

## Directors' Report for the Year ended August 31, 1998

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, 1998.

### 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:-

- publishing, printing and distributing newspapers,
- publishing and distributing magazines,
- providing multimedia and telecommunications services,
- holding investments, and
- holding and managing properties.

The principal activities of the Company consist of:-

- publishing, printing and distributing newspapers,
- distributing magazines,
- holding shares in subsidiaries,
- holding investments, and
- providing management services to subsidiaries.

There have been no significant changes in the nature of these activities during the financial year.

### Acquisition and Disposal of Subsidiaries

3. (a) During the financial year, the following interest in a subsidiary was acquired:

	Consideration	Net Tangible Assets	Effective Equity held by the Group
	S\$	S\$	%
TelcomOne Corporation Pte Ltd	2	2	100

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

### Results

4.	GROUP S\$'000	COMPANY
Profit after taxation	277,482	294,138
Minority interests	301	-
Profit before extraordinary items	277,783	294,138
Extraordinary items	16,751	-
Profit attributable to shareholders	294,534	294,138
Retained profit brought forward	1,562,163	1,467,149
Profit available for appropriation	1,856,697	1,761,287

### 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, the following shares were issued:-

Class of Shares	Shares Issued	Purpose
<b>The Company</b>		
Management	633,131 shares of S\$1 each credited as fully paid.	Issue of bonus share pursuant to a Scheme Of Arrangement on the re-organisation of the Company's share capital.
	15,791 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	62,678,013 shares of S\$1 each credited as fully paid.	Issue of bonus share pursuant to a Scheme Of Arrangement on the re-organisation of the Company's share capital.
	1,563,940 shares of S\$1 each fully paid for cash, at exercise prices.	Issue of shares under the Singapore Press Holdings Group Executives' Share Option Scheme.
<b>Subsidiaries</b>		
CyberWay Pte Ltd	2,725,000 ordinary shares of S\$1 each at par for cash.	To provide working capital and pay for long-term investment.

- (b) During the financial year, S\$40,000,000 Floating Rate Notes due 2002 were issued by a subsidiary, Orchard 290 Limited, to finance its development expenditure. The Notes are secured by way of a legal mortgage on the subsidiary's investment property and by an assignment of rental proceeds under various trust deeds. The rate of interest is either a rate agreed between the subsidiary and the agent bank or the rate per annum equivalent to Singapore Interbank Offered Rates (SIBOR), if no rate is agreed between the subsidiary and the bank.

## 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 paragraph 18.

## Directors' Interests in Shares

8. The Directors holding office at August 31, 1998 who had interests in shares and options in the Company and its subsidiaries as recorded in the register of Directors' shareholdings were:-

	Shares of S\$1 each					
	Direct Interests			Deemed Interests		
	Sept 1, 1997	Aug 31, 1998	Sept 21, 1998	Sept 1, 1997	Aug 31, 1998	Sept 21, 1998
<b>The Company</b>						
<b>Management Shares</b>						
Lim Kim San	2	3	3	-	-	-
Cheong Choong Kong	1	2	2	-	-	-
Michael Fam Yue Onn	1	2	2	-	-	-
Lee Hee Seng	1	2	2	-	-	-
Tang I-Fang	1	2	2	-	-	-
Tjong Yik Min	1	2	2	-	-	-
Wee Cho Yaw	1	2	2	137,597	163,701	163,701
<b>Ordinary Shares</b>						
Lim Kim San	509,217	624,677	574,677	71,200	78,320	78,320
Michael Fam Yue Onn	201,212	221,333	100,000	-	-	-
Lee Hee Seng	63,720	70,092	70,092	-	-	-
Wee Cho Yaw	140,449	154,493	154,493	1,136,000	1,249,600	1,249,600
<b>Options for Ordinary Shares</b>						
Lim Kim San	774,000	938,356	938,356	-	-	-
Tjong Yik Min	132,000	312,786	312,786	-	-	-
<b>Subsidiaries</b>						
The Straits Times Press (1975) Ltd						
<b>Management Shares</b>						
Lim Kim San	1	-	-	-	-	-
Singapore News and Publications Ltd						
<b>Management Shares</b>						
Lim Kim San	2	-	-	-	-	-

