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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)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
PHOENIX NEW MEDIA LIMITED  
ON THE NEW YORK STOCK EXCHANGE**

**THE PROPOSED SPIN-OFF**

Reference is made to the Company's announcement dated 18 January 2011 and 26 April 2011 in respect of the Proposed Spin-off.

The Board is pleased to announce that PNM submitted a Registration Statement that includes a prospectus with a price range to the SEC on 27 April 2011 (New York time). Subject to the final terms of an underwriting agreement to be agreed upon by PNM, the Selling Shareholders, the Underwriters and other relevant parties, if any, and to market conditions, the Offering is expected to consist of an initial offering of 92,000,000 new Class A Shares to be sold by PNM and 10,140,000 existing Class A Shares to be sold by the Selling Shareholders. The Underwriters will also have the option to purchase up to an additional 15,321,000 Class A Shares to cover over-allotments. Each ADS will represent eight Class A Shares.

## **DISTRIBUTION-IN-SPECIE**

To provide Shareholders with an assured entitlement to shares in PNM as required under PN15, it is proposed that, if and when the Proposed Spin-off materialises, Qualifying Shareholders shall be entitled to a distribution in specie of one Distribution ADS for every whole multiple of 10,000 Shares (being five board lots) held by them at the close of business on the Record Date.

## **LISTING RULES IMPLICATION**

The Proposed Spin-off will result in a reduction of the percentage shareholding of the Company in PNM and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since one or more of the relevant percentage ratios of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

**As the listing of the ADSs pursuant to the Proposed Spin-off is conditional upon the satisfaction of certain conditions, including, without limitation, market conditions, NYSE granting approval for the listing of the ADSs and the conditions set forth in the section "The Proposed Spin-off – Conditions to the Offering" below, the Proposed Spin-off may not proceed. Accordingly, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.**

Reference is made to the Company's announcements dated 18 January 2011 and 26 April 2011 in respect of the Proposed Spin-off.

## **THE PROPOSED SPIN-OFF**

On 21 April 2011 (New York time), PNM made a public filing of the Registration Statement under the United States Securities Act of 1933, as amended, with the SEC in connection with the Offering of the ADSs. PNM has also applied for the listing of its ADSs on NYSE.

The PNM Group is a new media company which offers content and services across Internet and mobile delivery channels, as well as television, primarily through the Group's TV network. As at the date of this announcement, the Company indirectly holds approximately 62.44% of the issued shares of PNM through Phoenix Satellite Television (B.V.I.) Holding Limited, a wholly-owned subsidiary of the Company. Approximately 25.37% of the issued shares of PNM is held by strategic investors and the balance 12.19% of the issued shares of PNM is held by current and former employees of the PNM Group.

The Board is pleased to announce that PNM submitted a Registration Statement that includes a prospectus with a price range to the SEC on 27 April 2011 (New York time). Subject to the final terms of an underwriting agreement to be agreed upon among PNM, the Selling Shareholders, the Underwriters and other relevant parties, if any, and to market conditions, the Offering is expected to consist of a total offering of up to 117,461,000 Class A Shares (or 14,682,625 ADSs with each ADS representing eight Class A Shares), representing approximately 18.95% of the issued share capital of PNM (as enlarged by the issue of new Class A Shares under the Offering), comprising:

1. an initial offering of 92,000,000 new Class A Shares to be sold by PNM and 10,140,000 existing Class A Shares to be sold by the Selling Shareholders (representing in aggregate approximately 16.48% of the issued share capital of PNM, as enlarged by the issue of new Class A Shares under the Offering); and
2. an over-allotment option of up to 15,321,000 additional new Class A Shares to be granted by PNM to the Underwriters (“Over-allotment Option”).

Assuming full exercise of the Over-allotment Option by the Underwriters, the number of new Class A Shares described above being allotted and issued and the Distribution-in-specie is made entirely in the form of ADSs (see section below headed “Assured Entitlement”), the shareholding of the Company in PNM will be diluted and reduced from the current 62.44% to 50.88% on a fully diluted basis upon completion of the Offering and the Distribution-in-specie. Accordingly, PNM will remain a non-wholly owned subsidiary of the Company and the financial results of PNM will continue to be consolidated into the financial statements of the Company upon completion of the Offering and the Distribution-in-specie.

