

## Operations Review

The past year has seen SPH engage its audiences and grow in unprecedented ways. From personnel changes and product revamps, to technology changes and regional expansion into new and related business areas, the Company continued a relentless drive to innovate and reinvent. For these efforts along multiple fronts, SPH enjoyed local and international recognition, in the form of numerous awards and accolades.

### **NEWSPAPER**

#### **ENGLISH & MALAY NEWSPAPERS DIVISION (EMND)**

The highpoint for the division was the 160th anniversary of its flagship paper, The Straits Times. Not content to rest on its laurels despite a readership of 1.3 million, the paper undertook fresh initiatives to ensure its continued growth.





## Operations Review

(Cont'd)

ZPOP zbNOW Concert for the President's Challenge, the Shin Min Record-Setting Carnival 2005, the Lianhe Wanbao Beauty and Healthcare Fair 2005 and the Zaobao-NTU Annual Competitiveness Report on Ranking Mainland Chinese Economies.

250,000 people experienced the three public events, while the China report was endorsed by the World Bank.

### SPH MAGAZINES (SPHM)

SPHM made significant strides during the year, strengthening its position as the leading magazine publisher in Singapore and the region.

In a move consolidating some of the biggest women's and lifestyle titles in the market, SPHM completed the acquisition of Blu Inc Group and Magazines Incorporated Ltd.

With the new publishing arm on board, SPHM now has about 80 titles in its stable, including Female, Nuyou, Seventeen, Men's Health, The Peak, and Eat!, on top of its established best-selling magazines Her World, Shape, Young Parents, and Home & Décor.

The acquisition streamlined SPHM's business in Malaysia and strengthened its foothold in the growing magazine market there.

SPHM also launched and acquired Maxim Singapore, The Peak Hong Kong, Simply Her, ICON, and a movie magazine FIRST. It also started publishing Maxim Thailand in a joint venture with GMM Times, and took a 49 per cent stake in Thai publisher, Traffic Corner Publishing.

In July 2005, Her World, Singapore's best-selling and most widely-read women's magazine, celebrated its 45th anniversary with a big birthday bash, road shows, extensive reader promotions, and a car give-away.

### MARKETING

Total advertising revenue for the past FY was higher than last year, with the top performers being The Straits Times, The Business Times, Lianhe Wanbao, Shin Min, Berita Minggu and Friday Weekly.

Of the 12 industry sectors, the five best-performing were in Property, IT/Office Equipment, Banking & Finance, Fashion & Beauty and Transport/Petrochemical/Industrial Production. The Property sector turned in the highest revenue growth of the sectors.

During the year, the Marketing Division introduced a number of initiatives and promotional events designed to generate additional value for advertisers, revenue for SPH

and greater customer and reader contact. Among them were a new ST Classified masthead and front cover, and revamped TNP fastads.

Major branding campaigns were also carried out for The Straits Times' 160th Anniversary, and the revamps of The New Paper, The Straits Times and The Business Times.

### CIRCULATION

SPH enjoyed an increase in newspaper circulation revenue this year, helped in part by the newspaper cover price hike that took effect on January 16, 2004.

However, total daily average circulation for newspapers dropped by 1.3 per cent over the previous year, mainly because of a dip in sales in the first six months.

The Circulation Division continues to expand its magazine distribution business with an addition of 9 new third-party titles this year. With the expansion of SPH Magazines, total magazine sales, including the newly acquired Blu Inc titles, increased by 9.2 per cent over the previous year.

Leveraging on The Straits Times' 160th anniversary celebrations, the Circulation Division introduced a \$160 subscription package in July and attracted 590 new subscribers.

This followed the introduction, a month earlier, of The Newspaper in Charity Scheme, to persuade

**Bottom left:**  
A toast to Her World's 45 fabulous years from the management and staff of SPH Magazines.

**Bottom right:**  
The Straits Times celebrated its 160th anniversary in 2005.



holidaying subscribers to donate their newspapers to charity organisations while they were away.

