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## **THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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, you should at once hand this circular 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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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鳳凰衛視

### **PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED**

**鳳凰衛視控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8002)

### **PROPOSED ADOPTION OF SHARE OPTION SCHEME BY SUBSIDIARY AND PROPOSED GRANT OF OPTIONS BY SUBSIDIARY**

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A letter from the Board is set out on pages 6 to 13 of this circular. A notice convening the EGM to be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Friday, 20 June 2008 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 25 to 27 of this circular. 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.

*This circular will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the website of the Company at [www.ifeng.com](http://www.ifeng.com).*

4 June 2008

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following words and expressions shall have the respective meanings set out opposite them:*

“Affiliate”	any company which is (a) a holding company of PNM; or (b) a subsidiary of a holding company of PNM; or (c) a subsidiary of PNM; or (d) a controlling shareholder of PNM; or (e) a company controlled by a controlling shareholder of PNM; or (f) a company controlled by PNM; or (g) an associated company of a holding company of PNM; or (h) an associated company of PNM
“Articles”	the articles of association of the Company for the time being
“associate”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules in relation to any director, chief executive, substantial shareholder or management shareholder (if applicable) (in each case being an individual)
“Auditors”	the auditors for the time being of PNM or an independent financial adviser appointed by the PNM Board
“Board”	the board of Directors for the time being or a duly authorised committee thereof
“business day”	any day on which the GEM or Main Board (as the case may be) is open for the business of dealing in securities
“chief executive”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Companies Law”	the Companies Law (2007 Revision) of the Cayman Islands and includes any amendment, consolidation or re-enactment thereof from time to time
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM
“connected person”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules
“Date of Grant”	27 May 2008, the date on which the Proposed Grant was conditionally approved by the PNM Board
“Directors”	the directors of the Company from time to time

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## DEFINITIONS

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“Effective Date”	the date on which the PNM Share Option Scheme is adopted by an ordinary resolution of the Shareholders, which is expected to be the date on which the EGM is held
“EGM”	the extraordinary general meeting of the Company to be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Friday, 20 June 2008 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) and convened pursuant to the notice contained in this circular
“Eligible Person”	(a) any executive, employee or director of PNM or any Affiliate; and (b) any consultant, adviser, agent, business partner, joint venture partner, service provider, contractor who, as determined at the sole discretion of PNM Board, has or may have contribution to PNM or any Affiliate
“Fenghuang On-line”	鳳凰在線(北京)信息技術有限公司 (Fenghuang On-line (Beijing) Information Technology Company Limited), a company incorporated in the People’s Republic of China with limited liability and is an indirect wholly-owned subsidiary of PNM
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. LIU Shuang, Mr. LI Ya, Ms. LIU Kexin, Mr. WANG Cheng and Mr. WU Zheng and their respective associates
“Individual Limit”	the maximum entitlement of each participant under the PNM Share Option Scheme as stipulated in the Note to Rule 23.03(4) of the GEM Listing Rules, namely that the aggregate number of PNM Shares issued and to be issued upon exercise of the options granted to such participant (including both exercised and outstanding options) in any 12-month period not exceeding 1% of the PNM Shares in issue
“Latest Practicable Date”	27 May 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Main Board Listing Rules or the GEM Listing Rules (as the case may be) applicable to the Company from time to time
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the option market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“management shareholder”	shall have the meaning ascribed to it under Rule 1.01 of the GEM Listing Rules
“Offer”	an offer to grant an option made in accordance with the PNM Share Option Scheme
“Offer Date”	(save as modified in the context of particular rules) the date on which an Offer is made to an Eligible Person
“Option”	an option to subscribe for PNM Shares granted pursuant to the PNM Share Option Scheme and for the time being subsisting
“Option Holder”	a person holding an Option
“Option Period”	the period during which an Option may be exercised as notified by the PNM Board to an Eligible Person in the Offer, provided that such period shall not be longer than 10 years from the Offer Date and the PNM Board may also provide restrictions on the exercise of an Option during the period an Option may be exercised
“Option Price”	the price per PNM Share payable on the exercise of an Option as determined by the PNM Board on a fair and reasonable basis, taking into consideration the prevailing market condition, performance of PNM and after having assessed the efforts, performance and/or future potential contribution of the Eligible Person to the success of the business and operations of PNM (and its subsidiaries from time to time), which shall be no less than the nominal value of the PNM Share on the Offer Date. The Option Price in respect of any Option granted after the Company has resolved to seek a separate listing of PNM on the Main Board or the GEM or an overseas stock exchange and up to the listing date of PNM must be not less than the new issue price (if any) of the PNM Shares on listing. Without prejudice to the foregoing, any Option granted during the period commencing six months before the lodgement of Form 5A (or its equivalent for listing on the

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## DEFINITIONS

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Main Board or any overseas exchange) up to the listing date of PNM are subject to the above requirement. The exercise price of any Option granted during such period shall be adjusted to a price not lower than the new issue price as the PNM Board may deem appropriate; or (where applicable) such price as from time to time adjusted pursuant to the PNM Share Option Scheme

“PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands, an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“PNM Board”	the board of directors of PNM for the time being
“PNM Shareholder”	a registered holder of issued PNM Shares from time to time
“PNM Shares”	an ordinary share of US\$0.01 each (or such other amount as such ordinary shares may be divided or consolidated or converted into) in the share capital of PNM
“PNM Share Option Scheme”	PNM’s share option scheme in the form adopted by the Shareholders on the Effective Date or any amended form
“Proposed Grant”	the conditional grant of Options beyond the Scheme Mandate Limit to subscribe for an aggregate of 67,000,000 PNM Shares under the PNM Share Option Scheme to the Proposed Grantees
“Proposed Grantees”	Eligible Persons who are eligible to participate in the PNM Share Option Scheme as set out under the section headed “Proposed Grant of Options” in the “Letter from the Board” in this circular
“Relevant Event”	any variation in the share capital of PNM 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 PNM Share Option Scheme or other share option schemes of PNM) by way of capitalisation of profits or reserves or in connection with an offer made pro rata to the PNM Shareholders except where share capital is issued as consideration or part consideration in a transaction

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## DEFINITIONS

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“Scheme Mandate Limit”	the total number of PNM Shares which may be issued upon exercise of all options to be granted under the PNM Share Option Scheme and any other schemes of PNM which must not in aggregate exceed 10% of the PNM Shares in issue as at the Effective Date, as stipulated in Note 1 to Rule 23.03(3) of the GEM Listing Rules
“Scheme Period”	the period commencing on the Effective Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof
“Shares”	the shares of HK\$0.10 each in the capital of the Company (or shares of such nominal amount as shall result from any sub-division or consolidation of such shares from time to time)
“Shareholder”	a registered holder of issued Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an amount equal to the Option Price multiplied by the relevant number of PNM Shares in respect of which the Option is exercised
“substantial shareholder”	shall have the meaning ascribed to it under Rule 1.01 of the Listing Rules
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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## LETTER FROM THE BOARD

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鳳凰衛視

### PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

### 鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

*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

*Registered Office:*

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

*Principal Place of Business:*

9th Floor, One Harbourfront  
18-22 Tak Fung Street  
Hunghom  
Kowloon  
Hong Kong

4 June 2008

*To the Shareholders*

Dear Sir or Madam,

### PROPOSED ADOPTION OF SHARE OPTION SCHEME BY SUBSIDIARY AND PROPOSED GRANT OF OPTIONS BY SUBSIDIARY

#### A. INTRODUCTION

The purpose of this circular is to (i) provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM for the adoption of the PNM Share Option Scheme and the grant of Options to the Proposed Grantees; and (ii) give you notice of the EGM at which necessary resolutions approving the said proposals will be sought.

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## LETTER FROM THE BOARD

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### **B. ADOPTION OF THE PNM SHARE OPTION SCHEME**

PNM is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date. PNM is an investment holding company. PNM, through its wholly-owned subsidiaries and independent service providers, provides a broad range of multimedia information and entertainment contents and value added interactive services, through Internet, wireless communications network, on-line video and IPTV platforms, to a wide spectrum of audience. As at the Latest Practicable Date, no share option scheme has ever been adopted by PNM and in effect. The Board proposes that the PNM Share Option Scheme, which will comply in full with the relevant requirements under the Listing Rules, be approved by the Company and adopted by PNM in general meetings.

#### **Reasons for adoption of the PNM Share Option Scheme**

The Board has long recognised that qualified and skilled persons are in demand and invaluable to the growth and development of the Group's businesses. The Board believes that it is in line with modern commercial practice that executives, employees, directors, consultants, advisers, agents, business partners, joint venture partners, service providers and contractors of PNM and/or the Affiliates be given incentives, in the form of options to subscribe for the PNM Shares, to work towards enhancing the value of PNM and/or the Affiliates and for the benefit of the Group as a whole. The Board also believes that the PNM Share Option Scheme will provide a flexible and effective means to evince the Group's recognition of the hard work, commitment, contribution and potential contribution of the Eligible Persons to the development of PNM and/or the Affiliates.

The Directors are of the view that the PNM Share Option Scheme will serve the motivation and reward purposes as its terms are sufficiently flexible for the PNM Board to devise individual incentive programs for different Eligible Persons taking into account their past and expected commitment and contribution to PNM and/or the Affiliates and the general performance of PNM and/or the Affiliates. Under the rules of the PNM Share Option Scheme, the PNM Board may during the Scheme Period make an Offer at its absolute discretion (in such form as the PNM Board may from time to time determine but which shall in any event be in writing) to an Eligible Person subject to any terms and conditions as it may think fit. The PNM Board 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 PNM Share Option Scheme can be exercised. The PNM Board also has discretion to fix any minimum period(s) for which an Option or any part thereof has to be held before the exercise of the subscription rights attaching thereto. The Directors believe that such discretions of the PNM Board can provide incentives to the Eligible Persons to use their best endeavours in assisting the growth and development of PNM and/or the Affiliates.

A summary of the principal terms of the PNM Share Option Scheme are set out in Appendix II to this circular.

The PNM Shareholders and the PNM Board have given approval for the adoption of the PNM Share Option Scheme. The PNM Share Option Scheme is conditional upon passing of the ordinary resolution by the Shareholders approving its adoption at the EGM.

With respect to the operation of the PNM Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 23 of the GEM Listing Rules.

