



Pressing On

SPH presses on despite the difficult and uncertain economic climate and, like a powered windmill, continues to drive itself forward to be a market leader.

Operations Review

Resulting from continued weak market sentiments, the Group's operating revenue fell 12.5 per cent year on year to S\$903.5 million, due mainly to a drop of 19.8 per cent in print advertising revenue to S\$612.7 million. Circulation revenue registered an increase of 0.8 per cent over the previous year to S\$181.4 million, after absorption of S\$5.4 million in goods and services tax. SPH MediaWorks' contribution to the Group's revenue through broadcast advertising was S\$27.5 million. Start-up losses from operations for SPH MediaWorks and Streats amounted to S\$44.6 million and S\$5.2 million, respectively.

CORE BUSINESS

Through the consistent effort of the editorial team to improve content, and initiatives by the circulation department to explore new distribution channels, total paid newspaper circulation rose more than one per cent to 1,069,687 copies daily compared to last year. This was achieved despite the presence of two free sheets in the market and growing competition from other media. Notably, The New Paper's readership grew by 7.2 per cent to 506,000 and remained the second most-read English language daily, after The Straits Times.

SPH moved its critical operations and corporate services into a new building at Toa Payoh North in central Singapore. For the first time, the different newsrooms are operating under one roof, with the TV news studios integrated into the print newsrooms. A new chapter in journalism was written with this unprecedented integration of resources.

The Straits Times, SPH's English flagship daily, was named Newspaper of the Year by the Pacific Area Newspaper Publishers' Association (PANPA). The newspaper won the top award for its ability to connect with its local community through the successful The Straits Times School Pocket Money Fund and its extensive foreign news coverage and analysis.

From December 18, 2001, Streats is available only on weekdays since there are fewer commuters on Saturdays with the five-day work week a growing trend. Streats was revamped on February 18, 2002 to take on a new look with refreshing content to draw more professionals, managers and executives. Starting in April 2002, Streats is available at more than 50 office buildings in the central business district to complement its existing distribution points at high traffic MRT stations and bus interchanges.

A campaign was started on March 19, 2002 to position SPH as the most comprehensive source of Chinese news and entertainment in Singapore through Lianhe Zaobao, Lianhe Wanbao and Shin Min Daily News, and SPH MediaWorks' Chinese channel, Channel U.

The combined daily reach of SPH Chinese newspapers and Channel U is 2.4 million readers and viewers. The campaign was well-received by readers, viewers and advertisers, and demonstrated the success of SPH's move to streamline its print and broadcast platforms for greater synergy.

KEY SUBSIDIARIES

Following approval by its shareholders at an extraordinary general meeting, SPH AsiaOne Ltd was

delisted from the Singapore Exchange on January 24, 2002. The privatisation exercise allows SPH greater flexibility to streamline the resources of AsiaOne and integrate its operations with the Group.

In March 2002, the English channel of SPH MediaWorks was re-branded as Channel i to leverage on the success of its sister Chinese channel, Channel U. Channel i now provides viewers with more choices in movies, sports, music and other entertainment programmes. The two SPH MediaWorks TV channels have been capturing bigger audience share since their launch in May 2001. One year on, as the two channels celebrated their first anniversary with two mega concerts at Ngee Ann City Civic Plaza, Channel U became the most-watched prime time TV channel in Singapore.

Her World, published by Times Periodicals Pte Ltd, remains the most popular women's magazine in Singapore. In October 2001, Herworld.com, the online edition of Her World, won the International Association of Webmasters and Designers Award for Excellence in Design and Content. Flirt, a young women's magazine published by Times Periodicals, was suspended after its April 2002 issue as the economic condition remained unfavourable. With the suspension of Flirt, Times Periodicals was able to consolidate its resources for improvements in its other titles.

On July 17, 2002, SPH announced that it will not demerge its property business from the Group due to weak market sentiments and continued uncertainties among the regional economies. In the meantime, redevelopment work on the Promenade began in March 2002, amalgamating with the existing Paragon to make the combined building along Orchard Road more attractive to both shoppers and retailers. This project is scheduled for completion by September 2003.

