
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **SCMP Group Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



SCMP Group Limited

南華早報集團有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 583)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE MEDIA BUSINESS
AND
SPECIAL CASH PAYMENT
AND
CHANGE OF NAME
AND
NOTICE OF SPECIAL GENERAL MEETING**



Financial Adviser to the Company

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A Letter from the Board is set out on pages 6 to 17 of this circular.

A notice convening the SGM to be held at Magnolia Room & Camomile Room, Lower Level II, Kowloon Shangri-La, Hong Kong, 64 Mody Road, Kowloon, Hong Kong on Monday, 14 March 2016 at 10:00 a.m. is set out on pages 50 to 52 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return it to Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting (or at any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	18
APPENDIX II – FINANCIAL INFORMATION OF THE TARGET GROUP	23
APPENDIX III – PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP	33
APPENDIX IV – GENERAL INFORMATION	43
NOTICE OF THE SGM	50

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcement”	the announcement dated 14 December 2015 issued by the Company in relation to the Disposal
“Bank of America Property”	the investment property owned by the Group located at 20 th and 21 st Floors and Car Parking Spaces Nos. 21, 22 and 23 on 4 th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which banks open for general business in Hong Kong
“Change of Name”	the proposed change of name of the Company, details of which are set out in the section headed “Change of Name” in the Letter from the Board
“China” or “PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	SCMP Group Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange with stock code 583
“Completion”	completion of the Disposal
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	disposal by the Group of the Sale Shares
“Excess Amount”	any cash or cash equivalent held by the Target Group (after taking account of minority interests) as at Completion, but after deducting an amount representing the aggregate bank borrowings of the Target Group, which is in excess of HK\$20 million

DEFINITIONS

“Excluded Assets”	certain assets, including property interests and investment interests, currently held by the Target Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Investment Properties”	Bank of America Property, Sea View Property, TV City, Yau Tong Property and Yue King Property
“KML”	Kerry Media Limited, the controlling shareholder of the Company
“KML Undertaking”	the undertaking by KML as described in the paragraph headed “KML Undertaking” in the section headed “The Disposal” in the Letter from the Board
“Latest Practicable Date”	16 February 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

DEFINITIONS

“MyDress Transaction”	the agreement between a wholly-owned subsidiary of the Company, Affleck Limited (“ Affleck ”), and among others, MyDress AME Group Limited (“ MyDress AME ”) and MyDress Holdings Limited (“ MyDress Holdings ”), pursuant to which Affleck conditionally agreed to acquire 31% of the existing issued shares in the capital of MyDress Holdings from MyDress AME and subscribe for a further 37.18% of the enlarged issued share capital of MyDress Holdings and the HK\$3,000,000 note convertible into shares in MyDress Holdings
“Outstanding Share Options”	the 6,388,000 share options granted under the Company’s share option scheme which are outstanding
“percentage ratio”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“Purchaser”	Alibaba Investment Limited, a company incorporated under the laws of the British Virgin Islands and a directly wholly-owned subsidiary of Alibaba Group Holding Limited
“Regulatory Authorities”	any governmental or regulatory commission, board, body, authority or agency, or any stock exchange (including but not limited to the Stock Exchange), self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign
“Remaining Group”	the Company and its subsidiaries immediately after Completion, including the Excluded Assets
“Reorganisation”	the reorganisation of the Group in preparation for the Disposal, which would include, among other things, the transfer of the Excluded Assets from the Target Group to the Remaining Group
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 December 2015 entered into between the Purchaser and the Company in respect of the Sale Shares

DEFINITIONS

“Sale Shares”	the entire issued share capital of each of the Target Companies
“Sea View Property”	the investment property held by the Group located at 8 th Floor of Block C, Sea View Estate, 8 Watson Road, North Point, Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, among other things, the Disposal, the Special Cash Payment and the Change of Name
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special Cash Payment”	the proposed special cash payment, details of which are set out in the section headed “Special Cash Payment” in the Letter from the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	SCMP Newspapers Limited (a company limited by shares incorporated in the British Virgin Islands), SCMP Publications Limited (a company limited by shares incorporated in the British Virgin Islands), SCMP.com Limited (a company incorporated in Hong Kong with limited liability), SCMP Retailing Limited (a company limited by shares incorporated in the British Virgin Islands) and SCMP.com Holdings Limited (a company limited by shares incorporated in the British Virgin Islands)
“Target Group”	the Target Companies and their subsidiaries, but excluding the Excluded Assets
“TV City”	the investment property held by the Group located at Clear Water Bay Studio, Clear Water Bay Road, A Kung Wan, Hang Hau, New Territories, Hong Kong

DEFINITIONS

“Yau Tong Property”	the investment property held by the Group located at Ground and 1 st Floors, Block B, Ko Fai Industrial Building, 7 Ko Fai Road, Yau Tong, Kowloon, Hong Kong
“Yue King Property”	the property held by the Group located at G/F-3/F, Yue King Building, 1 Leighton Road, Causeway Bay, Hong Kong currently used by the media business of the Group and which, after Completion, will become an investment property held by the Remaining Group
“%”	per cent.

LETTER FROM THE BOARD



SCMP Group Limited

南華早報集團有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 583)

Directors

Non-executive Directors

Dr. David J. Pang (*Chairman*)

Tan Sri Dr. Khoo Kay Peng

Independent Non-executive Directors

Dr. Fred Hu Zu Liu

Dr. the Hon. Sir David Li Kwok Po

Mr. Wong Kai Man

Executive Director

Ms. Kuok Hui Kwong

Registered Office

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

***Head Office and Principal Place
of Business in Hong Kong***

Morning Post Centre

22 Dai Fat Street

Tai Po Industrial Estate

New Territories

Hong Kong

19 February 2016

To Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE MEDIA BUSINESS
AND
SPECIAL CASH PAYMENT
AND
CHANGE OF NAME
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

We refer to the Announcement in which the Board announced that the Company and the Purchaser had entered into the Sale and Purchase Agreement together with certain other details of the Disposal.

The purpose of this circular is to provide you with, among other things, further details of the Disposal, the Special Cash Payment, the Change of Name, notice of the SGM and other information as required under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

THE DISPOSAL

On 11 December 2015, the Company (as the vendor) and the Purchaser entered into the Sale and Purchase Agreement in relation to the Disposal, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the media business of the Group for a cash consideration of HK\$2,060.6 million. The Disposal will be effected by a sale of the Sale Shares. The principal terms of the Sale and Purchase Agreement are set out below.

The Sale and Purchase Agreement

Date

11 December 2015

Parties

- (1) the Company; and
- (2) Alibaba Investment Limited, being the Purchaser.

The Purchaser is an investment holding company incorporated in the British Virgin Islands and a directly wholly-owned subsidiary of Alibaba Group Holding Limited (“**Alibaba**”). Alibaba is the world’s largest online and mobile commerce company with a mission “to make it easy to do business anywhere”. Since its inception, Alibaba has provided the technology infrastructure and marketing reach to help businesses leverage the power of the Internet to establish an online presence and conduct commerce with hundreds of millions of consumers. It has developed leading businesses in consumer e-commerce, online payment and financial services, business-to-business marketplaces, cloud computing, logistics and digital entertainment. Alibaba currently employs more than 30,000 people around the world and has more than 120 offices in China and 29 offices around the world.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares which comprise the media business of the Group.

Apart from the flagship *South China Morning Post* newspaper, the agreement includes the acquisition of the magazine, recruitment, outdoor media, events & conferences, education and digital media businesses of the Group. Besides the broadsheet, other SCMP titles include the *Sunday Morning Post*, its digital platforms *SCMP.com* and related mobile apps, and the two Chinese websites *Nanzao.com* and *Nanzaozhinan.com*. The acquisition also includes a portfolio of magazine titles including *HK Magazine* and the Hong Kong editions of *Esquire*, *ELLE*, *Cosmopolitan*, *The PEAK* and *Harper’s BAZAAR*.

LETTER FROM THE BOARD

Purchase Price

The purchase price (the “**Purchase Price**”) payable by the Purchaser to the Company in respect of the Disposal is HK\$2,060.6 million in cash to be paid upon Completion. Additionally, the Company and the Purchaser have also agreed that the Purchaser will reimburse to the Company any Excess Amount in the manner as specified in the Sale and Purchase Agreement.

The Purchase Price was determined after arm’s length negotiations between the Company and the Purchaser with reference to comparable public companies’ trading multiples, precedent transactions multiples and the financial performance of the Target Group in recent years with unaudited revenues of HK\$1,101.2 million and HK\$1,194.2 million and operating profit of HK\$131.4 million and HK\$139.4 million for the years ended 31 December 2013 and 31 December 2014 respectively (please refer to Appendix II of this circular for further details). In addition, consideration has also been given to the ability of the Purchaser, a credible buyer with strong financial resources and a proven track record of acquiring media assets globally, as the operator of a new media business, to unlock value from the Target Group as a standalone media business.

The Directors (including the independent non-executive Directors) consider that the Purchase Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Sale and Purchase Agreement (“Conditions Precedent”)

Completion is subject to and conditional upon:

- (1) (A) the Purchaser obtaining from Regulatory Authorities such approvals, consents, rulings, confirmations and waivers necessary for the transactions contemplated hereunder as applicable to it in a structure and on conditions (if imposed) acceptable to the Purchaser and the Company; and (B) the Company obtaining from Regulatory Authorities such approvals, consents, rulings, confirmations and waivers necessary for the transactions contemplated hereunder as applicable to it in a structure and on conditions (if imposed) acceptable to the Company and the Purchaser;
- (2) Shareholders having passed a resolution at a general meeting duly convened and held by the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the requirements of the Listing Rules;
- (3) no fact or circumstance having occurred that would constitute a material breach by the Company of the Sale and Purchase Agreement or be inconsistent in any material respect with any of the warranties or other provisions in relation to the Company;

LETTER FROM THE BOARD

- (4) no order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Completion, and no legal or regulatory requirements remaining to be satisfied which has the effect of making unlawful or otherwise prohibiting the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (5) no order having been made or petition presented or resolution passed in Hong Kong or other jurisdictions for the winding up of the Target Companies.

Conditions Precedent (2) and (4) cannot be waived. Conditions Precedent (1)(A), (3) and (5) may be waived in whole or in part by the Purchaser. Condition Precedent (1)(B) may be waived in whole or in part by the Company.

If the Conditions Precedent are not fulfilled or waived (as the case may be) on or before 31 May 2016 (or such later date as the Company and the Purchaser may agree), the Sale and Purchase Agreement will be capable of termination and, if terminated, all obligations of the parties thereunder will end except for those expressly stated to continue without limit in time but (for the avoidance of doubt) all rights and liabilities of the parties which have accrued before termination will continue to exist.

As at the Latest Practicable Date, none of the Conditions Precedent have been fulfilled or waived by the relevant party.

Shareholders' approval

The Disposal is subject to the approval of the Shareholders pursuant to Chapter 14 of the Listing Rules. If the Shareholders' approval cannot be obtained on or before 5:00 p.m. on 31 May 2016 (or such later date as the Company and the Purchaser may agree in writing), either party can terminate the Sale and Purchase Agreement by giving written notice to the other.

Please also refer to the section headed "Listing Rules Implications" in this Letter from the Board.

KML Undertaking

The controlling shareholder of the Company, KML, has irrevocably undertaken to the Purchaser that, in the event the SGM is held, to vote in favour of and to approve the resolution relating to the Disposal, provided that it is not prohibited from voting or approving such resolution by pursuant to any judgment, order or decree of any competent court or the rules and regulations of any governmental, regulatory and other authority having applicable jurisdiction over the Company or it or otherwise by the Stock Exchange or the Securities and Futures Commission of Hong Kong.

