the Board
KUOK KHON BEE
Chairman

Hong Kong, 4 April 2005
As at the date of this announcement, the Board comprises Mr. Kuok Khon Bee (Chairman), Mr. Ronald J. Arculli (Deputy Chairman), Mr. Ronald J. Arculli, Tan Sri Dr. Kuok Kei Peng, Mr. Kuok Hui Kwong, Mr. Peter Lee Ting Ching, Dr. The Hon. David Li Kwok Po and Mr. Robert Ng Cheong.