
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Phoenix Satellite Television Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the stockbroker or other registered dealers in securities through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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:
NEW MEDIA CCT WITH CMCC GROUP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 15 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 16 of this circular.

A letter from First Shanghai Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 17 to 27 of this circular.

A notice dated 17 November 2015 convening an EGM to be held on 4 December 2015, Friday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong is set out on pages 34 to 35 of this circular.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof.

17 November 2015

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DEFINITIONS

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

| | |
|--------------------------------|--|
| “26 October 2012 Announcement” | announcement of the Company made on 26 October 2012 |
| “Annual Caps” | the proposed annual cap amounts for New Media CCT for the three years ending 31 December 2016, 2017 and 2018, as set out in the section headed “V. Historical Amounts and Annual Caps” in the “Letter from the Board” in this circular |
| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “close associates” | has the meaning ascribed to it under the Listing Rules |
| “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 associates |
| “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 |
| “Director(s)” | director(s) of the Company |
| “EGM” | extraordinary general meeting of the Company to be convened for approving the Transactions |
| “GEM” | the Growth Enterprise Market 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 People’s Republic of China |
| “Independent Board Committee” | independent committee of the board of Directors of the Company comprising three of the independent non-executive Directors, namely, Messrs. LEUNG Hok Lim, Thaddeus Thomas BECZAK and FANG Fenglei |

DEFINITIONS

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|-------------------------------------|--|
| “Independent Shareholders” | Shareholders other than CMHKG and its associates |
| “Latest Practicable Date” | 13 November 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM |
| “New Media CCT” | provision of website portal and value-added telecommunications services by and to the PNM Group to and by the CMCC Group, including but not limited to those transactions described in the “Letter from the Board” in this circular |
| “normal commercial terms or better” | has the meaning ascribed to it under the Listing Rules |
| “Phoenix New Media” | Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, an indirectly-owned subsidiary of the Company |
| “PNM Class A Share(s)” | the class A ordinary shares of US\$0.01 each (or such other amount as such ordinary shares may be sub-divided or consolidated or converted into) in the share capital of Phoenix New Media |
| “PNM Group” | Phoenix New Media and its subsidiaries |
| “PRC” | the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholder(s)” | holder(s) of share(s) of HK\$0.10 each in the share capital of the Company |
| “Shares” | the shares of HK\$0.10 each in the issued share capital of the Company |

DEFINITIONS

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|------------------|--|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Transactions” | New Media CCT on substantially similar terms as those set out in the section headed “II. New Media CCT” in the “Letter from the Board” in this circular for each of the three years from 1 January 2016 to 31 December 2018, and the Annual Caps |

In this circular, unless otherwise specified, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.2183. Such exchange rate has 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 this or any other rates or at all.

LETTER FROM THE BOARD



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)

Executive Directors:

LIU Changle (*Chairman*)

CHUI Keung

WANG Ji Yan

Non-executive Directors:

SHA Yuejia

GAO Nianshu

GONG Jianzhong

SUN Yanjun

Independent Non-executive Directors:

LO Ka Shui

LEUNG Hok Lim

Thaddeus Thomas BECZAK

FANG Fenglei

Alternate Director:

LAU Wai Kei, Ricky

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place
of Business:*

No. 2-6 Dai King Street

Tai Po Industrial Estate

Tai Po, New Territories

Hong Kong

17 November 2015

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
NEW MEDIA CCT WITH CMCC GROUP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the Company's announcement made on 6 November 2015. This circular gives you certain additional information in relation to the Transactions pursuant to the Listing Rules.

LETTER FROM THE BOARD

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

The CMCC Group is a leading mobile telecommunications services 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.

CMHKG is a substantial shareholder of the Company holding approximately 19.66% of the issued share capital of the Company through CMHKG's wholly-owned subsidiary Extra Step Investments Limited as at the Latest Practicable Date. Members of the CMCC Group are therefore connected persons of the Company under the Listing Rules.

As China Mobile Limited is a leading mobile telecommunications services provider in the PRC, and the PNM Group provides value-added telecommunications services in the PRC, members of the PNM Group have been entering into the New Media CCT with members of the CMCC Group in the ordinary and usual course of business in the past, and the Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT with members of the CMCC Group. With the growth of the telecommunications industry and the new business model to be developed between the PNM Group and the CMCC Group upon the introduction of an application store by the CMCC Group in the future, the new media businesses and, correspondingly, the New Media CCT, are expected to grow in the three years from 1 January 2016 to 31 December 2018. Such New Media CCT would constitute non-exempt continuing connected transactions of the Company under the Listing Rules.

Due to the diverse nature of the transactions involved, the huge number of companies in the CMCC Group, the common market practice in the PRC value-added telecommunications services industry for a separate contract to be negotiated and entered into for each particular product or service and upon consultation with the CMCC Group, the Company considered that it was not feasible for the Company to comply strictly with the requirement of Rule 14A.35(1) (as then in force) of the Listing Rules to enter into a written framework agreement at the outset in 2012 to cover all New Media CCT with the CMCC Group.

The Company therefore applied for a waiver, which was granted by the Stock Exchange on 25 October 2012, from strict compliance with the requirement under Rule 14A.35(1) (as then in force) of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all of the expected New Media CCT for the three years ended 31 December 2013, 2014 and 2015, subject to the conditions disclosed in the 26 October 2012 Announcement. The Shareholders approved the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the three years from 1 January 2013 to 31 December 2015, at the extraordinary general meeting of the Company held on 5 December 2012.

The Company proposes to renew this streamlined approach to the New Media CCT. In this connection, the Company has applied for a waiver, which the Stock Exchange has granted, from strict compliance with the requirement under Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all New Media CCT for the three years from 1 January 2016 to 31 December 2018. The Company proposes to seek Independent Shareholders' approval of the Transactions at the EGM.