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## LETTER FROM THE BOARD

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### C. PROPOSED GRANT OF OPTIONS

It has been proposed by the PNM Board on the Date of Grant that, subject to the PNM Share Option Scheme becoming effective, and obtaining the approval of the Shareholders at the EGM, Options will be granted to the Proposed Grantees entitling them to subscribe for an aggregate of 67,000,000 PNM Shares representing approximately 20.94% of the PNM Shares in issue as at the Latest Practicable Date, at an exercise price of US\$0.03215 per PNM Share. The number of PNM Shares in issue as at the Latest Practicable Date was 320,000,000.

#### **Proposed Grantees**

The Proposed Grantees comprise the current directors, management, senior consultants, supervisors, managers and general staff of Fenghuang On-line. In particular, the following Proposed Grantees will each be granted Options to subscribe for more than 1% of the PNM Shares in issue as at the Latest Practicable Date:

Mr. LIU Shuang, chief executive officer and director of Fenghuang On-line and vice president of Phoenix Satellite Television Company Limited (which is a wholly-owned subsidiary of the Company), will be granted Options to subscribe for 12,000,000 PNM Shares representing 3.75% of the PNM Shares in issue as at the Latest Practicable Date. Mr. LIU joined Phoenix Satellite Television Company Limited in 2001 and was promoted to be a vice president thereof in 2003. Mr. LIU has been serving as the chief executive officer of Fenghuang On-line since 2006, and he has introduced a lot of talented senior management and professional personnel for the new media business. Under his leadership, Fenghuang On-line has adopted innovative development strategies and developed new strategic partners which significantly increased the name recognition and viewership of new media website. Further, the innovative media platform relating to new media business that integrates Internet, wireless communications network and broadband streaming, has considerably increased the revenue, profit, and influence within the new media business sector. Fenghuang On-line has now achieved a leading position in the new media field.

Mr. LI Ya, chief operating officer and director of Fenghuang On-line, will be granted Options to subscribe for 8,800,000 PNM Shares representing 2.75% of the PNM Shares in issue as at the Latest Practicable Date. Mr. LI joined Fenghuang On-line in June 2006. Mr. LI leads Fenghuang On-line's Internet and Broadband Video business units, manages its IT and advertising departments, and oversees Fenghuang On-line's human resources and financial management. Mr. LI possesses extensive senior management experience in strategic, organizational, operational, and financial aspects at start-up as well as small publicly traded U.S.-China multinational Internet and telecommunications companies, with great blend of leadership characters, managerial skills, entrepreneurial spirits, and operational experiences.

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## LETTER FROM THE BOARD

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Ms. LIU Kexin, director and senior consultant of Fenghuang On-line, will be granted Options to subscribe for 6,000,000 PNM Shares representing approximately 1.87% of the PNM Shares in issue as at the Latest Practicable Date. Ms. LIU joined the Group in 2000 and was in charge of the daily management and marketing team of the Internet business of the Group. In February 2003, Ms. LIU took over the general management responsibilities of the Internet business of the Group. Through her endeavours, in two years, the ifeng.com website was developed from a single web page into a multimedia website with nearly 40 channels. In 2004, Ms. LIU led the Group and acquired ICP\SP license in China, and transferred all programs of Phoenix Chinese Channel and partial programs of Phoenix InfoNews Channel into text, picture, and video contents, established long-term strategic co-operations with Microsoft and China Telecom. ifeng.com won the Top 100 Chinese Website with most business value, Top 5 most influential website, and Top 100 Business Website in 2003 and 2004. Ms. LIU has made great contribution to the above achievements of the Group. Since November 2005, Ms. LIU has been serving as a senior consultant, responsible for corporate governance, public relations and strategies of the Internet business of the Group.

Mr. WANG Cheng, vice president of Fenghuang On-line, will be granted Options to subscribe for 5,200,000 PNM Shares representing approximately 1.63% of the PNM Shares in issue as at the Latest Practicable Date. Mr. WANG has been serving as vice president of Fenghuang On-line since June 2006. He is now in charge of the mobile-related services, which provide wireless value-added services and new media services to customers. Before joining Fenghuang On-line, Mr. WANG was responsible for the financing affairs in Zhejiang Xinqi Company and Letv.com from 2005 to 2006. Prior to that, Mr. WANG worked as a vice general manager of a subsidiary of, sales director and regional director in, Hurray Solution (a company listed on NASDAQ) from 1999 to 2005. The Board believes that Mr. WANG's experiences and managerial capability will assist the Group in establishing a leading role in the mobile new media field.

Mr. WU Zheng, editor-in-chief and vice president of Fenghuang On-line, will be granted Options to subscribe for 4,000,000 PNM Shares representing 1.25% of the PNM Shares in issue as at the Latest Practicable Date. Mr. WU has been serving as the editor-in-chief and vice president of Fenghuang On-line since March 2007, and is responsible for Fenghuang On-line's news and contents production. Prior to that, Mr. WU served as director of general editing department of Phoenix TV Chinese Channel in 2006. He had also served as a managing editor and executive producer at CCTV from 2002 to 2005. At CCTV, he co-produced a distinguished TV interview program "Face to Face" and the award winning news program "Investigation Reporting". Prior to joining CCTV, Mr. WU served as editor, chief editor, and vice director of Social News Department at Anhui TV from 1999 to 2002. Mr. WU graduated from Anhui Normal University in 1995 and started his career as a lecturer at the School of Literature there. The Board believes that Mr. WU's experiences from both state-run and oversees TV media will contribute greatly to the Group's contents strategy and operation.

