SCMP

SCMP Group Limited

南華早報集團有限公司 *

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

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

FINAL RESULTS

The Directors of SCMP Group Limited (the "Company") are pleased to announce the consolidated final results of the Company and its group of companies (the "Group") for the year ended 31 December 2015 as follows:

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2015 *HK$'000***	31 December 2014 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*3*	**96,954**	530,526
Investment properties	*4*	**1,923,400**	1,732,000
Intangible assets		**-**	160,162
Investment in associates		**4,350**	43,203
Available-for-sale financial assets		**114,738**	184,687
Defined benefit plan's assets		**-**	73,964
Deferred income tax assets		**-**	6,875
		2,139,442	2,731,417
Current assets			
Inventories		**-**	19,823
Accounts receivable	*5*	**-**	290,906
Prepayments, deposits and other receivables		**2,341**	26,873
Amount due from an associate		**-**	124
Available-for-sale financial asset		**24,522**	-
Cash and bank balances		**39,487**	464,137
		66,350	801,863
Assets of disposal group classified as held for sale	*9*	**1,526,228**	-
		1,592,578	801,863
Total assets		**3,732,020**	3,533,280

CONSOLIDATED BALANCE SHEET (continued)

	Notes	**31 December 2015** *HK$'000*	31 December 2014 *HK$'000*
EQUITY			
Capital and reserves			
Share capital	*6*	**156,106**	156,106
Other reserves		**3,161,849**	2,960,377
Shareholders' funds		**3,317,955**	3,116,483
Non-controlling interests		**56,534**	53,396
Total equity		**3,374,489**	3,169,879
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**17,959**	85,566
		17,959	85,566
Current liabilities			
Accounts payable and accrued liabilities	*7*	**40,461**	232,363
Amounts due to associates		**2,290**	2,672
Subscriptions in advance		**-**	26,432
Current income tax liabilities		**506**	9,328
Loans from a non-controlling shareholder		**-**	7,040
		43,257	277,835
Liabilities of disposal group classified as held for sale	*9*	**296,315**	-
		339,572	277,835
Total liabilities		**357,531**	363,401
Total equity and liabilities		**3,732,020**	3,533,280

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December **2015** *HK$'000*	2014 *HK$'000* (Restated)
CONTINUING OPERATIONS			
Revenue	*2*	**52,833**	46,956
Other income		**2,149**	1,845
Cost of production		**(4,946)**	(4,666)
Rental and utilities		**(4,141)**	(3,234)
Depreciation and amortisation		**(5,205)**	(5,189)
Other operating expenses		**(3,903)**	(2,822)
Fair value gain on investment properties		**191,400**	11,400
Operating profit of continuing operations		**228,187**	44,290
Net finance income		**1,496**	1,495
Share of losses of associates		**(4,919)**	(9,365)
Gain on partial disposal of interests in an associate		**65,158**	-
Profit before income tax from continuing operations		**289,922**	36,420
Income tax expense	*8*	**(4,820)**	(4,665)
Profit for the year from continuing operations		**285,102**	31,755
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*9*	**50,438**	127,882
Profit for the year		**335,540**	159,637

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive (loss)/income		
Item that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plan obligation	**(4,835)**	20,782
Share of remeasurement of defined benefit plan obligation of an associate	**(721)**	(371)
	(5,556)	20,411
Items that may be reclassified subsequently to profit or loss:		
Fair value loss on available-for-sale financial assets	**(45,419)**	(47,146)
Currency translation difference	**304**	145
Currency translation difference released upon partial disposal of interests in an associate	**15,425**	-
	(29,690)	(47,001)
Other comprehensive loss for the year, net of tax	**(35,246)**	(26,590)
Total comprehensive income for the year	**300,294**	133,047

