

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. 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 (the “Listing Rules”), 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 Bye-laws.

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

Board of Directors

The Board currently comprises seven Directors, three of whom are Independent Non-executive Directors. The number of Independent Non-executive Directors has been above the minimum requirement stipulated by the Listing Rules. The name, qualifications and other details of each member of the Board are set out on page 23 of this report. Four Board meetings were held during the 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 two Directors, both of whom are Independent Non-executive Directors. It acts in an advisory capacity and makes recommendations to the Board. It reviews the plans and findings of 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. Two meetings were held by the Audit Committee in 2002, 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 the Audit Committee at meetings held during this year is set out on page 28 of this report.

The members of the Audit Committee during the year were Messrs. Peter Lee Ting Chang, Ronald J. Arculli and Chye Kuok Khoon Ho (resigned on 5 December 2002).

Remuneration Committee

The Remuneration Committee of the Board has been established since 2000 and currently comprises three Directors, two of whom are Independent Non-executive 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 once in 2002. The attendance record of the members of the Remuneration Committee at the meeting held during this year is set out on page 28 of this report.

The members of the Remuneration Committee during the year were Messrs. Peter Lee Ting Chang, Ronald J. Arculli and Chye Kuok Khoon Ho (resigned on 5 December 2002). Mr. Kuok Khoon Ean was appointed in place of Mr. Chye Kuok Khoon Ho on 10 January 2003.

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 meetings, 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 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.

Dealings in Securities

The Group has adopted an internal code in conformity with the provisions of the Code of Best Practice in the Listing Rules to provide guidance to its Directors and staff in relation to the dealings in the Company's securities. Apart from information obtained from the disclosures made by the Directors under the Securities (Disclosure of Interests) Ordinance, a system of reporting of securities dealings by the Directors to the Chairman/Deputy Chairman has been implemented 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-1 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.