
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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鳳凰衛視

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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02008)

(1) PROPOSED ADOPTION OF 2017 SHARE OPTION SCHEME,
(2) PROPOSED CANCELLATION OF EXISTING OPTIONS,
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 Tuesday, 7 February 2017 at 3:00 p.m. (or any adjournment thereof) is set out on pages 20 to 22 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.

19 January 2017

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DEFINITIONS

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

“Adoption Date”	the date on which the 2017 Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors for the time being
“Business Counterparty”	means any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group
“business day”	a day on which the Stock Exchange is open for the business of dealing in securities
“close associate”	shall have the meaning ascribed to it under the Listing Rules
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“connected person”	shall have the meaning ascribed to it under the Listing Rules
“core connected person”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including independent non-executive director(s)
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the adoption of the 2017 Share Option Scheme and cancellation of the Existing Options
“Eligible Participant”	means: (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, or any of its subsidiaries or Invested Entities in which any member of the Group holds any equity interest; (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or Invested Entities; and

DEFINITIONS

	(c) any other person (including any employee or director of any Business Counterparty) whom the Board considers, in its sole discretion, has contributed or will contribute to the Group
“Grantee”	means any Eligible Participant who accepts the Offer in accordance with the terms of the 2017 Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“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
“Invested Entity”	means any entity in which the Group holds any equity interest
“Latest Practicable Date”	13 January 2017, 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
“Offer”	an offer to grant an Option made in accordance with the 2017 Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant by the Company
“Option”	the right to subscribe for Shares granted pursuant to the 2017 Share Option Scheme
“Option Period”	in respect of any particular Option (subject as otherwise provided under the terms of the 2017 Share Option Scheme), such period during which the Option is exercisable as set out in the offer of the Option, which shall, at the discretion of the Directors, commence at any time on or after the Offer Date and expire no later than the tenth (10th) anniversary of such Offer Date

DEFINITIONS

“Post-IPO Share Option Scheme”	the Post-IPO Share Option Scheme adopted by the Company on 7 June 2000 and amended from time to time
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-IPO Share Option Scheme”	the Pre-IPO Share Option Scheme adopted by the Company on 7 June 2000 and amended from time to time
“Sale Price”	means the amount (if any) by which (i) the net proceeds of sale (e.g. after payment of, without limitation, stamp duty, commissions, brokerage and Stock Exchange transaction levy) of the Shares in respect of which a Sale Option is exercised, exceeds (ii) the Subscription Price applicable to such Shares
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to the 2017 Share Option Scheme
“2009 Share Option Scheme”	the 2009 share option scheme adopted by the Company on 19 June 2009 and amended from time to time
“2017 Share Option Scheme”	the 2017 share option scheme proposed to be approved and adopted by the Company at the EGM
“%”	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 Place of Business:

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

19 January 2017

To the Shareholders

Dear Sir or Madam,

PROPOSED ADOPTION OF 2017 SHARE OPTION SCHEME, PROPOSED CANCELLATION OF EXISTING OPTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval, inter alia, on (i) the proposed adoption of the 2017 Share Option Scheme and (ii) the proposed cancellation of the Existing Options (as defined below). A notice of the EGM containing the resolutions to be proposed at the EGM is set out on pages 20 to 22 of this circular.

LETTER FROM THE BOARD

II. ADOPTION OF THE 2017 SHARE OPTION SCHEME

a. The Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2009 Share Option Scheme

Reference is made to the announcement of the Company dated 26 May 2009 in relation to the adoption of the 2009 Share Option Scheme. The Company does not have any other unexpired share option scheme.

As at the Latest Practicable Date, options to subscribe for a total of 205,154,000 Shares had been granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2009 Share Option Scheme, of which options to subscribe for 99,838,000 Shares remain outstanding. Such outstanding options will remain valid and exercisable in accordance with their respective terms of issue.

b. The 2017 Share Option Scheme

For reasons set out in the section headed “Reasons for adopting the 2017 Share Option Scheme” below, the Company proposes to seek approval of the Shareholders to adopt the 2017 Share Option Scheme, the provisions of which will comply with the requirements of Chapter 17 of the Listing Rules. A summary of the principal terms of the 2017 Share Option Scheme is set out in Appendix to this circular.

