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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)

MAJOR TRANSACTION AND CONNECTED TRANSACTION CONDITIONAL DISPOSAL AND LEASEBACK OF PROPERTY

REFERENCE TO ANNOUNCEMENT DATED 27 JUNE 2005 REGARDING LAUNCH OF FREE CHINESE-LANGUAGE NEWSPAPER

The Board is pleased to announce that the Vendor, an indirect wholly-owned subsidiary of the Company, had on 8 July 2005 entered into the Provisional Agreement with the Purchaser and the Agent, pursuant to which the Vendor conditionally agreed to sell the Property to the Purchaser at a consideration of HK\$370,000,000 subject to the terms and conditions stipulated therein. Upon Completion, the transaction will result in an accounting profit of approximately HK\$190,897,000 for the financial year ending 31 December 2005 subject to the annual audit. Immediately after the Completion, the Vendor will enter into a tenancy agreement with the Purchaser to lease back the Rest of the Property at a monthly rental of HK\$1,666,666 (excluding management fee, air-conditioning charges and government rates) for an initial term of 9 months with an option to the Vendor to renew the tenancy, at the sole discretion of the Vendor, for a further term of 3, 6 or 9 months after the expiration of the initial term under the Tenancy Agreement. The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, which is subject to the reporting, announcement and Shareholders' approval requirements of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval by a majority vote at a general meeting is required to approve the Disposal. However, written Shareholders' approval may be accepted in lieu of holding a general meeting provided that no Shareholders are required to abstain from voting at a general meeting to approve the Disposal and the written Shareholders' approval has been obtained from Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company. As no Shareholders are required to abstain from voting at a general meeting to approve the Disposal, such written Shareholders' approval will be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

The Vendor will pay to DTZ an agency fee of HK\$2,500,000, representing approximately 0.676% of the Consideration upon Completion. Since DTZ, being a company in the equity capital of which, Mr. Leung Chun Ying, a Non-Executive Director of the Company, his family and trustees taken together are directly or indirectly interested so as to exercise or control the exercise of more than 30% of the voting power at general meetings of DTZ, is a connected person of the Company under the Listing Rules, the entering into the Provisional Agreement as the agent for the sale of the Property constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements.

A circular containing, among other things, further details of the Disposal and the Leaseback with a valuation report of the Property prepared in accordance with the requirements under Chapter 5 of the Listing Rules will be despatched to the Shareholders for information purposes as soon as practicable.

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 11 July 2005 at the request of the Company pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the shares of the Company on the Stock Exchange from 9:30 a.m. on 13 July 2005.

MAJOR TRANSACTION - PROVISIONAL AGREEMENT

Date

8 July 2005

Parties

Vendor : Global China Properties Holdings Limited
Purchaser : Billion Development & Project Management Limited or its nominees
Agent : DTZ Debenham Tie Leung Limited

Property to be Disposed

The Property comprises all that piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 5925, together with all messuages, erections and buildings thereon now known as Sing Tao Building, No. 1 Wang Kwong Road, Kowloon including leasehold improvements and fixtures and has a total site area of approximately 44,714 square feet. The existing Property is a 8-storey industrial building with a total gross floor area of approximately 277,720 square feet.

The Group utilizes a majority portion of the Property as offices, and has leased out Tower B, 5th Floor of the Property at a monthly rental of HK\$150,000 (excluding management fee, air-conditioning charges and government rates) and 3 parking spaces of the Property at an aggregate monthly rental of HK\$6,900 to Cellstar (Asia) Corporation Limited which and its ultimate beneficial owner(s), to the best knowledge of the Directors, are independent third parties, for a term of 2 years from 1 September 2004 to 31 August 2006 with the right granted to Cellstar (Asia) Corporation Limited to terminate the said tenancy at any time after 31 August 2005 by giving to the Group not less than three calendar months' prior notice in writing or such other longer notice permitted by law. Under the Provisional Agreement, the Property is to be sold subject to the said tenancy.

