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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sing Tao News Corporation Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**DISCLOSEABLE TRANSACTION**

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A letter from the board of directors of the Company is set out on pages 3 to 7 of this circular.

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“Board”	the board of Directors
“Company”	Sing Tao News Corporation Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 28 April 2005 entered into by GCIS, Sanlian Electronics and Sanlian Group in relation to the settlement of the amount of RMB117,600,000 owing by the Group to Sanlian Electronics under the Joint Venture Contract and in relation to a secured loan to be given by the Group to Sanlian Group
“GCIS”	Global China Information Services Limited (formerly known as Pure Energy Technology Limited), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Joint Venture Contract”	a sino-foreign equity joint venture agreement dated 25 September 2000 entered into by GCIS, Sanlian Electronics and another independent third party for the establishment of the JV Co.
“JV Co.”	Beelink Information Technology Co., Ltd. (百靈信息科技有限公司), a sino-foreign equity joint venture formed in Shandong Province, the PRC under the Joint Venture Contract
“Latest Practicable Date”	10 May 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing Securities on the Stock Exchange
“Loan”	a secured loan of RMB60,000,000 to be given by the Group to Sanlian Group, under the terms of the Framework Agreement

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## DEFINITIONS

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“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	People’s Republic of China
“Repayment Date”	28 April 2006
“Sanlian Electronics”	Shandong Sanlian Electronics and Information Co., Ltd. (山東三聯電子信息有限公司), a company established under the laws of the PRC with limited liability
“Sanlian Group”	Sanlian Group Corporation (山東三聯集團有限責任公司), a company established under the laws of the PRC with limited liability
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shandong Co.”	Shandong Economic Observer Press Co., Ltd. (山東經濟觀察報報業有限公司) (formerly known as Shandong Yuanchuang Press Development Co., Ltd. (山東元創報業發展有限責任公司)), a company established under the laws of the PRC with limited liability
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Share Charge”	a charge over Sanlian Group’s and Sanlian Electronics’ interests in the registered capital of Shandong Co., as security for the Loan
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Ho Tsu Kwok, Charles (*Chairman*)  
Mr. Jia Hongping  
Mr. Jim Sui Hing  
Mr. Lai Ting Yiu  
Mr. Lo Wing Hung  
Mrs. Sy Wong Chor Fong  
Mr. Yang Yiu Chong, Ronald Jeffrey

*Non-Executive Director:*

Mr. Leung Chun Ying

*Independent Non-Executive Directors:*

Mr. Timothy David Dattels  
Ms. Ho Chiu King, Pansy Catilina  
Mr. King Richard Yun Zing  
Dr. Tong Yuk Lun, Paul  
Mr. Tung Chee Chen

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal Place of Business:*

Sing Tao Building  
1 Wang Kwong Road  
Kowloon Bay  
Kowloon  
Hong Kong

18 May 2005

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

In the announcement of the Company dated 28 April 2005, the Board announced that, on 28 April 2005, GCIS, a wholly-owned subsidiary of the Company, entered into a Framework Agreement with Sanlian Electronics and Sanlian Group in relation to (1) the payment of

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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RMB30,000,000 to Sanlian Electronics in settlement of the amount of RMB117,600,000 owing by the Group to Sanlian Electronics and all other payment obligations by the Group under the Joint Venture Contract, and (2) a loan of RMB60,000,000 to be given by the Group to Sanlian Group as part of the settlement arrangement, which is secured by the Share Charge. The granting of the Loan pursuant to the Framework Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further information regarding this discloseable transaction as required under Chapter 14 of the Listing Rules.

### **BACKGROUND — THE JOINT VENTURE CONTRACT**

On 25 September 2000, the Company, through a wholly-owned subsidiary, GCIS, entered into the Joint Venture Contract with Sanlian Electronics and another independent third party to acquire a 40% interest in JV Co. The remaining interests in JV Co. are owned as to 50% by Sanlian Electronics and 10% by an independent third party.

The principal activities of JV Co. are to provide technical support and consulting services on hi-technology business. JV Co. provides comprehensive technical support which covers research and development, production and sales of network products and software applications, system integration, information technology consulting, training and support services to Sanlian Electronics. Sanlian Electronics operates certain broadband multimedia network in Jinan City, Shandong Province, the PRC.

Pursuant to the Joint Venture Contract, the Group agreed to invest approximately RMB263,000,000 in JV Co., which included a capital contribution of US\$11,960,000 into JV Co. and a sum of RMB160,000,000 payable to Sanlian Electronics in cash as consideration for Sanlian Electronics injecting certain intellectual property rights into JV Co.

