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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 TRANSACTIONS**

**RULE 14A.41**

Reference is made to the Company's announcements dated 9 November 2009 and 11 November 2009.

The Acquisitions were entered into on 31 December 2009. As a result of the Acquisitions, Tianying and Yifeng will be treated as indirect subsidiaries of the Company for accounting purposes. The Tianying-CMCC Transactions and Yifeng-CMCC Transactions have become continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.41 of the Listing Rules, the Tianying-CMCC Transactions and the Yifeng-CMCC Transactions are subject to applicable reporting and disclosure requirements of Chapter 14A of the Listing Rules.

**INTRODUCTION**

Reference is made to the Company's announcements dated 9 November 2009 and 11 November 2009.

The directors of the Company are pleased to announce that the Closing occurred on 24 November 2009, that is, the Investors subscribed for and purchased, and Phoenix New Media issued, the Series A Preferred Shares for an aggregate subscription price of US\$25 million (approximately HK\$195,000,000) on that day.

Further, the Acquisitions were entered into on 31 December 2009 pursuant to which the Phoenix New Media Group will enjoy the economic benefits of Tianying and Yifeng. As a result of the Acquisitions, Tianying and Yifeng will be treated as indirect subsidiaries of the Company for accounting purposes.

## **IMPLICATIONS UNDER THE LISTING RULES**

Prior to the date of the Acquisitions, Tianying and Yifeng had respectively entered into the Tianying-CMCC Transactions and the Yifeng-CMCC Transactions with the CMCC Group, in the ordinary and usual course of their respective businesses. The Group intends for Tianying and Yifeng to continue the Tianying-CMCC Transactions and the Yifeng-CMCC Transactions after the Acquisitions on the terms entered into prior to the Acquisitions.

As CMHKG is a substantial shareholder of the Company holding approximately 19.8% 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. As each of the counterparties to the Tianying-CMCC Transactions and Yifeng-CMCC Transactions are subsidiaries of China Mobile Limited (stock code: 00941) of which CMCC is ultimate controlling shareholder, the Tianying-CMCC Transactions and Yifeng-CMCC Transactions have become continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.41 of the Listing Rules, the Tianying-CMCC Transactions and the Yifeng-CMCC Transactions are subject to applicable reporting and disclosure requirements of Chapter 14A of the Listing Rules. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of any of the agreements relating to the Tianying-CMCC Transactions and the Yifeng-CMCC Transactions.

## **TIANYING – CMCC TRANSACTIONS**

The Tianying-CMCC Transactions with the CMCC Group principally involve the rental of IDC (Internet Data Center) facilities by Tianying from CMCC Group and the provision of value-added telecommunication services by and to the CMCC Group on a continuing basis. The principal terms of these transactions are summarized below:

**Provision of services and products by CMCC Group:**

(a) IDC Facilities Rental Contract

Term: From 1 July 2008.

Parties: (1) Tianying

(2) 中國移動通信集團北京有限公司(China Mobile Group Beijing Company Limited)

Subject matter: China Mobile Group Beijing Company Limited rents equipment and facilities necessary for storage of server and connection to the Internet to Tianying.

Consideration: Not more than HK\$ 10,000,000 on an annual basis.

(b) Cooperation Agreement for Joey Yung Fans Club “Sing of Your Love for Your Country” Event

Term: 1 September 2009 to earlier of 31 December 2010 and the date when Tianying’s share of data service fees amount to RMB 900,000.

Parties: (1) Tianying

(2) 中國移動通信集團廣東有限公司湛江分公司(China Mobile Group Guangdong Company Limited Zhanjiang Branch)

Subject matter: China Mobile Group Guangdong Company Limited Zhanjiang Branch subcontracted event planning and execution for a fan club event to Tianying (which has been completed) in exchange for promotion of Tianying’s ringtones via the CMCC network.

Consideration: China Mobile Group Guangdong Company Limited Zhanjiang Branch entitled to 50% and 15% respectively of data service fees received from subscribers attributable to ringtone contents provided by Tianying and promoted by China Mobile Group Guangdong Company Limited Zhanjiang Branch on the national network and local network respectively.

**Provision of services and products by Tianying:**

(c) “Monternet” Connecting Tones Agreement

- Term: Initial term from 14 March 2008 to 31 December 2009, thereafter to automatically extend for a further six months unless either party gives 30 days’ notice not to extend prior to expiry of current term.
- Parties: (1) Tianying  
(2) 中國移動通信集團湖南有限公司(China Mobile Group Hunan Company Limited)
- Subject matter: Tianying to provide connecting tone contents to China Mobile Group Hunan Company Limited.
- Consideration: China Mobile Group Hunan Company Limited entitled to 15% and 30% respectively of the data service fees received from subscribers attributable to standard connecting tone contents and DIY (do-it-yourself) connecting tone contents provided by Tianying.

