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

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

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鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

CONTINUING CONNECTED TRANSACTIONS:

NEW MEDIA CCT WITH CMCC GROUP

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



First Shanghai Capital Limited

A letter from the Board is set out on pages 3 to 12 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular.

A letter from First Shanghai Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 24 of this circular.

A notice dated 9 November 2012 convening an EGM to be held on 5 December 2012, Wednesday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong is set out on pages 32 to 33 of this circular.

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

9 November 2012

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DEFINITIONS

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

“25 October 2010 Announcement”	announcement of the Company made on 25 October 2010
“Annual Caps”	the proposed annual cap amounts for New Media CCT for the three years ending 31 December 2013, 2014 and 2015, as set out in the section headed “V. Historical Amounts and Annual Caps” in the “Letter from the Board” in this circular
“associates”	has the meaning ascribed to it under the Listing Rules
“CMCC”	中國移動通信集團公司 (China Mobile Communications Corporation), a state-owned company established under the laws of the PRC
“CMCC Group”	the group of companies comprising CMCC and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened for approving the Transactions
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	independent committee of the board of Directors of the Company comprising the independent non-executive Directors, namely, Dr. LO Ka Shui, Messrs. LEUNG Hok Lim and Thaddeus Thomas BECZAK

DEFINITIONS

“Independent Shareholders”	Shareholders other than CMHKG and its associates
“Latest Practicable Date”	6 November 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“New Media CCT”	provision of website portal and value-added telecommunications services by and to PNM Group to and by CMCC Group, including but not limited to those transactions described in the “Letter from the Board” in this circular
“Phoenix New Media”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, an indirectly-owned subsidiary of the Company
“PNM Group”	Phoenix New Media and its subsidiaries
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	New Media CCT on substantially similar terms as those set out in the section headed “II. New Media CCT” in the “Letter from the Board” in this circular for each of the three years ending on 31 December 2013, 2014 and 2015, and the Annual Caps

In this circular, unless otherwise specified, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.22. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

LETTER FROM THE BOARD



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

Executive Directors:

LIU Changle (*Chairman*)

CHUI Keung

WANG Ji Yan

Non-executive Directors:

SHA Yuejia

GAO Nianshu

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:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place

of Business:

No. 2-6 Dai King Street

Tai Po Industrial Estate

Tai Po, New Territories

Hong Kong

9 November 2012

To the Shareholders

Dear Sir or Madam,

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

I. INTRODUCTION

Reference is made to the Company's announcement made on 26 October 2012. This circular gives you certain additional information in relation to the Transactions pursuant to the Listing Rules.

LETTER FROM THE BOARD

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting in the PRC. The Group has also in recent years been developing outdoor advertising and carries on new media businesses (provision of website portal and value-added telecommunications services) through PNM Group.

CMCC Group is a leading mobile telecommunications services provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, autonomous regions and directly-administered municipalities in the PRC and in Hong Kong.

CMHKG is a substantial shareholder of the Company holding approximately 19.69% of the issued share capital of the Company through CMHKG's wholly-owned subsidiary Extra Step Investments Limited as at the Latest Practicable Date. Members of CMCC Group are therefore connected persons of the Company under the Listing Rules.

As China Mobile Limited is a leading mobile telecommunications services provider in the PRC, and PNM Group provides value-added telecommunications services in the PRC, members of the PNM Group have been entering into New Media CCT with members of the CMCC Group in the ordinary course of business in the past, and the Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in New Media CCT with members of CMCC Group. With the growth of the telecommunications industry and the development of new telecommunication devices, the new media businesses and, correspondingly, New Media CCT, are expected to grow at a significant rate in the three years from 1 January 2013 to 31 December 2015. Such New Media CCT would constitute non-exempt continuing connected transactions under the Listing Rules.

Due to the diverse nature of the transactions involved, the huge number of companies in CMCC Group and the common market practice in the PRC value-added telecommunications services industry for a separate contract to be negotiated and entered into for each particular product or service, the Company considered that it was not feasible for the Company to comply strictly with the requirement of Rule 14A.35(1) to enter into a written framework agreement at the outset in 2010 to cover all New Media CCT with the CMCC Group.

The Company therefore applied for a waiver, which was granted by the Stock Exchange on 22 April 2010, from strict compliance with the requirement under Rule 14A.35(1) to enter into a framework agreement with CMCC Group at the outset covering all of the expected New Media CCT for the two years ended on 31 December 2010 and 2011 respectively and for the year ending on 31 December 2012, subject to the conditions disclosed in the 25 October 2010 Announcement. The Shareholders approved, confirmed and ratified the New Media CCT between PNM Group and CMCC Group and the relevant annual caps for the three years from 1 January 2010 to 31 December 2012, at the extraordinary general meeting of the Company held on 9 December 2010.

The Company proposes to renew this streamlined approach to New Media CCT. In connection with this, the Company applied for a waiver, which the Stock Exchange granted, from strict compliance with the requirement under Rule 14A.35(1) to enter into a framework agreement with CMCC Group at the outset covering all New Media CCT for the three years from 1 January 2013 to 31 December 2015. The Company proposes to seek Independent Shareholders' approval of the Transactions at the EGM.

