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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
PMM BEIJING  
ON THE SHANGHAI STOCK EXCHANGE**

**THE PROPOSED SPIN-OFF**

Reference is made to the announcement of the Company dated 1 November 2011 in relation to the Proposed Spin-off.

The Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. By an Acceptance Notice of Administrative Approval Application issued by the CSRC on 19 April 2013, the CSRC has formally accepted PMM Beijing's application for the Proposed A Share Listing.

The Proposed Spin-off is conditional upon, among other things, the approvals of the CSRC and the Shanghai Stock Exchange and completion of the Offering. The terms of the Offering, including the size and price range of the Offering, and the timetable of the Proposed A Share Listing have not yet been fixed as of the date of this announcement. Further announcement(s) will be made by the Company in relation to any material development with respect to the Proposed Spin-off and the Proposed A Share Listing as and when appropriate.

## **POSSIBLE DISCLOSEABLE TRANSACTION**

As at the date of this announcement, the Company has an indirect interest of approximately 45.54% in PMM Beijing. Although the Company's indirect interest in PMM Beijing is less than 50%, the latter is treated as an indirect subsidiary of the Company due to the Company's de facto control over PMM Beijing. It is contemplated that immediately following completion of the Proposed Spin-off, the indirect interest of the Company in PMM Beijing will be reduced to approximately 34.15% and PMM Beijing will continue to be treated as the Company's indirect subsidiary pursuant to certain arrangements entered into between PMM Communication, an indirect wholly owned subsidiary of the Company and the immediate shareholder of PMM Beijing, and various shareholders of PMM Beijing, whereby PMM Communication is able to control the exercise of over 50% of the votes at general meetings of PMM Beijing in respect of the appointment of directors of PMM Beijing until the Expiry Date and will be able to control the exercise of over 50% of the votes at general meetings of PMM Beijing in respect of the determination of annual budget and declaration of dividend of PMM Beijing for a period of twelve months commencing from the completion of the Proposed A Share Listing to the Expiry Date.

**Shareholders and potential investors should note that PMM Communication may cease to control the exercise of over 50% of the votes at general meetings of PMM Beijing in respect of the appointment of directors, the determination of annual budget and the declaration of dividend of PMM Beijing if any arrangement mentioned above is not renewed after the Expiry Date. In such event, PMM Beijing may cease to be an indirect subsidiary and become a jointly controlled entity of the Company.**

The Proposed Spin-off will result in a reduction of the indirect shareholding of the Company in PMM Beijing and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since it is contemplated that one or more of the relevant percentage ratios of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

## **NO ASSURED ENTITLEMENT TO SHAREHOLDERS**

Due to the legal and regulatory impediments to the Company's provision of the Assured Entitlement to the Shareholders in respect of the Proposed Spin-off, the Company applied to the Hong Kong Stock Exchange for the Waiver and the Waiver was granted to the Company on 22 March 2013. Accordingly, the Shareholders will not be entitled to any distribution in specie of, or preferred application, for the A shares of PMM Beijing in connection with the Proposed Spin-off even if it materializes.

Having considered the benefits that the Proposed Spin-off may bring to the Group as set out in the section headed “Reasons for, and benefits of, the Proposed Spin-off” below, the Board considers that the Proposed Spin-off in the absence of the Assured Entitlement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **GENERAL**

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the approval of CSRC, the approval of the Shanghai Stock Exchange and completion of the Offering. There is no assurance that the Proposed Spin-off will take place or as to when it may take place. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

#### **THE PROPOSED SPIN-OFF**

Reference is made to the announcement of the Company dated 1 November 2011 in relation to the Proposed Spin-off.

The Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. By an Acceptance Notice of Administrative Approval Application issued by the CSRC on 19 April 2013, the CSRC has formally accepted PMM Beijing’s application for the Proposed A Share Listing.

