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## 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 2009

The Board of Directors (“Board”) of Sing Tao News Corporation Limited (“Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 30 June 2009 together with the comparative figures for the corresponding period in 2008 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

|  | Notes | For the six months<br>ended 30 June |                                 |
|--|-------|-------------------------------------|---------------------------------|
|  |       | 2009<br>(Unaudited)<br>HK\$'000     | 2008<br>(Unaudited)<br>HK\$'000 |
| REVENUE  | 2     | <b>1,201,730</b>                    | 1,210,263                       |
| Cost of sales  |       | <b>(978,242)</b>                    | (930,446)                       |
| Gross profit   |       | <b>223,488</b>                      | 279,817                         |
| Other income and gains/(losses), net                                 |       | <b>11,176</b>                       | (85,382)                        |
| Distribution costs   |       | <b>(113,900)</b>                    | (129,513)                       |
| Administrative expenses  |       | <b>(144,993)</b>                    | (150,636)                       |
| Other expenses   |       | <b>(3,388)</b>                      | (1,755)                         |
| Recovery of fair value losses on derivative<br>financial instruments |       | -                                   | 62,196                          |
| Finance costs  |       | <b>(1,359)</b>                      | (4,741)                         |
| Share of profits and losses of:                                      |       |                                     |                                 |
| Jointly-controlled entities  |       | <b>5,246</b>                        | 10,725                          |
| Associates   |       | <b>(417)</b>                        | 36,501                          |
| Impairment of an amount due from a<br>jointly-controlled entity      |       | -                                   | (2,150)                         |
| PROFIT/(LOSS) BEFORE TAX   | 3     | <b>(24,147)</b>                     | 15,062                          |

\* For identification purpose only

## CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2009

|  |       | For the six months<br>ended 30 June |               |
|--|-------|-------------------------------------|---------------|
|  |       | 2009                                | 2008          |
|  |       | (Unaudited)                         | (Unaudited)   |
|  | Notes | HK\$'000                            | HK\$'000      |
| PROFIT/(LOSS) BEFORE TAX   | 3     | (24,147)                            | 15,062        |
| Tax  | 4     | (71)                                | 8,012         |
| PROFIT/(LOSS) FOR THE PERIOD   |       | <u>(24,218)</u>                     | <u>23,074</u> |
| ATTRIBUTABLE TO:   |       |                                     |               |
| Equity holders of the Company  |       | (22,218)                            | 23,074        |
| Minority interests   |       | <u>(2,000)</u>                      | <u>-</u>      |
|  |       | <u>(24,218)</u>                     | <u>23,074</u> |
| Earnings/(loss) per share attributable to ordinary<br>equity holders of the Company – (HK cents) | 5     |                                     |               |
| Basic  |       | <u>(2.63)</u>                       | <u>2.72</u>   |
| Diluted  |       | <u>N/A</u>                          | <u>2.69</u>   |
| DIVIDEND PER SHARE – (HK cents)  |       | <u>1.0</u>                          | <u>2.0</u>    |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

|  | For the six months<br>ended 30 June |               |
|--|-------------------------------------|---------------|
|  | 2009                                | 2008          |
|  | (Unaudited)                         | (Unaudited)   |
|  | HK\$'000                            | HK\$'000      |
| Profit/(loss) for the period                                 | (24,218)                            | 23,074        |
| Other comprehensive income for the period, net<br>of tax:    |                                     |               |
| Exchange differences on translation of foreign<br>operations | <u>8,129</u>                        | <u>3,730</u>  |
| Total comprehensive income for the period                    | <u>(16,089)</u>                     | <u>26,804</u> |
| Attributable to:   |                                     |               |
| Equity holders of the Company                                | (14,089)                            | 26,804        |
| Minority interests   | <u>(2,000)</u>                      | <u>-</u>      |
|  | <u>(16,089)</u>                     | <u>26,804</u> |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

