

## SINGAPORE PRESS HOLDINGS LIMITED

(Registration No. 198402866E)

Incorporated in the Republic of Singapore

### RESTRUCTURING OF THE MEDIA BUSINESS

#### 1. Introduction

Singapore Press Holdings Limited (“**SPH**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that SPH and SPH Media Holdings Pte Ltd (the “**Media HoldCo**”), a wholly-owned subsidiary of SPH, have today entered into a business restructuring deed (the “**BRD**”) to provide for the transfer of the media business of SPH (the “**Media Business**”) to the Media HoldCo, and for SPH to make certain contributions to assist with the operation and maintenance of the restructured Media Business (the “**Proposed Restructuring**”). It is intended for the Media HoldCo to be transferred for nominal consideration (the “**Transfer**”) to a not for profit company limited by guarantee (the “**CLG**”) on or prior to closing of the Proposed Restructuring (“**Closing**”).

#### 2. Incorporation of the Media HoldCo, the Media OpCo and the PropCos

- (a) In connection with the Proposed Restructuring, SPH had incorporated the Media HoldCo with an issued and paid up share capital of S\$1. The Media HoldCo was incorporated as a wholly-owned subsidiary of SPH.
- (b) The principal activity of the Media HoldCo is to acquire and hold the Media Business.
- (c) Additionally:
  - (i) prior to the Transfer, the Media HoldCo will incorporate two wholly-owned subsidiaries (collectively, the “**PropCos**”); and
  - (ii) prior to Closing, SPH will incorporate a wholly-owned subsidiary (the “**Media OpCo**”).

#### 3. Proposed Restructuring

##### 3.1 Principal Terms

Under the BRD, the Media Business shall be restructured as follows:

- (a) SPH agrees to transfer, and the Media HoldCo agrees to procure the Media OpCo to accept the transfer of, the Media Business in accordance with the terms of the BRD;
- (b) SPH agrees to transfer, or procure the transfer of (as may be applicable), and the Media HoldCo agrees to accept the transfer of, the Target Shares (as defined below);
- (c) subject to the approval of JTC Corporation, SPH agrees to procure Singapore News and Publications Limited and Singapore Newspaper Services Private Limited (being the respective lessees under the respective leases (the “**Key Leases**”) of the properties located at 1000 Toa Payoh North, Singapore 318994 (the “**News Centre**”) and 2 Jurong Port Road, Singapore 619088 (the “**Print Centre**”, and together with the News Centre, the “**Key Properties**”)) to assign, and the Media HoldCo agrees to procure the PropCos to

accept the assignment of, the Key Leases<sup>1</sup>, subject to the terms and conditions of the respective Key Leases; and

- (d) SPH agrees to transfer, and the Media HoldCo agrees to accept the transfer of 23,446,659 units in SPH REIT (the “**Relevant SPH REIT Units**”) and 6,868,132 ordinary shares in SPH (the “**Relevant SPH Shares**”). The Relevant SPH Shares are currently held as treasury shares and will be transferred to the Media HoldCo for a nominal consideration. Further, SPH shall ensure that the bank accounts of the Media HoldCo and/or the Wholly-owned Target Companies (as defined below) have an aggregate minimum amount of S\$80 million in cash, as adjusted in accordance with the terms of the BRD and excluding any government grants, (the “**Minimum Cash Balance**”) as at Closing.

### 3.2 The Media Business

The “**Media Business**” refers to the businesses of (a) publishing, printing and distributing newspapers; (b) publishing and distributing magazines; (c) providing multimedia content and services; (d) providing advertising services, including outdoor advertising services; (e) providing radio broadcasting services; (f) providing online classifieds services; and (g) publishing and distributing books carried on by SPH and its subsidiaries as at the date of the BRD, but excluding certain agreed businesses.

The “**Target Shares**” means the issued share capital of the following companies (the “**Target Companies**”) which are held directly or indirectly by SPH:

- (a) the Media OpCo;
- (b) New Beginnings Management Consulting (Shanghai) Company Limited;
- (c) Singapore Press Holdings (Overseas) Limited;
- (d) Straits Digital Innovation Co, Ltd;
- (e) SPH (Americas) Pte Ltd;
- (f) Focus Publishing Ltd;
- (g) Red Anthill Ventures Pte Ltd.; and
- (h) the Associated Companies.

The “**Associated Companies**” are the Target Companies in which SPH does not hold, directly or indirectly, more than 50 per cent. of the shares, being:

- (a) Target Media Culcreative Pte. Ltd.;
- (b) Singapore Media Exchange Pte. Ltd.;
- (c) AsiaOne Online Pte. Ltd.; and
- (d) DC Frontiers Pte. Ltd.

