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 Yew

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.

The principal activities of the Company consist of:

(a) publishing, printing and distributing newspapers,
(b) distributing magazines,
(c) holding shares in subsidiaries,
(d) holding investments, and
(e) 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:

<table>
<thead>
<tr>
<th>Company</th>
<th>consideration</th>
<th>Net tangible equity held by the Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>TelcomOne Corporation Pte Ltd</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

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

Results

4. GAP

<table>
<thead>
<tr>
<th></th>
<th>GROUP</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after taxation</td>
<td>277,482</td>
<td>294,138</td>
</tr>
<tr>
<td>Minority interests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit before extraordinary items</td>
<td>277,763</td>
<td>294,138</td>
</tr>
<tr>
<td>Extraordinary items</td>
<td>16,751</td>
<td>-</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>294,534</td>
<td>294,138</td>
</tr>
<tr>
<td>Retained profit brought forward</td>
<td>1,562,163</td>
<td>1,467,349</td>
</tr>
<tr>
<td>Profit available for appropriation</td>
<td>1,856,697</td>
<td>1,761,287</td>
</tr>
</tbody>
</table>

Reserves and Provisions

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

6. (a) During the financial year, the following shares were issued:

<table>
<thead>
<tr>
<th>Class of Shares</th>
<th>Shares Issued</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td>633,131 shares of S$1 each</td>
<td>Issue of bonus share pursuant to a Scheme Of Arrangement on the re-organisation of the Company’s share capital.</td>
</tr>
<tr>
<td></td>
<td>10,765 shares of S$1 each for cash, at market prices prevailing on allotment dates.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>62,678,013 shares of S$1 each credited as fully paid.</td>
<td>Issue of bonus share pursuant to a Scheme Of Arrangement on the re-organisation of the Company’s share capital.</td>
</tr>
<tr>
<td></td>
<td>1,560,049 shares of S$1 each fully paid for cash, at exercise prices.</td>
<td>Issue of shares under the Singapore Press Holdings Group Executives’ Share Option Scheme.</td>
</tr>
</tbody>
</table>

Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>Shares Issued</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>CyberWay Pte Ltd</td>
<td>2,725,000 ordinary shares of S$1 each at par for cash.</td>
<td>To provide working capital and pay for long-term investment.</td>
</tr>
</tbody>
</table>

(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.

Dividends

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.
Dividends
9. (a) The Directors recommend that a final dividend of 31 cents per share less income tax amounting to approximately S$84,094,000 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$70,050,000 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$36,085,000 in respect of the financial year under review.

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 203(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.

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.
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
Michael Fam Yue Onn
Executive Chairman
Director

Singapore,
November 6, 1998

(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:

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Employees</th>
<th>Total No. of Ordinary Shares of S$1 each under Options granted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>2</td>
<td>330,000</td>
</tr>
<tr>
<td>Executives</td>
<td>100</td>
<td>1,606,590</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,936,590</td>
</tr>
</tbody>
</table>

(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:

<table>
<thead>
<tr>
<th>Option Date (Grant)</th>
<th>Exercise Period</th>
<th>Exercise Price</th>
<th>Options Granted</th>
<th>Options Exercised</th>
<th>Options Cancelled</th>
<th>Adjustment</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 19, 1997</td>
<td>Nov 20, 1999 to Nov 19, 1999</td>
<td>S$11.14</td>
<td>54,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,609,040</td>
</tr>
<tr>
<td>Nov 20, 1999 to Nov 19, 1999</td>
<td>S$11.30</td>
<td>1,473,900</td>
<td>248,112</td>
<td>1,437,943</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nov 20, 1999 to Nov 19, 1999</td>
<td>S$13.01</td>
<td>1,936,590</td>
<td>2,131,910</td>
<td>2,072,477</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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.