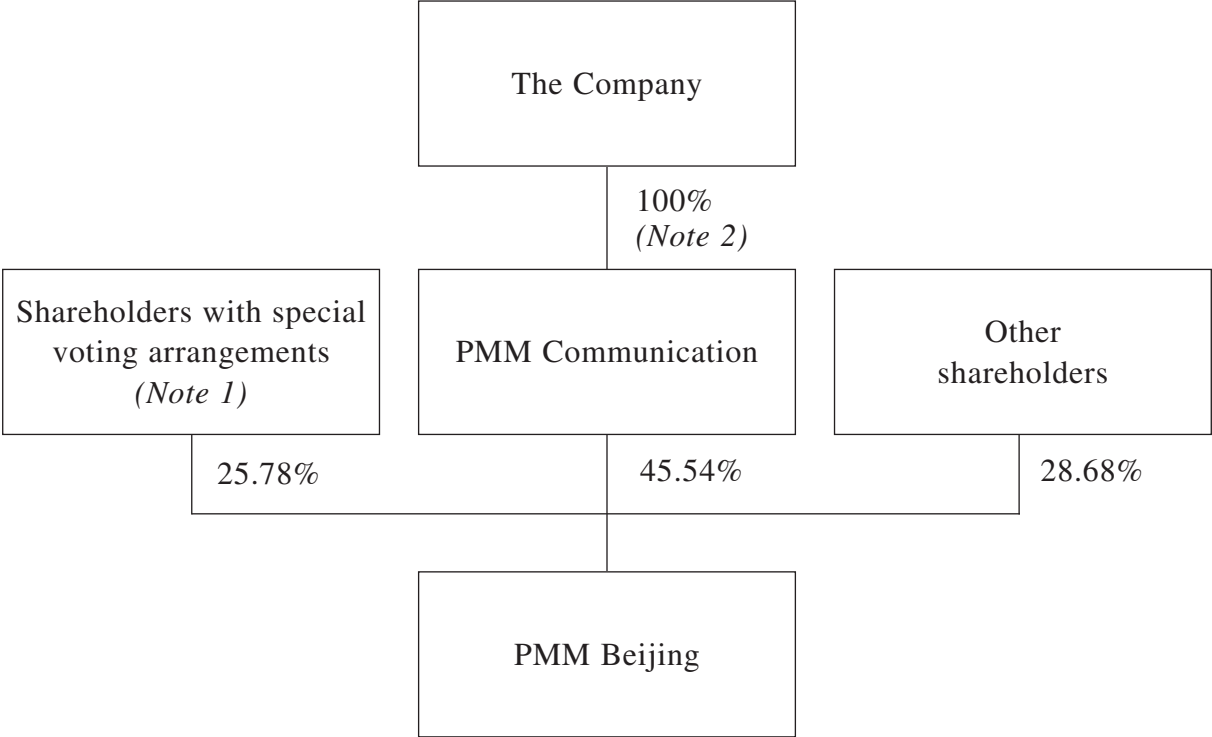
#### **Change of the shareholding structure of PMM Beijing**

As at the date of this announcement, the Company has an indirect interest of approximately 45.54% in PMM Beijing. Although the Company’s indirect interest in PMM Beijing is less than 50%, the latter is treated as an indirect subsidiary of the Company due to the Company’s de facto control over PMM Beijing. It is contemplated that 25% of the A shares of PMM Beijing (on a fully diluted basis) will be offered to the public for subscription in the Offering and, on this basis, the indirect interest of the Company in PMM Beijing will be reduced to approximately 34.15% immediately following completion of the Proposed Spin-off. In order to ensure that there will not be any change to the controlling shareholder of PMM Beijing for a period of twelve months after the completion of the Proposed Spin-off, PMM Communication, an indirect wholly owned subsidiary of the Company and the immediate shareholder of PMM Beijing, and various shareholders of PMM Beijing have entered into certain arrangements, whereby PMM Communication is able to control the exercise of over 50% of the votes at general meetings of PMM Beijing in respect of the appointment of directors of PMM Beijing until the Expiry Date and will be able to control the exercise of over 50% of the votes

at general meetings of PMM Beijing in respect of the determination of annual budget and declaration of dividend of PMM Beijing for a period of twelve months commencing from the completion of the Proposed A Share Listing to the Expiry Date. Accordingly, PMM Beijing will continue to be treated as an indirect subsidiary of the Company immediately following completion of the Proposed Spin-off.

