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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 2011

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 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
REVENUE	2	1,146,350	1,607,067
Cost of sales		(784,233)	(1,227,416)
Gross profit		362,117	379,651
Other income and gains/(losses), net		9,947	(2,097)
Gain on loss of control in a subsidiary		-	11,474
Distribution costs		(131,090)	(129,242)
Administrative expenses		(151,108)	(153,759)
Other expenses		(5,108)	(4,942)
Finance costs		(352)	(1,405)
Share of profits and losses of:			
Jointly-controlled entities		12,254	13,444
An associate		(5,000)	-
Impairment of amounts due from jointly-controlled entities		(500)	(8,000)
PROFIT BEFORE TAX	3	91,160	105,124

* For identification purpose only

CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
PROFIT BEFORE TAX	3	91,160	105,124
Income tax expense	4	(130)	(3,391)
PROFIT FOR THE PERIOD		<u>91,030</u>	<u>101,733</u>
ATTRIBUTABLE TO:			
Owners of the Company		91,105	104,900
Non-controlling interests		(75)	(3,167)
		<u>91,030</u>	<u>101,733</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)			
Basic	5	<u>10.47</u>	<u>12.37</u>
Diluted		<u>10.21</u>	<u>12.26</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit for the period	91,030	101,733
Other comprehensive income for the period, net of tax:		
Exchange differences on translation of foreign operations	<u>8,403</u>	<u>672</u>
Total comprehensive income for the period	<u><u>99,433</u></u>	<u><u>102,405</u></u>
Attributable to:		
Owners of the Company	99,508	105,572
Non-controlling interests	<u>(75)</u>	<u>(3,167)</u>
	<u><u>99,433</u></u>	<u><u>102,405</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

		30 June 2011 (Unaudited) HK\$'000	31 December 2010 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		649,264	678,692
Investment properties		37,890	37,246
Goodwill		857	857
Other intangible assets		12,275	12,837
Investments in jointly-controlled entities		142,520	127,945
Investment in an associate		56,509	61,507
Available-for-sale investments		52,442	50,088
Deposit for an investment		27,443	27,443
Deferred tax assets		12,535	11,840
Other deposits paid		120,727	36,008
Total non-current assets		<u>1,112,462</u>	<u>1,044,463</u>
CURRENT ASSETS			
Inventories		148,712	107,256
Trade receivables	7	517,854	518,399
Prepayments, deposits and other receivables		51,581	53,545
Financial assets at fair value through profit or loss		59,534	58,654
Tax recoverable		5,142	601
Cash and cash equivalents		463,620	566,006
Total current assets		<u>1,246,443</u>	<u>1,304,461</u>
CURRENT LIABILITIES			
Trade and bills payables	8	126,859	140,009
Other payables and accruals		214,027	238,244
Tax payable		74,127	76,304
Finance lease and hire purchase contract payables		1,118	1,670
Total current liabilities		<u>416,131</u>	<u>456,227</u>
NET CURRENT ASSETS		<u>830,312</u>	<u>848,234</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,942,774</u>	<u>1,892,697</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

30 June 2011

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,942,774</u>	<u>1,892,697</u>
NON-CURRENT LIABILITIES		
Finance lease and hire purchase contract payables	2,360	5,563
Deferred tax liabilities	36,981	37,639
Total non-current liabilities	<u>39,341</u>	<u>43,202</u>
Net assets	<u><u>1,903,433</u></u>	<u><u>1,849,495</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	173,960	174,023
Reserves	1,729,197	1,631,610
Proposed final dividend	-	43,511
	<u>1,903,157</u>	<u>1,849,144</u>
Non-controlling interests	<u>276</u>	<u>351</u>
Total equity	<u><u>1,903,433</u></u>	<u><u>1,849,495</u></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 2010.

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 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues</i>
HK(IFRIC)-Int 14 Amendment	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs

The application of these new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the current account period. The directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Operating segment information

For management purposes, the Group is organised into business units based on their products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operation decision-maker.

