

OPERATIONS REVIEW

Advertising revenue recorded a historical high, growing to S\$804.3 million and pushing the Group's turnover beyond one billion dollars for the first time. Amidst an increasingly competitive environment, the Group moved to strengthen its market position with the launch of new products and expansion into broadcast media.

Core Business

Total circulation of SPH newspapers registered an increase of 32,537 copies to 1,103,403 over the previous year. An advertising campaign to celebrate the increase in newspaper readership by 18.3 per cent kicked off on February 8 with a red letter day when all the text in SPH's morning dailies was printed in red.



Launch issues of *Thumbs Up*, *Project Eyeball* and *Streets*.

Throughout the year, the Group continued to strengthen its dominant market position as the largest newspaper publisher with the launch of three new products, *Thumbs Up*, *Project Eyeball* and *Streets*, and the editionising of the Chinese evening dailies. The year also saw the revamp of *The Business Times*, *Lianhe Zaobao* and its lifestyle section into *zbNOW*.

All these are intended to sharpen our competitive edge ahead of a liberalised media market. The introduction of new products is a long-term effort to match the changing lifestyles and needs of readers.

A weekday (Monday to Wednesday)/weekend (Thursday to Saturday) differential of four per cent in advertising rates for *The Straits Times* was introduced to smoothen the weekend peaks. The Group announced its first advertising rate hike in five years with a six per cent rise for *The Straits Times*, 10 per cent rise for *Shin Min Daily News* and 15 per cent rise for *Lianhe Wanbao* to take effect from October 2000.

Key Subsidiaries

In January 2000, SPH AsiaOne Ltd repositioned itself to become the premier Internet portal in Asia, offering a comprehensive and multifaceted array of online news and information, e-commerce and lifestyle services. AsiaOne became SPH's first public-listed subsidiary when it successfully floated its shares on the mainboard of the Singapore Exchange in June 2000. At present, AsiaOne commands more than three million pageviews daily.

Times Periodicals Pte Ltd, the leader in lifestyle magazines, continued to grow its market share. The year saw the revamp of its monthly women's lifestyle magazine *Her World*, with plans to launch the magazine in Indonesia. *GO* was renamed *Flirt* and positioned as a magazine for single women.

SPH MediaWorks Ltd was launched in June 2000 to lead the Group's expansion into television and radio broadcast. It has brought together a talented team of experienced staff to ramp up operations from scratch and to launch its English and Chinese television channels by mid 2001.

In property, Orchard 290 Ltd completed the S\$130-million refurbishment of Paragon, which included the construction of a 14-storey commercial building, to create a premier retail/office building in the heart of Orchard Road.

Organisational Highlights

The Work Process Innovation (WPI) initiative, started in 1997, has evaluated and redesigned the processes of Circulation, Marketing and Finance to enhance their effectiveness, efficiency and productivity. This year, *The Straits Times* has embarked on the WPI programme to improve its internal processes and to redesign the product to make it more relevant and exciting to our customers.

The year saw an increase in staffing requirements due to the launch of new products and business expansion. Recruitment trips were made to United Kingdom, Canada, Australia, Philippines, India and China in search of editorial and design talents. Separate recruitment trips were also made to India and China to recruit information technology and production personnel. Some 150 positions were filled through these trips.

SPH continued to offer good career prospects for budding journalists fresh from universities. Students with outstanding academic performance were attracted to take up university scholarship leading to careers in journalism with Singapore's largest newspaper publisher. Additionally, the Group attracted mid-career professionals into the newspapers.

