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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 2014

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 2014 together with the comparative figures for the corresponding period in 2013 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2	<b>963,077</b>	977,785
Cost of sales		<b>(631,580)</b>	(654,799)
Gross profit		<b>331,497</b>	322,986
Other income and gains/(losses), net		<b>(5,460)</b>	(8,638)
Distribution expenses		<b>(142,108)</b>	(139,726)
Administrative expenses		<b>(151,928)</b>	(151,774)
Other expenses		<b>(1,720)</b>	(2,312)
Finance costs		<b>(184)</b>	(262)
Share of profits and losses of:			
Joint ventures		<b>9,401</b>	8,893
An associate		<b>(1,851)</b>	-
Impairment of amounts due from joint ventures		<b>(391)</b>	(303)
PROFIT BEFORE TAX	3	<b>37,256</b>	28,864

\* For identification purpose only

## CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2014

		For the six months ended 30 June	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
PROFIT BEFORE TAX	3	<b>37,256</b>	28,864
Income tax expense	4	<b>(6,900)</b>	(3,968)
<b>PROFIT FOR THE PERIOD</b>		<b><u>30,356</u></b>	<u>24,896</u>
ATTRIBUTABLE TO:			
Owners of the Company		<b>30,336</b>	25,035
Non-controlling interests		<b>20</b>	(139)
		<b><u>30,356</u></b>	<u>24,896</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)			
Basic	5	<b><u>3.62</u></b>	<u>2.99</u>
Diluted		<b><u>3.59</u></b>	<u>2.96</u>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	30,356	24,896
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>2,097</u>	<u>(14,762)</u>
Total comprehensive income for the period	<u>32,453</u>	<u>10,134</u>
Attributable to:		
Owners of the Company	32,433	10,273
Non-controlling interests	<u>20</u>	<u>(139)</u>
	<u>32,453</u>	<u>10,134</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014

		<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>809,289</b>	805,532
Investment properties		<b>43,152</b>	43,228
Goodwill		<b>857</b>	857
Other intangible assets		<b>8,898</b>	9,461
Investments in joint ventures		<b>119,949</b>	123,637
Investment in an associate		<b>7,466</b>	9,317
Available-for-sale investments		<b>8,031</b>	8,031
Deferred tax assets		<b>17,575</b>	14,889
Other deposits paid		<b>47,431</b>	33,524
Total non-current assets		<b><u>1,062,648</u></b>	<u>1,048,476</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>77,266</b>	84,547
Trade receivables	7	<b>489,988</b>	529,647
Prepayments, deposits and other receivables		<b>46,274</b>	55,243
Financial assets at fair value through profit or loss		<b>90,042</b>	57,854
Tax recoverable		<b>2,670</b>	1,205
Cash and cash equivalents		<b>645,794</b>	685,960
Total current assets		<b><u>1,352,034</u></b>	<u>1,414,456</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	8	<b>83,631</b>	101,335
Other payables and accruals		<b>211,901</b>	250,115
Tax payable		<b>64,239</b>	55,464
Finance lease and hire purchase contract payables		<b>922</b>	913
Total current liabilities		<b><u>360,693</u></b>	<u>407,827</u>
<b>NET CURRENT ASSETS</b>		<b><u>991,341</u></b>	<u>1,006,629</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>2,053,989</u></b>	<u>2,055,105</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

30 June 2014

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b><u>2,053,989</u></b>	<u>2,055,105</u>
<b>NON-CURRENT LIABILITIES</b>		
Finance lease and hire purchase contract payables	<b>2,455</b>	2,918
Deferred tax liabilities	<b>55,694</b>	55,291
Total non-current liabilities	<b><u>58,149</u></b>	<u>58,209</u>
Net assets	<b><u><u>1,995,840</u></u></b>	<u><u>1,996,896</u></u>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Issued capital	<b>167,546</b>	167,546
Reserves	<b>1,828,274</b>	1,795,841
Proposed final dividend	<b>-</b>	33,509
	<b><u>1,995,820</u></b>	<u>1,996,896</u>
Non-controlling interests	<b><u>20</u></b>	<u>-</u>
Total equity	<b><u><u>1,995,840</u></u></b>	<u><u>1,996,896</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 2013.