**ONLINE PRODUCTS**

AsiaOne.com was revamped in March 2005 to provide round-the-clock news content and other online services to the Internet community.

The Straits Times' online edition, ST Interactive (STI), became a subscriber-based website in March, after 10 years as Singapore's most-read free English digital daily. STI is the second Singapore news site to charge for access after The Business Times.

STI introduced Podcasting for the first time in August 2005, offering the online community first hand news stories for downloads into their MP3 players.

In January 2005, AsiaOne.com and Zaobao.com set up the only bilingual Investor Relations sites in Singapore for listed companies to reach out to their shareholders and investors. Together, both websites attract over 300 million pageviews and 5 million visitors every month.

**PROPERTIES**

Revenue from our property segment went up 8.3 per cent. Paragon, which enjoys 100 per cent occupancy in its retail space, is expected to continue to yield

more than 10 per cent return on equity per annum.

Other non-core property assets, including the Times Industrial Building site, will be divested at the appropriate time to maximise shareholder value.

**IT DEVELOPMENT**

A new computer system will change the face of operations in the English and Malay newspaper newsrooms.

Considered one of the largest newsroom system changes in the world, it comprises three parts: editing and layout software called Hermes, an assignment software called Newsplanner, and Nica, designed to manage photo-workflow and page archives.

**NEW & EMERGING BUSINESS**

*Outdoor Advertising*

SPH moved into the new advertising platform with the purchase of an 80 per cent stake in a new business that runs a network of four large LED screens and 400 LCD and plasma displays across the country.

The move extends SPH's core business into outdoor advertising, which is projected to grow at about 8 per cent per annum here for the next three to five years.

With the screens found all over Singapore, SPH can offer clients

greater exposure, visibility and added flexibility to reach their target audiences.

To handle the new business, which will focus on motion and static media advertising, as well as event management, the Company incorporated a new subsidiary, SPH MediaBoxOffice Pte Ltd.

**RADIO**

SPH operates two radio stations, UFM 100.3 FM in Chinese and WKRZ 91.3 FM in English, under a joint venture company, UnionWorks, with NTUC Media.

UnionWorks revamped WKRZ in September to reach a powerful but under-served group – professional working women. And in a concerted bid to synergise with the Company's other media platforms, it has begun to expand on its programming content by tapping the SPH newsrooms.

Daily broadcasts of news from The Straits Times, The New Paper, Lianhe Zaobao, Lianhe Wanbao and Shin Min, plus the cross-marketing of each other's events, are just the beginning of SPH's entry into radio broadcasting.

**CORPORATE CITIZENRY**

It was a busy year for SPH with the company fostering community spirit through its support of a wide range of community and charity events.

**Bottom left: Paragon at Orchard Road enjoys 100 per cent occupancy in its retail space.**

**Bottom right: SPH MediaBoxOffice delivers the best outdoor advertising options for advertisers.**



## Operations Review

(Cont'd)

SPH played a significant role in December 2004 when it mounted a huge relief effort to collect aid for the ravaged countries. The effort raised \$8 million and 40 container-loads of aid for the tsunami victims.

SPH continued to contribute generously in the area of arts and culture, education, conservation and charity.

The Company launched the year-long SPH Gift of Music series in May this year at the Botanic Gardens. The concert series features renowned international and local talents including the Singapore Symphony Orchestra and the Singapore Chinese Orchestra.

For its generous support of local arts, SPH was named Distinguished Patron of the Arts by National Arts Council for the 13th consecutive year.

It was also honoured as Singapore's top corporate giver by the National Volunteer and Philanthropy Centre with a record \$4.3 million in donations and sponsorships to the community in 2004.

### AWARDS & ACCOLADES

SPH continued its award-winning streak, receiving recognition for editorial, design, marketing and print quality excellence, from the newspaper industry in the region and worldwide. The

Company was also commended for its business practices and performance.

### Corporate Governance

- SPH received the Most Transparent Company Award for companies in the non-electronics manufacturing sector in September 2004. This is the 4th time SPH has won this award from the Securities Investors Association of Singapore (SIAS).

