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 FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the "Board") of Sing Tao News Corporation Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
REVENUE	4	**1,261,779**	1,431,704
Cost of sales		**(794,656)**	(895,401)
Gross profit		**467,123**	536,303
Other income and gains, net	4	**18,579**	18,528
Distribution expenses		**(213,569)**	(235,176)
Administrative expenses		**(275,180)**	(280,636)
Other expenses		**(11,971)**	(5,358)
Finance costs	5	**(2,418)**	(1)
Share of profits and losses of:			
Joint ventures		**(3,204)**	4,238
Associates		**3,873**	7,137
PROFIT/(LOSS) BEFORE TAX	6	**(16,767)**	45,035

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

Year ended 31 December 2019

	Notes	**2019 HK$'000**	2018 HK$'000
Income tax expense	7	**(5,909)**	(20,792)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(22,676)**	24,243
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY – (HK cents)	9		
Basic		**(2.61)**	2.80
Diluted		**(2.61)**	2.80

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 **HK$'000**	2018 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(22,676)**	24,243
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**2,725**	(7,286)
Reclassification adjustment for a foreign operation deregistered during the year	**(1,677)**	-
Net other comprehensive income/(loss) that may be be reclassified to profit or loss in subsequent periods	**1,048**	(7,286)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**11,787**	71,344
Income tax effect	**(2,057)**	(11,239)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**9,730**	60,105
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,778**	52,819
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(11,898)**	77,062

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,186,554**	1,256,862
Investment properties		**119,122**	65,526
Other intangible assets		**100**	100
Investments in joint ventures		**56,661**	57,666
Investments in associates		**20,572**	16,997
Equity investments designated at fair value through other comprehensive income		**47**	47
Financial assets at fair value through profit or loss		**10,651**	11,249
Deferred tax assets		**3,179**	3,900
Other deposits paid		**75,903**	65,953
Total non-current assets		**1,472,789**	1,478,300
CURRENT ASSETS			
Inventories		**35,574**	59,475
Trade receivables	10	**285,736**	363,186
Prepayments, other receivables and other assets		**35,335**	34,306
Financial assets at fair value through profit or loss		**76,439**	85,129
Loan to an associate		**-**	4,543
Tax recoverable		**5,050**	2,433
Cash and cash equivalents		**479,840**	527,627
Total current assets		**917,974**	1,076,699
CURRENT LIABILITIES			
Trade and bills payables	11	**37,579**	86,660
Other payables and accruals		**183,028**	201,201
Lease liabilities		**29,328**	-
Tax payable		**1,577**	13,299
Total current liabilities		**251,512**	301,160
NET CURRENT ASSETS		**666,462**	775,539
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,139,251**	2,253,839
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**120,188**	117,543
Lease liabilities		**15,715**	-
Total non-current liabilities		**135,903**	117,543
Net assets		**2,003,348**	2,136,296

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2019

	2019	2018
	HK$'000	HK$'000
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**175,325**	173,222
Reserves	**1,828,023**	1,963,074
Total equity	**2,003,348**	2,136,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, land and buildings (including right-of-use assets), certain derivative financial instruments, equity investments and debt securities, and financial assets at fair value which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

<u>Basis of consolidation</u>

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

1. Basis of preparation (continued)

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlem*ent
Amendments to HKAS 28	*Long-term Interests in Associates and Jo*int *Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs, are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with right-of-use ("ROU") assets equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

2. Changes in accounting policies and disclosures (continued)

(a) (continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of land and buildings, motor vehicles and furniture, fixtures, equipment and others. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying assets). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The Group elected to present the lease liabilities separately in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

The right-of-use assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to include the right-of-use assets in the balance of property, plant and equipment in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

2. Changes in accounting policies and disclosures (continued)

(a) (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)
The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Appling the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease; and

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase HK$'000
Assets	
Increase in property, plant and equipment and total assets	74,532
Liabilities	
Increase in lease liabilities and total liabilities	74,532

The Group's leasehold land previously included in property, plant and equipment of HK$23,100,000 was reclassified to right-of-use assets included in property, plant and equipment upon initial adoption of HKFRS 16 on 1 January 2019.

