



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 2007

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 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
REVENUE	2	1,065,628	937,336
Cost of sales		<u>(771,820)</u>	<u>(722,469)</u>
Gross profit		293,808	214,867
Other income and gains		84,043	66,019
Distribution costs		(124,976)	(94,499)
Administrative expenses		(139,419)	(130,832)
Other expenses		(6,524)	(4,298)
Reversal of impairment of a loan receivable	3	-	57,416
Head office relocation expenses		-	(13,969)
Finance costs		(978)	(2,056)
Share of profits and losses of:			
Jointly-controlled entities		10,678	(18,724)
Associates		(23)	9
Reversal of impairment of amounts due from jointly-controlled entities, net		<u>5,906</u>	<u>3,028</u>
PROFIT BEFORE TAX	4	122,515	76,961
Tax	5	<u>(15,797)</u>	<u>(3,051)</u>
PROFIT FOR THE PERIOD		<u>106,718</u>	<u>73,910</u>

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2007

		For the six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Equity holders of the Company		106,718	73,910
Minority interests		-	-
		<u>106,718</u>	<u>73,910</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)			
Basic	6	<u>12.20</u>	<u>8.27</u>
Diluted		<u>11.92</u>	<u>8.22</u>
DIVIDEND PER SHARE – (HK cents)			
		<u>2.5</u>	<u>2.0</u>

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2007

		30 June 2007 (Unaudited) HK\$'000	31 December 2006 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		275,738	277,278
Investment properties		30,685	29,217
Other intangible assets		17,168	17,725
Interests in jointly-controlled entities		182,812	232,630
Interests in associates		38,999	39,009
Available-for-sale investments		7,799	7,799
Deferred tax assets		6,695	6,630
Deposits paid		99,696	25,942
Total non-current assets		<u>659,592</u>	<u>636,230</u>
CURRENT ASSETS			
Inventories		88,209	80,374
Property held for sale		23,650	-
Trade and bills receivables	7	357,148	364,173
Prepayments, deposits and other receivables		41,214	44,016
Financial assets at fair value through profit or loss		616,220	630,665
Derivative financial instruments		3,957	4,957
Loan to a jointly-controlled entity		12,700	12,604
Tax recoverable		1,047	387
Pledged time deposits		28,100	26,787
Cash and cash equivalents		380,706	323,146
Total current assets		<u>1,552,951</u>	<u>1,487,109</u>
CURRENT LIABILITIES			
Trade and bills payables	8	85,143	103,217
Other payables and accruals		214,486	311,199
Derivative financial instruments		43,973	28,473
Tax payable		99,759	85,425
Interest-bearing bank and other borrowings		107,509	968
Total current liabilities		<u>550,870</u>	<u>529,282</u>
NET CURRENT ASSETS		<u>1,002,081</u>	<u>957,827</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,661,673</u>	<u>1,594,057</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		3,956	3,492
Provision for long service payments		6,551	7,438
Deferred tax liabilities		20,459	20,452
Total non-current liabilities		<u>30,966</u>	<u>31,382</u>
Net assets		<u>1,630,707</u>	<u>1,562,675</u>

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2007

	30 June 2007 (Unaudited) HK\$'000	31 December 2006 HK\$'000
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	171,951	176,176
Reserves	1,458,756	1,364,498
Proposed final dividends	-	22,001
	<u>1,630,707</u>	<u>1,562,675</u>
Minority interests	<u>-</u>	<u>-</u>
Total equity	<u>1,630,707</u>	<u>1,562,675</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 December 2006.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2007. The first time adoption of these new HKFRSs had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustments has been required.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
HK (IFRIC) – Int 8	Scope of HKFRS 2
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment

The Group has not early adopted the following new or revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these HKFRSs but is not yet in the position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK (IFRIC) – Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

2. Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services 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 (unaudited)									
	Media		Trading		Corporate and others		Eliminations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment revenue:										
Sales to external customers	773,029	698,878	290,491	236,583	2,108	1,875	-	-	1,065,628	937,336
Inter-segment sales	364	52	-	-	59,689	38,232	(60,053)	(38,284)	-	-
Other income and gains	6,863	820	(83)	159	16,100	14,404	-	-	22,880	15,383
Inter-segment other income	79	2,386	-	-	513	376	(592)	(2,762)	-	-
Total	780,335	702,136	290,408	236,742	78,410	54,887	(60,645)	(41,046)	1,088,508	952,719
Segment results	37,227	16,980	8,819	4,423	(277)	(19,242)			45,769	2,161
Interest and dividend income									10,248	11,316
Unallocated gain, net									50,915	37,780
Reversal of impairment of a loan receivable									-	57,416
Head office relocation expenses									-	(13,969)
Finance costs									(978)	(2,056)
Share of profits and losses of:										
Jointly-controlled entities	12,678	9,904	-	-	(2,000)	(28,628)			10,678	(18,724)
Associates	(9)	9	-	-	(14)	-			(23)	9
Reversal of impairment of amounts due from jointly-controlled entities, net	6,909	3,395	-	-	(1,003)	(367)			5,906	3,028
Profit before tax									122,515	76,961
Tax									(15,797)	(3,051)
Profit for the period									106,718	73,910

3. Reversal of impairment of a loan receivable

In a prior year, the Group procured a loan to a joint venture partner's holding company in the amount of HK\$57 million (RMB60 million) (the "Loan"). The directors considered the recoverability of the Loan was uncertain and full impairment was made against the Loan for the year ended 31 December 2005. In June 2006 and subsequent to 30 June 2006, the borrower unexpectedly repaid a substantial portion of the Loan and accordingly, the prior year's impairment of the Loan was credited to the income statement as a gain on reversal of impairment for the period ended 30 June 2006. Further details have been disclosed in the Company's 2006 annual report.

4. Profit before tax

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

	For the six months ended	
	30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	558	581
Depreciation	20,743	15,514
Investment income	(17,009)	(9,504)
Dividend income from listed investments	(2,653)	(3,009)
Dividend income from unlisted investments	-	(263)
Fair value losses/(gains) on derivative financial instruments and financial assets at fair value through profit or loss, net	(3,256)	1,540
Gain on disposal of financial assets at fair value through profit or loss, net	(30,652)	(39,320)

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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.

	For the six months ended	
	30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	13,256	1,063
Elsewhere	-	11
Elsewhere	2,526	1,599
Underprovision in prior periods	2	436
Deferred	13	(58)
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Total tax charge for the period	15,797	3,051
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6. Earnings per share attributable to ordinary equity holders of the Company

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighed average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	106,718	73,910
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	Number of shares	
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	874,392,675	893,802,465
Effect of dilution – weighted average number of ordinary shares: Share options	21,019,204	5,038,769
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	895,411,879	898,841,234

7. 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 2007 (Unaudited) HK\$'000	31 December 2006 HK\$'000
Current to 30 days	264,078	217,066
31 – 60 days	34,858	47,018
61 – 90 days	22,039	49,287
91 – 120 days	11,413	24,559
Over 120 days	44,470	41,138
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	376,858	379,068
Less: Impairment	(19,710)	(14,895)
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	357,148	364,173
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8. 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 2007 (Unaudited) HK\$'000	31 December 2006 HK\$'000
Current to 30 days	64,221	97,233
31 – 60 days	12,918	3,374
61 – 90 days	1,259	121
91 – 120 days	1,147	228
Over 120 days	5,598	2,261
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	85,143	103,217
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MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The principal activities of the Group comprise Media and Media-related operations including Newspapers, Magazines, Recruitment Media and other media-related businesses. In addition, the Group is also engaged in Trading, Broadband Content and Distribution, and E-learning and Corporate Training.

