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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 bank, stockbroker or other agent 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 TRANSACTION
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Independent financial adviser to the Independent Board Committee



A letter from the Board is set out on pages 6 to 11 of this circular and a letter from the Independent Board Committee is set out on page 12 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 16 of this circular.

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 Friday, 19 June 2009 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 3:00 p.m. shall have concluded or adjourned) is set out on pages 32 to 34 of this circular. A form of proxy is also enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

26 May 2009

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms shall bear the meanings opposite them:

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| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “business day” | a day on which the Stock Exchange is open for the business of dealing in securities |
| “CIMB-GK” | CIMB-GK Securities (HK) Limited, a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the New Transaction |
| “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 subsidiaries |
| “CMHKG” | China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC |
| “CNHK Media” | 中港傳媒有限公司(CNHK Media Limited), a company established under the laws of the PRC |
| “Committee” | the committee of Directors established pursuant to the New Share Option Scheme |
| “Company” | Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange |
| “connected person” | shall have the meaning ascribed to it under the Listing Rules |
| “2009 Contract” | the advertising contract entered into between Shenzhou and CNHK Media dated 29 December 2008 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2009 to 30 June 2009 |
| “Director(s)” | the director(s) of the Company, including independent non-executive director(s) |

DEFINITIONS

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| “Effective Date” | the date on which the New Share Option Scheme becomes unconditional |
| “EGM” | the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the New Contract and the transaction contemplated thereunder, and the adoption of the New Share Option Scheme |
| “Eligible Person” | any full-time employee of the Company or any subsidiary, including (without limitation) any director of the Company or any subsidiary |
| “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 PRC |
| “Independent Board Committee” | the independent board committee of the Company comprising all the independent non-executive Directors |
| “Independent Shareholders” | the Shareholders other than CMCC and its associates |
| “Latest Practicable Date” | 19 May 2009, 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 Contract” | the advertising contract entered into between Shenzhou and CNHK Media dated 5 May 2009 relating to the purchase of advertising airtime by CNHK Media for the period from 1 July 2009 to 31 December 2009 |
| “New Share Option Scheme” | the share option scheme proposed to be approved and adopted by the Company at the EGM |
| “New Transaction” | the transaction contemplated under the New Contract for the period from 1 July 2009 to 31 December 2009 |

DEFINITIONS

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| “Offer” | an offer to grant an Option made in accordance with the New Share Option Scheme |
| “Offer Date” | the date on which an Offer is made to an Eligible Person by the Company |
| “Option” | the right to subscribe for Shares granted pursuant to the New Share Option Scheme |
| “Option Holder” | a person holding an Option being an Eligible Person who accepts an Offer in accordance with the terms of the New Share Option Scheme |
| “Option Period” | the period within which an Option may be exercised as notified by the Committee to an Eligible Person in the Offer, provided that such period shall commence one year after the date on which such Option is granted and shall not be longer than 10 years from the date of such grant. The Committee may also provide restrictions on the exercise of such Option during the period an Option may be exercised |
| “Phoenix HK” | Phoenix Satellite Television Company Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company |
| “Post-IPO Share Option Scheme” | the Post-IPO Share Option Scheme adopted by the Company on 7 June 2000 and amended from time to time |
| “PRC” | the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Pre-IPO Share Option Scheme” | the Pre-IPO Share Option Scheme adopted by the Company on 7 June 2000 and amended from time to time |
| “Relevant Event” | any variation in the share capital of the Company arising from any reduction, sub-division or consolidation of share capital, any rights issue or the issue of any share capital (including any securities convertible into share capital or warrants or options to subscribe for any share capital but excluding any Option granted pursuant to the New Share Option Scheme or other share option schemes of the Company) by way of capitalisation of profits or reserves or in connection with an offer made pro rata to the Shareholders except where share capital is issued as consideration or part consideration in a transaction |

DEFINITIONS

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Scheme Period” | the period of 10 years commencing from the Effective Date |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shares” | ordinary shares of HK\$0.10 each in the share capital of the Company |
| “Shenzhen” | 神州電視有限公司(Shenzhen Television Company Limited), a company incorporated under the laws of the PRC and is the PRC advertising agent of Phoenix HK |
| “STAR” | STAR Group Limited, a wholly-owned subsidiary of News Corporation |
| “STAR Group” | STAR and its subsidiaries |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | <p>the price per Share payable on the exercise of an Option as determined by the Committee at its absolute discretion but which, in any event, shall not be less than the highest of:</p> <ul style="list-style-type: none">(a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a business day;(b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Offer Date; and(c) the nominal value of the Shares |
| “subsidiary” | shall have the meaning ascribed to it in Section 2 of the Companies Ordinance (Chapter 32 of the laws of Hong Kong) whether incorporated in the Cayman Islands, Hong Kong or elsewhere |
| “Supplementary Guidance” | the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 and any guidance and interpretation issued from time to time by the Stock Exchange relating to share option schemes |

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:

LU Xiangdong
GAO Nianshu
Paul Francis AIELLO
LAU Yu Leung John
GONG Jianzhong

Independent Non-executive Directors:

LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK

Alternate Director:

GAO Jack Qun Yao

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

26 May 2009

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

On 5 May 2009, the Company announced that on the same date, Phoenix HK through Shenzhou entered into the New Contract with CNHK Media. CNHK Media has entered into the New Contract for the ultimate benefits of the CMCC Group. The New Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

LETTER FROM THE BOARD

In connection with the Transfer of Listing, the Company proposes to seek approval of the Shareholders to adopt the New Share Option Scheme.

