
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about 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)

- (1) PROPOSAL FOR REFRESHMENT OF SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME BY A SUBSIDIARY,
(2) PROPOSED GRANT OF REPLACEMENT OPTIONS UNDER
THE SHARE OPTION SCHEME BY A SUBSIDIARY BEYOND
THE SCHEME MANDATE LIMIT,
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 20 October 2016 at 3:00 p.m. (or any adjournment thereof) is set out on pages 15 to 17 of this circular. A proxy form is also enclosed. Whether or not you are able to attend and vote at the extraordinary general meeting in person, you are requested to complete and return the enclosed form of proxy to the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible, but in any event not later than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

23 September 2016

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DEFINITIONS

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

“2014 Scheme Mandate Limit”	the Scheme Mandate Limit as refreshed by the Shareholders at the extraordinary general meeting of the Company held on 5 June 2014, being 28,401,492 PNM Shares
“Affiliate”	any company which is (a) a holding company of PNM; or (b) a subsidiary of a holding company of PNM; or (c) a subsidiary of PNM; or (d) a controlling shareholder of PNM; or (e) a company controlled by a controlling shareholder of PNM; or (f) a company controlled by PNM; or (g) an associated company of a holding company of PNM; or (h) an associated company of PNM
“Board”	the board of Directors for the time being or a duly authorized committee thereof
“Class A Share(s)”	the class A ordinary shares of US\$0.01 each (or such other amount as such ordinary shares may be divided or consolidated or converted into) in the share capital of PNM
“Class B Share(s)”	the class B ordinary shares of US\$0.01 each (or such other amount as such ordinary shares may be divided or consolidated or converted into) in the share capital of PNM
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be held at No. 2–6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 20 October 2016 at 3:00 p.m. (or any adjournment thereof), notice of which is set out on pages 15 to 17 of this circular
“Eligible Person”	(a) any executive, employee or director of PNM or any Affiliate; and (b) any consultant, adviser, agent, business partner, joint venture partner, service provider or contractor who, as determined at the sole discretion of the board of directors of PNM, has or may have contribution to PNM or any Affiliate
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	19 September 2016, 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
“Option”	an option to subscribe for PNM Shares granted pursuant to the PNM Share Option Scheme and for the time being subsisting
“Original Scheme Mandate Limit”	the Scheme Mandate Limit approved by the Shareholders at the extraordinary general meeting of the Company held on 20 June 2008, being 32,000,000 PNM Shares
“PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands and an indirect non-wholly-owned subsidiary of the Company as at the Latest Practicable Date, the shares of which are listed by way of American Depositary Shares on the New York Stock Exchange in the United States
“PNM Board”	the board of directors of PNM for the time being or a duly authorized committee thereof
“PNM RSU and RS Scheme”	has the meaning as defined under the sub-section headed “Background” under the section headed “II. Refreshment of Scheme Mandate Limit under the PNM Share Option Scheme” in the Letter from the Board in this circular
“PNM Shareholder”	a registered holder of issued PNM Shares from time to time
“PNM Shares”	shares of PNM, and for the purposes of the description of shares of PNM issued or issuable under the PNM Share Option Scheme or the PNM RSU and RS Scheme in this circular, means Class A Shares
“PNM Share Option Scheme”	PNM’s share option scheme in the form adopted by the Shareholders on 20 June 2008 or any amended form
“Proposed Grant”	the grant of Replacement Options (as defined below) to Replacement Grantees (as defined below) to subscribe for an aggregate of up to 22,376,951 PNM Shares under the PNM Share Option Scheme beyond the Scheme Mandate Limit
“Replacement Offer”	an offer to grant the Replacement Options (as defined below)

DEFINITIONS

“Scheme Mandate Limit”	the total number of PNM Shares which may be issued upon exercise of all options to be granted under the PNM Share Option Scheme and any other schemes of PNM which must not in aggregate exceed 10% of the PNM Shares in issue as at the date of the relevant resolution passed at a general meeting of the Company approving the scheme mandate limit, as stipulated in Note 1 to Rule 17.03(3) of the Listing Rules
“Scheme Mandate Limit Refreshment Proposal”	the proposal to refresh the Scheme Mandate Limit under the PNM Share Option Scheme as described in the Letter from the Board in this circular under the heading “Refreshment of Scheme Mandate Limit under the PNM Share Option Scheme”
“Shares”	the shares of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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
XIA Bing
GONG Jianzhong
SUN Yanjun

