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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 AND CONNECTED TRANSACTIONS
ACQUISITION OF 20% EQUITY INTERESTS IN PHOENIX ORIENTAL
(BEIJING) PROPERTIES COMPANY LIMITED
AND
PROVISION OF SHAREHOLDERS' LOAN**

On 19 August 2015 (after trading hours), Phoenix Pictures, a wholly-owned subsidiary of the Company, and the Vendors entered into the Equity Transfer Agreement pursuant to which the Vendors conditionally agreed to sell and Phoenix Pictures conditionally agreed to purchase the Additional Equity in the Target Company for a cash consideration of RMB145,734,660 (equivalent to approximately HK\$174,881,592).

It is a term of the Equity Transfer Agreement that Phoenix Pictures shall also provide a Shareholders' Loan in the amount of RMB99,665,340 (equivalent to approximately HK\$119,598,408) to the Target Company, which loan shall be used by the Target Company solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans which had previously been advanced to the Target Company by the Vendors. On 19 August 2015 (after trading hours), Phoenix Pictures and the Target Company entered into the Loan Agreement to provide for the advance of the Shareholders' Loan to the Target Company by Phoenix Pictures.

IMPLICATION UNDER THE LISTING RULES

As one of the applicable percentage ratios in respect of the Acquisition together with the Shareholders' Loan exceeds 5% but is less than 25%, the Transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

In addition, as one of the Vendors, Zhongshi, has more than 10% equity interests in the Target Company, Zhongshi is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company at the subsidiary level, and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Directors have approved the Transactions and the independent non-executive Directors have confirmed that the terms of the Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Transactions are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

EQUITY TRANSFER AGREEMENT

On 19 August 2015 (after trading hours), Phoenix Pictures, a wholly owned subsidiary of the Company, and the Vendors entered into the Equity Transfer Agreement pursuant to which the Vendors conditionally agreed to sell and Phoenix Pictures conditionally agreed to purchase the Additional Equity for a cash consideration of RMB145,734,660 (equivalent to approximately HK\$174,881,592).

The principal terms of the Equity Transfer Agreement are summarised below:

Parties

Phoenix Pictures (Purchaser)
Zhongshi (one of the Vendors)
Mr. GU Deyu (one of the Vendors)
Mr. TIAN Guoping (one of the Vendors)
Mr. ZHAO Zhiqiang (one of the Vendors)
Shenzhou

Phoenix Pictures, the Vendors and Shenzhou are all holders of equity interests in the Target Company. Their respective capital contributions made, and interest-free and unsecured shareholders' loans advanced, to the Target Company, as at 31 January 2015 for the development and construction of the Phoenix International Media Centre were as follows:

Name	Capital Contributions and Equity interests (%)	Shareholders' loans advanced
Phoenix Pictures	50%	RMB249,163,350 (equivalent to approximately HK\$298,996,020) (50%)
Zhongshi	29%	RMB144,514,743 (equivalent to approximately HK\$173,417,692) (29%)
GU Deyu	4%	RMB19,933,068 (equivalent to approximately HK\$23,919,682) (4%)
TIAN Guoping	4%	RMB19,933,068 (equivalent to approximately HK\$23,919,682) (4%)
ZHAO Zhiqiang	4%	RMB19,933,068 (equivalent to approximately HK\$23,919,682) (4%)

Name	Capital Contributions and Equity interests (%)	Shareholders' loans advanced
Shenzhou	9%	RMB44,849,403 (equivalent to approximately HK\$53,819,284) (9%)
Total	100%	RMB498,326,700 (equivalent to approximately HK\$597,992,040) (100%)

Although Phoenix Pictures has only a 50% equity interest in the Target Company, the Target Company is accounted for as Phoenix Pictures' subsidiary due to the latter's control over the board of directors of the Target Company, and its ability to govern the financial and operation policies of the Target Company.

As Zhongshi has more than 10% equity interests in the Target Company, it is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company at the subsidiary level. Save for Zhongshi, to the best of the knowledge, information and belief of the Board, having made all reasonable inquiries, each of the Vendors is an independent third party of the Company.