LETTER FROM THE BOARD

II. NEW MEDIA CCT

Subject matter and nature of transactions

The New Media CCT for the two years ended on 31 December 2010 and 2011 respectively and for the year ending on 31 December 2012 were approved, confirmed and ratified by the Independent Shareholders at the extraordinary general meeting of the Company held on 9 December 2010. Depending on the nature of the transaction, the Company has re-categorised the New Media CCT into the following seven categories:

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

Parties

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

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

Pricing bases

The pricing bases for existing New Media CCT can be summarised as follows:

Description of transaction	Pricing basis
1. Rental of IDC (Internet Data Center) facilities from CMCC Group	For a fixed fee determined by reference to the market price or industry standards with a discount negotiated on an arm's length basis
2. Fee calculation and collection services provided by CMCC Group in respect of value-added telecommunications contents PNM Group makes available on CMCC Group's platforms	<p>(i) For payment via mobile service, CMCC Group is entitled to 0.3% and 5% respectively, or such other percentages determined by reference to the market price or industry standards negotiated on an arm's length basis, of the amounts paid in cash and by mobile fee recharge card by subscribers via such service</p> <p>(ii) For short messaging, WAP, IVR, multimedia messaging and music contents, CMCC Group is entitled to 15% to 65% of the data service fees collected from subscribers, or such other percentage determined by reference to the market price or industry standards negotiated on an arm's length basis; for short messaging and multimedia messaging contents, CMCC Group also charges PNM Group an "information flow imbalance" fee based on the difference between the number of short or multimedia messages PNM Group sends to subscribers and the number of short or multimedia messages subscribers send to PNM Group</p>

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Description of transaction	Pricing basis
3. (i) Purchase of value-added telecommunications contents based on programs available on the Group's channels, seminars and other promotional activities conducted by the Group's presenters	(i) For a fixed fee or a profit-sharing basis determined by reference to industry standards negotiated on an arm's length basis taking into account the substantial subscriber base of CMCC Group on the one hand, and the unique contents provided by PNM Group on the other hand
(ii) Ad hoc promotional activities undertaken with or subcontracted by CMCC Group	(ii) On a cost plus reasonable profit margin basis
4. Provision by the PNM Group of marketing or advertising services for the promotion of CMCC Group brand, products or mobile platforms using PNM Group's web-based or mobile platforms	For a fixed fee determined by reference to the market price or industry standards with a discount negotiated on an arm's length basis
5. Provision by CMCC Group of information services to the PNM Group to enable PNM Group to dispatch multimedia messages via the telecommunications network of CMCC Group	For a fixed fee determined by reference to the market price or industry standards negotiated on an arm's length basis
6. Provision by PNM Group of products or applications for mobile handsets, including but not limited to games, news or audiovisual products or applications, made available for consumer download on CMCC Group mobile telecommunications platforms, including but not limited to the platform currently known as "Mobile Market"	For a fixed fee or a profit-sharing basis determined by reference to the market price or industry standards negotiated on an arm's length basis
7. Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by and to members of the PNM Group to and by members of the CMCC Group	At market price or in line with industry standards with such discount or other concessional terms to the Group's commercial interests, or where there are no comparable market price or industry standards, on terms no less favourable to the Group than those offered to or from independent third parties (as the case may be)

LETTER FROM THE BOARD

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

Term

Other than the contract for rental of the IDC (Internet Data Center) facilities from CMCC Group which is for an indefinite term from 1 July 2008, each of the existing New Media CCT entered into or to be entered into by PNM Group up to 31 December 2012 is for a term not exceeding three years, in accordance with the waiver granted on 22 April 2010 and as approved, confirmed and ratified by the Shareholders at the extraordinary general meeting of the Company held on 9 December 2010.

Internal control policy and procedures

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

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

1. In respect of each New Media CCT, the relevant contract is subject to review by Phoenix New Media, and cannot be entered into prior to the approval being given by Phoenix New Media. Phoenix New Media will review the terms (including pricing basis) of each of the New Media CCT, with a view to their compliance with Listing Rules and the terms as approved by the shareholders of the Company as well as the conditions of the waiver granted by the Stock Exchange in relation to Rule 14A.35(1).

LETTER FROM THE BOARD

2. In order to ensure the market pricing basis of each New Media CCT will be strictly followed:
 - (i) where PNM Group is purchasing products or services, Phoenix New Media will obtain a number of quotations, where practicable and available, for or ascertain, through publicly available information from sources such as websites, the prevailing prices offered by independent third parties or CMCC Group to independent third party customers for such products or services, or ensure that the relevant terms offered by CMCC Group to PNM Group will not be less favourable to PNM Group than comparable terms offered by independent third parties to PNM Group;
 - (ii) where PNM Group is selling products or providing services, Phoenix New Media will have regard to the prevailing prices offered by PNM Group to independent third parties or ascertain, through publicly available information from sources such as websites, the prevailing prices offered by independent third parties for such products or services, or ensure that the relevant terms offered by PNM Group to CMCC Group will not be more favourable to CMCC Group than comparable terms offered by PNM Group to independent third parties; and
 - (iii) where comparable on-going New Media CCT exist, Phoenix New Media will have regard to the relevant terms thereof and, where the terms differ, Phoenix New Media will compare the differences, taking into account current market terms and industry standards.
3. Phoenix New Media monitors the value of each New Media CCT and the accrued value for such transactions over the course of each relevant year, and produces internal monthly information for this every month. Such information is consolidated for reporting to the board of the Company on a regular basis.
4. In addition, Phoenix New Media has established a “warning” system whereby once the accrued value of the New Media CCT in any relevant year reaches 80% of the relevant annual cap, Phoenix New Media will notify the board of the Company with a view to avoiding the carrying on of the transactions in excess of the annual cap.