Consideration and Profit from Disposal

The Consideration for the sale of the Property is HK\$370,000,000 payable in cash by the Purchaser in the following manner:

- (i) an initial deposit of HK\$14,800,000 was paid on the signing of the Provisional Agreement;
- (ii) a further deposit of HK\$22,200,000 shall be paid on the signing of the S&P Agreement on or before 28 July 2005;
- (iii) the balance of the Consideration of HK\$333,000,000 shall be paid on the Completion Date.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser taking into account the prevailing market conditions in Hong Kong, as well as a valuation of the Property conducted by an independent property valuer. As of 15 March 2005, the valuation of the Property conducted by an independent property valuer indicated that the existing use value of the Property in the open market on a "as is" basis with a hope value, that is a purchaser who will pay a premium if such purchaser is fairly certain on obtaining approvals to develop the alternative uses and eventual profitability of the intended development, was valued at HK\$250,000,000. Based on the evaluation mentioned above, the Vendor endeavored to dispose the Property at price even higher than the valuation. The Board considers that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The book value of the Property is approximately HK\$175,328,000 at the time of the Disposal. Upon successful Completion before the end of the year as stipulated in this announcement, an accounting profit of approximately HK\$190,897,000 will be booked into the Group's consolidated profit and loss account for the financial year ending 31 December 2005.

CONDITION PRECEDENT

The Disposal is conditional upon obtaining the written Shareholders' approval of the Disposal by the Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company. If such approval cannot be obtained before the Completion Date, the Disposal will lapse and the Leaseback will not proceed and the Provisional Agreement and the S&P Agreement will be void and of no effect.

COMPLETION

Upon compliance with or fulfillment of the condition precedent, Completion shall take place on the Completion Date.

LEASEBACK

In order to minimize any unnecessary interruption or disturbance to the business of the Group, the Group will lease back the Rest of the Property. Immediately after the completion of the Disposal, the Vendor (as tenant) will enter into the Tenancy Agreement with the Purchaser (as landlord), pursuant to which the Vendor will lease back the Rest of the Property based on the following principal terms:

Initial Term	:	9 months commencing from the Completion Date
Rental	:	HK\$1,666,666 per month (excluding management fee, air-conditioning charges and government rates)
Rates, management fee and air-conditioning charges	:	payable by the Vendor
Deposit	:	HK\$3,333,332 representing two months' rental
Option to renew	:	The Vendor shall have an option to renew the tenancy, at the sole discretion of the Vendor, for a further term of 3, 6 or 9 months after the expiration of the initial term under the Tenancy Agreement at the same terms and conditions of the Tenancy Agreement except the option to renew

The aforesaid monthly rental was agreed after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing market rental as advised by an independent property valuer.

REASONS FOR THE DISPOSAL AND THE LEASEBACK

Given the recent recovery of the local economy, the value of industrial properties in the vicinity of Kowloon Bay in general has risen to a record high level following the wake of the market slowdown caused by the Severe Acute Respiratory Syndrome epidemic in 2003. The Directors are of the view that the sale will enable the Group to unlock the potential redevelopment value of the building site. The net proceeds from the Disposal will further strengthen the Group's financial position for further business development. In addition, the Leaseback will minimize any unnecessary interruption or disturbance to the business of the Group. Taking into account the reasons mentioned above, the Directors are of the view that the sale is in the interest of the Company and the Shareholders as a whole and the terms of the Disposal and the Leaseback are fair and reasonable.

USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds from the Disposal is estimated to be approximately HK\$366,225,000. The Board intends to use the proceeds for general working capital and long term business development.

GENERAL

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 containing education media and corporate training services; and (iii) broadband technology and services.

The Purchaser is principally engaged in property development.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and the ultimate beneficial owner(s) of the Purchaser are independent third parties of the Company.

As the consideration ratio for the Disposal calculated pursuant to Rule 14.07(4) of the Listing Rules exceeds 25% but less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. As a result, the Disposal requires disclosure by way of press announcement, the despatch of a circular to the Shareholders and the approval by the Shareholders by a majority vote at a general meeting.

Pursuant to Rule 14.44 of the Listing Rules, written Shareholders' approval may be accepted in lieu of holding a general meeting provided that no Shareholders are required to abstain from voting at a general meeting to approve the Disposal and the written Shareholders' approval has been obtained from Shareholders holding more than 50% of the nominal value of the Company's securities giving the right to attend and vote at general meetings of the Company. As no Shareholders are required to abstain from voting at a general meeting to approve the Disposal, such written Shareholders' approval will be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. Written Shareholders' approval has been obtained since Luckman Trading Limited beneficially owns 849,896,000 Shares, representing approximately 46.33% of the nominal value of the Company's securities giving the right to attend and vote at general meetings and Stagelight Group Limited beneficially owns 163,919,000 Shares, representing approximately 8.94% of the nominal value of the Company's securities giving the right to attend and vote at general meetings have already confirmed that they would vote in favour of any resolution to approve the Disposal.

