

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

CONNECTED TRANSACTIONS

On 27 June, 2001, Phoenix has entered into an Agreement with Fox, an associate of STAR Holdings, which owns 37.6% interest in the Company, whereby Fox has agreed to (i) grant the Edge License and the right to air the Fox News Channel to Phoenix and its InfoNews Channel, Phoenix Chinese Channel and Phoenix Chinese News and Entertainment Channel, together with other ancillary services to Phoenix and the InfoNews Channel for a period of 3 years at the license fees of US\$500,000 (HK\$3,890,000) per annum, (ii) grant the Edge License to Phoenix and its Phoenix North America Chinese Channel for a period of 1 year at the license fees payable in accordance with the number of subscribers of the channel ranging from a minimum of US\$25,000 (HK\$194,500) and a maximum of US\$60,000 (HK\$466,800) per annum, and (iii) such other services and/or facilities as Fox may from time to time, at the request of Phoenix, provide to Phoenix upon such terms and at such fees as the parties may agree on a case by case basis.

The connected transactions referred to above constitute non-exempt continuing connected transactions under Rule 20.26 and are therefore subject to approval by the Independent Shareholders at the EGM, announcement and reporting requirements. The connected transactions contemplated in the Agreement shall commence and take effect immediately after the Condition has been satisfied in full, but shall cease and terminate if the Condition is not satisfied before 28 July, 2001 or such later date as agreed by the parties.

A circular will be despatched to the shareholders of the Company as soon as possible. The circular will contain details of the connected transactions, a letter from the independent board committee, a letter from the independent financial adviser and a notice to the Company's shareholders convening the EGM.

The Agreement

Date: 27 June, 2001

Parties: (1) Phoenix
(2) Fox

Services to be provided by Fox:

- (1) to Phoenix and its InfoNews Channel (“First Services”):
 - (a) to use the services under the Edge License and to air the Fox News Channel (these rights are also extended to the Phoenix Chinese Channel and Phoenix Chinese News and Entertainment Channel);
 - (b) (i) to use non-exclusively the office space including certain facilities in Fox’s existing Washington and New York Bureaus, and (ii) to access the workspace at Fox’s existing Los Angeles, Chicago and Atlanta Bureaus subject to availability; and
 - (c) to access occasionally Fox’s camera hook up at the United Stations, interview positions in various places in the United States and live shots from Fox’s satellite truck positions for events that Fox is already covering, subject to availability.
- (2) to Phoenix and its Phoenix North America Chinese Channel to use the services under the Edge License (“Second Services”).
- (3) Fox may from time to time, at the request of Phoenix, provide additional services and/or facilities (other than the First Services and the Second Services) to Phoenix upon such terms and at such fees as the parties may agree on a case by case basis (“Additional Services”). Such Additional Services may include the provision of crew to operate the studio, control room or other facilities within Fox’s premises.

Term:

In respect of the First Services, 3 years from the Commencement Day.

In respect of the Second Services, 1 year from the Commencement Day.

Consideration:

For the First Services: Phoenix shall pay Fox license fees of US\$500,000 (HK\$3,890,000) per annum.

For the Second Services: Phoenix shall pay Fox license fees based on the number of subscribers of the Phoenix North America Chinese Channel and in accordance with the following schedule:

<u>Number of Subscribers</u>	<u>Annual License Fees</u>
Zero to 10,000	US\$25,000 (HK\$194,500)
10,001 to 29,999	US\$32,500 (HK\$252,850)
30,000 to 49,999	US\$45,000 (HK\$350,100)
50,000 and above	US\$60,000 (HK\$466,800)

All license fees shall be payable on a monthly basis. The license fees are determined in accordance with normal commercial practice.

Maximum amount of the continuing connected transactions

The directors believe that the amount of fees payable by Phoenix to Fox will not exceed US\$635,000 (HK\$4,940,300) per annum for each of the three financial years ending 30 June, 2004 (“Estimated Cap”). The Estimated Cap includes the basic annual license fees of US\$500,000 (HK\$3,890,000) for the First Services and US\$60,000 (HK\$466,800) (maximum liability) for the Second Services as well as a buffer of US\$75,000 (HK\$583,500), being 15% of the annual license fees for the First Services, for the use of the Additional Services. The Estimated Cap has been determined with reference to the anticipated demand for a steady supply of quality news materials and related services and a flexible supply of the Additional Services from Phoenix’s channels.