Corporate Citizenship

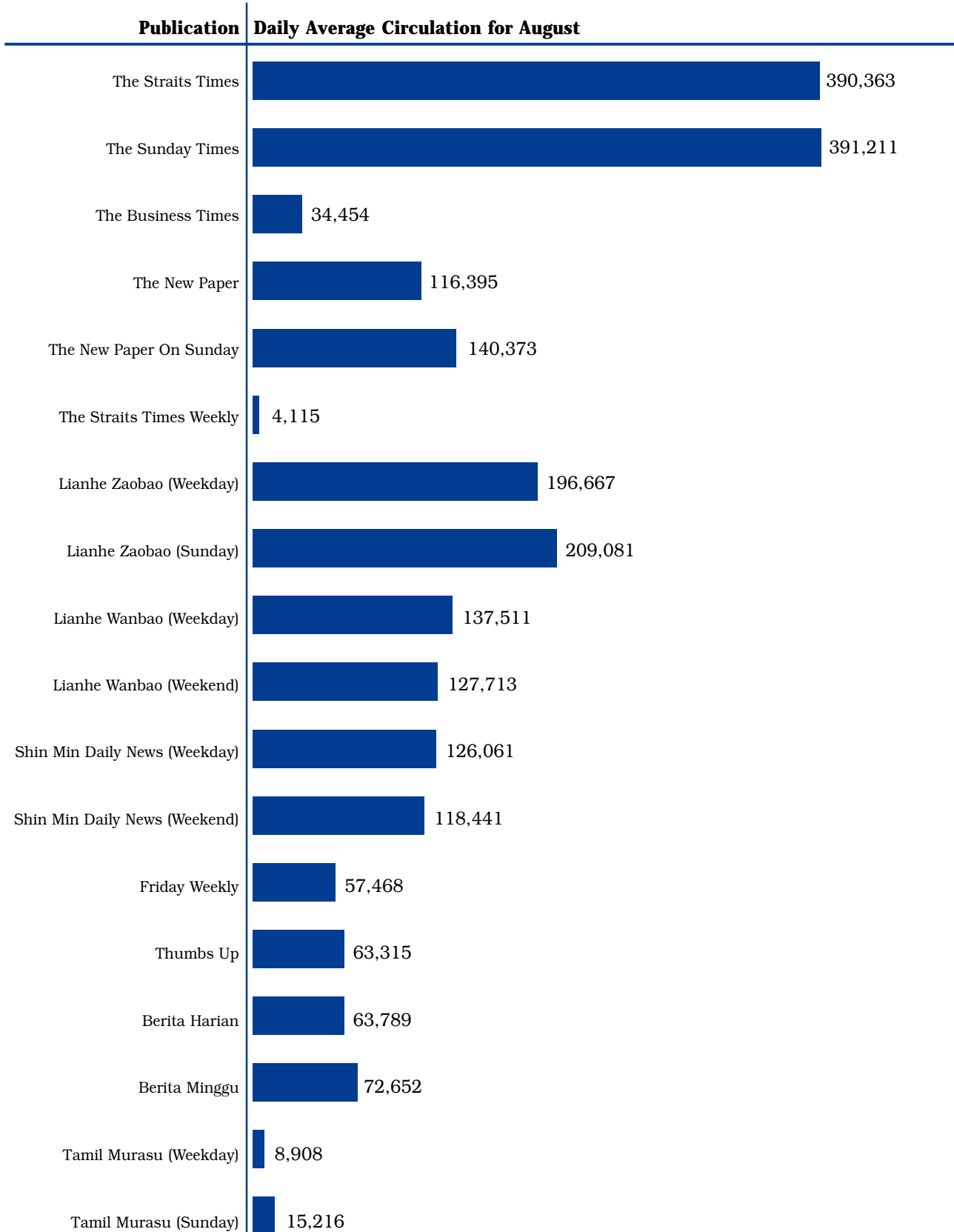
SPH was awarded Distinguished Patron of the Arts for the seventh consecutive year in recognition of its support for the Arts in Singapore. Besides being the official media for Saltimbanco, staged by world-renowned Cirque du Soleil, the award was also attributed to SPH's involvement in literary arts programmes like the Golden Point Awards & Singapore Writers' Festival, TheatreWork's Writers' Laboratory, Chinese Cultural Festival, Creative Arts Programme and Malay Language Month. SPH is also an active supporter of the Singapore Arts Festival and Singapore International Film Festival.

In fulfilling its role as a good corporate citizen, SPH's sponsorship extends to sports programmes like the SPH Touch Rugby, SPH Schools' Relay Championships and the National Basketball League, and other community projects like its pledge to Dover Park Hospice, adoption of endangered animals and sponsorship of SPH Geography Challenge.

