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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 advisers.

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.

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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)

**MAJOR TRANSACTION:
CONSTRUCTION OF PHOENIX INTERNATIONAL MEDIA CENTRE
IN BEIJING**

A letter from the Board is set out on pages 3 to 9 of this circular.

14 July 2010

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DEFINITIONS

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

“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	the site of approximately 18,822 sq.m. situated in the South-Western corner of Chaoyang Park, Chaoyang District, Beijing, the PRC
“Latest Practicable Date”	8 July 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Contractor”	北京天潤建設工程有限公司 (Beijing Tianrun Construction Engineering Co., Ltd.), a company established under the laws of the PRC
“Main Contractor Agreements”	main contractor (general terms) agreement, main contractor (specific terms) agreement, supplemental agreement and ancillary contracts and documents relating to the main contractor agreements for Phoenix International Media Centre
“Phoenix International Media Centre”	鳳凰國際傳媒中心 (Phoenix International Media Centre) (tentative name), a building to be constructed on the Land which will contain theatres and television production studios to be used by the Group

DEFINITIONS

“Phoenix Oriental BJ”	鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited), a company established under the laws of the PRC and a 50% indirectly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, The Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Main Contractor Agreements together with the previous and anticipated contracts relating to the development and construction of the Land and Phoenix International Media Centre

In this circular, save as otherwise provided, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.14. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

LETTER FROM THE BOARD



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

Executive Directors:

LIU Changle (*Chairman*)
CHUI Keung
WANG Ji Yan

Non-executive Directors:

GAO Nianshu
LI Yue
Jan KOEPPEN
CHEUNG Chun On, Daniel
GONG Jianzhong

Independent Non-executive Directors:

LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK

Alternate Directors:

GAO Jack Qunyao
Ella Betsy WONG

Registered Office:

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Nos 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po, New Territories
Hong Kong

14 July 2010

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION:
CONSTRUCTION OF PHOENIX INTERNATIONAL MEDIA CENTRE
IN BEIJING**

Reference is made to the Company's announcement made on 17 June 2010. This circular gives you certain additional information in relation to the Transactions pursuant to the Listing Rules.

INTRODUCTION

Reference is made to the Company's announcement dated 27 June 2007 and the circular to shareholders dated 17 July 2007 relating to the Group's investment in Phoenix Oriental BJ. Phoenix Oriental BJ owns the land use rights of the Land. It is intended that a

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building (tentatively named Phoenix International Media Centre) containing theatres and television production studios will be constructed on the Land. The pre-development and design stages of the Phoenix International Media Centre have now largely been completed, and with entry into the Main Contractor Agreements, Phoenix Oriental BJ will be moving into the construction stage of the project.

PRE-DEVELOPMENT

Up to 31 May 2010, the total contractual amount and related deed tax for the pre-development stage of the Land and Phoenix International Media Centre amounted to approximately RMB280,000,000 (HK\$319,200,000), including land acquisition costs and taxes of approximately RMB226,500,000 (HK\$258,210,000), survey and design fees of approximately RMB13,000,000 (HK\$14,820,000), foundation and infrastructure construction costs of approximately RMB32,000,000 (HK\$36,480,000), and miscellaneous indirect costs such as management and agency fees, administrative costs, construction costs analysis and interest payments.

The land and project transfer contract for the Land was entered into by Phoenix Oriental BJ in or around May 2006, before it became an indirectly owned subsidiary of the Company. So far as the Directors are aware, the terms of the land and project transfer contract were agreed at after arm's length negotiations between Phoenix Oriental BJ and 北京朝陽公園開發經營公司 (Beijing Chaoyang Park Development and Management Co.) based on applicable rates promulgated by the PRC government. All land premium and taxes in relation to the Land payable up to 31 March 2010 in the aggregate amount of RMB179,500,000 (HK\$204,630,000) have been fully paid.

In April 2010, Phoenix Oriental BJ and 北京市國土資源局 (State-owned Assets Beijing Bureau) entered into a supplemental agreement to the land and project transfer contract to increase the total gross floor area to approximately 65,000 sq.m. and change the land use to mixed use and underground parking, for additional land premium in the amount of approximately RMB45,660,000 (HK\$52,052,400). The additional land premium together with deed tax in the aggregate total amount of approximately RMB47,000,000 (HK\$53,580,000) have been fully paid in May 2010.

