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## **PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED**

**鳳凰衛視控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

### **CONNECTED TRANSACTION**

On 2 May, 2001, Phoenix has entered into the Agreement with Fox, an associate of STAR Holdings for the provision of news feed service, office space in New York and Washington D.C. for Phoenix InfoNews Channel and other ancillary services for a period of 1 year at a annual license fee of US\$550,000.

The Agreement constitutes a connected transaction for the Company, which is required to be disclosed by way of an announcement in accordance with Rule 20.35 of the GEM Listing Rules. Pursuant to Rule 20.24, given the consideration is less than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company, no independent shareholders' approval is required. Details of the Agreements will be included in the Company's next published annual report and accounts.

The Directors of the Company wish to announce that on 2 May, 2001, Phoenix has entered into an agreement with Fox, an associate of STAR Holdings which owns 37.6% interest in the Company, for the provision of news feed service, office space and other ancillary services to Phoenix. Fox is wholly owned by The News Corporation Limited, which is the ultimate holding company of STAR Holdings.

#### **The Agreement**

Date: 2 May, 2001

Parties: (i) Phoenix  
(ii) Fox

Term: 1 year commencing from 2 May, 2001 and expiring on 1 May, 2002, both days inclusive.

## **Services to be provided**

Pursuant to the Agreement, Fox agreed to grant a non-exclusive licence to Phoenix and its InfoNews Channel:

1. to access the intranet web site and feeds of Fox News Edge and to air the Fox News Channel (this right is extended to the Phoenix Chinese Channel and Phoenix CNE Channel of Phoenix);
2. to use (a) the office space including certain facilities in Fox's existing Washington and New York Bureaus, and (b) workspace at Fox's existing Los Angeles, Chicago and Atlanta Bureaus subject to availability; and
3. to access Fox's camera hook up, interview positions in various places in the United States and live shots from Fox's satellite truck positions, subject to availability.

The provision of the above services is for a period of 1 year commencing from 2 May, 2001 to 1 May, 2002.

## **Consideration**

Pursuant to the Agreement, Phoenix shall pay Fox an annual license fees of US\$550,000 (approximately HK\$4,279,000). The license fees shall be payable on a monthly basis and be paid in advance on the first day of each month.

The consideration for the transaction has been agreed after arm's length negotiations between the parties with reference to consideration paid by third party to Fox for similar services, and is no less favourable to Phoenix than those offered by Fox to third parties for such services.

## **Information on the Company**

The Company, through Phoenix, is a satellite television broadcaster. Phoenix's channels include Phoenix InfoNews Channel, Phoenix Chinese Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix CNE Channel. The Company also operates the Phoenix Weekly magazine and the [www.phoenixtv.com](http://www.phoenixtv.com) website to diversify its business to non-broadcast media.

## **Information on Fox**

Fox is a 24-hour all news cable channel which is currently available to over 54 million U.S. cable and DBS households. Fox also produces a weekend political commentary show. Fox, through its Fox News Edge service, licenses news feeds to Fox Affiliates and other subscribers to use as part of local news broadcasts.

## Connected Transaction

Amongst the parties to the Agreement, Phoenix is a wholly owned subsidiary of the Company. Fox is wholly owned by The News Corporation Limited, which is the ultimate holding company of STAR Holdings. STAR Holdings Limited is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules). Accordingly, Fox is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the entry into of the Agreement constitutes a connected transaction for the Company.

Pursuant to Rule 20.24, given the consideration is less than the higher of HK\$10,000,000 or 3% of the net tangible assets of the Company, no independent shareholders' approval is required, and the Agreement is subject to the reporting and announcement requirements as set out in Rules 20.34 and 20.35. Details of the transactions will be included in subsequent published annual report of the Company.

The Directors, including the independent non-executive directors, consider that the transaction contemplated in the Agreement is on normal commercial terms and is in the ordinary and normal course of business of the Company.

## Reason for entering into the Agreement

U.S.A. is the world financial hub. The Directors believe that Phoenix, with the access to first-hand international financial news and current affairs coverage through Fox's efficient and comprehensive news feed services, can more efficiently fulfill the needs of its audience.

## Definitions

“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 Stock Exchange
“DBS”	Direct broadcast service
“Directors”	Directors of the Company
“Phoenix”	Phoenix Satellite Television Company Limited, a wholly-owned subsidiary of the Company
“Fox”	Fox News Network, L.L.C. a company incorporated in the United States
“STAR Holdings”	Star Television Holdings Limited, a company incorporated in the British Virgin Islands
“GEM Listing Rules”	Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited
“Fox News Channel”	A 24-hour United States domestic cable news channel

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

Hong Kong, 2 May, 2001

*This 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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no matters the omission of which would make any statement in this announcement misleading; and (iii) 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.*

*This announcement will remain on the GEM website on the “Latest Company Announcements” page for 7 days from the date of its posting.*