SING TAO 新聞集團

SING TAO NEWS CORPORATION LIMITED
星島新聞集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 1105)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

The Board of Directors (the "Board") of Sing Tao News Corporation Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005 together with the comparative figures for the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2005

		For the six months ended 30 June	
		2005	2004
		(Unaudited)	(Restated)
	Notes	*HK$'000*	*HK$'000*
REVENUE	*3*	**854,940**	678,218
Cost of sales		**(622,718)**	(493,103)
Gross profit		**232,222**	185,115
Other income and gains		**27,833**	18,440
Selling and distribution costs		**(91,749)**	(83,345)
Administrative expenses		**(141,320)**	(138,614)
Other expenses, net		**(8,984)**	(8,887)
Gain on waiver of a payable	*4*	**25,238**	–
Gain on disposal of an unconsolidated subsidiary		**–**	18,400
Finance costs		**(567)**	(183)
Provisions for amounts due from jointly-controlled entities		**(1,629)**	(1,497)
Share of profits and losses of:			
Jointly-controlled entities		**6,097**	2,682
Associates		**(6)**	(2)
Amortization of goodwill on acquisition of a jointly-controlled entity		**–**	(1,945)
PROFIT/(LOSS) BEFORE TAX	*5*	**47,135**	(9,836)
Tax	*6*	**(3,671)**	(2,316)
PROFIT/(LOSS) FOR THE PERIOD		**43,464**	(12,152)

ATTRIBUTABLE TO:			
Equity holders of the Company		**43,464**	(11,745)
Minority interests		**–**	(407)
		43,464	(12,152)
Earnings/(loss) per share – *(HK cents)*	*7*		
Basic		**2.37**	(0.64)
Diluted		**2.37**	(0.64)

CONDENSED CONSOLIDATED BALANCE SHEET
30 June 2005

	Notes	**30 June 2005 (Unaudited)** ***HK$'000***	31 December 2004 (Restated) *HK$'000*
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment		**413,912**	387,553
Investment properties		**3,995**	3,995
Intangible assets		**19,265**	19,854
Goodwill:			
Goodwill		**–**	–
Negative goodwill		**–**	(124,592)
Interests in jointly-controlled entities		**259,803**	297,272
Interests in associates		**4**	(1)
Available-for-sale investments		**9,692**	40,598
Other assets		**1,146**	1,146
Deferred tax assets		**4,348**	4,285
Deposits paid		**13,146**	18,399
		725,311	648,509
CURRENT ASSETS			
Inventories		**68,440**	57,051
Financial assets at fair value through profit or loss		**218,759**	117,911
Trade and bills receivables	*8*	**256,047**	243,953
Prepayments, deposits and other receivables		**42,121**	50,626
Tax recoverable		**884**	–
Pledged time deposits		**148,914**	41,729
Cash and cash equivalents		**264,671**	437,899
		999,836	949,169

	Notes	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) HK$'000
CURRENT LIABILITIES			
Trade and bills payables	9	**121,094**	100,775
Other payables and accruals		**154,792**	262,938
Tax payable		**68,204**	68,410
Short term bank loans		**59,713**	9,713
Finance lease payables		**479**	451
		404,282	442,287
NET CURRENT ASSETS		**595,554**	506,882
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,320,865**	1,155,391
NON-CURRENT LIABILITIES			
Finance lease payables		**1,095**	1,290
Provision for long service payments		**5,847**	4,694
Deferred tax liabilities		**36,175**	36,189
		43,117	42,173
		1,277,748	1,113,218
CAPITAL AND RESERVES			
Equity attributable to equity holders of the Company			
Share capital		**183,454**	183,454
Other reserves		**661,125**	666,296
Retained earnings		**433,169**	263,468
		1,277,748	1,113,218
Minority interests		**–**	–
		1,277,748	1,113,218

NOTES:

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

Available-for-sale investments

In prior periods, the Group classified its investments in certain equity and debt securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity and debt securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in the income statement. The amount of the loss recognized in the income statement shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognized in the income statement.