From January 2008 to May 2010, Phoenix Oriental BJ entered into approximately 50 contracts with various contractors for survey and design, foundation and infrastructure construction, and miscellaneous management and agency services in relation to pre-development works of Phoenix International Media Centre. The aggregate contractual amount is approximately RMB53,500,000 (HK\$60,990,000), approximately RMB38,000,000 (HK\$43,320,000) of which has been paid up to 31 May 2010 and approximately RMB15,500,000 (HK\$17,670,000) remains payable in accordance with the terms of the relevant contracts. The balance will be funded by internal resources and bank borrowings of Phoenix Oriental BJ. The terms of all such contracts were agreed at after arm's length negotiations with the counterparties, who are respectively principally engaged in businesses of survey and design, amenities, construction, property management, costs valuation, and consultancy. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the counterparties to such contracts and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

LETTER FROM THE BOARD

MAIN CONTRACTOR AGREEMENTS

Date: 17 June 2010

Parties: Phoenix Oriental BJ and the Main Contractor. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Main Contractor and its ultimate beneficial owner, Metallurgical Corporation of China Ltd. (H-shares stock code: 1618), are third parties independent of the Company and the connected persons of the Company. The Main Contractor is a PRC contractor with Grade I General Contracting Qualification for Construction. The Main Contractor was recommended for selection by the Beijing Municipality Tender Office after an invitation to tender process ran and managed by it.

Subject matter: The Main Contractor to manage, coordinate and supervise construction of the Phoenix International Media Centre in accordance with the tender documents submitted to and approved by Phoenix Oriental BJ, bill of quantities, and design plans and technical specifications provided by Phoenix Oriental BJ. The target completion date is 10 March 2012.

Contract sum: RMB500,944,024 (approximately HK\$571,076,187), with adjustment provisions for market price fluctuations. The contract sum is the tender amount submitted by the Main Contractor. The contract sum is payable in instalments in line with completion of major construction stages, and will be funded by internal resources and bank borrowings of Phoenix Oriental BJ.

The unaudited carrying value of the Land (including improvements thereon) as at 31 May 2010 was approximately HK\$423,000,000. No revenue and therefore no profits have yet been generated from the Land. A valuation gain of approximately HK\$37,176,000 was recognised in the consolidated income statement of the Group for the year ended 31 December 2009.

POST-CONSTRUCTION

Based on current estimates, the total budget for development and construction of the Phoenix International Media Centre is RMB850,000,000 (HK\$969,000,000). It is expected the balance of the unspent budget as of 31 May 2010 of approximately RMB585,500,000 (HK\$667,470,000) will cover construction and installation costs, financing costs, taxes and levies, building management fees, expenses relating to temporary facilities and a reasonable buffer.

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FINANCIAL AND TRADING PROSPECTS

During recent years the Group has generated very positive financial results. The 2009 financial year saw the Group operate in an economic environment that was seriously affected by the global financial crisis. While the mainland economy avoided going into recession, it nonetheless was negatively influenced by international economic trends, which also had a negative impact on the Hong Kong economy. Despite the serious challenges presented by the global financial crisis, however, the Group's income continued to grow, expanding by 9.9% over that of the previous year, with profit increasing by some 4.5%.

In light of the Group's success in recent years and its resilience in the face of the global financial crisis, the Directors are confident that the Group is in a position to deliver a stable performance for the foreseeable future. Indeed, it is expected that results for the current period will not reflect any significant deviation from the positive trends of recent years.

Not only has the Group's core television business remained healthy, but the effort that the Group has made in recent years to expand its commercial base to include new media and outdoor advertising has begun to generate significant additional income, which helps to give the Group a broader commercial foundation. During the last financial year the new media business increased its revenue by almost 40%, while the outdoor advertising LED business increased its revenue almost 6 times.