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<sup>1</sup> Including the buildings situated within the Key Leases.

The “**Wholly-owned Target Companies**” refer to the Target Companies, but excluding the Associated Companies.

### 3.3 SPH Contribution

To assist with the operation and maintenance of the restructured Media Business following Closing, SPH shall contribute (i) the Target Shares, the Relevant SPH REIT Units and the Relevant SPH Shares to the Media HoldCo, (ii) the Key Leases to the PropCos, and (iii) the Minimum Cash Balance to the Media HoldCo and/or the Wholly-owned Target Companies, for nil or nominal consideration (the “**SPH Contribution**”).

The value of the SPH Contribution is S\$351.3 million (the “**SPH Contribution Value**”), based on the following:

- (a) the net asset value of the Target Shares of S\$88.8 million, as at 28 February 2021, based on the 1H 2021 Results (as defined below), and taking into account assumption of certain liabilities, costs and expenses potentially arising in relation to the Proposed Restructuring;
- (b) the market value of the Key Leases of S\$147.0 million, as at 31 August 2020, based on the valuation reports undertaken for the purposes of the audited accounts of Singapore News and Publications Limited and Singapore Newspaper Services Private Limited for FY2020 (as defined below)<sup>2</sup>;
- (c) the net asset value of the Relevant SPH REIT Units of S\$21.4 million, as at 28 February 2021, based on the 1H 2021 Results;
- (d) the net asset value of the Relevant SPH Shares of S\$14.1 million, as at 28 February 2021, based on the 1H 2021 Results; and
- (e) the Minimum Cash Balance of S\$80 million (as adjusted in accordance with the terms of the BRD).

The SPH Contribution Value, assuming the Key Leases were to be valued at net asset value as at 28 February 2021, is S\$252.3 million.

The SPH Contribution was arrived at after considering various factors including the potential funding requirements of the Media Business for a few years.

### 3.4 Conditions

Closing is conditional upon the satisfaction of the following conditions precedent: the obtaining of certain third party consents (the “**Third Party Consents CP**”), the completion of a pre-Closing restructuring of the Media Business, the passing at a general meeting of SPH of an ordinary resolution to approve the Proposed Restructuring in accordance with the terms of the BRD, and there being no Material Adverse Change (as defined below) since the date of the BRD (the “**MAC CP**”). The Media HoldCo may waive the MAC CP but not any other condition precedent.

In order to satisfy the Third Party Consents CP, the following consents will need to be obtained:

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<sup>2</sup> The Company will undertake an updated valuation of the Key Leases for inclusion in the Circular (as defined below). The net asset value of the Key Leases as at 28 February 2021 is S\$48.0 million.

- (a) the approval of JTC Corporation for the assignment of the Key Leases to the PropCos; and
- (b) the approval of the Minister for Communications and Information and/or the Information Media Development Authority for the termination of the newspaper permits, printing press licence and radio broadcasting licences held by SPH and SPH Radio Private Limited, and for new newspaper permits, printing press licences and radio broadcasting licences to be granted to the Media OpCo, and such other matters as may be agreed between SPH and the Media HoldCo.

For the purposes of the MAC CP, “**Material Adverse Change**” means any change, event, circumstance or effect that results in:

- (a) a decrease in the aggregate net asset value (as at the date of Closing) of the Target Companies of more than 25 per cent. from the aggregate net asset value as stated in the proforma accounts as at 28 February 2021 (excluding the Minimum Cash Balance, any government grants and the value of the Relevant SPH REIT Units and the Relevant SPH Shares), but any such decrease shall disregard and exclude any depreciation of the Key Properties; and
- (b) a decrease in the aggregate revenue (as at the date of Closing and on a last twelve months basis) of the Target Companies of more than 25 per cent. from the aggregate annual revenue for the financial year ended 31 August 2020, as stated in the proforma accounts, but such aggregate revenue shall disregard and exclude any revenue contribution from the Associated Companies,

provided that any such decrease resulting from or attributable to general economic conditions, conditions affecting the industry and market relating to the media industry generally or the passing of, or any change in any law, rule, regulation or administrative practice of any government, governmental department, agency or regulatory body shall not be capable of resulting in a Material Adverse Change.

#### **4. Rationale for the Proposed Restructuring**

SPH believes that the Proposed Restructuring will be beneficial to the Group for the reasons set out below:

- (a) SPH’s operating revenue has halved in the past five years due largely to a decline in print advertising and print subscription revenue. For the six months ended 28 February 2021, the Media Business incurred a pre-tax loss of S\$9.7 million, excluding the grant from the Jobs Support Scheme. With the decline in advertising revenue expected to continue at a similar pace to the last five years, the Media Business will continue to face severe financial challenges.
- (b) In a highly competitive media landscape, further investment will be needed to strengthen the Media Business’ digital content creation and product development capabilities. Investments take time to show results and the Media Business is likely to remain loss-making in the immediate future.