To enable the Company to continue to exercise over 50% of the votes in general meetings of PNM even after any further possible dilution resulting from the allotment and issue of shares pursuant to the 2008 Share Option Plan and the 2011 Restricted Share Unit and Restricted Share Plan, the shareholders of PNM have adopted a new memorandum and articles of association which will become effective immediately prior to completion of the Offering and pursuant to which all of the ordinary shares of PNM held by the Company will be re-designated as Class B Shares and all other ordinary shares will be re-designated as Class A Shares. Holders of 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. Hence, subject to, and immediately prior to, completion of the Offering,

1. the ordinary shares of PNM held by the Company will be re-designated as Class B Shares; and
2. all the Series A convertible redeemable preferred shares held by the strategic investors and the ordinary shares held by certain current and former employees of the PNM Group will be re-designated as Class A Shares.

Certain number of the Class B Shares then held by the Company, as may be required, will be re-designated as Class A Shares to form the underlying shares for the Distribution ADSs.

The new shares to be allotted and issued by PNM in connection with the Offering as well as shares to be issued upon the exercise of options and the vesting of all other outstanding awards under the 2008 Share Option Plan and the 2011 Restricted Share Unit and Restricted Share Plan of PNM will all be Class A Shares.

With the dual-class share structure to be established immediately prior to the completion of the Offering, it is expected that the shareholding of the Company in PNM, in terms of voting power in any general meetings of PNM, will remain above 50% on a fully diluted basis, even with (a) the full exercise of the Over-allotment Option by the Underwriters, the number of new Class A Shares described above being allotted and issued and the Distribution-in-specie is made entirely in the form of ADS, and (b) the full exercise of all outstanding options and the vesting of all other outstanding awards under the 2008 Share Option Plan and the 2011 Restricted Share Unit and Restricted Share Plan.

### **Offer Price**

The initial offer price of the ADSs is expected to be between US\$12.0 (equivalent to approximately HK\$93.60) and US\$14.0 (equivalent to approximately HK\$109.20) per ADS. Based on the current price range, the market capitalisation of PNM will, immediately upon completion of the Offering, be between approximately US\$907 million (equivalent to approximately HK\$7,073 million) and US\$1,058 million (equivalent to approximately HK\$8,252 million) (assuming the Over-allotment Option is not exercised).

It is expected that PNM and the Underwriters will determine the final offer price and enter into an underwriting agreement in respect of the Offering on or about 11 May 2011 (New York time).

### **Intended Use of Proceeds**

It is currently estimated that after deducting underwriting discounts, commissions and the estimated offering expenses payable by PNM, the net proceeds to be raised from the Offering will be approximately US\$135 million (equivalent to approximately HK\$1,053 million), assuming the final offer price equals to US\$13.0, being the midpoint of the initial offer price range, and the Over-allotment Option is not exercised and excluding the net proceeds to be received by the Selling Shareholders. The net proceeds to be received by PNM from the Offering are currently expected to be used as to approximately US\$60 million (equivalent to approximately HK\$468 million) for content acquisition and production; as to approximately US\$40 million (equivalent to approximately HK\$312 million) for product development and technology infrastructure; as to approximately US\$30 million (equivalent to approximately HK\$234 million) for marketing and sales; and as to the balance for other general corporate purposes, including potential facilities upgrade and for potential acquisitions.

## Conditions to the Offering

The Offering is conditional on, among other things, the following:

1. the Registration Statement being declared effective by the SEC and NYSE granting approval for the listing of the ADSs; and
2. the entering into by the Company, PNM, the Underwriters and other relevant parties, if any, of an underwriting agreement for the initial purchase by the Underwriter of the number of ADSs to be specified therein, the satisfaction of certain conditions to closing set forth in the underwriting agreement and the underwriting agreement not being terminated in accordance with its terms or otherwise, on or before the date and time to be specified therein.

If these or any other applicable conditions are not fulfilled or waived (if applicable) prior to the dates and times to be specified, the Offering and thus the Proposed Spin-off will lapse and a notice will be published by the Company as soon as practicable after such lapse.