The 2017 Share Option Scheme will enable the Company to grant Options to the selected Eligible Participants in order to retain and provide incentive to the employees of the Group to achieve its business objectives.

The adoption of the 2017 Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution to adopt the 2017 Share Option Scheme by the Shareholders; and
- (b) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the 2017 Share Option Scheme.

Under the 2017 Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date. As at the Latest Practicable Date, the issued share capital of the Company comprised 5,000,999,500 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Adoption Date, such 10% shall represent 500,099,950 Shares as at the Adoption Date.

LETTER FROM THE BOARD

c. Reasons for adopting the 2017 Share Option Scheme

The purpose of the 2017 Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any Invested Entity. The 2017 Share Option Scheme expressly provides that, the Board may with respect to each grant of Options, determine the exercise price (in compliance with Rule 17.03(9) of the Listing Rules), vesting scales and schedules (if any), performance targets (if any) and other conditions that apply to the Options. The Directors believe that the 2017 Share Option Scheme will accord the Board flexibility in determining specific targets, parameters and conditions to which the specific grant of Options may be subject on a case-by-case basis, and thereby will better enable the Group to attract people who are valuable to the development of the Group.

d. Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the 2017 Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and the conditions that an Option is subject to. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

e. Others

Application will be made to the Stock Exchange for the granting of approval for the listing of, and permission to deal in, the Shares falling to be issued upon exercise of the Options granted under the 2017 Share Option Scheme.

None of the Directors is and will be trustee of the 2017 Share Option Scheme or has a direct or indirect interest in the trustee. With respect to the operation of the 2017 Share Option Scheme, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules. A copy of the 2017 Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong.

The 2009 Share Option Scheme will remain in full force and effect in accordance with its terms and conditions after adoption of the 2017 Share Option Scheme (and cancellation of the Existing Options, if any).

LETTER FROM THE BOARD

III. CANCELLATION OF EXISTING OPTIONS

In addition, the Board has observed that many directors and employees of the Group (the “**Existing Grantees**”) have outstanding options under the 2009 Share Option Scheme (the “**Existing Options**”) with exercise prices that are higher than the current market price of the Shares and with fixed vesting schedules. These Existing Options have little value as either an incentive or retention tool. As a result, the Board has resolved to grant Options under the 2017 Share Option Scheme to all Existing Grantees in replacement of the Existing Options held by them respectively, subject to the Existing Options being surrendered and cancelled. The above Board resolution does not constitute any actual grant of Options, which can only happen after Shareholders’ approval of the resolutions set out in this circular, the Stock Exchange granting the relevant listing approval, and the remuneration committee resolving to make any replacement grant as set out below. As at the Latest Practicable Date, a total of 112,864,000 options have been granted under the 2009 Share Option Scheme, of which 95,894,000 options remain unexercised. All of the 95,894,000 unexercised options have been vested. The unexercised options have different exercise prices ranging from HK\$1.17 to HK\$3.06 and are held by 454 grantees. Assuming all existing holders of those 95,894,000 options agree to cancel their options in exchange for the replacement options, a maximum of 95,894,000 replacement options are expected to be granted under the 2017 Share Option Scheme.

Interests of the Company’s directors, chief executives and substantial shareholders and their associates (as the case may be) in the 95,894,000 unexercised options are set out below:

Name	Capacity	Number of unexercised options
Mr. LIU Changle	Executive Director and chief executive officer	4,900,000
Mr. CHUI Keung	Executive Director	3,900,000
Mr. WANG Ji Yan	Executive Director	3,900,000
Ms. LIU Diandian	Daughter of Mr. LIU Changle	120,000

Each holder of the Existing Options may choose whether to accept any replacement grant by cancellation of his unexercised options. If a holder chooses not to accept, no replacement option will be granted to such holder and his unexercised options will remain in full force and effect in accordance with the terms and conditions of the grant thereof under the 2009 Share Option Scheme.