The purpose of this circular is to provide the Shareholders with information on, among other things, (i) further information regarding the New Transaction; (ii) the proposed adoption of the New Share Option Scheme; (iii) the notice of the EGM; and (iv) other information as required by the Listing Rules.

II. THE NEW CONTRACT

Reference is made to the announcement of the Company dated 29 December 2008 relating to the 2009 Contract. As the transaction contemplated under the 2009 Contract will expire by 30 June 2009 and CNHK Media would like to continue to purchase advertising airtime at and/or sponsoring (i) the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel; and (ii) the programme “Financial Journal” being broadcasted on the Phoenix InfoNews Channel operated by the Group thereafter, Phoenix HK through Shenzhou entered into the New Contract with CNHK Media on 5 May 2009.

Pursuant to the New Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring (i) the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel; and (ii) the programme “Financial Journal” being broadcasted on the Phoenix InfoNews Channel for the period from 1 July 2009 to 31 December 2009 for the sum of RMB17,956,250 (equivalent to HK\$20,380,344) for promoting the CMCC Group.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, CNHK Media is engaged in the advertising agency business and it has entered into a contract with CMCC’s advertising agent in the PRC relating to and including the purchase of advertising airtime at and/or sponsoring (i) the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel; and (ii) the programme “Financial Journal” being broadcasted on the Phoenix InfoNews Channel by CMCC’s said advertising agent for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the New Contract for the ultimate benefits of the CMCC Group.

Under the New Contract, CNHK Media shall pay such sum of RMB17,956,250 (equivalent to HK\$20,380,344) by three instalments: (a) the 1st instalment of RMB1,795,625 (equivalent to HK\$2,038,034) being 10% of the total contract sum as earnest deposit on or before 30 June 2009; (b) the 2nd instalment of RMB8,978,125 (equivalent to HK\$10,190,172) being 50% of the total contract sum on or before 30 June 2009; and (c) the 3rd instalment of RMB8,978,125 (equivalent to HK\$10,190,172) being the remaining 50% of the total contract sum on or before 16 October 2009. The earnest deposit will be applied to partially set off against the amount of the 3rd instalment payable by CNHK Media. If the New Contract and the transaction contemplated thereunder have not been approved by the Independent Shareholders by 30 June 2009, the New Transaction shall be terminated immediately. In such event, any sum paid by CNHK Media under the New Contract will be refunded to it without interest.

Shenzhou, CNHK Media and CMCC’s said advertising agent, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent third parties which are (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company.

LETTER FROM THE BOARD

Reasons for the New Transaction

The Group sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of the Group's turnover. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, the Group is able to generate more income for its operation and business.

Under the 2009 Contract, the aggregate contract sum for purchasing of advertising airtime at and/or sponsoring (i) the programme "Phoenix News Express" being broadcasted on the Phoenix Chinese Channel; and (ii) the programme "Financial Journal" being broadcasted on the Phoenix InfoNews Channel for the period from 1 January 2009 to 30 June 2009 is RMB17,956,250 (equivalent to HK\$20,380,344).

The New Contract was entered into by the parties after arm's length negotiation such that the advertising airtime provided by the Group to other customers will be at rates no less favourable than that of the New Contract. The contract sum under the New Contract is RMB17,956,250 (equivalent to HK\$20,380,344) which was determined by reference to (i) the rate card published by the Group from time to time which contains the pricing structure for the sale of advertising airtime on its satellite television channels; and (ii) the duration of advertising airtime purchased by CNHK Media under the 2009 Contract in the first half of 2009. When aggregated with the contract sum of the 2009 Contract of RMB17,956,250 (equivalent to HK\$20,380,344), the maximum aggregate cap amount is RMB35,912,500 (equivalent to HK\$40,760,688).

The Directors (including the independent non-executive Directors) consider that the New Contract was entered into in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As CMHKG is a substantial shareholder of the Company holding approximately 19.84% issued share capital of the Company through its wholly-owned subsidiary namely Extra Step Investments Limited, CMCC being the ultimate holding company of CMHKG is a connected person of the Company under the Listing Rules. The New Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Each of the applicable percentage ratios for the New Transaction by itself is less than 2.5%. However, pursuant to Rule 14A.27 of the Listing Rules, the transactions contemplated under the 2009 Contract and the New Contract are aggregated for the purpose of calculating the applicable percentage ratios. As the revenue ratios under the 2009 Contract and the New Contract are in aggregate more than 2.5%, the New Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

The Company will convene the EGM for the purpose of, among other things, seeking the approval of the Independent Shareholders for the New Transaction. The vote of the Independent Shareholders on such resolution will be taken by poll.

LETTER FROM THE BOARD

The Independent Board Committee comprising all the independent non-executive Directors has been constituted to advise the Independent Shareholders in relation to the New Transaction. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New Transaction.

Information on the Group and the CMCC Group

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

CMCC is the ultimate controlling shareholder of China Mobile Limited which in turn 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. The ordinary shares of China Mobile Limited are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange.

