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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 2015

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 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2	920,149	963,077
Cost of sales		(589,705)	(631,580)
Gross profit		330,444	331,497
Other income and gains/(losses), net		9,017	(5,460)
Distribution expenses		(138,227)	(142,108)
Administrative expenses		(158,353)	(151,928)
Other expenses		(1,211)	(1,720)
Finance costs		(184)	(184)
Share of profits and losses of:			
Joint ventures		4,912	9,401
An associate		(1,904)	(1,851)
Impairment of amounts due from joint ventures		-	(391)
PROFIT BEFORE TAX	3	44,494	37,256

* For identification purpose only

CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 June 2015

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
PROFIT BEFORE TAX	3	44,494	37,256
Income tax expense	4	(11,795)	(6,900)
PROFIT FOR THE PERIOD		<u>32,699</u>	<u>30,356</u>
ATTRIBUTABLE TO:			
Owners of the Company		32,699	30,336
Non-controlling interests		-	20
		<u>32,699</u>	<u>30,356</u>
Earnings per share attributable to ordinary equity holders of the Company – (HK cents)			
Basic	5	<u>3.86</u>	<u>3.62</u>
Diluted		<u>3.83</u>	<u>3.59</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit for the period	32,699	30,356
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>(16,873)</u>	<u>2,097</u>
Total comprehensive income for the period	<u>15,826</u>	<u>32,453</u>
Attributable to:		
Owners of the Company	15,826	32,433
Non-controlling interests	<u>-</u>	<u>20</u>
	<u>15,826</u>	<u>32,453</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

		30 June 2015 (Unaudited) HK\$'000	31 December 2014 HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		804,135	818,514
Investment properties		43,669	44,799
Goodwill		857	857
Other intangible assets		9,273	8,336
Investments in joint ventures		104,373	103,137
Investment in an associate		5,926	5,729
Available-for-sale investments		8,281	8,281
Deferred tax assets		15,932	15,013
Other deposits paid		52,479	55,237
Total non-current assets		<u>1,044,925</u>	<u>1,059,903</u>
CURRENT ASSETS			
Inventories		50,098	77,886
Trade receivables	7	454,055	492,870
Prepayments, deposits and other receivables		44,187	40,149
Financial assets at fair value through profit or loss		68,877	5,941
Tax recoverable		4,868	1,547
Cash and cash equivalents		795,957	826,095
Total current assets		<u>1,418,042</u>	<u>1,444,488</u>
CURRENT LIABILITIES			
Trade and bills payables	8	75,835	92,641
Other payables and accruals		197,088	234,470
Tax payable		67,855	56,152
Finance lease and hire purchase contract payables		976	971
Total current liabilities		<u>341,754</u>	<u>384,234</u>
NET CURRENT ASSETS		<u>1,076,288</u>	<u>1,060,254</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,121,213</u>	<u>2,120,157</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

30 June 2015

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,121,213</u>	<u>2,120,157</u>
NON-CURRENT LIABILITIES		
Finance lease and hire purchase contract payables	1,834	2,325
Deferred tax liabilities	62,464	61,850
Total non-current liabilities	<u>64,298</u>	<u>64,175</u>
Net assets	<u><u>2,056,915</u></u>	<u><u>2,055,982</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	172,543	167,809
Reserves	1,884,372	1,854,611
Proposed final dividend	-	33,562
	<u>2,056,915</u>	<u>2,055,982</u>
Non-controlling interests	<u>-</u>	<u>-</u>
Total equity	<u><u>2,056,915</u></u>	<u><u>2,055,982</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 2014.

In the current period, the Group has applied, for the first time, a number of revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1 January 2015.