## Dividends

9. (a) The Directors recommend that a final dividend of 31 cents per share less income tax amounting to approximately S\$84,004,000 be paid. The amount of dividend payable may be increased in the event that share options set out in paragraph 21 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 28 cents per share less income tax which amounted to S\$70,950,000 in respect of the previous financial year as proposed in the Directors' Report of that year; and
  - (ii) an interim dividend of 12 cents per share less income tax which amounted to S\$36,081,000 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 and of the Company 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 and of the Company 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 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, 1998 have not been substantially affected by any item, transaction or event of a material and unusual nature.
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 Capital Restructuring Exercise involving a capital reduction and capital distribution to Shareholders as disclosed in the notes to the accounts.

## 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, Cap. 50.

## Share Options

18. (a) The Singapore Press Holdings Group Executives' Share Option Scheme was approved in December 1990.
- (b) Details of options granted previously have been disclosed in the Directors' Report for the respective years.

(c) During the financial year, options were granted for a total of 1,936,590 ordinary shares of S\$1 each, details of which were:-

(i) Categories of persons to whom options were granted:-

Category	No. of Employees	Total No. of Ordinary Shares of S\$1 each under Options granted
Executive Directors	2	330,000
Executives	100	1,606,590
	102	1,936,590

(ii) The exercise period of these options is as disclosed in paragraph 21 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.

19. No option to take up unissued shares of subsidiaries has been granted during the financial year.

20. No shares of the Company or its subsidiaries 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).

21. At the end of the financial year, unissued ordinary shares of the Company under option pursuant to the Singapore Press Holdings Group Executives' Share Option Scheme were:-

Date of Grant	Exercise Period	Exercise Price (a)	Balance 1.9.1997 (b)	Options Exercised	Options Cancelled	Adjustment (c)	Balance 31.8.1998
Nov 19, 1992	Nov 20, 1994 to Nov 19, 1997	S\$6.88	42,240	(42,240)	-	-	-
Dec 20, 1993	Dec 21, 1995 to Dec 20, 1998	S\$10.69	1,009,540	(909,756)	-	132,289	232,073
Dec 22, 1994	Dec 23, 1996 to Dec 22, 1999	S\$11.54	1,316,880	(335,318)	-	218,828	1,200,390
May 17, 1995	May 18, 1997 to May 17, 2000	S\$11.14	54,480	(3,537)	-	9,618	60,561
Dec 18, 1995	Dec 19, 1997 to Dec 18, 2000	S\$10.82	1,473,900	(273,089)	(8,980)	246,112	1,437,943
Nov 20, 1996	Nov 21, 1998 to Nov 20, 2001	S\$10.66	1,775,410	-	(28,043)	325,110	2,072,477
Nov 19, 1997	Nov 20, 1999 to Nov 19, 2002	S\$13.01	1,936,590	-	(21,870)	356,550	2,271,270
			7,609,040	(1,563,940)	(58,893)	1,288,507	7,274,714

(a) Exercise prices were adjusted as a result of bonus shares issued during the financial years 1993, 1995 and 1998.

(b) Or later date of grant.

(c) Adjusted for bonus shares issued during the financial year ended August 31, 1998.

22. At the end of the financial year, there were no unissued shares of subsidiaries under option.

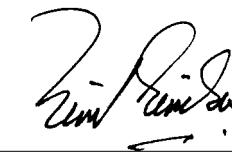
### Audit Committee

23. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Cap. 50, including a review of the financial statements of the Group and of the Company for the financial year and the auditors' report thereon.

### Auditors

24. The auditors, Coopers & Lybrand, have expressed their willingness to accept re-appointment.

On behalf of the Directors



Lim Kim San  
Executive Chairman



Michael Fam Yue Onn  
Director

Singapore,  
November 6, 1998