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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)

**CONTINUING CONNECTED TRANSACTION**

On 14 August 2007, Phoenix HK through Shenzhou entered into the August Contract with CNHK Media. CNHK Media has entered into the August Contract for the ultimate benefits of the CMCC Group.

The New Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios for the New Transaction are less than 2.5%, it is subject to the reporting and announcement requirements of the GEM Listing Rules and is exempt from the independent Shareholders' approval requirements.

The transactions under the Current Contract are exempt from the reporting, announcement and independent Shareholders' approval requirements under Rule 20.33(3)(a) of the GEM Listing Rules as all the applicable percentage ratios were less than 0.1%.

**ADVERTISING CONTRACT**

On 25 June, 2007, Phoenix HK through Shenzhou entered into the Current Contract with CNHK Media. Under the Current Contract, CNHK Media purchased advertising airtime at and/or sponsoring the programme "Phoenix Horizons" broadcasted on Phoenix InfoNews Channel operated by the Group for promoting the CMCC Group.

As the transaction contemplated under the Current Contract will expire by 19 August 2007 and CNHK Media would like to continue to purchase advertising airtime at and/or sponsoring the programme "Phoenix Horizons", Phoenix HK through Shenzhou entered into the August Contract with CNHK Media on 14 August 2007. Pursuant to the August Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring the programme "Phoenix Horizons" for the period from 20 August 2007 to 31 December 2007 for the sum of RMB3,713,675 (equivalent to approximately HK\$3,787,949) for promoting the CMCC Group. The contract sum under the Current Contract is RMB1,000,000 (equivalent to HK\$1,020,000).

The total sum for the Current Contract and the August Contract is RMB4,713,675 (equivalent to approximately HK\$4,807,949) for purchasing advertising airtime at and/or sponsoring the programme “Phoenix Horizons”.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, CNHK Media is engaged in the advertising agency business and it has entered into a contract with CMCC’s advertising agent in the PRC relating to and including the purchase of advertising airtime at and/or sponsoring “Phoenix Horizons” by CMCC’s said advertising agent for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the August Contract for the ultimate benefits of the CMCC Group.

Under the August Contract, CNHK Media shall pay such sum of RMB3,713,675 (equivalent to approximately HK\$3,787,949) in cash by two instalments of RMB2,000,000 (equivalent to HK\$2,040,000) and RMB1,713,675 (equivalent to approximately HK\$1,747,949) on or before 14 August 2007 and 9 October 2007 respectively.

Shenzhou, CNHK Media and CMCC’s said advertising agent, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent third parties which are (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the GEM Listing Rules.

## **REASONS FOR THE NEW TRANSACTION**

The Group sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of the Group’s turnover. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, the Group is able to generate more income for its operation and business.

The Current Contract and the August Contract were entered into by the parties after arm’s length negotiation such that the advertising airtime under the Current Contract and the August Contract will be provided at rate no more favourable than other customers of the Group. The contract sums under the Current Contract and the August Contract were agreed between the parties with reference to the rate card published by the Group from time to time which contains the pricing structure for the sale of advertising airtime on its satellite television channels.

The Directors (including the independent non-executive Directors) consider that the Current Contract and the August Contract were entered into in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As CMHKG is a substantial shareholder of the Company holding approximately 19.9 per cent. issued share capital of the Company through its wholly-owned subsidiary namely Extra Step Investments Limited, CMCC being the ultimate holding company of CMHKG is a connected person of the Company under the GEM Listing Rules. The New Transaction constitutes a continuing connected transaction for the Company under Chapter 20 of the GEM Listing Rules. As all the applicable percentage ratios for the New Transaction, whether by itself or in

aggregate with the transactions under the Current Contract, are less than 2.5%, it is only subject to the reporting and announcement requirements of the GEM Listing Rules and is exempt from the independent Shareholders' approval requirements. The transactions under the Current Contract are exempt from the reporting, announcement and independent Shareholders' approval requirements under Rule 20.33(3)(a) of the GEM Listing Rules as all the applicable percentage ratios were less than 0.1%.

## GENERAL

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC.

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn is a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, directly-administered municipalities and autonomous regions in the PRC and in Hong Kong. The ordinary shares of China Mobile Limited are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.02. 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 or at all.

## DEFINITIONS

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“August Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 14 August 2007 relating to the purchase of advertising airtime by CNHK Media for the period from 20 August 2007 to 31 December 2007
“CMCC”	中國移動通信集團公司 (China Mobile Communications Corporation), a state-owned company established under the laws of the PRC, which carries out its activities through its subsidiaries
“CMCC Group”	the group of companies comprising CMCC and its subsidiaries
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“CNHK Media”	中港傳媒有限公司 (CNHK Media Limited), a company established under the laws of the PRC

“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
“Current Contract”	the advertising contract entered into between Shenzhou and CNHK Media dated 25 June 2007 relating to the purchase of advertising airtime by CNHK Media for the period from 1 July 2007 to 19 August 2007
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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
“New Transaction”	the transaction contemplated under the August Contract for the period from 20 August 2007 to 31 December 2007
“Phoenix HK”	Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhou”	神州電視有限公司 (Shenzhou Television Company Limited), a company incorporated under the laws of the PRC and is the PRC advertising agent of Phoenix HK, whose principal business activity is advertising agency

By Order of the Board

**LIU Changle**

*Chairman*

Hong Kong, 14 August 2007

*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, Mr. CHUI Keung and Mr. WANG Ji Yan, the non-executive directors of the Company are Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung John and Mr. GONG Jianzhong and the independent non-executive directors of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*