ORGANISATIONAL HIGHLIGHTS

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Today, more than 2,300 employees operate from the new headquarters with a gross area of 585,000 square feet. SPH purchased the building in 1998 at about S\$42 million. It cost more than S\$80 million to build, reconstruct and retrofit the building.

Employees from the SPH Marketing Division were the first to move into the new building in November 2001. The moving exercise for the other support divisions and newsrooms took place progressively and was completed in February 2002. On March 8, 2002, the new SPH headquarters was officially opened by David Lim, Acting Minister for Information, Communications and the Arts. During the ceremony, Lim Kim San, Executive Chairman of SPH, sealed a time capsule of significant artefacts which reflect the present character and substance of SPH. This time capsule will be opened a decade later.

The SPH Marketing Division formed a new Product Development and Branding Department to consolidate the Group's advertising, promotions and branding functions for better customer service and to sharpen the Group's competitive edge.

SPH implemented a new Human Resources/Payroll system in June 2002. The system operates on the SAP software and was successfully integrated with the SAP system used by the SPH Finance Division. The new arrangement brought together systems previously supported by different platforms onto a common podium for greater synergy and improved efficiency.



CORPORATE CITIZENSHIP

For its unstinting support of the Arts in Singapore, the National Arts Council named SPH a Distinguished Patron of the Arts for the ninth consecutive year.

The award recognises SPH’s support for arts programmes like the NAC-SPH Golden Point Award, Singapore’s Writers’ Festival, TheatreWorks’ Writers’ Laboratory, Chinese Cultural Festival and the Malay Literary Awards.

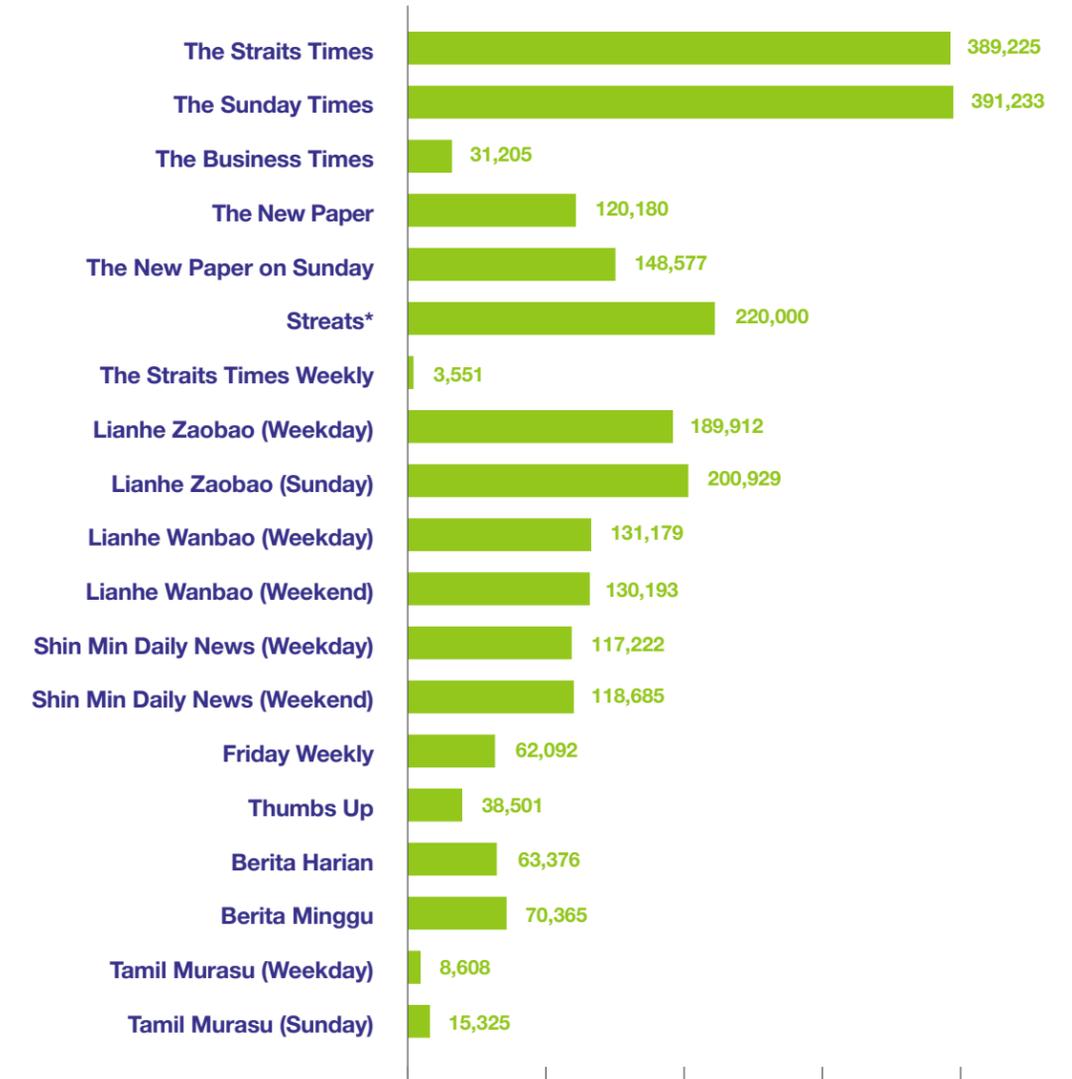
Apart from the Arts, SPH supports wildlife conservation efforts through the adoption of endangered animals like Inuka, the polar bear, and the SPH Conservation Centre, where a family of rare proboscis monkeys are being housed and bred, at the Singapore Zoo. The SPH Conservation Centre has the most successful breeding-in-captivity programme for proboscis monkeys. From an initial group of four, the Centre now houses 11 proboscis monkeys, two of which were born this year. Other adoptions by SPH include the Caribbean and Chilean flamingos, and Samson, the golden eagle, at the Jurong BirdPark.