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Notes	2015	2014
		Year ended 31 December	
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Profit attributable to:			
Continuing operations		**285,102**	31,755
Discontinued operations		**31,130**	105,013
Shareholders of the Company		**316,232**	136,768
Non-controlling interests – discontinued operations		**19,308**	22,869
		335,540	159,637
Total comprehensive income attributable to:			
Continuing operations		**254,387**	(15,761)
Discontinued operations		**26,599**	125,939
Shareholders of the Company		**280,986**	110,178
Non-controlling interests – discontinued operations		**19,308**	22,869
		300,294	133,047
Earnings per share	*10*		
Continuing operations		**18.27 cents**	2.03 cents
Discontinued operations		**1.99 cents**	6.73 cents
Basic		**20.26 cents**	8.76 cents
Continuing operations		**18.25 cents**	2.03 cents
Discontinued operations		**1.99 cents**	6.72 cents
Diluted		**20.24 cents**	8.75 cents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Contributed surplus** *HK$'000* 4 (a))	**Other reserves** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2014	156,106	41,126	803,234	111,287	1,992,523	3,104,276	50,474	3,154,750
Comprehensive income								
Profit for the year	-	-	-	-	136,768	136,768	22,869	159,637
Other comprehensive income	-	-	-	(47,001)	20,411	(26,590)	-	(26,590)
Total comprehensive income	-	-	-	(47,001)	157,179	110,178	22,869	133,047
Transactions with shareholders								
Employee share-based compensation benefits	-	-	-	389	-	389	-	389
Dividends declared and paid	-	-	-	-	(99,907)	(99,907)	(19,200)	(119,107)
Changes in ownership interests in a subsidiary without change of control	-	-	-	1,547	-	1,547	(747)	800
Total transactions with shareholders	-	-	-	1,936	(99,907)	(97,971)	(19,947)	(117,918)
Balance at 31 December 2014	156,106	41,126	803,234	66,222	2,049,795	3,116,483	53,396	3,169,879
Balance at 1 January 2015	**156,106**	**41,126**	**803,234**	**66,222**	**2,049,795**	**3,116,483**	**53,396**	**3,169,879**
Comprehensive income								
Profit for the year	**-**	**-**	**-**	**-**	**316,232**	**316,232**	**19,308**	**335,540**
Other comprehensive income	**-**	**-**	**-**	**(29,690)**	**(5,556)**	**(35,246)**	**-**	**(35,246)**
Total comprehensive income	**-**	**-**	**-**	**(29,690)**	**310,676**	**280,986**	**19,308**	**300,294**
Transactions with shareholders								
Employee share-based compensation benefits	**-**	**-**	**-**	**100**	**-**	**100**	**-**	**100**
Dividends declared and paid	**-**	**-**	**-**	**-**	**(79,614)**	**(79,614)**	**(16,170)**	**(95,784)**
Total transactions with shareholders	**-**	**-**	**-**	**100**	**(79,614)**	**(79,514)**	**(16,170)**	**(95,684)**
Balance at 31 December 2015	**156,106**	**41,126**	**803,234**	**36,632**	**2,280,857**	**3,317,955**	**56,534**	**3,374,489**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets.

(b) Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Group

The following amendments to existing standards that is relevant to the Group are mandatory for the first time for the financial year beginning 1 January 2015.

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than on period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs - 2010-2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

Amendments from annual improvements to HKFRSs - 2011-2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The above amendments are not material to the Group.

(ii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

(iii) New standards and interpretations not yet adopted

New standards, amendments and interpretations, that are relevant to the Group, have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted.

	Applicable for accounting periods beginning on/after
HKFRS 15, 'Revenue from Contracts with Customers'	1 January 2018
HKFRS 9 (2015), 'Financial Instruments'	1 January 2018

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

(c) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out in the Company's Annual Report 2015.

A discontinued operation is a component of the Group's business of which the operations and cash flows can be distinguished from the rest of the Group and represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the discontinued operation's post-tax profit or loss and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

On 14 December 2015, the Company announced that the Group had entered into the sale and purchase agreement with Alibaba Investment Limited, to sell its media business of the Group, including SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited and certain of their subsidiaries (collectively referred to as the "Target Group") for a cash consideration of HK$2,060.6 million. The financial results of the Target Group were presented as discontinued operations and prior period comparatives have been restated accordingly.

2. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group, who reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group has three reportable segments: newspaper, magazine and property. Newspaper segment is engaged in the publication of *South China Morning Post*, *Sunday Morning Post* and other related print and digital publications. It derives its revenue mainly from advertising and sales of newspapers. Magazine segment is engaged in the publication of various magazines in Chinese and English languages and related print and digital publications. Its revenue is derived from advertising and sales of magazines. Both Newspaper and Magazine segments are classified as discontinued operations during the year (Note 9). Property segment holds various commercial and industrial properties in Hong Kong. It derives revenue through leasing out its properties.

The operating results from the advertising board at Yue King property under the continuing operations, which had been originally classified as part of the outdoor media business reported under "Others" in the previous year, have been transferred to "Property" in the segment information presented herein as this asset will form part of the continuing operations of the Group after the proposed disposal of its media business. The segment information for the year ended 31 Dec 2014 has been restated accordingly.