	Media (unaudited) HK\$'000	Trading (unaudited) HK\$'000	Others (unaudited) HK\$'000	Total (unaudited) HK\$'000
<u>For the six months ended 30 June 2011</u>				
Segment revenue:				
Sales to external customers	985,859	156,636	3,855	1,146,350
Intersegment sales	804	-	84,409	85,213
	986,663	156,636	88,264	1,231,563
Reconciliation:				
Elimination of intersegment sales				(85,213)
Revenue				1,146,350
Segment results	97,447	1,408	(7,343)	91,512
Reconciliation:				
Finance costs				(352)
Profit before tax				91,160
<u>For the six months ended 30 June 2010</u>				
Segment revenue:				
Sales to external customers	934,128	670,673	2,266	1,607,067
Intersegment sales	1,042	-	76,460	77,502
	935,170	670,673	78,726	1,684,569
Reconciliation:				
Elimination of intersegment sales				(77,502)
Revenue				1,607,067
Segment results	106,208	8,205	(7,884)	106,529
Reconciliation:				
Finance costs				(1,405)
Profit before tax				105,124

3. Profit before tax

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

	For the six months ended	
	30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	563	563
Depreciation	38,334	36,859
Investment income	(540)	-
Dividend income from listed equity investments	(646)	(583)
Fair value losses/(gains), net on:		
Financial assets at fair value through profit or loss	(1,514)	3,989
Derivative financial instruments – transactions not qualifying as hedges	(59)	7,280
	<u>(59)</u>	<u>7,280</u>

4. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	For the six months ended	
	30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	1,481	1,633
Elsewhere	3	389
Elsewhere	2,706	1,261
Under/(over) provision in prior periods	(2,958)	56
Deferred	(1,102)	52
	<u>(1,102)</u>	<u>52</u>
Total tax expense for the period	<u>130</u>	<u>3,391</u>

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 weighted 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	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	91,105	104,900
	870,392,134	847,740,885
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	870,392,134	847,740,885
Effect of dilution – weighted average number of ordinary shares: Share options	22,322,606	7,773,788
	892,714,740	855,514,673

6. Dividend

At a meeting of the Board held on 30 August 2011, an interim dividend of HK4.5 cents per share was declared for the year ending 31 December 2011. This proposed dividend is not reflected as a dividend payable in these condensed financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2011.

7. Trade receivables

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 HK\$'000
Trade receivables	533,601	534,486
Impairment	(15,747)	(16,087)
	<u>517,854</u>	<u>518,399</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 end of the reporting period, based on the payment due date, is as follows:

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 HK\$'000
Current to 30 days	379,412	368,009
31 – 60 days	45,335	55,237
61 – 90 days	37,909	34,529
91 – 120 days	17,330	19,855
Over 120 days	53,615	56,856
	<u>533,601</u>	<u>534,486</u>

8. Trade and bills payables

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

	30 June 2011 (Unaudited) HK\$'000	31 December 2010 HK\$'000
Current to 30 days	92,679	114,416
31 – 60 days	24,883	17,399
61 – 90 days	1,140	710
91 – 120 days	624	446
Over 120 days	7,533	7,038
	<u>126,859</u>	<u>140,009</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The principal activities of the Group comprise Media and Media-related operations including Newspapers, Magazines and other media-related businesses. In addition, the Group is also engaged in Trading.

For the six months ended 30 June 2011 (“Period”), the Group recorded consolidated revenue of HK\$1,146.4 million, as compared with approximately HK\$1,607.1 million for the six months ended 30 June 2010 (“Previous Period”). This decline in revenue is wholly attributable to the camera Trading unit, which was undergoing rationalisation as a non-core business of the Group. If the Trading unit’s results were excluded, the Group’s revenue for the Period would have shown an increase of 6%, reflecting sustained growth of its core Media business.

