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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)

CONTINUING CONNECTED TRANSACTION

On 3 August 2012, PMM Beijing entered into the 2012 Outdoor Advertising Contract with Shenzhen Media for the period commencing from 3 August 2012 and ending on 30 June 2013. Shenzhen Media has entered into the 2012 Outdoor Advertising Contract for the ultimate benefits of CMCC Group. A similar agreement was entered into between PMM Beijing and Shenzhen Media on 14 June 2011 which has expired on 31 March 2012.

The Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios for the 2012 Outdoor Advertising Contract are 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 but is exempt from the independent shareholders' approval requirement of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 14 June 2011 in respect of the 2011 Outdoor Advertising Contract. The 2011 Outdoor Advertising Contract has expired on 31 March 2012.

The Board wishes to announce that on 3 August 2012, PMM Beijing has entered into the 2012 Outdoor Advertising Contract with Shenzhen Media for a period commencing from 3 August 2012 and ending on 30 June 2013.

Details of the Transaction are set out as follows:

2012 OUTDOOR ADVERTISING CONTRACT

Pursuant to the 2012 Outdoor Advertising Contract, Shenzhen Media shall place advertisement for and on behalf of CMCC Group on LED Panels operated by PMM Beijing and/or its subsidiaries for the period from 3 August 2012 to 30 June 2013 for promoting CMCC Group. The total contract sum is no more than RMB9,500,000 (equivalent to approximately HK\$11,590,000), which is also the maximum aggregate annual value of the 2012 Outdoor Advertising Contract. Based on the actual sales sum, Shenzhen Media will be provided with (a) a discount rate for up to 70% of the actual sales and (b) 12% of the actual advertising time for free for the period until 31 December 2013.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Media is engaged in the advertising agency business and it has entered into a contract with CMCC in the PRC relating to and including for placement of advertisement on the LED Panels operated by PMM Beijing and/or its subsidiaries for the benefit and on behalf of CMCC Group. As such, Shenzhen Media has entered into the 2012 Outdoor Advertising Contract for the ultimate benefits of CMCC Group.

Under the 2012 Outdoor Advertising Contract, Shenzhen Media shall pay the total contract sum relating to and for placement of advertisement on the LED Panels operated by PMM Beijing and/or its subsidiaries in cash in full to PMM Beijing and/or its subsidiaries before display of the advertisement on the LED Panels.

For the contract sum paid by CMCC Group for placement of advertisement in Guangdong Province, Shenzhen Media may deduct 15% of which as the agency fee. For the contract sum paid by CMCC Group for placement of advertisement in anywhere in China other than Guangdong Province, Shenzhen Media may deduct 5% of which as the agency fee. If CMCC Group pays the contract sum directly to PMM Beijing, PMM Beijing shall pay the agency fee to Shenzhen Media within three working days upon receipt of the contract sum.

Shenzhen Media, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an independent third party which is (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 Listing Rules.

REASONS FOR THE TRANSACTION

PMM Beijing and/or its subsidiaries sell advertising time on their LED Panels in their ordinary course of business. Income from sale of advertising time forms the major part of their turnovers. By selling advertising time to CMCC Group indirectly through Shenzhen Media, the Group is able to generate more income for its operation and business.

The 2012 Outdoor Advertising Contract was entered into by the parties after arm's length negotiation such that the advertising time on LED Panels provided by the Group to other customers will be at rates no less favorable than that of the 2012 Outdoor Advertising Contract. The total contract sum under the 2012 Outdoor Advertising Contract was agreed between the parties with reference to the rate card published by PMM Beijing from time to time which contains the pricing structure for the sale of advertisement on the LED panels, the advertisements placed by Shenzhen Media under the 2011 Outdoor Advertising Contract, and the expected growth in the marketing and promotional activities of the CMCC Group for 2012 and 2013.

The Directors (including the Independent Non-executive Directors) consider that the 2012 Outdoor Advertising Contract was entered into on normal commercial terms and in the ordinary and usual course of business of PMM Beijing and/or its subsidiaries, and the terms thereof and the total contract sum of RMB9,500,000 are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the 2012 Outdoor Advertising Contract and were required to abstain from voting on the Board resolutions in respect of the 2012 Outdoor Advertising Contract.

IMPLICATIONS UNDER THE LISTING RULES

As CMHKG is a substantial shareholder of the Company holding approximately 19.69% 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 Listing Rules. The Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the 2012 Outdoor Advertising Contract are 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 but is exempt from the independent shareholders' approval requirement of 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.

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn is a leading mobile telecommunications services provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, autonomous regions and directly-administered municipalities 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\$1.22. 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

“2011 Outdoor Advertising Contract”	the advertising contract entered into between PMM Beijing and Shenzhen Media dated 14 June 2011 relating to the purchase of advertising time by Shenzhen Media for the period from 14 June 2011 to 31 March 2012
“2012 Outdoor Advertising Contract”	the advertising contract entered into between PMM Beijing and Shenzhen Media dated 3 August 2012 relating to the purchase of advertising time by Shenzhen Media for the period from 3 August 2012 to 30 June 2013
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“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
“CMCC Group”	CMCC and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“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
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“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
“LED Panels”	giant-sized light-emitting diode panels
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PMM Beijing”	Phoenix Metropolis Media Technology Company Limited*, 鳳凰都市傳媒科技股份有限公司 (formerly known as Phoenix Metropolis Media (Beijing) Company Limited*, 鳳凰都市(北京)廣告傳播有限公司), a company incorporated in the PRC with limited liability and is 45.54% indirectly held by the Company. As the Group is able to govern the financial and operating policies of PMM Beijing by virtue of de-facto control, PMM Beijing is thus regarded as a 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
“Shenzhen Media”	深圳市中港文化傳播有限責任公司, a company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the 2012 Outdoor Advertising Contract for the period from 3 August 2012 to 30 June 2013
“%”	per cent.

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

Hong Kong, 3 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)

* *For identification only*