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## LETTER FROM THE BOARD

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### Number of Options under the Proposed Grant

The following table illustrates the number of PNM Shares to be issued upon exercise in full of the Options proposed to be granted under the Proposed Grant and the related shareholdings as at the Latest Practicable Date:

Name	Number of PNM Shares to be issued upon exercise in full of the Options proposed to be granted	Approximate percentage shareholding in PNM represented by PNM Shares which may fall to be issued upon exercise in full of the Options proposed to be granted as at the Latest Practicable Date
Mr. LIU Shuang (Chief executive officer and director of Fenghuang On-line)	12,000,000	3.75%
Mr. LI Ya (Chief operating officer and director of Fenghuang On-line)	8,800,000	2.75%
Ms. LIU Kexin (Director and senior consultant of Fenghuang On-line)	6,000,000	1.87%
Mr. WANG Cheng (Vice president of Fenghuang On-line)	5,200,000	1.63%
Mr. WU Zheng (Editor-in-chief and vice president of Fenghuang On-line)	4,000,000	1.25%
Mr. ZOU Ming (Vice president of Fenghuang On-line)	3,000,000	0.94%
Mr. CHEN Ming (Vice president of Fenghuang On-line)	3,000,000	0.94%
Subtotal	42,000,000	13.13%
Management, senior consultants, supervisors, vice supervisors, senior managers, managers, and general staff	25,000,000	7.81%
Total	<hr style="border-top: 1px solid black;"/> <b>67,000,000</b> <hr style="border-top: 3px double black;"/>	<hr style="border-top: 1px solid black;"/> <b>20.94%</b> <hr style="border-top: 3px double black;"/>

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## LETTER FROM THE BOARD

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### Terms of the Proposed Grant

Apart from the terms of the PNM Share Option Scheme, the Options under the Proposed Grant are also subject to the following specific terms:

- (a) the Proposed Grant is conditional upon the satisfaction of the following conditions:
  - (i) the PNM Share Option Scheme becoming effective;
  - (ii) the approval of the Shareholders at the EGM in accordance with the GEM Listing Rules; and
  - (iii) the acceptance of the Options under the Proposed Grant by the relevant Proposed Grantees respectively;
- (b) the exercise price per PNM Share under the Proposed Grant is US\$0.03215;
- (c) the Options under the Proposed Grant shall be exercisable as to (i) up to 25% immediately after 12 months from (aa) 1 January 2006 or (bb) the relevant Proposed Grantee's employment commencement date, whichever is later; and (ii) up to an additional 6.25% for every successive 3-month period;
- (d) the Options will expire at the close of business on the business day immediately preceding the tenth anniversary of the Date of Grant; and
- (e) the Proposed Grantees are not subject to any performance targets before being able to exercise their rights under the Options.

### Purposes of the Proposed Grant

The Proposed Grant is to grant incentives or rewards to recognize the contribution and dedication of each Proposed Grantee to PNM and the Affiliates, and to retain the Proposed Grantees who are considered to be valuable to PNM and the Affiliates. As the Options to be granted under the Proposed Grant to the Proposed Grantees will serve as demonstration of recognition of the Proposed Grantees' efforts and contribution to PNM and the Affiliates, the above purpose can be achieved. Further, the grant of the Options under the Proposed Grant may further align the interests of the Proposed Grantees to PNM and the Affiliates. Therefore, the Proposed Grant of the Options to the Proposed Grantees is considered to be in the interests of PNM and the PNM Shareholders as a whole.

### Implications under the GEM Listing Rules

Under Note 1 to Rule 23.03(3) of the GEM Listing Rules, the total number of PNM Shares which may be issued upon exercise of all the Options to be granted under the PNM Share Option Scheme and any other schemes of PNM shall not in aggregate exceed 10% of the issued share capital of PNM as at the Effective Date. Options lapsed in accordance with the terms of the PNM Share Option Scheme will not be counted for the purpose of calculating the 10% limit.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, a total of 320,000,000 PNM Shares were in issue. Subject to the PNM Share Option Scheme becoming effective and on the assumption that no further PNM Shares will be issued before the Effective Date, the Scheme Mandate Limit will be 32,000,000 PNM Shares, being 10% of the issued share capital of PNM as at the Effective Date. As the Proposed Grant will exceed the Scheme Mandate Limit, the Proposed Grant to the Proposed Grantees is subject to the approval of the Shareholders at the EGM.

Under the Note to Rule 23.03(4) of the GEM Listing Rules, among other things, unless approved by the Shareholders, the aggregate number of PNM Shares issued and to be issued upon exercise of the Options granted to each Eligible Person under the PNM Share Option Scheme and/or any other share option schemes of PNM (including both exercised and outstanding options) in any 12-month period must not exceed the Individual Limit. Where any further grant of Options to an Eligible Person would result in the Individual Limit being exceeded, such further grant must be separately approved by the Shareholders and PNM Shareholders in general meetings with such Eligible Person and his/her associates abstaining from voting.

The proposed grant of Options to each of Mr. LIU Shuang, Mr. LI Ya, Ms. LIU Kexin, Mr. WANG Cheng and Mr. WU Zheng will respectively exceed the Individual Limit. Therefore, the proposed grant of Options to each of Mr. LIU, Mr. LI, Ms. LIU, Mr. WANG and Mr. WU will require the approval of the Independent Shareholders at the EGM by way of poll in accordance with Rule 23.03(4) of the GEM Listing Rules. Each of Mr. LIU, Mr. LI, Ms. LIU, Mr. WANG and Mr. WU together with their respective associates will have to abstain from voting on the relevant resolution numbered 3, 4, 5, 6 and 7 respectively to approve such grant of Options beyond the Individual Limit.