The Straits Times re-launched its School Pocket Money Fund under the “Got Heart” campaign. More than S\$2.5 million was raised, compared to S\$1.3 million raised when the Fund was first launched in 2000. In 2001, the Fund helped some 6,000 children from low-income families. For the second time in two years, 100,000 rubber ducks raced along the Singapore River for The Straits Times Million Dollar Duck Race 2001. The race raised S\$1 million for The Straits Times School Pocket Money Fund, Spastic Children’s Association of Singapore and the Children at Risk Empowerment Association.

The Group’s Chinese newspapers, Lianhe Zaobao, Lianhe Wanbao and Shin Min Daily News, together with the People’s Association Youth Movement, organised the “Make A Wish Upon A Star – Star Blaze” charity concert on November 3, 2001 at the Ngee Ann City Civic Plaza. The concert helped raise funds for the Handicaps Welfare Association, Singapore Leprosy Relief Association and Club Rainbow (Singapore).

The New Paper organised a Be Yourself Day where students expressed themselves in attire and art. Twenty-four schools took part in this initiative which allowed students to express their creativity while raising funds for charity. The New Paper raised a total of S\$144,450 for the President’s Challenge 2002 with Be Yourself Day and The New Paper Big Walk.

DAILY AVERAGE CIRCULATION FOR AUGUST 2002



* Streets has a controlled circulation of 220,000 and is available free at busy commuting points.