During the first half of 2007, the Group achieved significant growth in both turnover and profitability. The consolidated revenue of the Group for the six months ended 30 June 2007 (“Period”) increased by 13.7% to approximately HK\$1,065.6 million, compared with approximately HK\$937.3 million for the six months ended 30 June 2006 (“Previous Period”). The Group’s business benefited from the continuing buoyancy in the local economy and advertising markets which, together with impressive progress in its free newspaper products, contributed to the encouraging financial results. The Group’s consolidated profit attributable to equity holders for the Period rose to approximately HK\$106.7 million, an increment of 44.4% as compared with approximately HK\$73.9 million for the Previous Period.

Media and Media-related Operations

The Group’s Media operations delivered remarkable results with a 119.2% growth in operating profit. Revenue increased from approximately HK\$698.9 million in the Previous Period to approximately HK\$773.0 million in the Period, and segment profit increased from approximately HK\$17.0 million to approximately HK\$37.2 million.

Newspapers

During the first half of 2007, the Hong Kong economy stayed robust and the real estate and stock markets continued to be active. The Hong Kong advertising market as a whole grew by over 7% in this period, with particular gains in the banking and investment, property and retail categories. This presented local newspapers with a positive operating environment, although competition in the industry remained keen. Sing Tao Daily, by maintaining its market positioning as a newspaper for middle-class readers and by focusing its editorial competence on finance, property and education, has been successful in capturing additional market share in circulation and advertising. Both have seen double-digit increase during the Period as compared with the Previous Period, and the advertising client base has consistently been broadened.

At the same time, Headline Daily, the Group’s free newspaper, performed well during the Period and contributed positively to the Group’s results. Having just celebrated its second anniversary in July, Headline Daily is now clearly recognized as the leading free newspaper in Hong Kong as well as widely acknowledged as a highly effective advertising medium. To meet readers’ demand, average circulation has been raised to around 700,000 copies. According to the latest survey by Oracle Added Value in March 2007, Headline Daily’s readership has reached 1,552,000, significantly ahead of its competitors. In terms of advertising, substantial growth was recorded during the Period, which demonstrated that free newspapers have become well accepted by advertisers in the market. Also by continually refining its editorial content and distribution channels, Headline Daily has established itself not only as a leader in the free newspaper market but also as the growth driver for the Group’s newspaper business.

The Standard recorded a good half year as the active financial markets continued to fuel listed company announcements and advertising on banking and investments. However, with the coming into effect in June 2007 of phase 1 of the abolition of paid announcements in newspapers by listed companies, advertising revenue of The Standard is expected to be materially affected. The Standard had taken proactive measures, including cost rationalisation, in preparation for such challenge, and just announced its plan to switch to a free newspaper model. This strategic change will enable the newspaper to tap into a new and expanded reader segment and open up new revenue sources.

During the Period, the overseas operations of Sing Tao Daily registered sound results in all major markets. While intense competition, especially from free newspapers and online media, and the deteriorating US property and consumption markets resulted in only mild growth in top line, the stabilized newsprint prices and vigilant cost control measures helped to improve profit margins, enabling the division to deliver satisfactory growth in operating profit during the Period.

Magazines

The Magazine business of the Group made steady progress in revenue and profitability during the Period, despite a competitive operating environment. Through consistent efforts on upgrading its positioning and improving its content and printing quality, East Week continued to expand its reader and advertiser base. By appealing to a mix of premium and branded products, East Week's advertising revenue growth during the Period can be attributed to both an increase in advertising volume as well as an increase in average advertising page rates. East Touch and JET adopted a similar strategy of focusing on the high-end advertising market, and benefited from the shift in advertising spending by luxury brands and style products towards high-quality, trendy magazines. On the other hand, PC Market undertook a series of content revamp, and achieved respectable gains in circulation and advertising revenue. To complement its portfolio of magazine titles, the Group recently acquired a local leading watch magazine, which is expected to augment its market presence in the high-end segment.