Subject matter of the Equity Transfer Agreement

The Vendors conditionally agreed to sell, and Phoenix Pictures conditionally agreed to purchase, the Additional Equity, subject to the fulfillment of the Acquisition Conditions. Upon fulfillment of the Acquisition Conditions, Mr. Gu Deyu, Mr. Tian Guoping and Mr. Zhao Zhiqiang shall each sell and transfer 4% equity interests in the Target Company to Phoenix Pictures, while Zhongshi shall sell and transfer 8% equity interests in the Target Company to Phoenix Pictures.

Acquisition Conditions

The Acquisition is conditional upon the fulfillment (or waiver by Phoenix Pictures) of the following conditions:

- (a) the Equity Transfer Agreement having been duly executed by all parties and the Equity Transfer Agreement and the Acquisition having been approved by the Board and the independent non-executive Directors and having satisfied all requirements under the Listing Rules;
- (b) the New Articles having been entered into by Phoenix Pictures, Zhongshi, Shenzhou and the Target Company and having been approved by the board of directors of the Target Company by way of written resolution;
- (c) the Vendors having procured the resignation of their representative director(s) and/or supervisor(s) (as applicable) to the Target Company and the new board of directors of the Target Company having been formed according to the New Articles, comprising five directors appointed by Phoenix Pictures and one director appointed by each of Zhongshi and Shenzhou ("**New Board of Directors**");

- (d) the Acquisition (including the Equity Transfer Agreement and the New Articles) having been approved by and registered with the relevant governmental authorities, the Target Company having obtained a new certificate of approval for foreign investment enterprises and completed the registration for foreign investment real estate enterprises with the Beijing Municipal Commission of Commerce in relation to the Acquisition;
- (e) the Vendors having established an asset realisation account in accordance with the relevant laws, regulations and foreign exchange control rules;
- (f) the Target Company having issued a new capital contribution certificate to Phoenix Pictures and having recorded Phoenix Pictures as a 70% equity interest holder in its register of equity interest holders;
- (g) the person nominated by Phoenix Pictures as general manager of the Target Company (“**General Manager**”) having been so appointed by the New Board of Directors;
- (h) the Target Company having completed its change of business registration in relation to the Acquisition, including without limitation i) capital contribution of RMB210,000,000 and 70% equity interests in the Target Company by Phoenix Pictures; ii) appointment of an additional director nominated by Phoenix Pictures, resignation of representative director(s) of the Vendors and appointment of the General Manager; iii) the New Articles and updated register of equity interest holders; and iv) new business license obtained in relation to the Acquisition (if any); and
- (i) the Vendors not having breached any obligation under the Equity Transfer Agreement, and all warranties and undertakings given by the Vendors in the Equity Transfer Agreement having remained true, complete and effective between the date of the Equity Transfer Agreement and payment of the Consideration.

Phoenix Pictures may waive any of the above Acquisition Conditions. The Vendors are required to procure fulfillment of the Acquisition Conditions, and serve written notice in relation to such fulfillment on Phoenix Pictures within 90 working days from the date of the Equity Transfer Agreement. If any of the Acquisition Conditions is not satisfied within 90 working days from the date of the Equity Transfer Agreement without fault on the part of Phoenix Pictures, Phoenix Pictures may, without prejudice to its rights and remedies, give written notice to the Vendors to: i) extend the time for fulfillment of the Acquisition Conditions; ii) demand compensation in accordance with PRC laws; iii) demand repayment of the 20% of the Consideration already paid to the Vendors together with interest thereon based on the benchmark interest rate of the PBOC; and/or iv) terminate the Equity Transfer Agreement if the Vendors still failed to fulfill all of the Acquisition Conditions within 30 days after Phoenix Pictures' written notice of the extension of time.

Consideration

The Consideration for the Additional Equity is RMB145,734,660 (equivalent to approximately HK\$174,881,592), payable by Phoenix Pictures in cash to the Vendors in the following amounts:

Name of Vendor	Amount of the Consideration payable
Zhongshi	RMB58,293,864 (approximately HK\$69,952,637)
GU Deyu	RMB29,146,932 (approximately HK\$34,976,318)
TIAN Guoping	RMB29,146,932 (approximately HK\$34,976,318)
ZHAO Zhiqiang	RMB29,146,932 (approximately HK\$34,976,318)
Total	RMB145,734,660 (approximately HK\$174,881,592)

The Consideration shall be paid by Phoenix Pictures in two instalments as follows:

- (a) 20% of the Consideration shall be paid to the Vendors in proportion to their respective share of the Additional Equity within five working days from the date on which the Equity Transfer Agreement is duly executed by all parties; and
- (b) the balance 80% of the Consideration in cash to the Vendors in proportion to their respective share of the Additional Equity within 15 working days from the date of the Acquisition Completion.