LETTER FROM THE BOARD

II. NEW MEDIA CCT

Subject matter and nature of transactions

The New Media CCT for the three years ended 31 December 2013, 2014 and 2015 were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 5 December 2012. Depending on the nature of the transaction, the Company has re-categorised the New Media CCT into the following six categories:

1. rental of IDC (Internet Data Center) facilities from the CMCC Group;
2. provision by the CMCC Group of fee calculation and collection services in respect of value-added telecommunications contents the PNM Group makes available on the CMCC Group's value-added content platforms, such as short messaging contents, multi-media contents, IVR (Interactive Voice Response) products;
3. purchase by the CMCC Group of value-added telecommunications contents based on programs available on the Group's channels, seminars and other promotional activities conducted by the Group's presenters, ad hoc promotional activities undertaken with or sub-contracted by the CMCC Group, such as fan club events and formulating marketing plans for specific projects;
4. provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the PNM Group's web-based or mobile platforms;
5. provision by the PNM Group of products or applications for mobile handsets, including but not limited to games, news or audiovisual products or applications, made available for consumer download on the CMCC Group mobile telecommunications platforms, including but not limited to the platform currently known as "Mobile Market"; and
6. other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by and to members of the PNM Group to and by members of the CMCC Group.

Parties

Each existing New Media CCT is governed by a separate written contract and entered into by the relevant member(s) of the PNM Group with the relevant member(s) of the CMCC Group, depending on the nature of the transaction and geographical location.

So far as the Company is aware, each of the existing contracts for the New Media CCT was separately negotiated on an arm's length basis with the relevant member of the CMCC Group.

LETTER FROM THE BOARD

Pricing bases

The pricing bases for the New Media CCT for the three years from 1 January 2016 to 31 December 2018 (the “Next Three-Year Period”) can be summarised as follows:

| Description of transaction | Pricing basis |
|---|---|
| 1. Rental of IDC (Internet Data Center) facilities from the CMCC Group | For a fixed fee to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price with a discount negotiated on an arm’s length basis having regard to, among other things, the scope, scale and service levels required by the PNM Group |
| 2. Fee calculation and collection services provided by the CMCC Group in respect of value-added telecommunications contents the PNM Group makes available on the CMCC Group’s platforms | <p>(i) For payment via mobile service, the CMCC Group is entitled to percentages to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price negotiated on an arm’s length basis, of the amounts paid in cash and by mobile fee recharge card by subscribers via such service</p> <p>(ii) For short messaging, WAP, IVR, multimedia messaging, reading, video, game, comic and animation and music contents, the CMCC Group is entitled to percentages to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price negotiated on an arm’s length basis; for short messaging and multimedia messaging contents, the CMCC Group also charges the PNM Group an “information flow imbalance” fee based on the difference between the number of short or multimedia messages the PNM Group sends to subscribers and the number of short or multimedia messages subscribers send to the PNM Group</p> |

LETTER FROM THE BOARD

| Description of transaction | Pricing basis |
|---|--|
| 3. (i) Purchase of value-added telecommunications contents based on programs available on the Group's channels, seminars and other promotional activities conducted by the Group's presenters | (i) On a revenue-sharing basis to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to market price negotiated on an arm's length basis taking into account the substantial subscriber base of the CMCC Group on the one hand, and the unique contents provided by the PNM Group on the other hand |
| (ii) Ad hoc promotional activities undertaken with or subcontracted by the CMCC Group | (ii) On a cost plus with a reasonable profit margin to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period |
| 4. Provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the PNM Group's web-based or mobile platforms | For a fixed fee or a revenue-sharing basis with the PNM Group to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price (after relevant discount, as necessary) negotiated on an arm's length basis having regard to, among other things, the scope, scale and service levels required by the PNM Group |
| 5. Provision by the PNM Group of products or applications for mobile handsets, including but not limited to games, news or audiovisual products or applications, made available for consumer download on the CMCC Group mobile telecommunications platforms, including but not limited to the platform currently known as "Mobile Market" | On a revenue-sharing basis with the PNM Group to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price negotiated on an arm's length basis having regard to, among other things, the expected popularity of the relevant products or applications |

LETTER FROM THE BOARD

Description of transaction

Pricing basis

- | | |
|---|---|
| 6. (i) Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by members of the PNM Group to members of the CMCC Group | (i) At market price (after relevant discount or other concessional terms, as necessary) to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period having regard to, among other things, the product feature, scope, scale and service levels required by the CMCC Group, or where there are no comparable market price, on terms no less favourable to the Group than those offered to independent third parties (as the case may be) |
| (ii) Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by members of the CMCC Group to members of the PNM Group such as (i) provision by the CMCC Group of marketing services for products of the PNM Group, (ii) purchase by the PNM Group of mobile data services from the CMCC Group for marketing activities and (iii) the various strategic agreements entered into with different companies in the CMCC Group in relation to the purchasing of a variety of businesses | (ii) At market price with such discount or other concessional terms to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period having regard to, among other things, the product feature, scope, scale and service levels required by the PNM Group, or where there are no comparable market price, on terms no less favourable to the Group than those offered by independent third parties (as the case may be) |

LETTER FROM THE BOARD

In relation to each category of the New Media CCT mentioned above except category 3(ii), “market price” is to be determined by ascertaining the prevailing prices at which the same or similar type of products or services are provided by or to or between independent third parties under normal commercial terms in the ordinary course of business in each case taking into account the applicable circumstances including but not limited to costs, resources, experience, quality and technology of the relevant products, services and counterparty. The pricing terms for the New Media CCT cannot be fixed in advance because it is industry and market practice that each New Media CCT is subject to negotiation and prevailing market conditions at the time that it is entered into and there is no government regulated fixed pricing for the transactions concerned.

Term

Other than the contract for rental of the IDC (Internet Data Center) facilities from the CMCC Group which is for an indefinite term from 1 July 2008, each of the New Media CCT to be entered into by the PNM Group up to 31 December 2018 shall be for a term not exceeding three years, in accordance with the waiver granted on 30 October 2015 and in compliance with Rule 14A.52 of the Listing Rules.

Internal control policy and procedures

The Company and the PNM Group have an established internal controls system for connected transactions which applies to itself as well as the PNM Group to monitor the execution and implementation of connected transactions, including a specific internal control policy regarding control over the terms of and annual caps for the New Media CCT. The Company’s connected transaction policy has been circulated to the relevant staff in the PNM Group and each subsidiary thereof has been required to have in place a system to give effect to the policy.