III. ADOPTION OF THE NEW SHARE OPTION SCHEME

Reference is made to the announcement of the Company dated 26 November 2008 in relation to the Transfer of Listing. The scheme period of the Pre-IPO Share Option Scheme expired upon the listing of the Shares on GEM. The Post-IPO Share Option Scheme was terminated with effect from 5 December 2008, being the effective date of the Transfer of Listing. The Company does not have any unexpired share option scheme.

As at the Latest Practicable Date, options to subscribe for a total of 105,752,000 Shares had been granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, of which options to subscribe for 47,544,000 Shares remain outstanding. Such outstanding options will remain valid and exercisable in accordance with their respective terms of issue.

In connection with the Transfer of Listing, the Company proposes to seek approval of the Shareholders to adopt the New Share Option Scheme, the provisions of which will comply with the requirements of Chapter 17 of the Listing Rules. A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular.

The New Share Option Scheme will enable the Company to grant Options to the Eligible Persons in order to retain and provide incentive to the employees of the Group to achieve its business objectives.

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the New Share Option Scheme.

LETTER FROM THE BOARD

Under the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Effective Date. As at the Latest Practicable Date, the issued share capital of the Company comprised 4,954,412,000 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Effective Date, such 10% shall represent 495,441,200 Shares as at the Effective Date.

Application will be made to the Stock Exchange for the granting of approval for the listing of, and permission to deal in, the Shares falling to be issued upon exercise of the Options granted under the New Share Option Scheme.

Under the rules of the New Share Option Scheme, the Committee may during the Scheme Period at its absolute discretion make an Offer to an Eligible Person subject to such conditions as it may think fit. The Committee has the discretion to require a particular Option Holder to achieve certain performance targets specified at the time of Offer before any Option granted under the New Share Option Scheme can be exercised. Under the New Share Option Scheme, there is also a minimum period of one year for which an Option must be held and a four-year schedule for vesting and exercise of the subscription rights attaching thereto. The Directors believe that such rules and discretions of the Committee can provide incentives to the Eligible Persons to use their best endeavours in working for the benefits of the Group.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and the conditions that an Option is subject to. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

None of the Directors is trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

IV. EXTRAORDINARY GENERAL MEETING

Pages 32 to 34 of this circular contain a notice convening the EGM which will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 19 June 2009 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 3:00 p.m. shall have concluded or adjourned) at which ordinary resolutions will be proposed to approve, among other things, (i) the New Transaction; and (ii) the adoption of the New Share Option Scheme. **As at the Latest Practicable Date, Extra Step Investments Limited, a wholly-owned subsidiary of CMHKG which in turn is a subsidiary of CMCC, directly owned approximately 19.84% issued share capital of the Company. Extra Step Investments Limited and its associates, being connected persons with a material interest in the New Transaction, will abstain from voting on the resolution to approve the New Transaction and the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract at the EGM.**

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

V. RECOMMENDATIONS

Your attention is drawn to the letter of advice from the Independent Board Committee and the letter from CIMB-GK containing its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the terms of the New Contract set out on page 12 and pages 13 to 16 of this circular, respectively.

The Independent Board Committee, having taken into account the advice of CIMB-GK, is of the opinion that the New Contract has been entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof together with the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution in relation to the New Contract and the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract to be proposed at the EGM.

The Board considers that the entering into of the New Contract, the approval of the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract, and the proposed adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders and the Independent Shareholders (as the case may be) to vote in favour of the resolutions to be proposed at the EGM.

VI. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By order of the Board
Phoenix Satellite Television Holdings Limited
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)

26 May 2009

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular dated 26 May 2009 of the Company (the “Circular”) of which this letter forms 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 New Contract are fair and reasonable so far as the Independent Shareholders are concerned. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the New Contract.

We wish to draw your attention to the “Letter from the Board” set out on pages 6 to 11 of the Circular which contains, *inter alia*, information of the New Contract, as well as the letter from CIMB-GK set out on pages 13 to 16 of the Circular which contains its advice in respect of the terms of the New Contract.

Having taken into account the advice of CIMB-GK, we consider that the New Contract has been entered into in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof together with the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract are on normal commercial terms, and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the New Contract and the maximum aggregate cap amount under the New Contract aggregated with the 2009 Contract to be proposed at the EGM.

Yours faithfully,

For and on behalf of

Independent Board Committee

LO Ka Shui

LEUNG Hok Lim

Thaddeus Thomas BECZAK

Independent Non-executive Directors

LETTER FROM CIMB-GK

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB-GK, the independent financial adviser dated 26 May 2009 prepared for the purpose of inclusion in this circular.



25/F Central Tower
28 Queen's Road Central
Hong Kong

26 May 2009

*To the Independent Board Committee and the Independent Shareholders of
Phoenix Satellite Television Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Transaction. Details of the terms of the New Contract are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 26 May 2009 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to Rule 14A.27 of the Listing Rules, the transactions contemplated under the 2009 Contract and the New Contract are aggregated for the purpose of calculating the applicable percentage ratios. As the revenue ratios under the 2009 Contract and the New Contract are in aggregate more than 2.5%, the New Transaction is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

LETTER FROM CIMB-GK

We consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the New Contract in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Group, the CMCC Group, Shenzhou, CNHK Media or any of their respective associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the New Transaction, we have considered the following principal factors and reasons:

Background and reasons

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting into the PRC. As stated in the letter from the Board of this Circular, the Group in its ordinary course of business sells advertising airtime on its satellite television channels, which forms the major part of the Group's turnover.