|   |       | 30 June<br>2009<br>(Unaudited)<br>HK\$'000 | 31 December<br>2008<br>HK\$'000 |
|---|-------|--|---------------------------------|
|   | Notes |  |                                 |
| <b>NON-CURRENT ASSETS</b>                             |       |  |                                 |
| Property, plant and equipment                         |       | 665,606                                    | 698,201                         |
| Investment properties                                 |       | 29,437                                     | 28,536                          |
| Prepaid land lease payments                           |       | 25,961                                     | 26,312                          |
| Property under development                            |       | 86,689                                     | 84,191                          |
| Goodwill  |       | 857  | 857                             |
| Other intangible assets                               |       | 14,525                                     | 15,088                          |
| Interests in jointly-controlled entities              |       | 122,057                                    | 119,727                         |
| Interests in associates                               |       | 45,396                                     | 42,685                          |
| Available-for-sale investments                        |       | 7,272                                      | 7,272                           |
| Deferred tax assets                                   |       | 8,703                                      | 7,301                           |
| Deposits paid   |       | 7,887                                      | 8,138                           |
| Total non-current assets                              |       | <u>1,014,390</u>                           | <u>1,038,308</u>                |
| <b>CURRENT ASSETS</b>                                 |       |  |                                 |
| Inventories   |       | 48,606                                     | 99,650                          |
| Trade receivables                                     | 6     | 354,239                                    | 376,853                         |
| Prepayments, deposits and other receivables           |       | 53,316                                     | 100,517                         |
| Financial assets at fair value through profit or loss |       | 65,692                                     | 41,728                          |
| Derivative financial instruments                      |       | 299  | 667                             |
| Tax recoverable                                       |       | 8,981                                      | 8,529                           |
| Cash and cash equivalents                             |       | 423,606                                    | 431,400                         |
| Total current assets                                  |       | <u>954,739</u>                             | <u>1,059,344</u>                |
| <b>CURRENT LIABILITIES</b>                            |       |  |                                 |
| Trade and bills payables                              | 7     | 99,947                                     | 110,330                         |
| Other payables and accruals                           |       | 190,950                                    | 257,887                         |
| Derivative financial instruments                      |       | 44   | 2,803                           |
| Tax payable   |       | 78,042                                     | 80,393                          |
| Interest-bearing bank borrowings                      |       | 50,000                                     | 70,000                          |
| Finance lease and hire purchase contract payables     |       | 1,327                                      | 1,223                           |
| Total current liabilities                             |       | <u>420,310</u>                             | <u>522,636</u>                  |
| <b>NET CURRENT ASSETS</b>                             |       | <u>534,429</u>                             | <u>536,708</u>                  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |       | <u>1,548,819</u>                           | <u>1,575,016</u>                |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

30 June 2009

|  | <b>30 June<br/>2009</b> | 31 December<br>2008 |
|--|-------------------------|---------------------|
|  | <b>(Unaudited)</b>      |                     |
|  | <b>HK\$'000</b>         | HK\$'000            |
| TOTAL ASSETS LESS CURRENT LIABILITIES                | <u><b>1,548,819</b></u> | <u>1,575,016</u>    |
| NON-CURRENT LIABILITIES                              |                         |                     |
| Finance lease and hire purchase contract payables    | <b>2,074</b>            | 2,231               |
| Deferred tax liabilities                             | <b>43,696</b>           | 45,234              |
| Total non-current liabilities                        | <u><b>45,770</b></u>    | <u>47,465</u>       |
| Net assets   | <u><b>1,503,049</b></u> | <u>1,527,551</u>    |
| <br>   |                         |                     |
| EQUITY   |                         |                     |
| Equity attributable to equity holders of the Company |                         |                     |
| Issued capital                                       | <b>169,168</b>          | 169,168             |
| Reserves   | <b>1,292,656</b>        | 1,306,700           |
| Proposed final dividend                              | <b>-</b>                | 8,458               |
|  | <u><b>1,461,824</b></u> | <u>1,484,326</u>    |
| Minority interests                                   | <u><b>41,225</b></u>    | <u>43,225</u>       |
| Total equity   | <u><b>1,503,049</b></u> | <u>1,527,551</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 (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“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 2008.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2009.

