

SINGAPORE PRESS HOLDINGS LIMITED

Incorporated in the Republic of Singapore

Board of Directors:-

Lim Kim San (Executive Chairman)
Cheong Choong Kong
Michael Fam Yue Onn
Lee Hee Seng
Tang I-Fang
Tjong Yik Min
Wee Cho Yaw

Registered Office:-

News Centre
82 Genting Lane
Singapore 349567

18 December, 2000

To : The Shareholders
Singapore Press Holdings Limited

Dear Sir/Madam,

RENEWAL OF SHARE BUY BACK MANDATE

1. BACKGROUND

1.1 We refer to (a) the Notice of the Sixteenth Annual General Meeting of the Shareholders of Singapore Press Holdings Limited (the "Company" or "SPH") dated 18 December, 2000 (the "AGM Notice"), accompanying the Annual Report 2000 of the Company, convening the Sixteenth Annual General Meeting ("AGM") to be held on 5 January, 2001 and (b) Ordinary Resolution No. 8(iv) under the heading "Special Business" set out in the Notice.

1.2 At the Extraordinary General Meeting ("EGM") of the Company held on 16 July, 1999, Shareholders had approved the grant of a mandate (the "Share Buy Back Mandate") to enable the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("Ordinary Shares").

The authority and limitations on the Share Buy Back Mandate were set out in the Company's Circular to Shareholders dated 22 June, 1999 (the "Share Buy Back Circular") and Ordinary Resolution 2 set out in the Notice of EGM.

1.3 The Share Buy Back Mandate was expressed to take effect on the date of the passing of Ordinary Resolution 2 at the EGM and to expire on the date of the Annual General Meeting of the Company following the EGM, being 7 January, 2000 (the "15th AGM"). At the 15th AGM, shareholders then approved the renewal of the Share Buy Back Mandate, which will expire on the date of the AGM, being 5 January, 2001. The Directors propose that the Share Buy Back Mandate be renewed again at the AGM.

2. THE PROPOSED SHARE BUY BACK MANDATE

2.1 Rationale

The rationale for the Company to undertake the purchase or acquisition of its issued Ordinary Shares (“Share Buy Back”) is as previously stated on page 5 of the Share Buy Back Circular.

2.2 Authority and Limits on the Share Buy Back Mandate

The authority and limitations placed on the proposed Share Buy Back Mandate, if renewed at the AGM, are the same as previously approved by Shareholders and are as follows:-

(a) Maximum Number of Ordinary Shares

The total number of Ordinary Shares which may be purchased or acquired by the Company pursuant to the Share Buy Back Mandate is limited to that number of Ordinary Shares representing not more than ten per cent. of the issued ordinary share capital of the Company as at the date of the AGM at which the renewal of the Share Buy Back Mandate is approved.

(b) Duration of Authority

Purchases or acquisitions of Ordinary Shares may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Buy Back Mandate is approved up to:-

- (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (ii) the date on which the authority conferred by the Share Buy Back Mandate is revoked or varied, whichever is the earlier.

(c) Manner of Share Buy Back

Share Buy Back may be made by way of:-

- (i) an on-market Share Buy Back (“On-Market Share Buy Back”), transacted on the Singapore Exchange Securities Trading Limited (“SGX-ST”) through the ready market or the special trading counter on SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (ii) an off-market Share Buy Back (“Off-Market Equal Access Share Buy Back”) effected pursuant to an equal access scheme.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy Back Mandate, the listing rules of the SGX-ST and the Companies Act, Chapter 50 of Singapore, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Equal Access Share Buy Back must, however, satisfy all the following conditions:-

- (1) offers for the Share Buy Back shall be made to every person who holds Ordinary Shares to purchase or acquire the same percentage of their Ordinary Shares;
- (2) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (3) the terms of all the offers shall be the same, except that there shall be disregarded (aa) differences in consideration attributable to the fact that offers may relate to Ordinary Shares with different accrued dividend entitlements and (bb) differences in the offers introduced solely to ensure that each person is left with a whole number of Ordinary Shares.