The Group's reassuringly positive economic performance in 2009 coincided with the relocation of the Group's headquarters from the Harbourfront complex in Hunghom to a large and totally renovated building in the Tai Po Industrial Estate in Hong Kong's New Territories. The new headquarters are a dedicated building with state-of-the-art television equipment and many more studios than the previous headquarters. The relocation of the Group's headquarters involved additional one-off expenditure, but there will be no unexpected increases in accommodation costs for the next 37 years, which will minimise the risk of non-budgeted financial pressure on the Group. The Group has thus been able to continue to make a profit and consolidate its physical base during one of the most serious economic crises the world has faced in the last five decades, and has also been able to maintain the level of operations it was undertaking before the economic crisis and to find the necessary funding to be able to move into a new state-of-the-art headquarters.

Similarly the construction in Beijing of the Phoenix International Media Centre will contribute to consolidating the Group's operational efficiency while also expanding its commercial base. The Phoenix International Media Centre is a multipurpose and comprehensive building with functions of television programming, offices and other commercial businesses. Its location in the eastern part of the city also means that it will be an extremely practical location, with easy access to both the city centre and to the Beijing Capital Airport. It will increase the operational efficiency of the Group's PRC operations by consolidating the different operational activities and production functions and the important service providers in the PRC into a single complex. Furthermore, the complex is sufficiently large so that part of the building can be made available for use by other commercial entities. The Phoenix International Media Centre is therefore expected to generate rental income and general capital appreciation for the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

Phoenix International Media Centre, once completed, will become the Group's programme production complex in Beijing. It will also increase the operational efficiency of the Group by consolidating the different operational functions and activities and the important service providers in the PRC into the same complex. The Directors believe that the terms of the Transactions are fair and reasonable and in the interests of the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Main Contractor Agreements constitute a discloseable transaction under the Listing Rules. It is expected that upon completion of the construction, part of the premises will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation. The applicable percentage ratio (as defined in the Listing Rules) for the Main Contractor Agreements aggregated with the previous and anticipated contracts relating to the development and construction of the Land and Phoenix International Media Centre, for a total budget of RMB850,000,000 (HK\$969,000,000) based on current estimates, is more than 25% but less than 100%, thereby constituting a major transaction for the Company under Chapter 14 of the Listing Rules subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Transactions may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Transactions.

So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions.

LETTER FROM THE BOARD

Written approval of the Transactions has been obtained from the following Shareholders:

Name	Number of Shares held	Approximate percentage of shareholding
Today's Asia Limited (<i>Note 1</i>)	1,854,000,000	37%
Extra Step Investments Limited (<i>Note 2</i>)	983,000,000	20%
Xing Kong Chuan Mei Group Co. Ltd. (<i>Note 3</i>)	871,000,000	17%
Total:	3,708,000,000	74%

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee of 93.30% and 6.70% interests respectively.
2. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation.
3. Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. 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.

Today's Asia Limited and News Corporation are founders of the Group. Since inception in 1996, the two Shareholders have shared a joint vision of developing the Group to provide quality Mandarin programming to global Chinese communities, with the ultimate objective of "connecting the world to China and shortening the distance between Chinese around the world". In 2006, China Mobile (Hong Kong) Group Limited became a substantial shareholder of the Company through its wholly-owned subsidiary and entered into a strategic alliance with the Company, with a view to further enhance the Group's and China Mobile (Hong Kong) Group Limited's respective leading positions in the media and the mobile telecommunications industries through joint development, marketing and delivery of innovative wireless content, products, services and applications. Although they are not parties acting in concert within the meaning of the Code on Takeovers and Mergers, each of Today's Asia Limited, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. had voted separately and independently in an affirmative way on all resolutions at all general meetings of the Company since transfer of the listing of the Shares to the Main Board, other than in respect of matters on which they are required to abstain from voting under the Listing Rules. The Directors consider that Today's Asia Limited, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. form a closely allied group of Shareholders based on their past voting patterns and common vision for the Group, in particular, all three

LETTER FROM THE BOARD

Shareholders are in agreement that construction of the Phoenix International Media Centre is to the benefit of and necessary for the long-term development of the Group. Other than mutual shareholding in the Company, Today's Asia Limited has no relationship with Extra Step Investments Limited or Xing Kong Chuan Mei Group Co. Ltd. So far as the Directors are aware, Extra Step Investments Limited and Xing Kong Chuan Mei Group Co. Ltd. have no relationship with each other except their mutual shareholding in the Company.

