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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Phoenix Media Investment (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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鳳凰衛視

PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED

鳳凰衛視投資(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

**MAJOR TRANSACTION
DISPOSAL OF THE SALE SHARES BY THE GROUP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM to be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 30 May 2019, at 3 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to 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, 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.

14 May 2019

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 27 February 2019 and 25 March 2019 in relation to the Disposal
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Subsidiary B”	Beijing Yidian Wangju Interaction Technology Co., Ltd.* (北京一點網聚互動科技有限公司), a limited company established in the PRC on 5 May 2017 and a member of the Disposal Group
“Beijing Subsidiary C”	Beijing Yidian Shuyu Technology Co., Ltd.* (北京一點數娛科技有限公司), a limited company established in the PRC on 1 December 2017 and a member of the Disposal Group
“Board”	the board of Directors
“Branch Share Registrar”	Hong Kong Registrars Limited, the branch share registrar of the Company in Hong Kong
“business day”	a day (other than Saturdays and Sundays) on which banks are open for business in Hong Kong
“CAC”	Cyberspace Administration of China (國家互聯網信息辦公室)
“Cayman Company”	Particle Inc., an exempted company incorporated in the Cayman Islands on 22 July 2013 and a member of the Disposal Group
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Phoenix Media Investment (Holdings) Limited (鳳凰衛視投資(控股)有限公司), 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
“Completion”	the completion of the transfer of the Offshore Sale Shares under the Share Purchase Agreement as summarized in the paragraph headed “Completion” in the section headed “Letter from the Board” of this circular

DEFINITIONS

“Condition(s)”	the condition(s) precedent to parties’ obligations in respect of the Offshore Sale Shares under the Share Purchase Agreement as summarized in the paragraph headed “Conditions precedent” in the section headed “Letter from the Board” of this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Sale Shares payable by the Purchaser to PNM under the Share Purchase Agreement, comprising of (i) US\$448 million (approximately HK\$3,494.4 million) in respect of the Offshore Sale Shares and (ii) RMB3,719,167 (approximately HK\$4,351,000) in respect of the Onshore Sale Shares
“Contractual Arrangements”	a series of contractual arrangements entered into on 2 August 2016 that were designed to provide Beijing Subsidiary A with effective control over the financial and operational policies of Yidian Technology (to the extent permitted by PRC laws and regulations), i.e. the exclusive option agreement, the power of attorney and the share pledge agreement for the purpose of the operation of Yidian Zixun, a personalized news and life-style information application, under the Disposal Group
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by PNM of the Sale Shares to the Purchaser pursuant to the terms and conditions of the Share Purchase Agreement
“Disposal Group”	Cayman Company and its subsidiaries and entities controlled through the Contractual Arrangements (including US Subsidiary, HK Subsidiary, Beijing Subsidiary A, Beijing Subsidiary B, Beijing Subsidiary C, Yidian Technology, Tianjin Subsidiary and Shandong Subsidiary)
“EGM”	the extraordinary general meeting of the Company to be convened and held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 30 May 2019 at 3 p.m. to consider and, if thought fit, approve the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Subsidiary”	Particle (HK) Limited, a limited company incorporated in Hong Kong on 30 July 2013 and a member of the Disposal Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, independent of the Company and its connected persons
“Latest Practicable Date”	7 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Letter of Intent”	the binding letter of intent entered into between PNM and the Purchaser regarding the proposed disposal of the Offshore Sale Shares in Cayman Company, which was superseded by the Share Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Event(s)”	the material adverse event(s) relating to the Disposal Group’s licenses, regulatory investigation or penalty as defined in the Share Purchase Agreement
“Material Breach”	the event(s) of material breach or non-performance on the part of PNM or its onshore nominee set out under the Share Purchase Agreement, including (i) the express refusal by PNM or its onshore nominee to enter into the share transfer agreement in respect of the transfer of the Onshore Sale Shares in accordance with the terms under the Share Purchase Agreement or to perform or cooperate with the registration regarding the transfer of the Onshore Sale Shares, resulting in the failure to transfer of the

DEFINITIONS

Onshore Sale Shares within two months from the date of the Purchaser's written request; (ii) subject to the strict compliance with the Authorization Conditions by the Purchaser set out in the paragraph headed "Transitional arrangements" in the section headed "Letter from the Board" of this circular, PNM does not perform the Authorization, unless otherwise waived in writing by the Purchaser from such performance; (iii) failure to satisfy Condition (a), (b), (c) or (g) as a result of the default of PNM or its related party within four months from the date of the Share Purchase Agreement or within the period mutually agreed by the parties; (iv) the express refusal by PNM to use commercially reasonable efforts to notify Cayman Company of the resignation or change of directors and to procure the PNM-appointed director(s) to complete the appointment of the nominee referred by the Purchaser or (v) the material breach of the representations and warranties given by PNM (excluding any breach due to any injunction, judgment, order, ruling or law preventing or restricting the Disposal or the Disposal Group from carrying out its main business) under the Share Purchase Agreement

"Mr. Chen"

Mr. Chen Ming (陳明), a nominee to hold approximately 43.75% of the entire equity interest in Yidian Technology (representing RMB4,378,000 of the registered share capital in Yidian Technology) according to the Contractual Arrangements as of the date of signing the Share Purchase Agreement. Mr. Chen is a director of Beijing Youjiuzhou Technology Co., Ltd.* (北京遊九州技術有限公司), Beijing Fengming Jiutian Network Technology Co. Ltd.* (北京鳳鳴九天網絡技術有限公司), Beijing Fenghuang Tianbo Network Technology Co., Ltd.* (北京鳳凰天博網絡技術有限公司) and Shanghai Yixi Network Technology Co. Ltd.* (上海億息網絡技術有限公司), each a subsidiary of the Group. Based on such companies' latest financials, they are insignificant subsidiaries of the Company on an aggregated basis for the purposes of Rule 14A.09 of the Listing Rules and Mr. Chen is therefore not a connected person of the Company

"normal commercial terms"

has the meaning ascribed to it under the Listing Rules

"Offshore Sale Shares"

32% of the equity interest on an as-if converted basis held by PNM in Cayman Company