During the Period, the industry’s operating costs came under considerable pressure, especially due to escalating newsprint prices and inflation in salary expenses. Coupled with the reduction in the Trading unit’s profit, the Group’s consolidated profit attributable to owners of the Company for the Period registered a decrease to approximately HK\$91.1 million, as compared with approximately HK\$104.9 million for the Previous Period.

Media and Media-related Operations

The Group’s Media operations continued on a healthy growth path, achieving an increase in revenue of 6% from approximately HK\$934.1 million in the Previous Period to approximately HK\$985.9 million in the Period. However, operating costs surged during the Period; in particular, the average cost of newsprint to the Group for the Period jumped by 25% year-on-year, and average staff costs also went up by 4% in line with general inflation. As a result, segment profit of the Media operations was reduced from approximately HK\$106.2 million in the Previous Period to approximately HK\$97.4 million in the Period.

Newspapers

The Group’s newspapers, comprising *Headline Daily*, *Sing Tao Daily*, *The Standard* and the overseas business of *Sing Tao Daily*, account for the largest percentage of the Media operations’ revenue and profit. Although the advertising market for newspapers in Hong Kong continued to expand generally in the first half of 2011, the rate of growth was evidently lesser than that achieved in the previous year. The earthquake and nuclear incident in Japan in March directly or indirectly interrupted the supply of various categories of products and services in Hong Kong, and therefore dampened related advertising spending for part of the Period. In addition, the Hong Kong government’s measures to cool real estate prices had a restraining impact on property advertisements during the first quarter of 2011.

Headline Daily, the Group's key profit contributor, extended its lead in the market. Its average circulation of over 800,000 copies in the first half of 2011 was well ahead those of its free newspaper rivals, and its average readership of 1,694,000 (according to the latest survey by Synovate Media Atlas) made it not only the most widely-read of all newspapers in Hong Kong but also one of the most preferred mass media. At the same time, the strong profile of Headline Daily's readers rendered it highly attractive to advertisers across a broad spectrum, thus generating continual growth in advertising revenue. In view of its large base of readers who are investors, Headline Daily has worked on building up its business and finance offering, branded as "Headline Finance". In April a dedicated website www.headlinefinance.hk was launched and in July Headline Daily pioneered a "paper-in-paper" – Headline Finance, each of which provides distinct but interactive content to create an innovative and comprehensive finance media product. With excellent response from the market, starting from August an enhanced Headline Finance paper has also been made separately available by free distribution, and a Headline Finance iPhone application has been introduced. Also, on top of Headline Daily's existing iPhone and iPad applications, an Android version was launched in March, extending the paper's reach to all mobile platforms.

Sing Tao Daily continued to perform well as a quality middle-class newspaper. Its circulation and readership maintained a stable trend, benefiting from the strong loyalty of its readers particularly those in higher income groups and in professional and managerial positions. With a high-calibre reader profile, Sing Tao Daily saw continuous growth in its advertising revenue, especially from such middle-class categories as banking and investment, education and luxury products. Smart Parents, the parenting magazine published by Sing Tao Daily, proved popular and has grown consistently in both readership and advertising since its launch last year. As the best-read parenting publication in Hong Kong, Smart Parents has also helped to further develop the "Sing Tao" brand name in education and among middle-class readers. In addition, Sing Tao District Post, published weekly in five editions serving different local communities, has prevailed over its competition to remain as the foremost community publication in Hong Kong.

The Standard pressed forward with improvement in its performance during the Period. Average readership saw steady growth, outdoing its nearest rival which recorded a reduction in number of readers. At the same time, The Standard possesses the most impressive reader profile among English newspapers in Hong Kong, especially in terms of educational qualification, consumption power and income level. With considerable headway having been made in further expanding the scale and scope of advertisements, The Standard continued to grow both its advertising volume and average page rates while significantly reducing its deficit.

