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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 28 December 2012, Phoenix HK entered into the 2013 Fortune Star Agreements with Fortune Star Media for the licence to broadcast 21 films for a license fee in a total sum of US\$145,000 (approximately HK\$1,123,765). On 28 December 2012, Phoenix HK entered into the 2013 NGC Agreement with NGC, Taiwan branch for licensing the rights to NGC, Taiwan branch to broadcast one program for a license fee of US\$800 (approximately HK\$6,200), net of all applicable taxes.

Both Fortune Star Media and NGC are associates of News Corporation, which through its subsidiary, Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Limited), holds approximately 17.44% interest in the Company. Thus pursuant to rule 14A.11 of the Listing Rules, Fortune Star Media and NGC are connected persons of the Company.

The transactions contemplated in the 2013 Fortune Star Agreements and the 2013 NGC Agreement constitute connected transactions under Chapter 14A of the Listing Rules and are by each of themselves exempt transactions under rule 14A.31(2) of the Listing Rules. However, based on aggregation with the transactions under: (1) the 2012 Fortune Star Agreements; (2) the 2012 NGC Agreement; (3) the 2012 June Fortune Star Agreement and (4) 2012 Fox Agreement, the transactions contemplated under the 2013 Fortune Star Agreements and the 2013 NGC Agreement are subject to reporting and announcement requirements of the Listing Rules.

The Board wishes to announce that Phoenix HK, an indirect wholly-owned subsidiary of the Company on 28 December 2012 entered into (1) the 2013 Fortune Star Agreements with Fortune Star Media and (2) the 2013 NGC Agreement with NGC, Taiwan branch.

**2013 FORTUNE STAR AGREEMENTS**

Under the 2013 Fortune Star Agreements, Phoenix HK obtains from Fortune Star Media the non-exclusive right to broadcast a total of 21 films on the Phoenix Hong Kong Channel and Phoenix Chinese Channel during period from 1 January 2013 to 31 January 2015. The license fee of US\$145,000 (approximately HK\$1,123,765) is payable to the bank account as designated by Fortune Star Media by two instalments: (1) 50% of the license fee is payable upon signing of the 2013 Fortune Star Agreements and (2) the remaining 50% of the license fee is payable upon receipt of the master materials.

The other terms of the 2013 Fortune Star Agreements are provided as follows:

1) License Agreement for Phoenix Hong Kong Channel

- Films Licensed : 17 films
- Term : 12 months or 14 months
- Commencement Date : From 1 January 2013 to 1 July 2013
- License Fee : US\$119,000 (approximately HK\$922,262)

2) License Agreement for Phoenix Chinese Channel

- Films Licensed : 4 films
- Term : 12 months or 24 months
- Commencement Date : 1 February 2013
- License Fee : US\$26,000 (approximately HK\$201,503)

The license fee for each of the 2013 Fortune Star Agreements 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.

**2013 NGC AGREEMENT**

Under the 2013 NGC Agreement, Phoenix HK licenses to NGC, Taiwan branch the exclusive rights to broadcast one programme on National Geographic Channel Taiwan for a term of 30 months commencing from 1 February 2013. The license fee of US\$800, net of all applicable taxes (approximately HK\$6,200), is payable by NGC, Taiwan branch to the bank account as designated by Phoenix HK by two instalments: (1) 50% of the license fee is payable upon signing of the 2013 NGC Agreement; and (2) the remaining 50% of the license fee is payable upon technical acceptance of programme materials by NGC, Taiwan branch. 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 2013 FORTUNE STAR AGREEMENTS AND THE 2013 NGC AGREEMENT**

It is the ordinary course of the Company's business (1) to obtain license of programmes from various suppliers to cater for the need of our audience and (2) to license our programmes to be broadcasted on other channels or platforms.

The Directors, including independent non-executive Directors, are of the view that the terms of the 2013 Fortune Star Agreements and the 2013 NGC Agreement and the transactions contemplated therein have been entered into in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Jan KOEPPEN and Mr. CHEUNG Chun On, Daniel, Directors nominated by Star Entertainment Holdings Limited, an associate of Fortune Star Media and NGC, have abstained from voting on the board resolutions approving the 2013 Fortune Star Agreements and the 2013 NGC Agreement. Save as disclosed above, none of the Directors has a material interest in the 2013 Fortune Star Agreements and the 2013 NGC Agreement.

## **INFORMATION ON THE GROUP**

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 businesses of Fortune Star Media are television program distribution and syndication sales.

## **INFORMATION ON NGC**

NGC is in the broadcasting business.

## **THE 2012 FORTUNE STAR AGREEMENTS AND THE 2012 NGC AGREEMENT**

On 23 December 2011, Phoenix HK entered into the 2012 Fortune Star Agreements and the 2012 NGC Agreement, both of which were announced on the same day pursuant to Chapter 14A of the Listing Rules.

## **THE 2012 JUNE FORTUNE STAR AGREEMENT AND THE 2012 FOX AGREEMENT**

On 29 June 2012, Phoenix HK entered into the 2012 June Fortune Star Agreement with Fortune Star Media for the non-exclusive license to broadcast 11 films on the Phoenix Hong Kong Channel for a term of one year commencing from 1 July 2012, 1 October 2012 and 1 December 2012 at the consideration of US\$77,000 (approximately HK\$597,220, based on the actual exchange rate).

On 13 July 2012, Phoenix HK entered into the 2012 Fox Agreement with Fox for the non-exclusive license to broadcast one film on the Phoenix Chinese Channel for a term of two years commencing from 15 July 2012 at the consideration of US\$5,000 (approximately HK\$38,751).