We noted that the Group has been engaged in similar transactions with CNHK Media before, whom has entered into contracts with CMCC's advertising agent in the PRC, would like to continue to purchase advertising airtime at and/or sponsoring (i) the programme "Phoenix News Express" being broadcasted on the Phoenix Chinese Channel; and (ii) the programme "Financial Journal" being broadcasted on the Phoenix InfoNews Channel operated by the Group for the period from 1 July 2009 to 31 December 2009 after the expiry of the 2009 Contract on 30 June 2009.

Given the above and the fact that (i) the nature of the New Transaction relates to the Group's principal business and operations; (ii) the New Transaction will be based on market and normal commercial terms or terms no less favourable to the Group compared to transactions with independent third parties (as discussed below), we consider the entering into of the New Contract is in the interests of the Company and the Shareholders as a whole.

Terms

Pursuant to the New Contract, CNHK Media shall purchase advertising airtime at and/or sponsoring (i) the programmes "Phoenix News Express" being broadcasted on the Phoenix Chinese Channel; and (ii) "Financial Journal" being broadcasted on the Phoenix InfoNews Channel for the period from 1 July 2009 to 31 December 2009 for the sum of RMB17,956,250 (equivalent to HK\$20,380,344), all of which will ultimately be utilised by the CMCC Group.

The Directors advised that the New Contract was entered into by the parties after arm's length negotiation such that the advertising airtime provided by the Group to other independent customers will be at rates no less favourable than to the CMCC Group, by reference to the latest rate card (the "Rate Card") published by the Group from time to time.

LETTER FROM CIMB-GK

Given the above, we consider the terms of the New Contract are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Cap

The contract sum under the New Contract is RMB17,956,250 (equivalent to HK\$20,380,344), when aggregated with the contract sum of the 2009 Contract of RMB17,956,250 (equivalent to HK\$20,380,344), the maximum aggregate cap amount will be RMB35,912,500 (equivalent to HK\$40,760,688) (the “Cap”). The Cap was determined by reference to i) the Rate Card which contains the pricing structure for the sale of advertising airtime on the Group’s satellite television channels; and ii) the duration of advertising airtime purchased by CNHK Media under the 2009 Contract in the first half of 2009.

We have reviewed (i) breakdown of advertising airtime to be beneficially purchased and sponsored by CMCC Group during the period of the New Contract; (ii) the latest published Rate Card; (iii) the discount schedule applied to the Rate Card offered by the Group to its customers including the CMCC Group (“Discount Schedule”), which sets out the maximum discount rate which can be offered by the Group to its customers; and (iv) similar contracts entered into by the Group with other customers in the year of 2009. We noted that the advertising rates chargeable to the CMCC Group are consistent with the advertising rates as quoted on the Rate Card, after taking into account of the discounts in accordance with the Discount Schedule. The Company advised that the discounts to the Rate Card offered to its customers are principally determined by considering the background and scale of business of the customer, the amount of contract sum and the years of relationship with each particular customer. As advised by the Company, similar rate of discounts was offered to other independent customers with similar contract sum and background of the CMCC Group.

Views

Based on the above, we consider the Cap (by reference to the total contract sum of the New Contract and the 2009 Contract) to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM CIMB-GK

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the New Contract is in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole and the terms thereof, together with the Cap, are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Contract and the Cap.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) LIMITED

Alex LAU

Mabel LAM

Director

Senior Vice President

Head of Corporate Finance

The following is a summary of the principal terms of the New Share Option Scheme proposed to be adopted by the Shareholders at the EGM.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to retain and provide incentive to the employees of the Group to achieve its business objectives.

2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

Save and except those matters that are required under the Listing Rules and the applicable laws to be determined or dealt with by the Board, the New Share Option Scheme shall be administered by the Committee and the Committee shall comprise four Directors of whom shall include two independent non-executive Directors, one executive Director and one non-executive Director Provided that any Director and his associates shall abstain from voting (and his vote shall not be counted) in respect of issues in which such Director is directly or indirectly interested, including without limitations any grant of Option, modification and operation of the New Share Option Scheme to the advantage of such Director.

3. CONDITIONS

The New Share Option Scheme is conditional upon (i) the passing of the necessary resolution by the Shareholders in general meeting to approve and adopt the New Share Option Scheme; and (ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of the Options to be granted under the New Share Option Scheme.

4. OFFER AND ACCEPTANCE OF GRANT OF OPTIONS

Subject to the terms of the New Share Option Scheme and the Listing Rules, the Committee may, at its absolute discretion (subject to any terms and conditions as it may think fit) during the Scheme Period, make Offers to any Eligible Persons to take up Options.

An Offer shall be deemed to have been accepted and such Option shall be deemed to have been granted and to have taken effect (with retrospective effect from the Offer Date) when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Person concerned together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant of the Option are received by the Secretary of the Company within a period of 21 days inclusive of, and from, the Offer Date.

5. SUBSCRIPTION PRICE AND OPTION PERIOD

The Subscription Price shall be determined by the Committee and notified to each Eligible Person in the Offer, which shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (ii) the average

closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the Shares.

The Option Period will be notified by the Committee to an Eligible Person in the Offer, provided that such period shall commence one year after the date on which such Option is granted and shall not be longer than 10 years from the date of such grant.