2. Changes in accounting policies and disclosures (continued)

(a) (continued)

The lease liabilities at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	14,425
Less:	
Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(174)
Add:	
Payments for optional extension periods not recognised as at 31 December 2018	64,554
	78,805
Discounted at the Group's incremental borrowing rate as at 1 January 2019	3.88%
Lease liabilities as at 1 January 2019	74,532

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. Changes in accounting policies and disclosures (continued)

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group’s tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. Operating segment information

The Group is principally engaged in the business of publishing and distribution of newspapers, magazines and books to readers in Hong Kong, Canada, the United States of America, Europe, Australia and New Zealand, and sales of respective content of such publications in Hong Kong and Mainland China.

The Group operates as a single operating segment. The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors that make strategic decisions.

None of the revenue derived from any single external customer amounted for more than 10% of the Group’s revenue during the year (2018: Nil).

4. Revenue, other income and gains, net

An analysis of revenue is as follows:

	2019	2018
	HK$'000	HK$'000
Revenue from contracts with customers	**1,255,152**	1,426,107
Revenue from other sources		
Gross rental income from operating leases	**6,627**	5,597
	1,261,779	1,431,704

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019	2018
	HK$'000	HK$'000
Type of goods or services		
Advertising income	**964,714**	1,127,443
Circulation income	**178,456**	182,570
Content sales and news service income	**27,639**	27,439
Radio broadcasting advertising income	**26,114**	24,726
Project management service income	**34,844**	32,317
Service income	**10,745**	13,985
Others	**12,640**	17,627
Total revenue from contracts with customers	**1,255,152**	1,426,107

	2019	2018
	HK$'000	HK$'000
Geographical markets		
Hong Kong and Mainland China (country of domicile)	**971,806**	1,098,822
North America	**255,840**	287,571
Australia, New Zealand and Europe	**27,506**	39,714
Total revenue from contracts with customers	**1,255,152**	1,426,107
Timing of revenue recognition		
At a point in time and total revenue from contracts with customers	**1,255,152**	1,426,107

4. Revenue, other income and gains, net (continued)

<u>Revenue from contracts with customers</u> (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2019	2018
	HK$'000	HK$'000
Circulation income	**20,573**	22,158

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Advertisements on newspapers, magazines and radio broadcasting
The performance obligation is satisfied upon issuance of the advertisements on the Group’s publications and upon broadcasting of advertisements, and payment is generally due within one month, extending up to three months for major customers.

Circulation of newspapers, magazines and other publications
The performance obligation is satisfied upon delivery of these publications and payment is generally due within one month, extending up to three months for major customers.

Content sales and news services
The performance obligation is satisfied upon transmission or delivery of contents and payment is generally due with one month, extending up to three months for major customers.

Project management services
The performance obligation is satisfied when the event or activity takes place, and payment is generally due within one month, extending up to three months for major customers.

Other services
The performance obligation is satisfied upon the transmission or delivery of the final products and payment is generally due with one month, extending up to three months for major customers.

4. Revenue, other income and gains, net (continued)

An analysis of other income and gains, net is as follows:

	2019	2018
	HK$'000	HK$'000
Other income		
Bank interest income	**5,372**	4,046
Investment income	**3,955**	3,781
Dividend income from equity investments	**190**	1,752
Others	**5,826**	7,351
	15,343	16,930
Gains/(losses), net		
Fair value gains/(losses), net on:		
Financial assets at fair value through profit or loss	**(832)**	(3,376)
Derivative financial instruments – transactions not qualifying as hedges	**(397)**	302
Investment properties	**(2,959)**	7,211
Gain/(loss) on disposal of items of property, plant and equipment	**2,029**	(1,752)
Gain on disposal of an investment property	**-**	4,786
Gain on deregistration of a subsidiary	**1,677**	-
Reversal of impairment loss on a loan to an associate	**1,057**	-
Reversal of long outstanding payables	**6,006**	-
Foreign exchange losses, net	**(3,345)**	(5,573)
	3,236	1,598
Total other income and gains, net	**18,579**	18,528

5. Finance costs

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	HK$'000
Interest on lease liabilities	**2,418**	-
Interest on bank loans and overdrafts	**-**	1
	2,418	1

6. Profit/(loss) before tax

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

	2019	2018
	HK$'000	HK$'000
Cost of inventories sold	**222,508**	282,125
Depreciation of property, plant and equipment	**85,466**	86,690
Depreciation of right-of-use assets	**32,075**	-
Impairment of trade receivables	**8,198**	6,827

7. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2019	2018
	HK$'000	HK$'000
Current:		
Charge for the year:		
The People's Republic of China		
(including Hong Kong)	**4,315**	11,800
Elsewhere	**106**	503
Under/(over)provision in prior years	**232**	(2,524)
Deferred	**1,256**	11,013
Total tax charge for the year	**5,909**	20,792

8. Dividends

	2019	2018
	HK$'000	HK$'000
Interim – HK3.5 cents (2018: HK2 cents) per ordinary share	**30,314**	17,322
Proposed:		
Final – Nil (2018: HK2 cents) per ordinary share	**-**	17,322
Special – Nil (2018: HK10 cents) per ordinary share	**-**	86,611
	30,314	121,255

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

The calculation of the basic loss (2018: earnings) per share amount is based on the loss (2018: profit) for the year attributable to owners of the Company of HK$22,676,000 (2018: profit of HK$24,243,000) and the weighted average number of ordinary shares of 867,353,412 (2018: 866,106,337) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2019 and 2018 in respect of dilution as the impact of the share options had an anti-dilution effect in the basic earnings/(loss) per share amounts presented.

10. Trade receivables

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**298,403**	383,896
Impairment	**(12,667)**	(20,710)
	285,736	363,186

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 ageing analysis of trade receivables as at the end of the reporting period, based on payment due date and net of loss allowance, is as follows:

	2019 **HK$'000**	2018 HK$'000
Current to 30 days	**172,900**	216,941
31 to 60 days	**41,703**	47,456
61 to 90 days	**30,100**	29,299
91 to 120 days	**15,053**	21,123
Over 120 days	**25,980**	48,367
	285,736	363,186

The movements in the loss allowance for impairment of trade receivables are as follows:

	2019 **HK$'000**	2018 HK$'000
At beginning of year	**20,710**	15,016
Impairment losses recognised	**8,198**	6,827
Amounts written off as uncollectible	**(16,238)**	(1,104)
Exchange realignment	**(3)**	(29)
At end of year	**12,667**	20,710

11. Trade and bills payables

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

	2019	2018
	HK$'000	HK$'000
Current to 30 days	**21,814**	38,056
31 to 60 days	**8,666**	20,635
61 to 90 days	**5,368**	9,524
91 to 120 days	**419**	2,501
Over 120 days	**1,312**	15,944
	37,579	86,660

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

12. Event after the reporting period

After the end of the reporting period, on 5 February 2020, the Board announced that Sing Tao Newspapers Pty. Limited, an indirect wholly-owned subsidiary of the Company incorporated in Australia, was in a creditors' voluntary liquidation, and the joint and several liquidators were appointed on the same date. For further details, please refer to the announcement of the Company on 26 February 2020. The liquidation process and management's assessment of its financial impact to the Group are still in progress as of the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Hong Kong economy sank into recession in 2019, with negative 1.2% growth which was the first annual decline since 2009. Decelerated growth in the first half amid an austere global economic environment worsened to sharp contractions in the third and fourth quarters as the local social incidents dealt a heavy blow to economic sentiment and consumption-related activities. In terms of Hong Kong's advertising market in 2019, what set out to be a relatively stable first half (with 1% year-on-year growth) turned downhill sharply with the second half reversing to a decline of 17%. According to admanGo, for 2019 as a whole, total advertising spending in Hong Kong dropped by 8% and all media categories including online (with the exception of social and mobile) experienced negative growth. Given this poor industry environment, the Group reported a decrease in consolidated revenue from approximately HK$1,431.7 million in 2018 to approximately HK$1,261.8 million in 2019, and consolidated loss attributable to owners of the Company of approximately HK$22.7 million in 2019 as compared with consolidated profit of approximately HK$24.2 million in 2018.

Newspapers

According to admanGo, the total newspaper advertising market suffered a 14% decline in 2019, with marked deteriorations in the second half as the continuous social incidents took its toll on Hong Kong's economic activities and consequently advertising spending.