- (c) SPH has undertaken strict cost management measures in recent years to mitigate the effect of the declining advertising revenue. However, further cost cuts to reduce losses may impair the Media Business' ability to maintain quality journalism.
- (d) A not-for-profit structure will allow the Media Business to seek funding from a range of public and private sources with a shared interest in supporting quality journalism and credible information. Under the Proposed Restructuring, the Media Business will gain the resources to focus on transformation efforts and quality journalism, as well as to invest in talent and new technology to strengthen its digital capabilities. This will ensure that the public will continue to benefit from quality information and credible news from trusted media titles and newsrooms, across different platforms and in vernacular languages.
- (e) Following Closing, SPH will gain greater financial flexibility to tailor its capital and shareholding structure to seize strategic growth opportunities across the other businesses in order to maximise returns for shareholders.

## 5. Value of the SPH Contribution

- (a) Based on the unaudited financial statements of the Group for the first half ended 28 February 2021 (the "**1H 2021 Results**"):
  - (i) the book value and the net tangible asset ("**NTA**") value of the Target Shares as at 28 February 2021 are S\$88.8 million and S\$88.4 million respectively, taking into account assumption of certain liabilities, costs and expenses potentially arising in relation to the Proposed Restructuring;
  - (ii) the book value and the NTA value of the Key Leases as at 28 February 2021 is S\$48.0 million;
  - (iii) the book value and the NTA value of the Relevant SPH REIT Units as at 28 February 2021 is S\$21.4 million; and
  - (iv) the book value and the NTA value of the Relevant SPH Shares as at 28 February 2021 is S\$14.1 million.
- (b) Based on the volume-weighted average price for trades done on the SGX-ST on 5 May 2021, being the full market day immediately prior to the date of this announcement (the "**VWAP**"):
  - (i) the latest available open market value of the Relevant SPH REIT Units is S\$20.4 million; and
  - (ii) the latest available open market value of the Relevant SPH Shares is S\$12.3 million.
- (c) The Minimum Cash Balance is an aggregate minimum amount of S\$80 million (as adjusted in accordance with the terms of the BRD) in cash in the bank accounts of Media HoldCo and/or the Wholly-owned Target Companies, as may be agreed by the Parties in writing as at Closing. The Minimum Cash Balance will be funded by SPH from both internal and/or external sources of funds.

- (d) Based on the 1H 2021 Results, the net profit attributable to the Media Business is S\$3.1 million<sup>3</sup>.
- (e) Based on the terms of the Proposed Restructuring and the 1H 2021 Results, the Group's loss after taxation attributable to shareholders after taking into consideration the SPH Contribution and assumption of other liabilities in accordance with the terms of the BRD is S\$122.0 million.

## 6. Financial Effects of the Proposed Restructuring

### 6.1 General

- (a) For illustrative purposes only, the financial effects of the Proposed Restructuring on the Company as set out below are prepared based on the Group's audited consolidated financial statements for the financial year ended 31 August 2020 ("FY2020") (being the latest announced consolidated full-year financial statements of the Group) and subject to the following key assumptions:
- (i) the effect of the Proposed Restructuring on the Company's NTA per share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Restructuring had been effected at the end of FY2020;
  - (ii) the effect of the Proposed Restructuring on the Company's earnings per Share ("**EPS**") for FY2020 is based on the assumption that the Proposed Restructuring had been effected at the beginning of FY2020;
  - (iii) the Media HoldCo is transferred to the CLG; and
  - (iv) the effect of the assumption of certain liabilities, costs and expenses potentially arising from the Proposed Restructuring (i.e. the "**Restructuring Adjustments**").
- (b) The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

### 6.2 Net Tangible Asset

	<b>Before the Proposed Restructuring</b>	<b>After the Proposed Restructuring</b>
NTA (S\$'000)	3,181,766	2,934,483
Number of Shares (excluding treasury shares) ('000)	1,606,936	1,613,804
NTA per Share (S\$)	1.98	1.82

<sup>3</sup> Excluding the Jobs Support Scheme grant income, the net loss attributable to the Media Business would be S\$9.7 million.

