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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: 02008)

CONNECTED TRANSACTIONS

On 12 May 2010, Phoenix HK entered into the Agreement with Fortune Star for the licence to broadcast 26 films for a license fee of US\$195,000 (approximately HK\$1,512,030). Fortune Star is an indirect wholly-owned subsidiary of News Corporation, which through its subsidiary, Xing Kong Chuan Mei, holds approximately 17.47% interest of the Company. Thus, pursuant to rule 14A.11 of the Listing Rules, Fortune Star is a connected person of the Company.

The transaction contemplated in the Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules and is by itself an exempt transaction under rule 14A.31(2) of the Listing Rules. However, based on aggregation with the transaction under Deal Memo 2 entered into between Phoenix HK and Fox on 15 May 2009, the transaction contemplated under the Agreement is subject to reporting and announcement requirements of the Listing Rules.

THE AGREEMENT

The Directors wish to announce that Phoenix HK, a wholly-owned subsidiary of the Company, and Fortune Star have on 12 May 2010 entered into the Agreement. Under the Agreement, Phoenix HK obtains from Fortune Star a non-exclusive right to broadcast a total of 26 films on the Phoenix Movies Channel for the period from 1 June 2010 to 31 May 2014. The licence fee of US\$195,000 is payable by remittance to the bank account as designated by Fortune Star by three instalments: (1) US\$39,000 which represents 20% of the licence fee is payable upon signing of the Agreement; (2) US\$58,500 which represents 30% of the licence fee is payable before delivery of the master materials of the first 13 films but in any event no later than 15 May 2010; and (3) US\$97,500 which represents 50% of the licence fee is payable before delivery of the master materials of the remaining 13 films but in any event no later than 1 June 2010.

The license fee was agreed after arm's length negotiations between the parties and was determined in accordance with normal commercial terms and with reference to terms available to independent third parties.

REASONS FOR ENTERING INTO THE AGREEMENT

It is the ordinary course of the Company's business to obtain licence of programmes from various suppliers to cater for the need of our audience.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreement and the transaction 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 Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC.

INFORMATION ON FORTUNE STAR

The principal business of Fortune Star is movie syndication.

DEAL MEMO 2

Before the Agreement, Phoenix HK entered into Deal Memo 2 with Fox for a television series on 15 May 2009 at the consideration of US\$98,400 (approximately HK\$761,704, based on the actual exchange rate), which was announced on the same day pursuant to Chapter 14A of the Listing Rules. Fox is an indirect wholly-owned subsidiary of News Corporation, which through its subsidiary, Xing Kong Chuan Mei, holding approximately 17.47% interest in the Company, is an associate of the substantial shareholder of the Company (as defined in the Listing Rules). Accordingly, Fox is a connected person of the Company under Rule 14A.11 of the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

Phoenix HK is the wholly-owned subsidiary of the Company. Fortune Star is an indirect wholly-owned subsidiary of News Corporation, which through its subsidiary, Xing Kong Chuan Mei, holding approximately 17.47% interest in the Company, is an associate of the substantial shareholder of the Company (as defined in the Listing Rules). Accordingly, Fortune Star is a connected person of the Company under Rule 14A.11 of the Listing Rules.

The transaction contemplated in the Agreement constitutes connected transaction under Chapter 14A of the Listing Rules and by itself is a de minimis transaction exempt from the reporting, announcement and independent shareholders' approval requirements under rule 14A.31(2) of the Listing Rules. However, pursuant to rule 14A.25 of the Listing Rules, the Stock Exchange will aggregate a series of connected transactions as if they were one transaction if they were all completed within a 12-month period or are otherwise

related. Since each of Fox and Fortune Star is an associate of Xing Kong Chuan Mei, a substantial shareholder of the Company, Deal Memo 2, which was signed on 15 May 2009 within 12 months of the Agreement, is required to aggregate with the Agreement. The aggregate consideration of Deal Memo 2 and the Agreement is US\$293,400 (approximately HK\$2,273,734). Since the revenue ratios under Deal Memo 2 and the Agreement are in aggregate more than 0.1% but less than 2.5%, the Agreement is subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

“Agreement”	The Licence Agreement signed between Phoenix HK and Fortune Star on 12 May 2010
“associate(s)”	shall have the meaning ascribed thereto in Rule 1.01 of the Listing Rules
“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
“Deal Memo 2”	the deal memo between Phoenix HK and Fox dated 15 May 2009
“Directors”	the directors of the Company, including independent non-executive directors
“Fortune Star”	Fortune Star Entertainment (HK) Limited, an indirect wholly-owned subsidiary of News Corporation
“Fox”	Twentieth Century Fox International Television, Inc., an indirect wholly-owned subsidiary of News Corporation
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Phoenix Movies Channel”	a movie channel operated by the Group and targeting Chinese audiences in the PRC
“Phoenix HK”	Phoenix Satellite Television Company Limited, a wholly-owned subsidiary of the Company

“PRC”	The People Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United State dollars, the lawful currency of the United States of America
“Xing Kong Chuan Mei”	Xing Kong Chuan Mei Group Co., Ltd, which owns approximately 17.47% interest in the Company, is the substantial shareholder of the Company (as defined in the Listing Rules)
“%”	per cent

Note: For the purpose of illustration only and unless otherwise provided herein, the US\$ amounts shown in this announcement have been translated into HK\$ based on the exchange rate of US\$1.00 to HK\$7.754 and it does not constitute a representation that any amounts were or may have been exchanged.

By Order of the Board
LIU Changle
Chairman

Hong Kong, 12 May 2010

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors

Mr. LIU Changle (Chairman) (also an alternate director to Mr. CHUI Keung); Mr. CHUI Keung (also an alternate director to Mr. LIU Changle); Mr. WANG Ji Yan (also an alternate director to Mr. LIU Changle and Mr. CHUI Keung)

Non-executive Directors

Mr. GAO Nianshu; Mr. LI Yue; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel; Mr. GONG Jianzhong

Independent Non-executive Directors

Dr. LO Ka Shui; Mr. LEUNG Hok Lim; Mr. Thaddeus Thomas BECZAK

Alternate Directors

Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN); Dr. GAO Jack Qunyao (alternate to Mr. CHEUNG Chun On, Daniel)