6. MAXIMUM NUMBER OF SHARES IN RESPECT OF WHICH OPTIONS MAY BE GRANTED

- (a) The total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Effective Date (the "Limit"), unless further Shareholders' approval has been obtained pursuant to sub-paragraph (b) or (c) below, provided that Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Limit.
- (b) The Company may, after issuing a circular to its Shareholders in accordance with the Listing Rules, seek approval of the Shareholders in general meetings to refresh the Limit provided that the Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of approval from the Shareholders of the refreshed Limit. Options previously granted (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the Limit as refreshed.
- (c) The Company may seek separate Shareholders' approval in general meetings to grant Options beyond the Limit or the refreshed Limit provided that the Options in excess of the Limit or refreshed Limit are granted only to such Eligible Persons specifically identified by the Company before such approval is sought, and a circular containing a generic description of the specified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Persons and how the terms of these Options serve such purpose shall be despatched to the Shareholders together with the notice of the relevant general meeting.
- (d) The total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not in any event exceed 30% of the Shares in issue from time to time.
- (e) No Option may be granted to any Eligible Person which if at the relevant time exercised in full would result in the total number of Shares the subject of such Option, when added to the number of Shares which may be subscribed by that Eligible Person under any outstanding Options granted to that Eligible Person and to the number of Shares previously subscribed by the Eligible Person under any Options granted to the Eligible Person under the New Share Option Scheme exceeding 25% of the aggregate number of Shares available for subscription under the New Share Option Scheme at that time.

- (f) Unless approved by the Shareholders in the manner set out in the rest of this paragraph, the total number of Shares issued and to be issued upon the exercise of the Options granted and to be granted to any Eligible Person (including both exercised and outstanding Options) in any 12-month period up to and including the Offer Date shall not exceed 1% of the Shares in issue as at the Offer Date. Where any further grant of Options to an Eligible Person would result in this limit being exceeded, such further grant must be separately approved by the Shareholders in general meetings with such Eligible Person and his associates abstaining from voting. The Company must also send a circular to Shareholders disclosing, inter alia, the identity of such Eligible Person, the number and terms of the Options to be granted (and Options previously granted to such Eligible Person). The number and terms (including the exercise price) of Options to be granted must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant should be taken as the Offer Date for the purpose of calculating the minimum Subscription Price.

7. RESTRICTIONS ON GRANT OF OPTIONS

- (a) An Offer shall not be made after a price sensitive event concerning the Group has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced in accordance with the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of: (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement of the Company, no Option may be granted.
- (b) Any proposed grant of Options to a director, chief executive or substantial shareholder (as such terms are defined in the Listing Rules) of the Company or any of their respective associates, must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is proposed to be a grantee of such Options).
- (c) Where any proposed grant of Options to a substantial shareholder (as such term is defined in the Listing Rules) of the Company or an independent non-executive Director, or any of their respective associates, will result in the total number of Shares issued and to be issued upon exercise of Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the Offer Date:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each Offer, in excess of HK\$5 million,

such further grant of Options, shall be subject to the issue of a circular in compliance with Rule 17.04 of the Listing Rules by the Company to the Shareholders and the approval (by way of voting by poll) of the Shareholders in general meeting at which all connected persons of the Company must abstain from voting, except that any connected person of the Company may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. The date of the meeting of the Board proposing such further grant shall be taken as the Offer Date for the purpose of calculating the minimum Subscription Price.

8. EXERCISE OF OPTIONS

Subject to paragraph 11, an Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period in accordance with the following vesting schedule:

| Date of exercise of an Option | Percentage of Shares comprised in an Option which is vested and exercisable |
|---|--|
| Less than 12 months following the date of the grant of an Option | zero |
| 12 months or more but less than 24 months after the date of the grant of an Option | up to 25% |
| 24 months or more but less than 36 months after the date of the grant of an Option | up to 50% |
| 36 months or more but less than 48 months after the date of the grant of an Option | up to 75% |
| 48 months or more after the date of the grant of an Option | up to 100% |

9. PERFORMANCE TARGET

The Committee has the discretion to require a particular Option Holder to achieve certain performance targets specified at the time of Offer before any Option granted under the New Share Option Scheme can be exercised.

10. RIGHTS ARE PERSONAL

An Option shall not be sold, transferred, charged, mortgaged, assigned, encumbered or otherwise disposed of and shall be personal to the Option Holder who shall not create any interest over or in relation thereto in favour of any third party.

11. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION

- (a) In the event of a general offer by way of takeover is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, notwithstanding paragraph 8, the Option Holder (or his or her legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised even though this is prior to the vesting periods prescribed in paragraph 8 or the Option Period has not come into effect during the occurrence of the general offer) at any time within one month after the date on which the offer becomes or is declared unconditional.
- (b) In the event of a general offer by way of scheme of arrangement is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer having been approved by the necessary number of Shareholders at the requisite meetings, the Company shall use its best endeavours to procure that such offer is extended to all the Option Holders. Notwithstanding paragraph 8, the Option Holder (or his or her personal representative(s)) may within 14 days after the date on which such general offer becomes or is declared unconditional, by written notice to the Company exercise the Option (to the extent not already exercised even though this is prior to the vesting periods prescribed in paragraph 8 or the Option Period has not come into effect) to its full extent or to the extent specified in such notice.
- (c) In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Option Holders and thereupon, notwithstanding paragraph 8, each Option Holder (or his or her legal personal representative(s)) may by notice in writing to the Company (such notice to be received by the Company not later than two business days prior to the proposed general meeting of the Company) exercise the Option (to the extent not already exercised even though this is prior to the vesting periods prescribed in paragraph 8 or the Option Period has not come into effect) either to its full extent or to the extent specified in such notice, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Option Holders credited as fully paid.
- (d) In the event of a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option Holders on the same date as it despatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon notwithstanding paragraph 8, each Option Holder (or where permitted, his or her personal representative(s)) may by

notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by the Company not later than two business days prior to the proposed meeting) exercise the Option (to the extent not already exercised even though this is prior to the vesting periods prescribed in paragraph 8 or the Option Period has not come into effect) either to its full extent or to the extent specified in such notice Provided that the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective and as soon as possible thereafter the Company shall allot and issue such number of Shares to the Option Holder which falls to be issued on such exercise credited as fully paid and register the Option Holder as holder of such Shares. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised under this sub-paragraph. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option Holder in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

12. LAPSE OF OPTIONS

An Option shall lapse (to the extent not already exercised) automatically on the earliest of:

- (a) expiry of the Option Period;
- (b) expiry of the 12-month period from the date of death of the Option Holder;
- (c) expiry of the one-month period following the occurrence of an event which causes the Option Holder to cease to be an Eligible Person, namely voluntary resignation, retirement, expiry of his employment contract or term of directorship or termination of his employment or directorship for any other reason not being a reason referred to in paragraphs 12(b) and (h);
- (d) expiry of the period referred to in paragraph 11(d);
- (e) subject to the competent court not making an order prohibiting the offeror to acquire the remaining Shares in the offer, expiry of the period referred to in paragraph 11(a);
- (f) subject to the scheme of arrangement becoming effective, expiry of the period referred to in paragraph 11(b);
- (g) subject to paragraph 11(c), the date of the commencement of the winding-up of the Company;
- (h) the date of termination of employment or directorship of the Option Holder on any one or more of the grounds that he has been guilty of misconduct or other breach of the material terms of his employment or directorship, bankruptcy, insolvency or conviction for a criminal offence or has made any arrangements or composition with his creditors generally; or
- (i) the date on which the Option Holder commits a breach of the provisions of paragraph 10.

13. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised shall be subject to the Shareholders in general meeting approving the same, with Option Holders and their associates abstaining from voting. Any vote taken at such a general meeting shall be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Option shall only be granted in compliance with the terms of the New Share Option Scheme.

14. VOTING AND DIVIDEND RIGHTS

Shares issued upon the exercise of an Option shall not carry voting rights until such Shares are entered in the register of members of the Company. The Shares to be allotted and issued upon the exercise of an Option will rank *pari passu* with the fully paid Shares in issue and accordingly will entitle the Option Holder to participate in all dividends or other distributions paid or made on or after the date when such Shares are entered in the register of members of the Company other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when such Shares are entered in the register of members of the Company, provided always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first business day in Hong Kong on which the register of members of the Company is re-opened.

15. ALTERATIONS TO CAPITAL

Upon the occurrence of any Relevant Event, the number or nominal value of Shares comprised in each Option and/or the Subscription Price thereunder and/or the Limit (as refreshed from time to time) may be adjusted in any manner as the Committee (other than any adjustments made on a capitalisation issue, having received a confirmation in writing from an independent financial adviser or the auditors of the Company, acting as experts and not as arbitrators, that in their opinion the proposed adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the Supplementary Guidance) may deem appropriate provided always that:

- (a) any adjustments should give an Option Holder the same proportion of the share capital of the Company (as interpreted in accordance with the Supplementary Guidance) as that to which he was previously entitled prior to such adjustments;
- (b) no adjustments shall be made which will enable a Share to be issued at less than its nominal value;
- (c) any adjustment so made shall be in compliance with the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the Supplementary Guidance); and
- (d) where the Relevant Event arises from an issue of Shares, references to Options shall include references to Options that have been exercised prior to the date of the adjustment in respect of Shares issued pursuant to which are entered in the register of members of the Company after the record date for participating in the issue.

16. ALTERATION OF THE TERMS OF THE NEW SHARE OPTION SCHEME

Any change to the authority of the Committee in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

Subject to the above, the Committee may from time to time at its absolute discretion waive or amend any of the rules of the New Share Option Scheme as it deems desirable, provided that, except with the prior sanction of the Shareholders in general meetings:

- (a) no alteration to any of the matters set out in Rule 17.03 of the Listing Rules shall be made to the advantage of Option Holders or Eligible Persons;
- (b) no alteration to the definition of “Eligible Person”; and
- (c) no alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted may be made, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme,

provided that the amended terms must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

No amendments to the New Share Option Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with any consent on their part as would be required under the provisions of Company’s constitutional documents as if the Options constituted a separate class of share capital and as if the relevant provisions are applied mutatis mutandis.

17. TERMINATION OF THE NEW SHARE OPTION SCHEME

Subject to earlier termination by the Committee, the New Share Option Scheme shall be valid for the Scheme Period. Upon the termination of the New Share Option Scheme, no further Offer will be made but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the New Share Option Scheme.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein 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 Companies contained in the Listing Rules, were as follows:

(1) *Shares*

| Name of Director | No. of Shares held | Nature of interest | Position | Approximate shareholding percentage |
|------------------|---------------------------|-----------------------------|----------|-------------------------------------|
| LIU Changle | 1,854,000,000 (Note 1) | Corporate | Long | 37.42% |
| LO Ka Shui | 4,630,000 (Note 2) | Personal/ Other Interest | Long | 0.09% |

Notes:

- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.42% of the issued share capital of the Company.
- As at the Latest Practicable Date, Dr. LO Ka Shui was the beneficial owner of 500,000 Shares and 4,130,000 Shares were held for a discretionary trust of which Dr. LO Ka Shui was the founder.