**As the separate listing of PNM pursuant to the Proposed Spin-off is subject to, among other things, the above conditions being satisfied or waived (if applicable), NYSE granting approval for the listing of the ADSs and market conditions, the Proposed Spin-off may not proceed. If the Proposed Spin-off does not occur, the Distribution-in-specie will also not occur.**

## INFORMATION ON THE GROUP AND THE PNM GROUP

The Group is a leading satellite television operator broadcasting into the PRC. The principal businesses and operations of the Group comprise four major segments, namely, television broadcasting, new media, outdoor media, and other businesses.

The PNM Group is a new media company which offers content and services across Internet and mobile delivery channels, as well as television, primarily through the Group's TV network. The PNM Group derives its revenues from online advertising services and paid services, consisting of mobile Internet and value-added services, video value-added services and Internet value-added services. The PNM Group operates its businesses in the PRC through its affiliated consolidated entities, namely Beijing Tianying Jiuzhou Network Technology Co., Ltd. ("**Tianying**") and Yifeng Lianhe (Beijing) Technology Co., Ltd. ("**Yifeng**"), due to PRC regulations which prohibit or restrict foreign investments in the Internet and mobile services industries. The PNM Group conducts its operations through contractual arrangements between its wholly owned PRC subsidiary, Fenghuang On-line (Beijing) Information Technology Co., Limited, and each of Tianying and Yifeng. As a result, Tianying and Yifeng are treated as indirect subsidiaries of the Company in accordance with the Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

PNM Group's principal business lines are comprised of its online channel at ifeng.com, its video channel and its mobile channel.

## **ifeng.com**

PNM Group's ifeng.com business line is comprised of its ifeng.com website, including its homepage, a large variety of interest-based verticals (such as news, finance, fashion, etc.) and its interactive verticals, such as its blog, micro-blog discussion forum and "personal center" verticals. The content featured on the ifeng.com website comes from four sources: third party professional media companies, the Group (the Phoenix TV network), in-house production and ifeng.com users (user-generated content, or UGC). PNM Group's in-house content and UGC are also transmitted to and displayed on a number of the Group's regular TV programs.

## **Video**

PNM Group's video channel consists of its dedicated video vertical, v.ifeng.com, and its mobile video services and application. The v.ifeng.com vertical offers free video on demand ("VOD"), live broadcasts of the Group's Phoenix Chinese Channel and Phoenix InfoNews Channel, subscription VOD and pay-per-view VOD. The content on this site is sourced from the Group and from major television stations in the PRC. In addition, PNM Group offers content through its mobile video services and its ifeng Mobile Station video application.

## **Mobile**

The PNM Group's mobile channel consists of its mobile Internet website at 3g.ifeng.com and its mobile Internet and value-added services, which include digital reading services, mobile game services and wireless value-added services, such as SMS and MMS.

Set out below is certain financial information in relation to the PNM Group for the two years ended 31 December 2010 as disclosed in the Registration Statement:

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2010</b>
	<b>Audited</b>	<b>Audited</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Profit before tax	1,947	84,582
Net loss attributable to ordinary shareholders	(31,267)	(165,418)

The audited consolidated net asset value of the PNM Group as at 31 December 2010 was RMB295.2 million.

Shareholders should note that the figures above are extracted from the public filing of the Registration Statement of PNM and the audited consolidated financial statements therein contained have been prepared in accordance with United States generally accepted accounting principles.

## **NOTIONAL GAIN RESULTING FROM THE PROPOSED SPIN-OFF**

Assuming full exercise of the Over-allotment Option by the Underwriters, the number of new Class A Shares described above being allotted and issued and the Distribution-in-specie is made entirely in the form of ADSs, the Offering and the separate listing of PNM on NYSE will constitute a deemed disposal by the Company of an approximately 11.56% interest in PNM. Based on the offer price of US\$13.0, being the midpoint of the initial offer price range and the net asset value of PNM as at 31 March 2011 of approximately HK\$1.4 million, a notional gain of approximately HK\$1,166 million (assuming the Over-allotment Option is not exercised) or HK\$1,360 million (assuming the Over-allotment Option is exercised) would accrue to the Company as a result of the Offering and separate listing of PNM. However, in accordance with Hong Kong Accounting Standard 27 (Revised) “Consolidated and Separate Financial Statements” issued by the Hong Kong Institute of Certified Public Accountants, with effect from 1 January 2010, such notional gain will not be recognized in the consolidated income statement of the Company but will be recognized directly in equity given that the change in the Company’s effective interest in PNM has not resulted in a loss of control of PNM by the Company and that PNM remains a subsidiary of the Company after completion of the Offering and separate listing of PNM on NYSE.

