



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)

RESULTS ANNOUNCEMENT

For the first quarter ended September 30, 2000

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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The directors of Phoenix Satellite Television Holdings Limited (the “Directors”) collectively and individually accept full responsibility for this announcement which includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to Phoenix Satellite Television Holdings Limited. The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in the announcement are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which

would make any statement herein misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on the bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Revenue grew to HK\$192,323,000 approximately by 94% as compared with the same period last year.
- Phoenix InfoNews Channel — the only 24-hour foreign satellite channel delivering financial news and current affairs in Putonghua to mainland audience
- Launching of Phoenix InfoNews Channel and Phoenix North America Chinese Channel — another milestone to achieve our goal of becoming a bridge between China and the Chinese all over the world.

The directors (“the Directors”) of Phoenix Satellite Television Holdings Limited (“the Company”) have the pleasure of presenting the unaudited consolidated income statement of the Company and its subsidiaries (collectively referred to as “the Phoenix Group”) for the three months ended September 30, 2000 (the “period”) and the consolidated balance sheet of the Phoenix Group as of September 30, 2000, together with the comparative figures for the corresponding period and relevant date in 1999.

FINANCIAL REVIEW

Phoenix Satellite Television Holdings Limited has enjoyed enormous success since it was listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited on June 30, 2000. For the three months period ended September 30, 2000, revenue of the Phoenix Group was approximately HK\$192,323,000, representing a rise of about 94% comparing with the same period last year. Profit from operations was HK\$36,395,000, with earnings per share of HK1.05 cents. Strong advertising revenue was recorded. However, start-up costs of several new projects had eroded profit margins in the short term and the actual growth of the Phoenix Group was not fully reflected.

BUSINESS REVIEW

During the period under review, the increased revenue of the Phoenix Group was mainly attributable to the substantial rise in advertising revenue of the Phoenix Chinese Channel. Despite the increase in advertising rates in July 2000, there has been a continuous growth in advertising bookings of Phoenix Chinese Channel, with its prime time-slots almost fully booked. Since commencing broadcast in 1996, the Phoenix Chinese Channel has established a strong media brand name with the emphasis on both information and entertainment. Building on its reputation, the Phoenix Group will launch the Phoenix InfoNews Channel and Phoenix North America Chinese Channel in late 2000 and early 2001 respectively. Launching new channels can increase advertising time-slots to a great extent, thereby further increasing the volume of advertising revenue. The Phoenix Group will also produce more high quality programmes to attract more audience and advertisers.

China's entry into the World Trade Organisation ("WTO") next year is expected to spur demand for television advertising as both mainland and international companies compete for the domestic Chinese market. The new channels will enable Phoenix Group to capitalize on a range of commercial advertising opportunities, as both mainland and foreign companies will strive to establish a foothold in a more open and liberalized market of China. It is anticipated that advertising expenditure by both domestic and overseas companies will increase with television becoming an increasingly important advertising medium of choice.

The Phoenix Group, with a strong reputation for impartial and quality news and entertainment programming, is well positioned to take advantage of the increased business opportunities.

Phoenix InfoNews Channel

Phoenix InfoNews Channel will be the only foreign satellite television channel delivering, reporting and commentaries on financial news and current affairs in Putonghua to mainland audience 24 hours a day. China's entry to WTO will integrate its economy with that of the world at large, thus, creating a strong demand for first-hand international news for both corporations and individuals in the mainland. Good ratings for the current documentary and news programmes such as "Asia Journal", "Sally's Eye on the World", "Chat Room 123" and "Good Morning China" on Phoenix Chinese Channel have demonstrated this trend. Phoenix InfoNews Channel will expand on the tradition of the Phoenix Chinese Channel, delivering quality coverage and impartial and objective analysis to its audiences. We believe Phoenix InfoNews Channel will appeal to the more educated and higher-income audiences who are often decision-makers responsible for business development and purchasing, therefore providing excellent opportunities to advertisers targeting these audiences. As the target audiences of Phoenix InfoNews Channel and the Phoenix Chinese Channel are very different, competition for advertisers between these two channels is unlikely.