### 6.3 Earnings per Share

	<b>Before the Proposed Restructuring</b>	<b>After the Proposed Restructuring</b>
Profit after taxation attributable to shareholders (S\$'000), before taking into account the Restructuring Adjustments	(83,676) <sup>(1)</sup>	(72,312)
Profit after taxation attributable to shareholders (S\$'000), after taking into account the Restructuring Adjustments	(83,676) <sup>(1)</sup>	(298,605)
Distribution for perpetual securities	(24,502)	(24,502)
Weighted average number of Shares (excluding treasury shares) ('000)	1,609,414	1,616,282
EPS (S\$), before taking into account the Restructuring Adjustments	(0.07) <sup>(2)</sup>	(0.06)
EPS (S\$), after taking into account the Restructuring Adjustments	(0.07) <sup>(2)</sup>	(0.20)

**Notes:**

<sup>(1)</sup> Excluding the Jobs Support Scheme grant income attributable to the Media Business amounting to S\$28.1 million in FY2020, profit after taxation attributable to shareholders before the Proposed Restructuring would have been a loss of S\$111.8 million.

<sup>(2)</sup> Excluding the Jobs Support Scheme grant income attributable to the Media Business amounting to S\$28.1 million in FY2020, EPS before the Proposed Restructuring would have been a loss of S\$0.08.

## 7. Relative Figures

Based on the 1H 2021 Results, the relative figures in relation to the Proposed Restructuring computed on the bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”) are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
<b>(a)</b>	Net asset value of the assets to be disposed of, compared with net asset value of the Group <sup>(1)</sup>	6.6
<b>(b)</b>	Net profits attributable to the assets disposed of, compared with net profits of the Group <sup>(2)</sup>	2.3
<b>(c)</b>	Aggregate value of the consideration given or received <sup>(3)</sup> , compared with the Company’s market capitalisation based on the total number of Shares excluding treasury shares and management shares <sup>(4)</sup>	12.3
<b>(d)</b>	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue <sup>(5)</sup>	0.4
<b>(e)</b>	Aggregate value or amount of proved or probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves <sup>(6)</sup>	Not applicable

### Notes:

- (1) The net asset value of the assets to be disposed of is calculated based on the sum of the net asset values of the Target Shares, the Key Leases, the Relevant SPH REIT Units, and the Minimum Cash Balance.
- (2) The net profits attributable to the assets disposed of is calculated based on the net profit attributable to the Media Business.
- (3) The aggregate value of the consideration given is the SPH Contribution Value, assuming market value of the Key Leases as at 31 August 2020.
- (4) The market capitalisation of the Company of approximately S\$2,850.4 million was determined by multiplying 1,591,512,137 Shares (excluding treasury shares and management shares) of the Company by the volume-weighted average market price of approximately S\$1.791 per Share as at the market day immediately preceding the date of this announcement.
- (5) Notwithstanding that the Proposed Restructuring does not involve an acquisition, in the interests of full disclosure, the relative figure under Rule 1006(d) of the Listing Manual has been calculated based on the number of Relevant SPH Shares.
- (6) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.



Notwithstanding that none of the relative figures above exceed 20 per cent., as the Proposed Restructuring would result in a change in the principal business of the Company it is subject to the approval of the shareholders of the Company at an extraordinary general meeting (“**EGM**”) to be convened. A circular (the “**Circular**”) setting out the relevant information on the Proposed Restructuring, together with a notice of the EGM to be convened, will be despatched to the shareholders in due course.

#### **8. Financial Advisor to SPH**

SPH has appointed Credit Suisse (Singapore) Limited as its Financial Advisor in relation to the Proposed Restructuring, and in relation to its strategic review to consider options for its various businesses<sup>4</sup>.

#### **9. Financial Advice to the Board of Directors on the Proposed Restructuring**

SPH has appointed Evercore Asia (Singapore) Pte Ltd (“**Evercore**”) to advise the board of directors of the Company as to whether the Proposed Restructuring is, from a financial point of view, in the overall interest of the Company and its shareholders.

Full details of the Proposed Restructuring, including the recommendation of the directors of SPH along with the advice of Evercore, will be included in the Circular.

#### **10. Newspaper and Printing Presses Act**

It is envisaged that following Closing, the provisions of the Newspaper and Printing Presses Act, Chapter 206 of Singapore (“**NPPA**”) would no longer apply to SPH. Prior to Closing, shareholders should note that under the NPPA no person shall, without the approval of the Minister:

- (a) become a substantial shareholder of SPH; or
- (b) enter into any agreement or arrangement (whether oral or in writing, express or implied) to act together with any other person with respect to the acquisition, holding or the exercise of rights in relation to, in aggregate more than 5 per cent. of the Shares.

In the event that shareholders wish to deal in the Shares, they should seek their own professional advice and consult with their own stockbrokers.

#### **11. Interests of Directors and Controlling Shareholders**

None of the directors of SPH has any interest, direct or indirect, in the Proposed Restructuring, other than through their shareholding in SPH (if any). SPH has no controlling shareholders.

#### **12. Directors’ Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Restructuring. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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<sup>4</sup> As announced by SPH on 30 March 2021.

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