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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)

**DISCLOSEABLE TRANSACTION  
CONSTRUCTION AND RENOVATION OF THE PROPERTY**

References are made to the announcement and circular of the Company dated 14 September 2006 and 4 October 2006 respectively relating to the Group's purchase of the Property which constituted a discloseable transaction for the Company.

The Transactions constitute a discloseable transaction for the Company under the Listing Rules. Further, the Transactions when aggregated with the transaction under the Sale and Purchase Agreement for the purpose of Rule 14.22 of the Listing Rules constitute a discloseable transaction for the Company under the Listing Rules.

**THE CONTRACTS**

References are made to the announcement and circular of the Company dated 14 September 2006 and 4 October 2006 respectively relating to the Group's purchase of the Property at the purchase price of US\$15,500,000 (equivalent to approximately HK\$120,900,000) which constituted a discloseable transaction for the Company.

After completion of the sale and purchase of the Property on 31 May 2007, the Property has been developed into the Group's headquarters which serve as the office and production facilities of the Group in Hong Kong. The Group has purchased various broadcasting equipment and engaged different contractors to carry out the relevant Construction Works. The Company relocated its then headquarters in Hunghom, Kowloon to the Property in March 2009.

Up to 30 April 2009, the total costs for the Construction Works incurred by the Group amounted to approximately HK\$225,800,000, a substantial part of which relates to the following:–

- (a) demolition and renovation costs of approximately HK\$99,800,000 relating to (i) the design and consultancy services, (ii) the structural alteration works, and (iii) the purchase, alteration and installation of the fire fighting systems and equipment, and escalators within the Property;
- (b) InfoNews Channel's decoration costs of approximately HK\$40,500,000 relating to the decoration and partitioning works of the studios in the Property carried out to meet the requirements and specifications of the InfoNews Channel operated by the Group;
- (c) ventilation renovation costs of approximately HK\$33,000,000 relating to the purchase and installation of the ventilation system of the Property including the air ducts, piping, air handling units and other associated parts; and
- (d) renovation costs of the office area on the Property in the amount of approximately HK\$33,000,000.

The Company expects that an aggregate amount of approximately HK\$20,000,000 will need to be further incurred for the Construction Works in the coming year.

During the years of 2007 to 2009, the Group has entered into the Contracts with the relevant contractors to carry out the relevant Construction Works. The contract sum of each of the Contracts was agreed after arm's length negotiations between the Group and the relevant contractor with reference to the prevailing market prices of comparable works and services. For each of the major Contracts (including Contracts for alterations and addition works, studio fitting out works, and office fitting out works), the relevant amount of the contract sum representing the certified work done was and will be paid by the Group to the relevant contractor on a monthly basis. As at the date of this announcement, all works under the major Contracts have been completed but not been fully paid for. For the other Contracts, the contract sums were and will be paid to the relevant contractors on a monthly progress basis, or in some cases, according to an agreed payment schedule based on phase of completion of works. Pursuant to each Contract, 5% of the contract sum thereof would be retained by the Group for a fixed period and subject to final certification, and the balance would be paid to the relevant contractors after setting off against any claims by the Group. All the contract sums of the Contracts have been or will be funded by internal resources of the Group.

The contractors to the Contracts are principally engaged in businesses related to construction, including building construction, interior and renovation works, and supply and installation of building materials and equipment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the contractors to the Contracts and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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

The Property accommodates more highly advanced and modernized production facilities, and provides a greater choice of studios. As such, the Property facilitates more efficient production of programmes by the Group and has enhanced its capability of delivering a more ambitious range of programming effects. Further, the Property warrants sufficient room and space for the future expansion of the Group's business and operational activities in Hong Kong without any risk of being adversely affected by future upward rental movements. The Directors consider that the new headquarters in the Property will improve the Group's competitiveness and maintain its position as a leading satellite television operator broadcasting into the PRC.

The Directors (including the independent non-executive Directors) believe that the terms of the Contracts were normal commercial terms, and were fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

The Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Transactions are aggregated with the transaction under the Sale and Purchase Agreement for the purpose of Rule 14.22 of the Listing Rules. As each of the applicable percentage ratios in respect of the aggregated transactions is more than 5% but less than 25%, the Transactions still constitute a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

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

“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
“Construction Works”	the construction and renovation works relating to developing the Property into the Group's new headquarters

“Contracts”	the various contracts made between the Group and the relevant contractors for carrying out the relevant Construction Works
“Directors”	the directors of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	No. 2 Dai King Street, Section I of Tai Po Town Lot No. 13 and the Extensions thereto, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong and any factory and other erections and buildings erected or built thereon (with a gross floor area of approximately 38,442 square metres (413,788 square feet))
“Sale and Purchase Agreement”	the sale and purchase agreement dated 14 September 2006 relating to the Group’s purchase of the Property (details of which are set out in the announcement and circular of the Company dated 14 September 2006 and 4 October 2006 respectively)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Contracts
“US\$”	United States dollars, the lawful currency of the United States of America

By Order of the Board  
**LIU Changle**  
*Chairman*

Hong Kong, 4 June 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. Dr. GAO Jack Qunyao is the Alternate Director to Mr. Paul Francis AIELLO and Mr. LAU Yu Leung John.*