The Group has already made the capital contribution of US\$11,960,000 into JV Co. The Group has also made part payment in the amount of RMB42,400,000 to Sanlian Electronics in consideration for its injection of the intangible assets. Under the Joint Venture Contract, it was agreed that the remaining RMB117,600,000 owing to Sanlian Electronics would be paid by the Group at the end of five years from the date on which JV Co. obtained its business license, i.e. on or before 8 December 2005.

The above details relating to the Joint Venture Contract were announced as a discloseable transaction by the Company on 26 September 2000.

As the amount of RMB117,600,000 owing by the Group to Sanlian Electronics will soon be required to be paid at the end of this year, the Group and Sanlian Electronics have entered into the Framework Agreement to arrange for settlement of the sum.

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## LETTER FROM THE BOARD

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### THE FRAMEWORK AGREEMENT

#### Date

28 April 2005

#### Parties

- (1) GCIS;
- (2) Sanlian Electronics; and
- (3) Sanlian Group.

The Framework Agreement sets out, among other things, (1) the terms for settlement of the amount of RMB117,600,000 owing by the Group to Sanlian Electronics under the Joint Venture Contract, and (2) the terms of a new secured loan to be given by the Group to Sanlian Group.

#### (1) Settlement under the Joint Venture Contract

Pursuant to the Framework Agreement, it was agreed that by the payment of RMB30,000,000 by the Group to Sanlian Electronics as consideration for the injection of the intangible assets into JV Co., Sanlian Electronics will irrevocably waive the remaining RMB87,600,000 owing by the Group. It was also agreed that such payment will constitute full and final settlement of the Group's payment obligations under the Joint Venture Contract.

#### (2) Secured Loan

In addition, as consideration for Sanlian Electronics agreeing to settle the outstanding amount owing by the Group pursuant to the Framework Agreement as described in (1) above, it was agreed that the Group will procure a loan to Sanlian Group in the amount of RMB60,000,000 for a term of one year. The Loan may be provided by a PRC bank through appropriate arrangement with the Group.

The Loan will be interest-free for the first six months from the initial drawn down. Thereafter, the Loan will be at an interest rate of 3% per annum from the beginning of the seventh month until the Repayment Date. In the event that the Loan and accrued interest are not repaid in full on the Repayment Date, default interest will be charged at the rate of 6% per annum.

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## LETTER FROM THE BOARD

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The Loan will be secured by way of a share charge over the interests of Sanlian Group and Sanlian Electronics of approximately 79.1% in aggregate in the registered capital of Shandong Co. In the event that Sanlian Group fails to repay any part of the Loan and accrued interest by the Repayment Date or in the event of breach of the terms of the Framework Agreement and Sanlian Group fails to repay the Loan and accrued interest within seven days after repayment demand made by the Group, the Group has the right to enforce the Share Charge. The Group and Sanlian Group will arrange to complete all necessary procedures to facilitate the Loan and the Share Charge within two months from the date of the Framework Agreement.

### **REASONS FOR GRANTING THE LOAN**

In consideration for Sanlian Electronics agreeing to waive the remaining amount of RMB87,600,000 owing by the Group and all other payment obligations by the Group under the Joint Venture Contract, the Directors consider that it is beneficial to the Group to grant the Loan to Sanlian Group. In particular, as additional comfort to the Group, Sanlian Group will enter into the Share Charge to secure the repayment of the Loan.

The Framework Agreement is essentially an agreement for settlement among the shareholders of JV Co. and does not affect the business operations and financial position of JV Co.

The settlement arrangements under the Framework Agreement are expected to have a positive impact on the earnings and assets of the Group. The amount of RMB117,600,000 owing by the Group to Sanlian Electronics under the Joint Venture Contract has been provided for in full in the accounts of the Group and the settlement arrangements under the Framework Agreement will result in a write-back of a portion of the amount in the profit and loss account of the Group. The accounting treatment of the write-back will be subject to the confirmation of the Company's auditors.

### **INFORMATION ON SANLIAN ELECTRONICS, SANLIAN GROUP AND SHANDONG CO.**

Sanlian Electronics is a limited liability company established under the laws of the PRC and its principal activities include the ownership and operation of a broadband multimedia network in Jinan City, Shandong Province, the PRC. Sanlian Electronics is owned as to 91% by Sanlian Group.