The chief operating decision-maker assesses the performance of the operating segments based on a number of measures, including adjusted EBITDA (defined as earnings before interest, tax, depreciation and amortisation, other income and fair value gain on investment properties) and profit or loss after tax. The Group considers that the measurement principles for profit or loss after tax are most consistent with those used in measuring the corresponding amounts in the Group's financial statements. Hence, profit or loss after tax is used for reporting segment profit or loss.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that interest in the profit or loss of an associate is accounted for on the basis of dividend received or receivable in segment profit or loss while such interest is accounted for under the equity method in the Group's consolidated financial statements.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies. Transactions between reportable segments are accounted for on arm's length basis.

Turnover consists of revenue from all of the Group's reportable segments, which comprise newspaper, magazine and property, as well as other segments whose contributions to the Group's revenue and profit or loss are below the quantitative threshold for separate disclosures. The turnover for the year ended 31 December 2015 and 2014 were HK$1,121,652,000 and HK$1,241,203,000 respectively.

Revenue from newspapers, magazines and other publications included revenue of HK$4,238,000 (2014: HK$5,504,000) arising from exchanges of goods or services with third parties.

2. REVENUE AND SEGMENT INFORMATION (continued)

Substantially all the activities of the Group are based in Hong Kong and below is segment information by reportable segments:

(a) Reportable segment profit or loss

For the year ended 31 December 2015	**Continuing operations**			**Discontinued operations**			**Sub-total**	**Total**
	Property	**Others**	**Sub-total**	**Newspaper**	**Magazine**	**Others**		
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Total segment revenue	**55,586**	**-**	**55,586**	**746,691**	**297,271**	**33,264**	**1,077,226**	**1,132,812**
Inter-segment revenue	**(2,753)**	**-**	**(2,753)**	**(1,698)**	**(6,699)**	**(10)**	**(8,407)**	**(11,160)**
Revenue from external customers	**52,833**	**-**	**52,833**	**744,993**	**290,572**	**33,254**	**1,068,819**	**1,121,652**
Finance income	**-**	**1,496**	**1,496**	**3,395**	**-**	**-**	**3,395**	**4,891**
Depreciation and amortisation	**(5,205)**	**-**	**(5,205)**	**(47,473)**	**(8,480)**	**(1,900)**	**(57,853)**	**(63,058)**
Income tax	**(5,124)**	**304**	**(4,820)**	**(5,250)**	**(12,907)**	**(372)**	**(18,529)**	**(23,349)**
Profit for reportable and other segments	**220,527**	**3,597**	**224,124**	**7,944**	**62,603**	**(19,670)**	**50,877**	**275,001**

For the year ended 31 December 2014	Continuing operations			Discontinued operations				
	Property	Others	Sub-total	Newspaper	Magazine	Others	Sub-total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)	(restated)
Total segment revenue	49,623	-	49,623	841,538	325,822	34,345	1,201,705	1,251,328
Inter-segment revenue	(2,667)	-	(2,667)	(1,467)	(5,980)	(11)	(7,458)	(10,125)
Revenue from external customers	46,956	-	46,956	840,071	319,842	34,334	1,194,247	1,241,203
Finance income/(costs)	-	1,495	1,495	3,382	-	(92)	3,290	4,785
Depreciation and amortisation	(5,189)	-	(5,189)	(52,012)	(8,895)	(1,548)	(62,455)	(67,644)
Income tax	(5,593)	1,283	(4,310)	(829)	(14,419)	135	(15,113)	(19,423)
Profit for reportable and other segments	36,840	3,285	40,125	59,725	72,959	(1,539)	131,145	171,270

2. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reportable segment information

For the year ended 31 December 2015	**Continuing operations**			**Discontinued operations**				
	Property	**Others**	**Sub-total**	**Newspaper**	**Magazine**	**Others**	**Sub-total**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Capital expenditure	**821**	**-**	**821**	**41,723**	**2,231**	**223**	**44,177**	**44,998**
For the year ended 31 December 2014								
Capital expenditure	438	-	438	17,201	3,756	3,107	24,064	24,502