### **D. NOTICE**

You will find on pages 25 to 27 of this circular a notice convening the EGM to be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hungghom, Kowloon, Hong Kong on Friday, 20 June 2008 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 the resolutions to approve the adoption of the PNM Share Option Scheme and the grant of Options to the Proposed Grantees.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy for the EGM in accordance with the instructions printed thereon 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 as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

In accordance with Rule 23.02(1)(a) of the GEM Listing Rules, the Company will publish an announcement on the outcome of the EGM in respect of the resolution for the adoption of the PNM Share Option Scheme on the business day following the date of the EGM.

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## LETTER FROM THE BOARD

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### **E. RECOMMENDATION**

Having considered the terms of the PNM Share Option Scheme and the contribution of the Proposed Grantees to PNM and the Affiliates, the Board considers that the proposals for the adoption of the PNM Share Option Scheme and the grant of Options to the Proposed Grantees referred to in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

### **F. GENERAL 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*

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**2. INTERESTS OF DIRECTORS**

The Board confirms that none of the Directors or directors of PNM will act as trustees of the PNM Share Option Scheme or have any direct or indirect interest in the trustee (if any) of the PNM Share Option Scheme.

**3. DOCUMENT AVAILABLE FOR INSPECTION**

The rules of the PNM Share Option Scheme are available for inspection at the Company's principal place of business in Hong Kong during the 14-day period before the date of the EGM and at the venue of the EGM during the EGM.

**4. PROCEDURES FOR DEMANDING A POLL**

Pursuant to Articles 66, 66A and 67 of the Articles, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Notwithstanding any other provisions in these Articles, if the chairman of a particular meeting and/or the Directors individually or collectively hold proxies in respect of shares holding five (5) per cent. or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll, unless it is apparent from the total proxies held by those persons that a vote taken on a poll will not reverse the vote taken on a show of hands. If a poll is required under such circumstances, the chairman of the meeting should disclose to the meeting the total number of votes represented by all proxies held by Directors indicating an opposite vote to the votes cast at the meeting on a show of hands.

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

**1. PURPOSE OF THE PNM SHARE OPTION SCHEME**

The purpose of the PNM Share Option Scheme is to enable PNM to grant Options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to PNM and/or the Affiliates.

**2. ADMINISTRATION OF THE PNM SHARE OPTION SCHEME**

The PNM Share Option Scheme shall be administered by the PNM Board whose decisions shall be final and binding on all persons who may be affected thereby. The PNM Board may delegate some or all of its authority under the PNM Share Option Scheme to an individual or individuals who may either be one or more of the members of the PNM Board or one or more of the officers of PNM or its subsidiaries.

**3. CONDITIONS**

The PNM Share Option Scheme is conditional on the Shareholders approving the adoption of the PNM Share Option Scheme at the EGM.

**4. ELIGIBLE PERSONS**

Subject to the terms of the PNM Share Option Scheme and for so long as PNM remains a subsidiary of the Company, subject also to the Listing Rules, the PNM Board 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. The eligibility of the Eligible Persons is determined by the PNM Board with reference to the Eligible Persons' past and expected commitment and contribution to PNM and/or the Affiliates.

Offers may be accepted by returning a duly signed copy of the Offer document or other instrument in writing to PNM by 5:00 p.m. on the date specified in the Offer as the latest date for acceptance, together with remittance of HK\$1.00 (or foreign currency equivalent) by way of consideration for the grant thereof.

All Offers and Options shall be personal to the person to whom it was made or granted and shall not be transferable or assignable.

**5. OPTION PRICE AND OPTION PERIOD**

The Option Price shall be determined by the PNM Board on a fair and reasonable basis, taking into consideration the prevailing market condition, performance of PNM and after having assessed the efforts, performance and/or future potential contribution of the Eligible Person to the success of the business and operations of PNM (and the Affiliates from time to time), which shall be no less than the nominal value of the PNM Share on the Offer Date.

The Option Price in respect of any Option granted after the Company has resolved to seek a separate listing of PNM on the Main Board or the GEM or an overseas stock exchange and up to the listing date of PNM must be not less than the new issue price (if any) of the PNM Shares on listing. Without prejudice to the foregoing, any Option granted during the period commencing six months before the lodgement of Form 5A (or its equivalent for listing on the Main Board or any overseas exchange) up to the listing date of PNM are subject to the above requirement. The exercise price of any Option granted during such period shall be adjusted to a price not lower than the new issue price as the PNM Board may deem appropriate; or (where applicable) such price as from time to time adjusted pursuant to the PNM Share Option Scheme.

The Option Period will be notified by the PNM Board to an Eligible Person in the Offer, which shall not be longer than 10 years from the Offer Date.