Completion

Completion will take place within five Business Days after the last of the Conditions Precedent are fulfilled or waived or on such other date as agreed by the Company and the Purchaser. Immediately after Completion, the Group will not hold any equity interests in the Target Companies, and the Target Companies will no longer be subsidiaries of the Company.

LETTER FROM THE BOARD

The Company expects that Completion will take place on or around 1 April 2016.

Termination

The Sale and Purchase Agreement may be terminated (a) if the Conditions Precedent have not been fulfilled or waived as described above, (b) by the Purchaser if any circumstances described in the KML Undertaking arise so that KML does not or communicates its intention in writing not to vote according to the KML Undertaking or (c) by agreement between the Company and the Purchaser.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will dispose of its entire shareholdings in the Target Companies. In return, the Company will receive a cash payment in the sum of HK\$2,060.6 million plus the Excess Amount. As set out in Appendix III to this circular, assuming that the Disposal had completed on 30 June 2015, the Remaining Group will record in its consolidated financial statements an estimated gain on disposal of approximately HK\$1,403 million (after deducting related transaction costs). For further details, please refer to the unaudited pro forma consolidated balance sheet of the Remaining Group as set out in Appendix III to this circular.

Shareholders should note the actual amount of the gain on the Disposal to be recognised in the consolidated financial statements of the Group depends on the net asset value of the Group as at Completion and therefore may be different from the amount mentioned above.

Financial effect on earnings

Upon Completion, the combined income statements of the Target Group will no longer be consolidated to the consolidated income statement of the Group going forward. For further details, please refer to the unaudited pro forma consolidated income statement of the Remaining Group as set out in Appendix III to this circular.

Financial effect on assets and liabilities

Upon Completion, the combined balance sheet of the Target Group will no longer be consolidated to the consolidated balance sheet of the Group going forward.

As stated in the unaudited pro forma consolidated balance sheet of the Remaining Group as set out in Appendix III to this circular, assuming that the Disposal had been completed on 30 June 2015, the total assets of the Remaining Group would increase from approximately HK\$3,674 million to approximately HK\$5,050 million based on the Purchase Price of HK\$2,060.6 million and the estimated Excess Amount to be reimbursed by the Purchaser, and the total liabilities of the Remaining Group would decrease from approximately HK\$329 million to HK\$62 million. Please refer to Appendix III to this circular for further details.

INFORMATION ON THE TARGET GROUP

The Target Group, comprising the Target Companies, is principally engaged in the publishing, printing and distribution of the *South China Morning Post*, *Sunday Morning Post*, various magazines and other related print and digital publications, as well as recruitment, outdoor media, events & conferences, education and digital media businesses.

LETTER FROM THE BOARD

The financial information of the Target Group prepared under the Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2013 and 31 December 2014 is as follows:

	Year ended 31 December 2013 (Unaudited) HK\$'000	Year ended 31 December 2014 (Unaudited) HK\$'000
Results		
Turnover	1,101,226	1,194,247
Profit before tax	134,084	142,707
Profit after tax	113,141	127,949
	As at 31 December 2013 (Unaudited) HK\$'000	As at 31 December 2014 (Unaudited) HK\$'000
		As at 31 October 2015 (Unaudited) HK\$'000
Assets and liabilities		
Total assets*	1,417,693	1,451,236
Net assets*	1,089,210	1,133,078
		1,483,637
		1,197,546

* The amount of total assets and net assets as set out here differ from the Announcement due to the inclusion of cash and bank balances as at 31 December 2013, 31 December 2014 and 31 October 2015 (which were excluded for the purpose of the Announcement). The carrying amount of the net assets of the Target Group as shown here has been adjusted for the waiver of amounts due to the Remaining Group, as provided for under the terms of the Sale and Purchase Agreement, and therefore differs from the presentation of net assets in Appendix II to this circular.

INFORMATION ON THE COMPANY AND THE REMAINING GROUP

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*, various magazines and other related print and digital publications, as well as recruitment, outdoor media, events and conferences, education and digital media businesses. The Group is also involved in property investment through the Remaining Group.

While the media business has been the main focus of the Group, the Group has also been conducting its property investment business for many years. The Investment Properties (excluding the Yue King Property and TV City) earned a rental income of approximately HK\$28.7 million for the year ended 31 December 2014. In addition, after the Disposal, the Company proposes to enter into a lease agreement at market rental rate for the Yue King Property, which is currently used by the Group for the operations of the media business. It also expects to earn revenues from the advertising billboard attached to the Yue King Property,

LETTER FROM THE BOARD

which is excluded from the Disposal. The Group's development project, TV City, was acquired by the Company in 1996 and the Company has been taking active steps to enhance the value of the property, including exploring options to develop it into a residential project.

The gross floor area (GFA) of each of the Investment Properties is as follows:

Investment Property	GFA (sq ft)
Bank of America Property	27,760
Sea View Property	12,815
TV City (site area)	265,983
Yau Tong Property	40,356
Yue King Property	32,685

The property business which will be carried on by the Remaining Group will continue to provide rental income to the Remaining Group, and the development opportunity at TV City provides significant potential upside for the Company and investors. With the Remaining Group concentrating on the property business after the Disposal, an investment in the Company will become a focused investment on the property sector in Hong Kong, which the Board expects will afford greater opportunities to the Shareholders to realise value from their continued investment in the Remaining Group either through this greater focus or arising from possible future corporate transactions with parties interested in the Remaining Group's property portfolio.

Based on the unaudited pro forma consolidated balance sheet of the Remaining Group as set out in Appendix III to this circular, assuming that the Disposal had been completed on 30 June 2015, the Investment Properties had an aggregate estimated asset value of HK\$2,269.1 million, and the Remaining Group had estimated total assets of HK\$5,050.0 million. Based on the unaudited pro forma consolidated statement of comprehensive income of the Remaining Group as set out in Appendix III to this circular, assuming that the Disposal had taken place on 1 January 2014, the total revenues, operating profit and net profit of the Remaining Group for the year ended 31 December 2014 were HK\$58.7 million, HK\$1,430.9 million and HK\$1,416.3 million, respectively. Accordingly, the Directors are of the view that, upon Completion, the Remaining Group will have a sufficient level of operations and tangible assets of sufficient value to warrant a continued listing of the Shares.

Reorganisation

Certain subsidiaries of the Target Companies, and certain assets currently owned by the Target Companies, do not form part of the Group's media business. There are also certain assets currently held by the Remaining Group which form part of the Group's media business.

In preparation for the Disposal, and to ensure that after Completion the Target Companies own only assets which relate to the media business of the Group, the Company will implement the Reorganisation pursuant to which the Excluded Assets which are currently held by a Target

LETTER FROM THE BOARD

Company or its subsidiary will be transferred from the Target Group to the Remaining Group prior to Completion. The Reorganisation will also ensure that the Remaining Group will hold the current investment property interests of the Group as well as the Yue King Property (including the advertising billboard attached to the Yue King Property). The current investment property interests of the Group comprise the Bank of America Property, Sea View Property, Yau Tong Property and TV City. As part of the Reorganisation, the Company will procure that the Target Group holds at Completion a minimum of HK\$20 million (net of bank borrowings) for working capital and other purposes.

The Remaining Group currently has no employees as all employees of the Group are employed by a company with the Target Group. The Company is currently reviewing the management and staffing requirements of the Remaining Group and will ensure that, following Completion, the Remaining Group will have such management team and employees as is appropriate for the Remaining Group's operations.

SPECIAL CASH PAYMENT

The Board proposes that, subject to the conditions set out below, a special cash payment in the aggregate amount of HK\$2,499.5 million will be paid to the Shareholders by the Company.

As at the Latest Practicable Date, there were 1,561,657,596 Shares in issue. Assuming no new Shares are issued and no Share repurchases are made between the Latest Practicable Date and the record date for the Special Cash Payment, the Special Cash Payment would be HK\$1.60 per Share. If all Outstanding Share Options are exercised and new Shares are issued in respect of such exercise, but no other new Shares are issued and no Share repurchases are made between the Latest Practicable Date and the record date for the Special Cash Payment, the Special Cash Payment would be approximately HK\$1.59 per Share.

The aggregate amount of the Special Cash Payment has been calculated based on the amount of net proceeds to be received by the Company upon the Disposal, the estimated Excess Amount to be reimbursed by the Purchaser and the Company's surplus cash. The Board considers that, taking into account the Company's focus on its property investment business following Completion and the Company's near term cash needs for such operations, it is appropriate for the Company to make the Special Cash Payment to the Shareholders.

The Special Cash Payment is subject to the following conditions:

- (a) approval of the Shareholders in respect of the Disposal and the Special Cash Payment at the SGM having been obtained; and
- (b) Completion having taken place.

If the conditions referred to above are not fulfilled, the Special Cash Payment will not be paid.

LETTER FROM THE BOARD

Subject to compliance with the appropriate sections of the Bermuda Companies Act, 1981 and the fulfilment of the above conditions, the Special Cash Payment will be payable by the Company from the proceeds of the Disposal and cash held by the Company to the Shareholders by way of (i) dividend of profits, and/or (ii) distribution of sums standing to the credit of the contributed surplus account of the Company. The Special Cash Payment will be paid to the Shareholders whose names appear on the register of members of the Company at a record date which will be set for a date on or after the date of the SGM, but not later than 30 April 2016. The record date and the related dates on which the register of members of the Company will be closed, if any, in order to determine the identity of the members of the Company who are entitled to the Special Cash Payment will be announced, once it is fixed, in accordance with the Listing Rules.

The Company also expects that, barring unforeseen circumstances, the Board would declare a final dividend for the year ended 31 December 2015 in the usual manner, which will be approved by the Shareholders at the 2016 annual general meeting of the Company. The Board may also consider further dividend payments in the future to recognise the continued support of the Shareholders.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposal, on the terms offered by the Purchaser, provides an attractive opportunity to realise value for Shareholders from the Group's media business.

The Board believes that the future of traditional publishing is an uncertain one and the value of the media business lies in the rich digital media content and the reputation and prestige of its publication titles. It is likely that a new media operator such as the Purchaser will be able to unlock greater value from the content and brand than a traditional media business such as that operated by the Group. Accordingly, it provides an attractive opportunity for the Shareholders to realise value from their investment in the Company.

The Board is also mindful that, since the Shares remain suspended from trading on the Stock Exchange, the Shareholders have not had the opportunity to realise value from their shareholdings through market disposals. Despite the ongoing efforts of the Board to seek to re-establish the public float or otherwise to resume trading in the Shares, there is no immediate prospect of this occurring, based on the Board's understanding of the current position of the Company's substantial Shareholders. Accordingly, the Disposal coupled with the Special Cash Payment of HK\$2,499.5 million, being approximately HK\$1.60 per Share based on 1,561,657,596 Shares in issue as at the Latest Practicable Date which represents approximately 83.5% of the average closing price of the Shares for the 5 trading days immediately preceding suspension of trading on 26 February 2013 of HK\$1.916, provides the Shareholders with an opportunity to receive a partial cash realisation in respect of their Shares which might otherwise be difficult to obtain in the near term. The Board recognises that the Disposal does not of itself cure the ongoing lack of public float and that, following the Completion, the Shares will remain suspended from trading on the Stock Exchange. However, despite enquiry by the Board, no alternative proposal which resolves the lack of public float is available. It is

LETTER FROM THE BOARD

therefore the Board's view that the Disposal is in the best interests of the Shareholders taking into account the circumstances of the Company's ongoing suspension from trading and the lack of available alternative proposals. The Board continues to, and following the Disposal will continue to, explore options for the resolution of the public float issue in respect of the Company.