(c) Reconciliation of reportable segment profit or loss to profit for the year

	For the year ended 31 December					
	2015			2014		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)	(Restated)	(Restated)
Profit for reportable segments	**220,527**	**70,547**	**291,074**	36,840	132,684	169,524
Profit/(loss) for other segments	**3,597**	**(19,670)**	**(16,073)**	3,285	(1,539)	1,746
	224,124	**50,877**	**275,001**	40,125	131,145	171,270
Reconciling items :						
Elimination of inter-segment transactions	**435**	**(435)**	**-**	3,260	(3,260)	-
Share of losses of associates under equity method of accounting	**(4,919)**	**(4)**	**(4,923)**	(9,365)	(3)	(9,368)
Dividend received from an associate	**-**	**-**	**-**	(3,548)	-	(3,548)
Deferred tax on undistributed profit of an associate	**304**	**-**	**304**	1,283	-	1,283
Gain on partial disposal of interest in an associate	**65,158**	**-**	**65,158**	-	-	-
	60,978	**(439)**	**60,539**	(8,370)	(3,263)	(11,633)
Profit for the year	**285,102**	**50,438**	**335,540**	31,755	127,882	159,637

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000*	Plant & machinery *HK$'000*	Other fixed assets *HK$'000*	Assets in progress *HK$'000*	Total *HK$'000*
At 1 January 2015	**278,669**	**183,410**	**67,135**	**1,312**	**530,526**
Additions	**-**	**1,497**	**8,657**	**7,973**	**18,127**
Disposals	**-**	**-**	**(66)**	**-**	**(66)**
Transfer	**-**	**1,936**	**3,489**	**(5,425)**	**-**
Depreciation	**(9,753)**	**(21,761)**	**(17,617)**	**-**	**(49,131)**
Translation differences	**-**	**-**	**(3)**	**-**	**(3)**
Assets included in assets of disposal group classified as held for sale (Note 9)	**(179,299)**	**(165,044)**	**(54,958)**	**(3,198)**	**(402,499)**
Net book value at 31 December 2015	**89,617**	**38**	**6,637**	**662**	**96,954**
At 31 December 2015					
Cost	**115,827**	**106**	**17,118**	**662**	**133,713**
Accumulated depreciation and impairment losses	**(26,210)**	**(68)**	**(10,481)**	**-**	**(36,759)**
Net book value at 31 December 2015	**89,617**	**38**	**6,637**	**662**	**96,954**

4. INVESTMENT PROPERTIES

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**1,732,000**	1,720,600
Fair value gain	**191,400**	11,400
At 31 December	**1,923,400**	1,732,000

5. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 7 to 90 days to its trade customers and an ageing analysis of accounts receivable is as follows:

	2015		2014	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
Current	**148,157**	**53.5**	161,638	55.0
Less than 30 days past due	**24,194**	**8.7**	27,212	9.3
31 to 60 days past due	**50,863**	**18.4**	51,841	17.7
61 to 90 days past due	**32,606**	**11.8**	32,747	11.1
Over 90 days past due	**21,175**	**7.6**	20,232	6.9
Total	**276,995**	**100.0**	293,670	100.0
Less: Allowance for impairment	**(3,768)**		(2,764)	
	273,227		290,906	
Less: Assets of disposal group classified as held for sale (Note 9)	**(273,227)**		-	
	-		290,906	

6. SHARE CAPITAL

	2015		2014	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**5,000,000,000**	**500,000**	5,000,000,000	500,000
Issued and fully paid:				
Opening and ending balance	**1,561,057,596**	**156,106**	1,561,057,596	156,106

There were no shares issued under share option scheme during the year ended 31 December 2015 and 2014.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are the following accounts payable by invoice date:

	2015		2014	
	Balance	**Percentage**	Balance	Percentage
	HK$'000	***%***	*HK$'000*	*%*
0 to 30 days	**29,939**	**69.6**	33,900	67.4
31 to 60 days	**9,217**	**21.4**	11,918	23.7
61 to 90 days	**1,874**	**4.4**	2,290	4.6
Over 90 days	**1,961**	**4.6**	2,172	4.3
Total accounts payable	**42,991**	**100.0**	50,280	100.0
Accrued liabilities	**188,011**		182,083	
	231,002		232,363	
Less: Liabilities of disposal group classified as held for sale (Note 9)	**(190,541)**		-	
Total accounts payable and accrued liabilities	**40,461**		232,363	

8. INCOME TAX EXPENSE

Hong Kong profits tax of continuing operations has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which Group operates.