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

For so long as PNM remains a subsidiary of the Company:

- (a) The total number of PNM Shares which may be issued upon exercise of all Options to be granted under the PNM Share Option Scheme and any other share option schemes of PNM must not in aggregate exceed 10% of the PNM Shares in issue as at the Effective Date (the "Limit"), unless further Shareholders' approval and approval of the PNM Shareholders have been obtained pursuant to sub-paragraph (b) or (c) below, provided that Options lapsed in accordance with the terms of the PNM 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 and PNM Shareholders in general meetings to refresh the Limit provided that the Limit as refreshed shall not exceed 10% of the PNM 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 PNM Share Option Scheme and any other share option schemes of PNM) will not be counted for the purpose of calculating the Limit as refreshed.

- (c) The Company may seek separate Shareholders' approval and PNM may seek separate approval of the PNM Shareholders 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 PNM 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 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 PNM Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the PNM Share Option Scheme and any other share option schemes of PNM shall not in any event exceed 30% of the PNM Shares in issue from time to time.
- (e) Unless approved by the Shareholders and PNM Shareholders in the manner set out in the rest of this paragraph, the total number of PNM 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 PNM 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 and PNM 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 PNM Shareholders' approval and the date of the meeting of the PNM Board for proposing such further grant should be taken as the Offer Date for the purpose of calculating the minimum Option Price.

## **7. RESTRICTIONS ON GRANT OF OPTIONS**

For so long as PNM remains a subsidiary of the Company:

- (a) An Offer must not be made after a price sensitive development concerning the Group has occurred or a price sensitive matter concerning the Group 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 Board meeting (as such date is first notified to the Stock Exchange in accordance with Rule 17.48 of the GEM Listing Rules or Rule 13.43 of the Main Board Listing Rules (as the case may be)) for the approval of any quarterly, interim or annual results; and (ii) the deadline for the Company to publish any quarterly, interim or annual results announcement under the Listing Rules, and ending on the date of the relevant results announcement of the Company, no Option shall be granted.

- (b) Any proposed grant of Options to a Director, chief executive, management shareholder 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 PNM 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 PNM Shares in issue; and
  - (ii) having an aggregate value, assuming such Options were exercised and based on the adjusted net asset value per share in accordance with the latest audited accounts of PNM, in excess of HK\$5 million,

such further grant of Options, and any change in the terms of Options granted, shall be subject to the issue of a circular in compliance with Rule 23.04 of the GEM Listing Rules or Rule 17.04 of the Main Board Listing Rules (as the case may be) by the Company to the Shareholders, the approval of PNM in general meeting and the approval (by way of voting by poll) of the Company in general meeting at which all connected persons of the Company must abstain from voting, except that any connected person 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 PNM Board proposing such further grant shall be taken as the Offer Date for the purpose of calculating the minimum Option Price.

## **8. EXERCISE OF OPTIONS**

Subject to paragraph 10, Options may be exercised in accordance with the terms of the PNM Share Option Scheme at any time during the Option Period provided that the PNM Board may determine the period during which an Option may be exercised. The PNM Board has the discretion to fix any minimum period(s) for which an Option or any part thereof has to be held before the exercise of the subscription rights attaching thereto. An Option Holder shall not be treated as a PNM Shareholder until the registration of the Option Holder as the holder of the PNM Shares. PNM Shares allotted upon the exercise of an Option shall rank *pari passu* in all respects with the PNM Shares in issue on the date of the exercise.

The Board 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 PNM Share Option Scheme can be exercised.

**9. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION**

- (a) If a general offer (other than by way of scheme of arrangement pursuant to sub-paragraph (b) below) is made to all PNM Shareholders or, for so long as PNM remains a subsidiary of the Company, to all Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), PNM shall forthwith give notice thereof (the “Notice of General Offer”) to all Option Holders who may at any time after such offer becomes or is declared unconditional during the Option Period of the relevant Option, be entitled to exercise the Option in full or in part regardless of any vesting period requirements (if any) at any time thereafter and up to the close of such offer (or any revised offer). All outstanding Offers and unexercised Options shall lapse upon the close of such offer (or any revised offer) unless PNM has specified in the Notice of General Offer that all outstanding Offers and unexercised Options shall remain valid notwithstanding the general offer. Any outstanding Offer or unexercised Option surviving such general offer (or revised offer) shall continue to be bound by the terms of the relevant Offer and the PNM Share Option Scheme.
- (b) If a general offer by way of scheme of arrangement is made to all PNM Shareholders or, for so long as PNM remains a subsidiary of the Company, to all Shareholders, and has been approved by the necessary number of PNM Shareholders or Shareholders (as the case may be) at the requisite meetings, PNM shall forthwith give notice thereof (the “Notice of Scheme of Arrangement”) to all Option Holders who may at any time thereafter and until such time as specified by PNM in such notice exercise their unexercised Options to its full extent regardless of any vesting period requirements (if any) or to the extent notified by PNM. All outstanding Offers and unexercised Options shall lapse upon expiry of the period specified by PNM in the Notice of Scheme of Arrangement unless PNM has specified in such notice that all outstanding Offers and unexercised Options shall remain valid notwithstanding the scheme of arrangement. Any outstanding Offer or unexercised Option surviving such scheme of arrangement shall continue to be bound by the terms of the relevant Offer and the PNM Share Option Scheme.
- (c) If notice is duly given by PNM to all PNM Shareholders to convene a general meeting at which a resolution will be proposed to voluntarily wind up PNM, PNM shall give notice thereof to all Option Holders on the same date (containing an extract of this provision) as it despatches such notice to each PNM Shareholder, and thereupon each Option Holder or his personal representative(s) shall be entitled to exercise all or any of his unexercised Options either to its full extent regardless of any vesting period requirements (if any) or to the extent specified in such notice at any time not later than two business days prior to the proposed general meeting of PNM. If the resolution to wind up PNM is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and determine and all outstanding Offers shall lapse.