The 2012 June Fortune Star Agreement and the 2012 Fox Agreement constituted connected transactions under Chapter 14A of the Listing Rules and by each of themselves was de minimis transaction exempt from reporting, announcement and independent shareholders' approval requirements under rule 14A.31(2) of the Listing Rules. Pursuant to rule 14A.25 of the Listing Rules, the 2012 Fortune Star Agreements and the 2012 NGC Agreement were signed within 12 months of the 2012 June Fortune Star Agreement and the 2012 Fox Agreement and the counterparties to each of the agreements were associates of News Corporation and were connected persons of the Company, they were therefore required to aggregate. Since the applicable ratios for the 2012 Fortune Star Agreements (at the consideration of US\$210,500 (approximately HK\$1,637,031, based on the actual exchange rate)), the 2012 NGC Agreement (at the actual consideration of US\$136,800 (approximately HK\$1,060,214)), the 2012 June Fortune Star Agreement and the 2012 Fox Agreement were less than 0.1%, the 2012 June Fortune Star Agreement and the 2012 Fox Agreement were not subject to the reporting and announcement requirements of the Listing Rules.

#### **IMPLICATION UNDER THE LISTING RULES**

Phoenix HK is an indirect wholly-owned subsidiary of the Company. Fortune Star Media and NGC are associates of News Corporation, which through its subsidiary, Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Limited), holds approximately 17.44% interest in the Company, is an associate of the substantial shareholder of the Company (as defined in the Listing Rules). Accordingly, Fortune Star Media and NGC are connected persons of the Company under Chapter 14A.11 of the Listing Rules.

The transactions contemplated in the 2013 Fortune Star Agreements and the 2013 NGC Agreement constitute connected transactions under Chapter 14A of the Listing Rules and by each of themselves is 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 (1) the 2012 Fortune Star Agreements and the 2012 NGC Agreement were signed on 23 December 2011; (2) the 2012 June Fortune Star Agreement was signed on 29 June 2012 and (3) 2012 Fox Agreement was signed on 13 July 2012, all of which are within 12 months of the 2013 Fortune Star Agreements and the 2013 NGC Agreement and the counterparties to each of the agreements are associates of News Corporation and are connected persons of the Company, they are therefore required to aggregate with the 2013 Fortune Star Agreements and the 2013 NGC Agreement. The aggregated consideration of the 2012 Fortune Star Agreements, the 2012 NGC Agreement, the 2012

June Fortune Star Agreement, 2012 Fox Agreement, the 2013 Fortune Star Agreements and the 2013 NGC Agreement is US\$575,100 (approximately HK\$4,457,083). Since the revenue ratios under the 2012 Fortune Star Agreements, the 2012 NGC Agreement, the 2012 June Fortune Star Agreement, 2012 Fox Agreement, the 2013 Fortune Star Agreements and the 2013 NGC Agreement are in aggregate more than 0.1% but less than 5%, the 2013 Fortune Star Agreements and the 2013 NGC Agreement are subject to the reporting and announcement requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

|                                    |   |
|------------------------------------|---|
| “2012 Fortune Star Agreements”     | the license agreements signed between Phoenix HK and Fortune Star Media on 23 December 2011   |
| “2012 NGC Agreement”               | the license agreement signed between Phoenix HK and NGC on 23 December 2011   |
| “2012 June Fortune Star Agreement” | the license agreement signed between Phoenix HK and Fortune Star Media on 29 June 2012  |
| “2012 Fox Agreement”               | the license agreement signed between Phoenix HK and Fox on 13 July 2012   |
| “2013 Fortune Star Agreements”     | The license agreements signed between Phoenix HK and Fortune Star Media on 28 December 2012   |
| “2013 NGC Agreement”               | The license agreement signed between Phoenix HK and NGC, Taiwan branch on 28 December 2012  |
| “associate(s)”                     | shall have the meaning ascribed thereto in Rule 1.01 of the Listing Rules   |
| “Board”                            | the board of Directors of the Company   |
| “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 Main Board of the Stock Exchange |
| “Directors”                        | the directors of the Company, including independent non-executive directors   |
| “Fortune Star Media”               | Fortune Star Media Limited, an associate of News Corporation  |

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|-----------------------------|---|
| “Fox”                       | Twentieth Century Fox International Television, Inc., a wholly owned subsidiary of News Corporation`  |
| “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  |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “NGC”                       | NGC Network Asia, LLC, an indirect non-wholly owned subsidiary of News Corporation  |
| “Phoenix Chinese Channel”   | a general entertainment channel operated by the Group and targeting audience across Asia, South East Asia, Australia and the Middle East                            |
| “Phoenix HK”                | Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company     |
| “Phoenix Hong Kong Channel” | a general entertainment channel in Cantonese language operated by the Group and targeting Cantonese-speaking audience in the Pearl River Delta and across East Asia |
| “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             |
| “Shareholders”              | holder(s) of ordinary share(s) of HK\$0.10 each in the issued share capital of the Company  |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited   |

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

*In this announcement, unless otherwise specified, amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1.00 to HK\$7.7501. 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 at all.*

By Order of the Board  
**Phoenix Satellite Television Holdings Limited**  
**LIU Changle**  
*Chairman*

Hong Kong, 28 December 2012

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

***Non-executive Directors***

*Mr. SHA Yuejia; Mr. GAO Nianshu; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel and Mr. GONG Jianzhong*

***Independent Non-executive Directors***

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

***Alternate Directors***

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