	2015	2014
	HK$'000	HK$'000
		(Restated)
Current income tax		
- Hong Kong profits tax	**6,120**	6,489
- Over provision in prior year	**(80)**	(40)
- Overseas taxation	**-**	355
Deferred income tax		
- Deferred tax credits	**(1,220)**	(2,139)
	4,820	4,665

9. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

(a) On 14 December 2015, the Company announced that the Group and Alibaba Investment Limited (the "Purchaser") had entered into a sale and purchase agreement, 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 transaction will be effected by a sale of the entire issued share capital of SCMP Newspapers Limited, SCMP Publications Limited, SCMP.com Limited, SCMP Retailing Limited and SCMP.com Holdings Limited (the "Target Companies"). Subject to the approval of shareholders of the Company, the disposal is expected to be completed on 5 April 2016.

On 14 December 2015, the assets and liabilities under the Target Companies were classified as disposal group held for sale and their businesses were classified as discontinued operations.

The result of a discontinued operation dealt with in the consolidated financial statements for the years ended 31 December 2015 and 2014 are summarized as follows:

		Year ended 31 December	
		2015	2014
	Note	***HK$'000***	*HK$'000*
			(Restated)
Revenue	*2*	**1,068,819**	1,194,247
Other income		**2,119**	2,723
Staff costs		**(514,228)**	(528,588)
Cost of production materials		**(186,510)**	(211,370)
Rental and utilities		**(28,745)**	(27,608)
Depreciation and amortisation		**(57,853)**	(62,455)
Advertising and promotion		**(33,162)**	(45,573)
Other operating expenses		**(184,864)**	(182,023)
Operating profit of discontinued operations		**65,576**	139,353
Net finance income		**3,395**	3,290
Share of losses of associates		**(4)**	(3)
Profit before income tax from discontinued operations		**68,967**	142,640
Income tax expense		**(18,529)**	(14,758)
Profit for the year from discontinued operations		**50,438**	127,882

9. DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE (continued)

The major classes of assets and liabilities of the disposal group classified as held for sale as at the end of reporting period as follows:

	Notes	**2015** *HK$'000*
Assets		
Intangible assets		**173,038**
Property, plant and equipment	*3*	**402,499**
Defined benefit plan's assets		**58,782**
Investment in associates		**320**
Available-for-sale financial assets		**11**
Deposits paid for property, plant and equipment		**1,118**
Deferred income tax assets		**587**
Inventories		**14,874**
Accounts receivable	*5*	**273,227**
Prepayments, deposits and other receivables		**20,440**
Cash and bank balances		**568,139**
Assets of disposal group classified as held for sale		**1,513,035**
Liabilities		
Trade payable and accrued liabilities	*7*	**190,541**
Amounts due to an associate		**955**
Current income tax liabilities		**1,997**
Subscriptions in advance		**34,904**
Loan from a non-controlling shareholder		**2,240**
Deferred income tax liabilities		**65,678**
Liabilities of disposal group classified as held for sale		**296,315**

(b) During the year, the Group has also disposed 12.8% of investment in Post Publishing Public Company Limited, an associate of the Group. The remaining portion of the interest in associate of HK$13,193,000 is classified as asset held for sale.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of HK$316,232,000 (2014: HK$136,768,000), the profit from continuing operations attributable to shareholders of HK$285,102,000 (2014: HK$31,755,000), the profit from discontinued operations attributable to shareholders of HK$31,130,000 (2014: HK$105,013,000), and the weighted average of 1,561,057,596 shares in issue (2014: 1,561,057,596 shares in issue) during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from exercise of all outstanding share options granted under the Company's share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined with reference to the latest available market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of diluted earnings per share is based on 1,561,057,596 (2014: 1,561,057,596 shares in issue) which is the weighted average number of shares in issue during the year plus the weighted average of 1,206,841 shares (2014: 1,338,047 shares) deemed to be issued if all outstanding share options granted under the Company's share option scheme has been exercised.

11. DIVIDENDS

(a) Dividends attributable to the year:

	2015	2014
	HK$'000	*HK$'000*
Interim dividend paid, HK1.3 cents (2014: HK2.2 cents) per share	**20,294**	34,343
Final dividend proposed but not yet recognised, HK1.5 cents (2014: HK3.8 cents) per share	**23,416**	59,320
	43,710	93,663

Note: The proposed final dividend distribution of HK$23,416,000 for the year ended 31 December 2015 is to be paid out of the Company's contributed surplus.