Upon the remuneration committee of the Board resolving to make a replacement grant to a holder of unexercised options, the Board will issue a grant letter to such holder, who may accept the grant by written confirmation of his agreement to cancel his unexercised options. Upon receipt of such confirmation, the Company will cancel the holder’s unexercised options and issue to him the replacement options. Further announcement will be published upon such grant of Options in compliance with the relevant requirements under Chapter 17 of the Listing Rules. While there is no definitive timetable for the remuneration committee of the Board to make the replacement grants or at all, it is expected that the remuneration committee will make the replacement grants as soon as practicable subject to compliance with its duties and relevant regulatory requirements. The vesting dates for the replacement options in respect of each Existing Grantee will be one year from the date of grant of the replacement options.

LETTER FROM THE BOARD

Under the 2009 Share Option Scheme, any cancellation of the options granted but not exercised shall be subject to the approval of the Shareholders in general meeting, with holders of such options and their respective associates abstaining from voting. In connection with the intended grant of the replacement options as explained above, the Company proposes to seek approval of the Shareholders to cancel the Existing Options, which cancellation will only take place upon an Existing Grantee's acceptance of the replacement option by way of cancellation of his/her Existing Option.

IV. EXTRAORDINARY GENERAL MEETING

Pages 20 to 22 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 Tuesday, 7 February 2017 at 3:00 p.m. (or any adjournment thereof) at which ordinary resolutions will be proposed to approve, among other things, the adoption of the 2017 Share Option Scheme and the cancellation of the Existing Options.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the meeting, you are requested to complete and return the form of proxy to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 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 less than 48 hours before the time fixed for the meeting or any adjournment thereof (as the case may be). The completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes 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. RECOMMENDATIONS

The Directors believe that (i) the proposed adoption of the 2017 Share Option Scheme and (ii) the proposed cancellation of the Existing Options are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM. Three Directors, namely Mr. LIU Changle, Mr. CHUI Keung and Mr. WANG Ji Yan, are Existing Grantees and have therefore abstained from voting on the above matters at the relevant Board meeting.

VI. 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.

LETTER FROM THE BOARD

VII. GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the adoption of the 2017 Share Option Scheme. The Shareholder(s) who are the holders of the Existing Options or their respective associate(s), including Mr. LIU Changle shall abstain from voting on the ordinary resolution to approve the cancellation of the Existing Options. The Board confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he or she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

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

The following is a summary of the principal terms of the 2017 Share Option Scheme proposed to be adopted by the Shareholders at the EGM.

1. PURPOSE OF THE 2017 SHARE OPTION SCHEME

The purpose of the 2017 Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group and any Invested Entity.

2. DURATION AND ADMINISTRATION

The 2017 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period no further Options will be granted but the provisions of the 2017 Share Option Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of the Listing Rules which are granted during the duration of the 2017 Share Option Scheme and remain unexercised immediately prior to the end of the ten-year period shall continue to be exercisable in accordance with their terms of grant within the Option Period for which such Options are granted, notwithstanding the expiry of the 2017 Share Option Scheme.

The 2017 Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the 2017 Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

3. CONDITIONS

The 2017 Share Option Scheme is conditional upon (a) the passing of an ordinary resolution at the EGM approving the adoption of the 2017 Share Option Scheme by the Shareholders and authorising the Directors to grant Options, and to allot, issue and deal with the Shares pursuant to the exercise of any Options granted under the 2017 Share Option Scheme; and (b) the Listing Committee granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the 2017 Share Option Scheme.

4. GRANT OF OPTIONS

Subject to the provisions of the 2017 Share Option Scheme and the Listing Rules, the Board may when making an Offer impose any conditions in relation thereto as it may at its absolute discretion think fit.

No Offer shall be made after inside information has come to the Company's knowledge until it has announced the information. In particular, no Option may be granted during the period commencing one (1) month immediately before the earlier of: (i) the date of the Board meeting for the approval of the Company's results for any year, half-year, quarterly or other interim period; and (ii) the deadline for the Company to announce its results for any year or half-year, quarterly or any other interim period under the Listing Rules.