The Consideration was determined after arm's length negotiation between Phoenix Pictures and the Vendors with reference to the value of the Phoenix International Media Centre as at 26 September 2014 of RMB1,990,000,000 (equivalent to approximately HK\$2,388,000,000) as appraised by Vigers Appraisal and Consulting Limited, a negotiated discount on such value of approximately 15% and the liabilities of the Target Company in relation to the development and construction costs of the Phoenix International Media Centre as at 31 January 2015 of about RMB971,326,700 (equivalent to approximately HK\$1,165,592,040). The original acquisition cost of the 8% equity interest sold by Zhongshi was about RMB24,000,000 (equivalent to approximately HK\$28,800,000).

The Directors (including the independent non-executive Directors) are of the view that the Consideration is fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Acquisition Completion

The Acquisition Completion will take place upon satisfaction of all of the aforementioned Acquisition Conditions (b), (c), (d), (f), (g) and (h). After the Acquisition Completion, the Target Company will remain a subsidiary of the Company and its financial results will still be consolidated with that of the Group.

Advance of Shareholders' Loan by Phoenix Pictures

Phoenix Pictures shall advance the Shareholders' Loan to the Target Company to be used by the Target Company solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans previously advanced to the Target Company by the Vendors. Phoenix Pictures and the Target Company shall enter into a separate agreement regarding the Shareholders' Loan.

THE LOAN AGREEMENT

On 19 August 2015 (after trading hours), Phoenix Pictures and the Target Company entered into the Loan Agreement, pursuant to which Phoenix Pictures agreed to advance the Shareholders' Loan to the Target Company.

The principal terms of the Loan Agreement are summarised below:

Parties

Phoenix Pictures (lender)
Target Company (borrower)

Principal amount

RMB99,665,340 (equivalent to approximately HK\$119,598,408)

Phoenix Pictures may exercise its discretion and advance the Shareholders' Loan through a specified third party, by way of entrusted loan or other methods.

Phoenix Pictures shall advance the Shareholders' Loan within 15 working days after the date of the Acquisition Completion.

Interest rate

The Shareholders' Loan shall be interest-free.

Term

Five years (subject to Phoenix Pictures' right to demand early repayment)

Use of loan amount

The Shareholders' Loan can only be used by the Target Company to repay, on a pro-rata basis, the shareholders' loans previously advanced by the Vendors to the Target Company.

The terms of the Loan Agreement were determined after arm's length negotiation between Phoenix Pictures and the Target Company. Since all of the shareholders' loans previously advanced by the holders of equity interests in the Target Company (including Phoenix Pictures) were on interest-free basis and unsecured and the Shareholders' Loan represents 20% of the total amount of shareholders' loans as referred to hereinabove advanced to the Target Company by its equity holders, which is proportionate to the increase in Phoenix Pictures' equity interest in the Target Company, the Directors are of the view that the terms of the Loan Agreement are fair, reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company is a Sino-foreign joint venture company established in the PRC. The Target Company is principally engaged in the development, sales and management of the Phoenix International Media Centre.

Financial information of the Target Company

Set out below is a summary of the audited financial information of the Target Company for the years ended 31 December 2013 and 31 December 2014 respectively, prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2014	For the year ended 31 December 2013
	<i>HK\$ ('000)</i>	<i>HK\$ ('000)</i>
Profit before income tax	163,819	91,638
Net profit after tax	120,469	65,588

Balance Sheet

As at 31 December 2014

HK\$ ('000)

Total assets	2,310,109
Net assets	740,711

INFORMATION OF ZHONGSHI

Zhongshi is a company established in the PRC, which is principally engaged in film and television production planning.