III. REASONS FOR ENTERING INTO NEW MEDIA CCT

As described above, China Mobile Limited is a leading mobile telecommunications services provider in the PRC, and PNM Group provides value-added telecommunications services in the PRC. The Company therefore expects that members of the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in New Media CCT with members of CMCC Group. The growing telecommunications industry and the development of new telecommunication devices mean that the new media business and New Media CCT are expected to grow at a significant rate in the three years from 1 January 2013 to 31 December 2015. The New Media CCT are therefore expected to be entered into in the ordinary and usual course of business of the Group on arm’s length

LETTER FROM THE BOARD

terms and on substantially similar terms with members of CMCC Group. The Company proposes to renew the streamlined approach to New Media CCT of seeking Independent Shareholders' approval of the Transactions at the EGM.

IV. LISTING RULE IMPLICATIONS

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

In order to seek approval from Independent Shareholders of such new New Media CCT in accordance with the requirements of the Listing Rules, Rule 14A.35(1) of the Listing Rules requires that the Company enter into written agreement(s) with CMCC Group beforehand, setting out the basis of the calculation of the payments to be made. However, due to the diverse nature of the transactions involved, the huge number of companies in CMCC Group and the common market practice in the PRC value-added telecommunications services industry for a separate contract to be negotiated and entered into for each particular product or service, the Company considered that it is not feasible for the Company to comply strictly with the requirement of Rule 14A.35(1) to enter into a written framework agreement at the outset to cover all future New Media CCT with CMCC Group.

Accordingly, the Company applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.35(1) to enter into a framework agreement with CMCC Group at the outset covering all of the expected future New Media CCT for the three years from 1 January 2013 to 31 December 2015, subject to the following conditions:

1. the waiver will only apply to New Media CCT;
2. a separate written agreement will be entered into for each such transaction, for a term not exceeding three years;
3. each such transaction will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms (or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties), and which are fair and reasonable and in the interests of the shareholders of the Company as a whole;
4. the pricing basis will be the same (or on better terms for the Group) as those set out under the column headed "Pricing basis" in the section headed "Pricing bases" of this letter;
5. Independent Shareholders' approval will be sought for the Transactions; and
6. all other applicable disclosure, reporting and shareholders' approval requirements under Chapter 14A of the Listing Rules will be complied with.

LETTER FROM THE BOARD

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

V. HISTORICAL AMOUNTS AND ANNUAL CAPS

The annual caps approved by the Shareholders for the aggregate service charges paid/payable by PNM Group to CMCC Group, and by CMCC Group to PNM Group in respect of New Media CCT for the two years ended 31 December 2010 and 2011 and for the year ending 31 December 2012 were RMB153,000,000 (HK\$175,950,000), RMB289,000,000 (HK\$332,350,000) and RMB539,000,000 (HK\$619,850,000) respectively (based on the rate of RMB1 to HK\$1.15, as used in the 25 October 2010 Announcement).

Based on the respective published, audited and consolidated annual financial statements of the Group for the year ended 31 December 2010 and the year ended 31 December 2011, the historical values for New Media CCT were RMB146,036,000 (HK\$167,462,000, based on the rate of RMB1 to HK\$1.15 as used in the annual report of the Company for the year ended 31 December 2010) for 2010 and RMB210,479,000 (HK\$252,782,000, based on the rate of RMB1 to HK\$1.20 as used in the annual report of the Company for the year ended 31 December 2011) for 2011. Based on the unaudited interim results of the Group for the six months ended 30 June 2012, the value of the New Media CCT for the six months ended 30 June 2012 was approximately RMB100,500,000 (HK\$121,403,000, based on the rate of RMB1 to HK\$1.21 as used in the interim results of the Company for the six months ended 30 June 2012).

Having regard to these historical amounts, the Company proposes the Annual Caps of RMB552,260,472 (approximately HK\$673,757,776), RMB622,489,019 (approximately HK\$759,436,603), and RMB729,455,470 (approximately HK\$889,935,673) respectively for the three years ending 31 December 2013, 2014 and 2015. The calculation of the Annual Caps is also based on the following reasons:

1. the business plan of PNM Group to continue developing its new media businesses and increase on an annual basis New Media CCT (in areas such as mobile entertainment applications, seminars and other promotional activities conducted by the PNM Group's presenters and marketing services using multimedia messaging service or similar) will result in further transactions with CMCC Group over the next three years;
2. the new media businesses of CMCC Group will continue to grow in the near future, including in New Media CCT such as mobile audiovisual, music, animation and print publication content and will therefore engage the PNM Group further in respect of New Media CCT; and
3. with the website operated by PNM Group becoming more established, and with the increased cooperation between CMCC Group and PNM Group in respect of New Media CCT, PNM Group expects that CMCC Group will increase its budget for engaging PNM Group for the provision of marketing and advertising services.

LETTER FROM THE BOARD

VI. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 5 December 2012, Wednesday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong, during which an ordinary resolution will be proposed to the Shareholders to approve the Transactions. As required by the Listing Rules, CMHKG and its associates will abstain from voting at the EGM. As such, Extra Step Investments Limited, which held approximately 19.69% of the Company's issued share capital as at the Latest Practicable Date, will abstain from voting on the resolution to approve the Transactions at the EGM.

