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鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 30 June 2006, Phoenix HK has entered into the New Star Services Agreement with STARL for the provision of the Technical and Administrative Services, Subscription Promotion Service, Purchase of Decoders and Viewing Cards Service and other Specifically Requested Services to the Group for a term of three years commencing from 1 July 2006 and ending on 30 June 2009. A similar agreement was entered into between Phoenix HK and STARL on 29 May 2003 which term has expired on 30 June 2006.

In addition, prior to the listing of the shares of the Company on GEM on 30 June 2000, Phoenix Movies, a wholly-owned subsidiary of the Company, had entered into the STAR Movies Agreement with STAR Filmed for a term of 10 years commencing from 28 August 1998. The Waiver and the relevant annual caps thereof expired on 30 June 2003 and the previous approved annual caps thereof has expired on 30 June 2006. The Company shall request the Independent Shareholders of the Company to review the transactions and approve the proposed annual caps for the transactions contemplated in the STAR Movies Agreement for the period from 1 July 2006 to 31 December 2006, the financial year ended 31 December 2007 and the period from 1 January 2008 to 27 August 2008.

The transactions referred to above constitute non-exempt continuing connected transactions of the Company under Rule 20.26 of the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements pursuant to Rules 20.45 to 20.54 of the GEM Listing Rules in relation to those transactions.

Ordinary resolutions will be proposed at the EGM to approve, confirm and/or ratify by way of poll the entry of the New Star Services Agreement and the proposed annual caps thereof together with the proposed annual caps of the STAR Movies Agreement. **Xing Kong Chuan Mei and its associates shall abstain from voting at the EGM in respect of the ordinary resolutions regarding the New Star Services Agreement and the STAR Movies Agreement.**

An Independent Board Committee will be established to advise the Independent Shareholders on whether or not the terms of the transactions requiring approval are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the transactions requiring approval.

A circular containing, among other matters, (1) further information on the Continuing Connected Transactions, (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions; (3) the letter of advice from the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the Continuing Connected Transactions, and (4) the notice of EGM, in which ordinary resolutions will be proposed to approve the Continuing Connected Transaction will be despatched to the Shareholders within 21 days from the date of this announcement.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 May 2003 and the circular of the Company dated 10 June, 2003 in respect of, inter alia, the (1) Star Services Agreement and (2) STAR Movies Agreement and other continuing connected transactions.

At the extraordinary general meeting of the Company held on 26 June 2003, the then independent Shareholders approved the continuing connected transactions and the annual caps for transactions under each of the agreements for a period up to 30 June 2006.

The Directors wish to announce that on 30 June 2006, Phoenix HK has entered into the New Star Services Agreement with STARL for a term of three years commencing from 1 July 2006 and ending on 30 June 2009.

It is also expected that the STAR Movies Agreement will continue after 30 June 2006. The Company shall request the Independent Shareholders of the Company to review the transactions and approve the proposed annual caps for the transactions contemplated in the STAR Movies Agreement.

Details of these transactions are set out as follows:

THE RENEWAL OF THE CONTINUING CONNECTED TRANSACTIONS

A. New Star Services Agreement

Background

STARL has been providing technical and administrative, channel subscription promotion, advertising sales and decoder purchasing services to Phoenix HK since the launch of the first channel of the Group in March 1996. Details of the above services and the Old Star Services Agreement were set out in the Prospectus under the section headed Connected Transactions. The Old Star Services Agreement and the Waiver granted in respect of the abovementioned services expired on 30 June 2003. The Star Services Agreement was executed on 29 May 2003 and has expired on 30 June 2006. On 30 June 2006, Phoenix HK has entered into the New Star Services Agreement with STARL in order to secure continuity of the services.

- Date:** 30 June 2006
- Parties:** (1) Phoenix HK
(2) STARL
- Term:** 3 years from 1 July 2006 (“**Commencement Date**”)
- Condition:** the Independent Shareholders approving, confirming and ratifying the agreement and the transactions contemplated therein in accordance with the GEM Listing Rules. If the Condition cannot be fulfilled on or before the Commencement Date or such later date as STARL and Phoenix HK may agree in writing, then the New Star Services Agreement shall terminate on the Commencement Date or such later date as agreed by the parties and thereafter all rights and obligations of the parties under the New Star Services Agreement shall cease and determine.