- (d) If under the Companies Law a compromise or arrangement between PNM and the PNM Shareholders or between PNM and its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of PNM or its amalgamation with any other company or companies, PNM shall give notice thereof to all Option Holders on the same date as it despatches the notice which is sent to each PNM Shareholder or creditor of PNM summoning the meeting to consider the compromise or arrangement, and thereupon each Option Holder (or where permitted his personal representative(s)) shall be entitled to exercise all or any of his unexercised Options either to its full extent regardless of any vesting period requirements (if any) or to the extent specified in such notice at any time not later than two business days prior to the proposed general meeting of PNM. All outstanding Offers and unexercised Options shall lapse upon the compromise or arrangement becoming effective unless PNM has specified in such notice that all outstanding Offers and unexercised Options shall remain valid notwithstanding the compromise or arrangement. Any outstanding Offer or unexercised Option surviving such compromise or arrangement shall continue to be bound by the terms of the relevant Offer and the PNM Share Option Scheme.

#### **10. 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) the date of termination of employment by the Option Holder's employing company for serious misconduct or in accordance with the termination provisions of his contract of employment (otherwise than by reason of redundancy);
- (c) expiry of the 30-day period from the date of voluntary resignation of the Option Holder other than by reason of the circumstances set out in sub-paragraph (d) hereof;
- (d) the date of termination of such other contract or agreement constituting the Option Holder an Eligible Person for his breach of the terms thereof or in accordance with the termination provisions of such contract or agreement by any contracting party;
- (e) expiry of the six-month period following the occurrence of an event which causes the Option Holder to cease to be an Eligible Person, including ill-health, injury, disability, death or retirement (including expiration of term of directorship);
- (f) expiry of the periods referred to in paragraphs 9(a) and 9(b) above;
- (g) the date on which the resolution to voluntarily wind up PNM is passed; and
- (h) save as otherwise provided in the above paragraph 9, the date of the commencement of winding up of PNM.

**11. IF EXERCISE OF AN OPTION IS UNLAWFUL**

If at the time an Option Holder wishes to exercise an Option, the exercise of the Option in respect of the PNM Shares or the consequences of such exercise is not permitted by the applicable laws, the Option shall not entitle the Option Holder to subscribe for the PNM Shares, but shall entitle the Option Holder to receive the amount by which the net proceeds of sale of the PNM Shares, the subject of the Option shall exceed the subscription price for such PNM Shares, the PNM Shares shall be sold in the market by PNM, and the subscription price for such PNM Shares shall be credited to PNM's share capital and capital reserves.

**12. CANCELLATION OF OPTIONS**

Any Options granted but not exercised may be cancelled if the Option Holder agrees in writing. Issuance of new Options to the same Option Holder may only be made if there are unissued Options available under the PNM Share Option Scheme (excluding the cancelled Options) and in compliance with the terms of the PNM Share Option Scheme in force from time to time.

**13. VOTING AND DIVIDEND RIGHTS**

PNM Shares issued upon the exercise of an Option shall not carry voting rights until such PNM Shares are entered in the register of members of PNM. The PNM Shares to be allotted and issued upon the exercise of an Option will rank *pari passu* with the fully paid PNM Shares in issue and accordingly will entitle the Option Holder to participate in all dividend or other distributions paid or made on or after the date when such PNM Shares are entered in the register of members of PNM 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 PNM Shares are entered in the register of members of PNM, provided always that when the date of exercise of the Option falls on a date upon which the register of members of PNM 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 PNM is re-opened.

**14. ALTERATIONS TO CAPITAL**

Upon the occurrence of any Relevant Event, the number or nominal amount of PNM Shares comprised in each Option and/or the Option Price thereunder and/or the Limit (as refreshed from time to time) may be adjusted in any manner as the PNM Board (having received a confirmation in writing from the Auditors, acting as experts and not as arbitrators, that in their opinion the proposed adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules or Rule 17.03(13) of the Main Board Listing Rules (as the case may be) and the note thereto and the Supplementary Guidance for so long as PNM remains a subsidiary of the Company) may deem appropriate provided always that:

- (a) any adjustments should give an Option Holder the same proportion of the share capital of PNM (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 PNM 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 PNM Shares, references to Options shall include references to Options that have been exercised prior to the date of the adjustment in respect of PNM Shares which otherwise do not rank and are not entitled to participate in the issue by reason of the Option Holder not having been then registered as the holder of the relevant PNM Shares.

#### **15. ALTERATION OF THE TERMS OF THE PNM SHARE OPTION SCHEME**

No amendments to the PNM 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 PNM's constitutional documents as if the Options constituted a separate class of share capital and as if the relevant provisions are applied mutatis mutandis.

Subject to the above, the PNM Board may from time to time in its absolute discretion waive or amend any of the rules of the PNM Share Option Scheme as it deems desirable, provided that, except with the prior sanction of the Company in general meeting:

- (a) no alteration to any of the matters set out in rule 23.03 of the GEM Listing Rules or Rule 17.03 of the Main Board Listing Rules (as the case may be) shall be made to the advantage of Option Holders or Eligible Persons;
- (b) no alteration to the definition of "Eligible Persons"; and
- (c) no alteration to the terms and conditions of the PNM 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 PNM Share Option Scheme,

provided that for so long as PNM remains a subsidiary of the Company, the amended terms must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules or Chapter 17 of the Main Board Listing Rules (as the case may be).

