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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 TRANSACTION  
SUPPLEMENTAL FRAMEWORK AGREEMENT  
AND REVISION OF ANNUAL CAPS**

Reference is made to the announcement of the Company dated 4 December 2015 in relation to, among other matters, the Framework Agreement entered into between Beijing Tianying and LLT, pursuant to which LLT agreed to place, and Beijing Tianying agreed to launch, internet advertisements provided by LLT from time to time on (i) the websites operated by Beijing Tianying, including www.ifeng.com and wap.ifeng.com and (ii) the mobile apps operated by Beijing Tianying, including but not limited to ifeng news and v.ifeng.com, etc. during the Contract Period.

To the best of the knowledge of the Directors, the Original Annual Caps for the year 2016 and 2017 will not suffice to meet the business growth of LLT. On 17 May 2016, Beijing Tianying and LLT entered into the Supplemental Framework Agreement to revise the annual caps for the years ending 31 December 2016 and 2017 to RMB49,000,000 (equivalent to approximately HK\$58,599,100) and RMB80,000,000 (equivalent to approximately HK\$95,672,000), respectively.

As Mr. He Xin, the controlling shareholder of LLT, is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and the Chief Executive Officer of the Company, LLT is therefore a connected person of the Company under the Listing Rules and accordingly the entering into of the Supplemental Framework Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable ratios (other than profits ratio) for the Revised Annual Caps exceed 0.1% but are less than 5%, the Supplemental Framework Agreement and the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 4 December 2015 in relation to, among other matters, the Framework Agreement entered into between Beijing Tianying and LLT, pursuant to which LLT agreed to place, and Beijing Tianying agreed to launch, internet advertisements provided by LLT from time to time on (i) the websites operated by Beijing Tianying, including www.ifeng.com and wap.ifeng.com and (ii) the mobile apps operated by Beijing Tianying, including but not limited to ifeng news and v.ifeng.com, etc. during the Contract Period.

To the best of the knowledge of the Directors, the Original Annual Caps for the year 2016 and 2017 will not suffice to meet the business growth of LLT. On 17 May 2016, Beijing Tianying and LLT entered into the Supplemental Framework Agreement to reflect the Revised Annual Caps.

## **SUPPLEMENTAL FRAMEWORK AGREEMENT AND REVISION OF ANNUAL CAPS**

### **Date**

17 May 2016

### **Parties**

- (i) Beijing Tianying; and
- (ii) LLT.

### **Original Annual Caps and Historical Transaction Amount**

Pursuant to the Framework Agreement, the projected annual caps for the aggregate consideration payable under the Framework Agreement for the three years ending 31 December 2017 are as follows:

Year ending 31 December 2015:	HK\$17,500,000
Year ending 31 December 2016:	HK\$38,000,000
Year ending 31 December 2017:	HK\$57,000,000

The actual amounts paid by LLT to Beijing Tianying in relation to the Services contemplated under the Framework Agreement are set out below:

For the year ended 31 December 2015 (audited):	approximately RMB14,414,000 (equivalent to approximately HK\$17,465,000, as shown in the annual report of the Company for the year ended 31 December 2015)
For three months ended 31 March 2016 (unaudited):	approximately RMB18,090,386 (equivalent to approximately HK\$21,634,293)

As of the date of this announcement, the Original Annual Caps for the year ended 31 December 2015 and the year ending 31 December 2016 have not been exceeded.

### **Revised Annual Caps**

As the annual growth rate of the internet finance industry in China for the year 2015 based on publicly available figures is beyond LLT's expectation, LLT planned to increase its product lines in China. LLT considers that there is a need to further increase its annual advertising budget with a view to further expanding its market in China. Further, the transactions for the Services are mainly settled in Renminbi. In the light of the expected depreciation trend of Renminbi against Hong Kong dollars in the future, the currency denomination of the Revised Annual Caps is changed to Renminbi. Taking into accounts the above factors, the projected annual caps for the aggregate consideration payable under the Framework Agreement for the years ending 31 December 2016 and 2017, hence, have to be revised and increased accordingly as follows:

Year ending 31 December 2016:           RMB49,000,000 (equivalent to approximately HK\$58,599,100)

Year ending 31 December 2017:       RMB80,000,000 (equivalent to approximately HK\$95,672,000)

The Revised Annual Caps are determined with reference to (i) the rate card published by Beijing Tianying from time to time, (ii) the advertising discounts policy of Beijing Tianying, and (iii) the annual advertising budget of LLT, which is mainly based on the target transaction amount in respect of its business for each of the two years ending 31 December 2017.

Save as disclosed above, all the other terms of the Framework Agreement remain unchanged.

### **REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL FRAMEWORK AGREEMENT**

The internet finance industry in China has been growing at a significant rate these years. LLT anticipated that the internet finance industry will remain on its fast-growing trend this year and next year, and planned to increase its product lines in China. On that basis, LLT considers that there is a need to further increase its annual advertising budget in the coming years with a view to further expanding its market in China. The parties therefore discussed and negotiated on arm's length basis and entered into the Supplemental Framework Agreement to increase the annual caps for the two years ending 31 December 2017.