## **REASONS FOR, AND BENEFITS OF, THE PROPOSED SPIN-OFF**

The Board believes that the separate listing of the PNM Group will be beneficial to both the Company and the PNM Group, for the following reasons:

1. The new media business (provision of website portal, value-added telecommunications, promotional and ancillary services) (“New Media Business”) has grown quickly in recent years and the Board believes that valuation of the PNM Group has not been fully reflected in the Company’s share price. A separate listing of the PNM Group on NYSE is expected to allow the PNM Group to achieve its fair valuation potential. The Board believes that the Proposed Spin-Off would add value to the Company and its Shareholders as PNM will remain a subsidiary of the Company for accounting purposes after the Proposed Spin-Off and the Shareholders will therefore continue to enjoy the results from more focused development and growth of the New Media Business following the Offering.
2. The Remaining Group expects to be able to realize some of the value of its investment in the New Media Business, returning value to its Shareholders through the Distribution-in-specie.
3. A separate listing of PNM on NYSE would enable PNM to establish its own shareholder base, and independently access the debt and equity capital markets on terms expected to be more favourable than those presently available to it. This in turn is expected to provide new and more diversified funding sources to finance PNM’s existing operations and future expansion.
4. The Offering could better position PNM as a separate entity with a separate brand to enhance its position in the new media market, which is distinct from the traditional television advertising market. In turn, this could also benefit the Remaining Group whose brand is affiliated with that of the PNM Group.
5. A separate listing of PNM on NYSE would lead to the availability of clearer and more transparent information on its business operations and financial status, thereby allowing

the research community and rating agencies to provide coverage on PNM in a manner more comparable to industry peers which are currently listed on NYSE or other stock exchange and which in return could further enhance the corporate image of the PNM Group and the Remaining Group.

6. The liquidity of PNM shares upon the Offering would enhance the attractiveness of equity-based compensation as a form of employee remuneration, thereby retaining and attracting key employees in the competitive new media market.

## **ASSURED ENTITLEMENT**

In giving due regard to the interests of the Shareholders as required under PN15, the Board has resolved that, if the Proposed Spin-off proceeds, an assured entitlement to the ADSs will be offered to the Qualifying Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date by means of the Distribution-in-specie on the basis described below.

### **Overseas Shareholders**

Pursuant to the Listing Rules, where a listed issuer proposes to distribute securities to its shareholders, it may, by virtue of Rule 13.36(2) of the Listing Rules, exclude relevant overseas shareholders in circumstances where the directors consider the exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place where such shareholder is located or the requirements of the regulatory body or stock exchange in that place.

Based on the register of members of the Company as at 26 April 2011, all the Shareholders had registered addresses in Hong Kong save that there was one Shareholder in the PRC and one in Australia. The Directors have been advised that there are no restrictions or requirements on the Distribution-in-specie to the Shareholder in the PRC. On the other hand, since registration or filing or other procedures or formalities, subject to certain exceptions, would need to be carried out in relation to the Distribution-in-specie to comply with the relevant securities legislation or regulation in Australia, the Directors have formed the view that it would be expedient to exclude from the Distribution-in-specie the Shareholder with registered address in Australia. The Directors, having made reasonable enquiries, are of the view that, in the absence of compliance with registration and other special formalities, it would be unlawful or impracticable for the Company to provide the Distribution ADS to the Non-Qualifying Shareholders. The Form of Election will therefore be sent to the Non-Qualifying Shareholders for information purposes only. Shareholders with a registered address outside Hong Kong should consult his/her/its own professional advisers as to whether or not he/she/it is permitted to receive the Distribution ADS pursuant to the Distribution-in-specie or if any governmental or other consent is required or other formalities need to be observed and whether there are any other restrictions in relation to the future sale of any ADSs. Overseas Shareholder residing in a jurisdiction where it would be illegal for him/her/it to participate in the Distribution-in-specie will be deemed to have received the Form of Election for information purposes only.