(d) **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for an Ordinary Share will be determined by the committee constituted for the purposes of effecting Share Buy Back. The purchase price to be paid for the Ordinary Shares pursuant to Share Buy Back (both On-Market Share Buy Back and Off-Market Equal Access Share Buy Back) must not exceed 105 per cent. of the Average Closing Price of the Ordinary Shares (excluding related expenses of the purchase or acquisition).

For the above purposes, "Average Closing Price" means the average of the last dealt prices of an Ordinary Share for the five consecutive Market Days on which the Ordinary Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Buy Back by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Equal Access Share Buy Back. "Date of the making of the offer" means the date on which the Company announces its intention to make an offer for an Off-Market Equal Access Share Buy Back, stating the purchase price (which shall not be more than 105 per cent. of the Average Closing Price of the Ordinary Shares (excluding related expenses of the purchase or acquisition) for each Ordinary Share and the relevant terms of the equal access scheme for effecting the Off-Market Equal Access Share Buy Back.

2.3 **Funding of Share Buy Back**

The Company may use internal sources of funds, or a combination of internal resources and external borrowings, to finance Share Buy Back. The Directors do not propose to exercise the Share Buy Back Mandate to such an extent that it would materially affect the working capital requirements or investment ability of the Company and its subsidiaries (the "Group").

Based on the issued and paid-up ordinary share capital of the Company as at 13 November, 2000 (the "Latest Practicable Date"), the purchase by the Company of ten per cent. of its issued Ordinary Shares would result in the purchase or acquisition of 36,713,570 Ordinary Shares. Assuming that the Company purchases or acquires the 36,713,570 Ordinary Shares at the maximum purchase price of \$25.77 for one Ordinary Share (being the price equivalent to 105 per cent. of the average closing market prices of the Ordinary Shares for the five consecutive market days on which the Ordinary Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for such Share Buy Back is approximately \$946.1 million. The maximum amount of funds required for such Share Buy Back is the same regardless of whether the Company effects an On-Market Share Buy Back or an Off-Market Equal Access Share Buy Back.

2.4 **Financial Effects**

The financial effects of a Share Buy Back on the Group and the Company depend on, inter alia, the price at which the Share Buy Back is effected and the number of Ordinary Shares purchased or acquired. **For illustrative purposes only**, assuming:-

- (a) the Share Buy Back Mandate had been effective on 1 September, 1999;
- (b) 274,703 Ordinary Shares issued pursuant to the exercise of options under the Company's executives' share option scheme and 2,774 Management Shares issued consequent thereof between 1 September, 2000 and the Latest Practicable Date, had been issued on 1 September, 1999; and
- (c) the Company had purchased 36,713,570 Ordinary Shares (representing ten per cent. of its issued Ordinary Shares as at the Latest Practicable Date) at \$25.77 for each Ordinary Share (being the maximum price of 105 per cent. of the average closing market prices of the Ordinary Shares for the five consecutive market days on which the Ordinary Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date),

the financial effects of the Share Buy Back on the audited financial accounts of the Group and the Company for the financial year ended 31 August, 2000 would have been as follows:-