DEFINITIONS

“Onshore Sale Shares”	approximately 37.169% of the equity interest held by Mr. Chen in Yidian Technology, representing the registered share capital of RMB3,719,167 in Yidian Technology
“percentage ratios”	the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
“PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, an indirectly-owned subsidiary of the Company whose shares are listed by way of American depositary shares on the New York Stock Exchange in the United States
“PNM Group”	PNM 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
“Purchaser”	Run Liang Tai Management Limited, a company with limited liability incorporated in Hong Kong on 27 April 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the Offshore Sale Shares and the Onshore Sale Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Subsidiary”	Shandong Yidian Zhiyue Information Technology Co., Ltd.* (山東一點智越信息科技有限公司), a limited company established in the PRC on 20 December 2017 and a member of the Disposal Group
“Share Purchase Agreement”	the share purchase agreement entered into between PNM and the Purchaser regarding the Disposal dated 22 March 2019, which supersedes the Letter of Intent
“Share(s)”	ordinary share(s) of HK\$0.10 each in the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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“Tianjin Subsidiary”	Tianjin Yidian Xintong Technology Co., Ltd.* (天津一點信通科技有限公司), a limited company established in the PRC on 28 April 2018 and a member of the Disposal Group
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“US Subsidiary”	Particle Media Inc., a limited company incorporated in the State of Delaware on 2 September 2016 and a member of the Disposal Group
“WFOE” or “Beijing Subsidiary A”	Beijing Particle Information Technology Co., Ltd.* (北京一點網聚信息技術有限公司), a limited company established in the PRC on 24 December 2013 and a member of the Disposal Group
“Yidian Technology”	Beijing Yidianwangju Technology Co., Ltd.* (北京一點網聚科技有限公司), a limited company established in the PRC on 23 August 2013 and a member of the Disposal Group
“%”	per cent.

** for identification purpose only*

For the purpose of this circular, unless otherwise specified, (i) conversions of RMB into Hong Kong dollars are based on the approximate exchange rates of RMB1.00 to HK\$1.17 and (ii) conversions of the US dollars into Hong Kong dollars are based on the approximate exchange rates of US\$1.00 to HK\$7.8. 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 MEDIA INVESTMENT (HOLDINGS) LIMITED

鳳凰衛視投資(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:

JIAN Qin

XIA Bing

GONG Jianzhong

SUN Yanjun

Independent non-executive Directors:

LEUNG Hok Lim

Thaddeus Thomas BECZAK

FANG Fenglei

HE Di

Alternate Director:

LAU Wai Kei, Ricky

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business:

No. 2-6 Dai King Street

Tai Po Industrial Estate

Tai Po

New Territories

Hong Kong

14 May 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF THE SALE SHARES BY THE GROUP
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the Announcements.

LETTER FROM THE BOARD

On 22 March 2019 (after trading hours), PNM entered into the Share Purchase Agreement with the Purchaser, pursuant to which PNM conditionally agreed to sell the Sale Shares and the Purchaser conditionally agreed to purchase the Sale Shares at the Consideration and subject to and upon the principal terms and the Conditions under the Share Purchase Agreement as summarized in this circular.

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide the Shareholders with, among other matters, further details of the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto and to give notice of the EGM to the Shareholders to approve the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto.

THE SHARE PURCHASE AGREEMENT

Date:

22 March 2019

Parties:

Vendor: Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Company; and

Purchaser: Run Liang Tai Management Limited

The Purchaser is a company with limited liability incorporated under the laws of Hong Kong on 27 April 2016, with principal business in investment holding.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an independent third party.

LETTER FROM THE BOARD

Assets to be disposed of

- (1) The Offshore Sale Shares, being the 32% equity interest on an as-if converted basis held by PNM in Cayman Company, comprised an aggregate of 199,866,509 shares of Cayman Company (including 27,639,580 series B preferred shares and 172,226,929 series C preferred shares of Cayman Company); and
- (2) the Onshore Sale Shares, being approximately 37.169% of the equity interest held by Mr. Chen in Yidian Technology.

The Offshore Sale Shares are recognized as financial assets at fair value through profit or loss in the Group's accounts. Immediately following the Completion under the heading "Completion" below, PNM will hold a total of 35,185,018 shares (including 11,540,927 series C preferred shares and 23,644,091 series D1 preferred shares) in Cayman Company, representing approximately 5.63% of the equity interest on an as-if converted basis in Cayman Company.

The major differences among series B preferred shares, series C preferred shares and series D1 preferred shares of Cayman Company include: (i) different priorities of liquidation preference right (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares); (ii) different events that could trigger redemption right; and (iii) different orders of redemption (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares).

Deposit

As of the date of this circular, PNM has received the Deposit in the sum of US\$100 million (approximately HK\$780 million) in cash pursuant to the terms of the Letter of Intent.

Consideration

The Consideration payable in cash by the Purchaser comprises of (i) US\$448 million (approximately HK\$3,494.4 million) in respect of the Offshore Sale Shares and (ii) RMB3,719,167 (approximately HK\$4,351,000) in respect of the Onshore Sale Shares.

The Consideration in respect of the Offshore Sale Shares is payable in cash within fifteen (15) business days from the date of the satisfaction or waiver of all of the Conditions set out under the heading "Conditions precedent" below or within the period otherwise mutually agreed by PNM and the Purchaser. If the Purchaser fails to pay the Consideration in respect of the Offshore Sale Shares by the due date, the Purchaser shall pay a late payment fee at the rate of 15% per annum for the outstanding amount.

LETTER FROM THE BOARD

The Consideration in respect of the Onshore Sale Shares will be payable at time of transfer of the Onshore Sale Shares, in respect of which a separate agreement will be entered into following Completion as summarized under the sub-heading “Arrangement in respect of Onshore Sale Shares after Completion” below. As explained in the section headed “Arrangement in respect of Onshore Sale Shares after Completion” below, such amount is to facilitate the replacement of the loan previously granted by WFOE to Mr. Chen as PNM’s nominee with the Onshore Loan after the Disposal, and will not be received by the Group as actual consideration in addition to the US\$448 million.