Services covered by the New Star Services Agreement

1. *Technical and Administrative Services*

a. Details of Services

STARL shall to provide the following services to Phoenix HK:

- (i) digital transponder capacity;
- (ii) uplink services;
- (iii) downlink services;
- (iv) subscriber management services;
- (v) playout services;
- (vi) digital video broadcasting services;
- (vii) traffic and presentation/network traffic services;
- (viii) production support services;
- (ix) information system/general information technology support services;
- (x) engineering support services;
- (xi) office facilities and administration; and
- (xii) upgrade of transmission operation system and disaster recovery services (collectively “**Technical and Administrative Services**”).

Phoenix HK may terminate the Technical and Administrative Services by giving various lengths of notice periods ranging from twelve months to one month. However, if Phoenix HK intends to appoint a third party to provide the same or substantially similar service being terminated, Phoenix HK shall give notice to STARL so that STARL may match up the terms of such third party and if STARL fails to provide the relevant services upon terms at least as favourable as those provided by the third party, Phoenix HK may then conclude an agreement with such third party.

In addition, Phoenix HK may from time to time request STARL to provide additional services in relation to the existing channels (for services other than those specifically referred to above) and/or other satellite television channels to be operated by the Group from time to time. STARL shall use all reasonable efforts to accommodate any such request based upon additional fees payable to STARL to be negotiated and agreed in good faith on an arm's length basis for such additional services ("**Specifically Requested Services**"), which shall reflect the same or substantially similar treatment of all other channels (if any) to which STARL charges for such relevant additional services. The Specifically Requested Services will be provided by STARL on terms no less favourable to the Company than those available from independent third parties. The most frequently used Specifically Requested Services are the occasional downlink service and the post production services (such as graphics, dubbing and master control room services) which are provided, subject to availability, upon request of Phoenix HK at a fee based on rate cards to be issued by STARL from time to time.

b. Consideration

Monthly fee based on fixed rates are payable for the use of each of the Technical and Administrative Services except for the subscriber management services that in the event the number of subscribers shall exceed a certain number in any given month an additional variable fee is payable based on a fixed rate multiplied by the number of excess. In respect of the upgrade of transmission operation system and disaster recovery services, Phoenix HK shall also pay to STARL the actual third party costs and expenses incurred by STARL for providing such services to Phoenix HK in addition to the fixed rate payment. The total amount of fixed fees for the first year of the agreement is approximately HK\$43,908,000. Most of the fees are payable in US dollars. The fees and/or rates of all the Technical and Administrative Services (except the fee of the transponder capacity which shall be increased by 3% per year) shall be modified for each twelve month period starting from 1 July 2007 by the multiplication thereof the aggregate of 100% and the lesser of (i) 70% of any increase between the Composite Consumer Price Index of Hong Kong ("**CPI**") for the immediately preceding calendar year and the CPI for the calendar year prior to the immediately preceding calendar year and (ii) 6%. The fees were negotiated at arm's length and determined mainly on cost basis by reference to, among other things, third party cost, staff cost, management support cost, administrative costs, equipment and operational cost, engineering and maintenance cost (if any) of each of the Technical and Administrative Services.

c. Proposed Annual Caps

For the six months ended 31 December 2003, the financial years ended 31 December 2004 and 2005 and for the five months ended 31 May 2006, the amounts of fees paid or payable by the Group for the use of the aforesaid services were approximately HK\$22,049,000, HK\$52,918,000, HK\$54,174,000 and HK\$ 22,221,000 respectively. The Company changed its financial year end from 30 June to 31 December on 8 January 2004.