In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(b) HKFRS 2 – Share-based Payment

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by the Black Scholes valuation model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The effects of adopting HKFRS 2 on the Group's share options granted to employees after 7 November 2002 but had not vested by 1 January 2005 are summarized in note 2 below. Comparative amounts have been restated in accordance with HKFRS 2.

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognized in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalized and amortized on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognized in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortizable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognized as income in the consolidated income statement when the future losses and expenses were recognized.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortized but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognized for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognized immediately in the income statement.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortization with a corresponding entry to the cost of goodwill and to derecognize the carrying amounts of negative goodwill (including that remaining in consolidated capital reserve) against retained earnings. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognized in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

The effects of the above changes are summarized in note 2 below. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustments and opening adjustments are summarized as follows:

(a) Effect on opening balance of total equity at 1 January 2005

Effect of new policies Increase/(decrease)	*Notes*	**Capital reserve (Unaudited)** *HK$'000*	**Retained earnings (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Prior period adjustment:				
HKFRS 2 – Employee share option scheme	*1(b)*	4,783	(4,783)	–
Opening adjustment:				
HKFRS 3 – Derecognition of negative goodwill	*1(c)*	–	124,592	124,592
Total effect at 1 January 2005		4,783	119,809	124,592

(b) Effect on opening balance of total equity at 1 January 2004

Effect of new policies Increase/(decrease)	*Note*	**Capital reserve (Unaudited)** *HK$'000*	**Retained earnings (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Prior period adjustment:				
HKFRS 2 – Employee share option scheme	*1(b)*	1,185	(1,185)	–

The following tables summarize the impact on profit after tax, income or expenses recognized directly in equity and capital transactions with equity holders for the six-month periods ended 30 June 2005 and 2004 upon the adoption of the new HKFRSs. As no retrospective adjustments have been made for the adoption of HKFRS 3, the amounts shown for the six months period ended 30 June 2004 may not be comparable to the amounts shown for the current interim period.

(c) Effect on profit after tax for the six months ended 30 June 2005 and 2004

	For the six months ended 30 June					
	2005			2004		
Effect of new policies Increase/(decrease)	**Equity holders of the Company (Unaudited)** ***HK$'000***	**Minority interests (Unaudited)** ***HK$'000***	**Total (Unaudited)** ***HK$'000***	Equity holders of the Company (Unaudited) *HK$'000*	Minority interests (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Effect on profit after tax:						
HKFRS 2 – Employee share option scheme *(Note 1(b))*	**(1,569)**	**–**	**(1,569)**	(1,939)	–	(1,939)
HKFRS 3 – discontinuation of recognition of negative goodwill *(Note 1(c))*	**(3,014)**	**–**	**(3,014)**	–	–	–
Total effect for the period	**(4,583)**	**–**	**(4,583)**	(1,939)	–	(1,939)
Effects on earnings/(loss) per share – (HK cents):						
Basic	**(0.25)**			(0.11)		
Diluted	**(0.25)**			(0.11)		

3. SEGMENT INFORMATION

The Group's operating business are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The following table presents revenue and results for the Group's primary segments.

	For the six months ended 30 June							
	Media		**Trading**		**Corporate and others**		**Consolidated**	
	Unaudited		**Unaudited**		**Unaudited**		**Unaudited**	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$000	*HK$000*	***HK$000***	*HK$000*	***HK$000***	*HK$000*	***HK$000***	*HK$000*
Revenue:								
External sales	**636,715**	560,869	**215,102**	112,474	**3,123**	4,875	**854,940**	678,218
Inter-segment sales	**172**	74	**–**	–	**150**	150	**–**	–
Other income and gains	**45**	3,014	**1,452**	235	**5,198**	4,192	**6,695**	7,441
Inter-segment other income	**–**	577	**–**	–	**515**	4,978	**–**	–
	636,932	564,534	**216,554**	112,709	**8,986**	14,195	**861,635**	685,659
Segment results	**21,348**	(721)	**6,088**	1,755	**(25,921)**	(39,324)	**1,515**	(38,290)
Interest and dividend income							**8,588**	9,017
Gain on waiver of a payable							**25,238**	–
Gain on disposal of an unconsolidated subsidiary							**–**	18,400
Unallocated gains, net							**7,899**	1,982
Finance costs							**(567)**	(183)
Provisions for amounts due from jointly-controlled entities	**(1,629)**	(2,370)	**–**	–	**–**	873	**(1,629)**	(1,497)
Share of profits and losses of:								
Jointly-controlled entities	**6,796**	1,915	**–**	–	**(699)**	767	**6,097**	2,682
Associates	**(4)**	–	**–**	–	**(2)**	(2)	**(6)**	(2)
Amortization of goodwill on acquisition of a jointly-controlled entity	**–**	(1,945)	**–**	–	**–**	–	**–**	(1,945)
Profit/(loss) before tax							**47,135**	(9,836)
Tax							**(3,671)**	(2,316)
Profit/(loss) for the period							**43,464**	(12,152)