In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not entered into any agreements to dispose of or downsize the business or assets of the Remaining Group. The Company continues to explore options to maximise value for shareholders and has, since the Announcement was published, received indications of interest from third parties to acquire certain individual Investment Properties which it is in the process of considering. The Company would emphasise that no decision has been made in this regard and that no transaction may result. Further, as at the Latest Practicable Date, the Company has no intention of making any material investments within the twelve months following the date of this circular.

INTENDED USE OF PROCEEDS

The expenses in relation to the Disposal (including legal and professional fees) are estimated to be approximately HK\$21.6 million.

The estimated net proceeds of the Disposal (being the Purchase Price less related expenses as described above) will be approximately HK\$2,039.0 million. The Board intends to apply all of the net proceeds from the Disposal to the payment of part of the Special Cash Payment (see section headed "Special Cash Payment" for further details).

PROPOSED CHANGE OF NAME

The Board proposes to change the existing name of the Company from "SCMP Group Limited" to "Armada Holdings Limited" and upon the name change becoming effective, the new Chinese name "南潮控股有限公司" will be adopted (for identification purpose only) to replace the existing Chinese name "南華早報集團有限公司".

Following the Disposal, the Remaining Group will no longer be the publisher of the *South China Morning Post* newspaper or own the intellectual property rights to the names "SCMP" and "南華早報". Accordingly, a change of name is required after Completion. The Board considers that the proposed name will refresh the corporate identity and image of the Remaining Group as it focuses on the property investment business. The Board is therefore of the view that the Change of Name is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Change of Name will be subject to the following conditions:

- (a) approval of the Shareholders in respect of the Disposal at the SGM having been obtained;
- (b) approval of the Shareholders by way of Special Resolution in respect of the Change of Name at the SGM having been obtained;
- (c) Completion having taken place; and
- (d) the Registrar of Companies in Bermuda approving the Change of Name and entering the new name of the Company in place of its existing name on the register maintained by the Registrar of Companies in Bermuda.

Subject to the satisfaction of the conditions set out above, the Change of Name will take effect from the date of entry of the new name of the Company on the register maintained by the Registrar of Companies in Bermuda. The Company will then carry out the necessary filing procedures with the Registrar of Companies in Hong Kong.

The Change of Name will not affect any rights of the holders of securities of the Company. The existing certificates of securities in issue bearing the present name of the Company will, after the Change of Name becomes effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company.

Once the Change of Name becomes effective, new certificates evidencing securities will be issued only in the new name of the Company. Further announcements will be made by the Company to inform the Shareholders of the results of the SGM, the effective date of the Change of Name and the new stock short name of the Company for trading of the Shares on the Stock Exchange.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the Disposal are 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Disposal is therefore subject to the notification, publication and Shareholders' approval requirements.

SGM

A notice convening the SGM to be held at Magnolia Room & Camomile Room, Lower Level II, Kowloon Shangri-La, Hong Kong, 64 Mody Road, Kowloon, Hong Kong on Monday, 14 March 2016 at 10:00 a.m. is set out on pages 50 to 52 of this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder is required to abstain from voting on the resolution approving the Disposal at the SGM.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the terms of the Disposal are fair and reasonable and that the Disposal, the Special Cash Payment and the Change of Name are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Disposal and the transactions contemplated under the Sale and Purchase Agreement, the Special Cash Payment and the Change of Name.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
SCMP Group Limited
David J. Pang
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2012, 2013 and 2014 are disclosed on pages 105-174, 105-183 and 103-183 respectively of the Company's annual reports for each of the three financial years ended 31 December 2012, 2013 and 2014 which can be accessed on the website of the Company (<http://www.scmp.com>) and the website of the Stock Exchange (<http://www.hkexnews.hk>).

2012: <http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0423/LTN20130423551.pdf>

2013: <http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0428/LTN20140428796.pdf>

2014: <http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0422/LTN20150422415.pdf>

2. INDEBTEDNESS

As at 31 December 2015, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total borrowing of HK\$2.2 million, comprising solely an unsecured short-term loan from a non-controlling shareholder. The loan is repayable within one year.

Save as disclosed above and apart from intra-group liabilities and trade payables in the normal course of business, as at the Latest Practicable Date, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration and taking into account the present internal resources of the Group, the proceeds from the Disposal, the estimated Excess Amount to be reimbursed by the Purchaser after Completion and the Special Cash Payment, are of the opinion that the Group has sufficient working capital for its present requirements for at least twelve months from the date of this circular, in the absence of any unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Remaining Group will continue to operate the property business. Please refer to the section headed "Information on the Company and the Remaining Group" set out in the Letter from the Board for further details.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE REMAINING GROUP**Business and financial overview**

For the year ended 31 December 2012, the Remaining Group recorded revenues of HK\$35.9 million, which represented an increase in revenues of 11% year-on-year due primarily to an increase in rental rates charged in respect of the advertising billboard attached to the Yue King Property and a modest increase in overall rents on the Investment Properties (excluding TV City). For the same period, the Remaining Group recorded operating profit of HK\$195.9 million and net profit of HK\$198.1 million which included a revaluation gain of HK\$170.7 million arising from the Investment Properties. The operating profit and net profit represented a decrease of 25% and 24% year-on-year, respectively, due primarily to lower revaluation gains than the previous period. Excluding revaluation gain, the adjusted operating profit of the Remaining Group was HK\$22.3 million, which represented an increase of 3%. Excluding revaluation gain, the adjusted net profit of the Remaining Group was HK\$27.4 million, representing an increase of 20% year-on-year, mainly due to a substantial increase in the Remaining Group's share of profits in its associate, The Post Publishing Public Company Limited.

For the year ended 31 December 2013, the Remaining Group recorded revenues of HK\$47.6 million, which represented an increase in revenues of 33% year-on-year due primarily to an increase in rental rates charged in respect of the advertising billboard attached to the Yue King Property and an increase in rent upon the renewal of the lease for the Bank of America Property. For the same period, the Remaining Group recorded operating profit of HK\$128.5 million and net profit of HK\$130.9 million which included a revaluation gain of HK\$87.2 million arising from the Investment Properties. The operating profit and net profit represented a decrease of 34% and 34% year-on-year, respectively, due primarily to lower revaluation gains in 2013 than the previous period. Excluding revaluation gain, the adjusted operating profit of the Remaining Group was HK\$33.1 million, which represented an increase of 48% year-on-year, due to the substantially higher revenues but relatively stable expenses. Excluding revaluation gains, the adjusted net profit of the Remaining Group was HK\$43.8 million, which represented an increase of 59% year-on-year, which was due primarily to a substantial increase in rental revenue and an increase in the Remaining Group's share of profits in its associate, Dymocks Franchise Systems (China) Limited.

For the year ended 31 December 2014, the Remaining Group recorded revenues of HK\$49.6 million, which represented an increase in revenues of 4% year-on-year due primarily to a modest increase in rental rates charged in respect of the advertising billboard attached to the Yue King Property and an increase in rent for the Sea View Property upon renewal of its lease. For the same period, the Remaining Group recorded operating profit of HK\$44.2 million and net profit of HK\$31.7 million, which included a revaluation gain of HK\$11.4 million arising from the Investment Properties. The operating profit and net profit represented a decrease of 66% and 76% year-on-year, respectively, due primarily to substantially lower revaluation gains in 2014 than the previous period. Excluding revaluation gain, the adjusted operating profit of the Remaining Group was HK\$31.0 million, which represented a decrease

of 6% year on year, due to an increase in expenditure offsetting the higher revenues, including higher legal and professional fees and the payment of a sales agency commission to a member of the Target Group in respect of the advertising billboard attached to the Yue King Property. Excluding revaluation gain, the adjusted net profit of the Remaining Group was HK\$20.3 million, which represented a decrease of 54% year-on-year, due primarily to the Remaining Group's share of losses in its associates The Post Publishing Public Company Limited and Dymocks Franchise Systems (China) Limited.

For the ten months ended 31 October 2015, the Remaining Group recorded revenues of HK\$46.3 million, which represented an increase in revenues of 12% for the period compared to the ten months ended 31 October 2014 due to an increase in rental rates charged in respect of the advertising billboard attached to the Yue King Property and an increase in rent for the Yau Tong Property and the Bank of America Property upon renewal of the relevant leases. For the same period, the Remaining Group recorded operating profit of HK\$169.1 million and net profit of HK\$225.7 million, which included a revaluation gain of HK\$137.1 million. The operating profit and net profit represented an increase of 500% and 1,042% respectively for the period compared to the ten months ended 31 October 2014 due to higher revaluation gains during this period compared to the ten months ended 31 October 2014 and a gain on disposal of interests in an associate of HK\$65.2 million arising from the disposal of part of the Remaining Group's investment in The Post Publishing Public Company Limited. Excluding revaluation gain and the recognized gain on disposal, the adjusted operating profit of the Remaining Group was HK\$29.8 million, which represented an increase of 13% for the period compared to the ten months ended 31 October 2014, due to higher revenues offsetting an increase in expenditure, including higher legal and professional fees, repair and maintenance costs and the payment of a sales agency commission to a member of the Target Group in respect of the advertising billboard attached to the Yue King Property. Excluding revaluation gain and the recognized gain on disposal, the adjusted net profit of the Remaining Group was HK\$23.4 million, which represented an increase of 18% for the period compared to the ten months ended 31 October 2014.

The original cost of the Investment Properties was HK\$913 million and their carrying value as of 31 December 2012 was HK\$1,633 million, as of 31 December 2013 was HK\$1,720 million, as of 31 December 2014 was HK\$1,732 million and as of 31 October 2015 was HK\$1,869 million.

The Investment Properties were revalued at 31 December 2012, 31 December 2013, 31 December 2014 and 30 June 2015 by independent professionally qualified valuers, DTZ Debenham Tie Leung Limited, who held a recognised relevant professional qualification and had recent experience in the locations and segments of the investment properties valued. No revaluation took place as at 31 October 2015. For the Investment Properties, their current use equated to the highest and best use. The revaluation gains or losses were shown as "Fair value gain or loss on investment properties" in the income statement. Fair values of the office buildings and industrial properties were derived using the income capitalisation approach and fair value of the vacant property was derived using the residual method. There were no changes to the valuation techniques during the years ended 31 December 2012, 31 December 2013, 31 December 2014 and the six months ended 30 June 2015.

Liquidity and Capital Resources

As at 31 December 2012, the Remaining Group had cash and cash equivalents of approximately HK\$12.7 million. The Remaining Group had no exchange rate exposure as all revenues were denominated in Hong Kong dollars and all cash and cash equivalents were held in Hong Kong dollars. The Remaining Group had no loans and no gearing. Net cash generated by the Remaining Group from operating activities for the year ended 31 December 2012 was HK\$25.6 million, mainly represented by rental income from the advertising billboard attached to the Yue King Property and the Investment Properties (excluding TV City). Net cash generated from investing activities was HK\$8.0 million, representing dividend income from listed investments and an associate, and interest payments on bonds held by the Remaining Group. Net cash used for financing activities was HK\$27.4 million, which was paid as dividends to the Shareholders (the remainder of the HK\$109.3 million paid as dividends to the Shareholders during the year was financed by the Target Group).

As at 31 December 2013, the Remaining Group had cash and cash equivalents of approximately HK\$15 million. The Remaining Group had no exchange rate exposure as all revenues were denominated in Hong Kong dollars and all cash and cash equivalents were held in Hong Kong dollars. The Remaining Group had no loans and no gearing. Net cash generated by the Remaining Group from operating activities for the year ended 31 December 2013 was HK\$37.1 million, mainly represented by rental income from the advertising billboard attached to the Yue King Property and the Investment Properties (excluding TV City). Net cash generated from investing activities was HK\$8.1 million, representing dividend income from listed investments and associates, and interest payments received on bonds held by the Remaining Group. Net cash used for financing activities was HK\$42.8 million, which was paid as dividends to the Shareholders (the remainder of the HK\$101.5 million paid as dividends to the Shareholders during the year was financed by the Target Group).