Headline Daily continued to be Hong Kong's number 1 free newspaper, established as the industry leader in terms of circulation, readership and advertising. According to Ipsos Media Atlas 2019Q3 report, Headline Daily's average daily readership of 1,066,000 was the highest amongst all newspapers in Hong Kong. Headline Daily was the only Chinese free daily that did not record a drop in readership in this report. Read by 78% of total Chinese free newspaper readers, Headline Daily commanded a readership that was 28% more than the net total of the other three Chinese free newspapers combined, and remained as the only newspaper in Hong Kong with a readership of over one million. Although the overall free newspaper market recorded a 13% fall in advertising revenue in 2019, Headline Daily managed to minimise its decrease which was the mildest among Chinese daily free newspapers (according to admanGo). Headline Daily continued to occupy the largest portion of the market and remained the market leader in a range of categories, while also recording growth in some of them including Property, Restaurants and Media. As the free newspaper most-recognised by advertisers and readers alike, Headline Daily was again ranked by The University of Oxford's Reuters Institute's Digital News Report 2019 as the top brand newspaper in Hong Kong. In addition, Headline Finance paper recorded a 4% growth in readership (according to Ipsos Media Atlas 2019Q3 report) and continued to be the most widely-read finance newspaper in Hong Kong.

Paid newspapers in Hong Kong saw a decline in advertising revenue of 14% in 2019, similar to free newspapers, with the second half being worse than the first half due to the negative impact of the social incidents which started in June. According to admanGo, paid newspapers' advertising revenue fell by 9% year-on-year in the first half of 2019, worsening to 19% year-on-year in the second half. All major paid newspapers saw a drop in advertising revenue in 2019 and Sing Tao Daily was not exempted from this blow on the market. On the other hand, the circulation sales and revenue of Sing Tao Daily increased in 2019, as it continued to enhance and diversify its content to satisfy readers' needs, such as in its Sports and Horseracing sections. Its dedication as a high-quality newspaper offering reliable and objective content won the support and loyalty of readers, especially those who increasingly looked to trustworthy media to keep them abreast of the social events. According to

Ipsos Media Atlas 2019Q3 report, Sing Tao Daily increased its readership by 8%, the highest growth out of all Hong Kong newspapers. To provide the best value to its readers, Sing Tao Daily maintained its cover price at HK$8 when all other paid newspapers have raised their prices in 2019. In addition, Smart Parents was again voted as the number 1 parenting magazine in Hong Kong by Marketing Magazine in 2019.

The Standard achieved satisfactory financial performance in 2019. According to Ipsos Media Atlas 2019Q3 report, readership of The Standard increased by 7%, one of the highest among all newspapers in that survey. It was also one of very few daily newspapers that recorded growth in advertising revenue in 2019, according to admanGo. It recorded a significant increase in Overseas Property which continued to be a major advertising category for The Standard. Government advertisements also increased substantially. With efforts on broadening its income base, coupled with initiatives on cost saving, The Standard managed to improve its profitability in 2019.

In 2019, the overseas operations of Sing Tao Daily remained under pressure from the global economic slowdown and the industry's shift to digital media, which adversely affected advertising and circulation revenue. To mitigate against the negative impact on financial performance, restructuring of the overseas operations continued including rigorous measures to streamline work flow and control cost, while new income sources were opened up leveraging on the established market presence and reputation of the Sing Tao brand. Taking into account the overall overseas operational environment, in February 2020 Sing Tao Daily ceased its operations in Australia as part of a business adjustment to focus on segments with development potential.

Magazines

According to admanGo, the magazine advertising market in Hong Kong continued to weaken in 2019, especially in the second half, and recorded a 23% decline. Nevertheless, the Group's flagship magazine East Week maintained relatively stable financial results, thanks to its committed efforts on managing costs and developing new revenue models. It achieved an increase of 4% in readership in 2019, according to Ipsos Media Atlas 2019Q3 report, and was one of only few weekly magazines of the genre that recorded readership growth in that survey. As part of an overall restructuring of the Group's magazine unit to focus on the infotainment category, the operations of the Group's monthly magazines, namely JET and Spiral, were outsourced under licence from the beginning of 2020.