|   |  |
|---|--|
| HKAS 1 (Revised)                          | <i>Presentation of Financial Statements</i>  |
| HKAS 23 (Revised)                         | <i>Borrowing Costs</i>   |
| HKAS 32 and HKAS 1<br>Amendments          | Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligation Arising on Liquidation</i>               |
| HKFRS 1 and HKAS 27<br>Amendments         | Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> |
| HKFRS 2 Amendments                        | Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>  |
| HKFRS 7 Amendments                        | <i>Improving Disclosures about Financial Instruments</i>   |
| HKFRS 8                                   | <i>Operating Segments</i>  |
| HK(IFRIC)-Int 9 and<br>HKAS 39 Amendments | <i>Embedded Derivatives</i>  |
| HK(IFRIC)-Int 13                          | <i>Customer Loyalty Programmes</i>   |
| HK(IFRIC)-Int 15                          | <i>Agreement for the Construction of Real Estate</i>   |
| HK(IFRIC)-Int 16                          | <i>Hedges of a Net Investment in a Foreign Operation</i>   |
| HKFRSs (Amendments)                       | Improvements to HKFRSs   |

## 1. Accounting policies (continued)

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The adoption of the other new and revised HKFRSs has 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.

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective.

|                     |   |
|---------------------|---|
| HKFRS 1 (Amendment) | <i>Additional Exemptions for First-Time Adopters</i> <sup>1</sup>   |
| HKFRS 2 (Amendment) | <i>Group Cash-settled Share-based Payment Transactions</i> <sup>1</sup>   |
| HKFRS 3 (Revised)   | <i>Business Combinations</i> <sup>2</sup>   |
| HKAS 27 (Revised)   | <i>Consolidated and Separate Financial Statements</i> <sup>2</sup>  |
| HKAS 39 (Amendment) | <i>Amendment to HKAS 39 Financial Instruments:<br/>Recognition and Measurement – Eligible Hedged<br/>Items</i> <sup>2</sup> |
| HK(IFRIC)-Int 17    | <i>Distribution of Non-cash Assets to Owners</i> <sup>2</sup>   |
| HK(IFRIC)-Int 18    | <i>Transfers of Assets from Customers</i> <sup>3</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>3</sup> Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

## 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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operation decision-maker.

|  | For the six months ended 30 June (unaudited) |          |                |          |                      |          |                 |          |                  |           |
|--|--|----------|----------------|----------|----------------------|----------|-----------------|----------|------------------|-----------|
|  | Media  |          | Trading        |          | Corporate and others |          | Eliminations    |          | Consolidated     |           |
|  | 2009   | 2008     | 2009           | 2008     | 2009                 | 2008     | 2009            | 2008     | 2009             | 2008      |
|  | HK\$'000                                     | HK\$'000 | HK\$'000       | HK\$'000 | HK\$'000             | HK\$'000 | HK\$'000        | HK\$'000 | HK\$'000         | HK\$'000  |
| Segment revenue:   |  |          |                |          |                      |          |                 |          |                  |           |
| Sales to external customers                                  | <b>729,471</b>                               | 845,067  | <b>470,449</b> | 363,338  | <b>1,810</b>         | 1,858    | -               | -        | <b>1,201,730</b> | 1,210,263 |
| Intersegment sales   | -  | 1        | -              | -        | <b>80,838</b>        | 62,700   | <b>(80,838)</b> | (62,701) | -                | -         |
| Other income and gains/(losses), net                         | <b>1,087</b>                                 | 10,536   | <b>188</b>     | 1,520    | <b>9,901</b>         | (35,242) | -               | -        | <b>11,176</b>    | (23,186)  |
| Intersegment other income                                    | -  | -        | -              | -        | <b>776</b>           | 745      | <b>(776)</b>    | (745)    | -                | -         |
| <b>Total</b>   | <b>730,558</b>                               | 855,604  | <b>470,637</b> | 364,858  | <b>93,325</b>        | 30,061   | <b>(81,614)</b> | (63,446) | <b>1,212,906</b> | 1,187,077 |
| Segment results  | <b>(31,286)</b>                              | 13,400   | <b>6,285</b>   | 7,537    | <b>(2,616)</b>       | (46,210) |                 |          | <b>(27,617)</b>  | (25,273)  |
| Finance costs  |  |          |                |          |                      |          |                 |          | <b>(1,359)</b>   | (4,741)   |
| Share of profits and losses of:                              |  |          |                |          |                      |          |                 |          |                  |           |
| Jointly-controlled entities                                  | <b>4,198</b>                                 | 10,263   | -              | -        | <b>1,048</b>         | 462      |                 |          | <b>5,246</b>     | 10,725    |
| Associates   | <b>(417)</b>                                 | -        | -              | -        | -                    | 36,501   |                 |          | <b>(417)</b>     | 36,501    |
| Impairment of an amount due from a jointly-controlled entity | -  | -        | -              | -        | -                    | (2,150)  |                 |          | -                | (2,150)   |
| Profit/(loss) before tax                                     |  |          |                |          |                      |          |                 |          | <b>(24,147)</b>  | 15,062    |
| Tax  |  |          |                |          |                      |          |                 |          | <b>(71)</b>      | 8,012     |
| Profit/(loss) for the period                                 |  |          |                |          |                      |          |                 |          | <b>(24,218)</b>  | 23,074    |