4. GAIN ON WAIVER OF A PAYABLE

As disclosed in the Company's announcement made on 28 April 2005, the Group entered into a joint venture contract with Shandong Sanlian Electronics and Information Co., Ltd. ("Sanlian Electronics") and another independent third party in 2000 to acquire a 40% interest in Beelink Information Science & Technology Co., Ltd. ("Beelink"). Pursuant to the joint venture contract, the Group agreed to pay a sum of RMB160,000,000 to Sanlian Electronics in cash as consideration for Sanlian Electronics injecting certain intellectual property rights into Beelink. The Group already made part payment of RMB42,400,000 up to 31 December 2004.

On 28 April 2005, the Group entered into an agreement with Sanlian Electronics and Sanlian Group Corporation ("Sanlian Group"). Pursuant to this agreement, it was agreed that by payment of RMB30,000,000 by the Group to Sanlian Electronics, Sanlian Electronics waived the remaining RMB87,600,000 owing by the Group, constituting full settlement of the Group's payment obligations under the original joint venture contract.

In addition, as consideration for Sanlian Electronics to settle the outstanding amount owing by the Group, it was agreed that the Group will procure a loan to Sanlian Group in the amount of RMB60,000,000 for a term of one year. The loan is interest-free for the first six months and will be interest-bearing at 3% per annum until repayment on 29 April 2006. The loan is secured by a share charge over Sanlian Group's and Sanlian Electronics' interests of approximately 79.1% in aggregate in the registered capital of Shandong Economic Observer Press Co. Ltd.

The directors consider that the loan granted to Sanlian Group is an integral part of the settlement arrangement with Sanlian Electronics and the recoverability of the loan receivable is uncertain. Accordingly, the net gain on the waiver of the amount payable to Sanlian Electronics of HK$25,238,000 is calculated net of the Group's loan granted to Sanlian Group.

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax was determined after charging/(crediting) the following:

	For the six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortization of goodwill	**–**	2,937
Amortization of intangible assets	**589**	573
Depreciation	**19,955**	20,509
Negative goodwill recognized as income	**–**	(3,014)
Loss/(gain) on disposal of financial assets at fair value through profit or loss	**2,683**	(1,073)
Loss on disposal of available-for-sale investments	**1,969**	–

6. TAX

	For the six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current		
– Hong Kong profits tax	**2,405**	(443)
– PRC corporate income tax	**–**	726
– Overseas tax	**1,345**	2,046
Deferred	**(79)**	(13)
Total tax charge for the period	**3,671**	2,316

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Share of tax attributable to jointly-controlled entities amounting to HK$6,168,000 (2004: HK$4,476,000) is included in "Share of profits and losses of jointly-controlled entities" on the face of the condensed income statement.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the period is based on the profit attributable to equity holders of the Company of HK$43,464,000 (six months ended 30 June 2004: loss of HK$11,745,000 (as restated)) and the weighted average of 1,834,535,074 (2004: 1,834,340,378) ordinary shares in issue during the period.

