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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)

### **DISCLOSEABLE TRANSACTION**

The Directors announce that on 14 September 2006, Phoenix Centre as purchaser and Phoenix HK, as Phoenix Centre's guarantor, entered into the Sale and Purchase Agreement with Freescale as Vendor, whereby Phoenix Centre agreed to purchase the Property, Freescale's interest in the Lease and the Chattels from Freescale upon the terms and conditions set out in the Sale and Purchase Agreement.

The Transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the Transaction will be sent to the Shareholders as soon as reasonably practicable.

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### **APPROVAL BY THE CORPORATION**

Under the terms of the Lease, the assignment of Freescale's interest in the Lease to Phoenix Centre requires the prior approval of the Corporation. By the Approval Letter, the Corporation agreed in principle to give consent to the proposed assignment of Freescale's interest in the Lease to Phoenix Centre subject to the conditions that (i) the form of the assignment of Freescale's interest in the Lease to Phoenix Centre shall be approved by the Corporation's solicitors; (ii) Phoenix Centre shall execute a deed of variation of the Lease on or before the Completion Date. The deed of variation of the Lease shall be in such form as determined by the Corporation but shall contain the conditions that the use of the Property as stipulated in the Lease shall be changed to "television, programme and film production, broadcasting, programme distribution, publication, multi-media, entertainment and other related business", that Phoenix Centre shall undertake to install in the Property new machinery and equipment of a value of not less than HK\$105,000,000 and commence operation within 18 months, and

complete within 48 months, of the Completion Date and that Phoenix Centre and Freescale shall be jointly and severally responsible for the payment of the Corporation's legal costs and disbursements incurred in approving the assignment of Freescale's interest in the Lease to Phoenix Centre. The legal costs of the Corporation in preparing the deed of variation of the Lease and the stamp duty thereon, if any, shall be borne by Phoenix Centre. Phoenix paid HK\$50,000 to the Corporation pursuant to the Approval Letter, which shall be applied as part payment of the Corporation's legal costs in preparing the deed of variation of the Lease but if Phoenix Centre fails to execute the deed of variation of Lease on or before the Completion Date, it will be wholly forfeited to the Corporation and the agreement in principle of the Corporation to give consent to the proposed assignment of Freescale's interest in the Lease to Phoenix Centre shall be null and void.

## **SALE AND PURCHASE AGREEMENT**

### **Date**

14 September 2006

### **Parties**

Vendor: Freescale, an Independent Third Party

Purchaser: Phoenix Centre

Guarantor: Phoenix HK

### **Property**

No. 2 Dai King Street, Section I of Tai Po Town Lot No. 13 and the Extensions thereto, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong and any factory and other erections and buildings erected or built thereon (with a gross floor area of approximately 38,442 square metres (413,788 square feet)), together with Freescale's interest in the Lease and the Chattels.

### **Purchase Price**

The aggregate purchase price of the Property (including Freescale's interest in the Lease and the Chattels) of US\$15,500,000 (equivalent to approximately HK\$120,900,000) was arrived at after arm's length negotiation between Phoenix Centre and Freescale, having regard to the prevailing market conditions and values of similar properties in Hong Kong and a valuation report prepared by Knight Frank Petty dated 8 August 2006, according to which the market value of the Property was in the sum of HK\$178,000,000 as at 8 August 2006.

### **Payment of Purchase Price**

- (a) The sum of US\$775,000 (equivalent to approximately HK\$6,045,000) has been paid as earnest money by Phoenix HK to Freescale's solicitors (who held the same as stakeholders) upon signing a non-legally binding memorandum of understanding on 26 June 2006, which sum shall be appropriated as initial deposit and released to Freescale on the signing of the Sale and Purchase Agreement and the initial deposit shall form part of the purchase price of the Property;

- (b) The sum of US\$775,000 (equivalent to approximately HK\$6,045,000) as further deposit shall be paid by Phoenix Centre to Freescale on or before 25 September 2006;
- (c) The sum of US\$1,550,000 (equivalent to approximately HK\$12,090,000) as part payment of the purchase price shall be paid by Phoenix Centre to Freescale on or before 25 September 2006; and
- (d) The balance of the purchase price being US\$12,400,000 (equivalent to approximately HK\$96,720,000) shall be paid by Phoenix Centre to Freescale on the Completion Date.

It is intended that the purchase price of the Property shall be financed by the Company's internal funds and resources.

### **Principal Terms**

The Property is sold for the residue of the term of years referred to in the Lease (i.e. until 27 June 2047) and subject to and with the benefit of the Lease and the Government Grant and all rights of way, easements, other rights, privileges and covenants adversely or beneficially affecting the Property.

Upon signing the Sale and Purchase Agreement, Phoenix Centre is deemed to have accepted Freescale's title to the Property and the Property shall be as between Freescale and Phoenix Centre at Phoenix Centre's risk.

Freescale shall deliver vacant possession of the Property to Phoenix Centre on the Completion Date. The Chattels shall be given and handed over by Freescale to Phoenix Centre in their present state and condition (fair wear and tear excepted) on the Completion Date.

All stamp duties payable on the assignment of the Property under the Stamp Duty Ordinance shall be paid by Phoenix Centre absolutely. The amount of such stamp duties is estimated to be HK\$4,533,750. Freescale shall pay all premium (if any) and consent fee and such other fees as may be imposed by the Corporation for approving the transfer of the Property and the assignment of the Property and Freescale's interest under the Lease to Phoenix Centre.

