

DIRECTORS' REPORT

for the Year ended August 31, 2000

The Directors have pleasure in presenting their report together with the audited accounts of the Group and of the Company for the year ended August 31, 2000.

Directors

1. The Directors in office at the date of this report are:-

Lim Kim San

Cheong Choong Kong

Michael Fam Yue Onn

Lee Hee Seng

Tang I-Fang

Tjong Yik Min

Wee Cho Yaw

Principal Activities

2. The principal activities of the Group consist of:-

- (a) publishing, printing and distributing newspapers,
- (b) publishing and distributing magazines,
- (c) providing multimedia and telecommunications services,
- (d) holding investments, and
- (e) holding and managing properties.

During the financial year, the Group undertook activities to expand its business in the provision of portal sites and other related services. In addition, the Group also initiated start-up activities for the provision of broadcasting and broadband services.

The principal activities of the Company consist of:-

- (a) publishing, printing and distributing newspapers,
- (b) distributing magazines,
- (c) providing multimedia services,
- (d) holding shares in subsidiaries,
- (e) holding investments, and
- (f) providing management services to subsidiaries.

During the financial year, the Company transferred the business of its Multimedia division to its subsidiary, SPH AsiaOne Ltd, under a Business Transfer Agreement dated November 25, 1999. The business transferred included activities and operations associated with the AsiaOne website.

Acquisition and Disposal of Subsidiaries

3. (a) The Group incorporated the following subsidiary during the financial year:-

	Share capital issued on incorporation, at par for cash S\$	Effective equity acquired by the Group %
Zaobao.com Ltd	2	100*

* This interest was subsequently reduced.

(b) The Group acquired the following subsidiaries during the financial year:-

	Consideration S\$	Net tangible assets at date of acquisition S\$	Effective equity acquired by the Group %
SPH AsiaOne Ltd	2	2	100*
SPH MediaWorks Ltd	2	2	100*
Morningvista Investments Limited	3	3	100

* These interests were subsequently reduced.

(c) There was no disposal of subsidiaries during the financial year.

Results

4.

	GROUP S\$'000	COMPANY S\$'000
Profit after taxation	397,393	335,213
Minority interests	134	-
Profit before extraordinary items	397,527	335,213
Extraordinary items	21,875	-
Profit attributable to shareholders	419,402	335,213
Retained profit brought forward	1,642,760	1,492,769
Goodwill on consolidation	(95,806)	-
Profit available for appropriation	1,966,356	1,827,982

Reserves and Provisions

5. Material movements in reserves and provisions are disclosed in the notes to the accounts.

Share Capital and Debentures

6. (a) During the financial year, in addition to the shares issued upon incorporation of a subsidiary set out in paragraph 3(a), the following shares were issued:-

Class of Shares	Shares Issued	Purpose
The Company		
Management	16,568 shares of S\$1 each for cash, at market prices prevailing on allotment dates.	Issue of shares in accordance with the Newspaper and Printing Presses Act.
Ordinary	1,640,078 shares of S\$1 each for cash, at exercise prices.	Issue of shares under the Singapore Press Holdings Group Executives' Share Option Scheme.
Subsidiaries		
SPH AsiaOne Ltd	9,999,998 ordinary shares of S\$1 each at par for cash.	To provide working capital.
	Sub-division of 10,000,000 ordinary shares of S\$1 each into 100,000,000 ordinary shares of S\$0.10 each.	
	400,000,000 ordinary shares of S\$0.10 each at par for cash.	To provide additional working capital.
	Sub-division of 500,000,000 ordinary shares of S\$0.10 each into 1,000,000,000 ordinary shares of S\$0.05 each.	
SPH MediaWorks Ltd	148,000,000 ordinary shares of S\$0.05 each for cash, at offer price of S\$0.60 per share.	Initial public offer of shares to finance the expansion of existing businesses and to provide additional working capital.
	Sub-division of 2 ordinary shares of S\$1 each into 20 ordinary shares of S\$0.10 each.	
Asia Century Publishing Pte Ltd	499,999,980 ordinary shares of S\$0.10 each at par for cash.	To provide working capital.
	300,000 ordinary shares of S\$1 each at par for cash.	To provide additional working capital.