The calculation of diluted earnings/(loss) per share for the period is based on the profit attributable to equity holders of the Company of HK$43,464,000 (six months ended 30 June 2004: loss of HK$11,745,000 (as restated)), as used in the basic earnings/(loss) per share calculation. The weighted average number of ordinary shares used in the calculation is the 1,834,535,074 (2004: 1,834,340,378) ordinary shares in issue during the period, as used in the basic earnings/(loss) per share calculation; and the weighted average of 512,271 (2004: 1,815,228) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

8. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. An aged analysis of trade and bills receivables, as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2005 (Unaudited)	31 December 2004
	HK$'000	*HK$'000*
Current to 30 days	**182,518**	170,206
31 – 60 days	**35,839**	38,495
61 – 90 days	**20,588**	21,670
91 – 120 days	**8,568**	7,164
Over 120 days	**21,553**	17,400
	269,066	254,935
Less: Provisions for bad and doubtful debts	**(13,019)**	(10,982)
	256,047	243,953

9. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables, as at the balance sheet date, based on the payment due date, is as follows:

	30 June 2005 (Unaudited)	31 December 2004
	HK$'000	*HK$'000*
Current to 30 days	**105,147**	93,943
31 – 60 days	**8,906**	2,596
61 – 90 days	**3,705**	2,566
91 – 120 days	**630**	313
Over 120 days	**2,706**	1,357
	121,094	100,775

10. EVENT AFTER THE BALANCE SHEET DATE

As disclosed in the Company's announcement dated 12 July 2005, the Group entered into a provisional agreement with an independent third party to dispose of the Group's land and building with a carrying value of approximately HK$181,238,000 as at 30 June 2005 for a consideration of HK$370,000,000. Completion of the disposal is expected to take place in December 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The principal activities of the Group comprise Media and Media-related operations including Newspapers, Magazines, Recruitment Media, Media Services, Books and Content Services. In addition, the Group is also engaged in Trading, Broadband Content and Distribution, and E-learning and Corporate Training. In February 2005, the Company was renamed Sing Tao News Corporation Limited to better reflect the Group's focus on its core Media business.

During the first half of 2005, the Group enjoyed considerable growth across its key business segments in light of the continuing strength of the local economy. The consolidated revenue of the Group for the six months ended 30 June 2005 ("Period") increased by 26% to approximately HK$854.9 million, as compared with approximately HK$678.2 million for the six months ended 30 June 2004 ("Previous Period"), attributable to the revival in advertising spending in particular in the print media market. In addition, the Trading business of the Group also recorded substantial growth in turnover. Despite the increase in the price of newsprint, which represents a major component of cost of sales, gross profit for the Period increased by 25% as compared with the Previous Period. With the Media operations as a key profit contributor and the benefit of a one-off gain on waiver of a payable relating to a joint venture investment, the Group recorded a profit attributable to equity holders of approximately HK$43.5 million, reversing the loss of approximately HK$11.7 million for the Previous Period.

Media and Media-related Operations

Results of the Group's Media operations improved significantly, with an increase in revenue of 14%, from approximately HK$560.9 million in the Previous Period to approximately HK$636.7 million in the Period, and segment results achieved a turnaround from the Previous Period's loss to a profit of approximately HK$21.3 million. The improvement in performance was mainly attributable to the Newspaper business of the Group.

Newspapers

Sing Tao Daily, the flagship newspaper of the Group, achieved outstanding improvements in results during the Period, benefiting from the local economic growth and buoyant property market. The newspaper recorded sales growth across most of its advertising sectors and, in particular, reinforced its leadership position in property advertising where it surpassed its competitors by a major extent in terms of both display and classified advertisements. In addition, advertisements for the education and finance sectors also saw major advances, thanks to editorial improvements in these sections of the newspaper. Circulation continued its rising momentum, a testimony to the success of the newspaper's market positioning and brand image, which identifies with the middle class readers in Hong Kong. The Monday supplement Investment Weekly, which celebrated its first anniversary in April 2005, has become a well-recognised product in the segment and further drove up circulation.

In July 2005, the Group made its foray into the free newspaper market through the launch of a new publication, Headline Daily. A general newspaper distributed freely from Monday to Friday, Headline Daily has quickly become the number one free newspaper in Hong Kong in terms of circulation volume and distribution coverage. Under a wholly advertising-driven model, Headline Daily is tailored to advertisers who target the mass-market consumers. Response on the advertising front since launch has exceeded expectations, and operating costs have been controlled within budget.