VII. RECOMMENDATION

Your attention is drawn to:

1. the letter from the Independent Board Committee set out on page 13 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Transactions; and
2. the letter from First Shanghai Capital Limited ("**First Shanghai**") set out on pages 14 to 24 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to New Media CCT and the Annual Caps for each of the three years ending 31 December 2013, 2014 and 2015 and the principal factors and reasons considered by First Shanghai in arriving at its recommendations.

Taking into account the views of the Independent Board Committee and First Shanghai, the Board considers that the Transactions are in the interests of the Company and its Shareholders as a whole, and the terms thereof are fair and reasonable. Accordingly, the Board recommends the Independent Shareholders of the Company to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions. Two Directors of the Company, namely Mr. SHA Yuejia and Mr. GAO Nianshu, are Directors nominated by a member of the CMCC Group and have accordingly abstained from voting on the board resolutions approving the Transactions.

VIII. FURTHER INFORMATION

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

Yours faithfully,
By Order of the Board
LIU Changle
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

9 November 2012

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
NEW MEDIA CCT WITH CMCC GROUP**

We refer to the circular dated 9 November 2012 of the Company (the “Circular”) of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned. First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Media CCT and the Annual Caps for each of the three years ending on 31 December 2013, 2014 and 2015.

We wish to draw your attention to the “Letter from the Board” set out on pages 3 to 12 of the Circular which contains, inter alia, information on the Transactions, as well as the letter from First Shanghai set out on pages 14 to 24 of the Circular which contains its advice in respect of the terms of the New Media CCT and the Annual Caps for each of the three years ending on 31 December 2013, 2014 and 2015.

Having taken into account the advice of First Shanghai, we consider that the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Transactions to be proposed at the EGM.

Yours faithfully
For and on behalf of
Independent Board Committee

LO Ka Shui

LEUNG Hok Lim

Thaddeus Thomas BECZAK

Independent Non-executive Directors

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

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



FIRST SHANGHAI CAPITAL LIMITED

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

9 November 2012

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS: NEW MEDIA CCT WITH CMCC GROUP

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions and the Annual Caps, details of which are set out in the circular of the Company to the Shareholders dated 9 November 2012 (the “Circular”) of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

Members of the PNM Group are subsidiaries of the Company and CMCC is a substantial shareholder of the Company, therefore the members of the CMCC Group are connected persons of the Company and the New Media CCT constitute continuing connected transactions of the Company under the Listing Rules. Historically, at the extraordinary general meeting of the Company held on 9 December 2010, the then Independent Shareholders had approved, confirmed and ratified the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the three years from 1 January 2010 to 31 December 2012. The Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT. The Transactions and the Annual Caps for each of the three years from 1 January 2013 to 31 December 2015 are subject to, amongst other conditions, the approval by the Independent Shareholders by poll at the EGM.

LETTER FROM FIRST SHANGHAI CAPITAL LIMITED

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Lo Ka Shui, Mr. Leung Hok Lim and Mr. Thaddeus Thomas Beczak, has been established to advise the Independent Shareholders in respect of the New Media CCT and the Annual Caps. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Transactions and the Annual Caps, we have taken into account the following principal factors and reasons:–

1. Background of and reasons for the Transactions

Background information on the Group

The Group is a leading satellite television operator broadcasting in the PRC. In the recent years, the Group has also been developing outdoor advertising and carries on new media businesses (provision of website portal and value-added telecommunications services) through the PNM Group, the members of which are subsidiaries of the Company.

Background information on the CMCC Group

CMCC is a state-owned company established in the PRC and the CMCC Group is a leading mobile telecommunications services provider in the PRC. China Mobile Limited (“CM”, together with its subsidiaries, the “CM Group”) is a Hong Kong listed subsidiary of CMCC. According to the annual report of CM for the year ended 31 December 2011 (the “CM Annual Report”), the CM Group boasts the world’s largest mobile network and the world’s largest mobile customer base with a customer base of nearly 650 million and enjoyed a market share of approximately 67% in the PRC as at 31 December 2011.

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Background of and reasons for the Transactions

As detailed in the announcements of the Company dated 9 November 2009, 11 November 2009 and 31 December 2009, Phoenix New Media acquired 100% economic interests of two PRC domestic enterprises, both of which had entered into a number of transactions with the CMCC Group. These transactions, including the New Media CCT, became continuing connected transactions of the Company under the Listing Rules upon the two PRC domestic enterprises being treated as subsidiaries of the Company.

Historically, the then Independent Shareholders had, at the extraordinary general meeting of the Company held on 9 December 2010, approved, confirmed and ratified the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the three years from 1 January 2010 to 31 December 2012. The Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT with the CMCC Group. Therefore, the Company proposed the Transactions and the Annual Caps for each of the three years from 1 January 2013 to 31 December 2015, which are subject to, amongst other conditions, the approval by the Independent Shareholders.