### 3. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

|   | <b>For the six months ended</b> |               |
|---|---------------------------------|---------------|
|   | <b>30 June</b>                  |               |
|   | <b>2009</b>                     | 2008          |
|   | <b>(Unaudited)</b>              | (Unaudited)   |
|   | <b>HK\$'000</b>                 | HK\$'000      |
| Amortisation of intangible assets   | 558                             | 563           |
| Recognition of prepaid land lease payments                                | 351                             | 351           |
| Depreciation  | 40,829                          | 38,103        |
| Investment income   | (390)                           | (4,823)       |
| Dividend income from listed equity investments                            | (5,197)                         | (622)         |
| Fair value losses/(gains), net on:  |                                 |               |
| Financial assets at fair value through profit or loss                     | 7,010                           | 63,762        |
| Derivative financial instruments – transactions not qualifying as hedges* | (3,692)                         | 46,847        |
|   | <u>(3,692)</u>                  | <u>46,847</u> |

\* Included in the fair value losses for the period ended 30 June 2008 was an aggregate amount of HK\$62,196,000 on certain commodity contracts and forward currency contracts recovered from an employee.

### 4. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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.

|  | <b>For the six months ended</b> |                |
|--|---------------------------------|----------------|
|  | <b>30 June</b>                  |                |
|  | <b>2009</b>                     | 2008           |
|  | <b>(Unaudited)</b>              | (Unaudited)    |
|  | <b>HK\$'000</b>                 | HK\$'000       |
| Current:                                 |                                 |                |
| Charge for the period:                   |                                 |                |
| The People's Republic of China:          |                                 |                |
| Hong Kong                                | 651                             | 3,174          |
| Elsewhere                                | 1,185                           | 20             |
| Elsewhere                                | 910                             | 2,958          |
| Overprovision in prior periods           | -                               | (12,957)       |
| Deferred                                 | (2,675)                         | (1,207)        |
|  | <u>(2,675)</u>                  | <u>(1,207)</u> |
| Total tax charge/(credit) for the period | <u>71</u>                       | <u>(8,012)</u> |

## 5. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of basic earnings/(loss) per share is based on the profit/(loss) 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 diluted loss per share for the period ended 30 June 2009 has not been presented as the conversion of the outstanding share options would have an anti-dilutive effect on the basic loss per share for the period.

The calculation of diluted earnings per share for the period ended 30 June 2008 was based on the profit for that 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 was the number of ordinary shares in issue during that 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/(loss) per share are based on:

|   | <b>For the six months ended<br/>30 June</b> |                         |
|---|---|-------------------------|
|   | <b>2009</b>                                 | 2008                    |
|   | <b>(Unaudited)</b>                          | (Unaudited)             |
|   | <b>HK\$'000</b>                             | HK\$'000                |
| <u>Earnings/(loss)</u>  |   |                         |
| Profit/(loss) attributable to ordinary equity holders of the Company  | <u>(22,218)</u>                             | <u>23,074</u>           |
|   |   |                         |
|   |   | <b>Number of shares</b> |
| <u>Shares</u>   |   |                         |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation | <b>845,837,537</b>                          | 847,655,493             |
| Effect of dilution – weighted average number of ordinary shares: Share options  | <u>-</u>                                    | <u>9,565,702</u>        |
|   | <u><b>845,837,537</b></u>                   | <u>857,221,195</u>      |