The proposed annual caps of the service fees payable by the Group for the Technical and Administrative Services and the Specifically Requested Services shall be set as follows:

| | |
|--|----------------|
| For the period from 1 July 2006 to 31 December 2006 | HK\$29,500,000 |
| For the financial year ended 31 December 2007 | HK\$59,000,000 |
| For the financial year ended 31 December 2008 | HK\$60,000,000 |
| For the period from 1 January 2009 to 30 June 2009 | HK\$30,500,000 |

The cap amounts are determined by reference to, among other things, the fixed fees payable for the Technical and Administrative Services together the agreed increment based on a fixed rate and the possible increment based on CPI, the historical figures of fees paid for the Specifically Requested Services and the Group's projected requirement of additional capacity or kind of services for future expansion.

2. *Subscription Promotion Service*

a. *Details of the Service*

STARL is appointed as Phoenix HK's non-exclusive agent to promote the subscription of the Phoenix Chinese Channel, Phoenix InfoNews Channel and Phoenix Movies Channel (and such additional channels operated by the Group to be mutually agreed between STARL and Phoenix HK from time to time) and to enlist subscribers to such channels and additional channels (if any) on terms to be mutually agreed on a case by case basis ("**Subscription Promotion Service**").

b. *Consideration*

STARL shall be entitled to a commission of 15% of the gross subscription fees received by Phoenix HK attributable to the subscribers referred to Phoenix HK by STARL. The commission rate is determined based on commercial negotiation with reference to the rates charged by STARL to other channels for the provision of the same or similar services and the commission rate for media advertising adopted by the top ranking 4A (Association of Accredited Advertising Agency) international advertising agencies.

c. *Proposed Annual Caps*

For the six months ended 31 December 2003, the financial years ended 31 December 2004 and 2005, and for the five months ended 31 May 2006, the amounts of commission paid or payable by the Group to STARL for the promotion of channel subscription were approximately HK\$1,358,000, HK\$2,645,000, HK\$2,864,000 and HK\$1,299,000 respectively.

The proposed annual caps of the commission payable by the Group for the Subscription Promotion Services are set out as follows:

| | |
|--|---------------|
| For the period from 1 July 2006 to 31 December 2006 | HK\$2,000,000 |
| For the financial year ended 31 December 2007 | HK\$4,000,000 |
| For the financial year ended 31 December 2008 | HK\$4,000,000 |
| For the period from 1 January 2009 to 30 June 2009 | HK\$2,500,000 |

The cap amounts are determined by reference to, among other things, historical figures of the commission paid and the projected development in channel subscription of the Group.

3. *Purchase of Decoders and Viewing Cards Service*

a. *Details of the Service*

Phoenix HK may from time to time acquire decoders and viewing cards for Phoenix Movies Channel (and such additional channels operated by the Group to be mutually agreed by the parties from time to time) from STARL (“**Purchase of Decoders and Viewing Cards Service**”).

b. *Consideration*

The prices of the decoders and viewing cards are based on the cost to STARL plus (if any) transportation costs of such decoders and viewing cards.

c. *Proposed Annual Caps*

For the six months ended 31 December 2003, the financial years ended 31 December 2004 and 2005, and for the five months ended 31 May 2006, the amounts of fees paid or payable by the Group for the purchase of decoders were approximately HK\$0, HK\$5,000, HK\$0 and HK\$0 respectively.

The proposed annual caps of the fees payable by the Group for the Purchase of Decoders and Viewing Cards Service are set out as follows:

| | |
|--|---------------|
| For the period from 1 July 2006 to 31 December 2006 | HK\$500,000 |
| For the financial year ended 31 December 2007 | HK\$1,000,000 |
| For the financial year ended 31 December 2008 | HK\$1,000,000 |
| For the period from 1 January 2009 to 30 June 2009 | HK\$500,000 |

The cap amounts are determined by reference to, among other things, the projected demand from our existing subscribers for replacement of old and obsolete decoders and/or viewing cards, possible increase in number of subscribers of Phoenix Movies Channel and fluctuation in the costs of the decoders and viewing cards. The demand for replacement of decoders and viewing cards in the past few years had been very low but it is anticipated that demand for new decoders and viewing cards in the coming years will increase as a lot of them will become old and obsolete. The subscription base for the Phoenix Movies Channel has been relatively small over the years and

it is anticipated that the potential for grow is moderate. Since STARL generally enjoys bulk purchase discounts and is providing this service at costs to the Group, it is in the interest of the Group to set the proposed annual caps substantially higher than the historical value for these transactions.

