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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 2013

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 2013 together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Notes	For the six months ended 30 June	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
REVENUE	2	977,785	1,054,589
Cost of sales		(654,799)	(735,677)
Gross profit		322,986	318,912
Other income and gains/(losses), net		(8,638)	6,697
Distribution costs		(139,726)	(138,342)
Administrative expenses		(151,774)	(152,973)
Other expenses		(2,312)	(2,241)
Finance costs		(262)	(153)
Share of profits and losses of:			
Jointly-controlled entities		8,893	35,085
An associate		-	(5,792)
Impairment of amounts due from jointly-controlled entities		(303)	(937)
PROFIT BEFORE TAX	3	28,864	60,256

* For identification purpose only

CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2013

		For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
PROFIT BEFORE TAX	3	28,864	60,256
Income tax expense	4	(3,968)	(9,821)
PROFIT FOR THE PERIOD		<u>24,896</u>	<u>50,435</u>
ATTRIBUTABLE TO:			
Owners of the Company		25,035	50,460
Non-controlling interests		(139)	(25)
		<u>24,896</u>	<u>50,435</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)			
Basic	5	<u>2.99</u>	<u>5.99</u>
Diluted		<u>2.96</u>	<u>5.92</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Profit for the period	24,896	50,435
Other comprehensive income for the period, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	<u>(14,762)</u>	<u>(1,820)</u>
Total comprehensive income for the period	<u>10,134</u>	<u>48,615</u>
Attributable to:		
Owners of the Company	10,273	48,640
Non-controlling interests	<u>(139)</u>	<u>(25)</u>
	<u>10,134</u>	<u>48,615</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2013

		30 June 2013 (Unaudited) HK\$'000	31 December 2012 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		752,327	760,946
Investment properties		43,433	44,180
Goodwill		857	857
Other intangible assets		10,024	10,586
Investments in jointly-controlled entities		144,133	142,766
Investment in an associate		-	-
Available-for-sale investments		7,491	30,047
Deposit for an investment		-	27,443
Deferred tax assets		14,154	11,494
Other deposits paid		32,901	31,829
Total non-current assets		<u>1,005,320</u>	<u>1,060,148</u>
CURRENT ASSETS			
Inventories		86,519	95,039
Trade receivables	7	484,664	531,014
Prepayments, deposits and other receivables		45,648	46,156
Financial assets at fair value through profit or loss		79,546	68,423
Tax recoverable		11,520	11,628
Cash and cash equivalents		624,948	611,783
Total current assets		<u>1,332,845</u>	<u>1,364,043</u>
CURRENT LIABILITIES			
Trade and bills payables	8	106,021	112,794
Other payables and accruals		189,955	252,413
Tax payable		61,013	55,617
Finance lease and hire purchase contract payables		892	862
Total current liabilities		<u>357,881</u>	<u>421,686</u>
NET CURRENT ASSETS		<u>974,964</u>	<u>942,357</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,980,284</u>	<u>2,002,505</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)
30 June 2013

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,980,284</u>	<u>2,002,505</u>
NON-CURRENT LIABILITIES		
Finance lease and hire purchase contract payables	3,263	3,130
Deferred tax liabilities	48,861	48,302
Total non-current liabilities	<u>52,124</u>	<u>51,432</u>
Net assets	<u><u>1,928,160</u></u>	<u><u>1,951,073</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	167,546	167,466
Reserves	1,760,557	1,749,902
Proposed final dividend	-	33,509
	<u>1,928,103</u>	<u>1,950,877</u>
Non-controlling interests	<u>57</u>	<u>196</u>
Total equity	<u><u>1,928,160</u></u>	<u><u>1,951,073</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 2012.

In the current period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2013.

HKFRSs Amendments	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 7 Amendments	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKAS 1 Amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separates Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The adoption of these new/revised HKFRS and interpretations has no material impact on the Group’s results and financial position for the current or prior periods. The Group has not applied the new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

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.

For the six months ended 30 June 2013 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	947,189	25,096	5,500	977,785
Intersegment sales	59	-	98,036	98,095
	<u>947,248</u>	<u>25,096</u>	<u>103,536</u>	<u>1,075,880</u>
Reconciliation:				
Elimination of intersegment sales				<u>(98,095)</u>
Revenue				<u><u>977,785</u></u>
Segment results	45,692	(482)	(16,084)	29,126
Reconciliation:				
Finance costs				<u>(262)</u>
Profit before tax				<u><u>28,864</u></u>

For the six months ended 30 June 2012 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	969,603	81,872	3,114	1,054,589
Intersegment sales	326	-	94,448	94,774
	<u>969,929</u>	<u>81,872</u>	<u>97,562</u>	<u>1,149,363</u>
Reconciliation:				
Elimination of intersegment sales				<u>(94,774)</u>
Revenue				<u><u>1,054,589</u></u>
Segment results	69,810	2,401	(11,802)	60,409
Reconciliation:				
Finance costs				<u>(153)</u>
Profit before tax				<u><u>60,256</u></u>