## 6. Trade receivables

|                   | <b>30 June<br/>2009<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2008<br><br>HK\$'000 |
|-------------------|--|-------------------------------------|
| Trade receivables | <b>369,351</b>                                       | 394,137                             |
| Impairment        | <b>(15,112)</b>                                      | (17,284)                            |
|                   | <b><u>354,239</u></b>                                | <u>376,853</u>                      |

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

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

|                    | <b>30 June<br/>2009<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2008<br><br>HK\$'000 |
|--------------------|--|-------------------------------------|
| Current to 30 days | <b>263,219</b>                                       | 256,334                             |
| 31 – 60 days       | <b>32,957</b>  | 53,428                              |
| 61 – 90 days       | <b>26,166</b>  | 30,444                              |
| 91 – 120 days      | <b>9,220</b>   | 13,397                              |
| Over 120 days      | <b>37,789</b>  | 40,534                              |
|                    | <b><u>369,351</u></b>                                | <u>394,137</u>                      |

## 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:

|                    | <b>30 June<br/>2009<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2008<br>HK\$'000 |
|--------------------|--|---------------------------------|
| Current to 30 days | <b>74,928</b>  | 91,411                          |
| 31 – 60 days       | <b>19,824</b>  | 5,547                           |
| 61 – 90 days       | <b>948</b>   | 2,217                           |
| 91 – 120 days      | <b>841</b>   | 599                             |
| Over 120 days      | <b>3,406</b>   | 10,556                          |
|                    | <b><u>99,947</u></b>                                 | <u>110,330</u>                  |

# 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 other non-media operations.

The Group's results for the first half of 2009 were adversely affected as the global financial crisis continued to take its toll on the economy. The consolidated revenue of the Group for the six months ended 30 June 2009 ("Period") was approximately HK\$1,201.7 million, representing a slight drop of 0.7% compared with approximately HK\$1,210.3 million for the six months ended 30 June 2008 ("Previous Period"). Whilst the Media unit bore the brunt of the waning advertising market, the decline in its revenue was compensated to a large extent by an increase in turnover of the Group's Trading unit. However, the adjustment in the Media operations' cost of sales was insufficient to offset the fall in revenue, especially since the correction in newsprint prices lagged behind the business downturn. As a result, the Group made a consolidated loss attributable to equity holders of approximately HK\$22.2 million for the Period, as compared with a profit of approximately HK\$23.1 million for the Previous Period.

## Media and Media-related Operations

The Group's Media operations recorded a reduction in revenue from approximately HK\$845.1 million in the Previous Period to approximately HK\$729.5 million in the Period. During the first half of 2009, the blow of the financial tsunami was felt all through the economy. Hong Kong's advertising spending in print media declined by 11% year-on-year. Notwithstanding the Group's proactive measures on expense savings and efficiency enhancements, newsprint costs remained relatively high during part of the Period and put a drag on profitability. Segment results of the Media operations deteriorated from a profit of approximately HK\$13.4 million in the Previous Period to a loss of approximately HK\$31.3 million in the Period.

### *Newspapers*

Amid the challenging environment, Sing Tao Daily upheld its commitment to being a high-quality newspaper for middle-class readers. Its solid industry standing and superior editorial quality has helped to preserve its market share. Despite the economic downturn, Sing Tao Daily was able to achieve readership gains in the high-income bracket during the Period. It remained dedicated to enhancing its content and providing added value to its readers, particularly in the areas of education and lifestyle features, and the content and services offered by singtao.com were also extensively augmented. Advertising revenue, albeit lower during the Period, became more diversified with significant headway made in the luxury and education sectors.