Reasons for renewal of the New Star Services Agreement

The Star Services Agreement has expired on 30 June 2006, the entry of the New Star Services Agreement is to secure continuity of services. The terms of the New Star Services Agreement have been negotiated on an arm's length basis and are determined by reference to the market conditions for the provision of such a wide range of services, the costs and efficiency for setting up Phoenix HK's own team in providing the services in-house, the economies of scale achieved by STARL which is operating over 20 satellite channels in Hong Kong, the convenience and efficiency in the provision of services due to long term relationship and geographical proximity and the bulk purchase discount rates enjoyed by STARL. The Directors consider that the terms of the New Star Services Agreement and the transactions contemplated therein have been entered into in the ordinary and usual course of the Company's business on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned.

An Independent Board Committee will be established to advise the Independent Shareholders on whether or not the terms of the transactions requiring approval are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in respect of the terms of the transactions requiring approval.

B. STAR Movies Agreement

Background

Prior to the listing of the shares of the Company on GEM on 30 June 2000, Phoenix Movies had entered into the STAR Movies Agreement whereby STAR Filmed granted to Phoenix Movies a non-exclusive licence to exhibit a selection of movies on Phoenix Movies Channel in the PRC for a term of 10 years commencing from 28 August 1998. Details of the transactions of the STAR Movies Agreement were set out in the Prospectus under the section headed "Connected Transactions". The Waiver granted in respect of such transactions expired on 30 June 2003.

On 26 June 2003, the Independent Shareholders approved the transaction contemplated in the STAR Movies Agreement and the proposed annual caps thereof for three years ending 30 June 2006. The Company shall request the Independent Shareholders of the Company to review the transactions and approve the proposed annual caps for the transactions contemplated in the STAR Movies Agreement for the period from 1 July 2006 to 31 December 2006, the financial year ended 31 December 2007 and the period from 1 January 2008 to 27 August 2008.

- Date:** 15 June 2000
- Parties:** (1) Phoenix Movies
(2) STAR Filmed
- Term:** 10 years commencing from 28 August 1998
- Licence:** non-exclusive license to engage in non-standard television exhibition of a certain selection of movies on the Phoenix Movies Channel in the PRC (excluding Hong Kong and Taiwan, but including Macau).
- Consideration:** A base fee of US\$237,000 (approximately HK\$1,848,600) per month is payable by Phoenix Movies to STAR Filmed for the license. STAR Filmed is also entitled to charge an additional fee equivalent to 12.5% of the amount of the Phoenix Movies Channel's net revenues (being the gross revenues of the Phoenix Movies Channel less agency commissions and tax for the relevant period) exceeding US\$18,000,000 (approximately HK\$140,400,000) provided that the aggregate amount of the entire amount of the additional fees payable by Phoenix Movies shall not exceed US\$36,000,000 (approximately HK\$280,800,000) for the entire term.

Proposed Annual Caps

Pursuant to the Waiver, this connected transaction is subject to an annual cap of HK\$23,000,000. For the six months ended 31 December 2003, financial years ended 31 December 2004 and 2005, and for the five months ended 31 May 2006, the amount of fees paid or payable by the Group to STAR Filmed for the license of movies were approximately HK\$10,172,000, HK\$20,337,000, HK\$20,355,000 and HK\$8,458,000 respectively.