INFORMATION OF THE GROUP AND REASONS FOR THE TRANSACTIONS

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC and it also provides new media services.

The Acquisition involves a further acquisition of equity interests in the Target Company. Upon completion of the Acquisition, Phoenix Pictures will increase its equity interests in the Target Company from 50% to 70%, which will enhance the Group's control over the Target Company. The major asset of the Target Company is the Phoenix International Media Centre, which was completed in July 2014. The total gross floor area of the completed Phoenix International Media Centre is approximately 72,800 square metres. The Phoenix International Media Centre, which gathers different operational functions and service providers in the PRC within the same complex, will help to increase the operational capacity of the Group. The Phoenix International Media Centre is also expected to generate rental income and potential gains from capital appreciation for the Group.

The Directors (including the independent non-executive Directors) are of the view that the Transactions are fair, reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios in respect of the Acquisition together with the Shareholders' Loan exceeds 5% but is less than 25%, the Transactions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules.

In addition, as one of the Vendors, Zhongshi, has more than 10% equity interests in the Target Company, Zhongshi is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company at the subsidiary level, and the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Directors have approved the Transactions and the independent non-executive Directors have confirmed that the terms of the Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Transactions are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As none of the Directors is regarded as having a material interest in the Transactions, none of the Directors is required to abstain from voting on the Board resolutions approving the Transactions and transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Acquisition”	the acquisition of the Additional Equity pursuant to the Equity Transfer Agreement
“Acquisition Completion”	the completion of the Acquisition
“Acquisition Conditions”	the condition(s) set out in the paragraph headed “Acquisition Conditions” under the section headed “Equity Transfer Agreement” in this announcement
“Additional Equity”	20% equity interests in the Target Company
“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
“Consideration”	the consideration of RMB145,734,660 (equivalent to approximately HK\$174,881,592) payable by the Purchaser to the Vendors for the Acquisition pursuant to the Equity Transfer Agreement
“Directors”	the directors of the Company, including independent non-executive directors
“Equity Transfer Agreement”	the equity transfer agreement dated 19 August 2015 and entered into between the Purchaser and the Vendors in relation to the Acquisition
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Agreement”	the loan agreement dated 19 August 2015 and entered into between Phoenix Pictures and the Target Company in relation to the Shareholders’ Loan
“New Articles”	the proposed new set of articles of association to be adopted by the Target Company upon the Acquisition Completion
“PBOC”	the People’s Bank of China
“Phoenix International Media Centre”	Phoenix International Media Centre (鳳凰國際傳媒中心), a building with a total gross floor area of approximately 72,800 square metres containing theatres and television production studios in the South-Western corner of Chaoyang Park, Chaoyang District, Beijing, the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “Phoenix Pictures”	Phoenix Pictures Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of shares of the Company
“Shareholders’ Loan”	the loan in the amount of RMB99,665,340 (equivalent to approximately HK\$119,598,408) to be made available to the Target Company by Phoenix Pictures
“Shenzhou”	Shenzhou Television Company Limited (神州電視有限公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Phoenix Oriental (Beijing) Properties Company Limited (鳳凰東方(北京)置業有限公司), a company established in the PRC and a 50% indirectly-owned subsidiary of the Company prior to the Acquisition

“Transactions”	the Acquisition and the Shareholders’ Loan
“Vendors”	Mr. GU Deyu, Mr. TIAN Guoping and Mr. ZHAO Zhiqiang, who are all PRC nationals, and Zhongshi
“Zhongshi”	Beijing Chinese Television Tiandi Cultural Development Co. Ltd* (北京中視天地文化開發有限責任公司), a company established in the PRC with limited liability

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

Hong Kong, 19 August 2015

For the purpose of this announcement, the exchange rate of RMB 1 = HK\$1.2 has been adopted. No representation is made as to whether any amounts in RMB or HK\$ can or could have been converted at the relevant dates at the above rates or any other rates at all.

In the event of any inconsistency, the English text of this announcement shall prevail.

* *For identification purpose only*

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. GONG Jianzhong; Mr. SUN Yanjun

Independent Non-executive Directors

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

Alternate Directors

Mr. LAU Wai Kei, Ricky (alternate director to Mr. SUN Yanjun)