As at 31 December 2014, the Remaining Group had cash and cash equivalents of approximately HK\$18.6 million. The Remaining Group had no exchange rate exposure as all revenues were denominated in Hong Kong dollars and all cash and cash equivalents were held in Hong Kong dollars. The Remaining Group had no loans and no gearing. Net cash generated by the Remaining Group from operating activities for the year ended 31 December 2014 was HK\$27.1 million, mainly represented by rental income from the advertising billboard attached to the Yue King Property and the Investment Properties (excluding TV City). Net cash used in investing activities was HK\$10.5 million, representing the purchase of listed shares which was off-set by dividend income from listed investments and associates, and interest payments received on bonds held by the Remaining Group. Net cash used for financing activities was HK\$13 million, which was paid as dividends to the Shareholders (the remainder of the HK\$99.9 million paid as dividends to the Shareholders during the year was financed by the Target Group).

As at 31 October 2015, the Remaining Group had cash and cash equivalents of approximately HK\$36.2 million. The Remaining Group had no exchange rate exposure as all revenues were denominated in Hong Kong dollars and all cash and cash equivalents were held in Hong Kong dollars. The Remaining Group had no loans and no gearing. Net cash generated

by the Remaining Group from operating activities for the ten months ended 31 October 2015 was HK\$25.0 million, mainly represented by rental income from the advertising billboard attached to the Yue King Property and the Investment Properties (excluding TV City). Net cash generated from investing activities was HK\$103.7 million, representing the disposal by the Remaining Group of part of its investment in The Post Publishing Public Company Limited, an associate of the Remaining Group. Net cash used for financing activities was HK\$111 million, of which HK\$79.6 million was paid as dividends to the Shareholders.

Significant Investments, Acquisitions and Disposals

During the years ended 31 December 2012, 31 December 2013, 31 December 2014 and the 10 months ended 31 October 2015, the Remaining Group had no material acquisitions or disposals of subsidiaries and associates other than:

- the disposal of part of the Remaining Group's interest in The Post Publishing Public Company Limited, a public company listed on the Stock Exchange of Thailand. The aggregate consideration received by the Remaining Group from the sale of part of its interest was approximately HK\$100.8 million; and
- the entry into the MyDress Transaction (which was subsequently terminated on 11 December 2015 prior to its completion).

As at 31 December 2012, 31 December 2013, 31 December 2014 and 31 October 2015, the Remaining Group had no future plans for any material investments or its capital assets in their respective coming years.

Charge on Assets

During the years ended 31 December 2012, 31 December 2013, 31 December 2014 and the 10 months ended 31 October 2015, there were no charges on the assets of the Remaining Group.

Capital Expenditures

During the years ended 31 December 2012, 31 December 2013, 31 December 2014 and the 10 months ended 31 October 2015, the Remaining Group had no significant capital expenditure commitments or authorisations.

Contingent Liabilities

As at 31 December 2012, 31 December 2013, 31 December 2014 and 31 October 2015, the Remaining Group had no contingent liabilities.

UNAUDITED COMBINED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below are the unaudited combined balance sheets of the Target Group (as defined in Note 2) as at 31 December 2012, 2013 and 2014 and 31 October 2015, the unaudited combined statements of comprehensive income, the unaudited combined statements of changes in equity and the unaudited combined statements of cash flows of the Target Group for the years ended 31 December 2012, 2013 and 2014 and the ten months ended 31 October 2014 and 2015, and certain explanatory notes (the “**Unaudited Combined Financial Information**”).

The Unaudited Combined Financial Information is presented and has been prepared on the basis set out in Note 2 and Note 3 respectively, and has also been prepared in accordance with the accounting policies adopted by SCMP Group Limited (the “**Company**”) and paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Unaudited Combined Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular in connection with the Disposal (as defined in Note 1). The Company’s reporting accountant was engaged to review the Unaudited Combined Financial Information of the Target Group set out on pages 24 to 32 in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” and with reference to Practice Note 750 “*Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal*” issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

A. UNAUDITED COMBINED BALANCE SHEETS

	Unaudited			
	As at	As at 31 December		
	31 October	2014	2013	2012
	2015	2014	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	407,190	429,185	459,433	411,546
Intangible assets	168,145	160,162	160,449	122,825
Deposits paid for property, plant and equipment	–	–	140	38,444
Investment in an associate	321	324	327	330
Available-for-sale financial assets	10	11	12	13
Defined benefit plan's assets	69,775	73,964	64,530	3,030
Deferred income tax assets	4,763	6,875	668	272
	<u>650,204</u>	<u>670,521</u>	<u>685,559</u>	<u>576,460</u>
Current assets				
Inventories	16,502	19,823	24,148	23,138
Accounts receivable	255,475	290,906	307,747	275,162
Prepayments, deposits and other receivables	34,159	24,494	19,760	15,138
Short-term bank deposits	–	–	–	25,917
Cash and bank balances	527,297	445,492	380,479	331,443
	<u>833,433</u>	<u>780,715</u>	<u>732,134</u>	<u>670,798</u>
Total assets	<u>1,483,637</u>	<u>1,451,236</u>	<u>1,417,693</u>	<u>1,247,258</u>
EQUITY				
Combined equity	(318,247)	(331,876)	(399,024)	(568,782)
Non-controlling interests	52,405	53,396	50,474	42,129
Total equity	<u>(265,842)</u>	<u>(278,480)</u>	<u>(348,550)</u>	<u>(526,653)</u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	64,758	66,387	70,009	71,190
	<u>64,758</u>	<u>66,387</u>	<u>70,009</u>	<u>71,190</u>
Current liabilities				
Accounts payable and accrued liabilities	190,650	210,242	214,708	163,467
Amount due to an associate	955	963	972	979
Subscriptions in advance	19,836	26,432	28,208	26,689
Current income tax liabilities	2,852	7,094	14,586	6,995
Loans from a non-controlling shareholder	7,040	7,040	–	9,000
Amounts due to the Remaining Group	1,463,388	1,411,558	1,437,760	1,495,591
	<u>1,684,721</u>	<u>1,663,329</u>	<u>1,696,234</u>	<u>1,702,721</u>
Total liabilities	<u>1,749,479</u>	<u>1,729,716</u>	<u>1,766,243</u>	<u>1,773,911</u>
Total equity and liabilities	<u>1,483,637</u>	<u>1,451,236</u>	<u>1,417,693</u>	<u>1,247,258</u>
Net current liabilities	<u>(851,288)</u>	<u>(882,614)</u>	<u>(964,100)</u>	<u>(1,031,923)</u>
Total assets less current liabilities	<u>(201,084)</u>	<u>(212,093)</u>	<u>(278,541)</u>	<u>(455,463)</u>

B. UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited				
	For the 10 months ended 31 October		For the year ended 31 December		
	2015 HK\$'000	2014 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	874,304	974,288	1,194,247	1,101,226	985,735
Other income	4,410	4,517	5,458	3,054	5,529
Staff costs	(446,939)	(445,211)	(528,588)	(504,940)	(395,363)
Cost of production materials	(151,309)	(173,976)	(211,370)	(182,645)	(170,587)
Rental and utilities	(26,512)	(25,327)	(30,276)	(26,737)	(21,993)
Depreciation and amortisation	(48,271)	(51,928)	(62,455)	(55,404)	(49,499)
Advertising and promotion	(25,883)	(32,232)	(45,573)	(42,779)	(38,736)
Other operating expenses	(128,858)	(142,193)	(182,023)	(160,414)	(155,388)
Operating profit	50,942	107,938	139,420	131,361	159,698
Finance income	2,899	2,710	3,290	2,726	3,319
Share of loss of an associate	(3)	(3)	(3)	(3)	(3)
Profit before income tax	53,838	110,645	142,707	134,084	163,014
Income tax expense	(9,362)	(14,828)	(14,758)	(20,943)	(27,953)
Profit for the period/year	44,476	95,817	127,949	113,141	135,061
Other comprehensive income					
Item that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plan obligation	4,450	(5,916)	20,782	76,150	(14,948)
Items that may be reclassified subsequently to profit or loss:					
Fair value (loss)/gain on available-for-sale financial assets	–	(2)	(2)	–	2
Currency translation difference	183	(78)	41	808	5,389
	183	(80)	39	808	5,391
Other comprehensive income/(loss) for the period/year, net of tax	4,633	(5,996)	20,821	76,958	(9,557)
Total comprehensive income for the period/year	49,109	89,821	148,770	190,099	125,504
Profit attributable to:					
Shareholder of the Target Group	29,297	75,386	105,080	92,800	118,190
Non-controlling interests	15,179	20,431	22,869	20,341	16,871
	44,476	95,817	127,949	113,141	135,061
Total comprehensive income attributable to:					
Shareholder of the Target Group	33,930	69,390	125,901	169,758	108,633
Non-controlling interests	15,179	20,431	22,869	20,341	16,871
	49,109	89,821	148,770	190,099	125,504

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

C. UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

	Unaudited					
	Share capital HK\$'000	Other reserves (Note) HK\$'000	Accumulated losses HK\$'000	Combined equity HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2015	–	6,048	(337,924)	(331,876)	53,396	(278,480)
Profit for the period	–	–	29,297	29,297	15,179	44,476
Other comprehensive income	–	183	4,450	4,633	–	4,633
Total comprehensive income	–	183	33,747	33,930	15,179	49,109
Transaction with shareholder: Dividends declared and paid	–	–	(20,301)	(20,301)	(16,170)	(36,471)
Total transaction with shareholder	–	–	(20,301)	(20,301)	(16,170)	(36,471)
Balance at 31 October 2015	<u>–</u>	<u>6,231</u>	<u>(324,478)</u>	<u>(318,247)</u>	<u>52,405</u>	<u>(265,842)</u>
Balance at 1 January 2014	–	4,462	(403,486)	(399,024)	50,474	(348,550)
Profit for the period	–	–	75,386	75,386	20,431	95,817
Other comprehensive income	–	(80)	(5,916)	(5,996)	–	(5,996)
Total comprehensive income	–	(80)	69,470	69,390	20,431	89,821
Transaction with shareholder: Dividends declared and paid	–	–	–	–	(19,200)	(19,200)
Total transaction with shareholder	–	–	–	–	(19,200)	(19,200)
Balance at 31 October 2014	<u>–</u>	<u>4,382</u>	<u>(334,016)</u>	<u>(329,634)</u>	<u>51,705</u>	<u>(277,929)</u>

Note: Other reserves represent translation reserve, investment revaluation reserve and capital reserve.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Unaudited					Total HK\$'000
	Share capital HK\$'000	Other reserves (Note) HK\$'000	Accumulated losses HK\$'000	Combined equity HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 January 2014	–	4,462	(403,486)	(399,024)	50,474	(348,550)
Profit for the period	–	–	105,080	105,080	22,869	127,949
Other comprehensive income	–	39	20,782	20,821	–	20,821
Total comprehensive income	–	39	125,862	125,901	22,869	148,770
Transactions with shareholder:						
Dividends declared and paid	–	–	(60,300)	(60,300)	(19,200)	(79,500)
Change in ownership interest in a subsidiary without a change of control	–	1,547	–	1,547	(747)	800
Total transactions with shareholder	–	1,547	(60,300)	(58,753)	(19,947)	(78,700)
Balance at 31 December 2014	<u>–</u>	<u>6,048</u>	<u>(337,924)</u>	<u>(331,876)</u>	<u>53,396</u>	<u>(278,480)</u>
Balance at 1 January 2013	–	3,654	(572,436)	(568,782)	42,129	(526,653)
Profit for the period	–	–	92,800	92,800	20,341	113,141
Other comprehensive income	–	808	76,150	76,958	–	76,958
Total comprehensive income	–	808	168,950	169,758	20,341	190,099
Transactions with shareholder:						
Dividends declared and paid	–	–	–	–	(12,000)	(12,000)
Non-controlling interest arising on business combinations	–	–	–	–	4	4
Total transactions with shareholder	–	–	–	–	(11,996)	(11,996)
Balance at 31 December 2013	<u>–</u>	<u>4,462</u>	<u>(403,486)</u>	<u>(399,024)</u>	<u>50,474</u>	<u>(348,550)</u>

