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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 announcements of the Company dated 11 December 2017 and 22 December 2017 regarding the continuing connected transactions under the Existing Group Master Services Agreement and the Existing BP Group Master Services Agreement.

As the terms of both the Existing Group Master Services Agreement and the Existing BP Group Master Services Agreement will expire on 18 December 2020, the Board announces that on 11 December 2020, 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 2020.

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 Agreements 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 Agreements, 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.

INTRODUCTION

Reference is made to the announcements of the Company dated 11 December 2017 and 22 December 2017 regarding the continuing connected transactions under the Existing Group Master Services Agreement and the Existing BP Group Master Services Agreement.

As the terms of both the Existing Group Master Services Agreement and the Existing BP Group Master Services Agreement will expire on 18 December 2020, and in light of the continuous transactions between the Group and the BP Group, on 11 December 2020, the Company and the 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 2020.

THE RENEWED GROUP MASTER SERVICES AGREEMENT

Background

On 11 December 2020, the Group and the 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 2020. The principal terms of the Renewed Group Master Services Agreement are set out below:-

Date

11 December 2020

Parties

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

Duration

Three years commencing from 19 December 2020 to 18 December 2023 (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 Renewed 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 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 2020, the Group and the 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 2020. The principal terms of the Renewed BP Group Master Services Agreement are set out below:-

Date

11 December 2020

Parties

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

Duration

Three years commencing from 19 December 2020 to 18 December 2023 (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 the 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.

INTERNAL CONTROL AND PRICING POLICY

In order to ensure that the transactions contemplated under the Renewed Agreements will be based on the general principles stated under the sections headed "Fees and payment terms" above, the Group will adopt the following measures:-

1. the transactions contemplated under the Renewed Agreements will be conducted on a non-exclusive basis, unless the circumstances otherwise require;
2. relating to the transactions on provision of office space by the Group to the BP Group, the Group will have regard to the then prevailing market licence fee for similar type and size of space in the nearby locations, and/or consult reputable agents for benchmarks of assessment for at least two comparables. The Group's Accounts Department and Corporate Finance Department will review these transactions annually;
3. relating to the transactions on provision of advertising spaces by the Group to the BP Group and by the BP Group to the Group for its own use by way of booking, the price will be determined by the business team of the Group based on the then prevailing market conditions, industry practices and rate offered to independent third parties subject to a monthly review and approval by the sales manager of the Group;
4. relating to the other transactions, the Group will from time to time obtain quotations from suppliers and/or make price enquiries for the same or similar type of service for at least two comparables so as to offer the same or more favourable terms in the Group's perspective, to the BP Group. In addition to the aforesaid, the Group will consider other factors while determining or accessing the terms, including the Group's or the BP Group's specific requirements in a transaction; the corporate background of the counterparty; its reputation and reliability; its ability to conduct the transaction and to provide follow-up services after completion of the transaction; its understanding of the Group's needs; the comparable advantages of the expertise of counterparty, in order to maximise the Group's interest in such transaction and at the same time reduce the Group's time and costs of transaction;
5. the Group will supervise all transactions contemplated under the Renewed Agreements through relevant personnel from the applicable business departments of the Group (including Accounts Department, Internal Audit Department and Corporate Finance Department), and conduct regular checks, at least half-yearly, to review and assess whether the transactions are conducted in accordance with the terms thereof, and the measures herein;

6. the Group's Accounts Department will have an internal system to trace, monitor and evaluate the transactions amounts under the Renewed Agreements on a quarterly basis to ensure that the proposed annual caps stated below will not be exceeded; and
7. the Company will comply with the annual review requirements in respect of the transactions contemplated under the Renewed Agreements in accordance with Chapter 14A of the Listing Rules.

HISTORIAL TRANSACTION AMOUNTS AND ANNAUL 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:-

	For the period from 19 December 2017 to 31 December 2017 <i>HK\$</i>	For the financial year ended 31 December 2018 <i>HK\$</i>	For the financial year ended 31 December 2019 <i>HK\$</i>	For the period from 1 January 2020 to 31 October 2020 <i>HK\$</i>
Provision of various services by the Group to the BP Group (existing annual caps)	29,000 (750,000)	1,609,000 (10,000,000)	1,354,000 (10,000,000)	1,320,000 (10,000,000#)
Provision of various services by the BP Group to the Group (existing annual caps)	49,000 (230,000)	1,440,000 (7,600,000)	1,440,000 (7,600,000)	1,200,000 (7,600,000#)
Aggregated amount (existing annual caps)	78,000 (980,000)	3,049,000 (17,600,000)	2,794,000 (17,600,000)	2,520,000 (17,600,000#)

up to 18 December 2020

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 2020 to 31 December 2020 <i>HK\$</i>	For the financial year ending 31 December 2021 <i>HK\$</i>	For the financial year ending 31 December 2022 <i>HK\$</i>	For the period from 1 January 2023 to 18 December 2023 <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 the 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 maximising 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 maximise the Group's media business value.

The Directors (including the independent non-executive directors of the Company) consider that the terms of the Renewed Agreements 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, new 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, sales of books, provision of project management and production services.

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 Renewed Agreements constitute continuing connected transactions of the Group under Chapter 14A of the Listing Rules. The Group indirectly holds the remaining 30% interest in BP. Therefore, Mr. LO has abstained from voting on the board resolutions to approve the Renewed Agreements as well as the proposed annual caps for the transactions contemplated thereunder. Save as disclosed above, none of the Directors have any material interest in the Renewed Agreements nor is any of them required to abstain from voting in respect of the relevant board resolutions.

As the applicable percentage ratios as defined in the Listing Rules in respect of the proposed aggregated annual caps for transactions contemplated under the Renewed Agreements, 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.

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 Renewed 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 Renewed Group Master Services Agreement.

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
“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
“Existing BP Group Master Services Agreement”	the BP Group master services agreement dated 11 December 2017 entered into between the Group and the 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 11 December 2017 entered into between the Group and the 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 Agreements”	the Renewed Group Master Services Agreement and the Renewed BP Group Master Services Agreement
“Renewed BP Group Master Services Agreement”	the BP Group master services agreement dated 11 December 2020 entered into between the Group and the 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 2020 entered into between the Group and the 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 2020

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.

** For identification purpose only*