The Consideration was determined based on normal commercial terms and after arm’s length negotiations between PNM and the Purchaser with reference to a preliminary valuation of the Disposal Group at approximately US\$1,400 million, taking into account various factors including:

- (a) the estimated valuation of the Disposal Group at approximately US\$955 million as inferred from the consideration agreed for Cayman Company’s latest round of capital fundraising in 2017 where independent third parties subscribed for interests in Cayman Company;
- (b) the approximately 47.8% increase in the Disposal Group’s unaudited net advertising sales in 2018 as compared to that in 2017, as applied to the estimated valuation of the Disposal Group in (a) above;
- (c) the price to sales ratio of listed market comparables, including A-share listed People.cn (人民網) and Xinhuanet (新華網) and NASDAQ listed Qutoutiao Inc. (趣頭條), which are all PRC internet companies principally engaged in the provision of contents and whose principal businesses are similar to that of the Disposal Group; and
- (d) the valuation of the Disposal Group as estimated by research analysts of major investment banks at US\$1,500 million in November 2018 and US\$1,300 million in August 2018, respectively.

Conditions precedent

Unless otherwise waived by the Purchaser in writing, the performance of the Purchaser’s obligation to pay the Consideration in respect of the Offshore Sale Shares is subject to and conditional upon satisfaction of the following Conditions:

- (a) the approval of the Disposal by the Shareholders of the Company in a general meeting;
- (b) the approval of the Disposal by the respective board of directors of PNM and the Company;

LETTER FROM THE BOARD

- (c) the clearance of the relevant announcement and circular of the Company regarding the Disposal by the Stock Exchange and other relevant regulatory authorities in connection with the Disposal;
- (d) the approvals, consents and permission of the transfer of the Offshore Sale Shares as required under the memorandum and articles of associations of Cayman Company (the “**Cayman Company’s Articles**”), the relevant shareholders agreement regarding Cayman Company (the “**Shareholders Agreement**”) and the relevant legal documents with the binding effect on PNM and Cayman Company (including but not limited to the consent or waiver provided by other shareholders of the Disposal Group of restrictive rights regarding share transfer, including but not limited to veto right or co-sale right, necessary for the transfer of the Offshore Sale Shares to the Purchaser or its designee);
- (e) entry into a deed of adherence by Cayman Company in the prescribed form in relation to including the Purchaser or a party designated by the Purchaser as a party to the Shareholders Agreement and the delivery of such document to the Purchaser or its designee;
- (f) the satisfaction of the matters under the heading “Transitional arrangements” below;
- (g) the receipt by PNM of the fairness opinion on the Disposal prepared by an independent third party engaged by PNM;
- (h) the appointment of the candidate referred by the Purchaser as chief executive officer of Yidian Technology and as the sole director of HK Subsidiary;
- (i) as of the date of the Completion, the Disposal Group continues normal operation in all material aspects and there is no evidence, in terms of business, operation, licenses, assets and financial conditions, indicating the existence of any Material Adverse Event, and the cause of such event takes place only before date of the appointment of the chief executive officer of Yidian Technology under Condition (h) above; and
- (j) the delivery of the confirmation of Completion by PNM to the Purchaser in the prescribed form.

Unless otherwise waived by PNM in writing, the performance of PNM’s obligation to transfer the Sale Shares is subject to and conditional upon satisfaction of the following Conditions:

- (k) Conditions (a) to (d) being satisfied; and
- (l) the representations and warranties given by the Purchaser under the Share Purchase Agreement are true and accurate and not misleading as of the date of the Share Purchase Agreement and remain true and accurate and not misleading as at the date of Completion.

LETTER FROM THE BOARD

Termination

The Share Purchase Agreement may be terminated in the following situations:

- (a) if PNM and the Purchaser mutually agree in writing to terminate the Share Purchase Agreement; or
- (b)
 - (i) if the Purchaser fails to pay the entire Consideration in accordance with the terms under the heading “Consideration” above, or within the period otherwise agreed by PNM and the Purchaser (if any), or the parties fail to agree on such period, or
 - (ii) if the Purchaser breaches the Authorization Conditions under the heading “Transitional arrangements” below,

PNM shall be entitled to terminate the Share Purchase Agreement by written notice to the Purchaser; or

- (c) if Conditions (a) to (j) have not been satisfied (or waived by the Purchaser in writing) within four (4) months from the date of the Share Purchase Agreement, or within the extension period otherwise agreed by PNM and the Purchaser in writing (and, in case of failure to satisfy Condition (c) due to the clearance process of the Stock Exchange within four (4) months from the date of the Share Purchase Agreement, PNM and the Purchaser shall agree to extend a reasonable period of no less than ten (10) business days), the Purchaser shall be entitled to terminate the Share Purchase Agreement by written notice to PNM; or
- (d) if Conditions (k) to (l) have not been satisfied (or waived by PNM in writing) within four (4) months from the date of the Share Purchase Agreement, or within the extension period otherwise agreed by PNM and the Purchaser in writing, PNM shall be entitled to terminate the Share Purchase Agreement by written notice to the Purchaser, unless any action or inaction of PNM and/or its related party results in the failure to satisfy any of Condition (k) or (l); or
- (e) if any Material Breach takes place and such event is not ratified within a reasonable period requested by the Purchaser in writing, the Purchaser shall be entitled to terminate the Share Purchase Agreement by written notice to PNM.

In the event of a Material Breach, without prejudice to any other rights of or remedies available to the Purchaser under the Share Purchase Agreement, PNM shall pay liquidated damages in the amount of 40% of the Deposit already paid by the Purchaser (the “**Liquidated Damages**”), and PNM shall fully indemnify the Purchaser if the Liquidated Damages fall short to cover the loss suffered by the Purchaser.

LETTER FROM THE BOARD

Arrangements of the Deposit after the termination

The Deposit shall be arranged in the following manner after the termination of the Share Purchase Agreement:

- (i) save as the situation (ii) below, if the Purchaser decides to terminate the Share Purchase Agreement according to the termination situation (c) above, PNM shall refund the Deposit and any accrued interest therefrom to the Purchaser within five (5) business days after receipt of a written request from the Purchaser;
- (ii) PNM shall refund the Deposit and any accrued interest therefrom to the Purchaser and shall pay the Compensation (as defined below) within five (5) business days after receipt of the Purchaser's request, (x) if the Purchaser decides to terminate the Share Purchase Agreement due to failure to satisfy Condition (a) (i.e. in the event that the Disposal is not approved by the Company's Shareholders in a general meeting), (b) or (g) within four (4) months from the date of the Share Purchase Agreement, or within the extension period otherwise agreed by the parties in writing, according to the termination situation (c) above, or (y) if PNM decides to terminate the Share Purchase Agreement due to failure to satisfy Condition (a) (i.e. in the event that the Disposal is not approved by the Company's Shareholders in a general meeting) or (b) under Condition (k) within four (4) months from the date of the Share Purchase Agreement, or within the extension period otherwise agreed by the parties in writing, according to the termination situation (d) above.

