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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)

CONTINUING CONNECTED TRANSACTIONS

Phoenix CNE and BSkyB entered into an agreement for the provision of EPG Services on 31 August 2005. This is a renewal of the agreement previously entered into between the same parties on 26 June 2002 which had expired on 29 August 2005.

The Directors believe that the amount of fees payable by Phoenix CNE to BSkyB for the 2005 EPG Services Agreement for the financial years ending 31 December 2005, 2006, 2007 and 2008 will not exceed HK\$433,000, HK\$1,300,000, HK\$1,400,000 and HK\$940,000 respectively.

The entering into the 2005 EPG Services Agreement and the transactions contemplated therein constitute continuing connected transactions under Rule 20.34 of the GEM Listing Rules and are subject to the announcement and other reporting requirements set out in Rules 20.45 to 20.47 and is exempt from the independent shareholders' approval requirements. The continuing connected transactions will be subject to annual review by the independent non-executive director and the auditors of the Company pursuant to Rules 20.37 to 20.40 and will re-comply with Rules 20.35(3) and (4) if the Annual Cap is exceeded or when the 2005 EPG Services Agreement is renewed or there is a material change to the terms of the agreement.

Reference is made to the announcement dated 26 June 2002 and the circular dated 17 July 2002 of the Company ("Previous Disclosure") in relation to, inter alia, the 2002 EPG Services Agreement. Pursuant to the 2002 EPG Services Agreement, BSkyB agreed to provide the electronic programme guide services whereby BSkyB shall make available the scheduling, event and synopsis information of the Phoenix CNE Channel by way of a datastream ("EPG Services") to Phoenix CNE, a 70%-owned subsidiary of the Company, for a term of three years starting from 30 August 2002 at a fee of £28,000 (approximately HK\$320,000 based on the historical exchange rate of £1.00 to HK\$11.43) per annum.

THE 2005 EPG SERVICES AGREEMENT

Date: 31 August 2005

Parties: (1) Phoenix CNE (service subscriber)
(2) BSkyB (service provider)

Services: BSkyB shall provide EPG Services to Phoenix CNE.

Term: 3 years commencing from 30 August 2005

Consideration: £76,800 (approximately HK\$1,050,000 based on the current exchange rate of £1.00 to HK\$13.67) per annum payable on a monthly basis. The fee shall, with effect from 1 January of each year commencing on 1 January 2006, be increased by the percentage change in the RPI (if any) in the preceding calendar year. If there is no change in the RPI in the preceding calendar year or if such change is negative, the fee will not be increased until 1 January of the next year and will remain the same as the fee which were payable in the preceding year. Apart from the increase in the annual fee and this adjustment of fee based on RPI, the major terms of the 2002 EPG Services Agreement and the 2005 EPG Services Agreement are similar.

Reasons for entering into the 2005 EPG Services Agreement

The 2002 EPG Services Agreement expired on 29 August 2005, the entry of the 2005 EPG Services Agreement is for the continuity of the services. The 2005 EPG Services Agreement has been negotiated on an arm's length basis with reference to the fee charged by BSkyB to other commercial single channel, which is the same as charged to us. Thus, the fee charged by BSkyB is no less favourable to the Group than that charged to independent third party. Although there is a substantial increase in the service fee, Phoenix CNE has no other alternative as BSkyB is the only satellite platform in the United Kingdom. According to BSkyB, they have invested heavily on the development of its satellite platform in the past few years and would therefore need to increase its service fee. The management considered that it is necessary for Phoenix PNE Channel to continue to subscribe to the EPG Services so that its audience in the United Kingdom can continue to access the scheduling, event and synopsis information of the Phoenix CNE Channel via its set top box.

The Directors, including independent non-executive directors, believe that the terms of the 2005 EPG Services Agreement 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 Company and the shareholders as a whole.

Historical Figures and Expected Annual Cap

The service fee payable to BSkyB under the 2002 EPG Services Agreement was £28,000 per annum. Due to fluctuations in exchange rate, the actual amount of Hong Kong dollars payable to BSkyB by Phoenix CNE for the 12-month periods ended 31 December 2002, 2003 and 2004 and the period from 1 January 2005 to 29 August 2005 (being the expiry date of the 2002 EPG Services Agreement) were approximately HK\$354,000, HK\$344,000, HK\$348,000 and HK\$234,000 respectively.