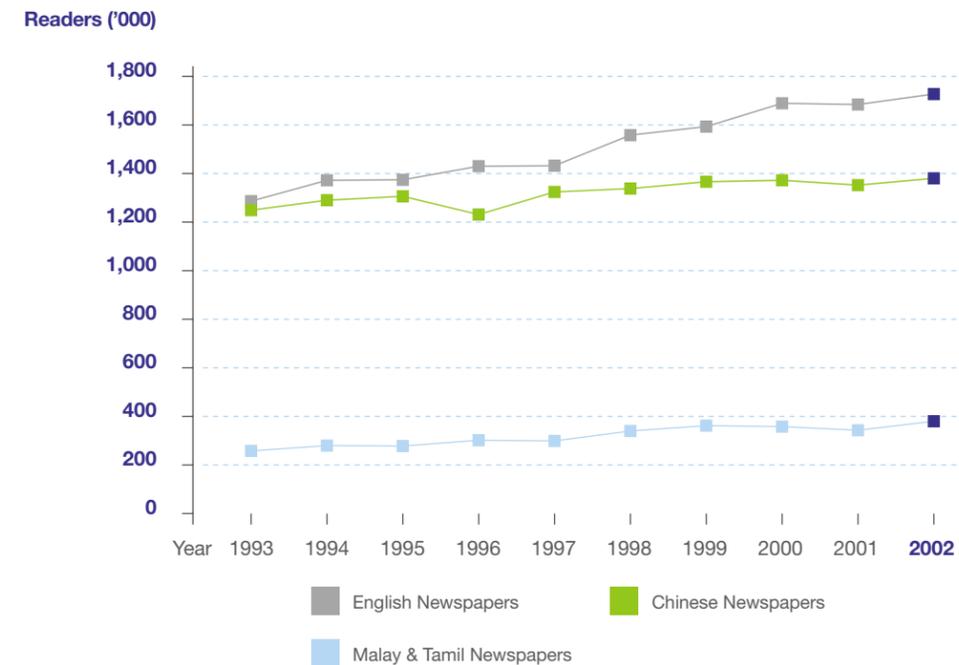


SPH NEWSPAPERS GROSS READERSHIP TREND



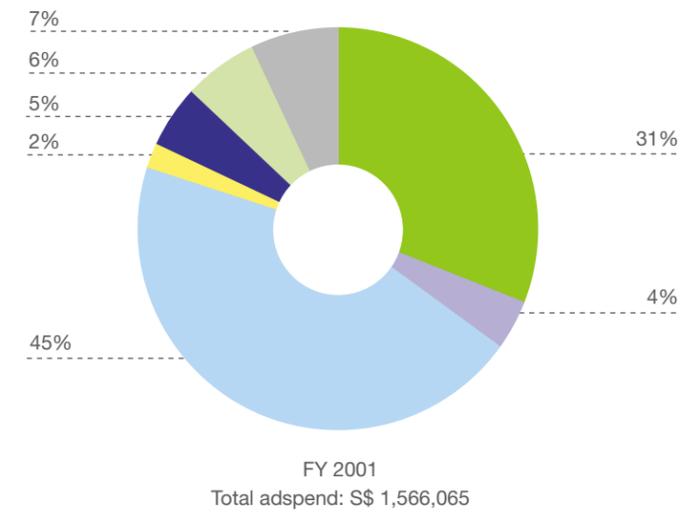
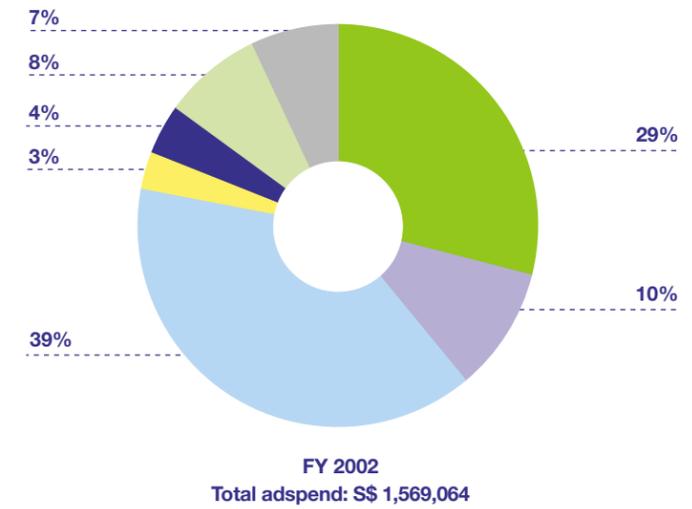
• Based on adults aged 15 years and above. Source: AC Nielsen.

SPH NEWSPAPERS READERSHIP TREND BY LANGUAGE



• Based on adults aged 15 years and above. Source: AC Nielsen.

ADVERTISING EXPENDITURE BY MEDIA



- SPH Newspapers
- Today
- SPH MediaWorks TV
- MediaCorp TV
- Periodicals
- Radio
- Others (Cinema, Rediffusion, Busbacks/Taxi-Tops & Posters)

• 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.