In order to form a comprehensive reporting network, news bureaus have been set up in eight cities in three continents, namely New York, Los Angeles, London, Tokyo, Taipei, Beijing, Shanghai and Shenzhen. The mission of these bureaus is to report news from a Chinese perspective, giving Phoenix InfoNews audience the latest first-hand coverage so as to break the traditional dependence on Western media. We have recruited several dozen experienced television personnel and newscasters from all over the world to form a strong news production team and acquired a set of state-of-the-art equipment — the text and visual editing broadcast system, which will be used for the first time in Hong Kong, to provide world class broadcasting. Phoenix InfoNews Channel, Phoenix North America Chinese Channel and Phoenix CNE Channel together will provide prime news of the day to most Chinese in the world.

Phoenix North America Chinese Channel

Phoenix North America Chinese Channel will be the first Chinese channel to be delivered by the largest direct broadcasting satellite platform in the United States, DIRECTV, and will feature news, life style, infotainment, drama series as well as self-produced local programs that suit the tastes of North American Chinese.

The launch of this subscription-driven channel is aimed at capturing the largest Chinese community market outside the Greater China and Asia regions. It is conservatively estimated that about one million Chinese families live in the United States. We are confident that this channel will satisfy the demand of our target audiences who crave for quality Chinese programmes which are generally lacking in the territory. The Phoenix North America Chinese Channel will also promote our brand name internationally, strengthen the overseas reporting and production capabilities, and enhance the content quality and diversity of the Phoenix Group as a whole. If there is demand, we will consider to launch additional channels in North America.

PROSPECTS

The China advertising market is at a rapid growing stage, and television advertising is the engine of the China advertising market. We strongly believe that the launch of InfoNews Channel will enable the Phoenix Group to boost both its share of the current advertising spend and the much larger market in the future.

Forging a synergy between the Phoenix Group's core business and other supporting businesses — including our Web-site “www.phoenixtv.com” and magazine “Phoenix Weekly”, we will provide advertisers with a reliable and well-known one-stop service platform. The Phoenix Group serves its clients with a range of capabilities both in traditional media such as television and magazines and also in new online services.

Entering into the 21st century and the digital age, the world is increasingly becoming a global village as people build stronger and closer relationships. It is one of our goals to become a bridge between China and the Chinese all over the world. The launch of Phoenix InfoNews Channel and Phoenix North America Chinese are important milestones for us to achieve such a goal.

The the whole team at the Phoenix Group will continue to do their best to deploy their strengths and capabilities in keeping with the pace of time, to embrace and herald the new opportunity of development and prosperity.

CONSOLIDATED BALANCE SHEET — UNAUDITED

As at September 30, 2000

		As at September 30, 2000 HK\$'000	As at June 30, 2000 HK\$'000 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and bank balances		857,255	770,316
Accounts receivable, net		137,941	82,549
Inventories		319	435
Prepayments, deposits and other receivables		95,088	106,747
Amount due from related companies		26,243	20,360
Self-produced programmes		11,994	12,459
Purchased programme rights	2	<u>18,887</u>	<u>16,670</u>
Total current assets		1,147,727	1,009,536
FIXED ASSETS	3	13,954	4,558
PURCHASED PROGRAMME RIGHTS	2	<u>24,080</u>	<u>19,841</u>
Total assets		<u><u>1,185,761</u></u>	<u><u>1,033,935</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Deferred income		9,142	9,163
Advertising revenue received in advance		31,354	43,706
Accounts payable and accruals		94,927	71,531
Amount due to related companies		<u>28,898</u>	<u>21,979</u>
Total current liabilities		164,321	146,379
MINORITY INTERESTS		<u>6,917</u>	<u>7,753</u>
Total liabilities		<u>171,238</u>	<u>154,132</u>
SHAREHOLDERS' EQUITY			
Share capital	4	493,097	484,706
Reserves	5	<u>521,426</u>	<u>395,097</u>
Total shareholders' equity		<u>1,014,523</u>	<u>879,803</u>
Total liabilities and shareholders' equity		<u><u>1,185,761</u></u>	<u><u>1,033,935</u></u>

CONSOLIDATED INCOME STATEMENT — UNAUDITED*For the three months ended September 30, 2000*