The principal features of this system in respect of the New Media CCT are as follows:

1. In respect of each New Media CCT, the relevant contract is subject to review by Phoenix New Media, and cannot be entered into prior to the approval being given by Phoenix New Media. The finance team and legal team of Phoenix New Media will conduct a preliminary review on the commercial and legal terms of the relevant contract. The compliance manager of Phoenix New Media will then review the terms (including pricing basis) of each of the New Media CCT, making reference to publicly available information such as announcements and supporting materials reflecting prevailing prices and terms from not less than two independent third parties. Phoenix New Media will conclude whether the relevant contract is in compliance with the Listing Rules and the terms as approved by the shareholders of the Company as well as the conditions of the waiver granted by the Stock Exchange in relation to Rule 14A.34 and Rule 14A.51 of the Listing Rules.
2. For the majority of the New Media CCT, Phoenix New Media will provide the relevant contracts and supporting materials to their external auditors for review. The external auditors will review and advise whether they agree with the view of Phoenix New Media that the relevant contract is in compliance with the Listing Rules.

LETTER FROM THE BOARD

3. In order to ensure the pricing basis of each New Media CCT will be strictly followed:
 - (i) where the PNM Group is purchasing products or services, Phoenix New Media will obtain a number of quotations (not less than two), for or ascertain, through publicly available information from sources such as websites, the prevailing prices offered by independent third parties or the CMCC Group to independent third party customers for such products or services, and ensure that the relevant terms offered by the CMCC Group to the PNM Group will not be less favourable to the PNM Group than comparable terms offered by independent third parties to the PNM Group; and
 - (ii) where the PNM Group is selling products or providing services, Phoenix New Media will have regard to (a) the prevailing prices (not less than two) offered by the PNM Group to independent third parties, (b) the prevailing prices (not less than two) offered by independent third parties or set by the CMCC Group for independent third parties for such products or services as ascertained through publicly available information from sources such as e-book markets or CMCC website, and (c) the cost of the product or service plus a reasonable profit margin (not less than two) offered by the PNM Group to independent third parties, as applicable, to ensure that the relevant terms offered by the PNM Group to the CMCC Group will not be more favourable to the CMCC Group than comparable terms offered by the PNM Group to independent third parties.
4. Phoenix New Media monitors the value of each New Media CCT and the accrued value for such transactions over the course of each relevant year, and produces internal monthly information for this every month. Such information is consolidated for reporting to the board of the Company on a regular basis.
5. In addition, Phoenix New Media has established a “warning” system whereby once the accrued value of the New Media CCT in any relevant year reaches 80% of the relevant annual cap, Phoenix New Media will notify the board of the Company with a view to avoiding the carrying on of the transactions in excess of the annual cap.

LETTER FROM THE BOARD

III. REASONS FOR ENTERING INTO NEW MEDIA CCT

As described above, China Mobile Limited is a leading mobile telecommunications services provider in the PRC, and the PNM Group provides value-added telecommunications services in the PRC. The Company therefore expects that members of the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT with members of the CMCC Group. With the breakthrough innovations in the telecommunications industry, data services have become increasingly important for mobile phone users and will be a major focus of the CMCC Group's future development. There has been higher user acceptance of different mobile phone applications and increasing revenue generated from such applications. As such, the telecommunications industry is expected to continue its rapid growth. In addition, a new business model is expected to be developed between the PNM Group and the CMCC Group upon the introduction of an application store by the CMCC Group in the future. Considering the abovementioned factors, the new media businesses and, correspondingly, the New Media CCT, are expected to grow in the three years from 1 January 2016 to 31 December 2018. Such New Media CCT would constitute non-exempt continuing connected transactions of the Company under the Listing Rules. The New Media CCT are therefore expected to be entered into in the ordinary and usual course of business of the Group on arm's length terms and on substantially similar terms with members of the CMCC Group. The Company proposes to renew the streamlined approach to the New Media CCT of seeking Independent Shareholders' approval of the Transactions at the EGM.

IV. LISTING RULE IMPLICATIONS

As described above, the Company expects that members of the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to enter into the New Media CCT, which will constitute non-exempt continuing connected transactions of the Company.

Rule 14A.34 and Rule 14A.51 of the Listing Rules require that the Company enter into written agreement(s) with the CMCC Group beforehand, setting out the basis of the calculation of the payments to be made. However, due to the diverse nature of the transactions involved, the huge number of companies in the CMCC Group, the common market practice in the PRC value-added telecommunications services industry for a separate contract to be negotiated and entered into for each particular product or service and upon consultation with the CMCC Group, the Company considered that it is not feasible for the Company to comply strictly with the requirement of Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a written framework agreement at the outset to cover all future New Media CCT with the CMCC Group.

Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all of the expected future New Media CCT for the three years from 1 January 2016 to 31 December 2018, subject to the following conditions:

1. the waiver will only apply to the New Media CCT;
2. a separate written agreement will be entered into for each such transaction, for a term not exceeding three years;

LETTER FROM THE BOARD

3. each such transaction will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and which are fair and reasonable and in the interests of the shareholders of the Company as a whole;
4. the pricing basis will be the same (or on better terms for the Group) as those set out under the column headed "Pricing basis" in the section headed "Pricing bases" of this letter;
5. Independent Shareholders' approval will be sought for the Transactions; and
6. all other applicable disclosure, reporting and shareholders' approval requirements under Chapter 14A of the Listing Rules will be complied with.

The Company will comply with the requirements under Chapter 14A of the Listing Rules for any specific transaction entered into between any member of the PNM Group and the CMCC Group under terms that are outside the scope of, or pricing bases for, the New Media CCT approved by the Shareholders pursuant to the EGM.

V. HISTORICAL AMOUNTS AND ANNUAL CAPS

The annual caps approved by the Shareholders for the aggregate service charges paid/payable by the PNM Group to the CMCC Group, and by the CMCC Group to the PNM Group in respect of the New Media CCT for the three years ended 31 December 2013, 2014 and 2015 were RMB552,260,472 (HK\$673,757,776), RMB622,489,019 (HK\$759,436,603) and RMB729,455,470 (HK\$889,935,673) respectively (based on the rate of RMB1 to HK\$1.22, as used in the 26 October 2012 Announcement).

Based on the respective published, audited and consolidated annual financial statements of the Group for the year ended 31 December 2013 and the year ended 31 December 2014, the historical values for New Media CCT were RMB253,006,510 (HK\$318,554,171, based on the rate of RMB1 to HK\$1.26 as used in the annual report of the Company for the year ended 31 December 2013) for 2013 and RMB214,532,624 (HK\$270,482,732, based on the rate of RMB1 to HK\$1.26 as used in the annual report of the Company for the year ended 31 December 2014) for 2014. The value of the New Media CCT for the six months ended 30 June 2015 was approximately RMB105,906,770 (HK\$131,959,835, based on the rate of RMB1 to HK\$1.25 as used in the interim results of the Company for the six months ended 30 June 2015).