Independent Non-executive Directors:

LEUNG Hok Lim
Thaddeus Thomas BECZAK
FANG Fenglei
HE Di

Alternate Director:

LAU Wai Kei, Ricky (*alternate Director to SUN Yanjun*)

Registered Office:

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

Principal office in Hong Kong:

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

23 September 2016

To the Shareholders,

Dear Sirs or Madams,

**(1) PROPOSAL FOR REFRESHMENT OF SCHEME MANDATE LIMIT UNDER
THE SHARE OPTION SCHEME BY A SUBSIDIARY,
(2) PROPOSED GRANT OF REPLACEMENT OPTIONS UNDER
THE SHARE OPTION SCHEME BY A SUBSIDIARY BEYOND
THE SCHEME MANDATE LIMIT,
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular is to provide you with information in respect of (i) the Scheme Mandate Limit Refreshment Proposal, (ii) the Proposed Grant, and (iii) the notice of the EGM.

LETTER FROM THE BOARD

II. REFRESHMENT OF SCHEME MANDATE LIMIT UNDER THE PNM SHARE OPTION SCHEME

Background

The PNM Share Option Scheme was approved and adopted by the Shareholders at the extraordinary general meeting of the Company held on 20 June 2008. The purpose of the PNM Share Option Scheme is to enable PNM to grant Options to Eligible Persons as incentives or rewards for their contribution or potential contribution to PNM and/or the Affiliates.

The Original Scheme Mandate Limit under the PNM Share Option Scheme was 32,000,000 Class A Shares, being 10% of the Class A Shares in issue as at the date of adoption of the PNM Share Option Scheme on 20 June 2008. As at the Latest Practicable Date, PNM had granted Options (other than the Options granted to Specific Grantees (as defined below) as detailed below) carrying rights to subscribe for 37,757,025 PNM Shares (out of which Options in respect of 5,757,025 PNM Shares had been lapsed and re-granted) under the Original Scheme Mandate Limit, of which 10,210,468 PNM Shares had been issued pursuant to the exercise of such Options (other than the Options granted to Specific Grantees (as defined below) as detailed below), and of which Options (other than the Options granted to Specific Grantees (as defined below) as detailed below) carrying rights to subscribe for 25,278,756 PNM Shares had lapsed or had been cancelled; Options (other than the Options granted to Specific Grantees (as defined below) as detailed below) carrying rights to subscribe for 2,267,801 PNM Shares remained outstanding and had yet to be exercised. The grant of the above Options by PNM complied with the Original Scheme Mandate Limit at all material times.

At the extraordinary general meeting of the Company held on 20 June 2008, the Shareholders also approved the specific grant of Options to certain Eligible Persons (“**Specific Grantees**”) entitling them to subscribe for an aggregate of 67,000,000 PNM Shares and resolved that such grant of Options to the Specific Grantees not be counted as granted under the Original Scheme Mandate Limit referred to above. As at the Latest Practicable Date, PNM had granted Options carrying rights to subscribe for 67,000,000 PNM Shares to the Specific Grantees, of which 50,395,248 PNM Shares had been issued pursuant to the exercise of such Options, and of which Options carrying rights to subscribe for 13,661,171 PNM Shares had lapsed or had been cancelled; Options carrying rights to subscribe for 2,943,581 PNM Shares remained outstanding and had yet to be exercised.

In March 2011, PNM adopted an equity incentive scheme under which a committee authorized by the board of directors of PNM may grant PNM Shares and PNM Share units (which are promises of PNM to issue and deliver PNM Shares) subject to vesting, transfer, forfeiture and other restrictions to employees or directors of PNM or its Affiliates as incentives or awards (the “**PNM RSU and RS Scheme**”). No subscription price is payable by the recipients of the restricted PNM Shares or restricted PNM Share units under the PNM RSU and RS Scheme. As at the Latest Practicable Date, PNM had granted 19,008,200 restricted PNM Shares and restricted PNM Share units carrying rights to receive 10,050,958 PNM Shares, of which restricted PNM Share units carrying rights to receive 1,751,470 PNM Shares had lapsed or had been cancelled, and of which restricted PNM Share units carrying rights to receive 8,299,488 PNM Shares had been vested. The PNM RSU and RS Scheme are not governed by Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