Note: Other reserves represent translation reserve, investment revaluation reserve and capital reserve.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Unaudited					Total HK\$'000
	Share capital HK\$'000	Other reserves (Note) HK\$'000	Accumulated losses HK\$'000	Combined equity HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 January 2012	–	(1,737)	(566,334)	(568,071)	22,785	(545,286)
Profit for the period	–	–	118,190	118,190	16,871	135,061
Other comprehensive income/(loss)	–	5,391	(14,948)	(9,557)	–	(9,557)
Total comprehensive income	–	5,391	103,242	108,633	16,871	125,504
Transaction with shareholder:						
Dividends declared and paid	–	–	(109,344)	(109,344)	(13,500)	(122,844)
Non-controlling interest arising on business combination	–	–	–	–	15,973	15,973
Total transactions with shareholder	–	–	(109,344)	(109,344)	2,473	(106,871)
Balance at 31 December 2012	–	3,654	(572,436)	(568,782)	42,129	(526,653)

Note: Other reserves represent translation reserve, investment revaluation reserve and capital reserve.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

D. UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

	Unaudited				
	For the 10 months ended 31 October		For the year ended 31 December		
	2015 HK\$'000	2014 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities					
Operating profit	50,942	107,938	139,420	131,361	159,698
Adjustments for:					
Depreciation and amortisation	48,270	51,926	62,455	55,404	49,500
Dividend income from listed investments	–	–	–	–	(1)
Net loss/(gain) on disposal of property, plant and equipment and intangible assets	13	(19)	44	1,474	(1)
Pension expense	6,842	7,570	9,079	12,292	9,768
Transfer of defined benefit's plan assets to other retirement funds	1,797	1,892	2,269	2,358	2,308
Employee share-based compensation benefits	96	330	389	656	2,345
Translation reserve transferred to operating profit on termination of a foreign operation	–	–	–	–	5,742
Decrease in amount due to an associate	(8)	(9)	(9)	(7)	(7)
Decrease/(increase) in inventories	3,321	1,722	4,325	(787)	3,270
Decrease/(increase) in accounts receivable	35,431	33,977	18,293	(29,864)	(30,938)
Increase in prepayments, deposits and other receivables	(4,564)	(8,072)	(4,329)	(4,264)	(4,271)
(Decrease)/increase in accounts payable and accrued liabilities	(19,406)	(37,183)	(6,068)	43,713	18,979
(Decrease)/increase in subscriptions in advance	(6,596)	(4,469)	(1,955)	1,519	1,819
Cash generated from operations	116,138	155,603	223,913	213,855	218,211

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

	Unaudited				
	For the 10 months ended 31 October		For the year ended 31 December		
	2015 HK\$'000	2014 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities					
Cash generated from operations	116,138	155,603	223,913	213,855	218,211
Hong Kong profits tax paid	(18,592)	(14,966)	(33,380)	(17,798)	(26,634)
Overseas tax paid	–	(31)	(62)	–	–
Net cash generated from operating activities	97,546	140,606	190,471	196,057	191,577
Cash flows from investing activities					
Decrease in short-term bank deposits	–	–	–	25,917	50,200
Decrease/(increase) in restricted bank deposits	–	–	–	25,258	(25,258)
Purchase of property, plant and equipment, intangible assets	(34,275)	(22,160)	(24,065)	(58,893)	(71,088)
Acquisition of subsidiaries	–	(6,240)	(6,240)	(37,713)	(75,144)
Proceeds from partial disposal of a subsidiary without losing control	–	–	800	–	–
Interest received	3,270	2,673	3,025	3,110	3,495
Dividend received	–	–	–	–	1
Proceeds from sale of property, plant and equipment	1	47	73	45	377
Net cash used in investing activities	(31,004)	(25,680)	(26,407)	(42,276)	(117,417)
Cash flows from financing activities					
Dividend paid to a non-controlling interest of a subsidiary	(16,170)	(19,200)	(19,200)	(12,000)	(13,500)
Increase/(decrease) in amounts due to the Remaining Group	31,433	(72,084)	(86,891)	(58,487)	(81,883)
Proceeds from short term loans from a non-controlling shareholder	–	7,040	7,040	(9,000)	9,000
Net cash generated from/(used in) financing activities	15,263	(84,244)	(99,051)	(79,487)	(86,383)
Net increase/(decrease) in cash and cash equivalents	81,805	30,682	65,013	74,294	(12,223)
Cash and cash equivalents at 1 January	445,492	380,479	380,479	306,185	318,408
Cash and cash equivalents at 31 October or 31 December	527,297	411,161	445,492	380,479	306,185

E. NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION

1. GENERAL INFORMATION

SCMP Group Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability. Its principal place of business in Hong Kong is Morning Post Centre, 22 Dai Fat Street, Tai Po Industrial Estate, New Territories, Hong Kong. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the publishing, printing, and distribution of the *South China Morning Post*, *Sunday Morning Post*, various magazines and other related print and digital publications, and properties investment.

On 11 December 2015, the Company and Alibaba Investment Limited (the “**Purchaser**”), a subsidiary of Alibaba Group Holding Limited, entered into the Sale and Purchase Agreement, pursuant to which the Company has agreed to sell and the Purchaser has agreed to purchase the Target Business (as defined in the paragraph below) of the Group for a cash consideration of HK\$2,060.6 million (the “**Disposal**”). The Disposal will be effected by a sale of the entire issued share capital (the “**Sale Shares**”) of each of SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited (the “**Target Companies**”) subject to the terms and conditions of the Sale and Purchase Agreement.

The Sale and Purchase Agreement includes the disposal of the newspaper, magazine, recruitment, outdoor media, events & conferences, education and digital media businesses of the Group (the “**Target Business**”). Besides the flagship *South China Morning Post* newspaper, other SCMP titles including the *Sunday Morning Post*, its digital platforms *SCMP.com* and related mobile apps, the two Chinese websites *Nanzao.com* and *Nanzaozhinan.com* and a portfolio of magazine titles including *HK Magazine* and the Hong Kong editions of *Esquire*, *ELLE*, *Cosmopolitan*, *The PEAK* and *Harper's BAZAAR* will also be disposed of to the Purchaser.

Upon the completion of the Disposal, the Company will not hold any equity interest in the Target Companies.

2. BASIS OF PRESENTATION

The Target Companies and certain of their subsidiaries engaged in the Target Business (the “**Target Group**”) had not been a separate legal group for the years or periods presented.

The Unaudited Combined Financial Information is presented by aggregating the financial information of the Target Group, under the common control of the Company. The Unaudited Combined Financial Information has been prepared to present the combined balance sheets of the Target Business as at 31 December 2012, 2013 and 2014 and 31 October 2015, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Target Group for the years ended 31 December 2012, 2013 and 2014 and the ten months ended 31 October 2014 and 2015. The Unaudited Combined Financial Information is not necessarily indicative of results that would have occurred if the Target Business had operated as a single reporting group during the years or periods presented.

The Unaudited Combined Financial Information has been prepared and measured at the carrying amounts of the Target Group under the consolidated financial statements of the Group for all years or periods presented. For companies acquired from a third party during each of the years ended 31 December 2012, 2013 and 2014 and ten months ended 31 October 2014 and 2015, they are included in the Unaudited Combined Financial Information from the date of the acquisition. The Unaudited Combined Financial Information has not included the assets, liabilities and results of operations of the property investment business carried on by the Target Group during the relevant years or periods on the basis that such property investment business does not form part of the Target Business and will not be acquired by the Purchaser.

3. BASIS OF PREPARATION

The Unaudited Combined Financial Information of the Target Group has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules, and solely for the purpose of inclusion in the Company's circular dated 19 February 2016.

The Unaudited Combined Financial Information of the Target Group has been prepared in accordance with the accounting policies adopted by the Company as set out in the annual report of the Company for the year ended 31 December 2014. Taxes on income in the interim periods are accrued using the tax rate that would have been applicable to expected total annual earnings for the relevant financial years or periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as described in Hong Kong Accounting Standard 1 “*Presentation of Financial Statements*” or an interim financial report as defined in Hong Kong Accounting Standard 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and should be read in connection with the annual report of the Company for the year ended 31 December 2014.

The following summarises the accounting and other principles applied in preparing the Unaudited Combined Financial Information:

- Transactions and balances between entities included within the Target Group have been eliminated. All intra-group balances, transactions, income and expenses and profits and losses, including unrealised profits arising from intra-group transactions, have been eliminated on combination.
- Transactions between the Remaining Group and the Target Group have been presented in the appropriate caption of the Unaudited Combined Financial Information to which such transactions relate. Intercompany balances have been presented as amounts due to the Remaining Group.
- The combined equity represents the cumulative contribution of the Company in the Target Group and other reserves.
- As the Unaudited Combined Financial Information has been prepared on a combined basis, it is not meaningful to present earnings per share.
- Payments for rental and utilities of HK\$2,010,000, HK\$2,229,000, HK\$2,668,000, HK\$2,223,000 and HK\$2,294,000 to the Remaining Group by the Target Group have been reflected in the Unaudited Combined Financial Information based on historical charges for the years ended 31 December 2012, 2013 and 2014, and the ten months ended 31 October 2014 and 2015, respectively.
- Receipts for commission income of HK\$2,735,000, HK\$2,284,000 and HK\$2,645,000 from the Remaining Group by the Target Group have been reflected in the Unaudited Combined Financial Information based on historical charges for the year ended 31 December 2014 and the ten months ended 31 October 2014 and 2015, respectively.
- Tax charges in the Unaudited Combined Statements of Comprehensive Income have been determined based on the tax charges recorded by the legal entities within the Target Group in their individual statutory accounts or management accounts; deferred tax assets and liabilities reflect the full historical deferred tax assets and liabilities recorded by the legal entities. Both tax charges and deferred tax were adjusted by the tax in respect of the Excluded Assets.

The Unaudited Combined Financial Information is presented in Hong Kong dollars.

The adoption of going concern assumption

As at 31 October 2015, the Target Group’s current liabilities exceeded current assets by HK\$851,288,000 and total liabilities exceeded total assets by HK\$265,842,000 which was due to an amount of HK\$1,463,388,000 due to the Remaining Group classified as current liabilities. Pursuant to the Sale and Purchase Agreement, the intercompany balances owing between a member of the Target Group and a member of the Remaining Group will be repaid, waived or released upon Completion. On 12 February 2016, the Directors of the Remaining Group have confirmed that such intercompany balances will be waived on or before Completion of the Sale and Purchase Agreement. After taking into consideration of the waiver of the amounts due to the Remaining Group, the Directors believe that as at 31 October 2015 the Target Group was able to meet its liabilities as and when they fall due within the next twelve months from the balance sheet date. Accordingly, the Directors have prepared the Unaudited Combined Financial Information of the Target Group on a going concern basis.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The unaudited pro forma financial information of the Remaining Group (the “**Unaudited Pro Forma Financial Information**”) presented below has been prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 30 June 2015; and (b) the results and cash flows of the Remaining Group for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014. This Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it does not purport to represent the true picture of the financial position of the Remaining Group as at 30 June 2015 or at any future date had the Disposal been completed on 30 June 2015 or the results and cash flows of the Remaining Group for the year ended 31 December 2014 or for any future period had the Disposal been completed on 1 January 2014.