3. Profit before tax

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

	For the six months ended	
	30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	562	563
Depreciation	39,223	42,854
Investment income	(1,519)	(1,565)
Dividend income from listed equity investments	(337)	(448)
Fair value losses/(gains), net on:		
Financial assets at fair value through profit or loss	17,333	5,683
Derivative financial instruments – transactions not qualifying as hedges	93	(310)

4. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	8,325	7,123
Elsewhere	6	210
Elsewhere	909	1,992
Under/(over) provision in prior periods	(2,954)	154
Deferred	(2,318)	342
Total tax expense for the period	3,968	9,821

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	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	<u>25,035</u>	<u>50,460</u>
	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	837,631,981	843,083,556
Effect of dilution – weighted average number of ordinary shares: Share options	<u>9,053,382</u>	<u>8,951,774</u>
	<u>846,685,363</u>	<u>852,035,330</u>

6. Dividend

At a meeting of the Board held on 27 August 2013, an interim dividend of HK2 cents per share was declared for the year ending 31 December 2013. 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 2013.

7. Trade receivables

	30 June 2013 (Unaudited) HK\$'000	31 December 2012 HK\$'000
Trade receivables	497,684	544,397
Impairment	(13,020)	(13,383)
	<u>484,664</u>	<u>531,014</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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. 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 2013 (Unaudited) HK\$'000	31 December 2012 HK\$'000
Current to 30 days	346,840	376,204
31 – 60 days	44,480	66,859
61 – 90 days	38,353	41,016
91 – 120 days	20,838	19,224
Over 120 days	47,173	41,094
	<u>497,684</u>	<u>544,397</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 2013 (Unaudited) HK\$'000	31 December 2012 HK\$'000
Current to 30 days	83,140	99,588
31 – 60 days	16,279	5,041
61 – 90 days	1,988	1,893
91 – 120 days	2,963	2,456
Over 120 days	1,651	3,816
	<u>106,021</u>	<u>112,794</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The principal activities of the Group comprise Media operations including Newspapers, Magazines and other media-related businesses.

The Group's consolidated revenue for the six months ended 30 June 2013 ("Period") amounted to approximately HK\$977.8 million, as compared with approximately HK\$1,054.6 million for the six months ended 30 June 2012 ("Previous Period"). The majority of the drop in revenue is accounted for by the non-core Trading unit, which continued to pare down its business volume. Revenue of the Media operations posted only a small decrease of 2.3%.

The underlying business performance of the Group's core Media operations remained solid during the Period. However, the Group's reported profit for the Period was affected by the presence of a one-off non-operating gain of approximately HK\$23.2 million recorded in the Previous Period and mark-to-market losses of treasury investments, which together were the main reasons for the reduction in consolidated profit attributable to owners of the Company from approximately HK\$50.5 million in the Previous Period to approximately HK\$25.0 million in the Period.

Review of Media Operations

Growth in the overall local advertising market slowed to 9% in the first half of 2013, the lowest since the financial tsunami, affected by the subdued financial and property markets and concerns over a weakening in tourism-driven local consumption demand. Although total newspaper advertising in Hong Kong continued to increase, growth was recorded only by free newspapers, at the expense of paid newspapers. In addition, total magazine advertising was relatively stagnant.

The performance of the Group's core Media operations during the Period, in particular its free newspaper products in Hong Kong, exceeded that of the overall market, especially given the strong position of *Headline Daily*. Nevertheless, the Media segment registered a decrease in revenue from approximately HK\$969.6 million in the Previous Period to approximately HK\$947.2 million in the Period, attributable to a slight drop in business volume of the magazine operations and *Sing Tao Daily* from their relatively high level last year. The improvement in *Headline Daily*'s profit was sufficient to cover the minor profit setback in the other products, but due to the presence of a one-off gain from a jointly-controlled entity recorded in the Previous Period, the Media segment's profit for the Period showed a decline from approximately HK\$69.8 million to approximately HK\$45.7 million.

Newspapers

The Group's newspaper operations comprise *Headline Daily*, *Sing Tao Daily*, *The Standard* and the overseas business of *Sing Tao Daily*. Together, these account for the largest percentage of the Media operations' revenue and profit.

Hong Kong's newspaper industry remained competitive during the Period even though the competition has somewhat moderated. Currently the number of free newspapers in operation is probably more than what the advertising market can accommodate, with the result that some operators are suffering from considerable losses. In addition, the active free newspaper market has led to continuing growth in its advertising market share versus paid newspapers, and according to market data some mass-market paid newspapers have suffered a decline in advertising revenue.