Having regard to these historical amounts, the Company proposes the Annual Caps of RMB260,000,000 (approximately HK\$316,758,000), RMB286,000,000 (approximately HK\$348,433,800), and RMB315,000,000 (approximately HK\$383,764,500) respectively for the three years ending 31 December 2016, 2017 and 2018. The calculation of the Annual Caps is also based on the following reasons:

1. the business plan of the PNM Group to continue developing its new media businesses and increase on an annual basis the New Media CCT (in areas such as mobile entertainment applications, seminars and other promotional activities conducted by the PNM Group's presenters and marketing services using multimedia messaging service or similar) will result in further transactions with the CMCC Group over the next three years;

LETTER FROM THE BOARD

2. the new media businesses of the CMCC Group will continue to grow in the near future, including in the New Media CCT such as mobile audiovisual, music, animation and print publication content and will therefore engage the PNM Group further in respect of the New Media CCT; and
3. with the website operated by the PNM Group becoming more established, and with the increased cooperation between the CMCC Group and the PNM Group in respect of the New Media CCT, the PNM Group expects that the CMCC Group will increase its budget for engaging the PNM Group for the provision of marketing and advertising services.

VI. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 4 December 2015, Friday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, during which an ordinary resolution will be proposed to the Shareholders to approve the Transactions. As required by the Listing Rules, CMHKG and its associates will abstain from voting at the EGM. As such, Extra Step Investments Limited, which held approximately 19.66% of the Company's issued share capital as at the Latest Practicable Date, will abstain from voting on the resolution to approve the Transactions at the EGM.

VII. RECOMMENDATION

Your attention is drawn to:

1. the letter from the Independent Board Committee set out on page 16 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions; and
2. the letter from First Shanghai Capital Limited ("**First Shanghai**") set out on pages 17 to 27 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to New Media CCT and the Annual Caps for each of the three years ending 31 December 2016, 2017 and 2018 and the principal factors and reasons considered by First Shanghai in arriving at its recommendations.

Taking into account the views of the Independent Board Committee and First Shanghai, the Board considers that the Transactions are in the interests of the Company and its Shareholders as a whole, and the terms thereof are fair and reasonable. Accordingly, the Board recommends the Independent Shareholders of the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions. Three Directors, namely Mr. SHA Yuejia and Mr. GAO Nianshu, who are Directors nominated by a member of the CMCC Group, and Dr. LO Ka Shui, who is an independent non-executive director of China Mobile Limited, have accordingly abstained from voting on the board resolutions approving the Transactions.

LETTER FROM THE BOARD

VIII. FURTHER INFORMATION

Your attention is also drawn to the information set out in Appendix I to this circular and the notice of the EGM set out in Appendix II.

Yours faithfully,
By Order of the Board
LIU Changle
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

17 November 2015

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS: NEW MEDIA CCT WITH CMCC GROUP

We refer to the circular dated 17 November 2015 of the Company (the “Circular”) of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned. First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Media CCT and the Annual Caps for each of the three years ending on 31 December 2016, 2017 and 2018.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 15 of the Circular which contains, inter alia, information on the Transactions, as well as the letter from First Shanghai set out on pages 17 to 27 of the Circular which contains its advice in respect of the terms of the New Media CCT and the Annual Caps for each of the three years ending on 31 December 2016, 2017 and 2018.

Having taken into account the advice of First Shanghai, we consider that (i) the terms of the Transactions are on normal commercial terms or better, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole, (ii) the Transactions will be carried out in the ordinary and usual course of business of the Company, and (iii) the Annual Caps for each of the three years ending on 31 December 2016, 2017 and 2018 are fair and reasonable, and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Transactions to be proposed at the EGM.

Yours faithfully

For and on behalf of

Independent Board Committee

FANG Fenglei

LEUNG Hok Lim

Thaddeus Thomas BECZAK

Independent Non-executive Directors

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Caps for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

17 November 2015

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sir or Madam,

Continuing Connected Transactions: New Media CCT with CMCC Group

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Caps, the details of which are set out in the circular of the Company to the Shareholders dated 17 November 2015 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

Members of the PNM Group are subsidiaries of the Company and CMCC is a substantial shareholder of the Company, where the members of the CMCC Group are connected persons of the Company. Accordingly, the New Media CCT between the PNM Group and the CMCC Group constitute continuing connected transactions of the Company, which are subject to approval by the Independent Shareholders. Historically, at the extraordinary general meeting of the Company held on 5 December 2012, the then Independent Shareholders approved the New Media CCT and the relevant annual caps for each of the three years from 1 January 2013 to 31 December 2015. The Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT. Hence, the Company will convene the EGM to seek approval of the Independent Shareholders for the New Media CCT and the Annual Caps for each of the three years from 1 January 2016 to 31 December 2018.

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

The Independent Board Committee, comprising three of the independent non-executive Directors, namely Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei, has been established to advise the Independent Shareholders in respect of the Transactions and the Annual Caps. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, apart from the existing engagement in connection with the Transactions and the Annual Caps, we did not have any business relationship with the Company within the past two years. We consider ourselves independent to form our opinion in respect of the Transactions and the Annual Caps.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by management of the Group were true at the time they were made and continued to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group (including the PNM Group) and the CMCC Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation in respect of the Transactions and the Annual Caps, we have taken into account the following principal factors and reasons.

1. Background of and reasons for the Transactions

Background information on the Group

The Group is a leading satellite television operator broadcasting in the PRC. The Group also carries on new media businesses (such as the provision of website portal and value-added telecommunications services) through the PNM Group, the members of which are subsidiaries of the Company.

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

Background information on the CMCC Group

CMCC is a state-owned company established in the PRC and the CMCC Group is a leading mobile telecommunications services provider in the PRC. China Mobile Limited (941 HK) (“**CM**”, together with its subsidiaries, the “**CM Group**”) is the Hong Kong listed subsidiary of CMCC. According to the annual report of CM for the year ended 31 December 2014 (the “**CM Annual Report**”), the CM Group boasts the world’s largest mobile network and the world’s largest mobile customer base with over 800 million customers in the PRC as at 31 December 2014.

