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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)

ANNOUNCEMENT

The Directors announce that on 8 June 2006, the Company and China Mobile entered into the Strategic Alliance Agreement pursuant to which the Company and China Mobile shall cooperate with a view to further enhancing their respective leading positions in the media and the mobile telecommunications industries through joint development, marketing and delivery of innovative wireless content, products, services and applications.

The Directors have been notified by Xing Kong Chuan Mei that on 8 June 2006, Xing Kong Chuan Mei and CMHKG entered into the Share Purchase Agreement pursuant to which Xing Kong Chuan Mei shall sell Shares representing 19.9% of the issued share capital of the Company to CMHKG.

At the request of the Company, trading in the Shares was suspended from 9:46 a.m. on 8 June 2006 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 June 2006.

The Directors announce that on 8 June 2006, the Company and China Mobile entered into the Strategic Alliance Agreement pursuant to which the Company and China Mobile shall cooperate with a view to further enhancing their respective leading positions in the media and the mobile telecommunications industries through joint development, marketing and delivery of innovative wireless content, products, services and applications.

STRATEGIC ALLIANCE AGREEMENT

Date

8 June 2006

Parties

(1) The Company

- (2) China Mobile, a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services to all 31 provinces, municipalities and autonomous regions therein. China Mobile is also one of the largest mobile telecommunications companies in the world.

Areas of Strategic Cooperation

Pursuant to the Strategic Alliance Agreement, the parties shall (i) cooperate in the area of wireless value-added services by sharing resources and jointly developing products and services relating to wireless delivery of media content; (ii) cooperate and share expertise in the areas of branding, marketing, promotion and customer service; (iii) improve the wireless value-added services provided by the Company and the mobile services provided by China Mobile and where necessary, jointly develop new channels as required for the successful introduction of new services; (iv) cooperate to secure any necessary regulatory approvals to support proposed new applications and services; and (v) engage in regular exchange in the areas of managerial, technical and operational expertise and resources to ensure the proper implementation of the Strategic Alliance Agreement.

For the provision of wireless value-added services, subject to the Company and/or its affiliates having obtained relevant PRC government approvals, China Mobile will, preferentially and at favourable terms and conditions, provide access to the networks of China Mobile for such wireless value-added services offered by the Company and/or its affiliates in accordance with China Mobile's network access standards. In return, China Mobile will enjoy preferential access to news and other selected contents provided by the Company and its affiliates on favourable terms. No detailed terms have been agreed between the Company and China Mobile. The parties may enter into specific agreement(s) pursuant to the Strategic Alliance Agreement. In such event, the Company will comply with the GEM Listing Rules as and when appropriate.

The strategic arrangement and cooperation under the Strategic Alliance Agreement is conditional upon completion of the Share Purchase Agreement. Accordingly, the Strategic Alliance Agreement may or may not become effective in respect thereof. **Investors are advised to exercise caution in dealing in the securities of the Company.**

REASONS FOR ENTERING INTO THE STRATEGIC ALLIANCE AGREEMENT

Pursuant to the Strategic Alliance Agreement, the Company is able to share resources and jointly develop products and services for wireless delivery of media content with China Mobile. The Group will diversify its businesses into the wireless media markets which will broaden the Group's source of revenue. As China Mobile and its subsidiaries have the world's largest unified, contiguous all-digital mobile network and have the world's largest mobile subscriber base, the Group expects that new and tremendous business opportunities and values will be generated from the satellite TV and wireless platforms through the strategic alliance and cooperation with China Mobile.

SALE OF SHARES BY XING KONG CHUAN MEI

The Directors have been notified by Xing Kong Chuan Mei that on 8 June 2006, Xing Kong Chuan Mei and CMHKG entered into the Share Purchase Agreement pursuant to which Xing Kong Chuan Mei shall sell Shares representing 19.9% of the issued share capital of the Company to CMHKG. Completion of the Share Purchase Agreement is subject to, amongst others, the obtaining of relevant PRC regulatory approvals.

The following table sets out the simplified shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Share Purchase Agreement:–

	Approximate shareholding percentage as at the date of this announcement	Approximate shareholding percentage immediately after completion of the Share Purchase Agreement
	%	%
Today's Asia Limited (<i>Note 1</i>)	37.5	37.5
Xing Kong Chuan Mei (<i>Note 2</i>)	37.5	17.6
CMHKG	–	19.9
Public	25.0	25.0
Total	<u>100</u>	<u>100</u>

Notes:

1. Mr. LIU Changle is the beneficial owner of 93.3% interest in Today's Asia Limited.
2. Xing Kong Chuan Mei is a subsidiary of STAR Group Limited which in turn is an indirect subsidiary of News Corporation. Mr. K.R. MURDOCH and the A.E. Harris Trust own approximately 29.5% of the voting shares of News Corporation. The A.E. Harris Trust is a trust the beneficiaries of which include members of the Murdoch family.
3. Today's Asia Limited and CMHKG are not parties acting in concert under The Code on Takeovers and Mergers.

GENERAL

Upon completion of the Share Purchase Agreement, China Mobile will become a connected person of the Company under the GEM Listing Rules. The strategic arrangement and cooperation pursuant to the Strategic Alliance Agreement may constitute continuing connected transactions for the Company. The Company will comply with the relevant reporting, announcement and independent shareholders' approval requirements of the GEM Listing Rules as and when appropriate.

This announcement is made voluntarily pursuant to Rule 17.10 of the GEM Listing Rules to provide information to the shareholders of the Company and the public.

At the request of the Company, trading in the Shares was suspended from 9:46 a.m. on 8 June 2006 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 June 2006.

DEFINITIONS

“China Mobile”	China Mobile Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the American Depositary Shares of which are listed on New York Stock Exchange Inc.
“CMHKG”	China Mobile (Hong Kong) Group Limited, an indirect holding company of China Mobile
“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
“Director(s)”	The director(s) of the Company, including independent non-executive directors
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“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
“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

“Share Purchase Agreement”	the share purchase agreement dated 8 June 2006 entered into between Xing Kong Chuan Mei and CMHKG in relation to the sale and purchase of 19.9% Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Strategic Alliance Agreement”	the strategic alliance and cooperation agreement dated 8 June 2006 entered into between the Company and China Mobile in relation to the further enhancing of the respective leading positions of the parties in the media and mobile telecommunications industries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xing Kong Chuan Mei”	Xing Kong Chuan Mei Group Co., Ltd., formerly known as STAR Television Holdings Limited, which owns approximately 37.5% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules)

By Order of the Board
LIU Changle
Chairman

Hong Kong, 8 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.

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 Thomas BECZAK.

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