### Promoter of the Arts

- Honoured with the Distinguished Patron of the Arts Award from the National Arts Council. SPH has won this award every year since 1993.

### NEWSPAPERS

#### The Straits Times

- Won two Society of Publishers in Asia (SOPA) awards for excellence in design and photography in May 2005.

The redesigned Straits Times was runner-up in the newspaper design category, while photographers Wang Hui Fen and Desmond Foo bagged a joint second prize in the features category.

- The Straits Times won six awards in five categories at IFRA's annual Asia Media Awards in April 2005. This includes silvers for best in

newspaper design and print, awards for photographers Joyce Fang and Terence Tan, and one for best infographic.

IFRA is the world's leading organisation for newspaper and media publishing that brings together more than 2,000 publishing companies and suppliers from over 60 countries.

- Straits Times' correspondent Lee Su Shyan was named Best Financial Journalist of the year by the Securities Investors Association of Singapore (SIAS) for her stories that advanced investor interests.
- In November 2004, the paper won the Innovative Fund Raising Initiative award at the inaugural National Volunteerism & Philanthropy Awards for The Straits Times School Pocket Money Fund.
- Won a special award from the Pacific Area Newspaper Publishers' Association (PANPA), for its efforts to reach out to young readers – raising sales to schools from 5,000 copies to 35,000 in just one year.

#### The Business Times

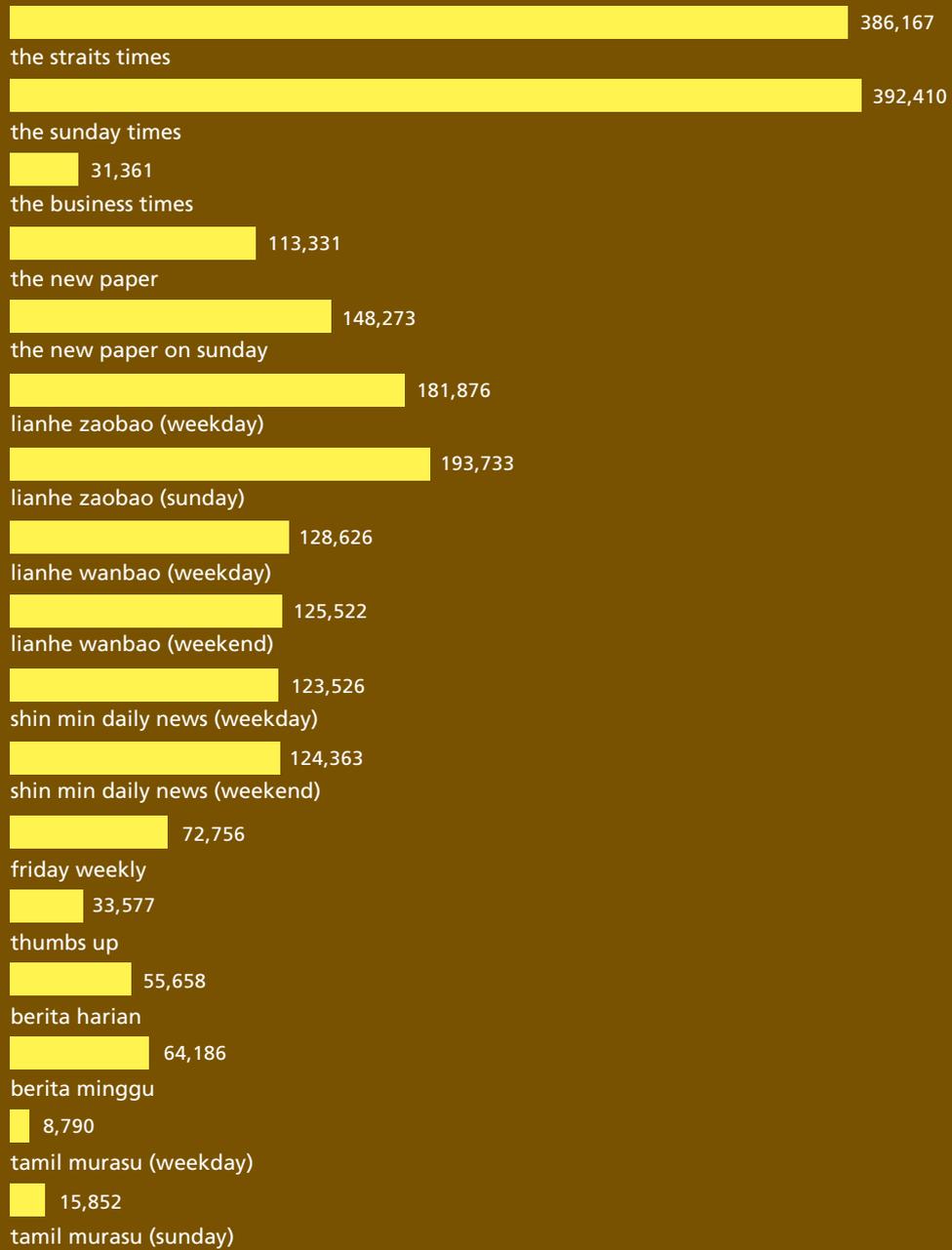
- Won bronze awards for Best in Print and Best in Design categories for newspapers at IFRA's Asia Media Awards in April 2005.