The proposed annual caps of the fees payable by the Group for the license of movies from STAR Filmed are set out as follows:

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|--|----------------|
| For the period from 1 July 2006 to 31 December 2006 | HK\$11,000,000 |
| For the financial year ended 31 December 2007 | HK\$22,000,000 |
| For the period from 1 January 2008 to 27 August 2008 | HK\$15,000,000 |

The cap amounts are determined primarily by reference to the historical figures of the license fees paid to STAR Filmed and payment of the additional fee in case Phoenix Movies Channel's net revenues shall exceed the threshold as set out hereinabove. The Directors believe that the terms of the STAR Movies Agreement and the transactions contemplated therein have been entered into in the ordinary and usual course of the Company's business on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

Information on the Company

The Company, is a Hong Kong-based television broadcaster and its channels include Phoenix Chinese Channel, Phoenix Movies Channel, Phoenix InfoNews Channel, Phoenix Chinese News and Entertainment Channel and Phoenix North America Chinese Channel, which together broadcast to audiences in the Asia Pacific, as well as in Europe, North America and North Africa, covering more than 100 countries and regions. The Company also operates www.phoenixtv.com website and Phoenix Weekly Magazine to diversify its business to non-broadcast media.

Information on STARL

STARL is primarily engaged in television broadcasting through cable distributors and channel companies in the Asian region. It is also engaged in the provision of management, marketing, public relation and broadcasting services to related companies. It maintains branches in Taiwan and various other cities in the Asian region.

Information on STAR Filmed

STAR Filmed is primarily engaged in the holding and exploitation of audio and visual copyrights.

Continuing Connected Transaction

Amongst the parties to the renewal of New Star Services Agreement, Phoenix HK is an indirect wholly-owned subsidiary of the Company. STARL is a subsidiary of Xing Kong Chuan Mei, which owns approximately 37.54% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules). The Directors have been notified by Xing Kong Chuan Mei that on 8 June 2006 Xing Kong Chuan Mei and China Mobile (Hong Kong) Group Limited entered into a share purchase agreement pursuant to which Xing Kong Chuan Mei shall sell shares of the Company representing 19.9% of the issued share capital of the Company to China Mobile (Hong Kong) Group Limited. Completion of such share purchase agreement is subject to, amongst others, the obtaining of relevant PRC regulatory approvals. However, whether or not completion of such share sale and purchase shall take place, STARL shall continue to be a connected person of the Company under Chapter 20 of the GEM Listing Rules.

Amongst the parties to the STAR Movies Agreement, Phoenix Movies is an indirect wholly-owned subsidiary of the Company. STAR Filmed is an indirect wholly-owned subsidiary of News Corporation, which is the ultimate holding company of Xing Kong Chuan Mei, the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules). Accordingly, STAR Filmed is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

It is anticipated that the relevant percentage ratios of the transactions contemplated in the afore-mentioned agreements will, on an annual basis, be more than 2.5% but less than 25% and the annual consideration is more than HK\$10,000,000, such transactions will constitute non-exempt continuing connected transactions of the Company under Rule 20.26 of the GEM Listing Rules. The Company will be subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements pursuant to Rules 20.45 to 20.54 of the GEM Listing Rules in relation to those transactions.

Ordinary resolutions will be proposed at the EGM to approve, confirm and/or ratify by way of poll the renewal of New Star Services Agreement and the proposed annual caps thereof together with the proposed annual caps of the STAR Movies Agreement. **Xing Kong Chuan Mei and its associates will abstain from voting at the EGM in respect of the ordinary resolutions regarding the New Star Services Agreement and the STAR Movies Agreement.**

An Independent Board Committee will be established to advise the Independent Shareholders on whether or not the terms of the transactions requiring approval are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in respect of the terms of the transactions requiring approval.

A circular containing, among other matters, (1) further information on the Continuing Connected Transactions, (2) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transactions; (3) the letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders in respect of the Continuing Connected Transactions, and (4) the notice to convene the EGM, in which an ordinary resolution will be proposed to approve the Continuing Connected Transactions will be despatched to the Shareholders within 21 days from the date of this announcement.

GENERAL

As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle and Mr. CHUI Keung, the non-executive directors of the Company are Ms. Michelle Lee, GUTHRIE, Mr. LAU Yu Leung John, Mr. CHEUNG Chun On Daniel, Mr. XU Gang (alternate director: Mr. GONG Jianzhong) and Mr. CHEUNG San Ping and the independent non-executive directors of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus BECZAK.