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

Taking into account the above factors, in particular, (i) the established business relationship between the Group and the CMCC Group in respect of the New Media CCT; (ii) the CM Group boasts the world's largest mobile network and the world's largest mobile customer base with a customer base of nearly 650 million and enjoyed a market share of approximately 67% in the PRC as at 31 December 2011; (iii) the Transactions, which are in line with the principal business of the PNM Group, allow the PNM Group to continue to leverage on the services and the large platform of the CMCC Group in the PRC to expand its business and also allow the PNM Group to procure an additional revenue source; and (iv) the terms of the Transactions are fair and reasonable as discussed below, we are of the view that entering into the Transactions is in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the Transactions

Set out in the table below is the pricing basis for each of the seven categories of the Transactions:–

	Description of transaction	Pricing basis
Category I	Rental of internet data center facilities from the CMCC Group	For a fixed fee determined by reference to the market price or industry standards with a discount negotiated on an arm's length basis
Category II	Fee calculation and collection services provided by the CMCC Group in respect of value-added telecommunications contents the PNM Group makes available on the CMCC Group's platforms	<p>(i) For payment via mobile service, the CMCC Group is entitled to 0.3% and 5% respectively, or such other percentages determined by reference to the market price or industry standards negotiated on an arm's length basis, of the amounts paid in cash and by mobile fee recharge card by subscribers via such service</p> <p>(ii) For short messaging, WAP, IVR, multimedia messaging and music contents, the CMCC Group is entitled to 15% to 65% of the data service fees collected from subscribers, or such other percentage determined by reference to the market price or industry standards negotiated on an arm's length basis; for short messaging and multimedia messaging contents, the CMCC Group also charges the PNM Group an "information flow imbalance" fee based on the difference between the number of short or multimedia messages the PNM Group sends to subscribers and the number of short or multimedia messages subscribers send to the PNM Group</p>

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	Description of transaction	Pricing basis
Category III	(i) Purchase of value-added telecommunications contents based on programs available on the Group's channels, seminars and other promotional activities conducted by the Group's presenters	(i) For a fixed fee or a profit-sharing basis determined by reference to industry standards negotiated on an arm's length basis taking into account the substantial subscriber base of the CMCC Group on the one hand, and the unique contents provided by the PNM Group on the other hand
	(ii) Ad hoc promotional activities undertaken with or subcontracted by the CMCC Group	(ii) On a cost plus reasonable profit margin basis
Category IV	Provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the PNM Group's web-based or mobile platforms	For a fixed fee determined by reference to the market price or industry standards with a discount negotiated on an arm's length basis
Category V	Provision by the CMCC Group of information services to the PNM Group to enable the PNM Group to dispatch multimedia messages via the telecommunications network of the CMCC Group	For a fixed fee determined by reference to the market price or industry standards negotiated on an arm's length basis
Category VI	Provision by the PNM Group of products or applications for mobile handsets, including but not limited to games, news or audiovisual products or applications, made available for consumer download on the CMCC Group mobile telecommunications platforms, including but not limited to the platform currently known as "Mobile Market"	For a fixed fee or a profit-sharing basis determined by reference to the market price or industry standards negotiated on an arm's length basis

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Description of transaction	Pricing basis
Category VII Other products and/or services in connection with or in respect of the provision of website portal, value added telecommunications, promotional and ancillary services by and to members of the PNM Group to and by members of the CMCC Group	At market price or in line with industry standards with such discount or other concessional terms to the Group's commercial interests, or where there are no comparable market price or industry standards, on terms no less favourable to the Group than those offered to or from independent third parties (as the case may be)

We have reviewed the pricing bases for each of the seven categories of the Transactions and we are advised by the management of the Group that, save for the provision of ad hoc promotional activities to the CMCC Group under Category III, the prices for each of the seven categories of the Transactions will be determined by reference to the then market price or industry standards or on terms no less favourable to the Group than those offered to or from independent third parties (as the case may be). We have further reviewed the details of "market price" and "industry standards" as covered in the letter from the Board, where we understand that "market price" is determined by ascertaining the prevailing price provided by or to or between independent third parties under normal commercial terms and "industry standards" are determined by ascertaining the standard or normal pricing terms provided by or to or between independent third parties under normal commercial terms, in each case taking into account the applicable circumstances including but not limited to costs, resources, experience, quality and technology of the relevant products, services and counterparty. Hence, we consider that the pricing bases which make reference to "market price" or "industry standards" are fair and reasonable. We are also advised by the management of the Group that the cost plus basis will be adopted for the provision of ad hoc promotional activities to the CMCC Group under Category III because the scope of work performed depends on the type and nature of the events that require promotional activities, which can vary significantly from project to project, therefore a reasonable method to determine the pricing basis of such activities is the cost plus approach. Nonetheless, in respect of the pricing bases for Category II, we have further reviewed (i) the websites of Alipay (支付宝) and Tenpay (财付通), which are the two largest third party payment providers in the PRC in terms of transaction value in 2010 according to the website of Analysys International, a provider of information and advice on technology, media and telecom industries in the PRC to 50,000 clients worldwide, therefore Alipay (支付宝) and Tenpay (财付通) are fair and representative samples, and we note that the percentage service charge is 1% for payment via internet banking or cash prepayment and 5% for payment via mobile fee recharge card; and (ii) sample agreements entered into between the PNM Group and an independent third party, where we note that the independent third party was entitled up to 55% of fees collected from subscribers and there were agreements that the independent third party charged an "information flow imbalance" fee. We consider the percentage fees mentioned under Category II to be acceptable after taking into account, amongst other things, the mentioned percentage fees are comparable with those of the third parties as covered above, the Group can leverage on the services and the large platform of the CMCC Group, which has a strong position in the industry, and the percentage fees will eventually be determined by reference to the then market price or industry standards.