(b) Dividends paid during the year:

	2015	2014
	HK$'000	*HK$'000*
Interim dividend in respect of 2015, HK1.3 cents per share	**20,294**	-
Final dividend in respect of 2014, HK3.8 cents per share	**59,320**	-
Interim dividend in respect of 2014, HK2.2 cents per share	**-**	34,343
Final dividend in respect of 2013, HK4.2 cents per share	**-**	65,564
	79,614	99,907

12. SUBSEQUENT EVENT

Subject to completion of the sale of media business as mentioned in Note 1(c), the Directors had also proposed a special cash payment in an aggregate amount of HK$2,499.5 million to all the Company's shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS OF THE GROUP

The Group's consolidated operating results for the years ended 31 December 2015 and 2014 were as follows:

(HK$ millions, except per share amounts)	**For the year ended 31 December**		
	2015	2014 (Restated)	% Change
Continuing operations			
Revenue	**52.8**	**47.0**	12
Production costs	(4.9)	(4.7)	4
Rental and utilities	(4.1)	(3.2)	28
Other operating expenses	(3.9)	(2.8)	39
Operating costs before depreciation and amortisation	(12.9)	(10.7)	21
Depreciation and amortisation	(5.2)	(5.2)	-
Adjusted operating profit^	**34.7**	**31.1**	12
Other income	2.1	1.8	17
Fair value gain on investment properties	191.4	11.4	*
Operating profit	**228.2**	**44.3**	*
Net interest income	1.5	1.5	-
Share of losses of associates	(4.9)	(9.4)	(48)
Gain on partial disposal of interests in an associate	65.1	-	*
Taxation	(4.8)	(4.6)	4
Profit for the year from continuing operations	285.1	31.8	*
Discontinued operations			
Profit for the year from discontinued operations	50.4	127.9	(61)
Profit for the year	**335.5**	**159.7**	*
Non-controlling interests	(19.3)	(22.9)	(16)
Profit attributable to shareholders	**316.2**	**136.8**	*
Earnings per share (HK cents)	**20.3**	**8.8**	*

^ *Adjusted operating profit is defined as operating profit before other income and fair value gain on investment properties*

* *Represents a change in excess of 100%*

On 14 December 2015, the Group announced that it has entered into an agreement to dispose its media business to Alibaba Investment Limited. Upon completion of the disposal, the Group will focus on its property business. Accordingly, the media business of the Group has been reclassified as discontinued operations.

Profit attributable to shareholders was $316.2 million, which included a $191.4 million fair value gain on investment properties and a $65.1 million gain on partial disposal of interests in The Post Publishing Public Company Limited, an associate of the Group. Carving out these exceptional items, net profit attributable to shareholders was $59.7 million, compared with $125.4 million in 2014. The lower net profit was mainly due to lower advertising sales resulting from the slowdown in retail sales in Hong Kong.

Total operating costs and expenses decreased 5% to $1,023.5 million.

Staff costs decreased 3% or $14.4 million due to our headcount freeze policy and lower provision for bonus. Production costs for the media business decreased 12% or $24.8 million, mainly due to lower production costs for our magazine titles as well as lower newsprint costs for the newspaper business. Apart from the legal and professional fees in relation to the proposed disposal of the media business amounting to $19.8 million, operating expenses have generally been lower than 2014 thanks to our cost containment plan.

FINANCIAL REVIEW BY BUSINESS

Continuing operations

Property

The operating results of the Property segment have been restated to include contribution from the advertising boards of Yue King Building, which was part of our outdoor advertising business reported under Others segment in the past. The billboards will form part of the Property assets upon the disposal of the media business.

Rental income increased 12% to $55.6 million. The growth was due to rental reversion for the Bank of America property and Yau Tong property upon lease renewal, as well as higher revenue from the advertising boards.

Revaluation gain on investment properties for 2015 was $191.4 million, compared with $11.4 million for 2014. The increase was mainly due to contribution from TV City and Bank of America Tower properties. Such increase was in line with the overall market trend.

The Group’s investment property portfolio comprises of a vacant property in TV City, certain floors of the Bank of America Tower, Ko Fai Industrial Building and Seaview Estate. The original cost of the portfolio was $913 million and the carrying value as of 31 December 2015 was $1,923 million. The Group’s office at Yue King Building in Causeway Bay, which has been accounted for as an owner-occupied property for the year ended 31 December 2015, will be reclassified as investment property upon completion of the disposal of the media business.

The Group’s investment properties were revalued at 31 December 2015 by independent professionally qualified valuers, DTZ Debenham Tie Leung Limited, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The revaluation gains or losses are shown as “Fair value gain or loss on investment properties” in the income statement. Fair values of the office buildings and industrial properties are derived using the income capitalisation approach and fair value of the vacant property is derived using the residual method. There were no changes to the valuation techniques during the year.