		Three months ended	
		September 30,	
		2000	1999
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	6	192,323	99,141
OPERATING EXPENSES	6, 7	(99,018)	(74,272)
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	6, 7	<u>(56,910)</u>	<u>(33,153)</u>
PROFIT (LOSS) FROM OPERATIONS		36,395	(8,284)
OTHER INCOME			
Exchange gain, net		763	217
Interest income		11,599	469
Other income, net		<u>793</u>	<u>369</u>
PROFIT (LOSS) BEFORE TAXATION AND MINORITY INTERESTS		49,550	(7,229)
TAXATION	8	<u>—</u>	<u>—</u>
PROFIT (LOSS) BEFORE MINORITY INTERESTS		49,550	(7,229)
MINORITY INTERESTS		<u>1,836</u>	<u>—</u>
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS		51,386	(7,229)
ACCUMULATED DEFICIT, beginning of period		<u>(355,762)</u>	<u>(406,077)</u>
		(304,376)	(413,306)
DIVIDENDS	9	<u>—</u>	<u>—</u>
ACCUMULATED DEFICIT, end of period		<u>(304,376)</u>	<u>(413,306)</u>
EARNINGS (LOSS) PER SHARE	10	<u>1.05 cents</u>	<u>(0.18) cents</u>

A separate statement of recognised gains and losses is not presented because there were no recognised gains and losses other than the profit attributable to shareholders for the period.

CONSOLIDATED STATEMENT OF CASH FLOWS — UNAUDITED

For the three months ended September 30, 2000

	Three months ended	
	September 30,	
	2000	1999
Note	HK\$'000	HK\$'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	<u>885</u>	<u>(35,220)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received from bank deposits	<u>11,599</u>	<u>469</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>11,599</u>	<u>469</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(9,879)</u>	<u>(56)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(9,879)</u>	<u>(56)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	<u>2,605</u>	<u>(34,807)</u>
FINANCING ACTIVITIES		
Capital contributions from minority shareholders	1,000	—
Proceeds from over-allotment of shares	90,621	—
Over-allotment, placement and public offering expenses paid	<u>(7,287)</u>	<u>—</u>
NET CASH INFLOW FROM FINANCING	<u>84,334</u>	<u>—</u>
INCREASE/(DECREASE) IN CASH AND BANK BALANCES	11 <u>86,939</u>	<u>(34,807)</u>

NOTES TO THE QUARTERLY REPORT

September 30, 2000

(Amounts expressed in Hong Kong dollars unless otherwise stated)

1. Basis of Preparation and Accounting Policies

These quarterly financial statements have been prepared in accordance with the principal accounting policies set out in the Company's 1999 annual report and comply with Statement of Standard Accounting Practice Number 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Chapter 18 of The Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules").

The Phoenix Group, after the Phoenix Group Reorganisation as set out in the section headed "Corporate Reorganisation" in Appendix VI of the prospectus issued by the Company on June 21, 2000, is regarded as a continuing entity. Accordingly, the financial statements of the Phoenix Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Phoenix Group. The Group Reorganisation was completed on June 16, 2000.

All material intra-group transactions and balances have been eliminated on consolidation.

2. Purchased Programme Rights

	September 30, 2000 <i>HK\$'000</i>	June 30, <i>HK\$'000</i> <i>(Audited)</i>
Cost	142,686	130,002
Accumulated amortisation	<u>(99,719)</u>	<u>(93,491)</u>
	42,967	36,511
Less: Purchased programme rights — current portion	<u>(18,887)</u>	<u>(16,670)</u>
Purchased programme rights — long term portion	<u><u>24,080</u></u>	<u><u>19,841</u></u>

3. Fixed Assets

	September 30, 2000 <i>HK\$'000</i>	June 30, <i>HK\$'000</i> <i>(Audited)</i>
Net book value, beginning of period/year	4,558	2,948
Additions	9,879	2,747
Depreciation	<u>(483)</u>	<u>(1,137)</u>
Net book value, end of period/year	<u><u>13,954</u></u>	<u><u>4,558</u></u>

4. Share Capital

		September 30, 2000	
	<i>Note</i>	<i>No. of shares</i>	<i>HK\$'000</i>
Issued and fully paid (HK\$0.10 each)			
Beginning of period		4,847,060,000	484,706
Exercise of over-allotment option	a	<u>83,908,000</u>	<u>8,391</u>
End of period		<u><u>4,930,968,000</u></u>	<u><u>493,097</u></u>

Note:

- a. On July 21, 2000, the underwriters have exercised the over-allotment option for the issuance of 83,908,000 ordinary shares of \$0.10 each at \$1.08 per share in accordance with the underwriting agreement entered into by it, the Company and others on June 20, 2000.