(d) Phoenix Channel Programs Audio Magazine Business Cooperation Agreement

- Term: 31 October 2008 to 30 October 2009, thereafter automatically extended for a period of up to three months, unless the services fail to achieve certain targets, pending negotiation and execution of renewal contract. Tianying has achieved all of such targets for the fixed term.
- Parties: (1) Tianying  
(2) 中國移動通信集團北京有限公司(China Mobile Group Beijing Company Limited)
- Subject matter: Tianying provides audio magazine services to subscribers of China Mobile Group Beijing Company Limited through short messaging services and audio-based value-added services of China Mobile Group Beijing Company Limited.
- Consideration: China Mobile Group Beijing Company Limited entitled to 30% of data service fees received from subscribers attributable to audio magazine services provided by Tianying.

(e) Beijing “Monternet” “Entertainment Go-Kart” Short Messaging Services Cooperation Agreement

Term: 31 October 2008 to 31 October 2009, thereafter automatically extended for a period of up to six months, unless the services fail to achieve certain targets, pending negotiation and execution of renewal contract. Tianying has achieved all of such targets for the fixed term.

Parties: (1) Tianying  
(2) 中國移動通信集團北京有限公司(China Mobile Group Beijing Company Limited)

Subject matter: Tianying provides short messaging value-added application services to China Mobile Group Beijing Company Limited.

Consideration: China Mobile Group Beijing Company Limited entitled to 15% of the data service fees from subscribers attributable to short messaging services provided by Tianying. China Mobile Group Beijing Company Limited also charges Tianying an “information flow imbalance” fee based on the difference between the number of short messages Tianying sends to subscribers and the number of short messages subscribers send to Tianying.

(f) Mobile Music Products Cooperation and Marketing Agreement

Term: 10 February 2009 to 9 February 2010.

Parties: (1) Tianying  
(2) 中國移動通信集團四川有限公司(China Mobile Group Szechuan Company Limited)

Subject matter: Tianying to promote and sell China Mobile Group Szechuan Company Limited’s mobile music products on its www.ifeng.com and wap.ifeng.com websites.

Consideration: Tianying entitled to 35% of data service fees attributable to relevant products.

(g) Games Contents Agreement

- Term: Initial term from 21 September 2009 to 20 September 2010, thereafter automatically extended for successive terms of six months each unless either party gives notice not to renew 30 days prior to expiry of the current term.
- Parties: (1) Tianying  
(2) 中國移動通信集團江蘇有限公司(China Mobile Group Jiangsu Company Limited)
- Subject matter: Tianying to provide games contents to China Mobile Group Jiangsu Company Limited for use on its mobile games services platform.
- Consideration: Depending on the popularity of the games contents provided by Tianying, China Mobile Group Jiangsu Company Limited may be entitled to 15% to 50% of the data service fees received from subscribers attributable to games contents provided by Tianying.

(h) “Gotone” Phoenix Current Affairs Contents Multi Media Services Products

- Term: From 1 November 2009 to 31 October 2010
- Parties: (1) Tianying  
(2) 中國移動通信有限公司(China Mobile Communication Co., Ltd.)
- Subject matter: Tianying to provide current affairs multimedia messaging contents exclusively to China Mobile Communication Company based on programs on Phoenix channels; Tianying to provide staffing and training resources for jointly organised promotional seminars and training sessions.
- Consideration: RMB62,400,000 for the term of the agreement.

## YIFENG – CMCC TRANSACTIONS

The Yifeng-CMCC Transactions principally involve Yifeng providing value-added telecommunication services to the CMCC Group on a continuing basis. The principal terms of these transactions are summarized below:

(a) “Monternet” “Decoder Kaleidoscope” Short Messaging Services Cooperation Agreement

**Term:** 30 November 2008 to 30 November 2009, thereafter automatically extended for a period of up to six months, unless the services fail to achieve certain targets, pending negotiation and execution of renewal contract. Yifeng has achieved all of such targets for the fixed term.

**Parties:** (1) Yifeng  
(2) 中國移動通信集團北京有限公司(China Mobile Group Beijing Company Limited)

**Subject matter:** Yifeng provides short messaging service contents to China Mobile Group Beijing Company Limited.

**Consideration:** China Mobile Group Beijing Company Limited entitled to 15% of the data service fees received from subscribers attributable to short messaging services provided by Yifeng. China Mobile Group Beijing Company Limited also charges Yifeng an “information flow imbalance” fee based on the difference between the number of short messages Yifeng sends to subscribers and the number of short messages subscribers send to Yifeng.

(b) “Happy Through Train” Audio Magazine Business Cooperation Agreement

Term: 1 July 2009 to 30 June 2010.