The aforesaid compensation (the "**Compensation**") is set at the following rate: the Deposit of US\$100 million * (6% / 365) * the number of days from the date when the Purchaser paid the Deposit up to the date when PNM refunds the Deposit and pays the Compensation;

- (iii) in the event of a Material Breach, if the Purchaser decides to terminate the Share Purchase Agreement according to the termination situation (e) above, PNM shall refund the Deposit and any accrued interest therefrom to the Purchaser and shall pay the Purchaser the Liquidated Damages within five (5) business days after receipt of the Purchaser's request; or
- (iv) save as the situation (iii) above, if PNM decides to unilaterally terminate the Share Purchase Agreement (for the avoidance of doubt, excluding the termination situations (b) and (d) above) PNM shall refund the Deposit and any accrued interest therefrom to the Purchaser and shall pay the Purchaser the Liquidated Damages within five (5) business days after receipt of the Purchaser's request.

Save as above, the Deposit and any accrued interest therefrom shall not be refundable. In addition, if the Deposit falls short to cover PNM's loss resulting from the default of the Purchaser, the Purchaser shall fully indemnify PNM.

LETTER FROM THE BOARD

Completion

Within fifteen (15) business days from the date of the satisfaction (or waiver) of all of the Conditions or within the period otherwise mutually agreed by PNM and the Purchaser, Completion shall take place whereby the Purchaser shall pay to PNM the Consideration in respect of the Offshore Sale Shares.

Within three (3) business days after the receipt of the entire Consideration in respect of the Offshore Sale Shares, PNM shall notify Cayman Company and procure the delivery to the Purchaser the share certificate for the Offshore Sale Shares and the updated register of members of Cayman Company.

Arrangement in respect of Onshore Sale Shares after Completion

Following the Completion, PNM shall procure its onshore nominee Mr. Chen (as a registered shareholder of Yidian Technology, which is an onshore entity controlled through the Contractual Arrangements under the Disposal Group), to enter into a share transfer agreement to effectuate the transfer of the Onshore Sale Shares to a party designated by the Purchaser (the “**Purchaser’s Designee**”) within a reasonable period as notified by the Purchaser in writing and to perform and cooperate with the registration of the transfer of the Onshore Sale Shares or otherwise renounce the equity interest in Yidian Technology in manner mutually agreed by the Purchaser and PNM. Upon the completion of registration of the transfer of the Onshore Sale Shares, the Purchaser’s Designee shall pay the Consideration in respect of the Onshore Sale Shares to an account designated by PNM or otherwise mutually designated by parties in writing.

Subsequent to the date of Completion and before the registration of transfer of the Onshore Sale Shares, PNM shall, within a reasonable period confirmed by the Purchaser or the Purchaser’s Designee, procure WFOE to enter into a loan agreement in relation to provision of a loan in the amount of the Consideration in respect of the Onshore Sale Shares (the “**Onshore Loan**”) to the Purchaser’s Designee, and procure WFOE to deliver to the Purchaser’s Designee a written waiver to discharge the liabilities of the Onshore Loan at applicable time. PNM shall fully indemnify the loss of the Purchaser or the Purchaser’s Designee (not exceeding the amount of the Onshore Loan), if WFOE does not deliver such written waiver which causes the Purchaser or the Purchaser’s Designee to bear the relevant repayment obligation. The Consideration in respect of the Onshore Sale Shares is to facilitate the replacement of the loan previously granted by WFOE to Mr. Chen as PNM’s nominee with the Onshore Loan after the Disposal, and will not be received by the Group as actual consideration in addition to the US\$448 million.

The Share Purchase Agreement became effective on 22 March 2019 with the binding effect on the successor, transferee and designee of the respective parties, subject to the prior consent from other party. Notwithstanding the above, the Purchaser shall have the right to transfer its rights and obligations under the Share Purchase Agreement to its designee by giving prior written notice to PNM, provided that the designee is not a connected person of the Company nor a competitor of the Disposal Group and shall enter into a written agreement as assignee of the Purchaser’s rights and obligations under the Share Purchase Agreement.

LETTER FROM THE BOARD

Transitional arrangements

During the period from the date of the Share Purchase Agreement up to the date of the Completion or the termination of the Share Purchase Agreement, whichever is the earlier (the “**Transitional Period**”), PNM agreed to adopt, perform and complete the following transitional arrangements.

(a) Authorization of the shareholder and director rights of the Disposal Group

Subject to the fulfilment of the following conditions (i) to (iii) (the “**Authorization Conditions**”) during the Transitional Period:

- (i) the Purchaser shall only exercise the rights of shareholder and director to the extent necessary for the Completion and/or ensuring the normal operation and development of the Disposal Group;
- (ii) the Purchaser shall not dispose of all or substantially all of equity interest in or assets of the Disposal Group without the consent of PNM; and
- (iii) the Purchaser shall not take any action that may hinder or adversely affect the successful and timely Completion,

PNM agreed and undertook that it shall authorize or enable the following matters (the “**Authorization**”) from the date of signing the Share Purchase Agreement and deliver the Authorization within two (2) business days from the date of the Share Purchase Agreement:

- (1) authorizing the Purchaser to exercise all rights of PNM as shareholders (for the avoidance of doubt, excluding (i) any economic rights and (ii) rights to adjust the Shareholders Agreement and Cayman Company’s Articles) of Cayman Company and Yidian Technology in accordance with relevant laws, articles of association or shareholders agreements of Cayman Company and Yidian Technology or legal documents (where applicable);
- (2) authorizing the Purchaser to exercise all rights of the directors in the Disposal Group (who are nominated by PNM) in accordance with relevant laws, articles of association, shareholders agreements or applicable legal documents; and
- (3) PNM shall use commercially reasonable efforts to perform and cooperate to the extent necessary for the Authorization.

LETTER FROM THE BOARD

For the avoidance of doubt, PNM shall not take any action within the scope of the Authorization during the Transitional Period. The Authorization is not transferrable without the consent of PNM. The Authorization by PNM shall be automatically terminated in the following situations:

- (x) the breach of the Authorization Conditions above by the Purchaser; or
- (y) the Purchaser fails to pay the entire Consideration in the manner set out under the heading “Consideration” above or within the period mutually agreed by the parties (if any) or the parties fail to agree on such period.