5. Reserves

Movements in reserves of the Phoenix Group during the period were as follows:

	Three months ended September 30,			
	2000			1999
	Share premium HK\$'000	Accumulated deficit HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of period	750,859	(355,762)	395,097	(327,611)
Profit (loss) attributable to shareholders	—	51,386	51,386	(7,229)
Proceeds from over-allotment of shares	82,230	—	82,230	—
Placements and public offering expenses	(2,747)	—	(2,747)	—
Over-allotment expenses	<u>(4,540)</u>	<u>—</u>	<u>(4,540)</u>	<u>—</u>
End of period	<u><u>825,802</u></u>	<u><u>(304,376)</u></u>	<u><u>521,426</u></u>	<u><u>(334,840)</u></u>

6. Segment Information

	Three months ended September 30,			
	2000		1999	
	Revenue	Profit from	Revenue	Loss from
	<i>HK\$'000</i>	<i>operations</i>	<i>HK'000</i>	<i>operations</i>
		<i>HK\$'000</i>		<i>HK'000</i>
By nature of revenue:				
Advertising	184,042	184,042	93,350	93,350
Subscription	6,921	6,921	5,791	5,791
Magazine advertising and subscription	1,285	1,285	—	—
Technical services	75	75	—	—
	<u>192,323</u>	<u>192,323</u>	<u>99,141</u>	<u>99,141</u>
Less:				
Operating expenses		(99,018)		(74,272)
Selling, general and administrative expenses		<u>(56,910)</u>		<u>(33,153)</u>
		<u>36,395</u>		<u>(8,284)</u>
By geographical regions:				
China	175,436		87,528	
International	<u>16,887</u>		<u>11,613</u>	
	<u>192,323</u>		<u>99,141</u>	

No analysis of profit attributable to shareholders by geographical regions is presented as operating and other expenses are generally centralised and not separated by geographical regions.

7. Related Party Transactions

In the normal course of business, the Phoenix Group had the following significant transactions with the related parties:

		Three months ended	
		September 30,	
		2000	1999
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Office premises rental paid to Satellite Television Asian Region Limited	a, b	1,896	1,949
Service charges paid to Satellite Television Asian Region Limited	a, c	20,190	18,800
Commission for international advertising sales and marketing services paid to Satellite Television Asian Region Limited	a, d	2,601	1,814
Commission for international subscription sales and marketing services paid to Satellite Television Asian Region Limited	a, e	295	156
Film licence fees paid to Star TV Filmed Entertainment Limited	a, f	5,099	8,291
Programmes license fees paid to ATV Enterprises Limited	g, h	3,741	6,747

The Phoenix Group provided certain film rights and programmes to Phoenix Chinese News and Entertainment Limited (formerly known as Chinese News and Entertainment Limited) ("PCNE") at no charge since the date of the conditional agreement as disclosed in Note 12.

Notes:

The Directors of the Company confirmed that all of the above related party transactions were carried out in the normal course of business of the Phoenix Group and that these transactions will be continued in the future.

- a. Satellite Television Asian Region Limited and Star TV Filmed Entertainment Limited are wholly-owned subsidiaries of the Star TV group.
- b. Office premises rental paid to Satellite Television Asian Region Limited was determined by reference to the area of space occupied by the Phoenix Group and was proportional to the rental payable by Satellite Television Asian Region Limited in respect of the area occupied by it under its lease with the landlord.