**Bottom left:**  
**(From left) Army Logistics officer Colonel Ng Tiong Lee, Steven Lee from DHL Danzas, Winston Choo from Red Cross and Cheong Yip Seng of SPH at the thank you ceremony for donors and volunteers who helped in providing aid for Tsunami disaster victims.**

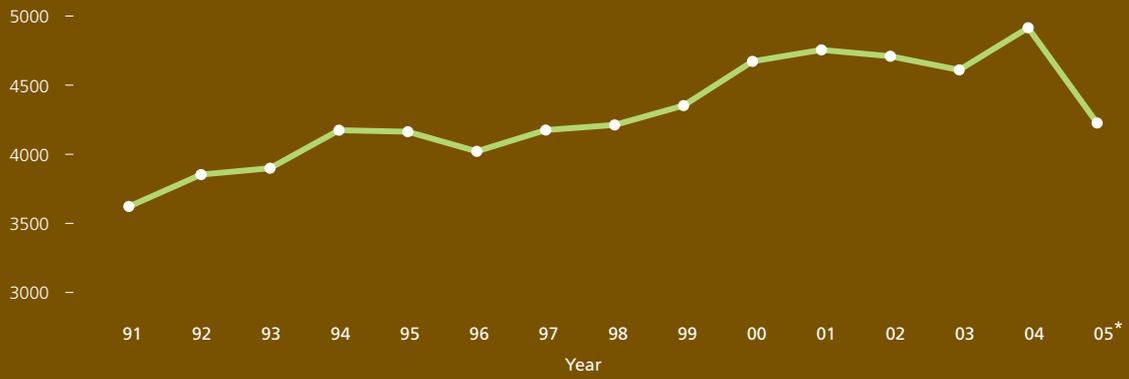
**Bottom right:**  
**Straits Times Editor Han Fook Kwang (left) with his award-winning journalists at the SOPA awards.**