On the basis that such Shareholders form a closely allied group of Shareholders, their written approval may be accepted in lieu of holding a general meeting. The Company therefore intends to dispense with holding a general meeting to approve the Transactions.

ADDITIONAL INFORMATION

Your attention is drawn to the appendices of this circular.

Yours faithfully,
By order of the Board
Phoenix Satellite Television Holdings Limited
LIU Changle
Chairman

A. SUMMARY OF FINANCIAL STATEMENTS

The following is a summary of the audited consolidated results, assets and liabilities of the Group for the three years ended 31 December 2009 which are extracted from the corresponding annual reports of the Group. All such financial information should be read in conjunction with the audited consolidated financial statements and accompanying notes, which are included in the Group's annual reports.

Consolidated income statement

Unit: HK\$'000

	Year ended 31 December		
	2009	2008	2007
Revenue	1,530,505	1,392,059	1,180,776
Operating expenses	(1,003,012)	(947,507)	(806,052)
Selling, general and administrative expenses	(202,383)	(164,544)	(128,300)
Other income			
Interest income	1,362	14,902	24,503
Other gains – net	53,005	39,705	59,314
Share of profit/(loss) of jointly controlled entities	71	(1,432)	(1,067)
Share of loss of an associate	(826)	–	–
	<u>378,722</u>	<u>333,183</u>	<u>329,174</u>
Profit before income tax	378,722	333,183	329,174
Income tax expense	(76,735)	(57,594)	(50,640)
	<u>301,987</u>	<u>275,589</u>	<u>278,534</u>
Profit for the year	<u>301,987</u>	<u>275,589</u>	<u>278,534</u>
Attributable to:			
Equity holders of the Company	299,746	286,824	278,749
Minority interests	2,241	(11,235)	(215)
	<u>301,987</u>	<u>275,589</u>	<u>278,534</u>

Consolidated balance sheet*Unit: HK\$'000*

	As at 31 December		
	2009	2008	2007
Non-current assets	1,292,268	1,037,603	459,563
Current assets	<u>1,424,674</u>	<u>1,073,783</u>	<u>1,175,979</u>
Total assets	<u><u>2,716,942</u></u>	<u><u>2,111,386</u></u>	<u><u>1,635,542</u></u>
Non-current liabilities	289,700	21,532	10,820
Current liabilities	<u>368,339</u>	<u>260,413</u>	<u>214,933</u>
Total liabilities	<u><u>658,039</u></u>	<u><u>281,945</u></u>	<u><u>225,753</u></u>
Total assets less current liabilities	<u><u>2,348,603</u></u>	<u><u>1,850,973</u></u>	<u><u>1,420,609</u></u>

B. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

Your attention is drawn to the audited consolidated financial statements of the Group for the year ended 31 December 2009 together with the notes thereto on pages 103 to 227 of the 2009 annual report of the Company published on 23 April 2010, and available on the Stock Exchange's website at <http://www.hkexnews.hk> as well as the Company's website at www.irasia.com/listco/hk/phoenixtv.

C. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or the trading prospects of the Group since 31 December 2009, being the date to which the latest published audited consolidated financial statements of the Company were made up.

D. FINANCIAL IMPACT OF THE TRANSACTIONS

As at 31 May 2010, costs in connection with development and construction of the Phoenix International Media Centre in the amount of approximately HK\$354,000,000 was recorded in lease premium for land, construction in progress and investment property under construction. The carrying value of the Phoenix International Media Centre recorded in lease premium for land, construction in progress and investment property under construction amounted to approximately HK\$423,000,000, which include cost, valuation gain and after deduction of accumulated amortisation. As at 31 May 2010, secured bank borrowings for the Phoenix International Media Centre amounted to RMB140,000,000 (HK\$159,558,000). Upon completion of the construction, the cost of

Phoenix International Media Centre will increase by approximately HK\$615,000,000 to approximately RMB850,000,000 (HK\$969,000,000) and will be recorded in lease premium of land, property, plant and equipment and investment property. Correspondingly, the bank borrowings in connection with the Transactions will increase by approximately RMB410,000,000 (HK\$467,000,000) to RMB550,000,000 (HK\$627,000,000) upon completion of the construction of the Phoenix International Media Centre.