The Group's English-language business newspaper, The Standard, saw significant growth in circulation as a result of a number of marketing and editorial initiatives. The latter included the launch of a weekly Property section, a weekly Macau section, a Monday Money feature section as well as a re-launched version of Weekend Standard. In addition, a free supplement Leisure Standard has been introduced as a monthly publication in August 2005. The increased content quality not only served to lift the newspaper's average circulation for the Period, which went up by 18% as compared with the Previous Period, but also generated new sources of advertisements and helped to diversify the revenue base of the newspaper.

The overseas operations of Sing Tao Daily performed satisfactorily, registering growth in advertising and circulation revenue in all its major markets during the Period. In particular, in the US markets we continued to expand our market share despite intense competition. In San Francisco, we remained as the market leader notwithstanding the entry of new players, who have proven not to be a real threat to our position. In New York, we have strengthened our editorial offering and distribution network, and continued our upward trend in both circulation and advertising. In Los Angeles, we completed the construction of a brand new printing and production plant, which commenced full operations in August 2005. With our own printing facility, we shall be able to achieve lower cost of sales and be better positioned to develop our business in a more cost effective manner.

Magazines

The magazine market in Hong Kong experienced keen competition, with a proliferation of new titles hitting the market and imposing pressure on both the circulation and advertising fronts. In spite of this market environment, the Group's Magazine business made solid progress during the Period, following efforts on strengthening its titles in the three core topics of current affairs and entertainment, lifestyle, and IT and digital products. Advertising and circulation revenue rose considerably, and profit margins improved markedly. Most notably, the flagship magazine East Week achieved double-digit increases in advertising revenue and average circulation for the Period as compared with the Previous Period, whilst at the same time increasing its average advertising page rates. In addition, the magazine made successful in-roads into new advertising sectors, including high end and brand advertisers, through a number of highly regarded marketing events as well as editorial improvements. The lifestyle magazine East Touch enhanced its content targeting female readers, through a book B "Choco", and created a new advertising platform for fashion, cosmetics and other women's products. PC Market maintained its position as one of the most authoritative IT magazines in Hong Kong and achieved advances in circulation and advertising. The positive momentum of the magazine business is expected to continue into the second half, in particular with East Week's operations expected to turn profitable, although market competition will likely remain intense and increasing pressure will result from rising paper price.

Recruitment Media

The Group's Recruitment Media business comprises the recruitment advertising title JobMarket and the continuing education advertising title Education Plus. During the Period, the business delivered double-digit growth in revenue as compared with the Previous Period. JobMarket benefited from the recovery in the employment market, and from increase in page rates which in turn was the result of a strong product. The business also leveraged on its multi-media platform to capture the market's trend towards online recruitment and continuing education advertising, and to provide a one-stop solution to serve customers' varied and changing needs.

Media Services

The Group's print media distribution business in the PRC, Greater China Media Services Ltd. (大華媒體服務有限責任公司), progressed steadily during the Period. The magazine distribution business in Beijing and southern China focused on improving its operational efficiencies, and at the same time a new joint venture operation has been set up in Nanjing to extend the distribution capabilities to the eastern part of the country.

Books and Content Services

The Book publishing business remained its focus on parenting and educational topics and has increased the total number of titles published to over 285. The Group continued to provide Chinese-language financial content under licence from Dow Jones through its joint venture company in the PRC, and re-packaged information and content of the Group were also sold to media and other customers in Hong Kong, Mainland China as well as overseas.

Non-media Operations

Trading

The Group's Trading business recorded a remarkable increase in revenue of 91%, from approximately HK$112.5 million in the Previous Period to approximately HK$215.1 million in the Period. This was largely attributable to the continued expansion in the demand for digital cameras in the PRC, as well as to persistent efforts on expanding the business' sales channels and improving its sales and marketing capabilities. Although competition was severe in the market, the Trading business was successful in maintaining its margins, and recorded an increase in operating profit to approximately HK$6.1 million in the Period as compared with approximately HK$1.8 million in the Previous Period. In addition, the business has continued to diversify its revenue base. Sales of the "Jeep" brand of camera and video bags were satisfactory and the sales network has been extended nationwide. Further ahead, a new line of watches is planned to be launched.

