

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION

On 5 January 2004, Phoenix HK has entered into the Equipment Purchase Agreement with STARL for the purchase of certain equipment for programme production. STARL is a subsidiary of STAR Holdings, a substantial shareholder of the Company. Accordingly, STARL is a connected person as defined under the GEM Listing Rules. Hence, the signing of the Equipment Purchase Agreement constitutes a connected transaction under Chapter 20 of the GEM Listing Rules. As the Consideration is less than 3% of the latest net tangible assets of the Group, no independent Shareholders' approval is required. Details of the Equipment Purchase Agreement will be disclosed in the next published annual report of the Group.

Equipment Purchase Agreement

The Directors wish to announce that on 5 January 2004, Phoenix HK has entered into the Equipment Purchase Agreement with STARL for the purchase of Equipment from STARL, details of which are set out below:

Date: 5 January 2004

Parties: (1) Phoenix HK
(2) STARL

Consideration: Phoenix HK shall pay STARL an amount equivalent to US\$184,917.23 (approximately HK\$1,442,354) for the purchase of the Equipment (the "Consideration"). The Consideration shall be paid by Phoenix HK to STARL in full within 7 days from the execution of the Equipment Purchase Agreement.

Reasons for entering into the Equipment Purchase Agreement

STARL had been providing broadcast operations and engineering services (“BO&E Services”) to Phoenix since March 1996. Details of these services were set out in the Prospectus under the section headed Connected Transactions. The Equipment was used by the staff of STARL in providing the BO&E Services to Phoenix. The Group subsequently implemented a number of cost-cutting measures including the reduction of outsourcing services. In July 2002 Phoenix recruited its own programme shooting team and terminated a certain part of the BO&E Services relating to programme shooting but continued to use the Equipment provided by STARL. To further minimize costs, the Group has decided to purchase the Equipment from STARL and enter into the Equipment Purchase Agreement. A substantial amount of time was spent in selecting the Equipment.

The Consideration was determined based on the net book value of the Equipment. The original purchase cost of the Equipment to STARL was US\$436,261.33 (approximately HK\$3,402,838.37). Although the Equipment has been used for a certain period of time but, apart from fair wear and tear, is still in good condition and therefore it is more cost-effective than buying brand new equipment. The Directors, including the independent non-executive directors, believe that the terms of the Equipment Purchase Agreement 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 Company, through its subsidiaries, is the leading satellite television operator broadcasting into China. Its channels include Phoenix Chinese Channel, Phoenix Movies Channel, Phoenix InfoNews Channel, PCNE Channel and Phoenix North America Chinese Channel, which via AsiaSat 3S Satellite, Eurobird, DIRECTV and Echostar to audiences in the Asia Pacific, Europe, the United States and North Africa, covering more than 70 countries and regions. The Company also operates Phoenix Weekly magazine and www.phoenixtv.com website to diversify its business to non-broadcast media.

Information on STARL

STARL is primarily engaged in television broadcasting through cable distributors and channel companies in the Asian region. It is also engaged in the provision of management, marketing, public relation and broadcasting services to related companies. It maintains branches in various cities in the Asian region.

Connection between the parties in the connected transaction

Amongst the parties to the Equipment Purchase Agreement, STARL is a subsidiary of STAR Holdings, a substantial shareholder of the Company. Accordingly, STARL is a connected person as defined under the GEM Listing Rules. Hence, the signing of the Equipment Purchase Agreement constitutes a connected transaction under Chapter 20 of the GEM Listing Rules. However, as the Consideration is less than 3% of the latest net tangible assets of the Group, no independent Shareholders’ approval is required. Details of the Equipment Purchase Agreement will be disclosed in the next published annual report of the Group.

Definitions

“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 GEM
“Directors”	the directors of the Company
“Equipment”	the list of programme shooting equipment set out in appendix 1 of the Equipment Purchase Agreement including camcorders, microphones, lens, camera lights and batteries
“GEM”	the Growth Enterprises Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange
“Group” or “Phoenix”	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
“Prospectus”	the prospectus of the Company dated 21 June 2000
“Shareholders”	the shareholders of the Company
“STAR Holdings”	Xing Kong Chuan Mei Group Co., Ltd., formerly known as STAR Television Holdings Limited, which owns approximately 37.6% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules)
“STARL”	Satellite Television Asian Region Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of STAR Holdings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

Note: The US\$ amounts shown in this announcement have been translated into HK\$ based on the exchange rate of US\$1.00 to HK\$7.8.

By Order of the Board
LIU Changle
Chairman

Hong Kong, 5 January 2004

The announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: - (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from the date of its posting.