The total estimated floor area of the Phoenix International Media Centre is approximately 62,800 sq.m.. Upon completion of the construction, approximately 25,400 sq.m. is expected to be occupied by the Group for its operations in Beijing, with the rest (37,400 sq.m.) being held for rental income or disposal. The Group therefore expects to generate rental income and general capital appreciation from Phoenix International Media Centre.

E. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group, including the internally generated funds and the available banking facility obtained by Phoenix Oriental BJ specifically for the Transactions, the Group will have sufficient working capital for its present requirements for the twelve months from the date of this circular in the absence of unforeseen circumstances.

F. INDEBTEDNESS OF THE GROUP

Borrowings

As at the close of business on 31 May 2010, being the latest practicable date for inclusion of information in this section prior to the publication of this circular, the Group had outstanding interest-bearing bank and other borrowings of approximately HK\$349,197,000 as follows:

	<i>HK\$'000</i>
Secured bank borrowings	159,558
Preference share liability	
Financial liability at amortised cost	189,639
	<hr/>
Total	<u>349,197</u>

In November 2009, a subsidiary of the Company issued 130,000,000 convertible Series A preferred shares ("Preferred Shares") for an aggregate subscription price of US\$25,000,000 (approximately HK\$195,000,000). The Preferred Shares are treated as compound financial instruments with (i) a debt component as disclosed above; (ii) an equity component for which its fair value was nil as at 31 December 2009; and (iii) a compound embedded derivative component for which its fair value amounted to HK\$23,934,000 as at 31 December 2009.

For the purpose of the above statement of borrowings, foreign currency amounts have been translated into Hong Kong dollar at the rates of exchange prevailing at the close of business on 31 May 2010.

Collateral and contingent liabilities

As at 31 May 2010, collateral being utilities deposits amounted to HK\$17,113,000, and available undrawn bank facility to fund the construction work on the Phoenix International Media Centre in Beijing amounted to RMB360,000,000 (HK\$410,400,000). Deposits of approximately HK\$3,023,000 were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary. The land in Chaoyang Park together with the development site, with carrying values of approximately HK\$114,000,000, HK\$39,000,000 and HK\$270,000,000 as at 31 May 2010 recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowing to fund the construction work on the Phoenix International Media Centre in Beijing.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any debt securities (whether issued and outstanding, or authorised or otherwise created but unissued), any term loans (whether guaranteed, unguaranteed, secured or unsecured), any bank and other borrowings or indebtedness in the nature of borrowings including bank loan, overdrafts and any liabilities under acceptances (other than normal trade bills) or other similar indebtedness, acceptance credits, hire purchase commitments, mortgages, charges, guarantees or other contingent liabilities as the close of business on 31 May 2010.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

2.1 Interests in securities

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

Name of Director	No. of Shares held	Nature of interest	Position	Approximate shareholding percentage
LIU Changle	1,854,000,000 (Note 1)	Corporate	Long	37.2%
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 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.2% 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 by a discretionary trust of which Dr. LO Ka Shui was the founder.

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

Each of Mr. LIU Changle and Mr. CHUI Keung, both executive Directors, has entered into a service contract with the Company for a fixed term of three years commenced from 1 July 2009.

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

2.3 Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, the date to which the latest published audited consolidated 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:

(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%
Extra Step Investments Limited (<i>Note 2</i>)	983,000,000	20%
Xing Kong Chuan Mei Group Co., Ltd. (<i>Note 3</i>)	871,000,000	17%

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee of 93.3% and 6.7% interests respectively.
2. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile (Hong Kong) Group Limited and China Mobile Communications Corporation are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. GAO Nianshu and Mr. LI Yue are respectively general manager of data services department of China Mobile Communications Corporation and executive director and vice president of China Mobile Limited.
3. Xing Kong Chuan Mei Group Co., Ltd is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. 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 Group Limited 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	8.3%

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. Bank of China Group Investment Limited 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, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited.

Mr. GONG Jianzhong, non-executive Director is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

4. LITIGATION

As at the Latest Practicable Date, 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.