- (b) At the Annual General Meeting held on January 7, 2000, shareholders approved the renewal of a mandate to permit the Company to purchase or acquire issued ordinary shares of S\$1.00 each fully paid in the capital of the Company not exceeding in aggregate 10 percent of the issued ordinary share capital of the Company as at January 7, 2000. As at August 31, 2000, no shares were repurchased under this mandate.

Arrangements to enable Directors to acquire Benefits

7. Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, except as disclosed under 'Share Options' in paragraphs 18 and 21.

Directors' Interests in Shares

8. The Directors holding office at August 31, 2000 who had interests in shares and options in the Company and its subsidiaries as recorded in the register of Directors' shareholdings were as follows:-

Shares of S\$1 each (unless otherwise stated)					
Direct Interests			Deemed Interests		
Sept 1, 1999	Aug 31, 2000	Sept 21, 2000	Sept 1, 1999	Aug 31, 2000	Sept 21, 2000

The Company

Management Shares

Lim Kim San	3	3	3	-	-	-
Cheong Choong Kong	1	1	1	-	-	-
Michael Fam Yue Onn	1	1	1	-	-	-
Lee Hee Seng	1	1	1	-	-	-
Tang I-Fang	1	1	1	-	-	-
Tjong Yik Min	2	2	2	-	-	-
Wee Cho Yaw	1	1	1	-	-	-

Ordinary Shares

Lim Kim San	589,145	698,338	698,338	-	-	-
Michael Fam Yue Onn	50,000	50,000	50,000	-	-	-
Lee Hee Seng	63,082	63,082	63,082	-	-	-
Tjong Yik Min	27,000	52,000	52,000	-	-	-
Wee Cho Yaw	139,043	139,043	139,043	-	-	-

Options for Ordinary Shares

Lim Kim San	963,713	1,069,520	1,069,520	-	-	-
Tjong Yik Min	312,259	431,506	431,506	-	-	-

Subsidiaries

SPH AsiaOne Ltd

Ordinary Shares of S\$0.05 each

Lim Kim San	-	300,000	300,000	-	-	-
Michael Fam Yue Onn	-	300,000	300,000	-	-	-
Lee Hee Seng	-	300,000	300,000	-	-	-
Tjong Yik Min	-	100,000	100,000	-	-	-

Dividends

9. (a) (i) The Directors recommend that a special dividend called the Millennium Dividend of 80 cents per share less income tax at 25.5% amounting to approximately S\$220,857,000 be paid.
- (ii) In addition, the Directors recommend that a final dividend of 50 cents per share less income tax at 25.5% amounting to approximately S\$138,036,000 be paid.
- (iii) The amount of special and final dividends payable may be increased in the event that share options set out in paragraph 20 are exercised before the share transfer register is closed for dividend entitlement.
- (b) During the financial year, the following dividends were paid by the Company:-
- (i) A final dividend of 43 cents per share less income tax at 26% which amounted to S\$117,786,000 in respect of the previous financial year as proposed in the Directors' Report of that year; and
- (ii) An interim dividend of 20 cents per share less income tax at 25.5% which amounted to S\$55,201,000 in respect of the financial year under review.

Bad and Doubtful Debts

10. (a) Before the accounts of the Company were made out, the Directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off for bad debts or provided for doubtful debts in the accounts of the Group inadequate to any substantial extent.

Current Assets

11. (a) Before the accounts of the Company were made out, the Directors took reasonable steps to ascertain that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values, or that adequate provision has been made for the diminution in values of such current assets.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the accounts of the Group misleading.

Charge on Assets and Contingent Liabilities

12. At the date of this report, there does not exist any:-
- (a) charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person, and
- (b) contingent liability of the Group or of the Company which has arisen since the end of the financial year, except as disclosed in Note 29 to the accounts.

Ability to meet Obligations

13. No contingent or other liability of any company in the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

Other Statutory Information

14. As at the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in their report or the accounts of the Group and of the Company which would render any amount stated in the accounts misleading.
15. In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended August 31, 2000 have not been substantially affected by any item, transaction or event of a material and unusual nature other than the extraordinary items set out in Note 25 to the accounts and the change in accounting policy described in Note 2(d) to the accounts.
16. In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Group and of the Company for the current financial year.

