

## **MEDIACORP AND SINGAPORE PRESS HOLDINGS MERGE THEIR TV AND FREE NEWSPAPER OPERATIONS**

**SINGAPORE, 17 September 2004** - MediaCorp and Singapore Press Holdings (“SPH”) will be merging their mass-market television and free newspaper operations in a rationalisation move to stem losses and enhance shareholder value.

The parties today signed agreements for SPH to subscribe for shares in a new TV company and to co-own MediaCorp Press, which publishes TODAY, a free newspaper.

### **TV OPERATIONS**

The new TV company will be called MediaCorp TV Holdings Pte Ltd. To be 80 per cent owned by MediaCorp and 20 per cent by SPH, it will comprise:

- The television channels operated by MediaCorp TV and SPH Mediaworks, namely Channels 5, 8, TVMobile, U and i; and
- MediaCorp Studios, which produces the bulk of MediaCorp’s local programming.

The new TV company will be managed by MediaCorp. Channel U will continue to operate. The commercial viability of Channel i will be reviewed.

SPH will pay a consideration of S\$10 million for its 20 per cent stake in the new TV company, which has a net tangible asset value of S\$50 million. More capital may be provided as and when required.

### **FREE NEWSPAPER OPERATIONS**

MediaCorp will retain a 60 per cent stake in MediaCorp Press Pte Ltd, which will continue to publish TODAY. It will sell the remaining 40 per cent share to SPH at a consideration of S\$19.16 million.

Upon legal completion, SPH will merge its free newspaper, STREATS, with TODAY. TODAY will then incorporate the STREATS name in its masthead and it will continue to be managed by MediaCorp. It will operate independently of the stable of newspapers under SPH.

The consideration for both transactions were arrived at on a willing buyer, willing seller basis.

The proposed rationalisation has received in-principle approval from the regulatory authorities but formal regulatory approvals will be sought before legal completion, expected by the end of the year. In the interim, business will continue uninterrupted.

MediaCorp and SPH view the rationalisation as a win-win solution for both parties. It comes at a time when both MediaCorp and SPH have incurred continuing losses in their respective mass-market TV and free newspaper businesses. Competition since media liberalisation in May 2000 has raised TV production and acquisition costs. It has also led to steep discounting. The two groups have therefore reached a commercial deal to stem these losses.

With the merger, both parties will undertake a staff rationalisation exercise. The exercise will be overseen by a Manpower Synergy Committee, comprising MediaCorp independent board director Mr Soo Kok Leng as Chairman and senior Human Resource representatives from the two media groups, Mr Chua Hoe Sing and Mr Wee Leong How. The outcome of the exercise will be announced in due course.

The rest of the two media groups' businesses are unaffected by this merger.

**Press conference:**

**Mr Ernest Wong, Group CEO of MediaCorp and Mr Alan Chan, CEO of Singapore Press Holdings, will hold a joint press conference at 5 pm today (17 Sept) at the Shangri-la Hotel, Hibiscus Room, Mezzanine Floor.**

**Your reporter and cameraman are invited to cover the event.**

**ISSUED BY MEDIACORP AND SINGAPORE PRESS HOLDINGS**

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**About MediaCorp**

MediaCorp features prominently in the development of Singapore's broadcasting history. With more than 68 years of radio and 41 years of television experience, MediaCorp is Singapore's largest and most established broadcaster with a complete range of media businesses spanning TV, Radio, Entertainment Productions, Movie Productions, Newspapers, Magazines, Electronic Media and other broadcasting services. We are committed to service excellence and leadership in the media industry and to remain as The Choice in Singapore and the region.

### **About Singapore Press Holdings**

Main board listed Singapore Press Holdings Limited is the leading news and information provider, offering quality content for print, Internet, TV and radio. It publishes 14 newspapers in the four official languages and 63 magazine titles. Everyday, 2.78 million individuals, or 90 per cent of people above 15 years old, read one of the SPH publications while the online editions of its six main dailies enjoy some 120 million pageviews a month. SPH operates two popular free-to-air TV channels, Channel U in Chinese and Channel i in English, as well as two entertainment radio channels, UFM 100.3 FM in Chinese and WKRZ 91.3 FM in English, under a joint venture company UnionWorks with NTUC Media.