Given that PNM Group offers internet advertisement services in its ordinary course of business, and that the revenue generated from such business constitutes a major part of the revenue of PNM Group, the anticipated increase in provision of internet advertisement services by PNM Group to LLT would generate more revenue for the Group's operation and business and bring extra additional profits to the Group.

The Board (including the independent non-executive Directors) considers that the Supplemental Framework Agreement was entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms thereof and the Revised Annual Caps are fair and reasonable and the entering into of the Supplemental Framework Agreement is in the interests of the Company and the Shareholders as a whole.

Mr. Liu Changle, the Director of the Company, had abstained from voting on the Board resolutions approving the Supplemental Framework Agreement due to his connected relationship with LLT. Save as disclosed above, none of the Directors has a material interest in the Supplemental Framework Agreement and the transactions contemplated thereunder.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As Mr. He Xin, the controlling shareholder of LLT, is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and the Chief Executive Officer of the Company, LLT is therefore a connected person of the Company under the Listing Rules and accordingly the entering into of the Supplemental Framework Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable ratios (other than profits ratio) for the Revised Annual Caps exceed 0.1% but are less than 5%, the Supplemental Framework Agreement and the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Supplemental Framework Agreement and the transactions contemplated thereunder will be disclosed in the Company's annual report and accounts in accordance with Rule 14A.49 of the Listing Rules.

#### **GENERAL**

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting in the PRC and provision of new media services.

LLT is an internet finance company established in the PRC, and is mainly engaged in provision of platforms for peer-to-peer (P2P) online lending and rewards-based crowd-funding businesses. As at the date of this announcement, LLT was owned by Beijing Tianying, 北京匯播廣告傳媒有限公司 (Beijing Huibo Advertising Media Co. Ltd.\*, a wholly-owned subsidiary of the Company), Mr. He Xin, Mr. Zhang Zhen, 北京國科鼎鑫投資中心 (Beijing Guoke Dingxin Investment Centre\*) and 北京五五東方瑞泰創業投資有限公司 (Beijing Wuwu Dongfang Ruitai Chuangye Investment Company Limited\*) as to 5%, 5%, 76.67%, 10%, 2.5% and 0.83% respectively.

## TERMS USED IN THIS ANNOUNCEMENT

“Beijing Tianying”	北京天盈九州網絡技術有限公司(Beijing Tianying Jiuzhou Network Technology Co. Ltd.*), a company established under the laws of the PRC and a non wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Period”	during the period commencing from the date on which the Framework Agreement becomes effective and 31 December 2017
“Directors”	the director(s) of the Company, including independent non-executive director(s)
“Framework Agreement”	the framework agreement dated 4 December 2015 entered into between Beijing Tianying and LLT relating to cooperation in internet advertising
“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

“Independent Third Party”	a party who is not a connected person of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LLT”	北京鳳凰理理它信息技術有限公司(Beijing Phoenix Li Li Ta Information Technology Co., Ltd.*), a limited company established under the laws of the PRC, which, as at the date of this announcement, was owned by Beijing Tianying, 北京匯播廣告傳媒有限公司 (Beijing Huibo Advertising Media Co. Ltd.*, a wholly-owned subsidiary of the Company), Mr. He Xin, Mr. Zhang Zhen, 北京國科鼎鑫投資中心 (Beijing Guoke Dingxin Investment Centre*) and 北京五五東方瑞泰創業投資有限公司 (Beijing Wuwu Dongfang Ruitai Chuangye Investment Company Limited*) as to 5%, 5%, 76.67%, 10%, 2.5% and 0.83% respectively
“Original Annual Caps”	the original projected annual caps under the Framework Agreement for the three years ending 31 December 2017
“PNM”	Phoenix New Media Limited (鳳凰新媒體有限公司), a non wholly-owned subsidiary of the Company, whose shares are listed by way of American Depositary Receipts on the New York Stock Exchange of the United States
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Revised Annual Caps”	the revised projected annual caps under the Supplemental Framework Agreement for the two years ending 31 December 2017
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

“Services”	the internet advertisement launching services to be provided by Beijing Tianying pursuant to the Framework Agreement
“Shareholder(s)”	holder(s) of the ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Framework Agreement”	the supplemental agreement to the Framework Agreement dated 17 May 2016 entered into between Beijing Tianying and LLT relating to the Revised Annual Caps in respect of internet advertising
“%”	per cent

For the purpose of this announcement, the exchange rate of RMB1 = HK\$1.1959 has been adopted. No representation is made as to whether any amounts in RMB or HK\$ can or could have been converted on the relevant dates at the above rates or any other rates at all.

By order of the Board  
**Phoenix Satellite Television Holdings Limited**  
**LIU Changle**  
*Chairman*

Hong Kong, 17 May 2016

*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 of Mr. CHUI Keung), Mr. CHUI Keung (also an alternate director to Mr. LIU Changle) and Mr. WANG Ji Yan (also an alternate director of Mr. LIU Changle and Mr. CHUI Keung)*

***Non-executive Directors***

*Mr. SHA Yuejia, Mr. GAO Nianshu, Mr. GONG Jianzhong and Mr. SUN Yanjin*

***Independent Non-executive Directors***

*Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei*

***Alternate Director***

*Mr. Lau Wai Kei, Ricky (alternate director to Mr. SUN Yanjun)*

\* For identification purposes only