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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)**

### **CONTINUING CONNECTED TRANSACTIONS WITH THE BP GROUP**

The Board announces that on 19 December 2014, the Group entered into with the BP Group (i) the Group Master Services Agreement in relation to the provision of various services by the Group to the BP Group; and (ii) the BP Group Master Services Agreement in relation to the provision of various services by the BP Group to the Group.

As at the date of this announcement, Mr. LO Wing Hung, an Executive Director of the Company, indirectly holds 70% interest in BP, the BP Group is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Group Master Services Agreement and the BP Group Master Services Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules. The Group indirectly holds the remaining 30% interest in BP.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the Group Master Services Agreement and the BP Group Master Services Agreement, when aggregated, exceed 0.1% but are less than 5%, the transactions are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

*\* For identification purpose only*

## **INTRODUCTION**

The Group has in its ordinary and usual course of business entered into individual agreements with the BP Group on normal commercial terms and on arm's length basis in relation to the provision of various services by the Group to the BP Group and by the BP Group to the Group, the details of which are the same as those set out in the sections headed "Nature" below. The applicable percentage ratios (as defined in the Listing Rules) in respect of the aggregate annual service fees paid by the Group to the BP Group and by the BP Group to the Group for such transactions did not exceed 5%, and the total consideration was less than HK\$1,000,000 before 1 July 2014 and less than HK\$3,000,000 on or after 1 July 2014, and therefore, such transactions constituted de minimis transactions of the Company under Chapter 14A of the Listing Rules.

In light of the continuous transactions between the Group and the BP Group, on 19 December 2014, the Group entered into the Group Master Services Agreement and the BP Group Master Services Agreement with the BP Group in relation to the provision of various services.

## **THE GROUP MASTER SERVICES AGREEMENT**

On 19 December 2014, the Group and the BP Group entered into the Group Master Services Agreement for a term of three years commencing from 19 December 2014 pursuant to which the Group agreed to provide various services (as described in the Group Master Services Agreement and as set out in this announcement) to the BP Group from time to time. The principal terms of the Group Master Services Agreement are set out below:

### **Date**

19 December 2014

### **Parties**

- (1) the Group
- (2) the BP Group

### **Duration**

Three years commencing from 19 December 2014 to 18 December 2017 (both dates inclusive)

### **Nature**

The Group will, from time to time, provide the BP Group with various services, including but not limited to the following categories:

1. Sharing of administrative services relating to accounting services support, office administration support, human resources support, information technology support, general company secretarial support and legal support between the Group and the BP Group;
2. Provision of office space by the Group to the BP Group to accommodate its employees;
3. Provision of advertising spaces by the Group to the BP Group for its own use;
4. Provision of advertising spaces by the Group to the BP Group (as an advertising agent) for its sale;
5. Distribution of books published by the BP Group through the Group;

6. Provision of information technology system services by the Group to the BP Group for the development of websites, mobile sites and mobile applications;
7. Provision of content being owned by the Group to the BP Group;
8. Provision of editorial services (including art and production) by the Group to the BP Group; and
9. Provision of marketing related services and products by the Group to the BP Group.

At any time during the term of the Group Master Services Agreement, the Group and the BP Group may enter into individual agreement(s) in relation to any of the services contemplated under the Group Master Services Agreement upon and subject to the terms and conditions thereof.

### **Fees and payment terms**

The service fees payable by the BP Group to the Group for the provision of the services will be based on the prevailing market prices and determined after arm's length negotiations between the parties. Payment shall be made by the BP Group to the Group in the manner as described in the relevant individual agreements from time to time.

### **THE BP GROUP MASTER SERVICES AGREEMENT**

On 19 December 2014, the Group and the BP Group entered into the BP Group Master Services Agreement for a term of three years commencing from 19 December 2014 pursuant to which the BP Group agreed to provide various services (as described in the BP Group Master Services Agreement and as set out in this announcement) to the Group from time to time. The principal terms of the BP Group Master Services Agreement are set out below:

#### **Date**

19 December 2014

#### **Parties**

- (1) the Group
- (2) the BP Group

#### **Duration**

Three years commencing from 19 December 2014 to 18 December 2017 (both dates inclusive)

#### **Nature**

The BP Group will, from time to time, provide the Group with various services, including but not limited to the following categories:

1. Provision of advertising spaces by the BP Group to the Group for its own use;
2. Provision of advertising spaces by the BP Group to the Group (as an advertising agent) for its sale;
3. Distribution of books published by the Group through the BP Group;
4. Provision of content being owned by the BP Group to the Group;

5. Provision of editorial services (including art and production) by the BP Group to the Group; and
6. Provision of marketing related services and products by the BP Group to the Group.

At any time during the term of the BP Group Master Services Agreement, the Group and the BP Group may enter into individual agreement(s) in relation to any of the services contemplated under the BP Group Master Services Agreement upon and subject to the terms and conditions thereof.