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Furthermore, we note from the annual report of the Company for the year ended 31 December 2011 that (i) the independent non-executive Directors have reviewed the continuing connected transactions of the Group and confirmed, amongst other things, that the continuing connected transactions were entered into in accordance with the relevant agreements governing them and were on normal commercial terms or on terms no less favourable to the Group than those available to or from independent third parties; and (ii) the auditors of the Company have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions.

Taking into account the above factors, in particular, (i) we have reviewed the pricing bases for each of the seven categories and we are advised by the management of the Group that, save for the provision of ad hoc promotional activities to the CMCC Group under Category III, the prices will be determined by reference to the then market price or industry standards or on terms no less favourable to the Group than those offered to or from independent third parties (as the case may be); (ii) the cost plus basis will be adopted for the provision of ad hoc promotional activities to the CMCC Group under Category III because the scope of work performed depends on the type and nature of the events that require promotional activities, which can vary significantly from project to project; (iii) the track record of the Group in relation to its compliance with the continuing connected transaction requirements under the Listing Rules as reviewed by the independent non-executive Directors and the auditors of the Company; (iv) the Group can leverage on the services and the large platform of the CMCC Group, which has a strong position in the industry, where the CM Group boasts the world's largest mobile network and the world's largest mobile customer base with a customer base of nearly 650 million and enjoys a market share of approximately 67% in the PRC as at 31 December 2011; and (v) measures are in place as required under the Listing Rules to govern the internal control of the Group and monitor the Transactions as detailed in the section headed "Internal control policy and procedures" below, we are of the view that the terms of each of the seven categories of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

3. Annual Caps

The following is a summary of the actual transaction amounts of the New Media CCT for each of the years ended 31 December 2010 and 2011 and the six months ended 30 June 2012 as well as the Annual Caps for each of the years ending 31 December 2013, 2014 and 2015:

	Actual transaction amounts			Annual Caps		
	For			For the year ending		
	the six			31 December		
	months			2013		
	For the year ended	ended	2014			
	31 December	30 June	2015			
	2010	2011	2012	2013	2014	2015
	(audited)	(audited)	(unaudited)			
New Media CCT						
<i>(rounded to the nearest RMB million)</i>						
	146	210	100	552	622	729

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We understand that the actual transaction amount grew from approximately RMB146 million for the year ended 31 December 2010 to approximately RMB210 million for the year ended 31 December 2011, representing an annual growth of approximately 44%. Despite the actual transaction amount for the six months ended 30 June 2012 represented, on a pro rata basis, a slight decline of approximately 5% as compared with the actual transaction amount for the year ended 31 December 2011, we are advised by the management of the Group that such slowdown in growth is attributable to the downswing of the business cycle which the recovery is expected to gradually begin in the second half of 2012. As such, we have reviewed industry information from the website of iResearch Consulting Group (“iResearch”), which is an organisation focusing on in-depth research in the internet industry of the PRC, and we note that the industry information published by iResearch is quoted in, amongst other publications, the listing documents of several Hong Kong listed companies. Based on the article titled “*Q1 2012 China Mobile Internet Revenue Rises Slowly to 15.87 Bn Yuan*” published by iResearch on 7 May 2012, we understand that the mobile internet market in the PRC is still in the initial rapid development stage and its slowdown in growth in the first quarter of 2012 was due to, amongst other factors, the Spring Festival in the first quarter of 2012 and the sales promotions that have already stimulated the growth in the fourth quarter of 2011. Based on the article, we also understand that iResearch predicted that mobile internet market segments, such as mobile video and mobile games, will experience rapid growth along with the increase in the number of users and in their paying habits.

As detailed in the letter from the Board, the Annual Caps were determined after taking into account, amongst other factors, the business plan of the PNM Group (the “PNM Business Plan”), the expected growth in the new media businesses of the CMCC Group and the enhancement of the website operated by the PNM Group. We have reviewed the PNM Business Plan and we are advised by the management of the Group that the PNM Business Plan was primarily based on the expected amounts of the transactions to be carried out between the PNM Group and the CMCC Group for a very wide variety of products and services categories as prepared by the frontline staff of the PNM Group, who have, based on their in-depth industry understanding, taken into account, amongst other factors, the ongoing development of the PNM Group to keep pace with the high growth speed of the business sector and new products and services, including but not limited to the new media contents expected to be provided to users in the near future.

We note that the annual cap for the year ending 31 December 2013 of approximately RMB552 million represents a compound annual growth of approximately 62% as compared to the actual transaction amount for the year ended 31 December 2011 and, on a pro rata basis, represents an annual growth of approximately 176% as compared to the actual transaction amount for the six months ended 30 June 2012. We understand that the annual cap for the year ending 31 December 2013 is based on the expected transaction amount as stated in the PNM Business Plan. Moreover, we have reviewed the annual report of Phoenix New Media, which is listed on the New York Stock Exchange, for the year ended 31 December 2011 and we note that the PNM Group recorded revenue of approximately RMB262 million, RMB529 million and RMB951 million for each of the years ended 31 December 2009, 2010 and 2011, representing annual growths of approximately 102% and 80% for each of the years ended 31 December 2010 and 2011, respectively. Furthermore, we note from the CM Annual Report that the revenue of the CM Group from mobile reading and mobile video recorded annual growths of approximately 154% and 136% for the year ended 31 December 2011, respectively, and we are advised by the management of the Group that mobile reading and mobile video relate to the two largest categories in terms of expected transaction amount in the PNM Business Plan. In addition, we are aware of the large business scale of the CMCC Group, where the annual cap for the year ending 31 December 2013 only represents approximately 0.1% of each of the

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turnover and the operating expenses of the CM Group for the year ended 31 December 2011, indicating the potential for significant growth in the transaction amount between the CMCC Group and the PNM Group. Based on the above, in particular, the growth trends and the large scale of the CMCC Group, we consider the annual cap for the year ending 31 December 2013 to be fair and reasonable.

