



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 2008

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 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	For the six months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
REVENUE	2	1,210,263	1,065,628
Cost of sales		<u>(930,446)</u>	<u>(771,820)</u>
Gross profit		279,817	293,808
Other income and gains, net		(85,382)	84,043
Distribution costs		(129,513)	(124,976)
Administrative expenses		(150,636)	(139,419)
Other expenses		(1,755)	(6,524)
Recovery of fair value losses on derivative financial instruments		62,196	-
Finance costs		(4,741)	(978)
Share of profits and losses of:			
Jointly-controlled entities		10,725	10,678
Associates		36,501	(23)
Reversal of impairment/(impairment) of amounts due from jointly-controlled entities, net		<u>(2,150)</u>	<u>5,906</u>
PROFIT BEFORE TAX	3	15,062	122,515
Tax	4	<u>8,012</u>	<u>(15,797)</u>
PROFIT FOR THE PERIOD		<u>23,074</u>	<u>106,718</u>

* For identification purpose only

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2008

		For the six months ended	
		30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
ATTRIBUTABLE TO:			
Equity holders of the Company		23,074	106,718
Minority interests		-	-
		<u>23,074</u>	<u>106,718</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)	5		
Basic		<u>2.72</u>	<u>12.20</u>
Diluted		<u>2.69</u>	<u>11.92</u>
DIVIDEND PER SHARE – (HK cents)		<u>2.0</u>	<u>2.5</u>

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		713,903	678,345
Investment properties		35,139	35,268
Prepaid land lease payments		26,663	27,013
Goodwill		857	857
Other intangible assets		15,651	16,214
Interests in jointly-controlled entities		155,262	175,058
Interests in associates		56,364	38,998
Available-for-sale investments		7,512	7,512
Deferred tax assets		8,387	7,932
Deposits paid		14,847	56,600
Total non-current assets		<u>1,034,585</u>	<u>1,043,797</u>
CURRENT ASSETS			
Inventories		123,787	88,903
Trade receivables	6	397,974	397,168
Prepayments, deposits and other receivables		134,793	144,457
Financial assets at fair value through profit or loss		254,662	366,230
Derivative financial instruments		2,369	7,242
Loans to jointly-controlled entities		66,179	63,675
Tax recoverable		12,357	8,925
Pledged time deposits		5,158	22,560
Cash and cash equivalents		308,579	397,386
Total current assets		<u>1,305,858</u>	<u>1,496,546</u>
CURRENT LIABILITIES			
Trade and bills payables	7	116,743	129,344
Other payables and accruals		227,246	272,794
Derivative financial instruments		77,294	109,410
Tax payable		76,561	84,718
Interest-bearing bank borrowings		115,569	220,000
Finance lease and hire purchase contract payables		1,244	1,346
Total current liabilities		<u>614,657</u>	<u>817,612</u>
NET CURRENT ASSETS		<u>691,201</u>	678,934
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,725,786</u>	<u>1,722,731</u>
NON-CURRENT LIABILITIES			
Finance lease and hire purchase contract payables		2,647	3,438
Deferred tax liabilities		47,010	48,034
Total non-current liabilities		<u>49,657</u>	<u>51,472</u>
Net assets		<u>1,676,129</u>	<u>1,671,259</u>

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

30 June 2008

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 HK\$'000
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	169,381	169,611
Reserves	1,506,748	1,480,447
Proposed final dividend	-	21,201
	<u>1,676,129</u>	<u>1,671,259</u>
Minority interests	<u>-</u>	<u>-</u>
Total equity	<u>1,676,129</u>	<u>1,671,259</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 2007.

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 2008. 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 adjustment has been required.

HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The Group has not applied the following new and 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 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 Amendment	Share-based Payments ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK (IFRIC) – Int 13	Customer Loyalty Programmes ³

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

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 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	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:										
Sales to external customers	845,067	773,029	363,338	290,491	1,858	2,108	-	-	1,210,263	1,065,628
Intersegment sales	1	364	-	-	62,700	59,689	(62,701)	(60,053)	-	-
Other income and gains, net	10,536	6,863	1,520	(83)	(35,242)	77,263	-	-	(23,186)	84,043
Intersegment other income	-	79	-	-	745	513	(745)	(592)	-	-
Total	855,604	780,335	364,858	290,408	30,061	139,573	(63,446)	(60,645)	1,187,077	1,149,671
Segment results	13,400	37,227	7,537	8,819	(46,210)	60,886			(25,273)	106,932
Finance costs									(4,741)	(978)
Share of profits and losses of:										
Jointly-controlled entities	10,263	12,678	-	-	462	(2,000)			10,725	10,678
Associates	-	(9)	-	-	36,501	(14)			36,501	(23)
Reversal of impairment/ (impairment) of amounts due from jointly-controlled entities, net	-	6,909	-	-	(2,150)	(1,003)			(2,150)	5,906
Profit before tax									15,062	122,515
Tax									8,012	(15,797)
Profit for the period									23,074	106,718