**Shareholders and potential investors should note that PMM Communication may cease to control the exercise of over 50% of the votes at general meetings of PMM Beijing in respect of the appointment of directors, the determination of annual budget and the declaration of dividend of PMM Beijing if any arrangement mentioned above is not renewed after the Expiry Date. In such event, PMM Beijing may cease to be an indirect subsidiary and become a jointly controlled entity of the Company.**

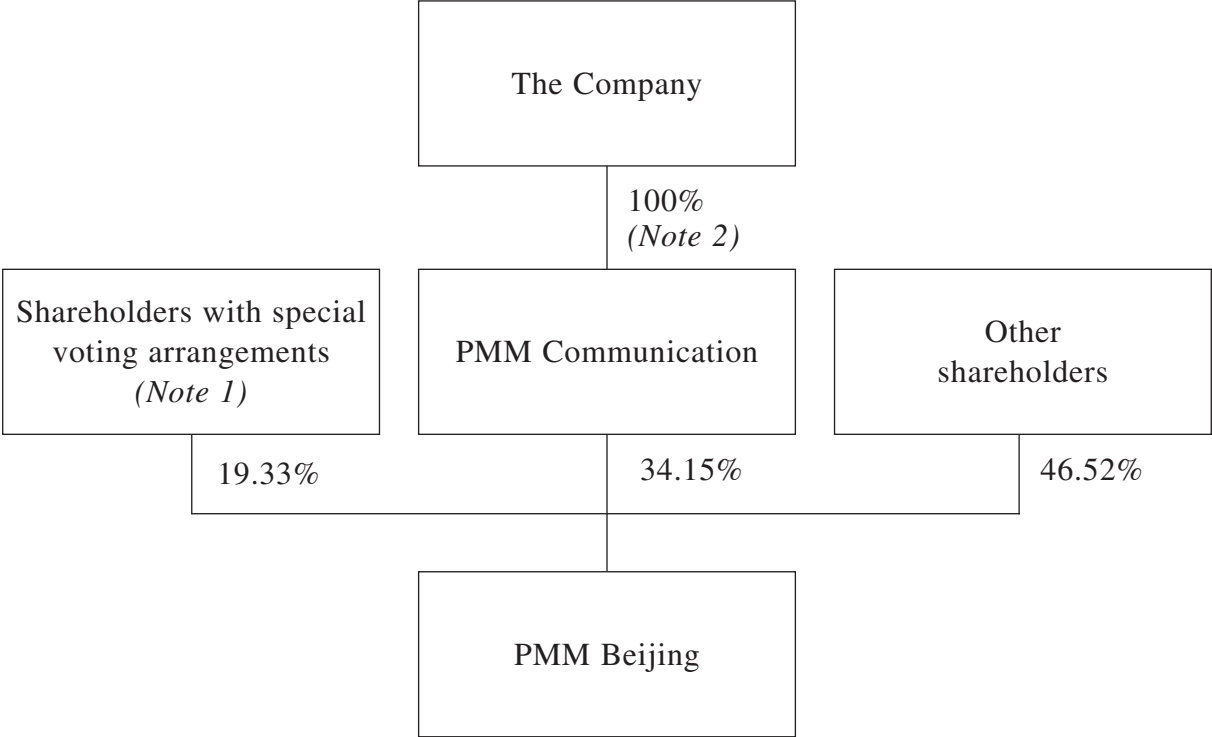
The shareholding structure of PMM Beijing as at the date of this announcement is set out below:



*Notes:*

1. They are various shareholders of PMM Beijing with their respective interest in approximately 0.0494% to approximately 9.1071% of the shares of PMM Beijing in issue as at the date of this announcement. These shareholders of PMM Beijing include certain directors and senior management of the PMM Group. Each of them has entered into the arrangements with PMM Communication as detailed in the paragraph headed “Change of the shareholding structure of PMM Beijing” under the section headed “The Proposed Spin-off” above.
2. PMM Communication is an indirect wholly owned subsidiary of the Company.

