



CHAIRMAN'S STATEMENT

I am pleased to report that we have achieved good results for the year. The much improved business sentiment has enabled us to achieve a 31.5 per cent increase in advertising revenue to S\$804.3 million, the highest ever achieved; and a 24.6 per cent increase in the Group's turnover to reach a record S\$1.053 billion.

The Group's investment income rose by 16.4 per cent to S\$85.8 million, due mainly to a contribution of S\$44.3 million from sales of securities.

Group profit for the year before taxation reached S\$515.5 million, an increase of 22.3 per cent from last year. Profits after tax rose by 21.8 per cent to S\$397.5 million.

The Group has put up a sterling performance despite higher wage costs and overheads due to expanded efforts in recruiting the best talents to drive and expand our newspapers business, and to develop new businesses in Internet and broadcasting.

Newspapers

Our newspaper circulation enjoyed a healthy growth of three per cent to 1,103,403 copies daily despite increasing competition from new media like the Internet and others.

To meet the changing lifestyles of our readers and to enhance our position as Singapore's leading newspaper publisher, we launched three new newspapers, *Thumbs Up*, *Project Eyeball* and *Streets* during the year.

Refurbishment work on the Metro printing presses at the SPH Print Centre was completed, enabling us to achieve higher quality printing and higher throughputs.

The Straits Times and *The Business Times* were awarded two-year memberships in the exclusive International Newspaper Colour Quality Club for outstanding colour reproduction quality.

Multimedia

Net contribution from our associates, MobileOne (Asia) Pte Ltd and Singapore Cable Vision Limited, increased three-fold to S\$15.2 million.

At the time of writing, MobileOne (M1) has 745,000 customers compared with 400,000 last year. M1's contribution to our profits increased 4.6 times to S\$28.3 million.

Our share of loss from Singapore Cable Vision (SCV) increased from S\$1.2 million to S\$13.1 million. Its subscription base has increased from 200,000 to 237,000 during the year.

In June 2000, SPH AsiaOne Ltd was listed on the mainboard of the Singapore Exchange. AsiaOne posted a start-up loss of S\$15 million for the year ended August 31, 2000.

With the view to becoming an all-round content provider with multiple delivery platforms, the formation of SPH MediaWorks Ltd was announced in June 2000 to lead the Group's venture into broadcasting. MediaWorks expects to launch its two television channels, one each in the English and Chinese languages, by mid 2001.

We are moving ahead to widen our business to become an integrated content provider with multiple delivery platforms, from print to Internet and soon, broadcast.

Property

The retail podium of Paragon is fully occupied while its 14-storey medical/office block achieved more than 60 per cent occupancy since its launch in January 2000. The Group has disposed of three bungalows and four apartments, and booked in an extraordinary gain of S\$20.6 million.

Staff

I would like to record my appreciation to all staff for their commitment and support throughout the year, which have helped us to achieve the good results and realise our expansion plans. We continued to pay special attention to the training and development of existing staff to equip them with the necessary skills to undertake new business challenges.

Community Service

Our support for worthy community projects remained unwavering, with emphasis in programmes for the promotion of the Arts, sports and sponsorships for various charity efforts. The year saw SPH being named the Distinguished Patron of the Arts for the seventh year running.

Dividend

The Directors recommended a special dividend, aptly named the Millennium Dividend, of 80 cents per share to be paid together with the recommended final dividend of 50 cents per share. Together with the interim dividend of 20 cents, the total dividend for the financial year would be S\$1.50, a significant increase from the 55 cents paid out last year.

Directorate

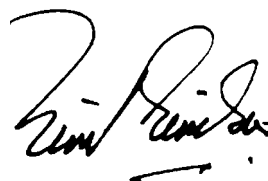
The Directors would like to thank all readers, advertisers and business associates for their generous support, which is critical to the success of our business.

Prospects

While we entered the new financial year on a firm footing, we face rising newsprint and manpower costs. We are moving ahead to widen our business to become an integrated content provider with multiple delivery platforms, from print to Internet and soon, broadcast.

Barring any unforeseeable bad weather in the economic climate, our core newspaper business should continue to thrive. However, newsprint prices would rise significantly during the year. We will also incur start-up costs as the Group strives to build up its content creation competencies across multimedia delivery platforms.

Overall, we expect the performance of the Group for the current year to be satisfactory.



Lim Kim San
Executive Chairman