

SPEECH BY DR TONY TAN KENG YAM, CHAIRMAN OF THE SINGAPORE PRESS HOLDINGS, AT SPH ANNUAL GENERAL MEETING HELD ON WEDNESDAY 5 DECEMBER 2007 AT 10.30 AM

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

Before we commence the business of the meeting, let me give an overview of our past year's performance, and how SPH is building on our core strengths while developing new ones.

The last financial year has been a good year for SPH. With group operating revenue of \$1.16 billion, net profit attributable to shareholders crossed the half-billion mark to hit \$506.2 million.

Our core newspaper and magazine business turned in an excellent performance and continued to bring in the bulk of our profits. Our print products, headed by our flagship papers, The Straits Times and Lianhe Zaobao, demonstrated both resilience and flexibility in the face of threats to traditional media and ever-changing consumer habits and lifestyles.

The Straits Times has largely held on to its readership of 1.3 million, proving that despite the challenges from new media, quality papers can continue to thrive and provide value to readers. We will invest further in The Straits Times to ensure it stays relevant to our changing readership.

The Lianhe Zaobao regained its position as the second most-read newspaper after The Straits Times with an expanding readership of 597,000 for the period July 2006 to June 2007.

It is quite an achievement that every day, 2.9 million individuals, or 4 out of 5 people above 15 years old, read one of our news publications.

We have managed to not just maintain but continue to upgrade and grow our print products. We launched an early morning edition of The New Paper to better serve our readers, and this has led to an immediate increase in sales.

We recently revamped Lianhe Wanbao in October; a move that has sparked fresh interest in what is already a very lively segment of the newspaper market. Less than two months into the revamp, we are witnessing an overall increase in the sales of Wanbao and Shin Min.

Another daily, My Paper or Wo Bao, recently celebrated its first anniversary. Written in concise and simple language for busy working adults, My Paper has received many accolades from readers since its launch. I am pleased to announce that, in response to market demand, My Paper will become a full-fledged bilingual newspaper early next year with equal emphasis in both the Chinese and English languages. It will be a new package never seen before, offering the best of both worlds for Singaporeans.

Circulation of our other newspapers, such as The Business Times, Berita Harian and Tamil Murasu, also registered creditable increases on the back of strong support from readers and advertisers.

While we continue to grow from strength to strength in our traditional print products, we have also been investing in other media platforms to secure SPH's long-term growth.

In September 2007, we launched "omy", an interactive bilingual website. Within a month, the site has achieved over 5 million page views, higher than its initial 3 million page views target.

Our existing websites also made further progress. STOMP saw healthy growth in visitor numbers and its monthly page views crossed the 10 million mark in July for the first time, turning it into the number one social networking and citizen journalism website in Singapore.

ST701, launched in March 2006 initially as a recruitment portal, is now Singapore's leading e-marketplace with listings spanning jobs, motoring, property and general merchandise. The website is now well positioned to offer consumers a full range of classified products and services through its newly launched verticals.

SPH is also set to make further inroads into the online search business.

Focused online search and directory services for the China and Singapore market are expected to roll out in 2008, as will our regional online classifieds. Both are part of the joint venture formed last year with Norwegian media group Schibsted ASA, a world leader in the online media business.

Besides making significant progress in our digital media, SPH's wholly owned subsidiary SPH MediaBoxOffice (SPHMBO) has expanded its outdoor LED platforms to include indoor digital media offerings with tie-ups with some shopping malls, including 10 CapitaLand malls island wide. SPHMBO also recently launched its first offering of interactive media platform - Reactrix - at 6 locations, giving advertisers entertainment-based interactive outdoor advertising options. This is aimed at raising our share of the outdoor advertising market to at least a quarter, within five years.

Whatever the media platform, we pride ourselves in providing credible and trusted information. In addition to delivering quality content, we continue to invest in other areas of our businesses, be it in advertising, distribution or circulation, just to name a few.

In June 2007, we launched a new generation of newsstands called Buzz Pods to enhance our print distribution network. Situated at high pedestrian traffic areas, these pods are equipped with digital displays and are Wi-Fi enabled, allowing tech-savvy users to access news and location-based information while on the go.

We continued to invest in the use of information technology with new editorial and office systems. At the same time, we acquired new state-of-the-art presses so that readers can enjoy better-quality print with increased colour capacity. The new presses will also help us to meet any contingency and ensure business continuity.

SPH will also develop business adjacencies, for example, in the area of event management, be it through organic growth or, where opportune, through acquisitions.

On the property front, our launch of Sky@eleven, a luxury condominium project at Thomson Road, was greeted with overwhelming response. All 273 units were sold out within hours of the soft launch in January 2007. SPH will

enjoy a significant boost to its profits in the next two financial years from contributions from Sky@eleven.

Our main property asset, Paragon, continued to enjoy 100 percent occupancy in its retail, office and medical space at healthy rental rates, while strengthening its reputation as the flagship location to the trendiest international retail designer names.

I am also gratified that SPH has been held up by stakeholders and investor groups such as the Securities Investors Association (Singapore) as a model for corporate governance and transparency. This adds to our long list of awards and accolades every year.

Before I end, I would like to express my sincere thanks to Dr Cheong Choong Kong and Mr Lee Ek Tieng for their valuable contributions to the Board. They have both indicated their desire to step down at this AGM. On behalf of the Board, I wish them well in their future endeavours.

I welcome Mr Ng Ser Miang and Mr Yong Pung How, who will be standing for election at this AGM. With their wealth of experience and knowledge in contributing to Singapore's society, I am sure their participation as Board members will benefit SPH greatly.

Finally, I thank all of you for your support and loyalty.

SPH will continue to strive to be a top-performing multimedia group with a thriving traditional media core business, complemented by a growing and comprehensive new-media segment as well as adjacent businesses.