The shareholding structure of PMM Beijing immediately following completion of the Proposed Spin-off (on the basis that 25% of the A shares of PMM Beijing (on a fully diluted basis) will be offered to the public for subscription in the Offering) is set out below:



*Notes:*

1. They are various shareholders of PMM Beijing with their respective interest in approximately 0.0494% to approximately 9.1071% of the shares of PMM Beijing in issue as at the date of this announcement. These shareholders of PMM Beijing include certain directors and senior management of the PMM Group. Each of them has entered into the arrangements with PMM Communication as detailed in the paragraph headed “Change of the shareholding structure of PMM Beijing” under the section headed “The Proposed Spin-off” above.
2. PMM Communication is an indirect wholly owned subsidiary of the Company.

## **Conditions**

The Proposed Spin-off is conditional upon, among other things, the approval of CSRC and the Shanghai Stock Exchange to the Proposed A Share Listing and completion of the Offering. The terms of the Offering, including the size and price range of the Offering, and the timetable of the Proposed A Share Listing have not yet been fixed as of the date of this announcement. Further announcement(s) will be made by the Company in relation to any material developments with respect to the Proposed Spin-off and the Proposed A Share Listing as and when appropriate.

## **Intended use of proceeds**

Subject to the domestic capital market conditions in mainland China at the time of the Offering, the offer price per A share of PMM Beijing under the Offering will be determined in accordance with the relevant PRC laws and regulations relating to A share listing, through a price inquiry process with reference to the prices quoted by inquiry participants or by other methods to be determined between PMM Beijing and the lead underwriter under the Offering. In accordance with the requirements of the relevant PRC laws and regulations, there will not be a floor price for the Offering.

The amount of proceeds which could be raised through the Offering will depend on the conditions of the PRC domestic capital market at the time of the Offering. It is expected that the proceeds to be raised from the Offering will be used mainly for the operation and development of the main business of the PMM Group.

## **INFORMATION ON THE GROUP AND THE PMM GROUP**

The Group is a leading satellite television operator broadcasting into the PRC. The principal businesses and operations of the Group comprise five major segments, namely, television broadcasting, new media, outdoor media, real estate and other businesses.

The PMM Group operates the business of building a network of outdoor giant light-emitting diode (LED) panels in top-tier cities in mainland China and providing video advertisement services through such network of LED panels.

Since 2008, the PMM Group has built a broadcast network of LED panels and now operates more than 50 LED panels located throughout 16 major cities such as Beijing, Shanghai, Hangzhou, Nanjing, Guangzhou and Shenzhen etc.. The PMM Group derives its revenue mainly from providing advertising time on the panels and receiving advertising fees therefor.

Set out below is certain financial information in relation to the PMM Group for the two years ended 31 December 2012 as extracted from the audited consolidated financial statements of the Company for the relevant years:

	<b>For the year ended</b>	
	<b>31 December 2011</b>	<b>31 December 2012</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	<i>HK\$</i>	<i>HK\$</i>
Profits before taxation	85,177,000	110,854,000
Profits after taxation	45,089,000	77,171,000

The audited consolidated net asset value of the PMM Group (before the consolidation adjustment) as at 31 December 2012 was approximately HK\$271,665,000.

