

**OPENING REMARKS BY DR LEE BOON YANG, CHAIRMAN,
SINGAPORE PRESS HOLDINGS, AT SPH ANNUAL GENERAL
MEETING HELD ON THURSDAY, 1 DECEMBER 2016**

Good afternoon, Ladies and gentlemen

Welcome to the SPH Annual General Meeting 2016.

Before we commence the business of the meeting, let me provide a brief overview of SPH Group's performance in the past financial year ended 31 August.

The Group ended the Financial Year 2015/2016 with a net profit of \$265.3 million, which was a 17.5 per cent decrease compared to the last financial year. Group recurring earnings of \$305.2 million was lower by \$48.3 million or 13.7 per cent compared to last year. Revenue from the Media business fell by \$68.3 million or 7.6 per cent year-on-year. Against FY2015, advertisement revenue was down \$61.5 million or 9.2 per cent, and circulation revenue dropped \$5.3 million or 3.0 per cent.

Against this unfavourable backdrop, the Board and Management have embarked on some major initiatives to deal with the declines in revenue and profit.

As part of our leadership succession planning, we appointed two Deputy CEOs - Mr Patrick Daniel and Mr Anthony Tan. Mr Daniel and Mr Tan will

assist CEO Mr Alan Chan manage SPH's businesses and execute the initiatives to strengthen the Group.

We launched a Group-wide review of our core media businesses to further adapt to the new media environment. The Group's sales and marketing functions were revamped with the creation of a new Integrated Marketing Division incorporating Print, Digital, Radio and Out-of-Home. This consolidation of our marketing teams' resources, together with our fully integrated newsroom operations, will boost synergy and leverage the strengths and experience of our staff from various platforms. This will better position SPH to deliver more effective integrated solutions to our advertisers and business partners.

As part of a review of our product portfolio, we have also merged The New Paper and My Paper. The new TNP will be free from Mondays to Saturdays and have a circulation of up to 300,000 copies. It will also be available online. I am happy to see some of you holding a copy of the new TNP, which was distributed at today's AGM.

In order to further reduce operating costs, we have also embarked on a right-sizing exercise across the Group. This involves reducing up to 10 per cent of our workforce over the next two years mainly through natural attrition, retirements, non-renewal of contracts, and enhanced optional severance packages. Where jobs are made redundant, we will have no choice but to resort to a small number of retrenchments. In such cases, we will offer appropriate retrenchment packages to affected employees.

The good news is that despite challenging times and changing media consumption patterns, our core newspaper business maintained its leading position. Total circulation, covering both print and digital editions, averaged 997,300 copies per day, an increase of 2.8 per cent. This was achieved by reaching out to more readers on their mobile devices while continuing to excel in print.

Our media products continue to win awards. At the recent Asian Digital Media awards, SPH won 10 awards, including gold and silver awards for our flagship straitstimes.com in the best news website category. These awards validate our efforts to transform from print-centric newsrooms into a multi-platform operation.

Our magazines also won awards at the Media Publishers Association awards, with luxury magazine ICON named Chinese Media of the Year and Her World winning Women's Media of the year.

As part of our continuous efforts to enhance our products, Chinese daily Lianhe Zaobao and the weekend edition of The Business Times - BT Weekend - underwent major revamps with more appealing content to our readers and more advertiser friendly formats.

Our Chinese Media Group consolidated its digital resources under a new digital media unit to better serve readers and advertisers. The new unit created an integrated digital platform for our Chinese language newspapers

– Lianhe Zaobao, Lianhe Wanbao and Shin Min Daily News - that focused on content and services for the local readers.

Most of our magazine titles have started digital editions to complement our stable of about 100 print titles. SPH Magazines also launched a brand campaign to reinforce its capabilities as an all-in-one media solutions provider, with direct access to its cumulative readership of 9.7 million in Singapore and the region. Although this includes some duplicate readers - those who read more than one of our magazines - it is a sizeable network of women, men and luxury consumers.

Going forward, we will continue to strengthen the synergies between our media and non-media adjacencies.

SPH Radio grew from strength to strength. In the latest Nielsen survey, which ended in May 2016, KISS92 and UFM100.3 maintained their positions in overall cumulative listenership and grew its revenue and profit.

SPHs' retail properties made good progress. The Seletar Mall, together with SPH REIT - which comprises Paragon and The Clementi Mall - enjoyed 100 per cent tenancy.

Sphere Exhibits, our events and exhibitions arm, organised more than 30 exhibitions and conferences in Singapore, Malaysia, Myanmar, and the Philippines last year. It also launched the inaugural Singapore Coffee Festival, which saw more than 100 exhibitors featuring their products and

services.

We have forged several new strategic partnerships to develop new businesses.

These included a Memorandum of Understanding with StarHub to start a collaboration in areas of advertising sales, creation and carriage of content, data analytics and marketing. We also worked with Singtel to offer its postpaid mobile users access to The Straits Times All-Digital subscription package, giving them unlimited access to news articles, 7-day news archive and the e-paper version via an upgraded ST app for smartphone, tablet and online users.

In July this year, we sealed a partnership with the National Trades Union Congress (NTUC) to engage the local working population, including Professionals, Managers and Executives (PMEs).

Lianhe Zaobao partnered the Singapore Business Federation to develop a portal dedicated to the “One Belt One Road (OBOR)” strategy in March 2016. It aims to drive a deeper understanding of the initiative among Singapore enterprises as well as promote OBOR-related business activities between Singapore, ASEAN and China.

We also signed an MOU with the Industrial and Commercial Bank of China (ICBC) to develop South-east Asia's first bilingual B2B e-commerce platform to enhance cross-border trade between China and Southeast Asia.

Supported by International Enterprise (IE) Singapore, the e-commerce platform provides one-stop B2B services to business enterprises in China, Singapore and other South-east Asian countries.

Finally, I would like to convey my appreciation to fellow board members for their efforts in guiding SPH through these difficult times. In particular, I would like to thank Mr Ng Ser Miang and Mr Lucien Wong, who will be stepping down from the Board today and on 15 December respectively. Mr Ng is retiring after having served 9 years with distinction on the Board since his appointment in 2007. Mr Wong, who also played a key role since joining the Board in 2009, will be Singapore's Attorney-General from 14 January next year. We wish him every success in his new appointment.

I would also like to officially welcome Mr Ng Yat Chung to the Board. I am confident that he will be a valuable member of the team and complement our diverse strengths and expertise.

On behalf of the Board, I would like to thank our management, staff and all our shareholders for your continued support.

We remain focused on building resilience for our core media business as we explore potential opportunities to add value to the Group. I am confident that with your support and our resources, adaptability and committed Management, SPH will be able to pursue a path for sustainable growth and value creation.

Thank you.