(2) *Share options*

| 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 | 14 June 2000 | 14 June 2001 to 13 June 2010 | 1.08 | 5,320,000 |
| CHUI Keung | 14 June 2000 | 14 June 2001 to 13 June 2010 | 1.08 | 3,990,000 |
| WANG Ji Yan | 14 June 2000 | 14 June 2001 to 13 June 2010 | 1.08 | 3,990,000 |

The share options were granted under the Pre-IPO Share Option Scheme. No such options have been exercised during the period from the date of grant to the Latest Practicable Date.

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and chief executive 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 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 Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

2.2 Interests in service contracts

On 29 June 2006, each of Mr. LIU Changle and Mr. CHUI Keung, executive Directors, entered into a service contract with the Company commencing from 1 July 2006. The term of each contract is for a term of three years commencing from 1 July 2006. Subject to review by the Company from time to time, under his service contract Mr. LIU is entitled to a monthly salary of HK\$412,820, discretionary bonus and other fringe benefits. Subject to review by the Company from time to time, under his service contract Mr. CHUI is entitled to a monthly salary of HK\$168,860, monthly housing allowance of HK\$90,400, discretionary bonus and other fringe benefits.

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 asset

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 2008, the date to which the latest published audited financial statements of the Company 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 is known to the Directors and the chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or held any option in respect of such capital:

(i) Substantial shareholders of the Company

| Name of substantial shareholder | Number of Shares | Approximate shareholding percentage |
|---|------------------|-------------------------------------|
| Today's Asia Limited (<i>Note 1</i>) | 1,854,000,000 | 37.42% |
| Extra Step Investments Limited (<i>Note 2</i>) | 983,000,000 | 19.84% |
| Xing Kong Chuan Mei Group Co., Ltd. (<i>Note 3</i>) | 871,000,000 | 17.58% |

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to approximately 93.3% and 6.7% interests, respectively.
2. Extra Step Investments Limited is a wholly-owned subsidiary of CMHKG which in turn is a subsidiary of CMCC. By virtue of the SFO, CMHKG and CMCC are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited.
3. Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of STAR. News Cayman Holdings Limited holds 100% of the ordinary voting shares of STAR. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty. Limited, News Cayman Holdings Limited and STAR are all deemed to be interested in the 871,000,000 Shares held by Xing Kong Chuan Mei Group Co., Ltd.

(ii) Other person which is required to disclose its interests

| Name of other person who has more than 5% interest | Number of Shares | Approximate shareholding percentage |
|--|------------------|-------------------------------------|
| China Wise International Limited (<i>Note</i>) | 412,000,000 | 8.32% |

Note: 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 (“BOCGI”). BOCGI is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central SAFE Investments Limited. By virtue of the SFO, Central SAFE Investments Limited, Bank of China Limited, BOCGI 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, non-executive Director is a director and chief executive officer of BOCGI and a director of a number of companies controlled by BOCGI or in which BOCGI has an interest.

(iii) Substantial shareholders of subsidiaries of the Company

| Name of subsidiary of the Company | Name of substantial shareholder | Interest in the share capital/ equity interest | Approximate shareholding percentage |
|--|---------------------------------|---|-------------------------------------|
| PCNE Holdings Limited | Techvast Limited | 300 shares | 30% |
| Hong Kong Phoenix Weekly Magazine Limited | Zhao Shuli | 14 shares | 14% |
| Phoenix Film and Television (Shenzhen) Company Limited | 深圳市藍天空電視廣播有限公司 | HK\$2,500,000 | 25% |
| Phoenix Film and Television (Shenzhen) Company Limited | 深圳市龍領實業發展有限公司 | HK\$1,000,000 | 10% |
| Shenzhen Wutong Shan Television Broadcasting Limited | 深圳市藍天空電視廣播有限公司 | RMB500,000 | 10% |
| Phoenix Media and Broadcast Sdn Bhd | Tan Sri Lee Kim Tiong | 300,000 shares | 30% |
| Phoenix Oriental (Beijing) Properties Co. Limited | 北京中視天地文化開發有限責任公司 | RMB87,000,000 | 29% |
| Phoenix Metropolis Media Company Limited | Regal Fame Investments Limited | 100 shares | 25% |
| Shenzhen Phoenix Metropolis Media Company Limited | 深圳市星潤廣告發展有限公司 | RMB7,000,000 | 20% |
| Phoenix Metropolis Media (Guangzhou) Company Limited | 廣州市英博文化傳播有限公司 | RMB750,000 | 25% |
| Ningbo Phoenix Metropolis Media Company Limited | 寧波聯合動力投資控股有限公司 | RMB4,800,000 | 40% |
| Jingsu Phoenix Metropolis Media Company Limited | 江蘇省廣播電視集團有限公司 | RMB6,000,000* | 40% |
| Phoenix Metropolis Media (Sichuan) Company Limited | 成都熙乾廣告有限公司 | RMB900,000* | 30% |

* Registered capital contribution has not been made by substantial shareholder

Save as disclosed above, there was no person known to the Directors or the chief executive of the Company, other than the Directors or the chief executive of the Company, who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

4. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Company were made up.

5. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, Today's Asia Limited had interests in approximately 37.42% of the share capital of the Company. Mr. LIU Changle and Mr. CHAN Wing Kee beneficially owned 93.3% and 6.7%, respectively of Today's Asia Limited, which held 100% of Vital Media Holdings Limited. Vital Media Holdings Limited held 100% of Dragon Viceroy Limited which in turn held approximately 26.85% of Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the PRC. In August 2002, ATV received the approval from the authorities in the PRC to broadcast its Home and World channels through the cable system in the Pearl Delta of Guangdong. ATV was also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license. To the best of the Directors' knowledge, as at the Latest Practicable Date, in addition to the two channels mentioned in the foregoing, ATV has launched three digital channels including one CCTV-4 Channel.

As at the Latest Practicable Date, STAR Group engaged in the development, production and broadcasting of television programming to 53 countries throughout Asia. STAR Group's programming was distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR Group currently offers the following Chinese-language channels including Channel [V] Mainland China, Channel [V] Taiwan, Star Chinese Movies and Xing Kong. Mr. Paul Francis AIELLO and Mr. LAU Yu Leung John, non-executive Directors, and their alternate Director, Mr. GAO Jack Qun Yao, were directors of some of the companies in STAR Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business which competed 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.

7. EXPERT

CIMB-GK has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter(s) and/or references to its name in the form and context in which they respectively appear.

CIMB-GK is a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities.

As at the Latest Practicable Date, CIMB-GK did not have any shareholding, directly, or indirectly in any member of the Group and did not 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.

As at the Latest Practicable Date, CIMB-GK did not have any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2008, the date to which the latest published audited financial statements were made up.

8. MISCELLANEOUS

- (a) Save as disclosed, none of the Directors is materially interested in any contracts or arrangements entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.
- (b) As at the date of this circular, the Board comprises Mr. LIU Changle (Chairman), Mr. CHUI Keung and Mr. WANG Ji Yan as the executive Directors; Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung John and Mr. GONG Jianzhong as the non-executive Directors; Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK as the independent non-executive Directors. Mr. GAO Jack Qunyao is the alternate Director to Mr. Paul Francis AIELLO and Mr. LAU Yu Leung John.
- (c) The English text of this circular will prevail over the Chinese text.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are 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 the EGM:

- (1) the service agreements referred to in the section headed "Interests in service contracts" in this Appendix II;
- (2) the 2009 Contract;
- (3) the New Contract; and
- (4) the rules of the New Share Option Scheme.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 IS HEREBY GIVEN that an extraordinary general meeting of Phoenix Satellite Television Holdings Limited (the “Company”) will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Friday, 19 June 2009 at 3:30 p.m. (or so soon thereafter as the annual general meeting of the Company convened at the same place and date at 3:00 p.m. shall have concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions, which will be proposed as ordinary resolutions of the Company:

1. **“THAT:**

- (a) the conditional contract (a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) made between 神州電視有限公司 (Shenzhou Television Company Limited) (“Shenzhou”) and 中港傳媒有限公司 (CNHK Media Limited) dated 5 May 2009 (the “New Contract”) in relation to the purchase of advertising airtime at and/or sponsoring (i) the programme “Phoenix News Express” being broadcasted on the Phoenix Chinese Channel; and (ii) the programme “Financial Journal” being broadcasted on the Phoenix InfoNews Channel for the period from 1 July 2009 to 31 December 2009 (details of which are set out in the circular of the Company dated 26 May 2009 to its shareholders, a copy of which marked “B” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification) and all transactions contemplated thereby be and are hereby approved, ratified and confirmed, and the maximum aggregate cap of RMB35,912,500 (equivalent to HK\$40,760,688) in respect of the transactions under the New Contract and the 2009 Contract (as defined in the Company’s circular dated 26 May 2009) be and is hereby approved and confirmed, and the entering into of the New Contract and all other agreements, deeds and any other documents in relation thereto by Shenzhou and/or the Company be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company be and are hereby authorized to do all such things and execute all such documents as they in their absolute discretion deem fit or appropriate to give effect to the New Contract and the implementation of all transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

- (a) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares (the “Shares”) of HK\$0.10 each in the share capital of the Company falling to be issued pursuant to the new share option scheme (the “New Share Option Scheme”) of the Company, the rules of which are set out in the document marked “C” which has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted by the Company; and
- (b) the directors of the Company or the committee of directors of the Company duly established pursuant to the New Share Option Scheme be and are hereby authorised to grant options to subscribe for Shares under the New Share Option Scheme and to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the New Share Option Scheme and to do all such acts as they may in their absolute discretion consider necessary, desirable or expedient in order to give full effect to the New Share Option Scheme.”

By Order of the Board
YEUNG Ka Keung
Company Secretary

Hong Kong, 26 May 2009

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 Rooms 1806-1807, 18th 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 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, 15 June 2009 to Friday, 19 June 2009, both days inclusive, during which period no transfer of Shares will be effected. All transfer documents accompanied by the relevant share certificates 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, 12 June 2009.
5. A form of proxy for use at the meeting is enclosed.