To enable the Company to continue to exercise over 50% of the votes in general meetings of PNM even after the allotment and issue of shares by PNM pursuant to the PNM Share Option Scheme and the PNM RSU and RS Scheme, the shareholders of PNM adopted a new set of memorandum and articles of association of PNM with effect from 17 May 2011 pursuant to which all of the ordinary shares of PNM held by the Company were re-designated as Class B Shares and all other ordinary shares of PNM (including those to be allotted and issued under the PNM Share Option Scheme and the PNM RSU and RS Scheme) were re-designated as Class A Shares. Holders of the Class A Shares and Class B Shares shall have the same rights except for voting and conversion rights. Each Class A Share is entitled to one vote at any general meetings of PNM, whereas each Class B Share is entitled to 1.3 votes and is convertible at any time into one Class A Share. Class A Shares are not, however, convertible into Class B Shares under any circumstances. As at the Latest Practicable Date, the Company held 317,325,360 Class B Shares (representing all Class B Shares in issue) entitling the Company to exercise 61.68% of the voting power at general meetings of PNM.

The Scheme Mandate Limit has been previously refreshed twice since the adoption of the PNM Share Option Scheme. As disclosed in the circular and the announcement of the Company dated 13 May 2014 and 5 June 2014 respectively, the Scheme Mandate Limit was “refreshed” to enable grant of further Options to subscribe for up to 28,401,492 PNM Shares pursuant to an ordinary resolution passed by the Shareholders at the extraordinary general meeting of the Company held on 5 June 2014, being 10% of the Class A Shares in issue as at that date.

As at the Latest Practicable Date, PNM had granted Options carrying rights to subscribe for 25,827,951 PNM Shares under the 2014 Scheme Mandate Limit, of which (i) Options carrying rights to subscribe for 7,179,125 PNM Shares had lapsed which were capable of being re-granted and of which no Options had been so re-granted; (ii) Options carrying rights to subscribe for 18,648,826 PNM Shares remained outstanding and had yet to be exercised; and (iii) no PNM Shares had been issued pursuant to the exercise of such Options. The grant of the above Options by PNM complied with the 2014 Scheme Mandate Limit at all material times. As at the Latest Practicable Date, PNM might grant Options carrying rights to subscribe for 7,179,125 PNM Shares, which had lapsed but had not yet been re-granted, under the 2014 Scheme Mandate Limit.

Proposal for refreshment of Scheme Mandate Limit

Given the depletion of the 2014 Scheme Mandate Limit, the Directors propose a refreshment of the Scheme Mandate Limit. Pursuant to rule 4.1(b) of the PNM Share Option Scheme, PNM may seek approval from the PNM Shareholders and the Company may seek approval from the Shareholders in general meetings to refresh the Scheme Mandate Limit provided that the total number of PNM Shares which may be issued upon exercise of all options to be granted under all share option schemes of PNM under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Class A Shares in issue as at the date of the approval by the Shareholders of the “refreshed” Scheme Mandate Limit. As PNM may not issue any new Class B Shares, or any options, warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any Class B Shares pursuant to its articles of association, the Company proposes to refresh the Scheme Mandate Limit to grant Options to

LETTER FROM THE BOARD

subscribe for Class A Shares only, but not Class B Shares. Apart from the PNM Share Option Scheme, PNM has no other share option scheme in issue as at the Latest Practicable Date. Options previously granted under the PNM Share Option Scheme (including those outstanding, cancelled or lapsed in accordance with the rules of the said share option scheme or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”.

The limit on the number of the PNM Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the PNM Share Option Scheme, and any other share option schemes of PNM (as may be approved and adopted by the Company in general meeting from time to time) must not exceed 30% of the relevant class of securities of PNM in issue from time to time.

On the basis of 256,335,266 Class A Shares in issue as at the Latest Practicable Date and assuming no PNM Shares will be issued (whether pursuant to the PNM Share Option Scheme or the PNM RSU and RS Scheme or otherwise) or repurchased by PNM prior to the EGM, the Scheme Mandate Limit may be “refreshed” to enable grant of further Options to subscribe for up to 25,633,526 Class A Shares, representing 10% of the Class A Shares in issue (or 9.09% of the Class A Shares on an enlarged basis) as at the date of the EGM. As mentioned above, as at the Latest Practicable Date, the Company held 317,325,360 Class B Shares entitling the Company to exercise 61.68% of the votes in general meetings of PNM. On the assumption that all of the Options under the “refreshed” Scheme Mandate Limit are granted and exercised, all the existing Options are exercised, all the existing restricted PNM Share units are vested and exercised and no other PNM Shares are issued or repurchased by PNM, the voting rights at general meetings of PNM exercisable by the Company shall be reduced from 61.68% to about 56.31% on a fully diluted basis, and on such basis PNM shall continue to remain a non-wholly owned subsidiary of the Company.