We note that the annual caps for each of the years ending 31 December 2014 and 2015 of approximately RMB622 million and RMB729 million, represents annual growths of approximately 13% and 17%, respectively. We understand that the annual caps for each of the years ending 31 December 2014 and 2015 are based on the expected transaction amounts as stated in the PNM Business Plan. In respect of the general industry trend, we have reviewed the Twelfth Five-Year Plan of the Telecommunications Industry (通信業“十二五”發展規劃) and the Twelfth Five-Year Plan of the Internet Industry (互聯網行業“十二五”發展規劃) as published by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) on 4 May 2012. With reference to these two documents, we understand that the revenue of the telecommunications business in the PRC is expected to record a compound annual growth rate of above approximately 8% from 2010 to 2015 and the revenue of the internet services industry in the PRC is expected to record a compound annual growth rate of above approximately 25% from 2011 to 2015. Based on the above, we consider the annual caps for each of the years ending 31 December 2014 and 2015 to be fair and reasonable.

Taking into account the above factors, in particular, (i) the Annual Caps are based on the PNM Business Plan, which we have reviewed and understand that it was prepared by the frontline staff of the PNM Group based on their in-depth industry understanding; (ii) the annual cap for the year ending 31 December 2013 is in line with the recent strong growth in the business of the PNM Group and the CM Group; (iii) the annual caps for each of the years ending 31 December 2014 and 2015 are in line with the general industry growth rate; (iv) the large business scale of the CMCC Group, where the annual cap for the year ending 31 December 2013 only represents approximately 0.1% of each of the turnover and the operating expenses of the CM Group for the year ended 31 December 2011, indicating the potential for a significant growth in transaction amount; (v) the terms of the Transactions are fair and reasonable as discussed above; and (vi) measures are in place as required under the Listing Rules to govern the internal control of the Group and monitor the Transactions as detailed in the section headed “Internal control policy and procedures” below, we are of the view that the underlying assumptions of the PNM Business Plan and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Nonetheless, the Independent Shareholders should note that the Annual Caps should not be construed as an assurance or forecast by the Group of its future revenue.

4. Internal control policy and procedures

The Transactions are subject to a number of annual review requirements under the Listing Rules which include:

- (i) each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts of the Company that the Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms

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available to or from (as appropriate) independent third parties; and (c) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the annual report of the Company) confirming that the Transactions (a) have received the approval of the Board; (b) are in accordance with the pricing policies of the Company if the Transactions involve provision of goods or services by the Company; (c) have been entered into in accordance with the relevant agreement governing the Transactions; and (d) have not exceeded the respective Annual Cap;
- (iii) the Company will allow, and will procure that the counterparties will allow, the auditors of the Company sufficient access to the relevant records of the Transactions for the purpose of reporting on the Transactions. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (ii) above; and
- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) above respectively.

We have further reviewed the internal control system and relevant compliance matters for connected transactions of the Company and the PNM Group as detailed in the letter from the Board, where we note that the principal features of such internal control system in respect of the New Media CCT include (i) Phoenix New Media will review the terms (including pricing basis) of the relevant contract for each of the New Media CCT; (ii) Phoenix New Media will have measures, such as assessing the prevailing prices offered by or to independent third parties (if and as appropriate), to ensure the market pricing basis of each New Media CCT will be strictly followed; (iii) Phoenix New Media will monitor the value of each New Media CCT and the accrued value of such transactions over the course of each relevant year; and (iv) with a view to avoiding the Annual Caps being exceeded, Phoenix New Media will notify the board of the Company when the accrued value of the New Media CCT in any relevant year reaches 80% of the relevant annual cap. We also note that the Company will comply with the requirements under Chapter 14A of the Listing Rules for any specific transaction entered into between any member of the PNM Group and the CMCC Group under terms that are outside the scope of, or pricing bases for, the New Media CCT approved by the Shareholders pursuant to the EGM.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Annual Caps; (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company; and (iii) the internal control system of the Company to review the terms of the Transactions and to avoid the Annual Caps being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions and safeguard the interests of the Independent Shareholders.

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RECOMMENDATION

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

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

Eric Lee
Managing Director

Fanny Lee
Managing Director

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 Securities and Futures Ordinance (“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, to be notified to the Company and the Stock Exchange, were as follows:

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

(A) Ordinary Shares of the Company

Name of Director	Number of ordinary Shares held			Position	Approximate shareholding percentage
	Personal/ other interests	Corporate interests	Total number of Shares		
LIU Changle (<i>Note 2</i>)	2,688,000	1,854,000,000	1,856,688,000	Long	37.18%
LO Ka Shui (<i>Note 3</i>)	9,756,000	–	9,756,000	Long	0.19%

Notes:

- As at the Latest Practicable Date, the number of issued shares of the Company was 4,993,585,500.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.13% of the issued share capital of the Company.
- As at the Latest Practicable Date, Dr. LO Ka Shui was the beneficial owner of 2,500,000 Shares while 7,256,000 Shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

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

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

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

Phoenix New Media Limited ("PNM")

Name of Director	Number of PNM Shares held			Position	Approximate shareholding percentage
	Personal/ other interests	Corporate interests	Total interest		
LIU Changle (<i>Note 3</i>)	–	1,483,200	1,483,200	Long	0.48%
LO Ka Shui	727,800	–	727,800	Long	0.23%

Notes:

- As at the Latest Practicable Date, the number of the issued Class A ordinary shares of PNM ("PNM Shares") was 311,276,053.
- PNM is an indirect non-wholly owned subsidiary of the Company.
- As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.48% of the PNM Shares.