- c. Service charges paid to Satellite Television Asian Region Limited covered the following services provided to the Phoenix Group which were charged based on the terms as specified under a service agreement. A fixed fee and/or variable fees were charged depending on the type of facilities utilised:
- Transponder capacity;
 - Network;
 - Broadcast operations and engineering;
 - Uplink and downlink; and
 - General administrative and other support (including access to, and the use of, general office facilities, human resources, management information system, commercial traffic and insurance.)
- d. The commission for international advertising sales and marketing services paid to Satellite Television Asian Region Limited was based on 20% (1999 — 20%) of the net advertising income generated and received by it on behalf of the Phoenix Group after deducting the relevant amount of the third party agency fees incurred by it.
- e. The commission for international subscription sales and marketing services paid to Satellite Television Asian Region Limited was based on 15% (1999 — 15%) of the subscription fees received by it on behalf of the Phoenix Group.
- f. The film licence fees were charged in accordance with a film rights acquisition agreement with Star TV Filmed Entertainment Limited.
- g. The programme licence fees paid to ATV Enterprises Limited were negotiated on a case-by-case basis.
- h. Mr. LIU, Changle and Mr. CHAN, Wing Kee, own approximately 14% and 18% indirect interest of ATV Enterprises Limited respectively as at September 30, 2000.

8. Taxation

No Hong Kong profits tax has been provided as the Phoenix Group has no estimated assessable profits taxable in Hong Kong for the period (1999 – nil).

There was no other significant unprovided deferred taxation for the period ended September 30, 2000 (1999 – nil).

9. Dividends

The Board has resolved that no interim dividend for the three months ended September 30, 2000 should be distributed to the shareholders (1999 – nil).

10. Earnings (Loss) Per Share

Earnings (loss) per share is calculated based on consolidated profit attributable to shareholders of HK\$51,386,509 for the three months ended September 30, 2000 (three months ended September 30, 1999: loss of \$7,229,188) and the 4,912,727,130 weighted average number of shares in issue during the period (1999 — 4,120,000,000 being the weighted average number of shares that would have been in issue throughout the period

on the assumption that the Phoenix Group Reorganisation (as set out in the section headed “Corporate Reorganisation” in Appendix VI of the Prospectus issued by the Company on June 21, 2000 was completed as at July 1, 1998).

No diluted earnings per share for the three months ended September 30, 1999 and 2000 has been presented because there were no dilutive potential ordinary shares in existence during the period.

11. Notes to Consolidated Statement of Cash Flows

	Three months ended	
	September 30,	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysis of changes in cash and bank balances:		
Cash and bank balances, beginning of period	770,316	56,026
Increase/(decrease) in cash and bank balances	<u>86,939</u>	<u>(34,807)</u>
Cash and bank balances, end of period	<u><u>857,255</u></u>	<u><u>(21,219)</u></u>

12. Commitments

a. *Film rights and programme acquisition*

As at September 30, 2000, the Phoenix Group had aggregate outstanding film rights and programmes related commitments of approximately \$1,138,000 (June 30, 2000 — \$5,831,000) in respect of programmes acquisition agreements with third parties. The amount of commitments which are payable within the next twelve months, analyzed according to the period in which the agreements expire, are as follows:

	September 30,	June 30,
	2000	
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Audited)</i>
Expiring in the first year	—	421
Expiring in the second to fifth years inclusive	1,138	5,410
Expiring after the fifth year	<u>—</u>	<u>—</u>
	<u><u>1,138</u></u>	<u><u>5,831</u></u>

b. *Other commitment*

Save as disclosed above and in the most recent annual financial statements, the Phoenix Group had the following additional commitment as at September 30, 2000:

Details of commitment	Payee	Total commitment <i>HK\$'000</i>	Amount payable within the next twelve months <i>HK\$'000</i>
Purchase of computer hardware	北京中科大洋科技發展 有限責任公司	4,668	2,334
Leasing of space capacity from International Telecommunications Satellite Organisation (“INTELSAT”)	Cable & Wireless HKTI Limited	4,376	4,011
Design and development of a news operating system	北京中科大洋科技發展 有限責任公司	3,501	3,501
Provision of satellite digital uplink service	Cable & Wireless HKTI Limited	2,440	2,237
Provision of downlink services	McKibben Communications	980	980
Provision of WNI Weather Services	Weathernews Inc.	949	564
Provision of technical support and leasing of office space in Europe	Studio Hamburg Fernseh Allianz	532	532

13. Subsequent Event

The Phoenix Group and Techvast Limited are currently in the process of negotiating the acquisition of Phoenix Chinese News and Entertainment Limited (“PCNE”). Each of the Phoenix Group and Techvast Limited has been issued one share at par of a newly established company, PCNE Holdings Limited. It is proposed that PCNE Holdings Limited shall acquire 100% of the share capital of PCNE from Techvast Limited and then issue new shares so that its total issued share will be held as to 70% by the Phoenix Group and as to 30% by Techvast Limited.