The Directors consider that despite further grant of Options under the refreshed Scheme Mandate Limit may have dilutive effect to the Company’s equity interest in PNM, the Scheme Mandate Limit Refreshment Proposal is fair and reasonable, and in the interests of the Company and Shareholders as a whole as the PNM Share Option Scheme can continue to serve its purpose of providing incentives and rewards to Eligible Persons to work towards contributing to PNM and/or the Affiliates and in turn enhancing the value of PNM and/or its Affiliates and for the benefit of the Group as a whole.

The Scheme Mandate Limit Refreshment Proposal is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM and by the shareholders of PNM at a general meeting of PNM.

LETTER FROM THE BOARD

III. PROPOSED GRANT OF REPLACEMENT OPTIONS BEYOND THE SCHEME MANDATE LIMIT

Reasons for the Replacement

Since the adoption of the PNM Share Option Scheme in 20 June 2008, PNM had granted 164,562,683 Options carrying rights to subscribe for 164,562,683 PNM Shares, out of which 39,951,546 Options in respect of 39,951,546 PNM Shares remained outstanding and had yet to be exercised as at the Latest Practicable Date. Subject to the refreshment of scheme mandate limit under the PNM Share Option Scheme being approved by the Shareholders at the EGM and by the Company as the majority shareholder of PNM, the PNM Board proposed to grant an aggregate of up to 22,376,951 Options (the “**Replacement Options**”) under the PNM Share Option Scheme to the Replacement Grantees (as defined below) in replacement of the Options held by them respectively for the reasons set out below. The number of Replacement Options is less than the total 39,951,546 Options outstanding mainly because not all grantees have outstanding Options with an exercise price higher than the 120 Day Average (as defined below), as explained in the section headed “The Replacement Grantees” below.

PNM has issued options under the PNM Share Option Scheme as a means of promoting the long-term success of business because sharing ownership with directors, employees and consultants will align their interest with the interests of PNM and shareholders and encourage directors, employees and consultants to devote the best of their abilities to PNM. However, PNM Board has observed that many of their directors, employees and consultants have outstanding options with exercise prices that are higher than the per share price of PNM Shares based on the current market price. These options are commonly referred to as being “underwater”. As a result, these options have little value as either an incentive or retention tool. The Replacement Options are intended to address this situation by providing directors, employees and consultants with an opportunity to exchange their Options for new options. By making this Replacement Options, PNM intends to provide directors, employees and consultants with the opportunity to hold options that over time have a greater potential to increase in value, thereby creating better incentives for directors, employees and consultants to remain at PNM and contribute to achieving business objectives.

The Replacement Grantees

On 25 July 2016, the PNM Board proposed, subject to obtaining necessary shareholders’ approval from the Shareholders and the PNM Shareholders, to grant the Replacement Options by way of an exchange offer whereby a Replacement Grantee (as defined below) may choose to surrender and cancel his outstanding Options in exchange for the same number of Replacement Options (“**Replacement Offer**”) to such holders of existing Options (the “**Existing Grantees**”) who:

- (i) were granted with Options with an exercise price higher than the 120 Day Average (as defined below);
- (ii) were granted with Options which have not been exercised; and
- (iii) have not tendered resignation, or have not been dismissed or terminated employment by the Existing Grantee’s employing company or otherwise ceases to be the employee of PNM or any Affiliate on the date of the Replacement Offer (the “**Replacement Grantees**”).

LETTER FROM THE BOARD

On 19 September 2016, the PNM Board resolved to approve the exercise price of the Replacement Options to be granted at US\$0.4823, based on the average daily closing price of the American depository shares of PNM, each representing eight PNM Shares, of US\$3.8587 as quoted on the New York Stock Exchange for the 120 trading days immediately preceding 19 September 2016 (the “**120 Day Average**”).

