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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 19 September 2008, Phoenix HK entered into the TEL Agreement with Fox for the license of a television series for a license fee of US\$72,000 (approximately HK\$557,280). On 21 April 2009, Phoenix HK entered into the Deal Memo 1 with Fox for the license of another television series (Season 1) for a license fee of US\$59,400 (approximately HK\$459,756). On 15 May 2009, Phoenix HK entered into the Deal Memo 2 with Fox for the license of the seasons 2 and 3 of the same television series under the Deal Memo 1 for a license fee of US\$98,400 (approximately HK\$761,616). Fox is an indirect wholly-owned subsidiary of News Corporation, which through its subsidiary, Xing Kong Chuan Mei, holds approximately 17.58% interest in the Company. Thus, pursuant to Rule 14A.11 of the Listing Rules, Fox is a connected person of the Company.

The transaction contemplated in each of the TEL Agreement, Deal Memo 1 and Deal Memo 2 constitutes 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 transactions under the TEL Agreement and the Deal Memo 1, the transaction in Deal Memo 2 is subject to the reporting and announcement requirements of the Listing Rules.

THE AGREEMENTS

The Directors wish to announce that Phoenix HK, a wholly-owned subsidiary of the Company, and Fox have on (i) 19 September 2008, entered into the TEL Agreement; (ii) 21 April 2009, entered into the Deal Memo 1; and (iii) 15 May 2009, entered into the Deal Memo 2.

1. The TEL Agreement

- Date : 19 September 2008
- Parties: (1) Phoenix HK
(2) Fox
- Rights: Phoenix HK obtains from Fox a non-exclusive right to broadcast a television series in China, Hong Kong, Macau and certain other territories except that Phoenix HK shall have exclusive right during the first nine months of the License Period in China.
- License Period : from 1 October 2008 and expires on the earlier of 30 September 2010 or the date all telecasts authorized thereunder are completed.
- Consideration: a license fee of US\$72,000 (approximately HK\$557,280) which was fully settled on 10 October 2008.

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.

2. The Deal Memo 1

- Date: 21 April 2009
- Parties: (1) Phoenix HK
(2) Fox
- Rights: Phoenix HK obtains from Fox a non-exclusive broadcast right of a television series (season 1) in China, Hong Kong, Macau and certain other territories except that Phoenix HK shall have exclusive right during the first nine months of the License Period in China.
- License Period: twenty-four months commencing from 15 June 2009 and expires on the earlier of 14 June 2011 or the date all telecasts authorised thereunder are completed.
- Consideration: a license fee of US\$59,400 (approximately HK\$459,756) payable in cash, 50% of which on or by 1 June 2009 and the remaining 50% shall be payable on or by 15 June 2009.

Phoenix HK and Fox intend to enter into a long-form license agreement incorporating the terms and conditions contained in the Deal Memo 1 and in Fox's general terms.

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.

3. The Deal Memo 2

Date: 15 May 2009

Parties: (1) Phoenix HK
(2) Fox

Rights: Phoenix HK obtains from Fox a non-exclusive broadcast right of the second and third seasons of the television series under Deal Memo 1 in China, Hong Kong, Macau and certain other territories except that Phoenix HK shall have exclusive right during the first nine months of the License Period in China.

License Period: For season 2, commencing from 1 July 2009 and expires on the earlier of 30 June 2011 or the date all telecasts authorised thereunder are completed; and

For season 3, commencing from 1 August 2009 and expires on the earlier of 31 July 2011 or the date all telecasts authorised thereunder are completed.

Consideration: For season 2, a license fee of US\$59,400 (approximately HK\$459,756) payable in cash, 50% of which on or by 15 June 2009 and the remaining 50% shall be payable on or by 1 July 2009; and

For season 3, a license fee of US\$39,000 (approximately HK\$301,860) payable in cash, 50% of which on or by 15 July 2009 and the remaining 50% shall be payable on or by 1 August 2009.

Phoenix HK and Fox intend to enter into a long-form license agreement incorporating the terms and conditions contained in the Deal Memo 2 and in Fox's general terms.

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 DEAL MEMO 2

It is the ordinary course of the Company's business to license 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 Deal Memo 2 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 FOX

The principal business of Fox is television programme and movie syndication.

CONNECTED TRANSACTIONS

Amongst the parties to the Agreements, Phoenix HK is the wholly-owned subsidiary of the Company. Fox is an indirect wholly-owned subsidiary of News Corporation, which through its subsidiary, Xing Kong Chuan Mei, holds approximately 17.58% 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.

The transactions contemplated in the Agreements constitute connected transactions under Chapter 14A of the Listing Rules and each by itself is an exempt transaction under Rule 14A.31(2) of the Listing Rules. The entering of the Deal Memo 2 was a de minimis transaction and was 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. In such cases, the aggregate value of the consideration under the Agreements is US\$229,800 (approximately HK\$1,778,652). Since the revenue ratios under the TEL Agreement, the Deal Memo 1 and the Deal Memo 2 are in aggregate more than 0.1% but less than 2.5%, the Deal Memo 2 is subject to the reporting and announcement requirements of the Listing Rules.

DEFINITIONS

“Agreements”	the TEL Agreement, the Deal Memo 1 and the Deal Memo 2
“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 1”	the deal memo between Phoenix HK and Fox dated 21 April 2009
“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
“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 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
“TEL Agreement”	the television exhibition license agreement between Phoenix HK and Fox dated 19 September 2008
“US\$”	United States dollars, the lawful currency of the United States of America
“Xing Kong Chuan Mei”	Xing Kong Chuan Mei Group Co., Ltd., which owns approximately 17.58% interest in the Company, is the substantial shareholder of the Company (as defined in the Listing Rules)

Note : For the purpose of illustration only, the US\$ amounts shown in this announcement have been translated into HK\$ based on the exchange rate of US\$1.00 to HK\$7.74 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, 15 May 2009

As at the date of this announcement, the board of Directors comprises Mr. LIU Changle (Chairman), Mr. CHUI Keung and Mr. WANG Ji Yan as the Executive Directors; Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung, John and Mr. GONG Jianzhong as the Non-executive Directors; Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK as the Independent Non-executive Directors. Mr. GAO Jack Qunyao is the Alternate Director to Mr. Paul Francis AIELLO and Mr. LAU Yu Leung, John.