A circular containing, among other things, further details of the Disposal and the Leaseback with a valuation report of the Property prepared in accordance with the requirements under Chapter 5 of the Listing Rules will be despatched to the Shareholders for information purposes as soon as practicable.

CONNECTED TRANSACTION

By entering into the Provisional Agreement by the Vendor with, among other party, DTZ, DTZ has been appointed the Agent in respect of the Disposal. The Vendor will pay to DTZ an agency fee of HK\$2,500,000, representing approximately 0.676% of the Consideration upon Completion. Pursuant to the terms of the appointment, DTZ shall act as the agent in respect of the sale of the Property.

Since DTZ, being a company in the equity capital of which, Mr. Leung Chun Ying, a Non-Executive Director of the Company, his family and trustees taken together are directly or indirectly interested so as to exercise or control the exercise of more than 30% of the voting power at general meetings of DTZ, is a connected person of the Company under the Listing Rules, the entering into the Provisional Agreement as the agent for the sale of the Property constitutes a connected transaction for the Company under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements and is exempted from the Shareholders' approval requirements.

Since the Agency Fee to DTZ exceeds 0.1% but less than 2.5% of the relevant ratios, the entering into the Provisional Agreement as the agent for the sale of the Property constitutes a connected transaction under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements but is exempted from the Shareholders' approval requirements.

The Directors (including all Independent Non-Executive Directors) consider that the appointment of DTZ as agent in respect of the Disposal and the Leaseback is in the interest of the Company and the Shareholders as a whole and the terms of the appointment are fair and reasonable.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 11 July 2005 at the request of the Company pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the shares of the Company on the Stock Exchange from 9:30 a.m. on 13 July 2005.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“Agency Fee”	HK\$2,500,000, being the agency fee payable by the Vendor to DTZ upon Completion
“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
“Completion”	the completion of the Disposal and the Leaseback
“Completion Date”	the date of completion of the Disposal and the Leaseback, which shall be on or before 8 December 2005
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$370,000,000, being the selling price of the Property payable by the Purchaser to the Vendor
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor as contemplated under the Provisional Agreement and the S&P Agreement
“DTZ”	DTZ Debenham Tie Leung Limited, the agent as contemplated under the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leaseback”	the tenancy as contemplated under the Tenancy Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	All that piece or parcel of ground registered in the Land Registry as New Kowloon Inland Lot No. 5925, together with all messuages, erections and buildings thereon now known as Sing Tao Building, No. 1 Wang Kwong Road, Kowloon including leasehold improvements and fixtures
“Provisional Agreement”	the provisional agreement for sale and purchase entered into between the Vendor, the Purchaser and the agent on 8 July 2005
“Purchaser”	Billion Development & Project Management Limited or its nominees, an independent third party
“Rest of the Property”	the Property excluding Tower B, 5th Floor and 3 parking spaces
“S&P Agreement”	the formal agreement for sale and purchase to be entered into between the Vendor and the Purchaser on or before 28 July 2005 in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement to be entered into between the Vendor and the Purchaser immediately after the completion of the Disposal, the principal terms of which are set out above
“Vendor”	Global China Properties Holdings Limited, a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company

ANNOUNCEMENT

Reference is made to the announcement dated 27 June 2005 containing information on the free Chinese-language newspaper to be launched (“Newspapers”) by the Company. The Board is pleased to announce that the launch of the Newspapers, *Headline Daily*, took place on 12 July 2005. Copies of the Newspapers will be distributed by hand during morning peak hours on Monday to Friday. The distribution points are located at major transportation hubs, residential and commercial areas throughout Hong Kong Island, Kowloon and the New Territories.

By order of the Board
Sing Tao News Corporation Limited
Ho Tsu Kwok Charles
Chairman

Hong Kong, 12 July 2005

As at the date of this announcement, the Board comprises: (1) executive directors: Mr. HO Tsu Kwok, Charles (Chairman), Mr. LO Wing Hung (Chief Executive Officer), Mr. JIA Hongping, Mr. JIM Sui Hing, Mr. LAI Ting Yiu, Mr. LAU Chung Man, Louis, Mrs. SY Wong Chor Fong, Mr. YANG Yiu Chong, Ronald Jeffrey; (2) non-executive director: Mr. LEUNG Chun Ying and (3) independent non-executive directors: Mr. Timothy David DATTELS, Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Mr. TUNG Chee Chen.

* *For identification purpose only*

Please also refer to the published version of this announcement in *The Standard*.