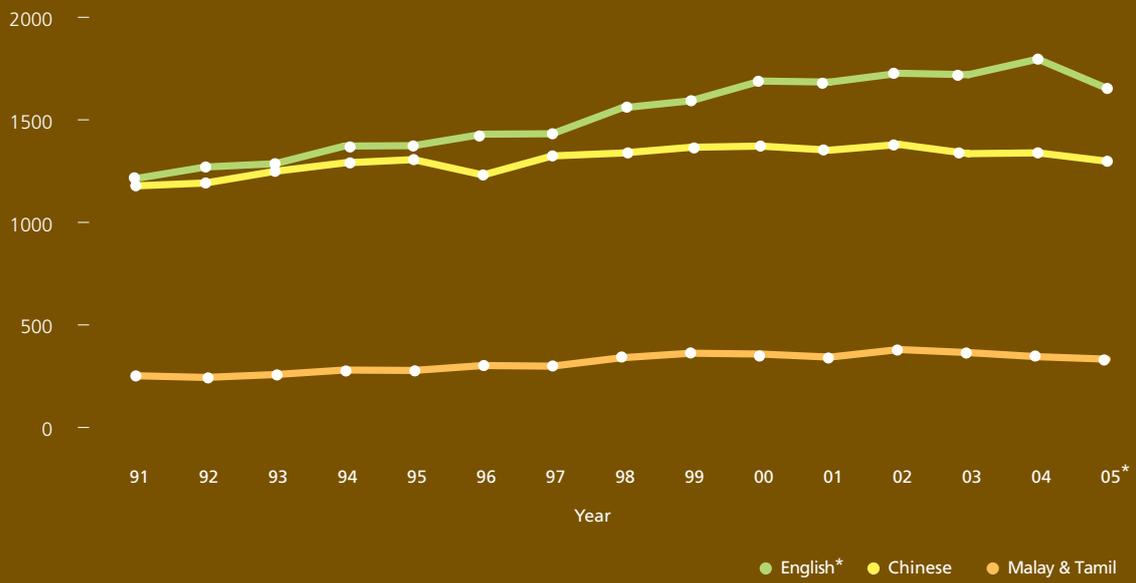
daily average circulation for August 2005



SPH Newspaper Gross Readership Trends ('000)



SPH Newspaper Gross Readership Trends ('000)



\* *Streets* ceased publication from January 2005.

- Journalist Wong Wei Kong won a special award at the SIAS' transparency awards for companies and journalists in September 2004.

#### **The New Paper**

- Mohd Ishak Samon won the Newspaper Photographer of the Year Gold Award at the IFRA Asia Media Awards in April 2005. A month later, he came in second for excellence in the news photography category in the Society of Publishers in Asia (SOPA) awards. Reporter Teh Jen Lee was runner-up for the Local Journalist Award at the same event.
- Business Editor Conrad Raj won a special SIAS award for making an impact on the investment community when he was writing for *Streets*.

#### **Berita Harian**

The Malay paper won a silver for best in print at IFRA's Asia Media Awards.

#### **Lianhe Zaobao**

- In September 2004, journalist Loh Woon Yen won the SIAS Most Promising Journalist award for making 'the most impact on the investing community'.
- Sports Editor Low Liong Guan won two awards

– the "2004 Friends of the Council" award and the "Sporting Singapore Inspiration 2004" award from the Singapore Sports Council, for his contributions to the development of local sports.

#### **MAGAZINES**

##### **Young Parents**

- Young Parents Baby was runner-up for magazine front cover design in the Society of Publishers in Asia (SOPA) awards in May.

##### **Home & Decor**

Won a bronze at IFRA's Asia Media Awards for best in design.

#### **MARKETING DIVISION**

- The Creative Services Department won an award for Best Campaign for the "Power of Newspapers" at the PANPA Annual Advertising Awards in Sydney in April. The campaign was designed to hype up Lianhe Zaobao's Sunday edition.
- In May 2005, Tham Khai Wor, the former Senior Executive Vice President of Marketing Division won the top advertising Max Lewis Gold Medal award for his contributions to advertising in Singapore.
- Classified Advertising picked up two awards at the 2005 Advertising, Circulation and

Marketing Excellence (ACME) Awards. The first was for a set of advertisements designed for Food Fest 2003 that won an award of excellence, while the second was a merit award for a car event, named Car-nival.

- Classified Advertisements Telephone Sales (CATS) team grabbed three awards in 2004's Annual Call Centre Awards. A sales manager won silver for the "Team Leader of the Year" for a call centre with above 50 seats, while Chinese CATS received the "highly commended award for a call centre with below 50 seats. The English and Bilingual CATS clinched the "creativity award", a new category in 2004.
- Classified Advertisements also won second spot for brand and image development at the International Newspaper Marketing Association awards for its campaign for ST Recruit pages.