	Group			Company		
	Per Audited Accounts (S\$'000)	Adjusted before the Share Buy Back* (S\$'000)	Proforma after the Share Buy Back (S\$'000)	Per Audited Accounts (S\$'000)	Adjusted before the Share Buy Back* (S\$'000)	Proforma after the Share Buy Back (S\$'000)
Ordinary shares	366,861	367,136	330,422	366,861	367,136	330,422
Management shares	3,706	3,709	3,709	3,706	3,709	3,709
Issued and paid-up share capital	370,567	370,845	334,131	370,567	370,845	334,131
Net tangible assets	2,055,233	2,058,257	1,091,002	1,861,579	1,864,603	897,348
Net tangible assets per share	\$5.55	\$5.55	\$3.27	\$5.02	\$5.03	\$2.69
Profit after taxation and minority interests and before extraordinary items	397,527	397,527	376,381	335,213	335,213	314,067
Weighted average number of issued and paid-up shares	370,041	370,319	333,605	370,041	370,319	333,605
Earnings per share	\$1.07	\$1.07	\$1.13	\$0.91	\$0.91	\$0.94
Total borrowings	520,000	520,000	520,000	nil	nil	nil
Shareholders' funds	2,055,233	2,058,257	1,091,002	1,861,579	1,864,603	897,348
Gearing # (times)	0.25	0.25	0.48	nil	nil	nil
Return on shareholders' funds (%)	19.34	19.31	34.50			

* Adjusted for 274,703 Ordinary Shares issued pursuant to the exercise of 274,703 Options and 2,774 Management Shares issued consequent thereof between 1 September, 2000 and the Latest Practicable Date.

For the purposes of the above calculations, the expression "Gearing" means the ratio of total borrowings to shareholders' funds. The expression "Total borrowings" means the aggregate borrowings from banks and financial institutions. The expression "Shareholders' funds" means the aggregate amount of issued share capital, share premium, capital reserve, capital redemption reserve, retained profits and exchange translation difference.

SHAREHOLDERS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATION PURPOSES ONLY (BASED ON THE AFOREMENTIONED ASSUMPTIONS). Although the proposed Share Buy Back Mandate would authorise the Company to purchase or acquire up to ten per cent. of the Company's issued Ordinary Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. of the issued Ordinary Shares in full.

2.5 Shareholding Limits

The Newspaper and Printing Presses Act, Chapter 206 of Singapore (the "Newspaper Act"), prescribes that any person, who, directly or indirectly, holds more than three per cent. of the issued Ordinary Shares without the prior approval of the Minister for Information and the Arts:-

- (a) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding two years or to both; and
- (b) any surplus Ordinary Shares held by him shall be forfeited to the Government of Singapore.

The three per cent. shareholding limit is also set out in the Articles of Association of the Company.

As the Company's issued ordinary share capital will be diminished by the total nominal amount of Ordinary Shares purchased or acquired by the Company, **a Share Buy Back may inadvertently cause the percentage shareholding of holders of Ordinary Shares, particularly those holders whose current holding of Ordinary Shares in the Company is close to three per cent., to exceed the aforementioned three per cent. shareholding limit.**

Shareholders are advised by the Ministry of Information and the Arts to take any one of the following actions:-

- (i) seek prior written approval of the Minister for Information and the Arts to hold Ordinary Shares in excess of the three per cent. shareholding limit prescribed by the Newspaper Act in the event of a Share Buy Back; or
- (ii) seek prior written approval of the Minister for Information and the Arts to hold Ordinary Shares in excess of the three per cent. shareholding limit prescribed by the Newspaper Act for a stated period of time after each Share Buy Back with a view to selling the excess Ordinary Shares within that period of time; or
- (iii) take action to sell part of their holding of Ordinary Shares at the appropriate time to avoid violating provisions of the Newspaper Act as described above.

2.6 Take-over implications arising from Share Buy Back

If, as a result of any purchase or acquisition by the Company of Ordinary Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of The Singapore Code on Take-overs and Mergers ("Take-over Code"). If such increase results in the change of control, or, as result of such increase, a Shareholder or a group of Shareholders acting in concert obtains or consolidates control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 33 of the Take-over Code.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will be presumed to be acting in concert, namely, (a) a company with any of its directors and (b) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 33 of the Take-over Code after a purchase or acquisition of Ordinary Shares by the Company are set out in Practice Note No. 13 issued by the Securities Industry Council.

The effect of Practice Note No. 13 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 33 if, as a result of the Company purchasing or acquiring its Ordinary Shares, the voting rights of such Directors and their concert parties would increase to 25 per cent. or more, or if the voting rights of such Directors and their concert parties fall between 25 per cent. and 50 per cent. of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by three per cent. in any period of 12 months.