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 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

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 2014 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
Sales to external customers	954,170	4,243	4,664	963,077
Intersegment sales	5	-	99,767	99,772
	<u>954,175</u>	<u>4,243</u>	<u>104,431</u>	<u>1,062,849</u>
<b>Reconciliation:</b>				
Elimination of intersegment sales				<u>(99,772)</u>
<b>Revenue</b>				<u><u>963,077</u></u>
<b>Segment results</b>	<b>47,782</b>	<b>(1,809)</b>	<b>(8,533)</b>	<b>37,440</b>
<b>Reconciliation:</b>				
Finance costs				<u>(184)</u>
<b>Profit before tax</b>				<u><u>37,256</u></u>

For the six months ended 30 June 2013 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>				
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>
<b>Reconciliation:</b>				
Elimination of intersegment sales				<u>(98,095)</u>
<b>Revenue</b>				<u><u>977,785</u></u>
<b>Segment results</b>	<b>45,692</b>	<b>(482)</b>	<b>(16,084)</b>	<b>29,126</b>
<b>Reconciliation:</b>				
Finance costs				<u>(262)</u>
<b>Profit before tax</b>				<u><u>28,864</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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	563	562
Depreciation	38,863	39,223
Investment income	(1,427)	(1,519)
Dividend income from listed equity investments	(514)	(337)
Fair value losses/(gains), net on:		
Financial assets at fair value through profit or loss	11,823	17,333
Derivative financial instruments – transactions not qualifying as hedges	(3,946)	93

### 4. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	8,512	8,325
Elsewhere	1	6
Elsewhere	294	909
Under/(over) provision in prior periods	303	(2,954)
Deferred	(2,210)	(2,318)
Total tax expense for the period	6,900	3,968



## 5. Earnings per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings per share amounts 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 amounts 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 dilutive potential ordinary shares into ordinary shares.

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

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	<u><b>30,336</b></u>	<u>25,035</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 per share calculation	<b>837,730,497</b>	837,631,981
Effect of dilution – weighted average number of ordinary shares: Share options	<u><b>8,022,918</b></u>	<u>9,053,382</u>
	<u><b>845,753,415</b></u>	<u>846,685,363</u>

## 6. Dividend

At a meeting of the Board held on 27 August 2014, an interim dividend of HK2 cents per share was declared for the year ending 31 December 2014. 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 2014.

## 7. Trade receivables

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013  HK\$'000
Trade receivables	<b>501,709</b>	540,723
Impairment	<b>(11,721)</b>	(11,076)
	<b><u>489,988</u></b>	<u>529,647</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:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013  HK\$'000
Current to 30 days	<b>351,819</b>	366,906
31 – 60 days	<b>43,957</b>	61,807
61 – 90 days	<b>35,749</b>	37,053
91 – 120 days	<b>15,235</b>	19,430
Over 120 days	<b>54,949</b>	55,527
	<b><u>501,709</u></b>	<u>540,723</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:

	<b>30 June 2014 (Unaudited) HK\$'000</b>	31 December 2013 HK\$'000
Current to 30 days	<b>69,316</b>	88,854
31 – 60 days	<b>8,765</b>	8,786
61 – 90 days	<b>2,417</b>	1,541
91 – 120 days	<b>1,893</b>	1,296
Over 120 days	<b>1,240</b>	858
	<b><u>83,631</u></b>	<u>101,335</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, Recruitment Media and other media-related businesses.

For the six months ended 30 June 2014 (“Period”), the Group reported consolidated revenue of approximately HK\$963.1 million, as compared with approximately HK\$977.8 million for the six months ended 30 June 2013 (“Previous Period”). The decrease in consolidated revenue arose entirely from the non-core Trading unit, whereas the core Media operations recorded stable turnover. Consolidated profit attributable to owners of the Company increased from approximately HK\$25.0 million for the Previous Period to approximately HK\$30.3 million for the Period.

## Review of Media Operations

Economic growth in Hong Kong slowed during the first half of 2014. In addition, growth in the overall local advertising market in this period, at 6% year-on-year, saw a 5-year low, with certain consumption-related sectors showing negative growth in advertising spending. Despite this adverse background, the Group’s core Media operations maintained a healthy performance and on the whole compared favorably with the rest of the print media industry. The Media segment recorded an increase in revenue from approximately HK\$947.2 million for the Previous Period to approximately HK\$954.2 million for the Period, while segment profit increased from approximately HK\$45.7 million to approximately HK\$47.8 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.

*Headline Daily* stayed as the leader in the free newspaper market, clearly maintaining its number 1 position in terms of circulation, readership and also advertising. Armed with an average weekday circulation of over 850,000 copies and an average readership of 1,320,000 (according to reports of, respectively, Hong Kong Audit Bureau of Circulations and Ipsos Media Atlas), it continued to offer a highly effective advertising medium and showed good revenue growth across a range of categories including Travel, Banking and Food. This was achieved in spite of the slowdown in the advertising market, through consistent sales efforts, increase in circulation effectiveness to better reach target readers, as well as content improvements. The editorial team remained dedicated to producing high quality news reporting and other content to make *Headline Daily* a newspaper preferred and valued by readers. In addition, *Headline Daily* introduced “POPNews” in April, which represented a new format of conveying news and information through motion images, mainly video. Available online and via apps, the content of POPNews is distinguished from that of the newspaper to attract a new audience. Meanwhile, advertising revenue of *Headline Daily*’s website and mobile apps continued to expand.