The Unaudited Pro Forma Financial Information has been prepared based on the unaudited consolidated balance sheet of the Group as at 30 June 2015 as set out in the published interim report of the Group for the six months ended 30 June 2015, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014 as set out in the published annual report of the Group for the year ended 31 December 2014 and the Unaudited Financial Information of the Target Group set out in Appendix II after giving effect to the pro forma adjustments described in the accompanying notes as set out on pages 37 to 39 to this circular and has been prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules.

APPENDIX III
**PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**
1. Unaudited Pro Forma Consolidated Balance Sheet of the Remaining Group

	The Group as at 30 June 2015	Pro forma adjustments					Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 June 2015
	HK\$'000 Note 1	HK\$'000 Note 2a	HK\$'000 Notes 2b	HK\$'000 Note 2c	HK\$'000 Note 2d	HK\$'000	
ASSETS							
Non-current assets							
Property, plant and equipment	514,425	(415,650)	–	–	(97,226)	1,549	
Investment properties	1,869,100	–	–	–	400,000	2,269,100	
Intangible assets	163,526	(163,526)	–	–	–	–	
Deposits paid for property, plant and equipment	670	(670)	–	–	–	–	
Investment in associates	5,276	(323)	–	–	–	4,953	
Available-for-sale financial assets	187,562	(13)	–	–	–	187,549	
Defined benefit plans assets	73,202	(73,202)	–	–	–	–	
Deferred income tax assets	4,763	(4,763)	–	–	–	–	
	2,818,524	(658,147)	–	–	302,774	2,463,151	
Current assets							
Inventories	16,223	(16,223)	–	–	–	–	
Accounts receivable	232,454	(232,391)	–	–	–	63	
Prepayments, deposits and other receivables	20,908	(18,623)	–	–	–	2,285	
Cash and bank balances	565,415	(533,768)	2,532,657	–	–	2,564,304	
	835,000	(801,005)	2,532,657	–	–	2,566,652	
Assets held for sale	20,216	–	–	–	–	20,216	
	855,216	(801,005)	2,532,657	–	–	2,586,868	
Total assets	3,673,740	(1,459,152)	2,532,657	–	302,774	5,050,019	
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	156,106	–	–	–	–	156,106	
Reserves	3,126,941	238,366	1,181,805	(21,610)	306,348	4,831,850	
	3,283,047	238,366	1,181,805	(21,610)	306,348	4,987,956	
Non-controlling interests	61,533	(61,533)	–	–	–	–	
Total equity	3,344,580	176,833	1,181,805	(21,610)	306,348	4,987,956	
LIABILITIES							
Non-current liabilities							
Deferred income tax liabilities	83,330	(64,819)	–	–	(3,574)	14,937	
Current liabilities							
Accounts payable and accrued liabilities	205,950	(185,857)	–	21,610	–	41,703	
Amounts due to associates	3,204	(955)	–	–	–	2,249	
Subscriptions in advance	19,517	(19,517)	–	–	–	–	
Current income tax liabilities	10,119	(6,945)	–	–	–	3,174	
Loans from a non-controlling shareholder	7,040	(7,040)	–	–	–	–	
Amounts due to the Remaining Group	–	(1,350,852)	1,350,852	–	–	–	
	245,830	(1,571,166)	1,350,852	21,610	–	47,126	
Total liabilities	329,160	(1,635,985)	1,350,852	21,610	(3,574)	62,063	

APPENDIX III

PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

2. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

	The Group for the year ended 31 December 2014	Pro forma adjustments						Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2014
	HK\$'000 Note 1	HK\$'000 Note 3a	HK\$'000 Note 3b	HK\$'000 Notes 3c	HK\$'000 Notes 3d(i)	HK\$'000 Note 3d(ii)	HK\$'000 Note 3e	HK\$'000
Revenue	1,241,203	(1,194,247)	–	9,099	2,668	–	–	58,723
Other income	4,568	(5,458)	–	–	–	2,735	–	1,845
Staff costs	(528,588)	528,588	–	–	–	–	–	–
Cost of production materials	(216,036)	211,370	–	–	–	–	–	(4,666)
Rental and utilities	(30,842)	30,276	–	–	(2,668)	–	–	(3,234)
Depreciation and amortisation	(67,644)	62,455	–	–	–	–	4,909	(280)
Advertising and promotion	(45,573)	45,573	–	–	–	–	–	–
Other operating expenses	(184,845)	182,023	–	–	–	(2,735)	–	(5,557)
Fair value gain on investment properties	11,400	–	–	–	–	–	26,619	38,019
Gain on disposal of subsidiaries	–	–	1,346,028	–	–	–	–	1,346,028
Operating profit	183,643	(139,420)	1,346,028	9,099	–	–	31,528	1,430,878
Net finance income	4,785	(3,290)	–	–	–	–	–	1,495
Share of (losses)/profits of associates	(9,368)	3	–	–	–	–	–	(9,365)
Profit before income tax	179,060	(142,707)	1,346,028	9,099	–	–	31,528	1,423,008
Income tax expense	(19,423)	14,758	–	(1,501)	–	–	(529)	(6,695)
Profit for the year attributable to the equity holders of the Company	159,637	(127,949)	1,346,028	7,598	–	–	30,999	1,416,313
Other comprehensive income/(loss)								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Currency translation difference	145	(41)	–	–	–	–	–	104
Release of translation reserve upon disposal of subsidiaries	–	–	(4,464)	–	–	–	–	(4,464)
Fair value loss on available- for-sale financial assets	(47,146)	2	–	–	–	–	–	(47,144)
	(47,001)	(39)	(4,464)	–	–	–	–	(51,504)
<i>Items that will not be reclassified subsequently to profit or loss:</i>								
Remeasurement of defined benefit plan obligation	20,782	(20,782)	–	–	–	–	–	–
Share of remeasurement of defined benefit plan obligation of an associate	(371)	–	–	–	–	–	–	(371)
	20,411	(20,782)	–	–	–	–	–	(371)
Other comprehensive loss for the year, net of tax	(26,590)	(20,821)	(4,464)	–	–	–	–	(51,875)
Total comprehensive income for the year attributable to the equity holder of the Company	133,047	(148,770)	1,341,564	7,598	–	–	30,999	1,364,438

APPENDIX III

PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

3. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	The Group for the year ended 31 December 2014	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2014
	HK\$'000 Note 1	HK\$'000 Note 4a	HK\$'000 Notes 3b	HK\$'000 Note 4b	HK\$'000 Note 4c	HK\$'000	
Cash flows from operating activities							
Operating profit	183,643	(139,420)	1,346,028	9,099	31,528	1,430,878	
Adjustments for:							
Fair value gain on investment properties	(11,400)	–	–	–	(26,619)	(38,019)	
Depreciation and amortisation	67,644	(62,455)	–	–	(4,909)	280	
Dividend income from listed investments	(1,845)	–	–	–	–	(1,845)	
Net loss on disposal of property, plant and equipment and intangible assets	46	(44)	–	–	–	2	
Gain on disposal of subsidiaries	–	–	(1,346,028)	–	–	(1,346,028)	
Pension expense	9,079	(9,079)	–	–	–	–	
Transfer of defined benefit's plan assets to other retirement funds	2,269	(2,269)	–	–	–	–	
Employee share-based compensation benefits	389	(389)	–	–	–	–	
Decrease in amounts due to associates	(179)	9	–	–	–	(170)	
Decrease in inventories	4,325	(4,325)	–	–	–	–	
Decrease in accounts receivable	18,293	(18,293)	–	–	–	–	
Increase in prepayments, deposits and other receivables	(3,967)	4,329	–	–	–	362	
Decrease in accounts payable and accrued liabilities	(7,131)	6,068	–	–	–	(1,063)	
Decrease in subscriptions in advance	(1,955)	1,955	–	–	–	–	
Cash generated from operations	259,211	(223,913)	–	9,099	–	44,397	
Cash generated from operations	259,211	(223,913)	–	9,099	–	44,397	
Hong Kong profits tax paid	(41,190)	33,380	–	–	–	(7,810)	
Overseas tax paid	(417)	62	–	–	–	(355)	
Net cash generated from operating activities	217,604	(190,471)	–	9,099	–	36,232	
Cash flows from investing activities							
Purchase of property, plant and equipment, intangible assets and investment properties	(24,502)	24,065	–	–	–	(437)	
Purchase of available-for-sale financial assets	(16,952)	–	–	–	–	(16,952)	
Acquisition of subsidiaries	(6,240)	6,240	–	–	–	–	
Proceeds from partial disposal of a subsidiary without losing control	800	(800)	–	–	–	–	
Proceeds from disposal of subsidiaries	–	–	2,380,300	–	–	2,380,300	
Interest received	4,517	(3,025)	–	–	–	1,492	
Dividends received from:							
– Listed investments	1,845	–	–	–	–	1,845	
– Associates	3,548	–	–	–	–	3,548	
Proceeds from sale of property, plant and equipment	73	(73)	–	–	–	–	
Net cash used in investing activities	(36,911)	26,407	2,380,300	–	–	2,369,796	
Cash flows from financing activities							
Dividends paid to a non-controlling interest of a subsidiary	(19,200)	19,200	–	–	–	–	
Dividends paid to the Company's shareholders	(99,907)	–	–	–	–	(99,907)	
Proceeds from short-term loans from a non-controlling shareholder	7,040	(7,040)	–	–	–	–	
Decrease in amounts due to the Remaining Group	–	86,891	–	–	–	86,891	
Net cash used in financing activities	(112,067)	99,051	–	–	–	(13,016)	
Net increase in cash and cash equivalents	68,626	(65,013)	2,380,300	9,099	–	2,393,012	
Cash and cash equivalents at 1 January	395,511	(380,479)	–	–	–	15,032	
Cash and cash equivalents at 31 December	464,137	(445,492)	2,380,300	9,099	–	2,408,044	

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
REMAINING GROUP

1. The amounts are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2015 as set out in the published interim report of the Group for the six months ended 30 June 2015, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2014 as set out in the published annual report of the Group for the year ended 31 December 2014.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet assuming the Disposal had taken place on 30 June 2015:

- (a) These adjustments represent the exclusion of assets and liabilities of the Target Group assuming the disposal had taken place on 30 June 2015. The amounts have been extracted from the unaudited financial information of the Target Group as at 30 June 2015.

Amounts due to the Remaining Group represent balances between the Remaining Group and the Target Group previously eliminated upon the preparation of the Group's consolidated financial statements for the period ended 30 June 2015.

- (b) The adjustments represent the estimated consideration received in cash for the Disposal of HK\$2,532.7 million which was calculated based on the Purchase Price of HK\$2,060.6 million and the estimated Excess Amount of HK\$472.1 million to be reimbursed by the Purchaser to the Company, as if the Disposal had been completed 30 June 2015. The net proceeds to be received by the Company upon the completion of the Disposal will form part of the Special Cash Payment. The estimated gain on disposal assuming the Disposal had taken place on 30 June 2015 is calculated as follows:

	<i>HK\$'000</i>
Purchase Price	2,060,600
Add: Estimated Excess Amount reimbursed to the Company	472,057
Estimated total consideration	2,532,657
Less: Estimated expenses attributable to the Disposal (<i>Note 2c</i>)	(21,610)
Estimated net proceeds	2,511,047
Less: Carrying amount of net assets of the Target Group as at 30 June 2015	
(<i>Note i</i>)	(1,112,486)
Release of exchange reserves attributable to the Target Group as of	
30 June 2015	4,709
Estimated gain on disposal	<u>1,403,270</u>

Note i: The carrying amount of net assets of the Target Group as at 30 June 2015 has been adjusted for the waiver of amounts due to the Remaining Group of HK\$1,350.9 million, as if the Disposal had been completed on 30 June 2015. Pursuant to the Sale and Purchase Agreement, any intercompany balances owing between a member of the Target Group and a member of the Remaining Group are repaid, waived or released at Completion.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of net assets of the Target Group at the completion date and are therefore subject to change upon the actual completion of the Disposal.