Any change to the authority of the PNM Board in relation to any alteration to the terms of the PNM Share Option Scheme must be approved by the PNM Shareholders and the Shareholders (for so long as PNM remains a subsidiary of the Company) in general meetings.

**16. TERMINATION OF THE PNM SHARE OPTION SCHEME**

Subject to earlier termination by PNM by an ordinary resolution of the PNM Shareholders and an ordinary resolution of the Shareholders (so long as PNM remains a subsidiary of the Company) in general meeting, the PNM Share Option Scheme shall be valid for the Scheme Period. Upon the termination of the PNM Share Option Scheme no further Offers will be made but Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the PNM Share Option Scheme.

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## NOTICE OF EGM

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鳳凰衛視

### PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

### 鳳凰衛視控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8002)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Phoenix Satellite Television Holdings Limited (the “Company”) will be held at 9th Floor, One Harbourfront, 18-22 Tak Fung Street, Hunghom, Kowloon, Hong Kong on Friday, 20 June 2008 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:

1. **“THAT** the share option scheme (the “PNM Share Option Scheme”) of Phoenix New Media Limited (“PNM”), the rules of which are set out in a document produced to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting, be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to execute all such documents and take all such steps as it may deem necessary, desirable or expedient to carry into effect, vary or amend the PNM Share Option Scheme subject to the terms of the PNM Share Option Scheme and Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as the case may be) (as amended from time to time).”
2. **“THAT** subject to and conditional upon the PNM Share Option Scheme taking effect, the grant of options to certain participants (the “Proposed Grantees”) entitling them to subscribe for an aggregate of 67,000,000 ordinary shares of US\$0.01 each (the “PNM Shares”) in the share capital of PNM, the particulars of the Proposed Grantees, the number of options proposed to be granted to them and the terms of grant are set out in the circular of the Company dated 4 June 2008 (the “Circular”), a copy of which is produced to the meeting marked “B” and signed for the purpose of identification by the chairman of the meeting, be and is hereby approved, confirmed and ratified; and **THAT** such grant of options to the Proposed Grantees not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and **THAT** the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of options to the Proposed Grantees.”

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## NOTICE OF EGM

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3. “**THAT** subject to and conditional upon the PNM Share Option Scheme taking effect and the passing of resolution number 2 above, the grant of an option beyond the maximum entitlement of an individual participant under the PNM Share Option Scheme to Mr. LIU Shuang entitling him to subscribe for 12,000,000 PNM Shares, the details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and THAT such grant of option to Mr. LIU Shuang not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and THAT the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of Mr. LIU Shuang.”
4. “**THAT** subject to and conditional upon the PNM Share Option Scheme taking effect and the passing of resolution number 2 above, the grant of an option beyond the maximum entitlement of an individual participant under the PNM Share Option Scheme to Mr. LI Ya entitling him to subscribe for 8,800,000 PNM Shares, the details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and THAT such grant of option to Mr. LI Ya not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and THAT the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of Mr. LI Ya.”
5. “**THAT** subject to and conditional upon the PNM Share Option Scheme taking effect and the passing of resolution number 2 above, the grant of an option beyond the maximum entitlement of an individual participant under the PNM Share Option Scheme to Ms. LIU Kexin entitling her to subscribe for 6,000,000 PNM Shares, the details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and THAT such grant of option to Ms. LIU Kexin not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and THAT the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of Ms. LIU Kexin.”
6. “**THAT** subject to and conditional upon the PNM Share Option Scheme taking effect and the passing of resolution number 2 above, the grant of an option beyond the maximum entitlement of an individual participant under the PNM Share Option Scheme to Mr. WANG Cheng entitling him to subscribe for 5,200,000 PNM Shares, the details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and THAT such grant of option to Mr. WANG Cheng not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and THAT the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of Mr. WANG Cheng.”

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## NOTICE OF EGM

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7. “**THAT** subject to and conditional upon the PNM Share Option Scheme taking effect and the passing of resolution number 2 above, the grant of an option beyond the maximum entitlement of an individual participant under the PNM Share Option Scheme to Mr. WU Zheng entitling him to subscribe for 4,000,000 PNM Shares, the details of which are set out in the Circular, be and is hereby approved, confirmed and ratified; and **THAT** such grant of option to Mr. WU Zheng not be counted as granted within the 10% scheme mandate limit of the PNM Share Option Scheme approved by the shareholders of the Company in resolution number 1 above; and **THAT** the directors of the Company or a duly authorised committee thereof be and are hereby authorised to do any acts or things or to sign, seal, execute and/or deliver any documents for and on behalf of the Company as may be necessary, desirable or expedient in order to give effect to the grant of Mr. WU Zheng.”

By Order of the Board  
**YEUNG Ka Keung**  
*Company Secretary*

Hong Kong, 4 June 2008

*Registered Office:*

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

*Principal Place of Business:*

9th Floor, One Harbourfront  
18-22 Tak Fung Street  
Hung Hom  
Kowloon  
Hong Kong

*NOTES:*

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 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. A form of proxy for use at the meeting is enclosed.