The PNM Board believes that the 120 Day Average is an effective reference of the fair value of PNM Shares taking into consideration its historical price movements and therefore future price trend, and at the same time incentivizes relevant employees of PNM. The 120 Day Average will minimize the impact of any unusual fluctuations during the period which may not reflect the fair value of the PNM Shares. The Proposed Grant is to allow existing grantees with option exercise price above the said fair value of PNM Shares to be granted new options with new exercise price set at the said fair value, instead of allowing all grantees with outstanding options to be granted new options regardless of their current exercise price. In addition, the existing grantees hold options with different exercise prices, some of which are substantially lower than the 120 Day Average. Extending the Proposed Grant to such grantees will not be meaningful as the new exercise price will be higher than their current exercise price. On the above basis, the Directors consider that the 120 Day Average is fair and reasonable and in the interest of the Company and its Shareholders.

The following table illustrates the Existing Grantees under the Proposed Grant as at the Latest Practicable Date:

Names of the Replacement Grantees	Relationship with the Group
LIU Shuang	COO of the Company; CEO and Director of PNM (<i>Note</i>)
LI Ya	President and Director of PNM (<i>Note</i>)
ZOU Ming	Vice President of PNM
ZHENG Hong	Employee of PNM
YAN Weifeng	Employee of PNM
ZHAO Yun	Employee of PNM
SHI Xueyi	Employee of PNM
HU Tao	Employee of PNM
FAN Hui	Employee of PNM
WU Haipeng	Employee of PNM
SUN Xiaohui	Employee of PNM
HOU Chunyan	Employee of PNM
XU Zhiyong	Employee of PNM
LI Xia	Employee of PNM
TANG Yujin	Employee of PNM
MENG Wenting	Employee of PNM
SHAO Cong	Employee of PNM
LI Honglei	Employee of PNM
CHI Xiaoyan	Employee of PNM

LETTER FROM THE BOARD

Names of the Replacement Grantees	Relationship with the Group
HU Jinnan	Employee of PNM
LIU Shu	Senior Vice President of PNM
XIONG Na	Employee of PNM
LIU Miao	Employee of PNM
RONG Qian	Employee of PNM
YANG Le	Employee of PNM
ZHOU Jianchun	Employee of PNM
HAO Wei	Employee of PNM
DENG Shaowei	Employee of PNM
NIE Jiang	Employee of PNM
YANG Liu	Employee of PNM
JIN Mingyan	Vice President of PNM
LI Zhiyu	Employee of PNM
YANG Minghong	Employee of PNM
YANG Jialiang	Employee of PNM
ZHAO Huaxia	Employee of PNM
LI Lin	Employee of PNM
Betty Yip Ho	CFO of PNM
CHEN Ting	Employee of PNM
LI Hongdan	Employee of PNM
XIAO Yeqiong	Employee of PNM
CUI Mingchen	Employee of PNM
CHEN Tianheng	Employee of PNM
HU Liyu	Employee of PNM
LIU Fan	Employee of PNM
LU Hui	Employee of PNM
LIU Li	Employee of PNM
RAO Wei	Employee of PNM
SANG Tian	Employee of PNM
GAO Mingyong	Employee of PNM
MEI Rui	Employee of PNM
JIN Hao	Employee of PNM
DING Shizhong	Employee of PNM
BU Hui	Employee of PNM

Note: As at the Latest Practicable Date, LIU Shuang held 3,900,000 outstanding Options with exercise price higher than the 120 Day Average, and LI Ya held 4,300,000 outstanding Options with exercise price higher than the 120 Day Average.

LETTER FROM THE BOARD

Assuming all Existing Grantees shall become eligible as Replacement Grantees, the Replacement Offer will result in:

- (i) 22,376,951 Replacement Options to be granted under the Proposed Grant; and
- (ii) 22,376,951 PNM Shares to be issued upon exercise in full of all such Replacement Options, representing approximately 8.7% of PNM Shares as compared to the number of PNM Shares in issue as at the Latest Practicable Date, and approximately 8.0% of PNM Shares on an enlarged basis as compared to the number of PNM Shares in issue as at the Latest Practicable Date.