#### **FINANCIAL EFFECT OF THE PROPOSED SPIN-OFF**

Immediately upon the completion of the Proposed Spin-off and the Proposed A Share Listing, the interest of the Company in PMM Beijing will be diluted from approximately 45.54 % to approximately 34.15% (on the basis that 25% of the A shares of PMM Beijing (on a fully diluted basis) will be offered to the public for subscription in the Offering) and PMM Beijing will continue to be treated as an indirect subsidiary of the Company for the reasons set out in the paragraph headed “Change of the shareholding structure of PMM Beijing” under the section headed “Proposed Spin-off” above. As a result, the results of the PMM Beijing will continue to be consolidated to that of the Company immediately upon the completion of the Proposed Spin-off and the Proposed A Share Listing.

It is expected that the consolidated net assets of the of the Group will be increased as a result of the issue of shares by PMM Beijing at an issue price above their attributable underlying consolidated net asset value and the consolidated cash balance of the Group will be increased by the net proceeds from the Offering. In accordance with Hong Kong Accounting Standard 27 (Revised) “Consolidated and Separate Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants, no gain or loss arising from the deemed disposal by the Company of interest in PMM Beijing under the Offering will be recognized in the consolidated income statement of the Company given that PMM Beijing will remain an indirect subsidiary of the Company immediately upon the completion of the Proposed Spin-off and the Proposed A Share Listing.



## REASONS FOR, AND BENEFITS OF, THE PROPOSED SPIN-OFF

The Board believes that the Proposed Spin-off and the Proposed A Share Listing will be beneficial to both the Company and the PMM Group for the following reasons:

- **The PMM Group to achieve its fair valuation potential:** The outdoor media business of the PMM Group is in a fast-growing industry and the Board believes that the valuation of the PMM Group has not been fully reflected in the Company's share price. The Proposed A Share Listing is expected to allow the PMM Group to achieve its fair valuation potential.
- **The PMM Group to gain independent access to capital markets:** The Proposed A Share Listing will enable PMM Beijing to establish its own shareholder base, and gain independent access to debt and equity capital markets on terms more favourable than are presently available to it. Moreover, the Proposed A Share Listing will allow PMM Beijing to access renminbi funding from the capital markets directly. All these in turn are expected to provide new and more diversified funding sources to finance PMM Beijing's existing operations and future expansion. The net proceeds from the Offering, together with the future fund raising activities of PMM Beijing, will enable the PMM Group to finance its current and future expansion plans, which will ultimately benefit the Company and the Shareholders.
- **The PMM Group to enhance its profile and grow its operation:** As a separate entity with a separate brand, the Proposed A Share Listing will better position PMM Beijing to enhance its profile, grow its operation and advertiser base and increase its outdoor media advertising market share, which is distinct from the traditional television advertising market. In turn, this will also benefit the Remaining Group which shares certain branding with the PMM Group.
- **Availability of more clearer and more transparent information of the PMM Group capital market:** The Proposed A Share Listing will contribute to the availability of clearer and more transparent information on PMM Group capital market's business operations and financial status, thereby allowing the research community and rating agencies to provide coverage on PMM Beijing in a manner more comparable to industry peers which are currently listed on the stock exchanges in mainland China and which in turn will further enhance the corporate image of the PMM Group and the Remaining Group.
- **The Remaining Group and the PMM Group to focus on their respective core businesses:** The Proposed Spin-off will enable the management teams of the Remaining Group and the PMM Group to focus on the respective core businesses of the two groups of companies, thereby enhancing the efficiency in operations and expediting their business development.



- **Equity-based employee compensation plans to retain and attract employees:** The listed A shares of PMM Beijing will enhance the attractiveness of equity-based compensation as a form of employee remuneration, thereby retaining and attracting key employees in the competitive outdoor media market.

