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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)**

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

Reference is made to the announcement of the Company dated 19 December 2014 regarding the continuing connected transactions under the Existing Group Master Services Agreement and Existing BP Group Master Services Agreement.

As the terms of both the Existing Group Master Services Agreement and Existing BP Group Master Services Agreement will expire on 18 December 2017, the Board announces that on 11 December 2017, the Company entered into with the BP Group (i) the Renewed Group Master Services Agreement in relation to the provision of various services by the Group to the BP Group; and (ii) the Renewed BP Group Master Services Agreement in relation to the provision of various services by the BP Group to the Group, both for a further term of three years commencing from 19 December 2017.

Since 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 Renewed Group Master Services Agreement and Renewed 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 proposed aggregated annual caps for the transactions contemplated under the Renewed Group Master Services Agreement and Renewed BP Group Master Services Agreement, on an annual basis, exceed 0.1% but are less than 5.0%, 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**

Reference is made to the announcement of the Company dated 19 December 2014 regarding the continuing connected transactions under the Existing Group Master Services Agreement and Existing BP Group Master Services Agreement.

As the terms of both the Existing Group Master Services Agreement and Existing BP Group Master Services Agreement will expire on 18 December 2017, and in light of the continuous transactions between the Group and BP Group, on 11 December 2017, the Company and BP Group entered into (i) the Renewed Group Master Services Agreement; and (ii) the Renewed BP Group Master Services Agreement, both for a further term of three years commencing from 19 December 2017.

## **THE RENEWED GROUP MASTER SERVICES AGREEMENT**

### **Background**

On 11 December 2017, the Group and BP Group entered into the Renewed Group Master Services Agreement in relation to the provision of various services (as described in the Renewed Group Master Services Agreement and as set out in this announcement) by the Group to the BP Group for a further term of three years commencing from 19 December 2017. The principal terms of the Renewed Group Master Services Agreement are set out below:

### **Date**

11 December 2017

### **Parties**

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

### **Duration**

Three years commencing from 19 December 2017 to 18 December 2020 (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 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 Renewed Group Master Services Agreement, the Group and BP Group may enter into individual agreement(s) in relation to any of the services contemplated under the Renewed 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 prices and credit terms of which such services are provided, on usual commercial terms in the Group's ordinary and usual course of business, to customers which are independent third parties; where no comparable is available, 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 RENEWED BP GROUP MASTER SERVICES AGREEMENT**

### **Background**

On 11 December 2017, the Group and BP Group entered into the Renewed BP Group Master Services Agreement in relation to the provision of various services (as described in the Renewed BP Group Master Services Agreement and as set out in this announcement) by the BP Group to the Group for a further term of three years commencing from 19 December 2017. The principal terms of the Renewed BP Group Master Services Agreement are set out below:

### **Date**

11 December 2017

### **Parties**

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

### **Duration**

Three years commencing from 19 December 2017 to 18 December 2020 (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 Renewed BP Group Master Services Agreement, the Group and BP Group may enter into individual agreement(s) in relation to any of the services contemplated under the Renewed 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 prices and credit terms of which such services are provided, on usual commercial terms in the Group's ordinary and usual course of business, by suppliers which are independent third parties; where no comparable is available, 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 and existing 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>For the period from 19 December 2014 to 31 December 2014 <i>HK\$</i></b>	<b>For the financial year ended 31 December 2015 <i>HK\$</i></b>	<b>For the financial year ended 31 December 2016 <i>HK\$</i></b>	<b>For the period from 1 January 2017 to 31 October 2017 <i>HK\$</i></b>
Provision of various services by the Group to the BP Group (existing annual caps)	289,000 (400,000)	1,946,000 (10,500,000)	904,000 (11,200,000)	1,147,000 (13,500,000*)
Provision of various services by the BP Group to the Group (existing annual caps)	124,000 (250,000)	1,460,000 (3,500,000)	2,341,000 (3,800,000)	1,204,000 (4,100,000*)
Aggregated amount (existing annual caps)	413,000 (650,000)	3,406,000 (14,000,000)	3,245,000 (15,000,000)	2,351,000 (17,600,000*)

\* up to 18 December 2017

## 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:

	For the period from 19 December 2017 to 31 December 2017 <i>HK\$</i>	For the financial year ending 31 December 2018 <i>HK\$</i>	For the financial year ending 31 December 2019 <i>HK\$</i>	For the period from 1 January 2020 to 18 December 2020 <i>HK\$</i>
Provision of various services by the Group to the BP Group	750,000	10,000,000	10,000,000	10,000,000
Provision of various services by the BP Group to the Group	230,000	7,600,000	7,600,000	7,600,000
Aggregated amount	980,000	17,600,000	17,600,000	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 BP Group; (d) the estimated market pricing of the transactions; and (e) the anticipated volume of transactions between the Group and BP Group.

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

The Group has been providing various services to the BP Group and the BP Group has been providing various services to the Group in the ordinary course of business. Such transactions continue to 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 Renewed Group Master Services Agreement and Renewed 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 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.



“Existing BP Group Master Services Agreement”	the BP Group master services agreement dated 19 December 2014 entered into between the Group and BP Group in relation to the provision of various services by the BP Group to the Group from time to time
“Existing Group Master Services Agreement”	the Group master services agreement dated 19 December 2014 entered into between the Group and BP Group in relation to the provision of various services by the Group to the BP Group from time to time
“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
“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
“Renewed BP Group Master Services Agreement”	the BP Group master services agreement dated 11 December 2017 entered into between the Group and BP Group in relation to the renewal of the Existing BP Group Master Services Agreement
“Renewed Group Master Services Agreement”	the Group master services agreement dated 11 December 2017 entered into between the Group and BP Group in relation to the renewal of the Existing Group Master Services Agreement
“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, 11 December 2017

*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.*