The global economic environment was not conducive to the performance of the overseas business of Sing Tao Daily during the Period. Recovery in the US economy was fragile, and Europe was weighed down by the string of sovereign debt crises. Despite the economic uncertainty, the overseas business recorded revenue growth in its key markets, notably the US east coast and Australia. Yet, the global inflation and escalating commodities prices put pressure on operating costs and inflicted an adverse impact on profit margins. The overseas business maintained an emphasis on keeping costs under control to minimise such impact.

Magazines

The Magazine unit enjoyed robust growth during the Period and contributed a stable profit to the Group's Media operations. East Week, the unit's flagship title, continued to benefit from its increasing market recognition as a quality magazine, which helped to lift its advertising revenue particularly from the high-end consumption sector including beauty products and watches. East Touch also recorded sound performance, proving its effectiveness as an advertising platform for trendy and fashion products, thanks to its always ingenious content and advertising formats. The monthly titles, JET and Spiral, positioned at the top end of the market, scored growing success at attracting advertising for prestigious branded products. PC Market maintained its performance despite the relatively sluggish advertising environment underlying the IT magazine sector.

During the Period, the Magazine unit continued to develop its multi-media platform. Apart from continuously refining and improving each magazine's website, the unit has introduced www.my-magazine.me, an integrated platform providing a one-stop access to the unit's various magazine websites and their most topical highlights. Following the iPhone applications launched earlier by East Touch, PC Market and East Week, JET has also made available its iPad application under a paid subscription model. In building its online and digital platforms, the Magazine unit aspires not only to complement its print business but also to provide the springboard for its new media business.

Non-Media Operations

Trading

The Group's Trading unit recorded revenue of approximately HK\$156.6 million for the Period, as compared with approximately HK\$670.7 million for the Previous Period. The supplier of the camera Trading business entered into direct distribution in the PRC during the Period, and the Group considered it opportune to rationalise the unit which is a non-core business of the Group. Consequently, revenue of the unit substantially decreased and segment profit also slipped to approximately HK\$1.4 million, from approximately HK\$8.2 million in the Previous Period.

Prospects

Against the backdrop of an uncertain global economy and generally escalating inflation, the Group continued to deliver good progress in its Media business, led by Headline Daily. Although the second half of 2011 is threatened with market volatility and economic slowdown in the aftermath of the US sovereign downgrade and the European debt crises, management considers that the Group's Media operations hold a solid base and strong market position from which to grow and prosper. In addition, the upward cycle in commodities prices appears to be coming to an end, which will have a positive impact on operating costs. The Group is confident about its business performance in the second half.

The Group will remain its focus on its free newspaper business, in particular *Headline Daily*. Having established its leading presence in the readers' market, *Headline Daily* is well placed to further expand its business and to capture additional advertising dollars from the paid newspaper market which is undergoing a considerable contraction in circulation sales. In the face of new players coming to the market, management believes that new opportunities will arise as the trend will be for free newspapers to become mainstream. Free newspapers now take up only less than one-third of the total newspaper advertising pie, and increased competition will accelerate the growth of their market share. As the leading free newspaper, *Headline Daily* will take advantage of the opportunity to further expand its business, with a vision to become the biggest winner in a larger advertising market for free newspapers.

Employees

As at 30 June 2011, 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 HK4.5 cents (Previous Period: HK3.5 cents) per share for the Period payable on Thursday, 22 September 2011 to shareholders whose names appear on the register of members of the Company on Friday, 16 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 September 2011 to Friday, 16 September 2011, 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 registrar 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 Wednesday, 14 September 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has repurchased a total of 1,612,000 shares at prices ranging from HK\$2.15 to HK\$2.25 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 had not redeemed, and neither had the Company nor any of its subsidiaries 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 2011 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 2011 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, 30 August 2011

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 directors: Mr. HO Ching Tak, Kent and Mr. LEUNG Chun Ying; and (3) independent non-executive directors: Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Mr. TUNG Chee Chen.