DEFINITIONS

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| “annual cap(s)” | Maximum aggregate annual value of the transactions |
| “associate(s)” | shall have the meaning ascribed under the GEM Listing Rules (as may be amended from time to time) |
| “Board” | the board of Directors |
| “Company” | Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM |
| “Connected Transactions” or “Continuing Connected Transactions” | the transactions contemplated in the New Star Services Agreement and STAR Movies Agreement |

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| “Directors” | the directors of the Company |
| “EGM” | an extraordinary general meeting of the Company. |
| “GEM” | the Growth Enterprises Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Board Committee” | an independent committee of the Board comprising Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK, all being independent non-executive Directors |
| “Independent Shareholders” | the shareholders of the Company other than Xing Kong Chuan Mei and its associates |
| “News Corporation” | The News Corporation Limited, the ultimate holding company of Xing Kong Chuan Mei |
| “New Star Services Agreement” | the agreement dated 30 June 2006 between STARL and Phoenix HK for the provision of various services including technical and administrative services, subscription promotion service and purchase of decoders and viewing cards service by STARL to the Group |
| “Old Star Services Agreement” | the agreement dated 15 June 2000 between STARL and Phoenix HK for the provision of various services including technical and administrative services, advertising sales service, subscription promotion service and purchase of decoders service by STARL to the Group |
| “Phoenix Chinese Channel” | a general entertainment television channel operated by the Group and targeting audiences across Asia, South East Asia, Australia and the Middle East |
| “Phoenix Chinese News and Entertainment Channel” | a general entertainment television channel operated by the Group and targeting Chinese audience in Europe |
| “Phoenix InfoNews Channel” | a news television channel operated by the Group and targeting audiences across Asia, South East Asia, Australia, the Middle East and North America |
| “Phoenix HK” | Phoenix Satellite Television Company Limited, an indirect wholly-owned subsidiary of the Company |

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| “Phoenix Movies” | Phoenix Satellite Television (Movies) Limited, an indirect wholly-owned subsidiary of the Company |
| “Phoenix Movies Channel” | a movies channel operated by the Group and targeting audience primarily in the Mainland China |
| “Phoenix North America Chinese Channel” | a general entertainment channel operated by the Group and targeting Chinese audience in North America |
| “Prospectus” | the prospectus of the Company dated 21 June 2000 |
| “Shareholders” | the shareholders of the Company |
| “STAR Filmed” | Star TV Filmed Entertainment Limited, an indirect wholly-owned subsidiary of News Corporation |
| “Star Services Agreement” | the agreement dated 29 May 2003 between STARL and Phoenix HK for the provision of various services, including technical and administrative services, advertising sales service, subscription promotion service and purchase of decoders and viewing cards service by STARL to Phoenix HK and the supplementary agreement dated 1 November 2004 between STARL and Phoenix HK for upgrade to server-based transmission operations and disaster recovery services |
| “Xing Kong Chuan Mei” | Xing Kong Chuan Mei Group Co., Ltd., formerly known as STAR Television Holdings Limited, which owns approximately 37.54% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules). Xing Kong Chuan Mei is an indirect wholly-owned subsidiary of News Corporation |
| “STAR Movie Agreement” | the agreement dated 15 June 2000 between STAR Filmed and Phoenix Movies for the grant of a non-exclusive licence to engage in non-standard television exhibition of a certain selection of movies on the Phoenix Movies Channel in the PRC for a term of 10 years commencing from 28 August 1998 |
| “STARL” | Satellite Television Asian Region Limited, a subsidiary of Xing Kong Chuan Mei |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “U.S.” or “United States” | United States of America |
| “US\$” | United States dollars, the lawful currency of the United States of America |

“Waiver”

the waiver granted by the Stock Exchange to the Company from strict compliance with the reporting and shareholders’ approval requirements under the GEM Listing Rules on 29 June 2000 in respect of the non-exempt connected transactions as described in the Prospectus under the section headed “Waivers from Compliance with the GEM Listing Rules and Companies Ordinance”

Note: The US\$ amounts shown in this announcement have been translated into HK\$ based on the exchange rate of US\$1.00 to HK\$7.8.

By Order of the Board
LIU Changle
Chairman

Hong Kong, 30 June 2006

The announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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