<i>Amendments to HKAS 19</i>	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The adoption of these revised HKFRSs 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 2015 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	915,602	273	4,274	920,149
Intersegment sales	7	-	104,333	104,340
	<u>915,609</u>	<u>273</u>	<u>108,607</u>	<u>1,024,489</u>
Reconciliation:				
Elimination of intersegment sales				<u>(104,340)</u>
Revenue				<u><u>920,149</u></u>
Segment results	50,076	(3,105)	(2,293)	44,678
Reconciliation:				
Finance costs				<u>(184)</u>
Profit before tax				<u><u>44,494</u></u>

For the six months ended 30 June 2014 (unaudited)

	Media HK\$'000	Trading HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
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>
Reconciliation:				
Elimination of intersegment sales				<u>(99,772)</u>
Revenue				<u><u>963,077</u></u>
Segment results	47,782	(1,809)	(8,533)	37,440
Reconciliation:				
Finance costs				<u>(184)</u>
Profit before tax				<u><u>37,256</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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	563	563
Depreciation	41,254	38,863
Investment income	(1,100)	(1,427)
Dividend income from listed equity investments	(29)	(514)
Fair value losses/(gains), net on:		
Financial assets at fair value through profit or loss	(930)	11,823
Derivative financial instruments – transactions not qualifying as hedges	(1,077)	(3,946)
	<u>(1,077)</u>	<u>(3,946)</u>

4. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current:		
Charge for the period:		
The People's Republic of China:		
Hong Kong	11,749	8,512
Elsewhere	2	1
Elsewhere	18	294
Underprovision in prior periods	275	303
Deferred	(249)	(2,210)
	<u>11,795</u>	<u>6,900</u>

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 the 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:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company	<u>32,699</u>	<u>30,336</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	847,054,518	837,730,497
Effect of dilution – weighted average number of ordinary shares: Share options	<u>6,729,570</u>	<u>8,022,918</u>
	<u>853,784,088</u>	<u>845,753,415</u>

6. Dividend

At a meeting of the Board held on 27 August 2015, an interim dividend of HK2 cents per share was declared for the year ending 31 December 2015. 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 2015.

7. Trade receivables

	30 June 2015 (Unaudited) HK\$'000	31 December 2014 HK\$'000
Trade receivables	465,222	504,272
Impairment	(11,167)	(11,402)
	<u>454,055</u>	<u>492,870</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 2015 (Unaudited) HK\$'000	31 December 2014 HK\$'000
Current to 30 days	328,480	337,156
31 – 60 days	34,932	67,045
61 – 90 days	35,342	41,701
91 – 120 days	15,429	18,436
Over 120 days	51,039	39,934
	<u>465,222</u>	<u>504,272</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 2015 (Unaudited) HK\$'000	31 December 2014 HK\$'000
Current to 30 days	50,611	71,616
31 – 60 days	7,209	12,895
61 – 90 days	10,365	5,867
91 – 120 days	5,361	1,527
Over 120 days	2,289	736
	<u>75,835</u>	<u>92,641</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 2015 (“Period”), the Group reported consolidated revenue of approximately HK\$920.1 million, as compared with approximately HK\$963.1 million for the six months ended 30 June 2014 (“Previous Period”). On the other hand, consolidated profit attributable to owners of the Company increased from approximately HK\$30.3 million for the Previous Period to approximately HK\$32.7 million for the Period.

Review of Media Operations

The Hong Kong economy only maintained slow growth in the first half of 2015, amid a still-unsteady external environment and a slowdown in the Mainland economy. Growth in the overall local advertising market dropped to 5% year-on-year, a record low since 2009. Notwithstanding the weak economic conditions and the challenging media industry environment, the Group’s Media operations were resilient and on the whole performed stably; in particular the core newspapers in Hong Kong continued to achieve improvements in results and outperform their competitors. Although Media segment revenue decreased from approximately HK\$954.2 million for the Previous Period to approximately HK\$915.6 million for the Period, given the Group’s focus on restructuring less profitable businesses and a downward trend in newsprint prices, segment profit reported an increase of 4.8% from approximately HK\$47.8 million to approximately HK\$50.1 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, the number 1 free newspaper, continued to lead the market in terms of circulation, printing capacity, readership and advertising. As the newspaper in Hong Kong with the highest circulation (average weekday circulation of over 854,000 copies according to Hong Kong Audit Bureau of Circulations 2015Q1) and readership (average readership of 1,341,000 according to Ipsos Media Atlas 2014Q4), it continued to be one of the most effective advertising media and recorded growth in advertising revenue in the first half of 2015. According to admanGo, *Headline Daily* was the newspaper in Hong Kong with the largest amount of advertising revenue overall as well as in categories ranging from Banking, Retail and Food to Education in the first half. *Headline Daily*’s profit also improved during the Period, once again demonstrating its strong business base and healthy growth trend.

