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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: 8002)

CONNECTED TRANSACTIONS

On 13 February 2004, Phoenix HK entered into the Sub-License Agreement with SGL for the sub-license of certain programmes for a sub-license fee of US\$19,000 (approximately HK\$147,820). On 27 September 2004, Phoenix HK entered into the License Agreement with SGL for the license of a television series for a license fee of US\$133,000 (approximately HK\$1,034,740). SGL is a wholly-owned Subsidiary of Xing Kong Chuan Mei, which in turn is a substantial shareholder of the Company. Thus, pursuant to rule 20.11 of the GEM Listing Rules, SGL has become a connected person of the Company.

The transactions contemplated in the Agreements constitute continuing connected transactions under rule 20.34 of the GEM Listing Rules and are subject to the announcement and other reporting requirements.

THE AGREEMENTS

The Directors wish to announce that Phoenix HK, a wholly-owned subsidiary of the Company, and SGL has on (i) 13 February 2004, entered into the Sub-License Agreement; and (ii) 27 September 2004, entered into the License Agreement.

1. The Sub-License Agreement

Date: 13 February 2004

Parties: (1) Phoenix HK
(2) SGL

Rights: Phoenix HK obtains from SGL a non-exclusive right to broadcast (1) 2004 Annual Golden Globe Awards, and (2) 2004 Annual Grammy Awards on the Phoenix Chinese Channel.

License Period: 13 February 2004 to 31 December 2004.

Consideration: a sub-license fee of US\$19,000 (approximately HK\$147,820) payable in cash by one-off payment within 30 days upon receipt of SGL's invoice.

The sub-license fee has been agreed after arm's length negotiations between the parties and was determined in accordance with normal commercial terms and with reference to terms available to independent third parties, and the sub-license fee charged by SGL from Phoenix HK is no less favourable to the Group than those offered by SGL to independent third parties for similar rights.

2. The License Agreement

Date: 27 September 2004

Parties: (1) Phoenix HK
(2) SGL

Rights: Phoenix HK obtains from SGL a non-exclusive broadcast rights of a television series entitled "The Pawnshop No. 8" in the PRC, Hong Kong, Macau and certain other territories except that Phoenix HK shall have first run and exclusive right during the first eight months of the License Period in the Mainland China.

License Period: one year commencing from 1 October 2004 to 30 September 2005.

Consideration: a license fee of US\$133,000 (approximately HK\$1,034,740) payable in cash, 30% of which upon signing of the License Agreement and the remaining 70% shall be payable upon the receipt of the tapes.

The license fee has been agreed after arm's length negotiations between the parties and was determined in accordance with normal commercial terms and with reference to terms available to independent third parties, and the sub-license fee charged by SGL from Phoenix HK is no less favourable to the Group than those offered by SGL to independent third parties for similar rights.

Reasons for entering into the Agreements

It is the ordinary course of the Company's business to license or sub-license programmes from various suppliers to cater for the need of our audience.

The Directors, including the independent non-executive directors, are of the view that the terms of the Agreements and the transactions 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, is a Hong Kong-based television broadcaster. Phoenix's channels include Phoenix Chinese, Phoenix Movies, Phoenix InfoNews, Phoenix Chinese News and Entertainment and Phoenix North America Chinese channels, which together broadcast to audiences in the Asia Pacific, as well as in Europe, North America and North Africa, covering more than 90 countries and regions. The Company also operates **www.phoenixtv.com** website and Phoenix weekly magazine to diversify its business to non broadcast media.

Information on SGL

The principal business of SGL is sourcing television programming.

Connected Transactions

Amongst the parties to the Agreements, Phoenix HK is the wholly-owned subsidiary of the Company. SGL is a wholly-owned Subsidiary of Xing Kong Chuan Mei, 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). Accordingly, SGL is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

The transactions contemplated in the Agreements constitute continuing connected transactions under rule 20.34 of the GEM Listing Rules, and will be subject to the reporting, announcement and other requirements set out in rules 20.45 to 20.47 and 20.36 to 20.40 of the GEM Listing Rules. The entering of the Sub-License Agreement was a de minimis transaction and was exempted from the reporting, announcement and independent shareholders' approval requirements under rule 20.33 of the GEM Listing Rules. However, pursuant to Rule 20.25 of the GEM Listing Rules, the Stock Exchange will aggregate a series of connected transactions as if they were one transaction if they were all completed within a 12-month period or are otherwise related. In such cases, the listed issuer must comply with the requirements for the relevant classification of the connected transactions when aggregated. Since the aggregate consideration of the Sub-License Agreement and the License Agreement has reached the threshold for disclosure, we therefore disclose both transactions in this announcement.

Definitions

“Agreements”	the Sub-License Agreement and the License Agreement
“Associate(s)”	shall have the meaning ascribed thereto in Rule 1.01 of the GEM Listing Rules
“Company” or “Phoenix”	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
“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”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“License Agreement”	the license agreement between SGL and Phoenix HK dated 27 September 2004
“Phoenix Chinese Channel”	a general entertainment television channel operated by the Group and targeting audiences across Asia, South East Asia, Australia and the Middle East
“Phoenix HK”	Phoenix Satellite Television Company Limited, a wholly-owned subsidiary of the Company
“SGL”	SGL Entertainment Limited, a wholly owned subsidiary of Xing Kong Chuan Mei
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-license Agreement”	the sub-license agreement between Phoenix HK and SGL dated 13 February 2004
“Subsidiary”	shall have the meaning ascribed thereto in Rule 1.01 of the GEM Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“Xing Kong Chuan Mei”	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)

Note: The US\$ amounts shown in this circular have been translated into HK\$ based on the exchange rate of US\$1.00 to HK\$7.78.

By Order of the Board
Liu Changle
Chairman

Hong Kong, 27 September 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.

As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle and Mr. CHUI Keung, the non-executive directors of the Company are Ms GUTHRIE Michelle Lee, Mr. LAU Yu Leung John, Mr. CHEUNG Chun On Daniel, Mr. XU Gang (alternate director: Mr. GONG Jianzhong) and Mr. CHEUNG San Ping and the independent non-executive directors are Dr. LO Ka Shui and Mr. KUOK Khoon Ean.

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