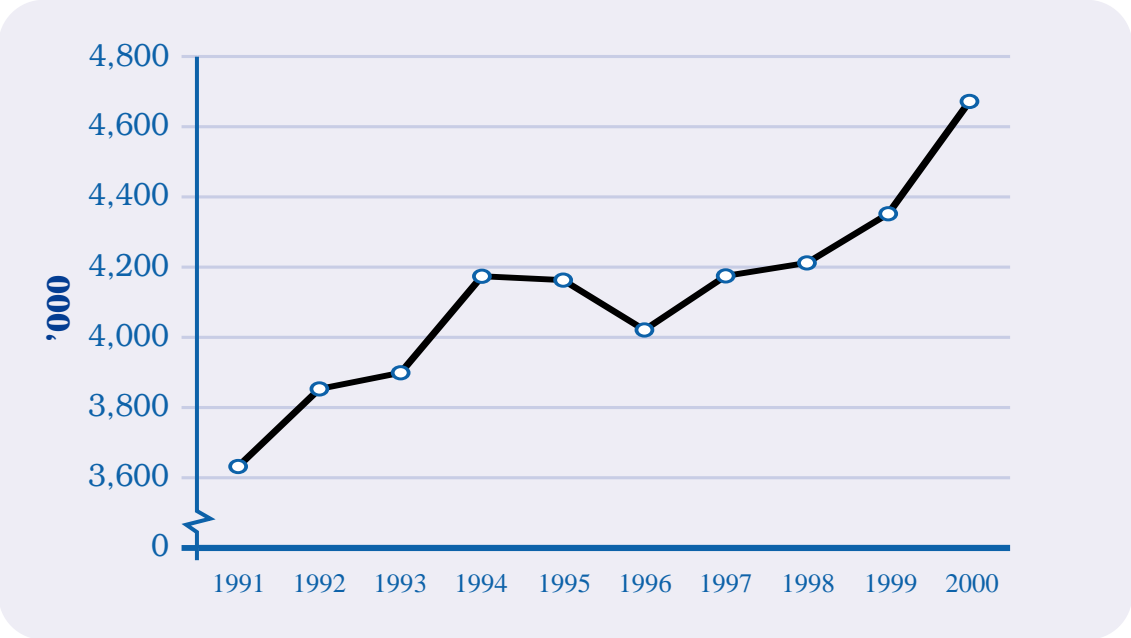


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Daily Average Circulation for August

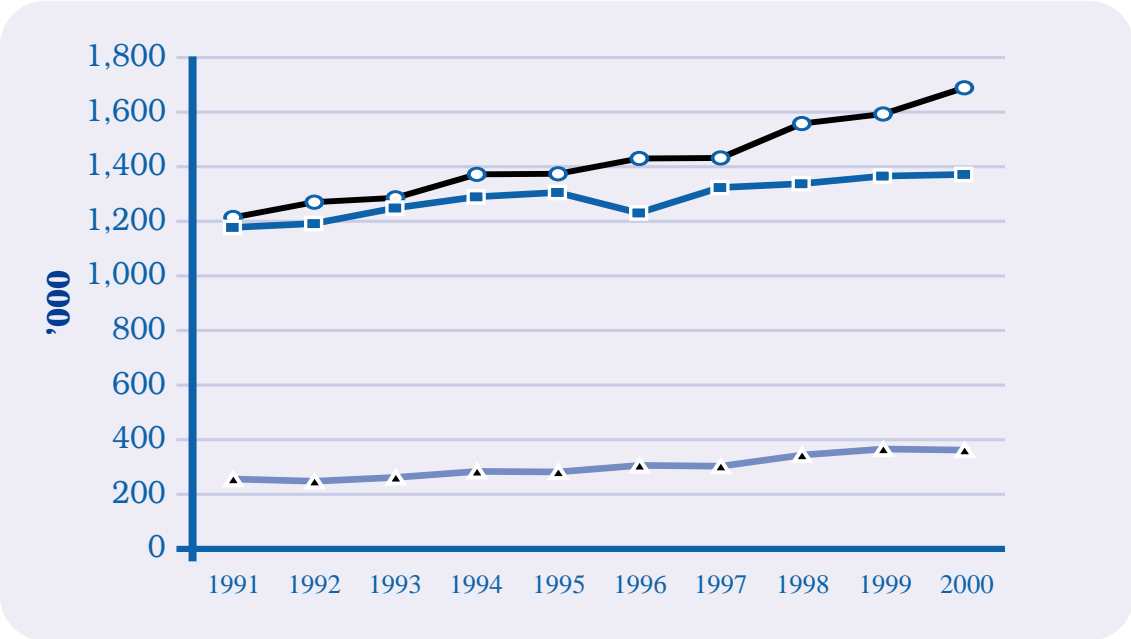


Gross Newspaper Readership Trends



- Based on adults aged 15 years and above.