Sanlian Group is a limited liability company established under the laws of the PRC. The principal activities of Sanlian Group include property development and trading of home and office appliances.

The principal business activities of Shandong Co. include advertising and circulation operations of The Economic Observer, a newspaper published in the PRC.



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## LETTER FROM THE BOARD

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To the best of the Director's knowledge, information and belief having made all reasonable enquiry, none of Sanlian Electronics, Sanlian Group and Shandong Co. is connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them.

### INFORMATION ON THE GROUP

The Group is principally engaged in (i) media ownership and services which comprise newspaper, magazine and book publishing and the provision of media-related services, (ii) human capital management which comprises recruitment and continuing education media and corporate training services, and (iii) broadband technology and services.

### ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
On behalf of the Board of  
**Sing Tao News Corporation Limited**  
**Charles Ho Tsu Kwok**  
*Chairman*

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF INTERESTS****Directors' interest**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code, to be notified were as follows:

**(i) long positions in shares**

Name of director	Number of shares held			Percentage of the Company's issued share capital
	Personal interests	Corporate interests	Total	
Mr. Ho Tsu Kwok, Charles	—	852,395,000	852,395,000	46.46%
Mrs. Sy Wong Chor Fong	1,250,000	163,919,000	165,169,000	9.00%

**(ii) interests in underlying shares — options under share option schemes**

Name	Date of Grant	Exercise Period	Exercise Price per Share (HK\$)	Number of options outstanding	Total	Percentage to issued Shares (%)
Jia Hongping	23.10.00	01.12.00 — 23.10.10	0.8704	3,500,000	4,000,000	0.218
	13.10.03	13.10.04 — 12.10.13	0.710	500,000		
Jim Sui Hing	13.10.03	13.10.04 — 12.10.13	0.710	6,000,000	6,000,000	0.327
Lai Ting Yiu	02.10.03	02.10.04 — 01.10.13	0.712	4,000,000	4,000,000	0.218
Lo Wing Hung	13.10.03	13.10.04 — 12.10.13	0.710	7,000,000	7,000,000	0.382

Name	Date of Grant	Exercise Period	Exercise Price per Share (HK\$)	Number of options outstanding	Total	Percentage to issued Shares (%)
Sy Wong Chor Fong	23.10.00	24.10.00 — 23.10.10	0.8704	754,000	1,154,000	0.063
	31.08.01	20.09.02 — 19.09.11	0.3528	400,000		
Yang Yiu Chong, Ronald Jeffrey	24.09.00	01.12.00 — 24.09.10	0.9184	1,960,000	5,060,000	0.276
	31.08.01	20.09.02 — 19.09.11	0.3528	2,700,000		
	13.10.03	13.10.04 — 12.10.13	0.710	400,000		

*Note:* As dates are shown day/month/year.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required pursuant to the Model Code, to be notified.

### Substantial shareholders' interest

As at the Latest Practicable Date, so far as is known to the Directors, those persons, other than the Directors or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company were as follows:

Name	Capacity or nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Luckman Trading Limited	Beneficial owner	849,896,000	46.33%
Hong Kong Tobacco Company Limited ( <i>note</i> )	Deemed interest	849,896,000	46.33%

*Note:* Pursuant to an option agreement dated 20 June 2001 and two supplemental agreements entered into between Luckman Trading Limited and Hong Kong Tobacco Company Limited on 19 July 2002 and 19 July 2003, respectively, Hong Kong Tobacco Company Limited was granted an option to purchase from Luckman Trading Limited 66,000,000 ordinary shares of the Company. Under Sections 317 and 318 of the SFO, Hong Kong Tobacco Company Limited is deemed to be interested in all the 849,896,000 ordinary shares of the Company held by Luckman Trading Limited.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors, there were no persons, other than the Directors, without had notified to the Company any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any subsidiary of the Company.

### **DIRECTORS' INTERESTS IN SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

### **COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

### **MISCELLANEOUS**

- (i) The company secretary of the Company is Ms. Cheng Lai Chu.
- (ii) The former qualified accountant of the Company, Mr. Wong Wai Ming, has resigned on 30 April 2005. For the time being, Mr. Ho Yiu Cheung, Jason is the qualified accountant of the Company.
- (iii) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (iv) The head office of the Company is situated at Sing Tao Building, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong.
- (v) The Company's branch share registrar and transfer office, Tengis Limited, is situated at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (vi) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.