Details of the Proposed Grant of the Replacement Options

Date of Grant (“ Date of Grant ”)	:	In accordance with the PNM Share Option Scheme, the Replacement Options will be deemed to have been granted on the date of commencement of the Replacement Offer, currently expected to be 21 October 2016.
Offering Period:	:	The offering period will start on 21 October 2016 and expire at 5:00 p.m. Beijing time on 1 November 2016.
Exercise price of Replacement Options	:	US\$0.4823
Number of Replacement Options to be granted (<i>Note</i>)	:	22,376,951
Number of PNM Shares to be issued upon exercise in full of the Replacement Options (<i>Note</i>)	:	22,376,951
Approximate percentage of shareholding in PNM represented by PNM Shares which may fall to be issued upon exercise in full of the Replacement Options as at the Latest Practicable Date (<i>Note</i>)	:	8.7%
Validity period	:	The Replacement Option shall expire on the same date the existing Option was originally scheduled to expire.
Vesting period	:	The Replacement Options shall be exercisable immediately after one year from the original vesting date(s) of the corresponding Option(s), provided that no Replacement Option shall be exercisable within six months upon the end of the Replacement Offer.

LETTER FROM THE BOARD

Performance targets	:	Nil
Amount payable on acceptance of the Replacement Options	:	A nominal consideration of HK\$1.00 (or foreign currency equivalent)
Acceptance	:	The Replacement Grantees shall only be permitted to accept the Replacement Options on all-or-none basis.

Note: Assuming all Existing Grantees shall become eligible as Replacement Grantees and they all accept the Replacement Offer.

Subject to the acceptance of the Replacement Offer by the respective Replacement Grantees by providing written consent to the surrender and cancellation of the existing Options and the nominal consideration within the time limit specified in the Replacement Offer, the existing Options (to the extent unexercised on the date of cancellation) shall be cancelled and ceased to have any effect and shall be replaced by the Replacement Options automatically. If a Replacement Grantee does not accept the Replacement Offer on or before the time specified therein, his/her existing Options will not be cancelled and will remain in full force and effect in accordance with the terms and conditions of the grant thereof. If a Replacement Grantee accepts the Replacement Offer, the option life of the Replacement Option will be unlike other options granted by PNM which generally expire after ten years from the date of grant, but will instead expire on the same date his/her current Option was originally scheduled to expire.

The Replacement Options will be granted subject to, and on terms of, the PNM Share Option Scheme as disclosed in the Company's circular dated 4 June 2008 (then a GEM listed issuer), which terms include without limitation the period during which the Replacement Option may be exercised, the circumstances under which the Replacement Option will automatically lapse or may be cancelled, adjustments of the exercise price and transferability.

The PNM Shares to be allotted and issued upon the exercise of any Replacement Option will rank pari passu with the fully paid PNM Shares in issue.

Conditions of the Proposed Grant

The Proposed Grant is conditional upon:

- (i) the Scheme Mandate Limit Refreshment Proposal being approved by the Shareholders at the EGM and by the shareholders of PNM at a general meeting of PNM;
- (ii) the Proposed Grant being approved by the Shareholders at the EGM and by the shareholders of PNM at a general meeting of PNM; and
- (iii) the acceptance of the Replacement Offer by the relevant Replacement Grantees respectively.

LETTER FROM THE BOARD

Listing Rules Implications

Pursuant to Note 1 to Rule 17.03(3) of the Listing Rules and rule 4.1(b) of the PNM Share Option Scheme, PNM may seek separate approval from PNM Shareholders and the Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought.

Pursuant to Note 2 to Rule 17.03(3) of the Listing Rules and rule 4.2 of the PNM Share Option Scheme, the maximum number of PNM Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the PNM Share Option Scheme and any other share option schemes of PNM must not exceed 30% of the PNM Shares in issue from time to time. As at the Latest Practicable Date, the total number of PNM Shares in issue is 256,335,266 and Options carrying rights to subscribe for 39,951,546 PNM Shares remained outstanding and had yet to be exercised. Assuming all Existing Grantees shall become eligible as Replacement Grantees, the total number of PNM Shares which may be issued upon exercise of all outstanding Options and the Options that fall to be granted under the Proposed Grant will be 39,951,546 PNM Shares, representing approximately 15.59% of the PNM Shares in issue as at the Latest Practicable Date and will not exceed the overall limit of 30% of the PNM Shares in issue.

The Proposed Grant will not result in the total number of PNM Shares issued and to be issued to any person upon exercise of all options granted and to be granted in the 12 months period up to and including the date of the Proposed Grant exceeding 1% of the PNM Shares in issue.