Commencement

The connected transactions contemplated in the Agreement shall commence and take effect from the Commencement Date, but shall cease and terminate if the Condition is not satisfied before 28 July, 2001 or such later date as agreed by the parties.

Difference between the Agreement and the current arrangement

Under the First Agreement, Fox has agreed to provide services which are same as the First Services under the Agreement for a period of 1 year commencing from 2 May, 2001 at the service fees of US\$550,000 (HK\$4,279,000) per annum. Upon the Condition being satisfied, the Agreement will replace the First Agreement, and thereafter Fox shall provide the First Services for a period of 3 years at the service fees of US\$500,000 (HK\$3,890,000) per annum, the Second Services for the period of 1 year at the license fees payable in accordance with the number of subscribers of the Phoenix North America Chinese Channel ranging from a minimum of US\$25,000 (HK\$194,500) and a maximum of US\$60,000 (HK\$466,800) per annum, and the Additional Services (if any) upon such terms and at such fees as the parties may agree from time to time on a case by case basis..

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** 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 65 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

Of 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 of the Agreement and the conduct of the transactions contemplated therein constitute connected transactions for the Company.

The connected transactions referred to above constitute non-exempt continuing connected transactions pursuant to Rule 20.26 of the GEM Listing Rules, and are therefore subject to Independent Shareholders' approval, announcement and reporting requirements. Details of the connected transactions will be included in the Company's next published annual report.

Reason for entering into the Agreement

U.S.A. is the world's financial hub. The Directors believe that Phoenix, with 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. Under the First Agreement, the First Services are provided for a term of 1 year at an annual license fee of US\$550,000.00 (HK\$4,279,000). However, for the long-term development of Phoenix's channels, it is more beneficial for Phoenix to obtain a steady supply of quality news materials and related services, and in particular, at a reduced fee and a flexible supply of other additional services which may be relevant to its need. The Directors believe that the terms of the 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.

Despatch of circular

A circular will be despatched to the shareholders of the Company as soon as possible. The circular will contain details of the connected transactions, a letter from the independent board committee, a letter from the independent financial adviser and a notice to the Company's shareholders convening the EGM at which STAR Holdings and its associates will abstain from voting .

Definitions

“Additional Services”	shall have the meaning ascribed thereto in the paragraph headed “Services to be provided by Fox” above
“Agreement”	the agreement dated 27 June, 2001 between Phoenix and Fox
“Commencement Day”	the day upon which the Condition is fulfilled
“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
“Condition”	the Independent Shareholders approving the Agreement and the transactions contemplated therein in accordance with the Listing Rules and the delivery of a signed original of the Agreement by Phoenix to Fox
“DBS”	direct broadcast service
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve the Agreement and the connected transactions contemplated therein and other related matters
“Edge License”	a non-exclusive and non-transferable license to subscribe to Fox's news service, currently entitled Fox News Edge, including access to the Edge intranet web site and feeds
“Estimated Cap”	shall have the meaning ascribed thereto in the paragraph headed “Maximum amount of the continuing connected transactions” above
“First Services”	shall have the meaning ascribed thereto in the paragraph headed “Services to be provided by Fox” above
“Fox”	Fox News Network, L.L.C. a company incorporated in the United States

“Fox News Channel”	a 24-hour United States domestic cable news channel operated by Fox currently entitled the Fox News Channel.
“First Agreement”	the agreement dated 2 May, 2001 entered into between Phoenix and Fox for the provision of the services which are same as the First Services under the Agreement but for a period of 1 year and at a annual license fee of US\$550,000, details of such agreement have been announced by the Company on 2 May, 2001
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited
“Independent Shareholders”	the shareholders of the Company other than Star Holdings and its associates
“Phoenix”	Phoenix Satellite Television Company Limited, a wholly-owned subsidiary of the Company
“Second Services”	shall have the meaning ascribed thereto in the paragraph headed “Services to be provided by Fox” above
“STAR Holdings”	Star Television Holdings Limited, a company incorporated in the British Virgin Islands

By Order of the Board
Liu Changle
Chairman

Hong Kong, 27 June, 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.