Background of and reasons for the Transactions

Members of the PNM Group are subsidiaries of the Company and CMCC is a substantial shareholder of the Company, where the members of the CMCC Group are connected persons of the Company. Accordingly, the New Media CCT between the PNM Group and the CMCC Group constitute continuing connected transactions of the Company, which are subject to approval by the Independent Shareholders. Historically, at the extraordinary general meeting of the Company held on 5 December 2012, the then Independent Shareholders approved the New Media CCT and the relevant annual caps for each of the three years from 1 January 2013 to 31 December 2015. The Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT. Hence, the Company will convene the EGM to seek approval of the Independent Shareholders for the New Media CCT and the Annual Caps for each of the three years from 1 January 2016 to 31 December 2018.

We are advised by the management of the Group that the New Media CCT, which primarily involve the provision of website portal and value-added telecommunications services between the PNM Group and the CMCC Group, are in line with the principal businesses of the PNM Group and the Transactions allow the PNM Group to continue to leverage on the services and the large platform of the CMCC Group in the PRC to expand its business and also allow the PNM Group to procure an additional revenue source.

Taking into account the above factors, in particular, (i) the established business relationship between the Group and the CMCC Group in respect of the New Media CCT; (ii) the CM Group boasts the world’s largest mobile network and the world’s largest mobile customer base with over 800 million customers in the PRC; (iii) the Transactions, which are in line with the principal business of the PNM Group, allow the PNM Group to continue to leverage on the services and the large platform of the CMCC Group in the PRC to expand its business and also allow the PNM Group to procure an additional revenue source; and (iv) the terms of the Transactions are fair and reasonable as discussed below, we are of the view that the entering into of the Transactions is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

2. Principal terms of the Transactions

The following table sets out the description and summarises the pricing basis of the six categories of the Transactions based on the letter from the Board in the Circular.

| | Description | Pricing basis |
|--------------|---|--|
| Category I | Rental of internet data center facilities from the CMCC Group | For a fixed fee by reference to the market price with a discount |
| Category II | Fee calculation and collection services provided by the CMCC Group in respect of value-added telecommunications contents the PNM Group makes available on the platforms of the CMCC Group | (i) For payment via mobile service, the CMCC Group is entitled to percentages by reference to the market price, of the amounts paid in cash and by mobile fee recharge card by subscribers via such service (ii) For short messaging, WAP, IVR, multimedia messaging, reading, video, game, comic and animation and music contents, the CMCC Group is entitled to percentages by reference to the market price; for short messaging and multimedia messaging contents, the CMCC Group also charges the PNM Group an “information flow imbalance” fee based on the difference between the number of short or multimedia messages the PNM Group sends to subscribers and the number of short or multimedia messages subscribers send to the PNM Group |
| Category III | (i) Purchase of value-added telecommunications contents based on programs available on the channels, seminars and other promotional activities of the Group conducted by the presenters of the Group (ii) Ad hoc promotional activities undertaken with or subcontracted by the CMCC Group | (i) On a revenue-sharing basis by reference to the market price (ii) On a cost plus reasonable profit margin basis |

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

| | Description | Pricing basis |
|-------------|--|--|
| Category IV | Provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the web-based or mobile platforms of the PNM Group | For a fixed fee or a revenue-sharing basis by reference to the market price with a discount |
| Category V | Provision by the PNM Group of products or applications for mobile handsets, including but not limited to games, news or audiovisual products or applications, made available for consumer download on the CMCC Group mobile telecommunications platforms | On a revenue-sharing basis by reference to the market price |
| Category VI | (i) Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by members of the PNM Group to members of the CMCC Group | (i) At market price (after relevant discount or other concessional terms, as necessary), or where there are no comparable market price, on terms no less favourable to the Group than those offered to independent third parties |
| | (ii) Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by members of the CMCC Group to members of the PNM Group | (ii) At market price with such discount or other concessional terms, or where there are no comparable market price, on terms no less favourable to the Group than those offered by independent third parties |

We have reviewed the pricing bases for each of the six categories of the Transactions. We understand that:

- as stated in the letter from the board in the Circular, “market price” is to be determined by ascertaining the prevailing prices at which the same or similar type of products or services are provided by or to or between independent third parties under normal commercial terms in the ordinary course of business;

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

- save for the provision of ad hoc promotional activities to the CMCC Group under Category III, the prices for each of the six categories of the Transactions will be directly determined by reference to the then market price or on terms no less favourable to the Group than those offered to or from independent third parties (as the case may be); and
- based on advices by the management of the Group, the cost plus basis will be adopted for the provision of ad hoc promotional activities to the CMCC Group under Category III because the scope of work performed depends on the type and nature of the events that require promotional activities, which can vary significantly from project to project, therefore a reasonable method to determine the pricing basis of such activities is the cost-plus approach.

In respect of the internal control measures of the Transactions, which are illustrated in detail in the letter from the Board in the Circular, our general understanding is that:–

- (i) where the PNM Group is purchasing products or services, Phoenix New Media will obtain a number of quotations (not less than two), for or ascertain, through publicly available information from sources such as websites, the prevailing prices offered by independent third parties or the CMCC Group to independent third party customers for such products or services, and ensure that the relevant terms offered by the CMCC Group to the PNM Group will not be less favourable to the PNM Group than comparable terms offered by independent third parties to the PNM Group;
- (ii) where the PNM Group is selling products or providing services, Phoenix New Media will have regard to (a) the prevailing prices (not less than two) offered by the PNM Group to independent third parties, (b) the prevailing prices (not less than two) offered by independent third parties or set by the CMCC Group for independent third parties for such products or services as ascertained through publicly available information from sources such as e-book markets or CMCC website and (c) the cost of the product or service plus a reasonable profit margin (not less than two) offered by the PNM Group to independent third parties, as applicable, to ensure that the relevant terms offered by the PNM Group to the CMCC Group will not be more favourable to the CMCC Group than comparable terms offered by the PNM Group to independent third parties;
- (iii) for the majority of the New Media CCT, the PNM Group will provide the relevant contracts and supporting materials to their external auditors for review. The external auditors will review and advise whether they agree with the view of the PNM Group that the relevant contract is in compliance with the Listing Rules;

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

- (iv) in accordance with the Listing Rules, (a) each year, the independent non-executive Directors will continue to review the Transactions and confirm whether the Transactions have been entered into in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and (b) each year, the auditors of the Company will continue to confirm whether anything has come to their attention that causes them to believe the Transactions were not, in all material respects, in accordance with the pricing policies of the Group and the relevant agreement governing the Transactions; and
- (v) the PNM Group has established a system whereby once the accrued value of the Transactions in any relevant year reaches 80% of the Annual Caps, the PNM Group will notify the Board with a view to avoid the carrying on of the transactions in excess of the Annual Caps.

