

Directors' Report

for the Year ended August 31, 2001

The Directors present their report together with the audited financial statements of the Group and of the Company for the year ended August 31, 2001.

Directors

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

Lim Kim San
Cheong Choong Kong
Michael Fam Yue Onn
Lee Ek Tieng *
Lee Hee Seng
Lim Chin Beng #
Ngiam Tong Dow *
Tang I-Fang
Tjong Yik Min
Wee Cho Yaw
Yeo Ning Hong *

* *Appointed on March 15, 2001.*

Appointed on October 1, 2001.

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, broadcasting and telecommunications services,
- (d) holding investments, and
- (e) holding and managing properties.

The principal activities of the Company consist of:-

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

During the financial year, the Group commenced its broadcasting operations through a subsidiary, SPH MediaWorks Ltd.

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 %
SPH (Americas) Pte Ltd	2	100

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

	Consideration S\$'000	Share of net liabilities at date of acquisition S\$'000	Effective equity acquired by the Group %
Orchard 300 Ltd	*	775	50 **

* The purchase consideration is S\$1.

** The Group held a 50% stake in the company in the previous financial year.

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

Results

4.	Group S\$'000	Company S\$'000
Profit after taxation	339,781	299,074
Minority interests	1,020	-
Profit attributable to shareholders	340,801	299,074
Retained profit brought forward	1,551,863	1,413,489
Goodwill on consolidation	(18,694)	-
Share buy back	(49,667)	(49,667)
Profit available for appropriation	1,824,303	1,662,896

Reserves and Provisions

5. Material movements in reserves and provisions are disclosed in the financial statements.

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:-

<u>Class of Shares</u>	<u>Shares Issued</u>	<u>Purpose</u>
<u>The Company</u>		
Management	13,457 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	1,332,329 shares of S\$1 each for cash, at exercise prices.	Issue of shares under the Singapore Press Holdings Group Executives' Share Option Scheme.
<u>Subsidiary</u>		
SPH MediaWorks Ltd	400,000,000 ordinary shares of S\$0.10 each at par for cash.	To provide additional working capital.

- (b) The newly issued shares rank pari passu in all respects with the previously issued shares.
- (c) At the Annual General Meeting held on January 5, 2001, shareholders approved the renewal of a mandate (first approved by shareholders on July 16, 1999) 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 5, 2001. As at August 31, 2001, 2,268,000 ordinary 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, 2001 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, 2000 *	Aug 31, 2001	Sept 21, 2001	Sept 1, 2000 *	Aug 31, 2001	Sept 21, 2001
<u>The Company</u>						
Management Shares						
Lim Kim San	3	1	1	-	-	-
Cheong Choong Kong	1	1	1	-	-	-
Michael Fam Yue Onn	1	1	1	-	-	-
Lee Ek Tieng	1	1	1	-	-	-
Lee Hee Seng	1	1	1	-	-	-
Ngiam Tong Dow	1	1	1	-	-	-
Tang I-Fang	1	1	1	-	-	-
Tjong Yik Min	2	1	1	-	-	-
Wee Cho Yaw	1	1	1	-	-	-
Yeo Ning Hong	1	1	1	-	-	-
Ordinary Shares						
Lim Kim San	698,338	654,468	654,468	-	-	-
Cheong Choong Kong	-	-	-	-	1,000	1,000
Michael Fam Yue Onn	50,000	50,000	50,000	-	-	-
Lee Hee Seng	63,082	63,082	63,082	-	-	-
Tjong Yik Min	52,000	74,000	74,000	-	-	-
Wee Cho Yaw	139,043	139,043	139,043	-	-	-
Yeo Ning Hong	7,920	7,920	7,920	12,870	12,870	12,870
Options for Ordinary Shares						
Lim Kim San	1,069,520	1,033,390	1,033,390	-	-	-
Tjong Yik Min	431,506	541,506	541,506	-	-	-
<u>Subsidiaries</u>						
SPH AsiaOne Ltd						
Ordinary Shares of S\$0.05 each						
Lim Kim San	300,000	300,000	300,000	-	-	-
Michael Fam Yue Onn	300,000	300,000	300,000	-	-	-
Lee Hee Seng	300,000	300,000	300,000	-	-	-
Tjong Yik Min	100,000	100,000	100,000	-	-	-

* Or later date of appointment.

Dividends

S\$'000

9. (a)	The Directors recommend a final dividend of 50 cents per share less income tax at 24.5% in respect of the financial year. The amount of dividend payable may be increased in the event that share options set out in paragraphs 20 and 23 are exercised before the share transfer register is closed for dividend entitlement.	<u>139,541</u>
(b)	During the financial year, the following dividends were paid by the Company:-	
(i)	A special dividend called the Millennium Dividend of 80 cents per share less income tax at 25.5% in respect of the previous financial year:	
	- as proposed in the Directors' Report for that financial year	220,857
	- in respect of new shares issued upon the exercise of share options before book closure date	<u>736</u>
		<u>221,593</u>
(ii)	A final dividend of 50 cents per share less income tax at 25.5% in respect of the previous financial year:	
	- as proposed in the Directors' Report for that financial year	138,036
	- in respect of new shares issued upon the exercise of share options before book closure date	<u>460</u>
		<u>138,496</u>
(iii)	An interim dividend of 20 cents per share less income tax at 24.5% in respect of the financial year under review	<u>55,975</u>

Bad and Doubtful Debts

10. (a) Before the financial statements 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 financial statements of the Group inadequate to any substantial extent.