(b) Contractual Arrangements

During the Transitional Period, upon the written request by the Purchaser, PNM shall use commercially reasonable efforts to cooperate with the Purchaser in communicating and preparing for the termination of the Contractual Arrangements under the Disposal Group. Without the prior written consent of PNM, no transaction documents shall be entered into regarding the termination of the Contractual Arrangements during the Transitional Period.

INFORMATION ON THE DISPOSAL GROUP

The principal business activities of the Disposal Group are the operation of Yidian Zixun (「一點資訊」), or Yidian, a personalized news and life-style information application in China that allows users to define and explore desired content on their mobile devices. Cayman Company is an investment holding company incorporated in the Cayman Islands and indirectly holds the entire equity interest of WFOE. As of the date of this circular, the issued share capital of Cayman Company comprised 624,582,842 shares. Yidian Technology is a limited company established in the PRC on 23 August 2013 and currently holds a license issued by the CAC for the operation of the Internet (PC and mobile) news information services and the operation of Yidianhao (「一點號」), Yidian’s we-media platform, in China. Under the Contractual Arrangements, WFOE has acquired effective control over the financial and operational management and results of Yidian Technology and has become entitled to all the economic benefits generated by the business operated by Yidian Technology and its subsidiaries.

FINANCIAL INFORMATION RELATING TO THE DISPOSAL GROUP

The unaudited loss before and after taxation of the Disposal Group for the year ended 31 December 2017 was approximately RMB453,358,000 (approximately HK\$530,429,000) and RMB453,358,000 (approximately HK\$530,429,000), respectively. The unaudited loss before and after taxation of the Disposal Group for the year ended 31 December 2018 was approximately RMB487,886,000 (approximately HK\$570,827,000) and RMB487,886,000 (approximately HK\$570,827,000), respectively.

LETTER FROM THE BOARD

The audited carrying value of the Group's investments in Cayman Company measured at fair value as at 31 December 2018 was approximately HK\$2,235,585,000, based on an independent valuation as at 31 December 2018.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting in the PRC as well as worldwide. Apart from satellite television broadcasting, the Group now has a diversified business portfolio covering internet media, outdoor media, animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

The PNM Group is a leading new media company providing premium content on an integrated internet platform, including PC and mobile in China. Having originated from a leading global Chinese language TV network based in Hong Kong, Phoenix TV, PNM enables consumers to access professional news and other quality information and share user-generated content on the internet through their PCs and mobile devices. PNM's platform includes its PC channel, consisting of ifeng.com website, which comprises interest-based verticals such as news, finance, fashion, military and digital reading, and interactive services; its mobile channel, consisting of mobile news applications, mobile video application, HTML5-based mobile internet websites, and mobile digital reading application; and its operations with the telecom operators that provides content and mobile value-added services.

Considering the future development plan of Yidian Technology, the Group's investment in Yidian Technology (through Cayman Company) could be subject to the PRC regulatory restrictions on shareholding and the Disposal will provide a great exit opportunity for the Group. The Directors also consider that the Disposal will allow the Company to realize a considerable gain in its investment in Cayman Company hence strengthening the cash position for its own growth and expanding its product line or content through strategic investment opportunities if and when attractive opportunities arise. In addition, the remaining 5.63% equity interest in Cayman Company (upon Completion) will allow the Group to participate in the further growth of Yidian Technology. The Group does not have any present intention to dispose of any of the remaining 5.63% equity interests in Cayman Company in the near future.

Accordingly, the Directors consider that the terms (including the Consideration) of the Share Purchase Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

The outstanding shares held by PNM in Cayman Company was previously recognized as “financial assets at fair value through profit or loss” with fair value of approximately HK\$2,235,585,000 as at 31 December 2018 (as at 31 December 2017: available-for-sale financial assets of approximately HK\$705,712,000 and conversion options for convertible redeemable preferred shares of approximately HK\$721,002,000). Upon Completion, the remaining 5.63% of the equity interest in Cayman Company held by PNM remains to be recorded as “financial assets at fair value through profit or loss”.

Subject to and upon the Completion, it is estimated that the Company will recognize an unaudited gain on the Disposal upon Completion (before tax and expenses) of approximately HK\$1,753 million for the year ending 31 December 2019, which was calculated with reference to the carrying amount of the Offshore Sale Shares of approximately HK\$1,763,386,000 (which was calculated with reference to the carrying value of the Company’s investment in the Disposal Group as at 31 December 2018).

The actual gain (or loss) as a result of the Disposal to be recorded by the Company is subject to audit and will be assessed after the Completion.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds of US\$409 million (which was calculated based on the difference between the Consideration and the estimated transaction costs and the relevant income tax payable for the gain on the Disposal) derived from the Disposal will be held in cash, deposits or short-term investments, subject to the ongoing assessment of PNM’s business development and funding requirements from time to time for future allocation of all or part of the proceeds to various potential uses, including but not limited to enhancing the operational capability of PNM’s existing business, financing possible investment(s) and/or making dividend payment(s), if any.

FINANCIAL AND TRADING PROSPECTS

In line with its investment strategy and policy, the Group will continue to identify appropriate investment and divestment opportunities that fit the objective and investment criteria of the Group. It is expected that these investments will generate more consistent and stable (or less volatile) returns to the Group and, in turn, the Shareholders.

While the Group currently has sufficient financial resources for its future investment, it will continue to seek appropriate investment or divestment opportunities so as to bring positive impact on the operating and financial results of the Group in the foreseeable future.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 25% but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 30 May 2019 at 3 p.m. to consider and approve the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto. An ordinary resolution will be put to the vote by poll at the EGM pursuant to the Listing Rules.

A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholder with a material interest in the Disposal and his/her/its associate(s) are required to abstain from voting on the resolution approving the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto in accordance with the Listing Rules.

To the best of the Directors' knowledge, none of the Shareholders has a materially different interest in the Disposal contemplated under the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto. No Shareholder is required to abstain from voting in respect of the resolution approving the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Branch Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreement and the transactions contemplated thereunder or incidental thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 May 2019 to Thursday, 30 May 2019 (both days inclusive) during which period no transfer of Shares may be effected for the purpose of determining Shareholders who are entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificate(s) should be lodged for registration with the Branch Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 24 May 2019.