We have reviewed the annual report of the Company for each of the years ended 31 December 2013 and 2014, where we note that the independent non-executive Directors and the auditors of the Company have confirmed the aforesaid in respect of the New Media CCT for each of the years ended 31 December 2013 and 2014.

In respect of our work done on the pricing terms of each of the six categories of the Transactions, we have also reviewed at least two sets of sample documents, which were effective recently, for each category of the Transactions (other than Category V given no transaction had been conducted under such category as advised by the management of the Group), including (i) documents with the CMCC Group; and (ii) documents with independent third parties. We have compared the pricing terms stated in the sample documents with the CMCC Group and those with independent third parties and, based on our review and our discussions with the management of the Group, we understand (i) the sample documents demonstrate that the pricing terms entered into with the CMCC Group were no less favourable to the Group than those with independent third parties involving comparable type of transaction; and (ii) the Group, particularly its pricing determination, was in accordance with its internal control measures in principle.

Taking into account the above factors, in particular, (i) the PNM Group will review contemporaneous terms offered to or from independent third parties for comparable services or products to ensure the terms of each of the Transactions with the CMCC Group will be no less favourable to the Group than those with independent third parties; (ii) the track record of the Group in relation to its compliance with the continuing connected transaction requirements under the Listing Rules as reviewed by the independent non-executive Directors and the auditors of the Company; (iii) the Group can leverage on the services and the large platform of the CMCC Group, which has a strong position in the industry, where the CM Group boasts the world's largest mobile network and the world's largest mobile customer base with over 800 million customers in the PRC; and (iv) the internal control measures of the Group set out above, we are of the view that the internal control measures of the Group in respect of the Transactions are adequate and the terms of the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

3. Annual Caps

The following table sets out the actual transaction amounts of the New Media CCT for each of the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015 as well as the Annual Caps for each of the years ending 31 December 2016, 2017 and 2018.

| | Actual transaction amounts | | | Annual Caps | | |
|---------------------|----------------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| | For the year ended | | For the six | For the year ending | | |
| | 31 December | | months ended | 31 December | | |
| | 2013 | 2014 | 30 June | 2016 | 2017 | 2018 |
| | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> | <i>RMB million</i> |
| | (audited) | (audited) | (unaudited) | | | |
| New Media CCT | 253 | 215 | 106 | 260 ⁽¹⁾ | 286 ⁽¹⁾ | 315 ⁽¹⁾ |
| Year on year change | +15% | -15% | -9% | +10% ⁽²⁾ | +10% ⁽²⁾ | +10% ⁽²⁾ |

Notes:

- (1) The Annual Caps should not be construed as an assurance or forecast by the Group of its future revenue or expenses.
- (2) Compound annual growth rate of approximately 10%, with the actual transaction amount for the year ended 31 December 2014 (being the latest full financial year) as the base figure.

We note that the actual transaction amount of the New Media CCT recorded (i) an annual growth of approximately 15% for the year ended 31 December 2013; (ii) an annual decline of approximately 15% for the year ended 31 December 2014; and (iii) a year on year decrease of approximately 9% for the six months ended 30 June 2015. With reference the annual report of the Company for the year ended 31 December 2014, (i) the Chinese consumer economy demonstrated a downward trend in 2014, which was influenced by the campaign of the Chinese government to counter corruption and by the stagnation of the property market; and (ii) nonetheless, in view of the dramatic growth in the internet-based media technologies mainly driven by the availability of modern mobile phone technology in the PRC, the PNM Group is well placed to generate considerable income from the rapid expansion of the social media world in the PRC. As stated in the interim report of the Company for the six months ended 30 June 2015, (i) the PNM Group has been continuously investing in the enrichment of contents, human resources and in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image; and (ii) with the increasing popularity of smart mobile devices, simultaneous multi-screen viewing of multi-media is growing ever more popular, where the Group anticipated such market trend and has been pursuing a strategy designed to expand the PNM Group in the escalating new media world.

In respect of the basis of determining the Annual Caps, we understand that the compound annual growth rate of approximately 10% (the "Assumed Growth Rate") was adopted, with the actual transaction amount for the year ended 31 December 2014 (being the latest full financial year) as the base figure.

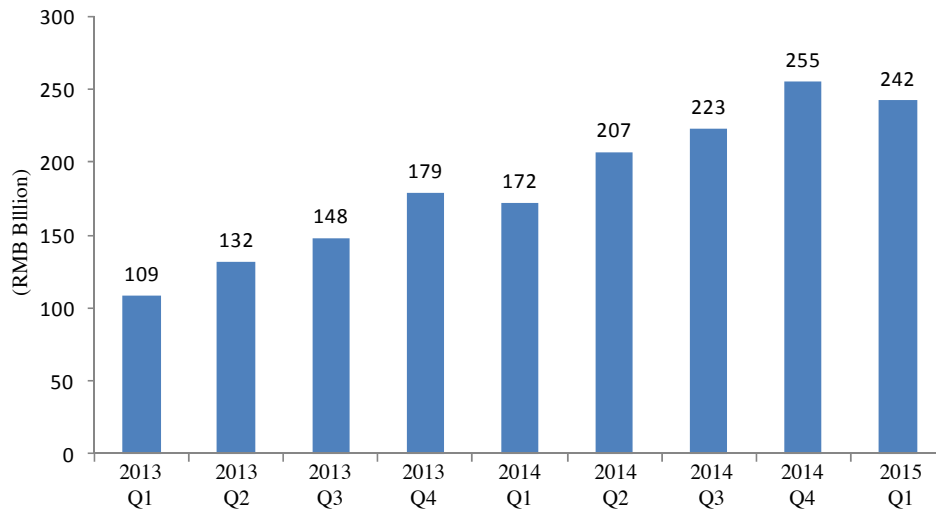
LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

We have reviewed the historical financial performance of the PNM Group and we note that the total revenues of the PNM Group recorded annual growths of approximately 17%, 28% and 15% for each of the years ended 31 December 2012, 2013 and 2014, respectively. We understand the business of the PNM Group has generally been growing.