3. Profit before tax

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

	For the six months ended	
	30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	563	558
Recognition of prepaid land lease payments	351	-
Depreciation	38,103	20,743
Investment income	(4,823)	(17,009)
Dividend income from listed investments	(622)	(2,653)
Fair value losses/(gains), net on:		
Financial assets at fair value through profit or loss	63,762	(50,408)
Derivative financial instruments – transactions not qualifying as hedges*	46,847	1,325

* Included the fair value losses on certain commodity contracts and forward currency contracts of HK\$62,196,000 (2007: Nil) to be recovered from an employee.

4. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	3,174	13,256
Elsewhere	20	-
Elsewhere	2,958	2,526
Under/(over) provision in prior periods	(12,957)	2
Deferred	(1,207)	13
Total tax charge/(credit) for the period	(8,012)	15,797

5. 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	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	23,074	106,718
	<hr/> <hr/>	<hr/> <hr/>
	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	847,655,493	874,392,675
Effect of dilution – weighted average number of ordinary shares: Share options	9,565,702	21,019,204
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	857,221,195	895,411,879

6. Trade receivables

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

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 HK\$'000
Current to 30 days	291,028	264,107
31 – 60 days	35,081	56,742
61 – 90 days	30,831	33,767
91 – 120 days	14,380	16,410
Over 120 days	41,595	41,213
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	412,915	412,239
Less: Impairment	(14,941)	(15,071)
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	397,974	397,168
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7. 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 2008 (Unaudited) HK\$'000	31 December 2007 HK\$'000
Current to 30 days	83,144	118,125
31 – 60 days	21,528	5,207
61 – 90 days	1,565	1,510
91 – 120 days	2,578	2,766
Over 120 days	7,928	1,736
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	116,743	129,344
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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 and E-learning and Corporate Training.

The Group recorded consolidated revenue of HK\$1,210.3 million for the six months ended 30 June, 2008 (“Period”), representing an increase of 13.6% as compared with approximately HK\$1,065.6 million for the six months ended 30 June, 2007 (“Previous Period”). The increase was largely attributable to the revenue growth of the Group’s publications in Hong Kong, as well as to a rise in turnover of the Group’s Trading unit. However, due to the drop in revenue resulting from the changes affecting The Standard and a decline in the investment return of the Group’s treasury assets caused by the evidently deteriorating financial markets, profit attributable to equity holders of the Company for the Period decreased to approximately HK\$23.1 million, as compared with approximately HK\$106.7 million for the Previous Period.

Media and Media-related Operations

The Group’s Media operations achieved an increase in revenue from approximately HK\$773.0 million for the Previous Period to approximately HK\$845.1 million for the Period, mainly resulting from growth in advertising revenue of the Group’s newspapers and magazines in Hong Kong, most notably the free newspaper *Headline Daily*. However, The Standard saw a drop in revenue of approximately HK\$43 million due to the abolition of the requirement for mandatory newspaper announcements by listed companies. Coupled with the negative impact of the generally surging production costs and increased depreciation charges from the new printing factory, this led to a decline in segment profit from approximately HK\$37.2 million for the Previous Period to approximately HK\$13.4 million for the Period.

Newspapers

Sing Tao Daily, the Group’s flagship paid newspaper, achieved steady and satisfactory results for the Period. Our unswerving focus on producing a high-quality newspaper for middle-class readers has earned continual gains in circulation and readership at *Sing Tao Daily*. At the same time, advertising revenue continued its stable growth trend during the Period, especially in the banking services sector. Faced with rising cost of sales, in particular newsprint prices, as well as inflationary pressure on salaries and other expenditure, *Sing Tao Daily* has carefully kept its operating expenses in check and has been able to maintain its profitability.

Headline Daily continued to make significant contribution to the Group’s revenue and profit during the Period. Its advertising revenue growth outperformed the market’s average and both advertising volume and page rates saw healthy advances. Average circulation was maintained at over 700,000 copies, and *Headline Daily*’s readership also consistently surpassed that of its competitors by a large margin. In celebrating its third anniversary and to meet the demand of readers and advertisers for a weekend product, *Headline Daily* launched a Saturday version in July this year. In addition, the website www.hkheadline.com was upgraded with instant news and other unique and interactive content, making it one of the most comprehensive and user-friendly web portals for local readers.

