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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)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

On 1 August 2012, Phoenix HK has entered into the 2012 Star Channel Distribution Agreement with STARL for granting STARL a non-exclusive right to distribute any or all Channels of the Group to any pay television operators for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. A similar agreement dated 2 July 2009 between Phoenix HK and STARL for the provision of, among other services, subscription promotion service by STARL for two of the Group's channels has expired on 30 June 2012.

The Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the revenue ratio under the 2012 Star Channel Distribution Agreement is, on an annual basis, more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements under the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 3 July 2009 in respect of the 2009 Star Services Agreement. The 2009 Star Services Agreement for the provision of, among other services, subscription promotion service for two of the Group's channels has expired on 30 June 2012.

The Board wishes to announce that on 1 August 2012, Phoenix HK has entered into the 2012 Star Channel Distribution Agreement with STARL for a term of three years commencing from 1 July 2012 and ending on 30 June 2015.

Details of the Transaction are set out as follows:

## 2012 STAR CHANNEL DISTRIBUTION AGREEMENT

**Date:** 1 August 2012

**Parties:** (1) Phoenix HK  
(2) STARL

**Term:** 3 years from 1 July 2012

### 1. Rights granted to STARL

Pursuant to the 2012 Star Channel Distribution Agreement, Phoenix HK has granted to STARL a non-exclusive right to distribute any or all Channels to any pay television operator (“**Operator**”). STARL will enter into distribution agreement directly with the respective Operator for the distribution of the Channels subject to the main commercial terms prior approved by Phoenix HK, with copy of such agreement provided to Phoenix HK upon request.

### 2. Consideration

STARL shall be entitled to a commission of 15% of the gross revenue received by STARL from the Operator attributable to the distribution of the Channels on a quarterly basis (“**Commission**”). The Commission is at the same rate as the commission payable under the 2009 Star Services Agreement in respect of the subscription promotion service provided and was negotiated at arm’s length and determined based on a combination of commercial negotiation with reference to the rates charged by STARL to other channels for the provision of the same or similar services, and the commission rate for media advertising adopted by the top ranking 4A (Association of Accredited Advertising Agency) international advertising agencies.

### 3. The Annual Caps

For the six months ended 31 December 2009, the financial years ended 31 December 2010 and 2011 and for the six months ended 30 June 2012, the amounts of commission paid or payable by the Group to STARL for the promotion of channel subscription were HK\$2,480,000, HK\$4,478,000, HK\$4,470,000 and HK\$2,171,000 respectively.

The annual caps of the commission payable by the Group for the 2012 Star Channel Distribution Agreement are set out as follows:

	<i>HK\$</i>
For the period from 1 July 2012 to 31 December 2012	2,500,000
For the financial year ended 31 December 2013	5,000,000
For the financial year ended 31 December 2014	5,000,000
For the period from 1 January 2015 to 30 June 2015	2,500,000

The cap amounts are determined by reference to, among other things, historical figures of the commission paid and the projected development in channel distribution of the Group.

## **REASONS FOR RENEWAL OF THE 2012 STAR CHANNEL DISTRIBUTION AGREEMENT**

STARL has been providing services, including similar services under the 2012 Star Channel Distribution Agreement, to Phoenix HK since March 1996 for the operational needs of the Group. The 2009 Star Services Agreement has expired on 30 June 2012 and a separate agreement has been entered into between Phoenix HK and STARL on 16 July 2012 to secure continuity of certain services, except for the channel distribution service, in the 2009 Star Services Agreement. Therefore, the entry of the 2012 Star Channel Distribution Agreement is to secure continuity of channel distribution service of the 2009 Star Services Agreement. The terms of the 2012 Star Channel Distribution Agreement have been negotiated on an arm's length basis and are determined by reference to the rates charged by STARL to other channels for the distribution of channels and no less favourable than those available from independent third parties.

The Directors (including independent non-executive Directors) are of the view that the Transaction is in the ordinary and usual course of business of the Company and the 2012 Star Channel Distribution Agreement reflects normal commercial terms and are in the interests of the Company and its shareholders as a whole. The Directors (including independent non-executive Directors) are also of the view that the terms as well as the annual caps for the Transaction are fair and reasonable.

None of the Directors have a material interest in the 2012 Star Channel Distribution Agreement and were required to abstain from voting on the Board resolutions in respect of the 2012 Star Channel Distribution Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Phoenix HK is an indirect wholly-owned subsidiary of the Company. STARL is a subsidiary of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), which owns approximately 17.44% interest in the Company, is a substantial shareholder of the Company (as defined in the Listing Rules).

The Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the revenue ratio under the 2012 Star Channel Distribution Agreement is, on an annual basis, more than 0.1% but less than 5%, pursuant to Rule 14A.34(1) of the Listing Rules, the Transaction is subject to the reporting and announcement requirements only and is exempted from independent shareholders' approval requirement under the Listing Rules.

## **GENERAL**

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

STARL engages in the development, production and broadcasting of television programming throughout Asia. STARL's programming is distributed primarily via satellite to local cable and direct-to-home (DTH) operators for distribution to their subscribers. STARL is also engaged in the provision of management, marketing and broadcasting services to related companies.

## **DEFINITIONS**

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

“2009 Star Services Agreement”	The agreement dated 2 July 2009 between STARL and Phoenix HK for the provision of various services including technical and support services, subscription promotion service and purchase of decoders and viewing cards service by STARL to the Group
“2012 Star Channel Distribution Agreement”	The agreement dated 1 August 2012 between STARL and Phoenix HK for the granting of a non-exclusive right to STARL to distribute any or all Channels for the Group
“Board”	the board of Directors
“Channels”	Any or all of the channels owned and/or operated from time to time by the Group
“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
“Directors”	the directors of the Company, including independent non-executive directors
“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

“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
“PRC”	the People’s Republic of China
“STARL”	Satellite Television Asia Region Limited, a subsidiary of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the 2012 Star Channel Distribution Agreement
“%”	per cent.

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

Hong Kong, 1 August 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. GAO Nianshu; Mr. SHA Yuejia; 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)*