5. COMPETING INTERESTS

As at the Latest Practicable Date, Today's Asia Limited had interests in approximately 37% 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 the voting shares in Dragon Viceroy Limited which in turn held approximately 26.85% of Asia Television Limited ("ATV"), a Hong Kong based terrestrial television 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 River 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. As at the Latest Practicable Date, in addition to the two channels mentioned in the foregoing, ATV also broadcasts four digital channels including one CCTV4 channel.

As at the Latest Practicable Date, Star Group Limited and its subsidiaries ("STAR") engaged in the development, production and broadcasting of television programming to 53 countries throughout Asia. STAR's programming was distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the following Chinese-language channels including Channel [V] Mainland China, Channel [V] Taiwan, Star Chinese Movies, Star Chinese Channel and Xing Kong. Mr. CHEUNG Chun On, Daniel (non-executive Director), Dr. GAO Jack Qunyao (alternate Director to Mr. CHEUNG Chun On, Daniel), Mr. Jan KOEPPEN (non-executive Director) and Ms. Ella Betsy WONG (alternate Director to Mr. Jan KOEPPEN) are employees of News Corporation and its affiliates. Other than the Chinese-language channels offered by STAR above, News Corporation and its subsidiaries do not offer any other similar Chinese-language channels.

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 competes or was likely to compete, either directly or indirectly, with the business of the Group and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules. Since the channels operated by ATV and STAR differ in nature from and do not directly compete with the channels operated by the Company, the Company is capable of carrying on its business independently.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date and are or may be material:

- (i) preferred share purchase agreement dated 9 November 2009 entered into among Phoenix New Media and certain investors in connection with the subscription for and purchase of convertible series A preferred share(s) of a par value of US\$0.01 each in the share capital of Phoenix New Media, and ancillary agreements and contracts thereto, including those disclosed in the announcement of the Company dated 9 November 2009;
- (ii) contract for Phoenix International Media Centre costs valuation services dated 1 August 2008 entered into between Phoenix Oriental BJ and China Construction Bank, Beijing Branch for a contractual amount of RMB1,580,000;
- (iii) thermal engineering design agreement dated 1 September 2008 entered into between Phoenix Oriental BJ and 北京昌華勘察設計有限公司 for a contractual amount of RMB89,196;
- (iv) contract for ground leveling and stage set up construction dated 15 September 2008 entered into between Phoenix Oriental BJ and 北京華夏建設發展有限公司 for a contractual amount of RMB64,154.84;
- (v) water supply installation agreement dated 10 October 2008 entered into between Phoenix Oriental BJ and 北京市清泉水政工程有限公司 for a contractual amount of RMB275,845.06;
- (vi) contract for materials for water supply installation dated 12 October 2008 entered into between Phoenix Oriental BJ and 北京市華亨市政工程有限公司 for a contractual amount of RMB25,000;
- (vii) construction supervision agreement dated 15 October 2008 entered into between Phoenix Oriental BJ and 北京鴻祥工程建設監理有限責任公司 for a contractual amount of RMB47,000;
- (viii) heat supply installation agreement dated 18 October 2008 entered into between Phoenix Oriental BJ and 北京泰德市政工程有限公司 and confirmation of costs for additional services dated 18 November 2008 issued by the Beijing Branch of China Construction Bank Corporation for a total amount of RMB2,059,183.35;
- (ix) contract for foundation pit support, lowering (obstructing) ground water and earthworks engineering dated 29 October 2008 entered into between Phoenix Oriental BJ and 北京市勘察設計研究院有限公司 for a contractual amount of RMB10,737,913;