Directors' Benefits

17. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act.

Share Options

Singapore Press Holdings Group Executives' Share Option Scheme ("1990 Scheme")

18. (a) The 1990 Scheme was approved by shareholders on December 28, 1990 and modified pursuant to ordinary resolutions passed by shareholders at Extraordinary General Meetings held on January 7, 1995, January 6, 1996 and July 16, 1999 respectively.
 - (b) (i) Details of options granted previously have been disclosed in the Directors' Reports for the respective years.
 - (ii) The persons to whom the options have been granted do not have the right to participate, by virtue of the options, in any share issue of any other company.
 - (c) No options were granted during the financial year under the 1990 Scheme.
 - (d) The aggregate number of options granted since the commencement of the 1990 Scheme on December 28, 1990 to August 31, 1999 was 14,347,975.
19. No shares of the Company have been issued during the financial year by virtue of the exercise of options to take up unissued shares, except as disclosed in paragraph 6(a).

20. At the end of the financial year, unissued ordinary shares of the Company under option pursuant to the 1990 Scheme were as follows:-

Date of Grant	Exercise Period	Exercise Price (a)	Balance 1.9.99	Options Exercised	Options Cancelled	Balance 31.8.00
Dec 22, 1994	Dec 23, 1996 to Dec 22, 1999	S\$11.46	227,057	(227,057)	-	-
May 17, 1995	May 18, 1997 to May 17, 2000	S\$11.02	20,216	(20,216)	-	-
Dec 18, 1995	Dec 19, 1997 to Dec 18, 2000	S\$10.66	547,050	(268,031)	-	279,019
Nov 20, 1996	Nov 21, 1998 to Nov 20, 2001	S\$10.48	1,008,002	(419,205)	-	588,797
Nov 19, 1997	Nov 20, 1999 to Nov 19, 2002	S\$13.01	1,977,098	(705,569)	-	1,271,529
Nov 17, 1998	Nov 18, 2000 to Nov 17, 2003	S\$14.76	2,055,767	-	(74,313)	1,981,454
			5,835,190	(1,640,078)	(74,313)	4,120,799

- (a) Exercise prices were adjusted as a result of bonus shares issued during the financial years 1993, 1995 and 1998, and the capital reduction exercise during the financial year 1999.

Singapore Press Holdings Group (1999) Share Option Scheme ("1999 Scheme")

21. (a) The 1999 Scheme was approved by shareholders at an Extraordinary General Meeting held on July 16, 1999 to replace the 1990 Scheme. Details of the 1999 Scheme were disclosed in the Directors' Report for the previous financial year.
- (b) No options were granted in the previous financial year under the 1999 Scheme.
- (c) During the financial year, options were granted for a total of 3,088,700 ordinary shares of S\$1 each, details of which are as follows:
- (i) Categories of persons to whom options were granted:-

Category	No. of Persons	Total No. of Ordinary Shares of S\$1 each under Options granted
Executive Directors	2	375,000
Employees	1,587	2,703,800
Associates	2	9,900
		3,088,700

21. (c) (ii) The exercise period of these options is disclosed in paragraph 23 below, provided that they have not been subsequently cancelled.
- (iii) The persons to whom the options have been granted do not have the right to participate, by virtue of the options, in any share issue of any other company.
- (d) The aggregate number of options granted since the commencement of the 1999 Scheme on July 16, 1999 to August 31, 2000 was 3,088,700.
22. No shares of the Company have been issued during the financial year by virtue of the exercise of options to take up unissued shares.
23. At the end of the financial year, unissued ordinary shares of the Company under option pursuant to the 1999 Scheme were as follows:-

Date of Grant	Exercise Period	Exercise Price	Options Granted	Options Exercised	Options Cancelled	Balance 31.8.00
Oct 27, 1999	Oct 28, 2001 to Oct 27, 2009	S\$28.42	3,088,700	-	(123,400)	2,965,300

SPH AsiaOne Ltd Pre-IPO Share Option Scheme (“AsiaOne Pre-IPO Scheme”)

