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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)

MAJOR TRANSACTION: CONSTRUCTION OF PHOENIX INTERNATIONAL MEDIA CENTRE IN BEIJING

On 17 June 2010, Phoenix Oriental BJ, a 50% indirectly-owned subsidiary of the Company, entered into the Main Contractor Agreements for the construction of Phoenix International Media Centre in Beijing.

The Main Contractor Agreements constitute a discloseable transaction under the Listing Rules. The applicable percentage ratio (as defined in the Listing Rules) for the Main Contractor Agreements aggregated with the previous and anticipated contracts relating to the development and construction of the Land and Phoenix International Media Centre, for a total budget of RMB850,000,000 (HK\$969,000,000) based on current estimates, is more than 25% but less than 100%, thereby constituting a major transaction for the Company under Chapter 14 of the Listing Rules subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions. Written approval of the Transactions has been obtained from Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at general meetings of the Company. On the basis that such Shareholders form a closely allied group of Shareholders, their written approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. As the Company expects that more time than the usual 15 business days from the date of the announcement will be required for it to gather the relevant financial information to be included in the circular, including the time required to obtain confirmations from the relevant financial institutions, it is expected that the circular providing further details of the Transactions will be dispatched to the Shareholders on or before 14 July 2010.

INTRODUCTION

Reference is made to the Company's announcement dated 27 June 2007 and the circular to shareholders dated 17 July 2007 relating to the Group's investment in Phoenix Oriental BJ. Phoenix Oriental BJ owns the land use rights of the Land. It is intended that a building (tentatively named Phoenix International Media Centre) containing theatres and television production studios will be constructed on the Land. The pre-development and design stages of the Phoenix International Media Centre have now largely been completed, and with entry into the Main Contractor Agreements, Phoenix Oriental BJ will be moving into the construction stage of the project.

PRE-DEVELOPMENT

Up to 31 March 2010, the total costs incurred in the pre-development stage of the Land and Phoenix International Media Centre amounted to approximately RMB232,000,000 (HK\$264,480,000), including land acquisition costs and taxes of approximately RMB179,500,000 (HK\$204,630,000), survey and design fees of approximately RMB13,000,000 (HK\$14,820,000), foundation and infrastructure construction costs of approximately RMB32,000,000 (HK\$36,480,000), and miscellaneous indirect costs such as management and agency fees, administrative costs, construction costs analysis and interest payments.

The land and project transfer contract for the Land was entered into by Phoenix Oriental BJ in or around May 2006, before it became an indirectly owned subsidiary of the Company. So far as the Directors are aware, the terms of the land and project transfer contract were agreed at after arm's length negotiations between Phoenix Oriental BJ and 北京朝陽公園開發經營公司 (Beijing Chaoyang Park Development and Management Co.) based on applicable rates promulgated by the PRC government. All land premium and taxes in relation to the Land payable up to 31 March 2010 in the aggregate amount of RMB179,500,000 (HK\$204,630,000) have been fully paid.

In April 2010, Phoenix Oriental BJ and 北京市國土資源局 (State-owned Assets Beijing Bureau) entered into a supplemental agreement to the land and project transfer contract to increase the total gross floor area to approximately 65,000 sq.m. and change the land use to mixed use and underground parking, for additional land premium in the amount of approximately RMB45,660,000 (HK\$52,052,400). The additional land premium together with deed tax in the aggregate total amount of approximately RMB47,000,000 (HK\$53,580,000) have been fully paid in May 2010.

From January 2008 to January 2010, Phoenix Oriental BJ entered into approximately 50 contracts with various contractors for survey and design, foundation and infrastructure construction, and miscellaneous management and agency services in relation to pre-development works of Phoenix International Media Centre. The aggregate contractual amount is approximately RMB52,500,000 (HK\$59,850,000), approximately RMB37,400,000 (HK\$42,636,000) of which has been paid to date and approximately RMB15,100,000 (HK\$17,214,000) remains payable in accordance with the terms of the relevant contracts. The balance will be funded by internal resources and bank borrowings of Phoenix Oriental BJ. The terms of all such contracts were agreed at after arm's length negotiations with the

counterparties, who are respectively principally engaged in businesses of survey and design, amenities, construction, property management, costs valuation, and consultancy. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the counterparties to such contracts and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

MAIN CONTRACTOR AGREEMENTS

Date: 17 June 2010

Parties: Phoenix Oriental BJ and the Main Contractor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Main Contractor and its ultimate beneficial owner, Metallurgical Corporation of China Ltd. (H-shares stock code: 1618), are third parties independent of the Company and the connected persons of the Company. The Main Contractor is a PRC contractor with Grade I General Contracting Qualification for Construction. The Main Contractor was recommended for selection by the Beijing Municipality Tender Office after an invitation to tender process ran and managed by it.

Subject matter: The Main Contractor to manage, coordinate and supervise construction of the Phoenix International Media Centre in accordance with the tender documents submitted to and approved by Phoenix Oriental BJ, bill of quantities, and design plans and technical specifications provided by Phoenix Oriental BJ. The target completion date is 10 March 2012.

Contract sum: RMB500,944,024 (approximately HK\$571,076,187), with adjustment provisions for market price fluctuations. The contract sum is the tender amount submitted by the Main Contractor. The contract sum is payable in instalments in line with completion of major construction stages, and will be funded by internal resources and bank borrowings of Phoenix Oriental BJ.