### **Guarantee**

In consideration of Freescale entering into the Sale and Purchase Agreement with Phoenix Centre, Phoenix HK irrevocably guarantees under the Sale and Purchase Agreement to Freescale that Phoenix HK will comply with its covenants and agreements in the Sale and Purchase Agreement and if Phoenix Centre shall (not due to the default of the Freescale) be in breach or default of the Sale and Purchase Agreement, Phoenix HK will indemnify Freescale against all loss and damage suffered by the Freescale arising as a result of such breach or default as if it were Phoenix Centre under the terms of the Sale and Purchase Agreement.

### **REASONS FOR THE TRANSACTIONS**

With continuing expansion of the Group's business activities and operations, the Group needs more spacious premises to house its production facilities and personnel in Hong Kong. The current office and production premises of the Group at Harbourfront, Hung Hom, Hong Kong cannot offer sufficient space for the Group's further expansion at an economical rental. The

acquisition of the Property not only warrants sufficient room and space for the future expansion of the Group's business and operational activities in Hong Kong, but also has the effect of saving regular rental payments by the Group. After the Group completes moving its office and productions facilities into Property, it is expected that the Group may not renew its existing tenancies at Harbourfront, Hung Hom or that it may surrender such tenancies or any of them to the landlord before their expiration.

The Directors (including the independent non-executive Directors) believe that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the shareholders of the Company as a whole.

## **INFORMATION OF THE GROUP AND FREESCALE**

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

Freescale is a designer and manufacturer of semi-conductors or related products.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Freescale and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as defined in the GEM Listing Rules.

## **GENERAL**

The Transaction constitutes discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. A circular containing further details of the Transaction will be sent to the Shareholders as soon as reasonably practicable.

For use in this announcement and for illustration purposes only, conversion of US\$ into HK\$ is based on the exchange rate of HK\$7.8 to US\$1. No representation is made that any amount in US\$ or HK\$ could be converted at such rate or any other rates.

## **DEFINITIONS**

“Approval Letter”	a letter dated 19 July 2006 from the Corporation to Phoenix Centre whereby the Corporation agreed in principle to give consent to the assignment of Freescale's interest in the Lease to Phoenix Centre
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“Chattels”	Various fittings, chattels, equipment, electrical appliances, etc. more particularly described in the Schedule to the Sale and Purchase Agreement including air-conditioning system, fire services system, electrical system, compressed air system, vacuum system, DI system, Waste Water Recycling System, Waste Water Treatment System, Security System, Public Address System and Exhaust System

“Completion Date”	31 May 2007 or such other day as may from time to time be agreed in writing between Phoenix Centre, Phoenix HK and Freescale
“Corporation”	the Hong Kong Science and Technology Parks Corporation (formerly known as the Hong Kong Industrial Estates Corporation), a body corporate established under the Hong Kong Science and Technology Parks Corporation Ordinance, Cap. 565 of the Laws of Hong Kong, which is the lessor under the Lease
“Director(s)”	The director(s) of the Company, including independent non-executive director(s)
“Freescale”	Freescale Semi-conductor Hong Kong Limited, (飛思卡爾半導體香港有限公司)) formerly known as Motorola Semiconductors Hong Kong, Limited (萬力半導體香港有限公司), a company incorporated in Hong Kong with limited liability.
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Government Grant”	an Agreement and Conditions of Grant dated the 2 day of March 1983 and registered in the Land Registry as New Grant No.11981 as modified and supplemented by (i) a Modification Letter dated the 15 day of December 1987 and registered in the Land Registry by Memorial No.TP277747, (ii) certain Particulars and Conditions of Extension of Lease Term dated the 4 day of May 1990 and registered in the Land Registry by Memorial No.TP321046, (iii) a Modification Letter dated the 18 day of October 1990 and registered in the Land Registry by Memorial No.TP336012, (iv) an Extension Letter dated the 14 day of June 1991 and registered in the Land Registry by Memorial No.TP363519 relating to the grant of an Extension to Tai Po Town Lot No.13, (v) an Extension Letter dated the 3 day of March 1993 and registered in the Land Registry by Memorial No.TP414921 relating to the grant of a further Extension to Tai Po Town Lot No.13 and (vi) a Modification Letter dated the 28 day of June 2002 and registered in the Land Registry by Memorial No.TP688930
“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
“Independent Third Party”	an independent third party which is (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the GEM Listing Rules
“Lease”	a Lease dated 22 April 1997 made between the Corporation and Freescale and registered in the Land Registry by Memorial No.TP525315 and the Deed of Extension of Lease Term and Modifications dated 22 April 1997 also made between the Corporation and Freescale and registered in the Land Registry by Memorial No.TP528462;
“Phoenix Centre”	Phoenix Centre (Hong Kong) Limited (鳳凰中心(香港)有限公司), formerly known as New Concord Group Limited (宜德集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Phoenix HK”	Phoenix Satellite Television Company Limited (鳳凰衛視有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	No. 2 Dai King Street, Section I of Tai Po Town Lot No. 13 and the Extensions thereto, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong and any factory and other erections and buildings erected or built thereon (with a gross floor area of approximately 38,442 square metres (413,788 square feet)).
“Sale and Purchase Agreement”	the agreement dated 14 September 2006 entered into between Phoenix Centre, Phoenix HK and Freescale in relation to the purchase of the Property (including Freescale’s interest in the Lease and the Chattels)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction” the transaction contemplated under the Sale and Purchase Agreement

“US\$” United States dollars, the lawful currency of the United States of America

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

Hong Kong, 14 September 2006

*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. Michelle Lee GUTHRIE, 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 of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting.*