Readership Trends by Language



- English Newspapers
- Chinese Newspapers
- Malay and Tamil Newspapers

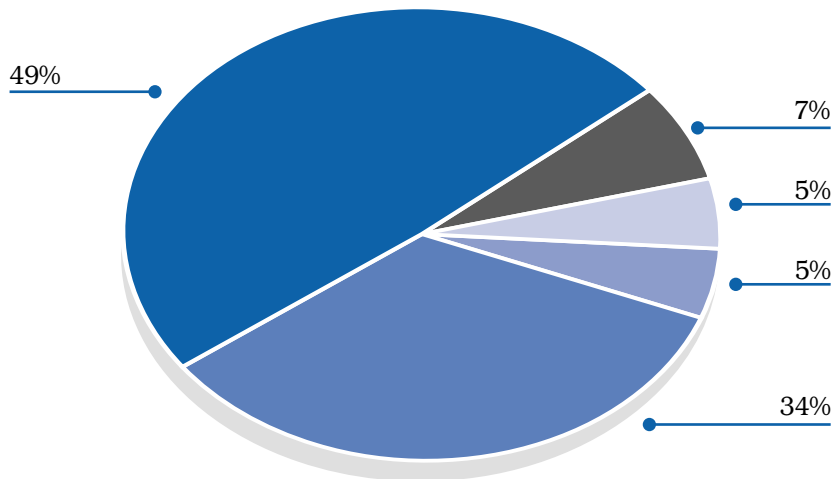
- Based on adults aged 15 years and above.

Source : AC Nielsen



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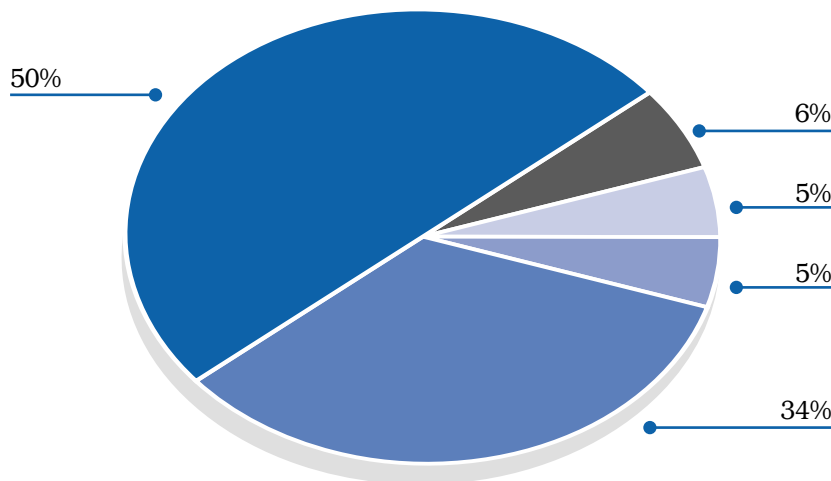
Advertising Expenditure by Media



FY 2000

**Total adspend :
S\$1.44 billion**

- Newspapers
- Television
- Periodicals
- Radio
- Others
(Cinema, Posters, Bus, Taxi, MRT and Rediffusion)



FY 1999

**Total adspend :
S\$1.14 billion**

- Newspapers
- Television
- Periodicals
- Radio
- Others
(Cinema, Posters, Bus, Taxi, MRT and Rediffusion)

- TV includes bonus air-time.
- Newspapers exclude appointments/notices and classified but include display classified for five product categories:
Automobiles, Real Estate, Banking/Finance, Leisure/Travel & Computer.

Source : AC Nielsen