Recruitment Media

The Group's recruitment advertising business continued to come under pressure from online players during the Period. Although the print recruitment media market as a whole dropped by 6% compared with the Previous Period, JobMarket was able to keep its market share. To compensate for the decline, JobMarket made committed initiatives to expand its online recruitment business. A-performers.com extended its brand recognition through a number of high profile events, and EDUplus.com.hk continued its momentum in continuing education advertising.

Non-Media Operations

Trading

The Group's Trading unit recorded a 22.8% increase in revenue during the Period as compared with the Previous Period, and a 99.4% increase in segment profit from approximately HK\$4.4 million to approximately HK\$8.8 million. With the vibrant economy and consumption markets in the PRC in the first half of 2007, the demand for digital cameras enjoyed an upsurge and the Trading unit was able to take advantage of the enlarged market to increase its sales. Profit margins improved as a result of economies of scale. At the same time, the Trading unit has diversified into new product areas which helped to further bolster the revenue and profit performance.

Other Non-Media Operations

Whilst the Group's 40%-owned Broadband Content and Distribution unit continued to face a difficult market environment during the Period and registered an operating loss commensurate with the Previous Period, the 70%-owned e-learning and corporate training unit turned in positive results. The e-learning business, undertaken in co-operation with the University of International Business and Economics, served as the unit's core revenue and profit base. Growth potential is generated by the corporate training business, especially in online English and Mandarin training courses.

Prospects

The Group enjoyed a good first half in 2007, thanks to its previous efforts on developing its portfolio of media products and expanding its advertiser base. The stabilisation in newsprint prices and good return on investment generated from a prudent treasury policy also contributed to the positive results. Looking ahead to the second half, the Group is optimistic about its prospects, albeit with some caution.

The recent fluctuations in the financial markets may have an adverse impact on business sentiment. In addition, the abolition of listed company newspaper announcements has triggered a new business model to be adopted by The Standard, which brings along new uncertainty in its development. On the other hand, in view of the increasing trend in human resources and other operating costs, the Group will be vigilant in monitoring its expenses and take appropriate measures to keep costs under control.

The Group believes that it is progressing along a steady and healthy growth path. The Group has amassed a solid range of products, with our more traditional newspapers and magazines offering a strong business foundation and our newer titles providing the impetus for future development. In particular, the growth momentum in *Headline Daily* has been compelling. Work on the Group's new printing factory is proceeding in line with plans and the Group is well poised to take its business ahead.

Employees

As at 30 June 2007, 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 HK2.5 cents (Previous Period: HK2 cents) per share for the Period payable on Monday, 8 October 2007 to shareholders whose names appear on the register of members of the Company on Friday, 28 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 September 2007 to Friday, 28 September 2007, 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, Tricor Tengis Limited of 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 21 September 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased a total of 21,126,000 shares at prices ranging from HK\$1.14 to HK\$1.30 per share on the Stock Exchange during the Period. All these repurchased shares were subsequently cancelled by the Company during the Period. Apart from this, the Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, any of the Company's listed securities during the Period.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the Period with deviation from the code provision E.1.2. The Chairman of the Board did not attend the annual general meeting of the Company held in 2007 due to other commitments.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has made specific enquiries to all directors of the Company who have confirmed that they have 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 the unaudited condensed consolidated financial statements of the Group for the Period, including the accounting principles and accounting standards adopted by the Company, and discussed matters relating to internal controls and financial reporting.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is available for viewing on the Stock Exchange's website at www.hkex.com.hk under "Latest Listed Companies Information" and the Company's website at www.singtaonewscorp.com/english/investor_relations_announce.asp. The 2007 interim report will also be available for viewing on the Stock Exchange's website at www.hkex.com.hk under "Latest Listed Companies Information" and the Company's website at www.singtaonewscorp.com/english/investor_relations_annual_report.asp, and will be despatched to the shareholders of the Company.

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

Hong Kong, 5 September 2007

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), Ms. Judy INN, Mr. JIA Hongping, 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*