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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)

CONNECTED TRANSACTION IN RELATION TO ESTABLISHMENT OF A JOINT VENTURE

Reference is made to the Company's announcement dated 5 September 2013 in respect of the potential connected transaction in relation to the establishment of a joint venture between the Group and Mr. LO.

The Board announces that on 1 November 2013:

1. the Subscribers and the JV Company entered into the Share Subscription Agreement, pursuant to which STHL agreed to subscribe for 4,290,000 ordinary shares of HK\$1.00 each in the JV Company for a total consideration of HK\$4,290,000 and BPHL agreed to subscribe for 9,999,999 ordinary shares of HK\$1.00 each in the JV Company for a total consideration of HK\$9,999,999, and the JV Company agreed to allot and issue a total of 14,289,999 new ordinary shares of HK\$1.00 each in the JV Company to the Subscribers. Upon Completion, the JV Company will be owned by the Group and Mr. LO as to 30% and 70% respectively; and
2. STHL and the JV Company entered into the Shareholder Loan Agreement, pursuant to which STHL agreed to advance a shareholder's loan in the principal amount of HK\$5,600,000 to the JV Company.

The Group's total capital commitment in relation to the formation of the JV Company is HK\$9,890,000, which will be satisfied by STHL contributing HK\$4,290,000 in cash for subscription of shares in the JV Company pursuant to the Share Subscription Agreement and advancing a shareholder's loan of HK\$5,600,000 to the JV Company pursuant to the Shareholder Loan Agreement.

** For identification purpose only*

As BPHL is a company which is wholly owned by Mr. LO, an Executive Director of the Company, BPHL is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. The formation of the JV Company by entering into the Share Subscription Agreement and the Shareholder Loan Agreement constitutes a connected transaction for the Company and is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE SHARE SUBSCRIPTION AGREEMENT

On 1 November 2013, the Subscribers and the JV Company entered into the Share Subscription Agreement, pursuant to which STHL agreed to subscribe for 4,290,000 ordinary shares of HK\$1.00 each in the JV Company for a total consideration of HK\$4,290,000 and BPHL agreed to subscribe for 9,999,999 ordinary shares of HK\$1.00 each in the JV Company for a total consideration of HK\$9,999,999, and the JV Company agreed to allot and issue a total of 14,289,999 new ordinary shares of HK\$1.00 each in the JV Company to the Subscribers. Upon Completion, the JV Company will be owned by the Group and Mr. LO as to 30% and 70% respectively. The principal terms of the Share Subscription Agreement are set out below:

Date

1 November 2013

Parties

As the Subscribers:

- (1) BPHL
- (2) STHL

As the issuer:

- (3) the JV Company

Consideration

The consideration, being HK\$4,290,000 was determined after arm's length negotiations among the parties by reference to the working capital needs of the JV Company and shall be payable in cash by STHL to the JV Company within 45 days from the date of the Share Subscription Agreement.

Completion

Completion shall take place at the time when the Subscribers have contributed the capital in accordance with their respective shareholding to the JV Company within 45 days from the date of the Share Subscription Agreement.

THE SHAREHOLDER LOAN AGREEMENT

On 1 November 2013, STHL and the JV Company entered into the Shareholder Loan Agreement. The principal terms of the Shareholder Loan Agreement are set out below:

Date

1 November 2013

Parties

- (1) STHL as the lender
- (2) the JV Company as the borrower

Principal amount and nature of the shareholder's loan

HK\$5,600,000; unsecured

Interest rate

1% per annum and STHL has the right to increase the rate after the first year of the term

Drawdown

The shareholder's loan shall be drawn on a date to be agreed between STHL and the JV Company but in any event not later than 31 December 2013.

Term

The term of the shareholder's loan shall be three years commencing from the date of drawdown.

Repayment

The JV Company shall on demand repay the principal amount of the shareholder's loan, together with all interest accrued upon the expiration of the term of the shareholder's loan subject to STHL's right to demand repayment (in full or in part) together with all interest accrued by giving at least seven Business Days' notice to the JV Company.

Basis of determining the shareholder's loan

The principal amount of the shareholder's loan, being HK\$5,600,000 was determined after arm's length negotiations between the parties by reference to the working capital needs of the JV Company, funding cost of the Company and among others.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In consideration of the Group's business strategies, the formation of the JV Company will provide adequate exposure in the internet related media business, to further strengthen the Group's operations and to maximize the Group's media business value.

The Directors (including the independent non-executive Directors of the Company) consider that the terms of the Share Subscription Agreement and the Shareholder Loan Agreement are arrived at after arm's length negotiations based on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP, BPHL AND THE JV COMPANY

The principal business activities of the Group comprise media operations including newspapers, magazines and other media-related businesses.

BPHL is a company which is wholly owned by Mr. LO and is principally engaged in investment holding.

The JV Company was incorporated on 10 September 2013 and is principally engaged in an internet and mobile media business. As at the date of this announcement, the JV Company is wholly owned by Mr. LO. Upon Completion, the JV Company will be owned by the Group and Mr. LO as to 30% and 70% respectively.

IMPLICATIONS UNDER THE LISTING RULES

The Group's total capital commitment in relation to the formation of the JV Company is HK\$9,890,000, which will be satisfied by STHL contributing HK\$4,290,000 in cash for subscription of shares in the JV Company pursuant to the Share Subscription Agreement and advancing a shareholder's loan of HK\$5,600,000 to the JV Company pursuant to the Shareholder Loan Agreement. The Group's total capital commitment will be funded by internal resources of the Group.

As BPHL is a company which is wholly owned by Mr. LO, an Executive Director of the Company, BPHL is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. The formation of the JV Company by entering into the Share Subscription Agreement and the Shareholder Loan Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Group's total capital commitment is more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. LO has abstained from voting on the Board resolutions approving the entering into of the Share Subscription Agreement and the Shareholder Loan Agreement as he holds 70% of the entire issued share capital of the JV Company after Completion and thus has a material interest in the transaction.

DEFINITIONS

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

“Board”	the board of Directors
“BPHL”	Bastille Post Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Business Day”	a day (other than a Saturday and a Sunday) on which licensed banks in Hong Kong are generally open for business
“Company”	Sing Tao News Corporation Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange
“Completion”	at the time when the Subscribers have contributed the capital in accordance with their respective shareholding to the JV Company within 45 days from the date of the Share Subscription Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	Bastille Post Company Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. LO”	Mr. LO Wing Hung, an Executive Director of the Company
“Share Subscription Agreement”	the share subscription agreement dated 1 November 2013 entered into between the Subscribers and the JV Company in relation to the subscription of shares by the Subscribers in the JV Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.2 each in the capital of the Company

“Shareholder Loan Agreement”	the shareholder loan agreement dated 1 November 2013 entered into between STHL and the JV Company in relation to the advancement of a shareholder’s loan by STHL to the JV Company
“STHL”	Sing Tao Holdings (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability, being a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	STHL and BPHL

By Order of the Board
Sing Tao News Corporation Limited
HO Tsu Kwok, Charles
Chairman

Hong Kong, 1 November 2013

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. JIA Hongping, Mr. LAU Chung Man, Louis, Mr. LO Wing Hung and Mrs. SY WONG Chor Fong; (2) non-executive director: Mr. HO Kent Ching Tak; and (3) independent non-executive directors: Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing, Mr. LEE Cho Jat and Ms. Judy LEISSNER.