TV City

SCMP acquired TV City in 1996 and continues to hold this piece of property for long-term investment. We have explored different options to enhance value of this property. As one of the options, the company is looking into the feasibility of developing the property into a residential project. However, the development process is complex, in view of the size of the development and the adjacent parcel of different ownership. The Government authorities are processing our application alongside with the adjacent plot owners' application. On 14 November 2014, a revised Master Layout Plan was approved with conditions by the Town Planning Board of the Hong Kong SAR Government. Since then, SCMP and the owners of the adjacent site have been working with the Government on heritage issues which could lead to a further revision of the Master Layout Plan. As a result, we still have not been notified by the Hong Kong SAR Government of the amount of land premium payable.

Investment in associates

The Group disposed 12.8% of investment in The Post Publishing Public Company Limited, an associate of the Group, and recognised a gain of $65.1 million for the year. As the investment is not a core business of the Group, the disposal allows the Group to focus on its property business.

Discontinued operations

Newspaper Publishing

Revenue from the newspaper division decreased 11% or $94.8 million to $746.7 million. Revenue of all major business units in the Newspaper division dropped during this difficult year as the slowdown in the retail market has affected ad spending from most of our customers.

Magazine Publishing

Magazine business recorded $297.3 million revenue in 2015. Many of advertisers of our women's titles have trimmed down their ad spending on print. Cosmopolitan has maintained its number one position in female monthly magazines in terms of market share.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's cash and bank balances are held predominantly in Hong Kong dollars other than HK$58.9 million of short-term bank deposits in Renminbi. Apart from the deposits in Renminbi, the Group has no significant exposure to foreign exchange fluctuations.

As at 31 December 2015, the Group had total borrowing of $2.2 million, which was an unsecured short-term loan from a non-controlling shareholder. The loan is repayable within one year. The Group had no gearing (after deducting cash and cash equivalents). The ratio of current assets to current liabilities was 4.7 times.

The Group managed to maintain a very strong cash position and expects its cash and cash equivalents, cash generated from operations and funds available from external sources to be adequate to meet its working capital requirements, to finance planned capital expenditures and to pay dividends.

Operating Activities

Net cash generated from operating activities for the year ended 31 December 2015 was $180.8 million, compared with $217.6 million for previous year due to the drop in revenue.

Investment Activities

Net cash inflow from investing activities for the year was $63.3 million, compared with an outflow of $36.9 million in 2014. During the year, the Group has disposed part of its holdings in an associate for $100.8 million. Capital expenditure for the year was $45.0 million, which included an investment on a cross media publishing platform of approximately $20 million.

Financing Activities

Net cash used in financing activities was $100.6 million. During the year, $79.6 million dividend was paid to the shareholders of the Company and $16.2 million was paid to a non-controlling shareholder of the Group's subsidiaries. The Group also repaid $4.8 million to a non-controlling shareholder to settle a short-term loan to one of the Group's subsidiaries.

OUTLOOK

Set against a lackluster economic backdrop, where the value of total retail sales and luxury goods in Hong Kong experienced a decline of 3.7% and 17% respectively, its largest decline since 2003; the SCMP Group demonstrated resilience and financial prudency to record a fourth consecutive billion-dollar revenue fiscal year in 2015.

While the global economic outlook remains uncertain during a year of political leadership change in many countries, weakening global demand and falling money market, the SCMP Group's business fundamentals remain strong. It has an increasingly diverse revenue stream derived from our market leading newspaper and magazines businesses, a progressive lineup of green shoot adjacency businesses in events, education and digital media, and a healthy balance sheet reinforced by a robust property portfolio – all of which have contributed to our financial performance.

Looking ahead, 2016 will see SCMP Group evolve to become a different company. On 11 December 2015, the Group announced that it had entered into an agreement to dispose its media business to Alibaba Investment Limited. Upon completion of this transaction, expected in April, the Group will shift its focus to its property business.

Going forward, following the disposal of the assets associated with our soon to be discontinued media operation, the remaining core business will encompass the value and potential of our property portfolio. Under this direction, the company will continue to uphold its principles of prudent management and explore business opportunities for long-term interests of our shareholders.

STAFF

The success of the Company hinges on the performance and commitment of our employees. As the Company continues to grow, the Company's compensation philosophy is designed to provide employees with the opportunity to excel and grow, while aligning with our business strategies and values. The Group's remuneration policy aims to recognize outstanding performance, retain and attract key talents and ensure alignment with the interests of our businesses, and thereby enhancing shareholder value. As at 31 December 2015, the Group had 1,033 employees compared with 1,094 as at 31 December 2014.