GENERAL

Shareholders and potential investors of the Company should note that, the Completion of the transactions contemplated under the Share Purchase Agreement is subject to the satisfaction of the Conditions disclosed in this circular and may or may not materialize.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Phoenix Media Investment (Holdings) Limited
LIU Changle
Chairman

FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018 respectively are disclosed in the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 respectively.

The financial statements of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018 were audited by PricewaterhouseCoopers, Certified Public Accountants and did not contain any qualifications.

The above financial statements of the Group disclosed in the annual reports are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's professional investor relations website (www.irasia.com/listco/hk/phoenixtv). The quick links to the above annual reports of the Company are set out below:

Annual report for the financial year ended 31 December 2016 (pages 105 to 231)	http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0424/LTN20170424457.pdf (English version)
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	http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0424/LTN20170424458_C.pdf (Chinese version)
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Annual report for the financial year ended 31 December 2017 (pages 105 to 235)	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0423/LTN20180423784.pdf (English version)
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	http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0423/LTN20180423785_C.pdf (Chinese version)
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Annual report for the financial year ended 31 December 2018 (pages 149 to 375)	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0424/LTN20190424774.pdf (English version)
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	http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0424/LTN20190424775_C.pdf (Chinese version)
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STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the aggregated outstanding borrowings of the Group comprised approximately HK\$809 million secured and interest bearing bank borrowings and HK\$387 million non-interest bearing loans from non-controlling shareholders of subsidiaries.

As at 31 March 2019, the land and property in Chaoyang Park, Beijing recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing of HK\$145 million to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK\$732 million was pledged with a bank to secure bank borrowings of HK\$662 million to optimize return through interest difference and arrangement of external security within the loan. The property in the United States was pledged with a bank to secure a bank borrowing of HK\$2 million.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 31 March 2019. The Directors have confirmed that there has been no material changes in the indebtedness or contingent liabilities of the Group since 31 March 2019 up to the Latest Practicable Date.

WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group and the effect of the Disposal, the Directors are of the opinion that in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements that is for at least next 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

Save as disclosed in the Company's annual report dated 24 April 2019 for the financial year ended 31 December 2018, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Company since 31 December 2018, the date to which the latest audited financial statements of the Company were made up, up to and including the Latest Practicable Date.



HOULIHAN LOKEY

May 14, 2019

The Board of Directors of Phoenix New Media Limited
Sinolight Plaza, Floor 16
No.4 Qiyang Road
Wangjing, Chaoyang District
Beijing, 100102
People's Republic of China

Dear Board of Directors:

We understand that Phoenix New Media Limited (the “**Seller**”) and Run Liang Tai Management Limited (the “**Acquiror**”), propose to enter into the Agreement (defined below) pursuant to which, among other things, the Seller will sell and transfer to the Acquiror and its designated entities, an aggregate of 32% of the total outstanding shares of Particle Inc. (the “**Company**”) for a total consideration of US\$448 million in cash (the “**Consideration**”) (the “**Transaction**”). Phoenix Media Investment (Holdings) Limited, the parent company of the Seller (the “**Listed Parent**”), is listed on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and is required to disclose the Transaction by way of an announcement and shareholders’ circular in accordance with the Rules Governing the Listing of Securities on the SEHK.

The Board of Directors of the Seller (the “**Board**”) has requested that Houlihan Lokey (China) Limited (“**Houlihan Lokey**”) provide an opinion (the “**Opinion**”) to the Board as to whether, as of the date hereof, the Consideration to be received by the Seller in the Transaction pursuant to the Agreement is fair to the Seller from a financial point of view.

In connection with this Opinion, we have made such reviews, analyses and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things, we have:

1. reviewed the following agreements and documents:
 - a. Draft dated March 16, 2019 of the share purchase agreement to be entered into by and between the Seller and the Acquiror (the “**Agreement**”); and
 - b. Letter of intent dated February 23, 2019 by and between the Seller and the Acquiror;

2. reviewed certain publicly available business and financial information relating to the Company that we deemed to be relevant, including certain publicly available research analyst estimates (and adjustments thereto) with respect to the financial performance of the Company;
3. reviewed certain information relating to the historical, current and future operations, financial condition and prospects of the Company made available to us by the Seller, including financial projections (and adjustments thereto) prepared by the management of the Company and the management of the Seller and discussed with the management of the Seller relating to the Company for the fiscal years ending 2019 through 2021;
4. spoken with certain members of the management of the Seller and certain of its representatives and advisors regarding the businesses, operations, financial condition and prospects of the Company, the Transaction and related matters;
5. compared the financial and operating performance of the Company with that of public companies that we deemed to be relevant;
6. reviewed the current and historical market prices and trading volume of the publicly traded securities of certain other companies that we deemed to be relevant; and
7. conducted such other financial studies, analyses and inquiries and considered such other information and factors as we deemed appropriate.

We have relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to us, discussed with or reviewed by us, or publicly available, and do not assume any responsibility with respect to such data, material and other information. We have not met, discussed with, sought advice from, or otherwise had access to, the management of the Company, except for certain financial projections (and adjustments thereto) prepared by the management of the Company and the management of the Seller and made available to us by the Seller. In addition, management of the Seller has advised us, and we have assumed, that the financial projections (and adjustments thereto) reviewed by us have been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the management of the Company and the management of the Seller as to the future financial results and condition of the Company, and we express no opinion with respect to such projections or the assumptions on which they are based. With respect to the publicly available research analyst estimates for the Company referred to above, we have reviewed and discussed such estimates with the management of the Seller and such management has advised us, and we have assumed, that such estimates represent reasonable estimates and judgments of the financial results and condition of the Company, and we express no opinion with respect to such estimates or the assumptions on which they are based. We have relied upon and assumed, without independent verification, that there has been no change in the businesses, assets, liabilities, financial condition, results of operations, cash flows or prospects of the Company since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to us that would be material to our analyses or this Opinion, and that there is no information or any facts that would make any of the information reviewed by us incomplete or misleading.