- (c) The adjustment represents estimated expenses of approximately HK\$21.6 million that are directly attributable to the Disposal, as if the Disposal had been completed on 30 June 2015.

- (d) These adjustments represent the reclassification of the Yue King Property from property, plant and equipment to investment property as the Yue King Property would have no longer been a self-used property and would have become an investment property leased to the Target Group on 30 June 2015 if the Disposal had been completed on that date. Pursuant to the Sale and Purchase Agreement, the Company and the Purchaser will enter into a lease agreement on the Yue King Property for the operation of the Target Business at a monthly rent of HK\$30 per square foot for a term of one year with an option to extend the term for another year on the same terms. The directors have assessed the fair value of the Yue King Property as at 30 June 2015 by taking reference to the valuation report as at 30 June 2015 carried out by an independent valuer.
- (e) Apart from Notes (2a) to (2d), no other adjustment have been made to the unaudited pro forma consolidated balance sheet to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2015.
3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of comprehensive income assuming the Disposal had taken place on 1 January 2014:
- (a) These adjustments represent the exclusion of operating results of the Target Group for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014. The amounts have been extracted from the unaudited financial information of the Target Group for the year ended 31 December 2014 as set out in Appendix II to this circular.
- (b) These adjustments represent the estimated gain on disposal assuming the Disposal had taken place on 1 January 2014.

	<i>HK\$'000</i>
Purchase Price	2,060,600
Add: Estimated Excess Amount reimbursed to the Company	341,310
Estimated total consideration	2,401,910
Less: Estimated expenses attributable to the Disposal (<i>Note i</i>)	(21,610)
Estimated net proceeds	2,380,300
Less: Carrying amount of net assets of the Target Group as at 1 January 2014 (<i>Note ii</i>)	(1,038,736)
Release of exchange reserves attributable to the Target Group as of 1 January 2014	4,464
Estimated gain on disposal	<u>1,346,028</u>

Note i: This represents estimated expenses of approximately HK\$21.6 million that are directly attributable to the Disposal, as if the Disposal had been completed on 1 January 2014.

Note ii: The carrying amount of net assets of the Target Group as at 1 January 2014 has been adjusted for the waiver of amounts due to the Remaining Group of HK\$1,437.8 million, as if the Disposal had been completed on 1 January 2014. Pursuant to the Sale and Purchase Agreement, any intercompany balances owing between a member of the Target Group and a member of the Remaining Group are repaid, waived or released at Completion.

The actual financial effects of the Disposal are to be determined based on the consideration and the carrying amount of net assets of the Target Group at the completion date and are therefore subject to change upon the actual completion of the Disposal.

- (c) This adjustment represents the estimated rental income of HK\$9.1 million recognised by the Remaining Group in respect of the lease of the Yue King Property and the corresponding estimated income tax expense of HK\$1.5 million. Pursuant to the Sale and Purchase Agreement, the Company and the Purchaser will enter into a lease agreement of the Yue King Property for the operation of the Target Business at a monthly rent of HK\$30 per square foot for a term of one year with an option to extend the term for another year on the same terms.

- (d)
 - (i) This adjustment represents the rental income of HK\$2.7 million from a member of the Target Group for the leasing of the Yue King Property. This amount has been previously eliminated upon preparation of the Group's consolidated financial statements for the year ended 31 December 2014.
 - (ii) This adjustment represents the agency commission income of the Target Group received from the Remaining Group in respect of the provision of advertising agency service for the advertising billboard attached to the Yue King Property. This amount was previously eliminated upon the preparation of the Group's consolidated financial statements for the year ended 31 December 2014.
 - (e) These adjustments represent i) the reversal of depreciation expense of HK\$4.9 million previously recognised and ii) recognition of estimated revaluation gain of HK\$26.6 million due to the reclassification of the Yue King Property from property, plant and equipment to investment property, as if the change of use has taken place on 1 January 2014. The estimated revaluation gain is the difference between the fair value of the Yue King Property as at 31 December 2013 and 2014. The directors have assessed the fair value of the Yue King Property as at 31 December 2013 and 2014 by taking reference of the valuation reports as at 31 December 2013 and 2014 carried out by an independent valuer.
 - (f) Apart from Notes (3a) to (3e), no other adjustment has been made to the unaudited pro forma consolidated statement of comprehensive income to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.
- 4. The following pro forma adjustments are made to the unaudited pro forma consolidated statement of cash flows assuming the Disposal had taken place on 1 January 2014:
 - (a) These adjustments represent the exclusion of cash flows of the Target Group for the year ended 31 December 2014 as if the Disposal had been completed on 1 January 2014. The amounts have been extracted from the unaudited financial information of the Target Group for the year ended 31 December 2014 as set out in Appendix II to this circular.
 - (b) This adjustment represents receipt of the rental income by the Remaining Group in respect of the lease of the Yue King Property. Refer to Note 3(c) for further details.
 - (c) These adjustments represent non-cash items relating to i) the reversal of depreciation expense of HK\$4.9 million previously recognised and ii) recognition of estimated revaluation gain of HK\$26.6 million due to the reclassification of the Yue King Property from property, plant and equipment to investment property, as if the change of use had taken place on 1 January 2014. Refer to Note 3(e) for further details.
 - (d) Apart from Notes (4a) to (4c), no other adjustment has been made to the unaudited pro forma consolidated statement of cash flows to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.
- 5. Apart from Notes (3c), (3d), (3e), (4b) and (4c), the above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION ON
THE REMAINING GROUP**

To the Directors of SCMP Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SCMP Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) excluding SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited and certain of their subsidiaries (the “**Target Group**”) (collectively the “**Remaining Group**”) by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma balance sheet as at 30 June 2015, the unaudited pro forma statement of comprehensive income for the year ended 31 December 2014, the unaudited pro forma statement of cash flows for the year ended 31 December 2014, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 33 to 39 of the Company’s circular dated 19 February 2016, in connection with the proposed disposal of the Target Group (the “**Transaction**”) by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages 37 to 39.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group’s financial position as at 30 June 2015 and the Group’s financial performance and cash flows for the year ended 31 December 2014 as if the Transaction had taken place at 30 June 2015 and 1 January 2014 respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the directors from the Group’s financial statements for the six-month period ended 30 June 2015 and year ended 31 December 2014, on which a review and an audit report have been published, respectively.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2015 or 1 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 19 February 2016

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

Directors' and Chief Executive Officer's interests in shares, underlying shares and debentures

As at the Latest Practicable Date, the Directors and Chief Executive Officer 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 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:

(i) Company

Name of Director	Capacity/nature of interests	Number of ordinary shares held	Approximate % of issued share capital
Dr. the Hon. Sir David Li Kwok Po	Personal	4,778,000	0.31% ¹

(ii) Associated corporations

Name of associated corporation	Name of Director	Number of ordinary shares held		Number of underlying ordinary shares held under equity derivatives	Total	Approximate % of issued share capital
		Personal interests	Family/ other interests			
Kerry Group Limited	Dr. David J. Pang	1,800,000	–	200,000 ²	2,000,000	0.13% ³
	Ms. Kuok Hui Kwong	–	181,894,983 ⁴	2,000,000 ⁵	183,894,983	12.06% ⁶
Kerry Properties Limited	Ms. Kuok Hui Kwong	77,000	8,341,945 ⁷	1,100,000 ⁸	9,518,945	0.66% ⁹
Kerry Logistics Network Limited	Ms. Kuok Hui Kwong	38,500	4,865,973 ¹⁰	–	4,904,473	0.29% ¹¹
Vencedor Investments Limited	Ms. Kuok Hui Kwong	5	5 ¹²	–	10	10% ¹³
Medallion Corporate Limited	Ms. Kuok Hui Kwong	26	26 ¹⁴	–	52	5.2% ¹⁵

Notes:

1. Approximate percentage calculated based on the 1,561,657,596 ordinary shares of the Company in issue as at the Latest Practicable Date.
2. This represents interests in options held by Dr. David J. Pang to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed “Directors’ and Chief Executive Officer’s rights to acquire shares or debentures” below.
3. Approximate percentage calculated based on the 1,524,403,043 ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date.
4. This includes 1,500,000 shares held by the spouse of Ms. Kuok Hui Kwong and 180,394,983 shares held by discretionary trusts of which Ms. Kuok and/or her spouse are contingent beneficiaries.
5. This represents interests in options held by Ms. Kuok Hui Kwong and her spouse to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Group Limited, details of which are set out in the section headed “Directors’ and Chief Executive Officer’s rights to acquire shares or debentures” below.
6. Approximate percentage calculated based on the 1,524,403,043 ordinary shares of Kerry Group Limited in issue as at the Latest Practicable Date.
7. This includes 60,000 shares held by the spouse of Ms. Kuok Hui Kwong and 8,281,945 shares held by discretionary trusts of which Ms. Kuok Hui Kwong and/or her spouse are contingent beneficiaries.
8. This represents interests in options held by the spouse of Ms. Kuok Hui Kwong to subscribe for the relevant underlying ordinary shares in respect of option shares granted by Kerry Properties Limited, details of which are set out in the section headed “Directors’ and Chief Executive Officer’s rights to acquire shares or debentures” below.
9. Approximate percentage calculated based on the 1,443,147,728 ordinary shares of Kerry Properties Limited in issue as at the Latest Practicable Date.
10. This includes 725,000 shares held by the spouse of Ms. Kuok Hui Kwong and 4,140,973 shares held by discretionary trusts of which Ms. Kuok Hui Kwong and/or her spouse are contingent beneficiaries.
11. Approximate percentage calculated based on the 1,694,414,612 ordinary shares of Kerry Logistics Network Limited in issue as at the Latest Practicable Date.
12. This represents interests held by the spouse of Ms. Kuok Hui Kwong.
13. Approximate percentage calculated based on the 100 ordinary shares of Vencedor Investments Limited in issue as at the Latest Practicable Date.
14. This represents interests held by the spouse of Ms. Kuok Hui Kwong.
15. Approximate percentage calculated based on the 1,000 ordinary shares of Medallion Corporate Limited in issue as at the Latest Practicable Date.

All the interests stated above represent long positions in the shares of the Company or its associated corporations.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executive Officer of the Company nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executive Officer's rights to acquire shares or debentures**(i) Company**

As at the Latest Practicable Date, none of the Directors and Chief Executive Officer (including their spouses and children under 18 years of age) have any interest in, or had been granted or had exercised, any rights to subscribe for shares or debentures of the Company required to be disclosed pursuant to the SFO.