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

2.2 Interests in service contracts

On 30 June 2012, each of Mr. LIU Changle and Mr. CHUI Keung, both executive Directors, has entered into a service contract with the Company for a fixed term of three years commencing from 1 July 2012. Under their respective service contracts with the Company, Mr. LIU Changle and Mr. CHUI Keung are entitled to basic monthly salary, with one additional month's salary for each complete period of service of twelve months, a discretionary year-end bonus, housing allowance and pension plan contributions.

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 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

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

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

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

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage
Today's Asia Limited (<i>Note 2</i>)	1,854,000,000	37.13%
Extra Step Investments Limited (<i>Note 3</i>)	983,000,000	19.69%
Star Entertainment Holdings Limited (<i>Note 4</i>)	871,000,000	17.44%

Notes:

- As at the Latest Practicable Date, the number of issued shares of the Company was 4,993,585,500.
- Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests, respectively.
- Extra Step Investments Limited is a wholly-owned subsidiary of CMHKG which in turn is a subsidiary of CMCC. By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors, are respectively executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director, is an independent non-executive director of China Mobile Limited.
- Star Entertainment Holdings Limited (formerly known as 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 in 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 a direct 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 Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.). Mr. Jan KOEPPEN and Mr. CHEUNG Chun On, Daniel, both non-executive Directors, and their respective alternate Directors, Ms. Ella Betsy WONG and Dr. GAO Jack Qunyao, are employees of News Corporation and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited.

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

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage
China Wise International Limited (<i>Notes 2, 3</i>)	412,000,000	8.25%

Notes:

1. As at the Latest Practicable Date, the number of issued shares of the Company was 4,993,585,500.
2. China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited.
3. Mr. GONG Jianzhong, non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

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

4. COMPETING INTERESTS

As at the Latest Practicable Date, Star Group Limited and its subsidiaries (“STAR”) engage in the development, production and broadcasting of television programming in Asia with India as the key market. STAR’s programming is distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the Chinese language channels including Channel [V] Channels, Star Chinese Movies Channels and Star Chinese Channels. Mr. Jan KOEPPEN and Mr. CHEUNG Chun On, Daniel, both non-executive Directors, and their respective alternate Directors, Ms. Ella Betsy WONG and Dr. GAO Jack Qun Yao, are employees of News Corporation, the ultimate holding company of STAR, and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited. Other than the Chinese-language channels offered by STAR above, STAR 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 (as defined under the Listing Rules) 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 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.

5. EXPERT QUALIFICATION AND CONSENT

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

First Shanghai has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or all references to its name in the form and context in which they appear. As at the Latest Practicable Date, First Shanghai was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2011, the date to which the latest published, audited and consolidated financial statements of the Group were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

6. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published, audited and consolidated financial statements of the Group were made up.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.
- (c) The principal share registrar of the Company is 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.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during the normal business hours on any weekday (except public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including 24 November 2012:

- (a) the service agreements referred to in the section headed "Interests in Service Contracts" in this Appendix I;
- (b) the contracts for existing New Media CCT referred to in this circular;
- (c) the letter from the Board, the text of which is set out on pages 3 to 12 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out on page 13 of this circular;
- (e) the letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 14 to 24 of this circular; and
- (f) the written consent from First Shanghai referred to in the paragraph headed "Expert Qualification and Consent" in this Appendix I.



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Phoenix Satellite Television Holdings Limited (the “Company”) will be held on 5 December 2012, Wednesday, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong to consider and, if thought fit, approve with or without modifications, the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (i) the provision of website portal, value-added telecommunications, promotional and ancillary services by and to Phoenix New Media Limited and its subsidiaries (the “PNM Group”) to and by 中國移動通信集團公司(China Mobile Communications Corporation) and its associates (the “CMCC Group”) (“New Media CCT”), as defined and more particularly described in the Company’s circular to its shareholders dated 9 November 2012 (the “Circular”) for the three years from 1 January 2013 to 31 December 2015 be and are hereby approved;
- (ii) the proposed annual cap amounts for the New Media CCT for each of the three years ending 31 December 2013, 2014 and 2015, as set out in the Circular, be and are hereby approved; and
- (iii) any one director of the Company or any other person authorised by the directors be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company, and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with this resolution.”

By Order of the Board
YEUNG Ka Keung
Company Secretary

Hong Kong, 9 November 2012

Registered Office:

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

Head Office and Principal Place of Business:

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

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).
3. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of joint holding.
4. The register of members of the Company will be closed from 30 November 2012, Friday to 5 December 2012, Wednesday, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 November 2012, Thursday.
5. A form of proxy for use at the meeting is enclosed.