Current Assets

11. (a) Before the financial statements 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 financial statements 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.

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 financial statements of the Group and of the Company which would render any amount stated in the financial statements 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, 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional items set out in Note 24 to the financial statements.
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 other than the proposed scheme of arrangement to seek the approval of the minority shareholders of SPH AsiaOne Ltd ("AsiaOne") for the privatisation of AsiaOne and the Capital Distribution Exercise involving a capital reduction to Shareholders as disclosed in Note 30 to the financial statements.

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. The unissued ordinary shares of the Company under option at the end of the financial year pursuant to the 1990 Scheme are set out in Note 3 to the financial statements.

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.
- (b) Details of options granted previously have been disclosed in the Directors' Reports for the respective years.
- (c) During the financial year, options were granted for a total of 3,147,500 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	1,331	2,763,000
Associates	1	9,500
	1,334	3,147,500

- (ii) The exercise period of these options is disclosed in Note 3 to the financial statements, 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, 2001 was 6,236,200.

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, pursuant to the 1999 Scheme.
23. The unissued ordinary shares of the Company under option at the end of the financial year pursuant to the 1999 Scheme are set out in Note 3 to the financial statements.

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.
- Details of the AsiaOne Pre-IPO Scheme were disclosed in the Directors’ Report for the previous financial year.
- (b) (i) Details of options granted previously have been disclosed in the Directors’ Report for the previous financial year.
- (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 AsiaOne Pre-IPO Scheme.
- (d) The aggregate number of options granted since the commencement of the AsiaOne Pre-IPO Scheme on March 1, 2000 to August 31, 2001 was 75,520,000.
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	Balance 1.9.00	Options Exercised	Options Cancelled	Balance 31.8.01
Apr 6, 2000	Dec 5, 2000 to June 5, 2005	S\$0.30	60,070,000	-	(11,010,000)	49,060,000
May 8, 2000	Dec 5, 2000 to June 5, 2005	S\$0.30	8,500,000	-	(3,800,000)	4,700,000
June 2, 2000	Dec 5, 2000 to June 5, 2005	S\$0.60	2,750,000	-	(625,000)	2,125,000
			71,320,000	-	(15,435,000)	55,885,000

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

27. (a) The AsiaOne Post-IPO Scheme was approved on May 8, 2000.

Details of the AsiaOne Post-IPO Scheme were disclosed in the Directors’ Report for the previous financial year.

- (b) Details of options granted previously have been disclosed in the Directors’ Report for the previous financial year.

- (c) During the financial year, options were granted for a total of 16,590,000 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
Executive directors of SPH AsiaOne Ltd	2	3,750,000
Employees	102	12,840,000
	104	16,590,000

- (ii) The exercise period of these options is disclosed in paragraph 29 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 AsiaOne Post-IPO Scheme on May 8, 2000 to August 31, 2001 was 16,590,000.

28. 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.

29. At the end of the financial year, unissued ordinary shares of SPH AsiaOne Ltd under option pursuant to the AsiaOne Post-IPO Scheme were as follows:-

Date of Grant	Exercise Period	Exercise Price	Balance 1.9.00 (a)	Options Exercised	Options Cancelled	Balance 31.8.01
Nov 6, 2000	Nov 7, 2001 to Nov 6, 2010	S\$0.275	16,590,000	-	(2,650,000)	13,940,000

- (a) *Or later date of grant.*

SPH MediaWorks Pre-IPO Share Option Scheme (“MediaWorks Pre-IPO Scheme”)

30. (a) The MediaWorks Pre-IPO Scheme was approved on February 12, 2001. Under this scheme, options may be granted to employees of SPH MediaWorks Ltd and/or its subsidiaries, including non-executive directors of SPH MediaWorks Ltd and other selected participants, to subscribe for ordinary shares in SPH MediaWorks Ltd. The aggregate number of ordinary shares to be issued pursuant to the MediaWorks Pre-IPO Scheme shall not exceed 10 percent of the total issued ordinary share capital of SPH MediaWorks Ltd from time to time.

(b) During the financial year, options were granted for a total of 65,026,000 ordinary shares of S\$0.10 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\$0.10 each under Options granted
Executive directors of SPH MediaWorks Ltd	1	8,000,000
Employees	303	57,026,000
	304	65,026,000

(ii) The exercise period of these options is disclosed in paragraph 32 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.

31. No shares of SPH MediaWorks Ltd have been issued during the financial year by virtue of the exercise of options to take up unissued shares.

32. At the end of the financial year, unissued ordinary shares of SPH MediaWorks Ltd under option pursuant to the MediaWorks Pre-IPO Scheme were as follows:-

Date of Grant	Exercise Period	Exercise Price	Options Granted	Options Exercised	Options Cancelled	Balance 31.8.01
Feb 23, 2001	*	S\$0.10	65,026,000	-	(1,100,000)	63,926,000

* *Period commencing on the first anniversary of the Listing Date and expiring on the earlier of February 23, 2011 and the fifth anniversary of the Listing Date.*

Other Subsidiaries

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

Audit Committee

36. 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

37. 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 16, 2001