The unaudited book value of the Land (including improvements thereon) as at 31 March 2010 was approximately HK\$361,000,000. No revenue and therefore no profits have yet been generated from the Land. A valuation gain of approximately HK\$37,176,000 was recognised in the consolidated income statement of the Group for the year ended 31 December 2009.

POST-CONSTRUCTION

Based on current estimates, the total budget for development and construction of the Phoenix International Media Centre is RMB850,000,000 (HK\$969,000,000). It is expected the balance of the unspent budget of approximately RMB633,100,000 (HK\$721,734,000) will cover construction and installation costs, financing costs, taxes and levies, building management fees, expenses relating to temporary facilities and a reasonable buffer.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

Phoenix International Media Centre, once completed, will become the Group's programme production complex in Beijing. It will also increase the operational efficiency of the Group by consolidating the different operational functions and activities and the important service providers in the PRC into the same complex. The Directors believe that the terms of the Transactions are fair and reasonable and in the interests of the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Main Contractor Agreements constitute a discloseable transaction under the Listing Rules. It is expected that upon completion of the construction, part of the premises will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation. The applicable percentage ratio (as defined in the Listing Rules) for the Main Contractor Agreements aggregated with the previous and anticipated contracts relating to the development and construction of the Land and Phoenix International Media Centre, for a total budget of RMB850,000,000 (HK\$969,000,000) based on current estimates, is more than 25% but less than 100%, thereby constituting a major transaction for the Company under Chapter 14 of the Listing Rules subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Transactions may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Transactions.

So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions.

Written approval of the Transactions has been obtained from the following Shareholders:

| Name | Number of Shares held | Approximate percentage of shareholding |
|--|------------------------------|---|
| Today's Asia Limited (<i>Note 1</i>) | 1,854,000,000 | 37% |
| Extra Step Investments Limited (<i>Note 2</i>) | 983,000,000 | 20% |
| Xing Kong Chuan Mei Group Co. Ltd. (<i>Note 3</i>) | 871,000,000 | 17% |
| Total: | <u>3,708,000,000</u> | <u>74%</u> |

Notes:

1. *Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to approximately 93.30% and 6.70% interests respectively.*
2. *Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation.*
3. *Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.*

Today's Asia Limited and News Corporation are founders of the Group. Since inception in 1996, the two shareholders have shared a joint vision of developing the Group to provide quality Mandarin programming to global Chinese communities, with the ultimate objective of "connecting the world to China and shortening the distance between Chinese around the world". In 2006, China Mobile (Hong Kong) Group Limited became a substantial shareholder of the Company through its wholly-owned subsidiary and entered into a strategic alliance with the Company, with a view to further enhance the Group's and China Mobile (Hong Kong) Group Limited's respective leading positions in the media and the mobile telecommunications industries through joint development, marketing and delivery of innovative wireless content, products, services and applications. Although they are not parties acting in concert within the meaning of the Code on Takeovers and Mergers, each of Today's Asia Limited, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. had voted separately and independently in an affirmative way on all resolutions at all general meetings of the Company since transfer of the listing of the Shares to the Main Board, other than in respect of matters on which they are required to abstain from voting under the Listing Rules. The Directors consider that Today's Asia Limited, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. form a closely allied group of Shareholders based on their past voting patterns and common vision for the Group, in particular, all three shareholders are in agreement that construction of the Phoenix International Media Centre is to the benefit of and necessary for the long-term development of the Group. Other than mutual shareholding in the Company, Today's Asia Limited has no relationship with Extra Step Investments Limited or Xing Kong Chuan Mei Group Co. Ltd. So far as the Directors are aware, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. have no relationship with each other except their mutual shareholding in the Company.

On the basis that such Shareholders form a closely allied group of Shareholders, their written approval may be accepted in lieu of holding a general meeting. As the Company expects that more time than the usual 15 business days from the date of the announcement will be required for it to gather the relevant financial information to be included in the circular, including the time required to obtain confirmations from the relevant financial institutions, it is expected that the circular providing further details of the Transactions will be dispatched to the Shareholders on or before 14 July 2010.

DEFINITIONS

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

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| “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 |
| “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 |
| “Land” | the site of approximately 18,822 sq.m. situated in the South-Western corner of Chaoyang Park, Chaoyang District, Beijing, the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Contractor” | 北京天潤建設工程有限公司 (Beijing Tianrun Construction Engineering Co., Ltd.), a company established under the laws of the PRC |
| “Main Contractor Agreements” | main contractor (general terms) agreement, main contractor (specific terms) agreement, supplemental agreement and ancillary contracts and documents relating to the main contractor agreements for Phoenix International Media Centre |
| “Phoenix International Media Centre” | 鳳凰國際傳媒中心 (Phoenix International Media Centre) (tentative name), a building to be constructed on the Land which will contain theatres and television production studios to be used by the Group |
| “Phoenix Oriental BJ” | 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited), a company established under the laws of the PRC and a 50% indirectly-owned subsidiary of the Company |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “Shareholder(s)” | holder(s) of Shares |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the share capital of the Company |
| “sq.m.” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transactions” | the Main Contractor Agreements together with the previous and anticipated contracts relating to the development and construction of the Land and Phoenix International Media Centre |

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.14. 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.

By Order of the Board
LIU Changle
Chairman

Hong Kong, 17 June 2010

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. GAO Nianshu; Mr. LI Yue; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel; Mr. GONG Jianzhong

Independent Non-executive Directors

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

Alternate Directors

Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN); Dr. GAO Jack Qunyao (alternate to Mr. CHEUNG Chun On, Daniel)