Headline Daily continued to deliver strong performance during the Period despite the tough market conditions. It remained as Hong Kong's number one free newspaper with average circulation of over 700,000 copies. Readership saw a 10% year-on-year growth in the 12 months ended June 2009 (according to Synovate Media Atlas), allowing the free paper to provide its advertising clients with constantly effective returns in terms of customer responses to their advertisements. According to admanGo, Headline Daily was the only free newspaper to have registered an increase in advertising volume during the first half of 2009. At the same time, the mix of advertising clients was diverse and all-encompassing, with key categories ranging from retail and cosmetics to personal finance and education.

The Standard reported better than expected performance during the Period. Although advertising revenue was under pressure from the economic slowdown, The Standard has made an inroad into new advertising segments which opened up additional income sources, and recognition among advertisers has been raised significantly. The English free paper has also won growing readers' support, with its exclusive breaking news stories and enhanced content tailored to meet readers' needs in particular for local news and information. Readership has grown by 14% in the 12 months ended June 2009 on a year-on-year basis (according to Synovate Media Atlas).

The overseas operations of Sing Tao Daily were much exposed to the financial crisis as the North American and European economies were hard hit and remained in the doldrums during the Period. The withdrawal of some competitors from the market was an indication of the severity of the recession in the industry's business. While the overseas division placed focus on operations streamlining and cost control to defend its financial performance, it also took the opportunity to step up its editorial initiatives which helped not only to sustain circulation volume but also to gain further market share in readership.

### ***Magazines***

The Group's Magazine unit performed in line with the market during the Period. At East Week, the unit's flagship magazine, the positive momentum was interrupted somewhat by the setback in the market, but the performance was better than expected thanks to the magazine's high-quality content and premium customer base. To extend East Week's market reach, the website [www.eastweek.com.hk](http://www.eastweek.com.hk) was launched in April 2009. A recovery in East Week's circulation and advertising has been seen in recent months, and it is anticipated that the business' upward trend will resume as soon as market conditions stabilize. Some of the more niche titles, such as East Touch and JET, were worse affected during the Period as they relied more on the consumption and branded goods sectors for advertising. Nevertheless, efforts were expended on augmenting revenue via events and supplements which also served to raise the titles' brand awareness.

### ***Recruitment Media***

The recruitment advertising market in Hong Kong has taken a nosedive since the financial tsunami, and the unemployment rate has stayed at above 5% throughout the first half of 2009. The total volume of recruitment advertisements in print media dropped by 51%, exacerbated by the continuous shift to the online segment. In view of the market contraction as well as the structural change in the industry, the Group's recruitment media unit realigned its strategy to focus on developing its online business.

## **Non-Media Operations**

### *Trading*

The Group's Trading unit recorded revenue of approximately HK\$470.4 million for the Period, representing an increase of 29.5% as compared with approximately HK\$363.3 million for the Previous Period. However, segment profit for the Period dropped to approximately HK\$6.3 million, from approximately HK\$7.5 million in the Previous Period. Given the worsened economic environment, the unit has lowered its profit margins to generate higher sales turnover in a bid to maintain its profit level.

## **Prospects**

With the advertising market stabilizing and the cost of newsprint down at lower levels, the Group's Media operations are recuperating and returning to their course of growth. Management is cautiously optimistic about the prospects for the rest of the year. The property and financial markets in Hong Kong have staged a comeback in recent months and it is now generally believed that the worst of the crisis is behind us, but a sustainable revival in the underlying economy is still in the making.

The challenge from the financial tsunami has borne out the tenacity of our free newspaper business, and we shall continue to focus on developing this area of business. At the same time, we shall continue to react promptly and adapt to the changing circumstances, both to capitalize on our competitive strengths and to ensure that our operations are conducted in the most cost-effective manner.

## **Employees**

As at 30 June 2009, the Group had approximately 2,280 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 HK1 cent (Previous Period: HK2 cents) per share for the Period payable on Wednesday, 7 October 2009 to shareholders whose names appear on the register of members of the Company on Friday, 25 September 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 22 September 2009 to Friday, 25 September 2009, 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, 21 September 2009.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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 ("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 2009 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](http://www.hkexnews.hk) and the Company's website at [www.singtaonewscorp.com](http://www.singtaonewscorp.com). The 2009 interim report will also be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.singtaonewscorp.com](http://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, 3 September 2009

*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.*