Having considered the benefits that the Proposed Spin-off may bring to the Group as set out above, the Board considers that the Proposed Spin-off is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **NO ASSURED ENTITLEMENT**

Under the Listing Rules, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to the shares in the entity which is proposed to be spun-off for separate listing. After due and careful consideration of the Proposed Spin-off and having taken into account the advice from the Company's PRC legal counsel, the Board has resolved not to provide the Shareholders with the Assured Entitlement under the Proposed Spin-off for the following reasons:

- According to the existing laws and regulations of the PRC, a proposed listed issuer offering shares to the public for subscription is prohibited from making any preferential allocations of the offered shares to any specific person(s) on the ground that all investors should be treated equally. PMM Beijing is therefore not legally permitted to allocate any portion of its offered shares as the assured entitlement tranche to be offered to the Shareholders.
- It is also not legally possible for the Company to make a distribution in specie of the shares in PMM Beijing to the existing Shareholders as under the existing laws and regulations of the PRC and the policies of the CSRC, A shares listed and traded on a stock exchange in mainland China may only be held by domestic investors in mainland China, Qualified Foreign Institutional Investors and foreign strategic investors who have established securities accounts in mainland China. Accordingly, there may only be very few Shareholders who are legally entitled to take up the A shares to be offered by PMM Beijing or transferred by the Company as a distribution in specie.

Due to the legal and regulatory impediments to the Company's provision of the Assured Entitlement to the Shareholders in respect of the Proposed Spin-off as mentioned above, the Company applied to the Hong Kong Stock Exchange for the Waiver and the Waiver was granted to the Company on 22 March 2013. Accordingly, the Shareholders will not be entitled to any distribution in specie of or preferred application for the A shares of PMM Beijing in connection with the Proposed Spin-off even if it materializes.

Having considered the benefits that the Proposed Spin-off may bring to the Group as set out in the section headed "Reasons for, and benefits of, the proposed spin-off" above, the Board considers that the Proposed Spin-off in the absence of the Assured Entitlement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

The Proposed Spin-off will result in a reduction of the indirect shareholding of the Company in PMM Beijing and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since it is contemplated that one or more of the relevant percentage ratios of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

## GENERAL

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the approval of CSRC and the Shanghai Stock Exchange and completion of the Offering. There is no assurance that the Proposed Spin-off will take place or as to when it may take place. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“A shares”	the shares of an issuer which are listed on the A-share market of a stock exchange on the PRC
“Assured Entitlement”	in relation to the Proposed Spin-off, means the assured entitlement to the A shares of PMM Beijing either by way of a distribution in specie of the A shares of PMM Beijing held by the Group or by way of preferred application in any offering of existing or new shares in PMM Beijing under the Offering
“Board”	the board of Directors
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company

“Expiry Date”	the date falling twelve months after the completion of the Proposed A Share Listing
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Offering”	the proposed initial public offering of the A shares of PMM Beijing in connection with the Proposed A Share Listing
“PMM Beijing”	Phoenix Metropolis Media Technology Company Limited (鳳凰都市傳媒科技股份有限公司), a joint stock company established in the PRC with limited liability
“PMM Communication”	Phoenix Metropolis Communication (Beijing) Co., Ltd. (鳳凰都市文化傳播(北京)有限公司), a company established in the PRC with limited liability
“PMM Group”	PMM Beijing and its subsidiaries
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed A Share Listing”	the proposed listing of the A shares of PMM Beijing on the Main Board of the Shanghai Stock Exchange
“Proposed Spin-off”	the proposed spin-off of PMM Beijing for listing on the Main Board of the Shanghai Stock Exchange
“Remaining Group”	the Group excluding the PMM Group
“Shanghai Stock Exchange”	the Shanghai Stock Exchange

“Shareholders”	shareholders of the Company
“Waiver”	a waiver from strict compliance with the requirements of offering the Assured Entitlement to the Shareholders under paragraph 3(f) of Practice Note 15 of the Listing Rules

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

Hong Kong, 19 April 2013

*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. SHA Yuejia; Mr. GAO Nianshu; 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 and FANG Fenglei*

***Alternate Directors***

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