- (x) contract for seismic safety evaluation dated 30 October 2008 entered into between Phoenix Oriental BJ and 北京市勘察設計研究院有限公司 for a contractual amount of RMB200,000;
- (xi) de-vegetation and ground survey contract dated 19 January 2009 entered into between Phoenix Oriental BJ and 北京華夏建設發展有限公司 for a contractual amount of RMB77,844.74;
- (xii) contract for barrier and infrastructure renovation and reinforcement engineering project dated 24 January 2009 entered into between Phoenix Oriental BJ and 北京立高防水有限公司 for a contractual amount of RMB6,508.59;
- (xiii) contract for Phoenix International Media Centre temporary electricity works dated 9 March 2009 entered into between Phoenix Oriental BJ and 北京京供塔園電力工程設計事務所有限公司 for a contractual amount of RMB35,000;
- (xiv) Chaoyang Park South Road temporary 250kVA, 315kVA electricity substations relocation agreement dated 9 March 2009 entered into between Phoenix Oriental BJ and 北京海鴻電氣工程有限公司 for a contractual amount of RMB20,000;
- (xv) video camera maintenance agreement dated 10 March 2009 entered into between Phoenix Oriental BJ and 北京信科物業管理有限公司北京第一物業管理分公司 for a contractual amount of RMB45,000;
- (xvi) construction tender agency agreement dated 17 March 2009 entered into between Phoenix Oriental BJ and 北京京城招建設工程諮詢有限公司 for a contractual amount of RMB30,000;
- (xvii) Chaoyang Park Southwest Jialong Building top floor security monitoring system installation agreement dated 18 March 2009 entered into between Phoenix Oriental BJ and 北京和信得一科技有限公司 for a contractual amount of RMB21,550;
- (xviii) temporary electricity installation agreement dated 16 April 2009 entered into between Phoenix Oriental BJ and 北京海鴻電氣工程有限公司 for a contractual amount of RMB742,467.45;
- (xix) contract for road access works on the east side of Chaoyang Park Road dated 16 April 2009 entered into between Phoenix Oriental BJ and 河北華隆市政工程有限公司 for a contractual amount of RMB65,188.63;
- (xx) contract for Phoenix International Media Centre wind engineering research dated 17 April 2009 entered into between Phoenix Oriental BJ and 建研科技股份有限公司 for a contractual amount of RMB340,000;

- (xxi) street-light electricity lines relocation agreement dated 17 April 2009 entered into between Phoenix Oriental BJ and 北京旭通電氣設備安裝有限公司 for a contractual amount of RMB15,000;
- (xxii) Phoenix International Media Centre curtain wall engineering consultancy services agreement dated 20 April 2009 entered into between Phoenix Oriental BJ and 華納工程諮詢(北京)有限公司 for a contractual amount of RMB800,000;
- (xxiii) Phoenix International Media Centre design contract/supplementary provisions dated 26 May 2009 entered into between Phoenix Oriental BJ and 北京市建築設計研究院 for a contractual amount of RMB11,280,000;
- (xxiv) temporary construction land lease agreement dated 25 June 2009 entered into between Phoenix Oriental BJ and 北京朝陽公園開發經營公司 for a contractual amount of RMB24,312.40;
- (xxv) land use rights agency engagement letter in respect of Phoenix International Media Centre in the southwest corner of Chaoyang Park dated 6 July 2009 entered into between Phoenix Oriental BJ and 北京鴻天涉外房地產土地估價有限責任公司 for a contractual amount of RMB30,000;
- (xxvi) Phoenix International Media Centre base slab construction agreement dated 27 July 2009 entered into between Phoenix Oriental BJ and the Main Contractor for a contractual amount of RMB15,264,055;
- (xxvii) loan agreement (including loan release approval) dated 27 July 2009 entered into between Phoenix Oriental BJ and 北京銀行股份有限公司 for a contractual amount of RMB500,000,000;
- (xxviii) mortgage agreement dated 27 July 2009 entered into between Phoenix Oriental BJ and 北京銀行股份有限公司 in respect of the Land and the development site;
- (xxix) Beijing construction and engineering project supervision agreement dated 27 July 2009 entered into between Phoenix Oriental BJ and 北京建工京精大房工程建設監理公司 for a contractual amount of RMB3,950,000;
- (xxx) soil radon concentration detection agreement dated 4 August 2009 entered into between Phoenix Oriental BJ and 北京華誠信建築檢測有限責任公司 for a contractual amount of RMB7,000;
- (xxxi) construction drawings examination agreement dated 19 August 2009 entered into between Phoenix Oriental BJ and 中國建築設計研究院 for a contractual amount of RMB200,000;