(ii) Associated Corporations

As at the Latest Practicable Date, the Directors and Chief Executive Officer of the Company (including their spouses and children under 18 years of age) had the following interests in the share options to subscribe for shares in the associated corporations of the Company (within the meaning of the SFO) required to be disclosed pursuant to the SFO:

Name of associated corporation	Name of Director	Date of grant (DD/MM/YYYY)	Number of options held as at	Exercise price/share (HK\$)	Exercise period (DD/MM/YYYY)
			Latest Practicable Date		
Kerry Group Limited	Dr. David J. Pang	16/07/2010	200,000	10.00	19/07/2010 – 15/07/2017
	Ms. Kuok Hui Kwong	16/07/2010 ¹	1,000,000	10.00	19/07/2010 – 15/07/2017
		16/07/2010	1,000,000	10.00	26/07/2010 – 15/07/2017
Kerry Properties Limited	Ms. Kuok Hui Kwong	02/04/2008 ¹	300,000	47.70	Tranche I (75,000) – 02/04/2009 – 01/04/2018
					Tranche II (75,000) – 02/04/2010 – 01/04/2018
					Tranche III (150,000) – 02/04/2011 – 01/04/2018
		30/04/2012 ¹	300,000	35.45	Tranche I (150,000) – 31/10/2012 – 29/04/2022
					Tranche II (150,000) – 31/10/2013 – 29/04/2022
		08/01/2014 ¹	500,000	26.88	Tranche I (250,000) – 08/07/2014 – 07/01/2024
					Tranche II (250,000) – 08/01/2015 – 07/01/2024

Note:

1. The options were granted to the spouse of Ms. Kuok Hui Kwong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Chief Executive Officer of the Company nor their associates had any interests in, or had been granted, or had exercised, any rights to subscribe for shares or debentures of the associated corporations of the Company required to be disclosed pursuant to the SFO.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors and Chief Executive Officer of the Company, the following persons (not being a Director or Chief Executive Officer 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 were as follows:

Name of Shareholder	Capacity/ nature of interests	Number of ordinary shares held	Long position/ short position	Approximate % of issued share capital ¹
Kerry Group Limited	Interest of controlled corporations	1,155,061,308	Long position	73.96%
Kerry Holdings Limited	Interest of controlled corporations	1,155,061,308 ²	Long position	73.96%
Kerry 1989 (C.I.) Limited	Interest of controlled corporation	1,078,717,308 ³	Long position	69.08%
Kerry Media Limited	Beneficial owner	1,078,717,308 ⁴	Long position	69.08%
Silchester International Investors LLP	Investment manager	221,365,000	Long position	14.18%
Silchester International Investors International Value Equity Trust	Beneficial owner	108,275,634 ^{5,6}	Long position	6.93%

Notes:

1. Approximate percentage calculated based on the 1,561,657,596 ordinary shares of the Company in issue as at the Latest Practicable Date.
2. The interests in the 1,155,061,308 shares held by Kerry Holdings Limited are duplicated in the interests reported above for Kerry Group Limited.
3. The interests in the 1,078,717,308 shares held by Kerry 1989 (C.I.) Limited are duplicated in the respective interests reported above for Kerry Group Limited and Kerry Holdings Limited.
4. The interests in the 1,078,717,308 shares held by Kerry Media Limited are duplicated in the respective interests reported above for Kerry Group Limited, Kerry Holdings Limited and Kerry 1989 (C.I.) Limited.
5. The Company has been notified informally that as at 31 December 2015, Silchester International Investors International Value Equity Trust was interested in 100,513,634 shares (representing approximately 6.44% of the Company's issued share capital) and this decrease in shareholding was not required to be disclosed under Part XV of the SFO.
6. The interests held by Silchester International Investors International Value Equity Trust are duplicated in the interests reported above for Silchester International Investors LLP.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors or Chief Executive Officer of the Company) who had, or was deemed to have, any interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates was interested in any business apart from the business of the Group, which competed or was likely to compete either directly or indirectly with the business of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practical Date, the Directors were of the view that there had been no material adverse change in the financial or trading position of the Company since 31 December 2014, the date up to which the latest published audited accounts of the Company were made.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had an unexpired service contract with the Group, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Chief Executive Officer of the Company had any interest, direct or indirect, in any asset which had been since 31 December 2014, being the date up to which the latest published audited financial statements of the Group were made, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Chief Executive Officer of the Company was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Company.

8. MATERIAL LITIGATION

On 20 July 2015, a writ was served by Andrew Lam Ping Cheung (“**Lam**”) and Kevin Barry Egan (“**Egan**”) as plaintiffs on South China Morning Post Publishers Limited, Wang Xiang Wei and Lana Lam as 1st, 2nd and 3rd defendants respectively. Pursuant to the writ, an article published by South China Morning Post Publishers Limited on 17 July 2015 was defamatory as it claimed both Lam and Egan were convicted criminals while they were acquitted on appeal. The plaintiffs sought, inter alia, apology, costs and damages to be assessed by the court. South China Morning Post Publishers Limited accepted liability while contesting the amount of damages. The defendants made payments into Court for the plaintiffs to accept which, as at the Latest Practicable Date, the plaintiffs have not accepted. On 15 January 2016, the plaintiffs served on the defendants a Timetabling Questionnaire and Mediation Certificate indicating their intention to settle the proceedings by means of mediation. As at the Latest Practicable Date, the defendants are preparing their own Timetabling Questionnaire and Mediation Certificate to be served on the plaintiffs.

Other than as described above, as at the Latest Practicable Date, as far as the Directors are aware, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance, and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the issue of this circular:

- (a) the agreement dated 18 March 2014 relating to the acquisition of 100% of the issued share capital of Destination Macau Limited by South China Morning Post Publishers Limited and SCMP Nominees Limited;
- (b) the agreement dated 31 October 2014 relating to the sale of 20% of the issued share capital of Peak HK Publishing Limited between HMI China, Inc., SCMP Retailing Limited and SCMP Nominees Limited, and the related shareholders' agreement and shareholder loan agreement;
- (c) the sale and purchase and subscription agreement dated 19 October 2015 relating to the MyDress Transaction and the termination agreement dated 11 December 2015; and
- (d) the Sale and Purchase Agreement.

10. QUALIFICATIONS AND CONSENT OF EXPERTS

The qualifications of the experts who have been named in this circular or have given opinion or advice which are contained herein are set out below:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants
(a) As at the Latest Practicable Date, PricewaterhouseCoopers had no interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.	
(b) As at the Latest Practicable Date, PricewaterhouseCoopers had no interest, direct or indirect, in any assets which have been since 31 December 2014, the date up to which the latest published audited financial statements of Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.	
(c) PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this circular with its report included in the form and context in which it is included.	

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Sale and Purchase Agreement;
- (c) the annual reports of the Company for the three years ended 31 December 2012, 2013 and 2014;
- (d) the material contracts disclosed in the paragraph under the heading “Material Contracts” in this Appendix to this circular; and
- (e) this circular.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lau Che Yin Ian, who holds a Bachelor’s degree in Law from the University of Bristol of the United Kingdom and was qualified in Hong Kong as a solicitor in 1992.
- (b) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) The registered office of the Company is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (d) The head office and principal place of business of the Company in Hong Kong is Morning Post Centre, 22 Dai Fat Street, Tai Po Industrial Estate, New Territories, Hong Kong.
- (e) The English text of this circular and the related proxy form shall prevail over the Chinese text in the case of any inconsistency.

NOTICE OF THE SGM

The logo for SCMP, consisting of the letters "SCMP" in a bold, white, sans-serif font, centered within a dark grey rectangular box with rounded corners.

SCMP Group Limited

南華早報集團有限公司*

(Incorporated in Bermuda with limited liability) (Stock Code: 583)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of shareholders of SCMP Group Limited (the “**Company**”) will be held at Magnolia Room & Camomile Room, Lower Level II, Kowloon Shangri-La, Hong Kong, 64 Mody Road, Kowloon, Hong Kong on Monday, 14 March 2016 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

ORDINARY RESOLUTION

1. “**THAT:**

- (A) the disposal of the entire issued share capital of each of SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited (the “**Sale Shares**”) (the “**Disposal**”) by the Company as vendor to Alibaba Investment Limited as purchaser (the “**Purchaser**”) on the terms and conditions of the sale and purchase agreement dated 11 December 2015 entered into between the Purchaser and the Company in respect of the Sale Shares (the “**Sale and Purchase Agreement**”), a copy of which has been produced to this meeting and initialed by the chairman of the meeting for the purpose of identification, be and is hereby approved;
- (B) subject to completion of the Disposal, the proposed special cash payment in an aggregate amount of HK\$2,499,500,000 (the “**Special Cash Payment**”) to be payable by the Company to all the Company’s shareholders on such date to be fixed by the Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Record Date**”) in proportion to their existing shareholding in the Company on the Record Date be and is hereby approved and, subject in each case to compliance with the provisions of section 54 of the Bermuda Companies Act 1981, the directors of the Company (the “**Directors**”) be and are hereby authorised to (i) declare such dividends out of the profits of the Company, and/or (ii) make such distributions from the contributed surplus of the Company, of such amounts as they may, in their sole discretion, approve in order to give effect to the Special Cash Payment; and

* For identification purpose only

NOTICE OF THE SGM

- (C) any one or more of the Directors be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such other steps and actions as they may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to the Disposal and the Sale and Purchase Agreement and to agree to any variations, amendments and waivers of any of the terms thereof and settlement of any dispute in relation thereto and to give effect to or in connection with the payment of the Special Cash Payment.”

SPECIAL RESOLUTION

2. “**THAT:** subject to and conditional upon (i) the passing of Resolution 1 above; (ii) completion of the Disposal; and (iii) the entry of “Armada Holdings Limited” as the new English name of the Company in the register maintained by the Registrar of Companies in Bermuda and the issue of a certificate of incorporation on change of name by the Registrar of Companies in Bermuda:
- (A) the English name of the Company be and is hereby changed from “SCMP Group Limited” to “Armada Holdings Limited” with effect from the date of registration (the “**Relevant Date**”) as set out in the certificate of incorporation on change of name issued by the Registrar of Companies in Bermuda;
- (B) the Chinese name of “南潮控股有限公司” be and is hereby adopted (for identification purpose only) in place of the existing Chinese name “南華早報集團有限公司”, with effect from the Relevant Date;
- (C) Appleby Services (Bermuda) Ltd. be and is hereby authorised to file the extract of this shareholders’ resolution to the Registrar of Companies in Bermuda to effect the aforesaid change of name on behalf of the Company and to take all necessary actions in connection therewith;
- (D) any and all such documents as may be required to be filed or registered in connection with the change of name of the Company be filed and registered with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the secretary and/or assistant secretary be and is hereby authorised to take all necessary actions in connection therewith; and
- (E) any one of the Directors be and is hereby authorised to sign, execute and deliver all such documents and take all such actions and steps and do such acts, matters and things as he or she considers necessary, appropriate, desirable or expedient to give full effect to this resolution, and for the purpose of or in connection with the implementation of the change of name of the Company.”

For and on behalf of the Board of
SCMP Group Limited
David J. Pang
Chairman

Hong Kong, 19 February 2016

NOTICE OF THE SGM

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote in his or her stead and any such member who is a holder of two or more shares in the Company is entitled to appoint more than one proxy to attend and vote in his or her stead. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the above meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands will for this purpose be deemed joint holders thereof.
- (4) A form of proxy for the above meeting is enclosed. To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the above meeting. Completion and deposit of the form of proxy will not preclude a member from attending and voting in person at the above meeting if the member so wishes.
- (5) For determining the eligibility to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 11 March 2016 to Monday, 14 March 2016, both dates inclusive, during which period no transfer of shares will be effected. All transfers 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 10 March 2016 so as to qualify for attending and voting at the above meeting.
- (6) Members of the Company are advised to read the circular to shareholders dated 19 February 2016 which contains further information on the proposals in relation to the Disposal, the Special Cash Payment and the change of name of the Company.
- (7) If Typhoon Signal No. 8 or above is hoisted or expected to be hoisted or a Black Rainstorm Warning Signal is in force or expected to be in force any time after 7:00 a.m. on the date of the meeting, then the meeting will be postponed. The Company will post an announcement on the Company's website (www.scmpgroup.com) and HKExnews website (www.hkexnews.hk) to notify members of the date, time and place of the rescheduled meeting. The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signals is, or is expected to be, in force. Members should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situations.