An Option shall be deemed to have been granted and accepted (with retrospective effect from the Offer Date) when the duplicate letter comprising acceptance of the Option duly signed by the Grantee with the number of Shares in respect of which Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

5. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option but in any case shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Offer Date; and (c) the nominal value of a Share.

6. MAXIMUM NUMBER OF SHARES

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, unless the Company seeks the approval of the Shareholders in general meeting for refreshing the 10% limit pursuant to (b) below.
- (b) Subject to (d) below, the Company may seek approval of the Shareholders in general meeting for refreshing the 10% limit set out in (a) above such that the total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval to refresh such limit. Options previously granted under the 2017 Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the 2017 Share Option Scheme or any such other share option schemes or exercised options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.
- (c) Subject to (d) below, the Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of such limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to the Shareholders containing the information required under the Listing Rules.
- (d) Notwithstanding any other provisions of the 2017 Share Option Scheme, the maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. No options may be granted under the 2017 Share Option Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

7. MAXIMUM ENTITLEMENT OF AN ELIGIBLE PARTICIPANT

- (a) No Eligible Participant shall be granted an Option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options granted to such Eligible Participant (including both exercised and outstanding Options) in any 12-month period exceeding one (1)% of the total number of Shares in issue.
- (b) Any further grant of Options to an Eligible Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Participant under the 2017 Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over one (1)% of the Shares in issue shall be subject to the Shareholders' approval in general meeting with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders containing the information required under the Listing Rules. The number of Shares subject to the Options to be granted and the terms of the Options to be granted to such Eligible Participants shall be fixed before the Shareholders' approval and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

8. GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of Options to a Director, chief executive (other than an Eligible Participant who is only a proposed Director or a proposed chief executive of the Company) or substantial shareholder or any of their respective associates shall be subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is a Grantee of the Options).
- (b) In case of (x) any change in the terms of Options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, or (y) where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such change or further grant of Options must be approved by the Shareholders. The Company shall send a circular to all Shareholders, which must contain all relevant information and comply with all relevant requirements as set out in the Listing Rules. The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that any of them may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular in accordance with Rule 13.40 of the Listing Rules. Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

9. EXERCISE OF OPTIONS

An Option may be exercised in accordance with the terms of the 2017 Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than the Option Period. If (among other things) the net proceeds of sale of the relevant Shares shall exceed the total of the Subscription Price and any taxes which may fall on the Group in respect of the exercise, the Grantee may elect to exercise an Option in whole or in part as a “Sale Option”. In which event, the Board shall arrange for the sale of the relevant Shares on the Main Board and pay to the Grantee an amount equal to the Sale Price.

10. PERFORMANCE TARGET

Unless otherwise determined by the Board and specified in the offer letter to be given to the Eligible Participant at the time of the offer of the Option, there is neither any performance target that needs to be achieved by the Grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