Non-Qualifying Shareholders, and those Shareholders who are PNM Affiliates, holding 10,000 Shares or more on the Record Date will instead receive cash in lieu of the relevant number of Distribution ADSs to which they would otherwise have been entitled, on the basis and subject to the conditions described below.



## **Basis of entitlement**

1. One ADS for every whole multiple of 10,000 Shares of the Company (being five board lots) held by the Qualifying Shareholders at the close of business on the Record Date. Shareholders who hold less than 10,000 Shares on the Record Date will not receive any Distribution ADS or cash payment in lieu.
2. Fractional entitlements to the Distribution ADS will not be distributed to Qualifying Shareholders holding 10,000 Shares or more on the Record Date. Non-Qualifying Shareholders, and those Shareholders who are PNM Affiliates, who hold 10,000 Shares or more on the Record Date and fractional entitlements to Qualifying Shareholders will be paid in cash, at the sum calculated based on the final offer price of the ADS in the Offering and the exchange rate of US\$1 to HK\$7.8, rounded down to the nearest Hong Kong dollar. Cash amounts of less than HK\$100 will not be distributed but will be retained for the benefit of the Company.
3. A Qualifying Shareholder holding 10,000 Shares or more may elect to receive cash payment in lieu of all (but not part) of the Distribution ADSs to which such Qualifying Shareholder may be entitled to receive under the Distribution-in-specie. The cash payment will be calculated based on the final offer price of the ADS in the Offering and the exchange rate of US\$1 to HK\$7.8, rounded down to the nearest Hong Kong dollar. Cash amounts of less than HK\$100 will not be distributed but will be retained for the benefit of the Company.

The Directors consider the above basis of entitlement to be fair and reasonable.

## **Form of Election**

A Qualifying Shareholder holding 10,000 Shares or more may, by completing Section 1 of the Form of Election, elect to receive a cash payment in lieu of all of the Distribution ADSs to which the Qualifying Shareholder would be entitled under the Distribution-in-specie (save in the case of HKSCC Nominees Limited, which may elect to receive cash payment for part or the whole of its entitlement under the Distribution-in-specie). Such cash payment will be calculated based on the final offer price of the ADS in the Offering and at an exchange rate of US\$1 to HK\$7.8, rounded down to the nearest Hong Kong dollar. Again, cash amounts of less than HK\$100 will not be distributed but will be retained for the benefit of the Company. ADSs are to be held electronically in book entry form through the facilities of the DTC directly in the name of the Qualifying Shareholder (only if the Qualifying Shareholder is a participant in DTC) or indirectly through the Qualifying Shareholder's account at a broker dealer or other financial institution which is a direct or indirect participant in DTC. As soon as practicable after closing of the Offering, at the direction of PNM and the Company, Deutsche Bank Trust Company Americas, as depositary to PNM, will issue to the account of (i) the Qualifying Shareholder (if the Qualifying Shareholder is a participant in DTC) or (ii) the broker dealer or other financial institution which is a direct or indirect participant in DTC, as designated by the Qualifying Shareholder, in either case the number of Distribution ADSs to which such Qualifying Shareholder is entitled.

Any Qualifying Shareholder holding 10,000 Shares or more should note that he/she/it is able to receive the Distribution ADSs only if he/she/it specifies in Section 2 of the Form of Election information as to the details of his DTC participant account and/or the details of his/her/its broker or dealer who is a direct or indirect DTC participant, the details of that broker/dealer's DTC participant name, account, and contact telephone number to which

the Distribution ADSs can be credited and such broker or dealer accepts such Distribution ADSs for crediting. Information specified on the Form of Election must be completed and valid, failing which, the Qualifying Shareholder will be deemed to have elected to receive the cash payment in lieu of the Distribution ADSs to which he/she/it is entitled. Qualifying Shareholders who have elected to receive Distribution ADSs must instruct and coordinate with their respective brokers/dealers on their elections and the settlement of their respective Distribution ADSs.