The Standard's results for the Period were adversely affected by the abolition of the requirement for paid announcements in newspapers by listed companies which took effect last year. In order to open up new revenue sources, The Standard has since September 2007 adopted a free newspaper model under which average circulation has grown to over 200,000 copies. Although the loss in revenue from paid announcements and the increased costs from the circulation expansion have caused a setback in profit, we are encouraged by the progress of the free newspaper in attracting new categories of advertisements.

Although the North American and European markets were shadowed by financial volatility and economic uncertainties, the overseas operations of Sing Tao Daily upheld its overall business performance in the Period. Circulation registered a moderate increase despite competition from free publications and other media. To counteract the pressure of the soaring newsprint and other material costs, much effort was spent on improving operational efficiency. For example, a trimmed-down format of the newspaper has been adopted since July in order to save newsprint consumption.

Magazines

The Magazine unit of the Group performed well during the Period, registering steady growth in top line and in profit. The improvement was most marked at East Week, the flagship magazine of the unit, which saw double-digit increases in advertising revenue, circulation revenue as well as readership. The magazine's high quality content and up-market positioning has earned itself a premium base of readers and advertisers, which helped to generate consistently positive operating results. East Touch adhered to a similar strategy, which also brought about satisfactory performance in advertising, although competition among lifestyle magazines could be expected to intensify. JET and Spiral both recorded sound increases in revenue and profit. In the computer and IT category, advertising spending has seen some siphoning off from professional magazines to the more general titles, but PC Market managed to maintain its market share.

Recruitment Media

The recruitment advertising market continued to see a shift from print media to online media during the Period. Advertising revenue of the print recruitment market is estimated to have declined by 14% in the first half. Although JobMarket's overall results were negatively affected by this trend, its online recruitment revenue has been increasing steadily. At the same time, the new jobs website launched by the Group last October, headlinejobs.hk, has grown in market share and has become the number 2 jobs website in Hong Kong in terms of average number of jobs posted.

Non-Media Operations

Trading

Although the demand for digital cameras in the PRC continued to be buoyant in the first half, competition in the market was intense and unit retail prices were constrained. The inflationary environment also led to higher operating expenses, especially in wages and other staff costs, which further eroded profit margins. The Trading unit of the Group recorded revenue of approximately HK\$363.3 million for the Period, as compared with approximately HK\$290.5 million for the Previous Period. However, segment profit for the Period dropped to approximately HK\$7.5 million, from approximately HK\$8.8 million in the Previous Period.

Other Non-Media Operations

The Group's other non-media operations mainly consist of the 70%-owned China Human Capital Management Company Limited, the business of which comprises e-learning and corporate training. The e-learning business, which is operated in co-operation with the University of International Business and Economics, continued on a steady trend during the Period. To meet the market's demand, the corporate training business turned its focus on English training courses for corporate as well as individual customers.

Prospects

The first half of 2008 started on an optimistic note but challenges came out in the open as the year progressed. The financial disorder in the US has spread its impact globally and the world economy has gone into a slowdown, if not heading towards a recession. At the same time, high commodities prices have led to an inflationary spiral which escalated costs and created a difficult operating environment. Against this background, the Group is cautious about the outlook for the rest of the year. Management will remain vigilant about maximizing the Group's operating efficiency and maintaining an optimized cost structure.

Our strategic focus on quality, in spite of the more testing market circumstances, for our core Media products has helped us to remain competitive. Management will continue our efforts to fuel the success of our investment in the free newspaper market, which has opened up a new momentum for revenue and profit for the Group. We are confident that the Group's Media Operations are progressing on a healthy growth path.

Employees

As at 30 June 2008, the Group had approximately 2,400 employees.

The Group remunerates its employees based on individual and business performance. 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 HK2.0 cents (Previous Period: HK2.5 cents) per share for the Period payable on Wednesday, 8 October 2008 to shareholders whose names appear on the register of members of the Company on Friday, 26 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 September 2008 to Friday, 26 September 2008, 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 Monday, 22 September 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased a total of 1,450,000 shares at prices ranging from HK\$1.08 to HK\$1.20 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 2008 due to an unexpected business engagement.

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 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.singtaonewscorp.com. The 2008 interim report will also be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.singtaonewscorp.com 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, 4 September 2008

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 and 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.