Parties: (1) Yifeng  
(2) 中國移動通信集團北京有限公司(China Mobile Group Beijing Company Limited)

Subject matter: Yifeng provides audio magazine services to subscribers of China Mobile Group Beijing Company Limited through short messaging services and audio-based value-added services of China Mobile Group Beijing Company Limited.

Consideration: China Mobile Group Beijing Company Limited entitled to 30% of data service fees received from subscribers attributable to audio magazine services provided by Yifeng.

(c) Games Contents Agreement

Term: 21 September 2009 to 20 September 2010.

Parties: (1) Yifeng  
(2) 中國移動通信集團江蘇有限公司(China Mobile Group Jiangsu Company Limited)

Subject matter: Yifeng to provide games contents to China Mobile Group Jiangsu Company Limited for use on its mobile games services platform.

Consideration: Depending on the popularity of the games contents provided by Yifeng, China Mobile Group Jiangsu Company Limited may be entitled to 15% to 50% of the data service fees received from subscribers attributable to games contents provided by Yifeng.



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

Tianying and Yifeng are engaged in Internet and mobile value-added services, their businesses depend on Internet service providers and telecommunications operators. As market leader in the mobile industry, the platform offered by CMCC promotes the products and services of Tianying and Yifeng to potentially the whole of the PRC. As far as the directors of the Company are aware, the Tianying-CMCC Transactions and Yifeng-CMCC Transactions were entered into in the ordinary course of business of Tianying and Yifeng, and either on normal commercial terms or on terms no less favourable to Tianying and Yifeng than available to or from (as appropriate) independent third parties.

## **INFORMATION RELATING TO THE PARTIES**

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

Tianying is principally engaged in Internet contents provision (other than contents relating to news, publishing, education, health, pharmaceuticals and medical equipment), Internet advertising via phoenixtv.com ([www.ifeng.com](http://www.ifeng.com)) and contents provisions in Category II value-added telecommunications business (excluding fixed line contents provision and Internet contents provision), production and distribution of animation, variety programs and feature programs.

Yifeng is principally engaged in Category II value-added telecommunications business (excluding fixed line data services and Internet data services) contents provider.

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn is a leading mobile telecommunications service 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.

## **GENERAL**

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\$1.14, and amounts quoted in US\$ have been converted into HK\$ at the rate of US\$1 to HK\$7.8. Such exchange rates have 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 these or any other rates or at all.

## DEFINITIONS

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

“Acquisitions”	the Tianying Acquisition and the Yifeng Acquisition
“Closing”	purchase and sale of the Series A Preferred Shares in accordance with the terms of the Purchase Agreement
“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”	the group of companies comprising CMCC and its subsidiaries
“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 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 PRC
“Investors”	Morningside China TMT Fund I, L.P., Intel Capital Corporation and Bertelsmann Asia Investments AG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Phoenix New Media”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, holding 100% of the equity interest of Fenghuang On-line and itself an approximately 70.7% indirectly-owned subsidiary of the Company

“Phoenix New Media Group”	Phoenix New Media and its subsidiaries
“PRC”	the People’s Republic of China
“Purchase Agreement”	the preferred share purchase agreement dated 9 November 2009 entered into among Phoenix New Media, the Investors and other parties in connection with the Subscription
“RMB”	Renminbi, the lawful currency of the PRC
“Series A Preferred Share(s)”	convertible series A preferred share(s) of a par value of US\$0.01 each in the share capital of Phoenix New Media, created and issued pursuant to the Purchase Agreement and ancillary documents
“Subscription”	subscription for and purchase of the Series A Preferred Shares by the Investors pursuant to the Purchase Agreement and ancillary documents
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianying”	北京天盈九州網絡技術有限公司(Beijing Tianying Jiuzhou Network Technology Co., Ltd.), a domestic enterprise established under the laws of the PRC
“Tianying Acquisition”	acquisition of the economic interests in Tianying pursuant to the Tianying Contractual Arrangements (as defined in the announcement of the Company of 9 November 2009)
“US\$”	United States Dollars, the lawful currency of the United States of America
“Yifeng”	怡豐聯合(北京)科技有限責任公司(Yifeng Lianhe (Beijing) Technology Co., Ltd.), a domestic enterprise established under the laws of the PRC

“Yifeng Acquisition”

acquisition of the economic interests in Yifeng pursuant to the Yifeng Contractual Arrangements (as defined in the announcement of the Company of 9 November 2009)

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

Hong Kong, 31 December 2009

*As at the date of this announcement, the board of directors of the Company comprises Mr. LIU Changle (Chairman), Mr. CHUI Keung and Mr. WANG Ji Yan as the Executive Directors; Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Jan KOEPPEN, Mr. CHEUNG Chun On, Daniel 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; Ms. Ella Betsy WONG is the Alternate Director to Mr. Jan KOEPPEN and Dr. GAO Jack Qunyao is the Alternate Director to Mr. CHEUNG Chun On, Daniel.*