To be valid, the Form of Election, together with the power of attorney (where applicable) other authority under which it is signed (where applicable) or notarially certified copy thereof, must also be returned, either in person or by post, to the office of the share registrar of the Company, namely Hong Kong Registrars Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai Hong Kong so as to arrive no later than 4:30 p.m. on Thursday, 19 May 2011. No acknowledgment of receipt of the Form of Election will be issued. Any Form of Election will be treated as invalid if:

- (i) it is incomplete; or
- (ii) the Shareholder is unable to provide the correct details of his broker or dealer (including details of the DTC participant, account and other information listed on the form) and the account to which the Distribution ADSs are to be credited; or
- (iii) the broker or dealer is not a direct or indirect DTC participant or refuses to accept Distribution ADSs, such that the Distribution ADSs could not be credited for the account specified in Section 2 of the Form of Election.

The precise cash amounts payable to Non-Qualifying Shareholders, Shareholders who are PNM Affiliates and Qualifying Shareholders who elect to receive cash or who elect to receive Distribution ADSs but are entitled to cash in lieu of fractional ADSs, cannot be determined until the final offer price at which the Offering is to proceed has been determined. In this regard, the Company will make an announcement after the final offer price has been determined.

Cheques for all cash payments are expected to be despatched by ordinary post to the address specified in the register of members, at the risk of the relevant Shareholder, as soon as practicable after completion of the Offering. Qualifying Shareholders entitled to receive Distribution ADSs may only receive their Distribution ADSs after completion of the Offering. Accordingly, Qualifying Shareholders who wish to trade their Distribution ADSs must observe the settlement date and may need to specify the settlement cycles to prevent failed settlements and should consult their own advisors. The Company will make an announcement once the settlement date with regard to the Distribution ADSs and the despatch date of the cheque of cash payment have been determined. Any Qualifying Shareholder who holds Shares as a nominee, trustee or registered holder in any other capacity will not be treated differently from any other registered holders. Any beneficial owner of Shares which are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to the Distribution-in-specie. Any such person may consider whether he/she/it wishes to arrange for the registration of the

relevant Shares in the name of the beneficial owner prior to ex-entitlement of the Distribution-in-specie, however, any costs, taxes or duties associated therewith or arising therefrom will be borne solely by such Shareholder.

To qualify for entitlements to the Distribution-in-specie, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the share registrar of the Company, namely Hong Kong Registrars Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Monday, 16 May 2011. A Qualifying Shareholder holding 10,000 Shares or above who wishes either (i) to receive cash in lieu of all his/her/its Distribution ADSs or (ii) to receive Distribution ADSs, must return the duly completed Form of Election to the share registrar of the Company not later than 4:30 p.m. on Thursday, 19 May 2011. However, if the timetable for the Proposed Spin-off is delayed, the Board may then determine another date(s) for closure of the register of members of the Company for determining entitlements to the Distribution-in-specie and further announcement(s) will be made to inform Shareholders accordingly.

**Shareholders should note that the Distribution-in-specie is conditional upon completion of the Proposed Spin-off, which is itself conditional upon the satisfaction of certain conditions including, without limitation, market conditions, the NYSE granting approval for the listing of the ADSs and the conditions set forth in the section “The Proposed Spin-off – Conditions to the Offering” above. The Proposed Spin-off may or may not proceed. If the Proposed Spin-off does not occur, the Distribution-in-specie will also not occur.**

#### **Expected timetable for the Distribution-in-specie**

The expected timetable for the Distribution-in-specie is as follows:

<b>Events</b>	<b>2011</b>
Latest day for dealing in the Shares cum-entitlement to the Distribution-in-specie	Thursday, 12 May
Pricing of the ADSs	Thursday, 12 May (or Wednesday, 11 May New York Time)
First day of dealing in the Shares ex-entitlement to the Distribution-in-specie	Friday, 13 May
<b>Latest time for lodging transfers of Shares cum-entitlement to the Distribution-in-specie</b>	4:30 pm on Monday, 16 May
Register of members closes from	Tuesday, 17 May to Thursday, 19 May (both days inclusive)
Record Date for determining the entitlement to the Distribution-in-specie	Thursday, 19 May

<b>Latest time for lodging the Form of Election</b>	4:30 pm on Thursday, 19 May
Register of members re-opens on	Friday, 20 May
Distribution of Distribution ADSs or despatch of cheques for cash payment in lieu thereof on or about	Monday, 30 May (New York Time for distribution of the ADSs)

Except as otherwise stated above, all times refer to Hong Kong local time.