Sing Tao Daily's first half results exceeded expectations, with steady growth in advertising revenue and profit, bucking the downward trend faced by paid newspapers in general. Sing Tao Daily continued to take the largest market share in the category of property advertisements and widened its lead against competitors. According to admanGo, Sing Tao Daily became the paid newspaper with the second largest amount of advertising revenue and its advertising growth was also the highest of the top 10 paid newspapers in Hong Kong in the first half of 2015. This can be attributed to the newspaper's commitment to high value-add content and objective reporting, which helped to earn readers' loyalty, as well as to its recognized brand value and market standing.

Performance of The Standard remained stable with consistent improvements in its bottom line. This is a notable feat, given that the English language media market is relatively static, and has been achieved through a well-defined market positioning, commitment to high quality journalism, resourceful sales efforts as well as prudence in operational management and cost control.

The overseas operations of Sing Tao Daily faced increasing pressure from new media and changes in advertiser and reader behavior, which have had a negative impact on revenue and profit during the Period. To mitigate these challenges, the overseas operations not only exercised stringent financial control and streamlined their operations for a sustainable cost structure, but also developed other media products to maximize revenue opportunities.

Magazines

During the first half of 2015, the magazine market in Hong Kong continued to suffer from a downturn in circulation and advertising, due to pressure of competition from other media and a further slowdown in the retail industry. The difficult operating environment is giving rise to a phase of consolidation in the magazine sector, under which the weaker players will be ousted and the stronger ones will survive. In view of the market conditions, the Group's Magazine unit focused on increasing its competitiveness by strengthening its products and adjusting its operational structure. Management is encouraged to see that the readership performance of East Week has taken over its competitor to be the leading infotainment magazine in the market (according to Nielsen Media Index 2015Q1). Although the market environment may continue to be harsh, the Magazine unit will be proactive in facing and managing the difficulties to take advantage of the opportunities that may be brought along by the challenges.

Recruitment Media

The Group's recruitment publications continued to occupy the leading position in the recruitment print media market, with a reach to the largest number of readers and the largest share of advertising spending (source: Ipsos Media Atlas 2014Q4 and admanGo). During the Period, the distribution of JobMarket was extended to the new MTR stations on the Island Line. Both "Headline Hot Jobs" and "The Standard Jobs" also saw significant increases in revenue. The former extended its coverage to Monday in January (in addition to Wednesday and Saturday) and launched a full-color small classified section in March, whilst the latter provided a wide-reaching English-language advertising medium for recruiters. Additional focus was placed on developing the online recruitment business, which has started to make increasing contribution to revenue and profit.

New Media Business Development

While the trend in the industry towards new media is becoming increasingly significant, the Group's traditional media businesses have established strong positions in the market and are delivering stable results; hence the Group has appropriately started to place more Management focus and resources to develop its new media business. "Headline POPNews", the video site launched last year, achieved a 135% increase in video views in the second quarter of 2015, and won the silver prize in the "Best Launch" and "Best Use of Integration" categories at the Spark Awards 2015. In addition, Headline Daily's Flip-page mobile/tablet app was selected by The Office for Film, Newspaper and Article Administration as one of the 10 winning "2014 Healthy Mobile Phone / Tablet Apps", the only Chinese-language newspaper app in Hong Kong to receive such accolade. During the Period, Management has set up a dedicated structure, employed new professionals and reallocated existing manpower to direct, co-ordinate and implement the Group's new media business development. At the same time, the Group has invested in new media projects, leveraging on the Group's existing advantages in such areas as Education and Property, which will be launched in the market in due course.

Prospects

Management is expecting a challenging second half of 2015 given the continued uncertainties in the global economy and signs of economic slowdown in Hong Kong. The Group will continue to reinforce the competitiveness of its core media businesses while building its digital capabilities and new business models at the same time, in order to strive for ongoing operating performance that surpasses the market.

Employees

As at 30 June 2015, the Group had approximately 2,237 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, 22 September 2015 to shareholders whose names appear on the register of members of the Company on Tuesday, 15 September 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, 14 September 2015 and Tuesday, 15 September 2015, 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, 11 September 2015.

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 independent non-executive directors were unable to attend the annual general meeting of the Company held in 2015 due to prior or 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 2015 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 2015

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.