24. (a) The AsiaOne Pre-IPO Scheme was approved on March 1, 2000. Under the AsiaOne Pre-IPO Scheme, options may be granted to directors and full-time employees of SPH AsiaOne Ltd and/or its subsidiary to subscribe for ordinary shares in SPH AsiaOne Ltd. The aggregate number of ordinary shares to be issued pursuant to the AsiaOne Pre-IPO Scheme shall not exceed 10 percent or such other percentage of the total issued ordinary share capital of SPH AsiaOne Ltd as may be allowed by the Singapore Exchange Securities Trading Limited (“SGX-ST”) from time to time.
- (b) During the financial year, options were granted for a total of 75,520,000 ordinary shares of S\$0.05 each, details of which are as follows:-
- (i) Categories of persons to whom options were granted:-

Category	No. of Persons	Total No. of Ordinary Shares of S\$0.05 each under Options granted
Non-executive directors	4	2,000,000
Executive directors	2	15,000,000
Employees	152	58,520,000
	158	75,520,000

- (ii) The exercise period of these options is disclosed in paragraph 26 below, provided that they have not been subsequently cancelled.
- (iii) The persons to whom the options have been granted do not have the right to participate, by virtue of the options, in any share issue of any other company.

25. No shares of SPH AsiaOne Ltd have been issued during the financial year by virtue of the exercise of options to take up unissued shares.
26. At the end of the financial year, unissued ordinary shares of SPH AsiaOne Ltd under option pursuant to the AsiaOne Pre-IPO Scheme were as follows:-

Date of Grant	Exercise Period	Exercise Price	Options Granted	Options Exercised	Options Cancelled	Balance 31.8.00
Apr 6, 2000	Dec 5, 2000 to June 4, 2005	S\$0.30	63,870,000	-	(3,800,000)	60,070,000
May 8, 2000	Dec 5, 2000 to June 4, 2005	S\$0.30	8,900,000	-	(400,000)	8,500,000
June 2, 2000	Dec 5, 2000 to June 4, 2005	S\$0.60	2,750,000	-	-	2,750,000
			75,520,000	-	(4,200,000)	71,320,000

SPH AsiaOne Ltd Post-IPO Share Option Scheme (“AsiaOne Post-IPO Scheme”)

27. The AsiaOne Post-IPO Scheme was approved on May 8, 2000. Under the AsiaOne Post-IPO Scheme, options may be granted to directors and selected employees of SPH AsiaOne Ltd and its subsidiaries and the SPH Group and other selected participants, to subscribe for ordinary shares in SPH AsiaOne Ltd. The aggregate number of ordinary shares to be issued pursuant to the AsiaOne Post-IPO Scheme shall not exceed 15 percent or such other percentage of the total issued ordinary share capital of SPH AsiaOne Ltd as may be allowed by the SGX-ST from time to time.

The exercise period for options granted under the AsiaOne Post-IPO Scheme to employees of SPH AsiaOne Ltd, its subsidiaries or the SPH Group and other selected participants, commences after the first anniversary of the date the option is granted and expires on the tenth anniversary of such date. In the case of an option granted to persons who are not employees of these companies, the exercise period commences after the first anniversary of the date the option is granted and expires on the fifth anniversary of such date.

Under the AsiaOne Post-IPO Scheme, the exercise price to be paid for each ordinary share on exercise of an option shall be the prevailing market price of SPH AsiaOne Ltd’s ordinary shares based on the average of the last dealt price per ordinary share as indicated in the daily official list or any other publication published by the SGX-ST for the five consecutive trading days immediately preceding the date of grant of that option. SPH AsiaOne Ltd is not allowed to grant options under this Scheme whose exercise prices are at a discount to the prevailing market price of its ordinary shares.

28. No options were granted during the financial year under the AsiaOne Post-IPO Scheme.

Other Subsidiaries

29. No option to take up unissued shares of subsidiaries other than SPH AsiaOne Ltd has been granted during the financial year.
30. No shares of subsidiaries have been issued during the financial year by virtue of the exercise of options to take up unissued shares.
31. At the end of the financial year, other than SPH AsiaOne Ltd, there were no unissued shares of subsidiaries under option.


Audit Committee

32. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, including a review of the financial statements of the Group and of the Company for the financial year and the auditors' report thereon.

Auditors

33. The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the Directors



Lim Kim San
Executive Chairman



Michael Fam Yue Onn
Director

Singapore,
October 6, 2000