Although paid newspapers were under constant challenge from free newspapers both in terms of readership and advertising, Sing Tao Daily's established positioning as a quality middle-class newspaper allowed it to maintain a stable performance. Its advertising revenue was boosted by increased activity in first-hand property sales and out-bound tourism, while circulation revenue benefited from the impact of the cover price increase introduced in April last year. Sing Tao Daily kept its focus on delivering high value-add content to provide readers with a more premium product. For example, it augmented its art-paper supplements on Thursday and Friday, and upgraded its Sports section to include an art-paper World Cup series over the course of the tournament. These helped to raise readers' impression of the newspaper and acquire more advertising in high-end sectors. Smart Parents, Hong Kong's most popular parenting magazine published by Sing Tao Daily, has become well recognized among middle-class families and continued to grow in revenue and profitability.

The Standard made further improvements during the Period. In February, it launched "Weekend Glitz", an 8-page feature published every Friday covering a variety of luxury lifestyle topics, which has helped to tap into advertising from top brands as well as premium products and services. A number of redemption programs were implemented to refine the distribution system of the newspapers to maximize its efficiency. Circulation of The Standard's school papers significantly increased during the Period which, coupled with effective cost management, contributed to an improved bottom line.

The performance of the overseas operations of Sing Tao Daily for the Period was in line with expectations. As the US and Eurozone economies eased further into recovery, the overseas operations faced a more accommodating business environment. Sing Tao Daily's operations in North America and Europe saw steady revenue performance and managed to achieve better profit through financial discipline and rationalization of business operations. Increased cohesion among the overseas operations also brought about positive synergistic effects.

## **Magazines**

Hong Kong's magazine market was overall in decline in the first half of 2014. Advertising revenue recorded negative growth, while circulation generally continued to be threatened by the competition from free newspapers and other new media. Given this context, the Group's Magazine unit focused on preserving its reader base and developing its digital media business during the Period, and recorded relatively small decreases in revenue and profit when compared with the Previous Period. At East Week, advertising revenue from cosmetics and luxury goods suffered from subdued demand, but editorial and marketing efforts helped to retain readers' loyalty and keep circulation loss at bay. At the same time, the magazine implemented comprehensive cost control measures which were effective in sustaining a sound operation. East Touch and PC Market also faced a challenging business environment, and diversified increasingly into the digital arena for additional business opportunities and revenue sources.

## **Recruitment Media**

The Group stepped up its efforts in recruitment media during the Period. In January it acquired the exclusive right to distribute JobMarket at MTR main lines, upon which the circulation copies of the publication has increased by over 50%. Advertising revenue for the Period almost doubled compared with the Previous Period. Starting from June, “The Standard Jobs” has been published in The Standard every Thursday to offer a new advertising medium for recruiters. Together with “Headline Hot Jobs”, published in Headline Daily every Wednesday and Saturday, and the Group’s range of online recruitment channels, these publications form a comprehensive media platform to serve the needs of employers and jobseekers.

## **Prospects**

The Group’s core Media operations are expected to stay sturdy in the second half of 2014. With a relatively strong place in the industry, each of the core Media products will continue to consolidate and strengthen its unique positioning to equip itself for the market’s challenge and competition. To embrace the changes in the industry, the Group has made careful investments in new media; its associate Bastille Post has so far received good response as a digital newspaper and has been actively exploring different business prospects. The Group’s strategy for its new media operations is to invest in businesses that are complementary to its traditional core products rather than directly compete with them. With a prudent approach, Management will seek to pursue new media opportunities while maintaining stability in overall profit.

## **Employees**

As at 30 June 2014, the Group had approximately 2,326 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: HK2 cents) per share for the Period payable on Tuesday, 23 September 2014 to shareholders whose names appear on the register of members of the Company on Tuesday, 16 September 2014.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on Monday, 15 September 2014 and Tuesday, 16 September 2014, 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 Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 September 2014.

## **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 except Ms. HO Chiu King, Pansy Catilina were unable to attend the annual general meeting of the Company held in 2014 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](http://www.hkexnews.hk) and the Company's website at [www.singtaonewscorp.com](http://www.singtaonewscorp.com). The 2014 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, 27 August 2014

*As at the date of this announcement, the Board comprises: (1) executive directors: Mr. HO Tsu Kwok, Charles (Chairman), Mr. SIU Sai Wo (Chief Executive Officer), Mr. HO Kent Ching Tak, Mr. JIA Hongping, Mr. LAU Chung Man, Louis, Mr. LO Wing Hung and Mrs. SY WONG Chor Fong; and (2) independent non-executive directors: Ms. Judy CHAN, Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing and Mr. LEE Cho Jat.*