DIRECTORS' INTERESTS

As at September 30, 2000, the interests of the Directors and chief executives in the share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”)) as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange were as follows:

Name	Type of interest	Number of ordinary shares
LIU, Changle	Corporate interests (<i>Note</i>)	1,854,000,000

Note: Mr. LIU, Changle is the beneficial owner of approximately 93.3% of the issued share of Today's Asia Limited, which in turn owns approximately 37.6% of the issued share capital of the Company as at September 30, 2000.

Mr. LIU, Changle and Mr. CHUI, Keung, being the executive directors of the Company have been granted certain share options under the Pre-IPO Share Option Plan. Details of such options are set out in the following paragraph headed “Share Option Schemes”.

Save as disclose herein, as at September 30, 2000, none of the Directors or chief executives of the Company, had any personal, corporate or other interests in the share capital of the Company or its associated corporations as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

On June 7, 2000, two share option schemes of the Company were approved by the shareholders of the Company, namely, Pre-IPO Share Option Plan and Share Option Scheme. The summary of the terms of the two share option schemes has been set out in Appendix VI of the prospectus issued by the Company dated June 21, 2000 (“the Prospectus”) under the section headed “Share Option Schemes”.

As at September 30, 2000, the Company had granted the following share options under the Pre-IPO Share Option Plan to the Directors of the Company and employees of the Phoenix Group to acquire 1,000,000 shares or more:

Name	Number of options	Date of grant	Exercise price per share <i>HK\$</i>
LIU, Changle*	5,320,000	June 14, 2000	1.08
CHUI, Keung*	3,990,000	June 14, 2000	1.08
WANG, Ji Yan [#]	3,990,000	June 14, 2000	1.08
YU, Tung Ho [#]	3,990,000	June 14, 2000	1.08
LEUNG, Noong Kong [#]	3,990,000	June 14, 2000	1.08
YEUNG, Ka Keung [#]	3,990,000	June 14, 2000	1.08
WU, Hsiao Li (Sally) ^Δ	1,596,000	June 14, 2000	1.08
XU, Gehui ^Δ	1,064,000	June 14, 2000	1.08
CHEN, Luyu ^Δ	1,064,000	June 14, 2000	1.08
DOU, Wentao ^Δ	1,064,000	June 14, 2000	1.08
HO, Nai Yin Howard ^Δ	1,064,000	June 14, 2000	1.08
SHI, Ningning ^Δ	1,064,000	June 14, 2000	1.08
WU, Xiaoyong ^Δ	1,064,000	June 14, 2000	1.08
LI, Ji Rui ^Δ	1,064,000	June 14, 2000	1.08
138 other employees (holding less than 1,000,000 shares) ^Δ	<u>25,428,000</u>		
Total	<u><u>59,742,000</u></u>		

Notes:

* Being the executive directors of the Company.

Being the senior management of the Phoenix Group.

Δ Being the employees of the Phoenix Group.

No options have been granted to non-executive Directors and independent non-executive Directors under the Pre-IPO Share Option Plan.

The options are exercisable at any time commencing twelve months from the date of grant of the options in accordance with the following schedule and the other terms of the Pre-IPO Share Option Plan:

- (i) During the period starting from June 15, 2000 to June 14, 2001, no option may be exercised.
- (ii) During the period starting from June 15, 2001 to June 14, 2002, the option may be exercised up to 25% of such shares.
- (iii) During the period starting from June 15, 2002 to June 14, 2003, the option may (to the extent not exercised in accordance with (ii) above) be exercised up to 50% of such shares.

- (iv) During the period starting from June 15, 2003 to June 14, 2004, the option may (to the extent not exercised in accordance with (ii) and (iii) above) be exercised up to 75% of such shares.
- (v) Starting from June 15, 2004, the option may (to the extent not exercised in accordance with (ii), (iii) and (iv) above) be exercised in full.

The expiry dates of the options are ten years after the date of grant of the options.

No options have been exercised, cancelled or lapsed during the period from the date of grant to September 30, 2000.

As at September 30, 2000, no options have been granted under the Share Option Scheme.