We have also reviewed industry reports titled Q1 2015 China Internet Economy Report (*Brief Edition*) (the “**Industry Quarterly Performance Report**”) and 2015 *China Internet Economy Report (Brief Edition)* (the “**Industry Prospect Report**”) published in 2015 by iResearch Consulting Group, which is an organisation focusing on research in the internet industry of the PRC.

The following chart sets out the historical quarterly revenue of the internet economy of the PRC from the first quarter of 2013 to the first quarter of 2015.

Historical quarterly revenue of the internet economy of the PRC

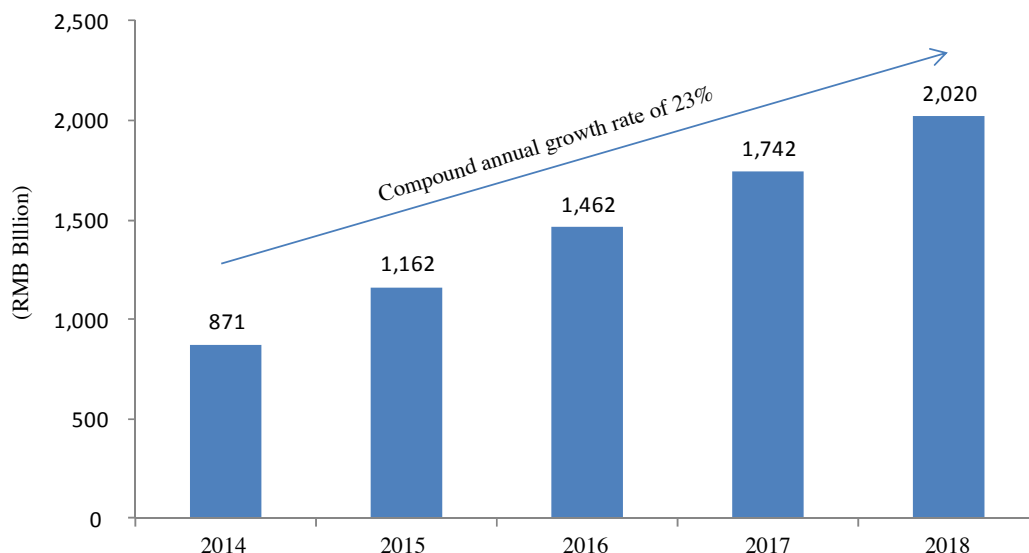


Source: *Industry Quarterly Performance Report*

Based on the above chart, we note that (i) the revenue of the internet economy of the PRC has demonstrated an increasing trend; and (ii) the third and fourth quarters have recorded higher revenue than the first and second quarters of a year.

The following chart sets out the projected revenue of the internet economy of the PRC from 2014 to 2018.

Projected revenue of the internet economy of the PRC



Source: *Industry Prospect Report*

Based on to the above chart, we note that the revenue of the internet economy of the PRC is projected to grow at a compound annual growth rate of approximately 23% from 2014 to 2018.

We have further reviewed the CM Annual Report, where we note that the highest Annual Cap of RMB315 million a year represents less than 0.1% of the operating revenue or the operating expenses of the CM Group for the year ended 31 December 2014. In addition, having reviewed the news articles published on the website of CMCC, the latest annual report of CM and the website of MIGU Company Limited (“MIGU”), we understand that (i) MIGU was established by CM in 2014 and officially launched its business in 2015; (ii) MIGU is principally engaged in the new media business, focusing on mobile internet digital content services, which covers music, video, reading, games and cartoons; and (iii) the investment scale of MIGU would be around RMB10 billion. We are advised by the management of the Group that the PNM Group has been discussing new business cooperation projects with MIGU recently.

Taking into account, in particular:

- as advised by the management of the Group, the recent declines of the actual transaction amounts of the New Media CCT may be attributable to, among other factors, the downturn of the Chinese consumer economy and the seasonal fluctuation of the industry;
- the actual transaction amount of the New Media CCT achieved an annual growth of approximately 15% for the year ended 31 December 2013. Moreover, the total revenues of the PNM Group recorded an annual growth of at least approximately 15% for each of the recent years. Furthermore, the revenue of the internet economy of the PRC is projected to grow at a compound annual growth rate of approximately 23% from 2014 to 2018;

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

- the PNM Group has been continuously investing in the enrichment of contents, human resources and in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image. Moreover, the PNM Group has been discussing possible business cooperation projects with MIGU, which officially launched its new media business in 2015;
- the Annual Cap for the year ending 31 December 2016 of RMB260 million is comparable with the achieved actual transaction amount of the New Media CCT for the year ended 31 December 2013 of approximately RMB253 million;
- the large scale of the CMCC Group, where an insignificant transaction amount to the CMCC Group could represent a significant growth to the transaction amount under the New Media CCT; and
- the Annual Caps provide the flexibility but not the obligation to the Group to leverage on the services and the platform of the CMCC Group, which is the largest mobile telecommunications services provider in the PRC, to develop the businesses of the PNM Group,

we consider the Assumed Growth Rate to be acceptable and, therefore, we are of the view that the Annual Caps, which are calculated based on the latest full year historical actual transaction amount and the Assumed Growth Rate, are fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above, we are of the opinion that (i) the entering into of the Transactions is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Transactions are on normal commercial terms and, together with the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Transactions and the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Fanny Lee
Managing Director

Allen Wang
Director

Note: Ms. Fanny LEE and Mr. Allen WANG have been responsible officers of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) since 2006 and 2014, respectively. Both of them have participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

2.1 Interests in securities

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Director or chief executive was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(I) *Long position in the Shares and underlying shares of the Company*

(A) Ordinary Shares of the Company

| Name of Director | Number of ordinary Shares held | | | Position | Approximate shareholding percentage |
|-------------------------------|---------------------------------|------------------------|---------------------------|----------|-------------------------------------|
| | Personal/ other interests | Corporate interests | Total number of Shares | | |
| LIU Changle (<i>Note 2</i>) | 2,688,000 | 1,854,000,000 | 1,856,688,000 | Long | 37.13% |
| LO Ka Shui (<i>Note 3</i>) | 6,244,000 | – | 6,244,000 | Long | 0.12% |

Notes:

- As at the Latest Practicable Date, the number of issued Shares of the Company was 5,000,993,500.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.07% of the issued share capital of the Company.
- As at the Latest Practicable Date, Dr. LO Ka Shui was the beneficial owner of 1,536,000 Shares while 4,708,000 Shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