11. RIGHTS ARE PERSONAL

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

12. RIGHTS ON DEATH, OR TERMINATION OF EMPLOYMENT, THE DIRECTORSHIP, OFFICE OR APPOINTMENT

- (a) If the Grantee is under employment with or is a director of the Company and/or any of the subsidiaries or the Invested Entities or a Business Counterparty, in the event of the Grantee ceasing to be an Eligible Participant by reason of such Grantee's resignation from the employment or directorship of the Company or of any of the subsidiaries or the Invested Entities or Business Counterparty or the termination of his employment or directorship by the Company or the relevant subsidiary or Invested Entity or Business Counterparty or the expiry of his employment or directorship with the Company or the relevant subsidiary or Invested Entity or Business Counterparty other than the termination of his employment on one or more of the grounds specified in paragraph 14(e), the Grantee may, subject to paragraph 14(a), exercise the Option up to his entitlement at such date of cessation (to the extent not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day on which the Grantee was at work with or was a director of the Company, or the relevant subsidiary or Invested Entity or Business Counterparty, (in the case of employment) on which salary is paid whether in lieu of notice or not, or such longer period as the Board may determine.
- (b) If the Grantee is under employment with or is a director of the Company and/or any of the subsidiaries or the Invested Entities or a Business Counterparty, in the event of the Grantee ceasing to be an Eligible Participant by reason of his ill-health or retirement, the Grantee may, subject to paragraph 14(a), exercise the Option up to his entitlement at such date of cessation (to the extent not already exercised) within the period of one month following the date of such cessation, which date shall be the last actual working day on which the Grantee was at work with or was a director of the Company, or the relevant subsidiary or Invested Entity or Business Counterparty, (in the case of employment) on which salary is paid whether in lieu of notice or not, or such longer period as the Board may determine.
- (c) If the Grantee is under employment with or is a director of the Company and/or any of the subsidiaries or the Invested Entities or a Business Counterparty, in the event of the Grantee ceasing to be an Eligible Participant by reason of his death, the legal personal representative(s) of the Grantee may, notwithstanding paragraph 14(a), exercise the Option up to the Grantee's entitlement at such date of cessation (to the extent not already exercised) within the period of twelve (12) months following the date of his death (or such longer period as the Board may determine).

13. TAKEOVER OFFERS, LIQUIDATION AND RECONSTRUCTION

- (a) In the event of a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his Option at any time before the close of such offer (or any revised offer).
- (b) In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this clause) and thereupon, each Grantee (or where permitted under the 2017 Share Option Scheme, his legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up the Company to participate in the distribution of assets of the Company available in liquidation.
- (c) In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or where permitted under the 2017 Share Option Scheme, his legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is sanctioned by court be entitled to exercise his Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

14. LAPSE OF OPTIONS

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

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraph 12(b) or (c) above;
- (c) the date on which the offer (or as the case may be, revised offer) referred to in paragraph 13(a) above, which has become or is declared unconditional, closes;
- (d) the date of the commencement of the winding-up of the Company referred to in paragraph 13(b) above;
- (e) if the Grantee is under employment with or is a director of the Company and/or any of the subsidiaries or Invested Entities or Business Counterparty, the date on which the Directors determine that the Grantee ceases to be an Eligible Participant by reason of the termination of his employment or directorship on any one or more of the grounds that: he has been guilty of misconduct or has been found to have breached the terms of employment or director duties during his employment or directorship (regardless of whether such employment contract or directorship has already been terminated) leading to a material loss or damage to the Group, or his employment has terminated by reason of the failure of such employment to pass the annual evaluation, or has become bankrupt or insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or board of directors would be entitled to terminate his employment or directorship at law or pursuant to any applicable laws or articles of association or under the Grantee's service contract or appointment letter with the Company or the relevant subsidiary or the relevant Invested Entity or Business Counterparty. A resolution of the Board or the board of directors of the relevant subsidiary or Invested Entity or Business Counterparty to the effect that employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee;
- (f) the date when the proposed compromise or arrangement becomes effective referred to in paragraph 13(c) above;
- (g) the date on which the Grantee commits a breach of paragraph 11 above or the Options are cancelled in accordance with paragraph 15 below; or

- (h) if the Directors at their absolute discretion determine that the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate on the one part and any member of the Group or any Invested Entity or Business Counterparty on the other part or that the Grantee has become bankrupt or insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse and in such event, his Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

15. CANCELLATION OF OPTIONS

The Company may cancel an Option granted but not exercised with the approval of the Grantee of such Option. Cancelled Options may be re-issued after such cancellation has been approved, PROVIDED THAT re-issued Options shall only be granted in compliance with the terms of the 2017 Share Option Scheme and the note to Rule 17.03(14).

16. VOTING AND DIVIDEND RIGHTS AND RANKING OF SHARES

No dividends will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. The Shares to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment of the Shares (on exercise of the Option) (the “**Allotment Date**”) and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Allotment Date, PROVIDED ALWAYS that when the Allotment Date falls on a day upon which the register of members of the Company is closed then the allotment upon the exercise of the Option shall become effective on the first business day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry any dividend right and voting rights until the completion of the registration of the Grantee as the holder thereof.