On June 7, 2000, PHOENIXi Investment Limited (“PHOENIXi”), a member of the Phoenix Group had adopted the PHOENIXi 2000 Stock Incentive Plan (“the PHOENIXi Plan”). Under the PHOENIXi Plan, the employees of PHOENIXi, including any executive Directors, in the full-time employment of PHOENIXi or its subsidiaries or the Company are eligible to take up options to subscribe for shares in PHOENIXi. The summary of the terms of the PHOENIXi Plan has been set out in Appendix VI of the Prospectus under the section headed “Share Option Schemes”.

As at September 30, 2000, no options have been granted under the PHOENIXi Plan.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the terms of the Company’s Share Option Scheme approved by the shareholders on June 7, 2000, a committee formed by four Directors of the Company may, at their discretion, invite any employee of the Company or any of the Phoenix Group companies, including any executive Directors, to take up options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Share Option Scheme may not exceed 10% of the issued share capital of the Company as at June 30, 2000.

The Company has applied for a waiver from strict compliance with Rule 23.02(2) of the GEM Listing Rules so that the total number of shares available for issue under the options may increase up to 30% of the issued share capital of the Company from time to time. Please refer to the paragraph “Share Option Scheme” in the section of the Prospectus headed “Waivers from compliance with the GEM Listing Rules and Companies Ordinance”.

Save as disclosed above, and other than those in connection with the Phoenix Group reorganisation scheme prior to the Company’s listing of shares, at no time during the period was the Company or any of the companies comprising the Phoenix Group a party to any arrangement to enable the Company’s Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Phoenix Group's business to which the Company or any of the companies comprising the Phoenix Group was a party and in which any of the Company's Directors or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS

As at September 30, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, the following persons (other than a Director or chief executive of the Company) who were, directly or indirectly, interested in 10% or more of the Company's issued share capital were as follows:

Name of shareholders	Number of ordinary shares held
Star Television Holdings Limited (<i>Note 1</i>)	1,854,000,000
Today's Asia Limited (<i>Note 2</i>)	1,854,000,000

Notes:

1. Star Television Holdings Limited is a wholly-owned subsidiary of Star Television Limited, which in turn is a wholly-owned subsidiary of Star Multimedia Group Limited (formerly known as Newscorp Cayman International Ltd.). Star Multimedia Group Limited is a wholly-owned subsidiary of News Cayman Holdings Ltd, which in turn is a wholly-owned subsidiary of News Publishers Investments Pty Ltd. News Publishers Investments Pty Ltd is a wholly-owned subsidiary of News Publishers Holdings Pty Ltd, which in turn is a wholly-owned subsidiary of The News Corporation Limited, a listed company in Australia, London and New York.

By virtue of the SDI Ordinance, The News Corporation Limited, News Publishers Holdings Pty Ltd., News Publishers Investments Pty Ltd., News Cayman Holdings Ltd., Star Multimedia Group Limited, and Star Television Limited are all deemed to be interested in the 1,854,000,000 shares held by Star Television Holdings Limited.

2. Today's Asia Limited is beneficially owned by Mr. LIU, Changle and Mr. CHAN, Wing Kee as to 93.3% and 6.7% interests, respectively.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Company's Articles of Association and the law in the Cayman Islands in relation to the issue of new shares by the Company.

PURCHASE, SALE OR REPURCHASE OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the Company's shares during the period.

SPONSORS' INTERESTS

Bank of China Group Investment Limited, beneficially owned by Bank of China, the ultimate holding company of BOCI Asia Limited, indirectly, owns the entire issued share capital of China Wise International Limited which in turn owns 412,000,000 shares (approximately 8.35%) of the Company. Mr. LUO, Jiansheng has been nominated by China Wise International Limited and appointed as a Director of thirteen subsidiaries of the Phoenix Group, namely:

- Phoenix Satellite Television Company Limited
- Phoenix Satellite Television (Chinese Channel) Limited
- Phoenix Satellite Television (Movies) Limited
- Phoenix Satellite Television (Europe) Limited
- Binji Overseas Limited
- Phoenix Satellite Television Information Limited
- Phoenix Satellite Television (B.V.I.) Holding Limited
- Phoenix Satellite Television (InfoNews) Limited
- Phoenix Weekly Magazine (BVI) Limited
- Phoenix Satellite Television Development (BVI) Limited
- Phoenix Satellite Television (Universal) Limited
- Phoenix Satellite Television Development Limited
- Phoenix Satellite Television (Taiwan) Limited

One of the non-executive Directors of the Company, Mr. LIANG, Xiaoting, is a director of BOC International Holdings Limited, the immediate holding company of BOCI Asia Limited.