We have relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the agreements identified in item 1 above and all other related documents and instruments that are referred to therein are true and correct, (b) each party to all such agreements and other related documents and instruments will fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the Transaction will be satisfied without waiver thereof, and (d) the Transaction will be consummated in a timely manner in accordance with the terms described in all such agreements and other related documents and instruments, without any amendments or modifications thereto. We have relied upon and assumed, without independent verification, that (i) the Transaction will be consummated in a manner that complies in all respects with all applicable foreign, federal and state statutes, rules and regulations, and (ii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the Transaction will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would be material to our analyses or this Opinion. In addition, we have relied upon and assumed, without independent verification, that the final form of the Agreement will not differ in any respect from the draft of the Agreement identified above.

Furthermore, in connection with this Opinion, we have not been requested to make, and have not made, any physical inspection or independent appraisal or evaluation of any of the assets, properties or liabilities (fixed, contingent, derivative, off-balance-sheet or otherwise) of the Company, the Seller, the Listed Parent or any other party. We did not estimate, and express no opinion regarding, the liquidation value of any entity or business. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which the Company, the Seller or the Listed Parent is or may be a party or is or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which the Company, the Seller or the Listed Parent is or may be a party or is or may be subject.

We have not been requested to, and did not, (a) initiate or participate in any discussions or negotiations with, or solicit any indications of interest from, third parties with respect to the Transaction, the securities, assets, businesses or operations of the Company, the Seller, the Listed Parent or any other party, or any alternatives to the Transaction, (b) negotiate the terms of the Transaction, or (c) advise the Seller, the Listed Parent, their respective boards of directors or any other party with respect to alternatives to the Transaction, or (d) identify, introduce, to the Seller, the Listed Parent, their respective boards of directors or any other party, or screen for creditworthiness, any prospective investors, lenders or other participants in the Transaction. This Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. We have not undertaken, and are under no obligation, to update, revise, reaffirm or withdraw this Opinion, or otherwise comment on or consider events occurring or coming to our attention after the date hereof.

This Opinion is furnished solely for the use of the Board (solely in its capacity as such) in connection with its evaluation of the Transaction and may not be relied upon by any other person or entity (including, without limitation, security holders, creditors or other constituencies of the Seller, the Listed Parent, the Company or the Acquiror) or used for any other purpose without our prior written consent. This Opinion should not be construed as creating any fiduciary duty on Houlihan Lokey's part to any party. This Opinion is not intended to be, and do not constitute, a recommendation to the Board, the board of directors of the Listed Parent, any security holder of the Seller or the Listed Parent, or any other party as to how to act or vote or make any election with respect to any matter relating to the Transaction or otherwise. Except as set forth in our engagement letter, this Opinion may not be disclosed, reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any references to Houlihan Lokey or any of its affiliates be made, without the prior written consent of Houlihan Lokey.

In the ordinary course of business, certain of our employees and affiliates, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or trade, in debt, equity, and other securities and financial instruments (including loans and other obligations) of, or investments in, the Seller, the Listed Parent, The Company or any other party that may be involved in the Transaction and their respective affiliates or security holders or any currency or commodity that may be involved in the Transaction.

Houlihan Lokey and certain of its affiliates may provide investment banking, financial advisory and/or other financial or consulting services to the Seller, the Listed Parent, the Company, the Acquiror, other participants in the Transaction or certain of their respective affiliates or security holders in the future, for which Houlihan Lokey and its affiliates may receive compensation. In addition, Houlihan Lokey and certain of its affiliates and certain of our and their respective employees may have committed to invest in private equity or other investment funds managed or advised by the Acquiror, other participants in the Transaction or certain of their respective affiliates or security holders, and in portfolio companies of such funds, and may have co-invested with the Acquiror, other participants in the Transaction or certain of their respective affiliates or security holders, and may do so in the future. Furthermore, in connection with bankruptcies, restructurings, distressed situations and similar matters, Houlihan Lokey and certain of its affiliates may have in the past acted, may currently be acting and may in the future act as financial advisor to debtors, creditors, equity holders, trustees, agents and other interested parties (including, without limitation, formal and informal committees or groups of creditors) that may have included or represented and may include or represent, directly or indirectly, or may be or have been adverse to, the Seller, the Listed Parent, the Company, the Acquiror, other participants in the Transaction or certain of their respective affiliates or security holders, for which advice and services Houlihan Lokey and its affiliates have received and may receive compensation.

In addition, we will receive a fee from the Seller for rendering this Opinion, which is not contingent upon the successful completion of the Transaction. The Seller has agreed to reimburse certain of our expenses and to indemnify us and certain related parties for certain potential liabilities arising out of our engagement.

We have not been requested to opine as to, and this Opinion does not express an opinion as to or otherwise address, among other things: (i) the underlying business decision of the Seller, the Listed Parent, their respective boards of directors, their respective security holders or any other party to proceed with or effect the Transaction, (ii) the terms of any arrangements, understandings, agreements or documents related to, or the form, structure or any other portion or aspect of, the Transaction or otherwise, except if and only to the extent expressly specified in the Opinion, (iii) the fairness of any portion or aspect of the Transaction to the holders of any class of securities, creditors or other constituencies of the Seller or the Listed Parent, or to any other party, except if and only to the extent expressly set forth in this Opinion, (iv) the relative merits of the Transaction as compared to any alternative business strategies or transactions that might be available for the Seller, the Listed Parent, their respective boards of directors or any other party, (v) the fairness of any portion or aspect of the Transaction to any one class or group of the Seller, the Listed Parent or any other party's security holders or other constituents vis-a-vis any other class or group of the Seller, the Listed Parent or such other party's security holders or other constituents (including, without limitation, the allocation of any consideration amongst or within such classes or groups of security holders or other constituents), (vi) how the respective boards of directors of the Seller and the Listed Parent, any security holder of the Seller or of the Listed Parent or any other party should act with respect to the Transaction, or (vii) the solvency, creditworthiness or fair value of the Company, the Seller, the Listed Parent or any other participant in the Transaction, or any of their respective assets, under any applicable laws relating to bankruptcy, insolvency, fraudulent conveyance or similar matters. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources. Furthermore, we have relied, with the consent of the Board, the Seller, the Listed Parent and the Company, on the assessments by the Board, the Seller, the Listed Parent, the Company and their respective advisors, as to all legal, regulatory, accounting, insurance, tax and other similar matters with respect to the Seller, the Listed Parent, the Company, and the Transaction or otherwise. The issuance of this Opinion was approved by a committee authorized to approve opinions of this nature.