In this protracted competitive industry environment, Headline Daily has proven to be a strong market leader. Not only has it been capable of maintaining its number 1 position, but it has also managed to further grow its advertising revenue and market share during the Period. It continued to be the largest-circulating and most widely-read newspaper in Hong Kong, and has further increased its lead in circulation volume against its competitors. Thus far the competition has not posed any negative impact on its business performance, and Headline Daily has successfully prevailed over the challengers with its evident strengths in editorial content as well as advertising effectiveness. During the Period, Headline Daily also benefited from lower newsprint prices which, coupled with the increase in its advertising revenue, allowed it to achieve a satisfactory improvement in profitability that is in line with management's expectation. Furthermore, Headline Finance paper continued to claim the largest readership among local financial newspapers and has helped to further open up the advertising market in the financial segment.

The performance of Sing Tao Daily stayed firm for the most part of the Period, barring the adverse market impact in June. By continuing to strengthen its positioning in the middle-class market segment, it was largely unaffected by the competition from free newspapers. With its new art-paper supplement on Friday - "Five Star Style" - and its ongoing popular "Smart Guide" series, Sing Tao Daily kept on delivering high value-add content to differentiate itself as a quality niche newspaper and retain the support of its loyal readers. In April, the cover price of Sing Tao Daily was increased from HK\$6 to HK\$7 following the move of other paid newspapers, and yet its circulation volume has been upheld. In terms of advertising, Sing Tao Daily attained good advancement in categories such as retail, food and electrical appliances. However, the series of cooling measures introduced by the government took a toll on property sales and property advertisements, as a result of which Sing Tao Daily's advertising revenue experienced a slight overall drop.

The Standard's financial results saw progress during the Period. While advertising revenue achieved a small increase, bottom line improved more significantly as costs of sales were brought down as a result of lower newsprint prices and more cost-effective distribution strategies. Advertising revenue continued to be diversified as newer categories such as overseas properties and telecommunications were expanded. Average page rates also saw a steady increase.

The overseas operations of Sing Tao Daily on the whole maintained relatively stable results for the Period, although performances across different regions varied in accordance with the underlying environment of the respective economies. The recession-struck Eurozone continued to present difficult business conditions for our European operations, and the economic slowdown in Canada and Australia somewhat abated our growth momentum there; on the other hand, the US operations benefited from a gradually recovering economy.

Magazines

Overall, magazine advertising in the first half of 2013 lagged behind the rest of the market. Circulation sales and readership of magazines in general trended downwards, given the competition from free newspapers, the internet and mobile media vying for readers' time and attention. The Magazine unit was under the influence of these factors during the Period and recorded a decrease in revenue and profit when compared with the Previous Period. East Week's advertising revenue was weakened by the slowdown in consumption demand especially for beauty products, cosmetics and luxury goods, partly due to lower spending by Mainland tourists. For East Touch, advertising revenue held firm thanks to more income from special projects, but the profit margin from these projects was lesser as they required additional printing effects and editorial input. PC Market maintained a steady performance, as the advertising market for digital and telecommunications products became more active during the Period. JET and Spiral were affected by the contraction in the luxury segment's advertising budgets, but Caz Buyer remained resilient.

In view of the increasing challenge from various new media, the Magazine unit put in further efforts during the Period to develop its multi-media business. PC Market's digital version for tablet and smartphone devices, available for subscription or retail sale, has drawn good response since its introduction last year. Encouraged by the positive results, East Touch and JET have also launched similar electronic versions, and East Touch is scaling up its e-commerce business utilizing its popular online and mobile platforms. The Magazine unit's commitment and efforts have led to an almost tripling of its online and mobile revenue for the Period, albeit from a modest base.

Prospects

Hong Kong's economic outlook for the rest of 2013 remains uncertain, with the US set to roll back quantitative easing measures and the Mainland economy slowing down. The local property market is adjusting to the government's cooling measures and the longer term impact of such measures on the advertising market remains to be seen. In this unsettled environment, the Group will be proactive in seeking revenue improvement, and at the same time has put in place plans for control over its finances and cost reductions which will be implemented as needed in order to preserve profitability.

On a more positive note, competition among free newspapers has eased and Headline Daily, with an enhanced number 1 position in the market, should continue to grow its business and profitability. While the free newspaper market will see ongoing expansion, cut-throat competition is not sustainable and some industry consolidation is already witnessed. Some weaker competitors may be eliminated over time. Management will continue to cultivate the competitive strengths of Headline Daily which will allow it to become the long term winner in the industry.

Employees

As at 30 June 2013, the Group had approximately 2,380 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 cents (Previous Period: HK3.5 cents) per share for the Period payable on Thursday, 19 September 2013 to shareholders whose names appear on the register of members of the Company on Friday, 13 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 12 September 2013 and Friday, 13 September 2013, on which dates 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, 11 September 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules and complied with the CG Code throughout the Period with deviations from the code provisions A.6.7 and E.1.2. The Chairman of the Board and all non-executive directors were unable to attend the annual general meeting of the Company held in 2013 due to 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 2013 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, 27 August 2013

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. HO Kent Ching Tak; and (3) independent non-executive directors: Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Ms. Judy LEISSNER.