Save as disclosed above, each of BOCI Asia Limited and Merrill Lynch Far East Limited has confirmed:

- (i) neither itself nor its associates has, or may have, any interest in any class of securities (including derivatives) of the Company, or any other company within the Phoenix Group (including options or rights to subscribe such securities);
- (ii) no director or employee or the associates of BOCI Asia Limited or Merrill Lynch Far East Limited who are involved in providing advice to the Company has or may, have any interest in any class of securities of the Company or any other company within the Phoenix Group (including options or rights to subscribe such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed by any such directors or employee pursuant to the Public Offer);

- (iii) neither itself nor its associates accrued any material benefit as a result of the successful outcome of the listing of the shares on the GEM; and
- (iv) no director or employee or the associates of BOCI Asia Limited or Merrill Lynch Far East Limited has a directorship in the Company or any other company within the Phoenix Group.

COMPETING INTERESTS

Today's Asia Limited, Star Television Holdings Limited and China Wise International Limited are shareholders of the Company holding 1,854,000,000, 1,854,000,000 and 412,000,000 shares, and are entitled respectively to exercise or control the exercise of 37.6%, 37.6% and 8.35% of the voting power at general meetings of the Company.

Star Television Holdings Limited, together with its parent company, The News Corporation Limited, are active in the television broadcasting industry worldwide. The News Corporation Limited's diversified global operations in the United States, the United Kingdom, Australia, Latin America and Asia include the production and distribution of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems and the creation and distribution of popular on-line programming. Pursuant to a press release issued on June 20, 2000, The News Corporation Limited announced that it will restructure its worldwide satellite platforms and certain related assets into one umbrella entity to be called Sky Global Networks, Inc. Sky Global will comprise The News Corporation Limited's equity interests in satellite distribution platforms around the world including Star Multimedia Group Limited and its subsidiaries. In preparation for its initial public offering, Sky Global has filed a registration statement relating to the securities to be offered for sale with the U.S. Securities and Exchange Commission but such registration statement has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective¹. The Directors believe that such proposed restructuring and initial public offering will not result in any material adverse impact on the operations of the Phoenix Group. Currently, Star Multimedia Group Limited, the ultimate holding company of Star Television Holdings Limited, engages in the ownership and operation of multimedia digital platforms, including satellite television, in the Asia Pacific region. Star Multimedia Group Limited and its subsidiaries (including Star Television Holdings Limited) operate and broadcast a range of channels, such as Star Movies, Star Chinese Channel (which presently only broadcasts in Taiwan) and Channel V. Its broadcasting coverage includes China, Taiwan, Hong Kong, countries in South East Asia, the Indian sub-continent and the Middle East.

Mr. LIU, Changle and Mr. CHAN Wing Kee hold, through several intermediate companies at different levels, approximately 14% and 18% of Asia Television Limited, a Hong Kong based television broadcasting company. Asia Television Limited is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. Primarily aiming at audiences in Hong Kong, Asia Television Limited broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. The

¹ This disclosure shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in the United States or any country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State or country.

Directors understand that the business of the Phoenix Group may have direct competition with Asia Television Limited in Hong Kong and certain other areas covered by Asia Television Limited's broadcasts, such as parts of Guangdong Province of the PRC.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Society of Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board of Directors. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee comprises one non-executive Director, namely Mr. LAU, Yu Leung John and two independent non-executive Directors, namely Dr. LO, Ka Shui and Mr. KUOK, Khoon Ean.

CHANGE OF NON-EXECUTIVE DIRECTOR

The Board wishes to announce that:

1. Mr. LIANG Xiaoting has resigned as a non-executive director of the Company with effect from November 13, 2000; and
2. Mr. XU Gang is appointed as a non-executive director of the Company with effect from November 13, 2000.

The Board would like to take this opportunity to express its appreciation for Mr. LIANG Xiaoting's contribution towards the Company during his term of service.

By Order of the Board
Liu Changle
Chairman

Hong Kong, September 13, 2000

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