17. EFFECTS OF ALTERATIONS OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in:

- (a) the number or nominal amount of Shares subject to any Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option; and/or
- (d) the maximum number of Shares referred to in paragraphs 6 and 7 above,

in accordance with the Listing Rules, as an independent financial adviser or the auditors (as the Board may select) shall certify in writing to the Board to be in their opinion appropriate, fair and reasonable, PROVIDED THAT any alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she or it was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

18. ALTERATION OF THE TERMS OF THE 2017 SHARE OPTION SCHEME

The 2017 Share Option Scheme may be altered in any respect by a resolution of the Board (or its delegated committee) which considers the alteration(s) necessary, expedient or desirable for the purpose of or in connection with the implementation of 2017 Share Option Scheme except that:

- (a) any changes to the definitions of “Eligible Participant” and “Grantee” and “Option Period”;
- (b) any material alteration to the terms and conditions of the 2017 Share Option Scheme;
- (c) any change to the terms of Options granted (except where the alterations take effect pursuant to the terms of the 2017 Share Option Scheme);
- (d) any change to the authority of the Board in relation to any alteration to the terms of the 2017 Share Option Scheme;
- (e) any alteration to the provisions of the 2017 Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantee; and
- (f) any alteration to the termination provisions of the 2017 Share Option Scheme,

must be approved by an ordinary resolution of the Shareholders in general meeting subject to applicable abstention requirements under the Listing Rules PROVIDED THAT the amended terms of the 2017 Share Option Scheme or the Options shall remain in compliance with the requirements of Chapter 17 of the Listing Rules and that no such alteration shall operate to adversely affect the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths (3/4) in nominal value of all Shares then subject to Options granted under the 2017 Share Option Scheme and provided further that any alterations to the terms and conditions of the 2017 Share Option Scheme which are of a material nature shall first be approved by the Exchange.

19. TERMINATION OF THE 2017 SHARE OPTION SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the 2017 Share Option Scheme and in such event no further Option will be offered but the provisions of the 2017 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the 2017 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2017 Share Option Scheme.

NOTICE OF EXTRAORDINARY GENERAL MEETING



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Phoenix Satellite Television Holdings Limited (the “**Company**”) will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Tuesday, 7 February 2017 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 resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares (the “**Shares**”) of HK\$0.10 each in the share capital of the Company falling to be issued pursuant to the 2017 Share Option Scheme (the “**2017 Share Option Scheme**”) of the Company, the rules of which are set out in the document marked “A” which has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, the 2017 Share Option Scheme be and is hereby approved and adopted by the Company; and
- (b) the directors of the Company be and are hereby authorised:
 - i. to administer the 2017 Share Option Scheme at their absolute discretion and to grant options to subscribe for Shares in accordance with the rules of the 2017 Share Option Scheme;
 - ii. to modify and/or amend the 2017 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2017 Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules;
 - iii. to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the 2017 Share Option Scheme; and
 - iv. to do all such acts as they may in their absolute discretion consider necessary, desirable or expedient in order to give full effect to the 2017 Share Option Scheme.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

- (a) the cancellation of all outstanding share options (the “**Existing Options**”) granted to directors and employees of the Group (the “**Existing Grantees**”) to subscribe for a total of 95,894,000 Shares under the 2009 Share Option Scheme, all of which have not been exercised or lapsed since they were granted, which cancellation will only take place upon an Existing Grantee’s acceptance of the replacement option by way of cancellation of his/her Existing Option, be and is hereby approved by the Company; and
- (b) the directors of the Company be and are hereby authorised to do all such acts and execute all such documents as they may in their absolute discretion consider necessary, desirable or expedient in order to cancel the Existing Options.”

By Order of the Board
YEUNG Ka Keung
Company Secretary

Hong Kong, 19 January 2017

Registered Office:

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

Principal Place of Business:

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 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).
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 Thursday, 2 February 2017 to Tuesday, 7 February 2017, 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 Wednesday, 1 February 2017.
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 19 January 2017 which contains information concerning the ordinary resolutions 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.