Broadband Content and Distribution

Results of the Broadband Content and Distribution business were stable during the Period. The subscriber base of Beelink Information Science & Technology Co., Ltd. (百靈信息科技有限公司) ("Beelink") reached over 108,000 as at the end of June 2005, with increases mainly in individual subscriptions. Although Beelink remained as the largest broadband service provider in Jinan, price competition has put a cap on revenue growth and margins. In response, Beelink has continued to broaden its businesses into value-added services as well as system integration and software development.

E-learning and Corporate Training

During the Period, China Human Capital Management Company Limited (北京經華智業教育科技有限公司) recorded respectable increase in revenue and profit. The business focused on the provision of e-learning in co-operation with the University of International Business and Economics in Beijing, whilst seeking growth and diversification through corporate training programmes with renowned overseas education institutes such as the University of Toronto. As at June 2005, over 17,000 students were enrolled at the web-based distant learning university, eUIBE.

PROSPECTS

The existing Media operations of the Group have capitalised on the favourable operating environment during the first half to deliver respectable performance and, given the positive outlook on the local economy and the market's expectation of continued advertising growth, the Group is optimistic about the prospects for the remainder of the year. However, with the increase in commodity prices the economy is expected to enter an inflationary phase and increasing pressure will be felt on profit margins from escalations in materials as well as human capital costs. The Group will be rigorous in improving operational efficiencies to keep costs under control.

With the launch of Headline Daily, and the recently announced weekend newspaper leveraging on the MTR distribution channel, the Group will be able to access new market segments and new opportunities for growth and expansion. Results in the second half will be impacted by the start-up costs of these new ventures, but we are confident that the investments will yield promising returns in the medium and longer term. In July 2005, we announced the sale of our office building in Kowloon Bay. The transaction is expected to be completed in December 2005 and upon completion, a one-off profit will be booked into the Group's accounts for the 2005 financial year.

With the core Media operations turning around and gaining momentum, and the initial response to our new Media projects exceeding expectations, the Group is announcing an interim dividend for the Period. The Group is confident that its core operations will continue its upward trend and that it will continue to return value to shareholders through the distribution of dividends out of recurring profits.

EMPLOYEES

As at 30 June 2005, the Group had approximately 2,100 employees.

The Group remunerates its employees based on individual and business performance and competitive salaries and benefits are paid to attract and retain quality staff. Other employee benefits include medical insurance, discretionary bonus, share options and provident fund schemes.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.5 cent (Previous Period: Nil) per share for the Period payable on Tuesday, 25 October 2005 to shareholders whose names appear on the register of members of the Company on Tuesday, 18 October 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 12 October 2005 to Tuesday, 18 October 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 10 October 2005.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the Period. Neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Period, save for a few exceptions specified and explained below:

With respect to Code Provision A.1.7, the Board has just resolved in August 2005 a procedure to enable directors to seek independent professional advice in appropriate circumstances, at the Company's expense.

The Board has adopted the written guidelines for relevant employees in respect of their dealings in the securities of the Company in August 2005 which brings the Company into compliance with Code Provision A.5.4.

The Board has, in August 2005, adopted a schedule of matters reserved for the Board's decision to which brings the Company into compliance with Code Provision D.1.2.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

On specific enquiries made, all directors have confirmed that they had complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules throughout the Period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee of the Company has reviewed with the management of the Company the accounting principles and accounting standards, and discussed matters relating to auditing, internal controls and financial reporting, including unaudited condensed consolidated financial statements for the Period.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

A detailed interim results announcement containing all the information required by paragraph 46 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Sing Tao News Corporation Limited
HO Tsu Kwok, Charles
Chairman

Hong Kong, 14 September 2005

As at the date of this announcement, the Board comprises: (1) executive directors: Mr. HO Tsu Kwok, Charles (Chairman), Mr. LO Wing Hung (Chief Executive Officer), Mr. JIA Hongping, Mr. JIM Sui Hing, Mr. LAI Ting Yiu, Mr. LAU Chung Man, Louis, Mrs. SY WONG Chor Fong, Mr. YANG Yiu Chong, Ronald Jeffrey; (2) non-executive director: Mr. LEUNG Chun Ying and (3) independent non-executive directors: Mr. Timothy David DATTELS, Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Mr. TUNG Chee Chen.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.