None of the Replacement Grantees is a Director, chief executive or substantial shareholder of the Company or any of their respective associates as at the Latest Practicable Date.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the proposed refreshment of Scheme Mandate Limit or Proposed Grant. Accordingly, no Shareholder is required to abstain from voting at the EGM on the relevant resolutions in respect of the proposed refreshment of Scheme Mandate Limit or Proposed Grant.

The Company considers that the Proposed Grant does not constitute an amendment to the PNM Share Option Scheme, since all Replacement Grantees are free to choose whether to participate or not in the Proposed Grant and those choosing not to participate will not have their rights under existing Options affected, the terms of the PNM Share Option Scheme will remain the same before and after the Proposed Grant regardless of how many (if any) Replacement Grantees participate in the Proposed Grant, and that all Options granted and to be granted under the PNM Share Option Scheme will remain subject to the terms thereof.

LETTER FROM THE BOARD

IV. EXTRAORDINARY GENERAL MEETING

Pages 15 to 17 of this circular contain a notice convening the EGM which will be held at No. 2–6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 20 October 2016 at 3:00 p.m. (or any adjournment thereof) at which ordinary resolutions will be proposed to seek the Shareholders' approval of the Scheme Mandate Limit Refreshment Proposal and the Proposed Grant.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time fixed for the EGM or any adjournment thereof (as the case may be). The completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Announcement on the results of the poll vote will be made by the Company after the EGM.

V. 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.

VI. RECOMMENDATION

The Directors believe that the Scheme Mandate Limit Refreshment Proposal and the Proposed Grant are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the relevant ordinary resolutions to be proposed at the EGM.

Yours faithfully,

By Order of the Board

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

LIU Changle

Chairman

NOTICE OF EGM



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED 鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Phoenix Satellite Television Holdings Limited (the “**Company**”) will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Thursday, 20 October 2016 at 3:00 p.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution, which will be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** conditional upon the approval of the shareholders of Phoenix New Media Limited (“**PNM**”), the existing scheme mandate limit in respect of the granting of options to subscribe for class A ordinary shares of PNM (the “**PNM Shares**”) under the share option scheme of the PNM adopted by the Company on 20 June 2008 (the “**PNM Share Option Scheme**”) be refreshed and renewed provided that the total number of PNM Shares which may be allotted and issued pursuant to the grant or exercise of options under the PNM Share Option Scheme and all other share option schemes of PNM (excluding options previously granted, outstanding, cancelled, lapsed or exercised) shall not exceed 10% of the PNM Shares in issue as at the date of passing of this resolution (the “**Refreshed Limit**”), the directors (the “**Directors**”) of the Company be and are hereby authorized to execute all such documents and take all such steps as they may deem necessary, desirable or expedient to effect the Refreshed Limit, and the directors of PNM be and are hereby authorized to execute all such documents and take all such steps as they may deem necessary, desirable or expedient for PNM to grant options under the PNM Share Option Scheme up to the Refreshed Limit and to exercise all the powers of PNM to allot, issue and deal with the PNM Shares pursuant to the exercise of such options.”

NOTICE OF EGM

2. “**THAT** conditional upon the approval of ordinary resolution 1 above, the grant of options under the PNM Share Option Scheme to holders of existing Options as replacement options (the “**Replacement Options**”) beyond the Refreshed Limit be and is hereby approved, and the Directors be and are hereby authorized to execute all such documents and take all such steps as they may deem necessary, desirable or expedient to effect the grant of Replacement Options, and the directors of PNM be and are hereby authorized to execute all such documents and take all such steps as they may deem necessary, desirable or expedient for PNM to grant the Replacement Options and to exercise all the powers of PNM to allot, issue and deal with the PNM Shares pursuant to the exercise of such options.”

By Order of the Board
Yeung Ka Keung
Company Secretary

Hong Kong, 23 September 2016

Registered Office:

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

Principal Place of Business:

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

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). Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof (as the case may be).

NOTICE OF EGM

3. Where there are joint holders of any share (“Share”) of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders present at the meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of joint holding.
4. The register of members of the Company will be closed from Monday, 17 October 2016 to Thursday, 20 October 2016, both dates 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 Friday, 14 October 2016.
5. A form of proxy for use at the meeting is enclosed.
6. Shareholders of the Company are advised to read the circular of the Company dated 23 September 2016 which contains information concerning the ordinary resolution to be proposed in this notice.
7. According to Rule 13.39(4) of the Listing Rules, any vote of shareholders of the Company at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the Meeting will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed ordinary resolutions at the Meeting.