- (xxxii) base slab waterproofing agreement dated 24 August 2009 entered into between Phoenix Oriental BJ and the Main Contractor and 北京東方雨虹防水工程有限公司 as subcontractor for a contractual amount of RMB1,068,903;
- (xxxiii) contract for building construction layout and gray line planning survey dated 8 September 2009 entered into between Phoenix Oriental BJ and 北京新興華安測繪有限公司 for a contractual amount of RMB41,335;
- (xxxiv) contract for testing earthquake proofing services dated 9 September 2009 entered into between Phoenix Oriental BJ and 中國建築科學研究院 for a contractual amount of RMB57,600;
- (xxxv) contract for fire safety performance-based design research on Phoenix International Media Centre project dated 29 September 2009 entered into between Phoenix Oriental BJ and 北京中科思孚公共安全科技發展有限公司 for a contractual amount of RMB400,000;
- (xxxvi) principal structure settlement testing agreement dated 10 October 2009 entered into between Phoenix Oriental BJ and 北京中建華海測繪科技有限公司 for a contractual amount of RMB120,000;
- (xxxvii) Jialong International Building lease agreement dated 15 October 2009 entered into between Phoenix Oriental BJ and 北京佳隆房地產開發有限公司 for a contractual amount of RMB647,562.24;
- (xxxviii) Jialong International Building property management service agreement dated 15 October 2009 entered into between Phoenix Oriental BJ and 北京信科物業管理有限公司北京第一物業管理分公司 for a contractual amount of RMB130,295.31;
- (xxxix) office renovation contract dated 5 November 2009 entered into between Phoenix Oriental BJ and 北京華夏建設發展有限公司 for a contractual amount of RMB280,072.76;
- (xl) appraisal of land premium contract dated 11 January 2010 entered into between Phoenix Oriental BJ and 北京惠通信業房地產估價有限公司 for a contractual amount of RMB80,000;
- (xli) land premium agency agreement dated 11 January 2010 entered into between Phoenix Oriental BJ and 北京惠通信業房地產估價有限公司 for a contractual amount of RMB120,000;
- (xlii) 200kVA transformer reconstruction engineering contract dated 22 January 2010 entered into between Phoenix Oriental BJ and 北京海鴻電氣工程有限公司 for a contractual amount of RMB692,141.24;

- (xliii) external wall waterproofing agreement dated 1 February 2010 entered into between Phoenix Oriental BJ and the Main Contractor and 北京東方雨虹防水工程有限公司 as sub-contractor for a contractual amount of RMB885,000;
- (xliv) survey of engineering construction agreement (power survey of the western part of the site) dated 1 April 2010 entered into between Phoenix Oriental BJ and 北京冠亞偉業民用建築設計有限公司測繪分公司 for a contractual amount of RMB66,414;
- (xlv) specimen (steel material) sales agreement dated 21 April 2010 entered into between Phoenix Oriental BJ and 寶鋼鋼構有限公司 for a contractual amount of RMB50,000;
- (xlvi) supplemental agreement (additional land premium) dated 29 April 2010 entered into between Phoenix Oriental BJ and State-owned Assets Beijing Bureau for a contractual amount of RMB45,662,748;
- (xlvii) insurance agreement dated 4 May 2010 entered into between Phoenix Oriental BJ and 中國人壽保險股份有限公司北京市分公司 for a contractual amount of RMB26,910;
- (xlviii) the Main Contractor Agreements; and
- (xlix) purchase of real estate agreement dated 21 April 2010 entered into between Phoenix Satellite Television (U.S.) Inc. and SCE Federal Credit Union for a contractual amount of US\$4,950,000.

7. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the Directors are materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.
- (b) As at the date of this circular, the company secretary of the Company is YEUNG Ka Keung, A.C.A.
- (c) The principal share registrar of the Company is Butterfield Fulcrum Group (Cayman) Limited, whose registered office is at Butterfield House, 68 Fort Street, PO Box 705, Grand Cayman KY1-1107, Cayman Islands and the Hong Kong branch registrar and transfer office of the Company are Hong Kong Registrars Limited, whose registered office is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during the normal business hours on any weekday (except public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including 27 July 2010:

- (a) the memorandum and articles of association of the Company;
- (b) the 2008 and 2009 annual reports of the Company;
- (c) the service agreements referred to in the section headed "Interests in Service Contracts" in this Appendix;
- (d) each of the material contracts referred to in this section headed "Material Contracts" in this Appendix; and
- (e) this circular.