

**SPEECH BY DR TONY TAN KENG YAM, CHAIRMAN OF THE SINGAPORE PRESS HOLDINGS, AT SPH ANNUAL GENERAL MEETING HELD ON TUESDAY, 5 DECEMBER 2006 AT 10.30 AM**

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**BEYOND PRINT, BEYOND SINGAPORE**

Ladies and gentlemen, thank you for your attendance at this AGM.

Before we commence the business of the meeting, let me say a few words on how we intend to transform SPH from a Singapore newspaper company to become an international multimedia group with a footprint covering Southeast Asia and Greater China.

Over the next 5 years, newspapers will remain SPH's main profit generator. We will continue to focus our attention on : (i) improving content to better meet readers' interests; (ii) growing circulation; and (iii) widening readership to ensure that our newspapers maintain their position as the leading information provider and main advertising platform in Singapore. At the same time, we are cognisant of the fact that SPH's longer term future lies in digital and interactive media. Hence, we have set out a vision to grow SPH beyond print and beyond Singapore and have embarked on new initiatives to position the company as a premier multimedia provider of content and services in the region. Towards this objective, we will continue to identify potential businesses in the areas of online media, magazines and outdoor media to grow new revenue and profit streams for the Group.

To meet the exciting challenges presented by the global digital revolution, SPH launched several initiatives to position ourselves as a significant online player. We intend to leverage on our core news and lifestyle information to build new products, services and commercial portals.

During the year, we launched our e-marketplace, ST701, with online recruitment advertising, as well as our interactive website "STOMP".

We will continue to introduce new online services including classifieds, search and directories and identify new Internet applications to invest in as part of our strategy to occupy online spaces with high demand and growth potential. In addition, we will continue to deliver our content through mobile devices so as to reach our readers, wherever they may be. This initiative will require greater integration between our print and online operations. Our editorial and

marketing staff will have to adopt new mindsets and acquire new skills to prepare themselves for the digital age.

Having consolidated our magazine operations in Singapore following our recent acquisitions, we are now pushing aggressively to replicate our portfolio of magazines in the region. We have already established a presence in Malaysia and Thailand and are seeking to increase our foothold in the larger markets of China, Hong Kong and Indonesia.

In outdoor or out-of-home advertising, we see a natural extension to SPH's core publishing business as we can leverage on our existing marketing relationships and offer clients an integrated suite of products to help them achieve their advertising objectives. Following our acquisition of MediaBoxOffice last year, SPH has taken steps to enhance its presence and offerings in the outdoor media industry in Singapore. Our subsidiary, SPH-MBO has extended its motion display network through small screens at more than 50 POSBank branches and in Paragon, our premier shopping centre along Orchard Road. We will be looking at acquiring more prime locations for static billboards as well as introducing new outdoor technology and innovation.

In China, SPH acquired a 35 per cent stake in Tom Outdoor Media Group in March this year. This acquisition has significant strategic value for SPH, representing the first step in our strategy to establish a strong presence in China, one of the largest outdoor markets in Asia. SPH is now looking at other possible acquisitions and partnerships as part of our plan to be a major pan-Asian outdoor media player.

On the property front, the group's main commercial property asset, Paragon, continues to enjoy 100 per cent occupancy following its redevelopment as a premium retail, office and medical complex. We will further enhance the Paragon's attraction and yield by increasing its gross floor area. Given its strong fundamentals, we are committed to holding onto Paragon for the foreseeable future. We are also in the process of developing an up-market exclusive condominium on our Times Industrial Building site in Thomson. The decision to develop the site by ourselves, as opposed to an outright sale is expected to yield higher returns and was taken to enhance shareholder value by generating an additional earnings stream for the group.

Both Paragon and the Times Industrial Building projects have enabled SPH to acquire the necessary knowledge in developing commercial and residential properties. Based on this experience, we will closely monitor developments in the property market with a view to taking a more active role should opportunities arise.

SPH has stated in the past that we aim to reward shareholders who stay with the Company for the long term. This commitment remains. We have consistently paid out more than 100% of our recurring earnings in the last four years as dividends. While management step up efforts on the delivery of results from the growth strategies in the longer term, we believe our dividend payout is sustainable given our strong cash flow from the existing media and property businesses.

Moving forward, we expect the coming year to be a challenging one as the newspaper industry continues to grapple with the impact of new media trends. While print advertising will remain one of SPH's main revenue generators, it is not expected to grow as strongly as previously. Nevertheless, I am confident that the growth thrusts that we are now putting in place will position SPH strategically for the future. For our ventures to bear fruit and contribute significantly to the Group, we will need to invest substantially. These investments will need a gestation period before they become profitable. However, the investments are necessary to secure SPH's long-term growth.

In conclusion, I thank all shareholders for your loyalty over the years and ask for your continued support as SPH transforms itself to become an international multimedia group with a strong footprint in the region.

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