Based upon and subject to the foregoing, and in reliance thereon, it is our opinion that, as of the date hereof, the Consideration to be received by the Seller in the Transaction pursuant to the Agreement is fair to the Seller from a financial point of view.

Very truly yours,

HOULIHAN LOKEY (CHINA) LIMITED

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.

DIRECTORS' INTERESTS**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 as at the Latest Practicable Date
	Personal/other interest	Corporate interest	Total interest		
LIU Changle (Note 2)	2,688,000	1,854,000,000	1,856,688,000	Long	37.18%

Notes:

- As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.13% of the issued share capital of the Company.

(B) *Share options granted to the Directors pursuant to the share option scheme adopted by the Company on 2 February 2017:*

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	2017.03.21	2018.03.21 to 2027.03.20	1.41	4,900,000
CHUI Keung	2017.03.21	2018.03.21 to 2027.03.20	1.41	3,900,000
WANG Ji Yan	2017.03.21	2018.03.21 to 2027.03.20	1.41	3,900,000

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

(A) *Class A ordinary shares of PNM*

Name of Director	Number of class A ordinary shares of PNM held			Position	Approximate shareholding percentage as at the Latest Practicable Date
	Personal/other interest	Corporate interest	Total interest		
LIU Changle (Note 3)	—	1,483,200	1,483,200	Long	0.56%

Notes:

- As at the Latest Practicable Date, the number of the issued class A ordinary shares of PNM was 264,335,266.
- PNM is a non-wholly owned subsidiary of the Company.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.56% of the issued class A ordinary shares of PNM.

(B) *As at the Latest Practicable Date, no share option was granted to the Directors pursuant to the 2018 share option scheme adopted by PNM on 6 June 2018.*

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and the 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 the 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.

Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company other than contracts expiring or terminable by the Group within a year without payment of any compensation (other than statutory compensation).

Interests in assets and contracts

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 2018, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Company.

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

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the interest of the Shareholders (not being Directors and 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 as at the Latest Practicable Date
Today's Asia Limited (<i>Note 2</i>)	1,854,000,000	37.13%
Extra Step Investments Limited (<i>Note 3</i>)	983,000,000	19.69%
TPG China Media, L.P. (<i>Note 4</i>)	607,000,000	12.16%

Notes:

- As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% of the issued share capital of Today's Asia Limited.
- Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited ("CMHKG") which in turn is a subsidiary of China Mobile Communications Group Co., Ltd. ("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. JIAN Qin and Mr. XIA Bing, both non-executive Directors, are respectively vice president of CMCC and director and deputy general manager of China Mobile Communication Company Limited, and general manager of the marketing department of CMCC.
- 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 senior advisor of TPG Capital.

(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 as at the Latest Practicable Date
China Wise International Limited (<i>Note 2</i>)	412,000,000	8.25%

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.
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 chairman of the board, executive 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.

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.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (a) the share purchase agreement dated 1 March 2019 entered into between Beijing Chenhuan Technology Co., Ltd.* (北京塵寰科技有限公司) (an indirect non wholly-owned subsidiary of the Company, as purchaser), Tianyin Telecommunication Co. Ltd.* (天音通信有限公司), Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) and Bingruixin Technology Co., Ltd.* (深圳市秉瑞信科技有限公司) (as vendor) in relation to the proposed acquisition of 25.5% of the equity interest in Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) at a consideration of RMB144,100,000; and
- (b) the Share Purchase Agreement.

EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Houlihan Lokey	financial adviser

Houlihan Lokey has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 14 May 2019 and/or all references to its name in the form and context in which they appear. As at the Latest Practicable Date, Houlihan Lokey 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 2018, 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.

MISCELLANEOUS

- (a) Save as disclosed in the Company's annual report dated 24 April 2019 for the financial year ended 31 December 2018, 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 2018, 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 company secretary of the Company is Mr. YEUNG Ka Keung, a qualified chartered accountant.
- (d) The principal share registrar of the Company is SMP Partners (Cayman) Limited, whose registered office is at 3rd Floor, Royal Bank House, 24 Shedden Road, P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands and the Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited, whose registered office is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 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 amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018;
- (c) the written consent referred to in the paragraph headed "Expert Qualification and Consent" in this appendix;
- (d) the fairness opinion issued by Houlihan Lokey set out in the Appendix II to this circular;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



鳳凰衛視

PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED

鳳凰衛視投資(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 the extraordinary general meeting (the “**EGM**”) of Phoenix Media Investment (Holdings) Limited (the “**Company**”) will be held on Thursday, 30 May 2019, at 3 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 entering into of the share purchase agreement dated 22 March 2019 (the “**Share Purchase Agreement**”) between Phoenix New Media Limited (“**PNM**”) and Run Liang Tai Management Limited (the “**Purchaser**”), pursuant to which PNM conditionally agreed to transfer 32% of the equity interest on an as-if converted basis in Particle Inc. and approximately 37.169% of the equity interest in Beijing Yidianwangju Technology Co., Ltd.* (北京一點網聚科技有限公司) (collectively, the “**Sale Shares**”) and the Purchaser conditionally agreed to acquire the Sale Shares subject to and upon the principal terms and conditions under the Share Purchase Agreement, and all the transactions contemplated thereunder and incidental thereto be and are hereby approved, confirmed and ratified; and
- (ii) any director of the Company or any other person authorized by the directors of the Company be and is hereby generally and unconditionally authorized 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, 14 May 2019

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

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

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 notorially 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 Monday, 27 May 2019, to Thursday, 30 May 2019, 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 certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, 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 Friday, 24 May 2019.
5. A form of proxy for use at the meeting is enclosed.
6. Shareholders of the Company are advised to read the circular of the Company dated 14 May 2019 which contains information concerning the resolutions to be proposed in this notice.
7. According to Rule 13.39(4) of the Listing Rules, any vote of shareholders of the Company at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the meeting will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed resolutions at the meeting.

** for identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the board of directors of the Company comprises:

Executive Directors

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

Non-executive Directors

Mr. JIAN Qin, Mr. XIA Bing, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors

Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di

Alternate Director

Mr. LAU Wai Kei, Ricky (an alternate director to Mr. SUN Yanjun)

In the case of any inconsistency between the Chinese version and the English version of this notice, the English version shall prevail.