The service fee payable to BSkyB under the 2005 EPG Services Agreement was £76,800 per annum which will be adjusted based on RPI. The Directors believe that the actual amount of Hong Kong dollars payable by Phoenix CNE to BSkyB for the 2005 EPG Services Agreement for the financial years ending 31 December 2005, 2006, 2007 and 2008 will not exceed HK\$433,000, HK\$1,300,000, HK\$1,400,000 and HK\$940,000 respectively (“Annual Cap”). The Annual Cap for the financial years 2005 and 2008 are calculated on a pro rata basis as the term of the 2005 EPG Services Agreement does not cover a full financial year in 2005 (4 months) and 2008 (8 months). The Annual Cap for the financial year 2007 is higher than that for 2006 because of possible increment of the fee based on RPI. The Annual Cap has been determined with reference to the current fee, possible fluctuations of exchange rate and possible increment of the fee based on RPI.

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 100 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 BSkyB

According to BSkyB, it is the operator of the leading digital television service in the UK and Ireland and provides an unprecedented choice of movies, news, entertainment and sports channels and interactive services to around 21 million viewers in 7.8 million households on Sky digital, the UK’s first broadband digital television platform.

Continuing Connected Transactions

Amongst the parties to the 2005 EPG Services Agreement, Phoenix CNE is a 70% owned subsidiary of the Company. BSkyB is an Associate of News Corporation as it is 36.91% owned by News Corporation. News Corporation is the ultimate holding company of Xing Kong Chuan Mei. Xing Kong Chuan Mei, which owns approximately 37.5% interest in the Company, is the initial management shareholder and substantial shareholder of the Company (as defined in the GEM Listing Rules). Accordingly, BSkyB is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

The entering into the 2005 EPG Services Agreement and the transactions contemplated therein constitute continuing connected transactions under Rule 20.34 of the GEM Listing Rules and are subject to the announcement and other reporting requirements. As each of the percentage ratios under the relevant size tests is on an annual basis less than 2.5%, the transaction is only subject to reporting and announcement requirements set out in Rules 20.45 to 20.47 and is exempt from the independent shareholders’ approval requirements. The continuing connected transactions will be subject to annual review by the independent non-executive director and the auditors of the Company pursuant to Rules 20.37 to 20.40 and will re-comply with Rules 20.35(3) and (4) if the Annual Cap is exceeded or when the 2005 EPG Services Agreement is renewed or there is a material change to the terms of the agreement.

Definitions

“2002 EPG Services Agreement”	the agreement between BSkyB and Phoenix CNE dated 26 June 2002 in relation to the provision of EPG Services
“2005 EPG Services Agreement”	The agreement between BSkyB and Phoenix CNE dated 31 August 2005 in relation to the provision of EPG Services
“Associate”	shall have the meaning ascribed thereto in the GEM Listing Rules
“BSkyB”	British Sky Broadcasting Limited is a 100% owned subsidiary of British Sky Broadcasting Group plc, a company listed on the London and New York stock exchanges and 36.91% owned by News Corporation
“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 Stock Exchange
“EPG Services”	the electronic programme guide services whereby BSkyB shall make available the scheduling, event and synopsis information of the Phoenix CNE Channel by way of a datastream
“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
“£”	United Kingdom Pounds, the lawful currency of England
“News Corporation”	The News Corporation Limited, which is ultimately holding 100% of Xing Kong Chuan Mei
“Phoenix CNE Channel”	an un-encrypted television channel operated by Phoenix CNE targeting Chinese audience in Europe
“Phoenix CNE”	Phoenix Chinese News & Entertainment Limited, a 70% owned subsidiary of the Company
“RPI”	the all items retail price index published by the Office for National Statistics of the United Kingdom, or any equivalent successor index.
“Rule”	any rule of the GEM Listing Rules

“Shareholders”

the shareholders of the Company

“Xing Kong Chuan Mei”

Xing Kong Chuan Mei Group Co., Ltd, which owns approximately 37.5% interest in the Company.

By Order of the Board
Liu Changle
Chairman

Hong Kong, 6 September, 2005

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, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.

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