DIVIDEND

Directors recommend to pay a final dividend of HK1.5 cents (2014: HK3.8 cents) per share from the retained profits. This final dividend, together with the interim dividend of HK1.3 cents per share, will make a total dividend of HK2.8 cents per share for the year ended 31 December 2015. The proposed final dividend, if approved, will be paid on Wednesday, 29 June 2016 to shareholders whose names appear on the Register of Members of the Company on Thursday, 16 June 2016.

BOOK CLOSURE

For determining the eligibility to attend and vote at the annual general meeting of the Company ("AGM") to be held on Monday, 6 June 2016, the Register of Members of the Company will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016, both days inclusive. All transfers of shares 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 no. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2016 so as to qualify for attending and voting at the AGM.

For determining the entitlement to the proposed final dividend, the Register of Members of the Company will also be closed from Tuesday, 14 June 2016 to Thursday, 16 June 2016, both days inclusive. All transfers of shares 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 no. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 13 June 2016 so as to qualify for the proposed final dividend, if approved at the AGM.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") and Management are committed to upholding the Group's obligations to shareholders. We regard the promotion and protection of shareholders' interests as one of our priorities and keys to success.

During the year, the Group's corporate governance practices have complied with all the code provisions of the Corporate Governance Code ("Corporate Governance Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Group also adheres to the recommended best practices of the Corporate Governance Code insofar as they are relevant and practicable.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Corporate Governance Code have been applied will be included in the Company's Annual Report 2015.

AUDIT COMMITTEE

The Company established an Audit Committee in 1998 with written terms of reference. The Audit Committee currently comprises two Independent Non-executive Directors, namely Mr. Wong Kai Man as Committee Chairman and Dr. the Hon. Sir David Li Kwok Po, and a Non-Executive Chairman, Dr. David J. Pang. Two meetings were held by the Audit Committee during the year. The Audit Committee has reviewed the Group's audited final results for the year ended 31 December 2015.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in 2000 with written terms of reference. The Remuneration Committee currently comprises two Independent Non-Executive Directors, namely Dr. the Hon. Sir David Li Kwok Po as Committee Chairman and Mr. Wong Kai Man, and an Executive Director, Ms. Kuok Hui Kwong. One meeting was held by the Remuneration Committee during the year.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee currently comprises two Independent Non-Executive Directors, namely Dr. Fred Hu Zu Liu as Committee Chairman and Mr. Wong Kai Man, and the Non-executive Chairman, Dr. David J. Pang. One meeting was held by the Nomination Committee during the year.

STRATEGY COMMITTEE

The Company established a Strategy Committee in 2010 with written terms of reference. The Strategy Committee currently comprises an Executive Director, Ms. Kuok Hui Kwong as Committee Chairman, the Non-executive Chairman, Dr. David J. Pang and an Independent Non-executive Director, Dr. Fred Hu Zu Liu. Two meetings were held by the Strategy Committee during the year.

PUBLIC FLOAT

Trading in the shares of the Company had been suspended as from 26 February 2013 when the public float of the Company fell below 25%. The Stock Exchange indicated that the Company is required to suspend trading in the shares of the Company until the minimum public float is restored.

As disclosed in the Company's announcement dated 9 January 2015 (the "Latest Public Float Announcement"), despite the Company's best efforts, the Company did not reach an agreement with its substantial Shareholders to support the proposal on share buy-backs by general offer (the "Buyback Proposal") and consequently the Board has resolved to terminate the Buyback Proposal and the Company will not proceed any further with the Buyback Proposal.

The Company has been in constant dialogue with the relevant regulators to explore alternatives, which might afford the Shareholders the opportunity to realize their investment in the Company. As of 31 December 2015, there has been no further progress and update since the Latest Public Float Announcement. Further announcements will be made at the appropriate time to keep the Shareholders updated on material progress of the Company in this regard.

On behalf of the Board
David J. PANG
Chairman

Hong Kong, 14 March 2016

As at the date of this announcement, the Board comprises:

Non-Executive Directors
Dr. David J. Pang (Chairman) and Tan Sri Dr. Khoo Kay Peng

Independent Non-Executive Directors
Dr. Fred Hu Zu Liu, Dr. the Hon. Sir David Li Kwok Po and Mr. Wong Kai Man

Executive Director
Ms. Kuok Hui Kwong

** For identification purpose only*