Under Practice Note No. 13, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a Share Buy Back if, *inter alia*, he and persons acting in concert with him who would increase their voting rights to 25 per cent. or more as a result of a purchase or acquisition of Ordinary Shares by the Company, has or have acquired any Ordinary Shares between the date of the notice of resolution to authorise the Share Buy Back Mandate and the next Annual General Meeting of the Company, or, if they together hold between 25 per cent. and 50 per cent. of the Company's voting rights (who would increase their voting rights by more than three per cent. in any period of 12 months as a result of the purchase or acquisition of Ordinary Shares by the Company) has or have acquired any Ordinary Shares between the date of the notice of resolution to authorise the Share Buy Back Mandate and the next Annual General Meeting of the Company.

Under Practice Note No. 13, a Shareholder not acting in concert with Directors will not be required to make a take-over offer under Rule 33 if, as a result of the Company purchasing or acquiring its Ordinary Shares, the voting rights of such Shareholder in the Company would increase to 25 per cent. or more, or if such Shareholder holds between 25 per cent. and 50 per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than three per cent. in any period of 12 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy Back Mandate.

The provisions of the Take-over Code described above may have limited effect on Ordinary Shareholders in view of the current restriction on persons holding more than three per cent. of the issued ordinary share capital of the Company and the requirement under the Newspaper Act as well as the Articles of Association of the Company that at least one per cent. of the issued share capital of the Company must be management shares at all times. Ordinary Shares and management shares rank *pari passu* in all respects and have the same voting rights except that holders of management shares are entitled to 200 votes for every management share held upon any resolution relating to the appointment or dismissal of a Director or any member of the staff of the Company.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of Share Buy Back by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.7 Listing Status of the Ordinary Shares

The Company will not effect a Share Buy Back if immediately following the Share Buy Back, the continuing shareholding spread requirement prescribed by the SGX-ST which is in force at the time of the intended Share Buy Back cannot be maintained. The Directors will ensure that Share Buy Back will not have an adverse effect on the listing status of the Ordinary Shares on the SGX-ST.

2.8 Details of previous Share Buy Back

The Company has not undertaken any Share Buy Back pursuant to the Share Buy Back Mandate approved by Shareholders at the EGM.

3. DIRECTORS' INTERESTS

The interests of Directors in the shares in the capital of the Company as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:-

Name of Director (Interests in Ordinary Shares)	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lim Kim San	909,468	0.25	-	-
Cheong Choong Kong	-	-	-	-
Michael Fam Yue Onn	50,000	0.01	-	-
Lee Hee Seng	63,082	0.02	-	-
Tang I-Fang	-	-	-	-
Tjong Yik Min	52,000	0.01	-	-
Wee Cho Yaw	139,043	0.04	-	-

Name of Director (Interests in Management Shares)	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Lim Kim San	3	-	-	-
Cheong Choong Kong	1	-	-	-
Michael Fam Yue Onn	1	-	-	-
Lee Hee Seng	1	-	-	-
Tang I-Fang	1	-	-	-
Tjong Yik Min	2	-	-	-
Wee Cho Yaw	1	-	-	-

The interests of the Directors in outstanding options to subscribe for Ordinary Shares as at the Latest Practicable Date are as follows:-

Name of Director	Number of Ordinary Shares comprised in outstanding options
Lim Kim San	1,083,390
Tjong Yik Min	581,506

Save as disclosed above, none of the Directors has an interest in any options as at the Latest Practicable Date.

As at the Latest Practicable Date, there is no substantial shareholder in the Company.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the renewal of the Share Buy Back Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of Ordinary Resolution No. 8(iv) relating to the Share Buy Back Mandate to be proposed at the AGM.

By Order of the Board



Ginney Lim May Ling
Group Company Secretary