- (B) Share options granted to the Directors pursuant to the New Share Option Scheme adopted by the Company on 19 June 2009 (all dates are shown as year.month.day):

| Name of Director | Date of grant | Exercise period | Exercise price per Share (HK\$) | Underlying Shares pursuant to the share options as at the Latest Practicable Date |
|------------------|---------------|--------------------------|---------------------------------|---|
| LIU Changle | 2011.03.09 | 2012.03.09 to 2021.03.08 | 2.92 | 4,900,000 |
| CHUI Keung | 2011.03.09 | 2012.03.09 to 2021.03.08 | 2.92 | 3,900,000 |
| WANG Ji Yan | 2011.03.09 | 2012.03.09 to 2021.03.08 | 2.92 | 3,900,000 |

- (II) Long position in the shares and underlying shares of an associated corporation of the Company

Phoenix New Media

| Name of Director | Number of PNM Class A Shares held | | | Position | Approximate shareholding percentage as at the Latest Practicable Date |
|----------------------|-----------------------------------|---------------------|----------------|----------|---|
| | Personal/ other interests | Corporate interests | Total interest | | |
| LIU Changle (Note 3) | – | 1,483,200 | 1,483,200 | Long | 0.58% |
| LO Ka Shui | 727,800 | – | 727,800 | Long | 0.28% |

Notes:

- As at the Latest Practicable Date, the number of the issued PNM Class A Shares was 256,335,266.
- Phoenix New Media is an indirect non-wholly owned subsidiary of the Company.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.58% of the PNM Class A Shares.

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO including interests or short positions which the Directors or chief executives were taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

2.2 Interests in service contracts

On 19 March 2015, each of Mr. LIU Changle and Mr. CHUI Keung, both executive Directors, has entered into a service contract with the Company for a fixed term of three years commencing from 1 July 2015. Under their respective service contracts with the Company, Mr. LIU Changle and Mr. CHUI Keung are entitled to basic monthly salary, with one additional month's salary for each complete period of service of twelve months, a discretionary year-end bonus and pension plan contributions whereas Mr. CHUI Keung is also entitled to housing allowance under his service contract.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors has entered or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

2.3 Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, the date to which the latest published audited consolidated financial statements of the Group were made up.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER PART XV OF THE SFO

As at the Latest Practicable Date, so far as known to the Directors and the chief executives of the Company, the interest of the Shareholders (not being Directors and the chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(I) Long positions of substantial Shareholders in the ordinary Shares of the Company

| Name of substantial Shareholders | Number of Shares | Approximate shareholding percentage |
|--|------------------|-------------------------------------|
| Today's Asia Limited (<i>Note 2</i>) | 1,854,000,000 | 37.07% |
| Extra Step Investments Limited (<i>Note 3</i>) | 983,000,000 | 19.66% |
| TPG China Media, L.P. (<i>Note 4</i>) | 607,000,000 | 12.14% |

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 5,000,993,500.
2. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests, respectively.
3. Extra Step Investments Limited is a wholly-owned subsidiary of CMHKG which in turn is a subsidiary of CMCC. By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors, are respectively executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director, is an independent non-executive director of China Mobile Limited.
4. TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P. Mr. SUN Yanjun and Mr. LAU Wai Kei Ricky, being the non-executive Director and alternate Director, are both managing director and partner of TPG.

(II) Long position of other person in the ordinary Shares of the Company

| Name of other person who has more than 5% interest | Number of Shares | Approximate shareholding percentage |
|---|-------------------------|--|
| China Wise International Limited (<i>Note 2</i>) | 412,000,000 | 8.24% |

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 5,000,993,500.
2. China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited. Mr. GONG Jianzhong, a non-executive Director, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executives of the Company) known to the Directors or the chief executives of the Company, who, as at Latest Practicable Date, had an interest or short position in the Shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, or their respective close associates had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

5. EXPERT QUALIFICATION AND CONSENT

First Shanghai is a licensed corporation under the SFO to carry on Type 6 (advising on corporate finance) regulated activities as defined in the SFO.

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 17 November 2015 and/or all references to its name in the form and context in which they appear. As at the Latest Practicable Date, First Shanghai was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2014, the date to which the latest published, audited and consolidated financial statements of the Group were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MISCELLANEOUS

- (a) Save as disclosed in the interim results announcement of the Company dated 19 August 2015, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published, audited and consolidated financial statements of the Group were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.
- (c) The principal share registrar of the Company is Royal Bank of Canada Trust Company (Cayman) Limited, whose registered office is at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands and the Hong Kong branch registrar and transfer office of the Company are Hong Kong Registrars Limited, whose registered office is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during the normal business hours on any weekday (except public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of EGM:

- (a) the service agreements referred to in the section headed "Interests in Service Contracts" in this Appendix I;
- (b) the contracts for existing New Media CCT referred to in this circular;

- (c) the letter from the Board, the text of which is set out on pages 4 to 15 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 16 of this circular;
- (e) the letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 17 to 27 of this circular; and
- (f) the written consent from First Shanghai referred to in the paragraph headed “Expert Qualification and Consent” in this Appendix I.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Phoenix Satellite Television Holdings Limited (the “Company”) will be held on 4 December 2015, Friday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong to consider and, if thought fit, approve with or without modifications, the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the provision of website portal, value-added telecommunications, promotional and ancillary services by and to Phoenix New Media Limited and its subsidiaries (the “PNM Group”) to and by 中國移動通信集團公司 (China Mobile Communications Corporation) and its associates (the “CMCC Group”) (“New Media CCT”), as defined and more particularly described in the Company’s circular to its shareholders dated 17 November 2015 (the “Circular”) for the three years from 1 January 2016 to 31 December 2018 be and are hereby approved;
- (ii) the proposed annual cap amounts for the New Media CCT for each of the three years ending 31 December 2016, 2017 and 2018, as set out in the Circular, be and are hereby approved; and
- (iii) any one director of the Company or any other person authorised by the directors of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company, and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with this resolution.”

By Order of the Board
YEUNG Ka Keung
Company Secretary

Hong Kong, 17 November 2015

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:

No. 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).
3. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of joint holding.
4. The register of members of the Company will be closed from 1 December 2015, Tuesday to 4 December 2015, Friday, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 30 November 2015, Monday.
5. A form of proxy for use at the meeting is enclosed.