Recruitment Media

The Group remained as the market leader in Hong Kong's recruitment print media industry in 2019. JobMarket continued to be the top recruitment publication with a readership more than doubling that of the next competitor, according to Ipsos Media Atlas 2019Q3 report. According to admanGo, in 2019 the Group's recruitment publications including JobMarket and "Headline Hot Jobs" continued to occupy the largest share of advertising spending among recruitment publications. However, the recruitment advertising market in Hong Kong generally underwent a decline in the 2019 which adversely affected the financial performance of the Group's recruitment media business.

New Media Business Development

During the year, the Group's new media business continued to grow and increased its contribution to the Group's revenue, complementing the traditional media business to expand their combined presence in the media industry.

The Group's newspaper websites achieved significant growth in traffic in 2019, attributable to the teams' active efforts on enriching the content and improving the sites' user experience, interest and engagement. The emergence of a number of prominent happenings during the year also attracted readers' attention and helped to boost traffic. Headline Daily's website (hd.stheadline.com) saw year-on-year increases of 70% or above in both monthly browsers and monthly pageviews in 2019; whereas monthly browsers and monthly pageviews grew by 71% and 67%, respectively, for Sing Tao Daily's website (std.stheadline.com). The video site "Headline POPNews" also recorded an increase of 67% in video views.

Ohpama.com, the one-stop education and parenting media platform, continued to strengthen its business performance in 2019. New sections on the website including "Trial Centre", "Product Safety Testing Centre" and "Pretty Mama" were launched in early and mid 2019, and received good response from users and clients. In addition to expanding its client base to cover a variety of industry categories, Ohpama.com also continued to draw a larger target audience. Web traffic in the second half improved against the first half in terms of both monthly browsers and monthly pageviews. Social media followers continued to increase solidly, with total Facebook fans (Ohpama.com and 24parent.com) reaching 546,000 as of December 2019. Since the launch of its mobile app in late 2018, offering location-specific information and personalised calendars for parenting activities, downloads have continued to grow and accumulated up to 38,000 as of December 2019. As the number 1 parenting digital media in Hong Kong, Ohpama.com was awarded the "No.1 Parenting Digital Media of the Year" by Marketing Magazine's Media Report 2019, the second time in two consecutive years. It also won three awards in "The Spark Awards 2019", namely "Best Influential Media", "Best Fast-Growing Media" and "Best Media Campaign – Social". These accolades confirmed Ohpama.com's reputation and popularity among readers and advertisers as a leading education and parenting media platform.

In 2019, the Headline Daily "Jetso" app continued to expand its market presence, having achieved cumulative downloads of over 490,000 and a membership base exceeding 90,000 up to the end of 2019. During the year, it hosted over 150 campaigns with over 80 brands and partners, attracting up to 4 million participations. Following a major campaign "Prizes for Everyone" in March and April 2019, the app was ranked Top 5 in Google Play Trending Apps. In the first quarter of 2019, the "Headline Daily Jetso App eShop" was launched, providing a new online sales channel to brands and clients. Renowned for its creativity and popularity, the Headline Daily "Jetso" app won two gold awards in "The Spark Awards 2019", namely "Best Use of App" and "Best Media Campaign - Mobile"; it was also awarded the silver prize in "Best App - News" presented by "Mob-Ex Awards 2019".

The digital marketing company, Shimba Digital Limited, achieved revenue growth in revenue in 2019 by effectively bringing together the sales and marketing of the Group's cross-media platforms, offering advertisers a total reach in excess of 139 million monthly pageviews and 1.9 million Facebook fans (as at December 2019). It also extended its network by working in affiliation with third-party digital platforms, and enhanced its one-stop digital marketing solutions encompassing content development and production, social media account management, and media placement. As a recognition by the industry for its achievement in combining offline and online businesses, Shimba Digital Limited won the "O2O Award" from the Hong Kong O2O E-Commerce Federation in March 2019.

Prospects

Global economic growth in 2019 was the weakest since the financial crisis of 2009, and the 2020 outlook is now under threat especially from the global pandemic of the novel coronavirus infection, in addition to uncertainty surrounding US-Mainland trade tensions, Brexit and geopolitical tensions in the Middle East. For the Hong Kong economy, already hard hit by months of social unrest, the outlook in 2020 will hinge critically on control of the coronavirus infection as well as development of the social incidents. The Group's prospects for 2020 are subject to these factors and their impact on the advertising market.