### **Fees and payment terms**

The service fees payable by the Group to the BP Group for the provision of the services will be based on the prevailing market prices and determined after arm's length negotiations between the parties. Payment shall be made by the Group to the BP Group in the manner as described in the relevant individual agreements from time to time.

### **HISTORIAL TRANSACTION AMOUNTS AND ANNUAL CAPS**

#### **Historical transaction amounts**

The annual aggregate amounts paid by the BP Group to the Group in relation to the provision of various services by the Group to the BP Group for the period from 1 November 2013 to 31 December 2013 and for the eleven months ended 30 November 2014 amounted to HK\$215,620 and HK\$1,807,104 respectively.

The annual aggregate amounts paid by the Group to the BP Group in relation to the provision of various services by the BP Group to the Group for the period from 1 November 2013 to 31 December 2013 and for the eleven months ended 30 November 2014 amounted to HK\$20,000 and HK\$943,642 respectively.

#### **Annual caps**

The proposed annual caps for the transactions in relation to the provision of various services by the Group to the BP Group and by the BP Group to the Group are set out as follows:

	<b><u>Annual Caps</u></b>			
	<b>For the period from 19 December 2014 to 31 December 2014 <i>HK\$</i></b>	<b>For the financial year ending 31 December 2015 <i>HK\$</i></b>	<b>For the financial year ending 31 December 2016 <i>HK\$</i></b>	<b>For the period from 1 January 2017 to 18 December 2017 <i>HK\$</i></b>
Provision of various services by the Group to the BP Group	400,000	10,500,000	11,200,000	13,500,000
Provision of various services by the BP Group to the Group	250,000	3,500,000	3,800,000	4,100,000
Aggregated amount	650,000	14,000,000	15,000,000	17,600,000

The proposed annual caps have been determined by reference to (a) the historical transaction amounts; (b) the existing scales of the Group's and the BP Group's operations; (c) the estimated growth and development of the business of the Group and the BP Group; (d) the estimated market pricing of the transactions; and (e) the anticipated increase in volume of transactions between the Group and the BP Group.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The transactions will benefit the Group in maximizing operational efficiency and management effectiveness, enhance versatility in content production and distribution, and provide increased exposure in the internet related media business, to further strengthen the Group's operations and maximize the Group's media business value.

The Directors (including the independent non-executive Directors of the Company) consider that the terms of the Group Master Services Agreement and the BP Group Master Services Agreement are arrived at after arm's length negotiations based on normal commercial terms and with reference to market prices, and are fair and reasonable, and the transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE BP GROUP**

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

The BP Group is being owned by Mr. LO and the Group as to 70% and 30% respectively, and is principally engaged in internet and mobile media business.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Mr. LO, an Executive Director of the Company, indirectly holds 70% interest in BP, the BP Group is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Group Master Services Agreement and the BP Group Master Services Agreement constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions contemplated under the Group Master Services Agreement and the BP Group Master Services Agreement, when aggregated, exceed 0.1% but are less than 5%, the transactions are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.98 of the Listing Rules, the transactions relating to the sharing of the administrative services between the Group and the BP Group on a cost basis contemplated under the Group Master Services Agreement will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules. Details of such transactions regarding the sharing of the administrative services between the Group and the BP Group have been set out in this announcement for the purpose of completeness of disclosure of the material terms of the Group Master Services Agreement.

Mr. LO has abstained from voting on the Board resolutions approving the entering into of the Group Master Services Agreement and the BP Group Master Services Agreement as he indirectly owns 70% interest in the BP Group and thus has a material interest in the transactions.

**DEFINITIONS**

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

“Board”	the board of Directors
“BP”	Bastille Post Company Limited, a company incorporated in Hong Kong with limited liability
“BP Group”	BP, its subsidiaries and associates
“BP Group Master Services Agreement”	the BP Group master services agreement dated 19 December 2014 entered into between the Group and the BP Group in relation to the provision of various services by the BP Group to the Group
“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
“Group”	the Company and its subsidiaries
“Group Master Services Agreement”	the Group master services agreement dated 19 December 2014 entered into between the Group and the BP Group in relation to the provision of various services by the Group to the BP Group
“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
“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

“Shareholder(s)” holder(s) of the ordinary share(s) of HK\$0.2 each in the capital of the Company

“Stock Exchange” The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Sing Tao News Corporation Limited**  
**SIU Sai Wo**  
*Chief Executive Officer*

Hong Kong, 19 December 2014

*As at the date of this announcement, the Board comprises: (1) executive directors: Mr. HO Tsu Kwok, Charles (Chairman), Mr. SIU Sai Wo (Chief Executive Officer), Mr. HO Kent Ching Tak, Mr. JIA Hongping, Mr. LAU Chung Man, Louis, Mr. LO Wing Hung and Mrs. SY WONG Chor Fong; and (2) independent non-executive directors: Ms. Judy CHAN, Ms. HO Chiu King, Pansy Catilina, Mr. KING Richard Yun Zing and Mr. LEE Cho Jat.*