

CORPORATE GOVERNANCE STATEMENT

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 annual reader survey by the Far Eastern Economic Review of Hong Kong's Leading Companies, the Company had maintained its 6th Position ranking in 2001 (2000: ranked 6th; 1999: ranked 15th). This survey ranks companies on the basis of overall leadership, services/products quality, innovation in responding to customer needs, long-term management vision, financial soundness and whether others try to emulate it. The Company was also ranked in October 2000, in HSBC's Asian 100 - Asia's leading corporates.

In 2001, the Group replaced its incumbent auditors with PricewaterhouseCoopers to obtain a fresh review of the Group's operating systems and internal controls. After a detailed review and shortlist process, the Company engaged KPMG Consulting, Inc. as management consultants for the financial management information system (Oracle Financials) to be implemented in 2002.

This statement outlines the main corporate governance practices of the Group that were in place during the period.

Board of Directors

The Board comprises eight Directors, three of whom are Independent Directors. The name, qualifications and other details of each member of the Board are set out on pages 29 to 30 of this report. A minimum of four Board meetings are held each year.

The Board supervises the management of the business and affairs of the Company and the Group. Apart from its statutory duties, the Board approves the Group's overall strategic plans, key operational initiatives, annual budgets, major funding and investment proposals, and reviews the financial performance of the Company and the Group. To facilitate effective management, certain functions have been delegated by the Board to various Board Committees.

Audit Committee

The Audit Committee of the Board has been established since 1998 and currently comprises three Non-executive Directors, two of whom are Independent Directors. It acts in an advisory capacity and makes recommendations to the Board. It reviews the plans and findings of both the internal and external auditors, the internal control systems throughout the Group, the completeness and accuracy of the financial statements and liaises on behalf of the Board with the auditors. The Audit Committee met two times during 2000 and 2001, respectively, with the auditors, to review audit reports, status of the Group's audits, internal controls, interim and final financial statements of the Group, prior to recommending them to the Board for approval. The attendance record of the members of Audit Committee at meetings held during this period is set out on page 35 of this report.

The members of the Audit Committee during this period were Messrs. Peter Lee Ting Chang, Ronald J. Arculli and Chye Kuok Khoon Ho (in place of the late Mr. Paul J. C. Bush).

Remuneration Committee

The Remuneration Committee of the Board has been established since 2000 and currently comprises three Non-executive Directors, two of whom are Independent Directors. It makes recommendations with respect to the remuneration of Executive Directors and senior management of the Group, including the grant of share options under the Share Option Scheme for employees. The Remuneration Committee met two times in 2001. The attendance record of the members of Remuneration Committee at meetings held during this period is set out on page 35 of this report.

The members of the Remuneration Committee during this period were Messrs. Peter Lee Ting Chang, Ronald J. Arculli and Chye Kuok Khoon Ho (in place of the late Mr. Paul J. C. Bush).

Management Committee

Management Committee meetings are regularly held by the Executive Chairman with the senior management staff, who are the Heads of divisions in the Group and Heads of key subsidiaries of the Company, to review the status of various projects, discuss and propose strategic objectives and plans and key policies for the Group and recommend any strategic ventures or proposals to the Board. Each key division and subsidiary company also holds weekly operational meeting, the minutes of such meetings are circulated to key members of the Management Committee.

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 20,400 per month since its launch.

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, and participates at investors conferences.

Dealings in Securities

The Group has adopted an internal code in conformity with the provisions of the Code of Best Practice in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to provide guidance to its Directors and staff in relation to the dealings in the Company's securities. A system of reporting of securities dealings by the Directors to the Chairman/Deputy Chairman has been established to effectively monitor the Directors' dealings in the securities of the Company.

The Company is a constituent of the 200-stock Hang Seng Composite Index Series launched in October 2001 under the Services sector (Media & Publishing). The Company's shares are also available to US investors through a Level-I American Depository Receipt (ADR) Programme managed by The Bank of New York.

Code of Conduct

All Directors, managers and employees are expected to act with integrity and ethical standards. The Group has documented policies on standards of workplace behaviour which are communicated to employees.