Under the current difficult business conditions, which are not expected to improve soon, the Group is continuing its efforts on expenditure saving and streamlining its operations to achieve an efficient and sustainable cost structure. Savings on production costs can also be expected from the softening of newsprint prices. We shall remain focused on our core strengths in providing high-quality content and cost-effective advertising platforms to serve the needs of our readers and advertisers.

Employees

As at 31 December 2019, the Group had approximately 1,425 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.

OTHER INFORMATION AND EVENTS AFTER THE REPORTING PERIOD

Change of Address of Hong Kong Branch Share Registrar and Transfer Office

As announced on 25 June 2019, the address of Tricor Tengis Limited, the Company's Hong Kong branch share registrar and transfer office, was changed to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019.

Change of Address of Principal Share Registrar and Transfer Office in Bermuda

As announced on 19 July 2019, the address of MUFG Fund Services (Bermuda) Limited, the Company's principal share registrar and transfer office in Bermuda, was changed to 4th Floor North, Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda with effect from 19 July 2019.

Potential Disposal of Shares

Reference is made to the Company's announcements dated 1 November 2019, 5 November 2019, 5 December 2019, 3 January 2020, 4 February 2020 and 4 March 2020 respectively (the "Previous Announcements"). As disclosed in the Previous Announcements, Mr. Ho Tsu Kwok, Charles ("Mr. Ho"), an executive director of the Company, the chairman of the Board and a controlling shareholder of the Company, was in preliminary discussion with an independent potential purchaser (the "Potential Purchaser") regarding, amongst others, a possible sale of an interest in the Company (the "Possible Transaction"). The discussion between Mr. Ho and the Potential Purchaser in relation to the Possible Transaction are still ongoing, and Mr. Ho has not entered into any formal or legally binding agreement in respect of the Possible Transaction. Please refer to the Previous Announcements for further details of the Possible Transaction.

Liquidation of a Subsidiary in Australia

Details of liquidation of Sing Tao Newspapers Pty. Limited, an indirect wholly-owned subsidiary of the Company and incorporated in Australia, are set out in note 12 to the consolidated financial statements in this results announcement and disclosed in the Company's announcement dated 26 February 2020.

DIVIDEND

The Board do not recommend the payment of final dividend (2018: HK2 cents per ordinary share) and special dividend (2018: HK10 cents per ordinary share) for the year. The Company had paid the interim dividend of HK3.5 cents (2018: HK2 cents) per ordinary share to shareholders on 24 September 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the members' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 7 May 2020 (the "2020 AGM"), the register of members of the Company will be closed from Monday, 4 May 2020 to Thursday, 7 May 2020, both days inclusive, during which no transfer of shares will be registered. To be eligible to attend and vote at the 2020 AGM, all properly completed share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 29 April 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year with deviations from certain code provisions of the CG Code specified and explained below.

The Board held two regular meetings instead of four as required by the code provision A.1.1 for efficiency consideration during the year. Due to the civil unrest and the escalating trade tensions between China and the United States, the Board meeting on the annual budget of the Group was postponed to January 2020. The regular Board meetings were held to consider and approve, among other things, the final results for the year ended 31 December 2018 and the interim results for the six months ended 30 June 2019. The Board considered that sufficient meetings had been held as business operations were under the management and the supervision of the executive directors. The Board was consulted for every crucial decision and the written resolutions were also circulated to all directors to obtain the Board's consents.

According to the code provisions A.6.7 and E.1.2, the Chairman of the Board and all independent non-executive directors shall attend the annual general meeting of the Company. The Chairman of the Board and all independent non-executive directors, except Ms. Ho Chiu King, Pansy Catilina, were unable to attend the annual general meeting of the Company held in 2019 due to prior or unexpected business or overseas engagements.

The audit committee of the Company met with the Group's external auditor once during the year instead of twice as required by the code provision C.3.3, due to the postponement of the Board meeting to January 2020.

COMPLIANCE OF THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code for dealings in securities of the Company by the directors. The Company has made specific enquiries to all directors who confirmed that they had complied with the required standard set out in the Model Code throughout the year.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on this announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the consolidated financial statements of the Group for the year, including the accounting principles and accounting standards adopted by the Company, and discussed matters relating to auditing, risk management, internal control systems and financial reporting.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.singtaonewscorp.com. The 2019 annual 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 March 2020

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 and Mr. LO Wing Hung; 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.