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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)

### **CONTINUING CONNECTED TRANSACTION**

On 2 February 2007, Phoenix HK through Shenzhou entered into the 2007 Contract with CNHK Media. CNHK Media has entered into the 2007 Contract for the ultimate benefits of the CMCC Group.

The New Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements of the GEM Listing Rules.

A circular containing, inter alia, further details of the New Transaction, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders together with the notice of EGM, will be despatched to the Shareholders as soon as practicable.

### **ADVERTISING CONTRACT**

Reference is made to the announcement of the Company dated 3 January 2007 relating to the Current Contract. As the transaction contemplated under the Current Contract will expire by 31 March 2007 and CNHK Media would like to continue to purchase advertising airtime at and/or sponsoring the programme "Phoenix News Express" being broadcasted on the Phoenix Chinese Channel operated by the Group thereafter, Phoenix HK through Shenzhou entered into the 2007 Contract with CNHK Media on 2 February 2007. Pursuant to the 2007 Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring the programme "Phoenix News Express" for the period from 1 April 2007 to 31 December 2007 for the sum of RMB23,350,000 (equivalent to HK\$23,350,000) for promoting the CMCC Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CNHK Media is engaged in the advertising agency business and it has entered into a contract with CMCC's advertising agent in the PRC relating to and including the purchase of advertising airtime at and/or sponsoring "Phoenix News Express" by CMCC's said advertising

agent for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the 2007 Contract for the ultimate benefits of the CMCC Group.

Under the 2007 Contract, CNHK Media shall pay such sum of RMB23,350,000 (equivalent to HK\$23,350,000) in cash by three instalments of RMB9,000,000 (equivalent to HK\$9,000,000), RMB9,000,000 (equivalent to HK\$9,000,000) and RMB5,350,000 (equivalent to HK\$5,350,000) on or before 15 March 2007, 15 June 2007 and 14 September 2007 respectively. If the 2007 Contract and the transaction contemplated thereunder have not been approved by the Independent Shareholders by 31 March 2007, the New Transaction shall be terminated immediately. In such event, any sum paid by CNHK Media under the 2007 Contract will be refunded to it without interest. The 2007 Contract also provides that CNHK Media is entitled to reduce the actual advertising airtime to be purchased thereunder by not more than 18% of the original contracted sum.

Shenzhou, CNHK Media and CMCC's said advertising agent, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties which are (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the GEM Listing Rules.

## **REASONS FOR THE NEW TRANSACTION**

The Group sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of the Group's turnover. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, the Group is able to generate more income for its operation and business.

The contract sum under the Current Contract is RMB9,450,000 (equivalent to HK\$9,450,000). CNHK Media has also paid a total sum of RMB25,608,800 (equivalent to HK\$25,608,800) for purchasing advertising airtime at and/or sponsoring the programme "Phoenix News Express" for the year ended 31 December 2006. The 2007 Contract was entered into by the parties after arm's length negotiation such that the advertising airtime under the 2007 Contract will be provided at rate no more favourable than other customers of the Group. The maximum aggregate cap amount under the Current Contract and the 2007 Contract is RMB32,800,000 (equivalent to HK\$32,800,000) which was agreed between the parties with reference to the rate card published by the Group from time to time which contains the pricing structure for the sale of advertising airtime on its satellite television channels, the advertising airtime purchased by CNHK Media in 2006, and the expected growth in the marketing and promotional activities of the CMCC Group for 2007.

The Directors (including the independent non-executive Directors) consider that the 2007 Contract was entered into in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As CMHKG is a substantial shareholder of the Company holding approximately 19.9 per cent. issued share capital of the Company through its wholly-owned subsidiary namely Extra Step Investments Limited, CMCC being the ultimate holding company of CMHKG is a connected person of the Company under the GEM Listing Rules. The New Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. All the applicable percentage ratios for the New Transaction are less than 2.5%. However, pursuant to Rule 20.27 of the GEM Listing Rules, the transactions contemplated under the Current Contract and the 2007 Contract are aggregated for the purpose of calculating the applicable percentage ratios. As the aggregate revenue ratio for the Current Contract and the 2007 Contract is more than 2.5%, the New Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the GEM Listing Rules.

The Company will convene the EGM for the purpose of seeking the approval of the Independent Shareholders for the New Transaction. According to the GEM Listing Rules, CMCC and its associates will abstain from voting in respect of the resolution relating to the New Transaction at the EGM. The vote of the Independent Shareholders on such resolution will be taken by poll.

An Independent Board Committee will be constituted to advise the Independent Shareholders in relation to the New Transaction. CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Transaction.

A circular containing, inter alia, further details of the New Transaction, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders together with the notice of EGM, will be despatched to the Shareholders as soon as practicable.

## **GENERAL**

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC.

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn is a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, directly-administered municipalities and autonomous regions in the PRC. The ordinary shares of China Mobile Limited are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

## DEFINITIONS

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“CMCC”	中國移動通信集團公司 (China Mobile Communications Corporation), a state-owned company established under the laws of the PRC
“CMCC Group”	the group of companies comprising CMCC and its subsidiaries
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of CMCC
“CNHK Media”	中港傳媒有限公司 (CNHK Media Limited), a company established under the laws of the PRC
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Current Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 26 December 2006 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2007 to 31 March 2007
“2007 Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 2 February 2007 relating to the purchase of advertising airtime by CNHK Media for the period from 1 April 2007 to 31 December 2007
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the 2007 Contract and the transaction contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 PRC
“Independent Board Committee”	the independent board committee of the Company

“Independent Shareholders”	the Shareholders other than CMCC and its associates
“New Transaction”	the transaction contemplated under the 2007 Contract for the period from 1 April 2007 to 31 December 2007
“Phoenix HK”	Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhou”	神州電視有限公司 (Shenzhou Television Company Limited), a company incorporated under the laws of the PRC and is the PRC advertising agent of Phoenix HK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**LIU Changle**  
*Chairman*

Hong Kong, 6 February 2007

*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.*

*As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle, Mr. CHUI Keung and Mr. WANG Jiyang, the non-executive directors of the Company are Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung John and Mr. GONG Jianzhong and the independent non-executive directors of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.*

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