Please note that the timetable is subject to change depending on the timetable of the Offering. If there are changes to the above timetable, the Company will publish an announcement to inform the Shareholders.

### **CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY**

Based on the expected timetable of the Distribution-in-specie, the register of members of the Company will be closed from Tuesday, 17 May 2011 to Thursday, 19 May 2011 (both days inclusive) for the purpose of determining the Distribution-in-specie, and will be re-opened on Friday, 20 May 2011. No transfer of the Shares may be registered during such book close period.

In order to qualify for the Distribution-in-specie, all transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company by no later than 4:30 p.m. on Monday, 16 May 2011. The Form of Election must be returned on or before 4:30 p.m. on Thursday, 19 May 2011. However, if the Proposed Spin-Off and the Offering of PNM are postponed, the Board may then determine another date(s) for closure of the register of members of the Company for the purposes of determining the Distribution-in-specie and further announcement(s) will be made to inform the Shareholders and other investors in due course.

### **LISTING RULES IMPLICATIONS**

The Proposed Spin-off will result in a reduction of the percentage shareholding of the Company in PNM and constitute a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Since one or more of the relevant percentage ratios of the Proposed Spin-off exceeds 5% but is less than 25%, the Proposed Spin-off constitutes a discloseable transaction of the Company subject only to reporting and announcement requirements but exempt from shareholders' approval requirement.

### **GENERAL**

**Shareholders should note that the Company may or may not proceed with the Proposed Spin-off. The Board wishes to emphasise that the Proposed Spin-off is conditional upon the satisfaction of certain conditions including, without limitation, market conditions, NYSE granting approval for the listing of the ADSs and the conditions set forth in the section headed "The Proposed Spin-off – Conditions to the Offering" above. The Proposed Spin-off may or may not proceed. If the Proposed Spin-off does not occur, the Distribution-in-specie will also not occur. Shareholders are therefore urged to exercise**

**caution when dealing in the Shares. Further announcement(s) will be made as and when appropriate in respect of any material developments relating to the Proposed Spin-off.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“ADS”	American depositary shares to be issued pursuant to a deposit agreement between PNM and a depository, each representing eight Class A Shares in PNM, which are expected to be listed on NYSE
“Board”	the board of Directors
“Class A Shares”	Class A ordinary shares of par value US\$0.01 each in the capital of PNM
“Class B Shares”	Class B ordinary shares of par value US\$0.01 each in the capital of PNM
“Company”	Phoenix Satellite Television Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Distribution ADS”	the ADS(s) to be distributed to Shareholders other than (a) Non-Qualifying Shareholders and (b) PNM Affiliates, pursuant to the Distribution-in-specie
“Distribution-in-specie”	the proposed special dividend of the Company, to be satisfied by the distribution in specie by the Company of ADSs to Qualifying Shareholders
“DTC”	The Depository Trust Company
“Form of Election”	the form of election to be completed by Qualifying Shareholders pursuant to which each Qualifying Shareholder may elect to receive Distribution ADSs or cash in lieu of all the Distribution ADSs to which they are entitled
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Non-Qualifying Shareholders”	(a) Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date but whose addresses as shown on the register of members are in places outside Hong Kong in respect of whom the Directors consider the exclusion from the Distribution in specie to be necessary or expedient on account of either the legal restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place; or (b) without limitation to the generality of the foregoing, Shareholder(s) (including beneficial owners) who are located in Australia
“NYSE”	The New York Stock Exchange
“Offering”	the proposed initial public offering of ADSs in connection with the Proposed Spin-off
“PN 15”	Practice Note 15 of the Listing Rules
“PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability
“PNM Affiliates”	directors, officers, direct shareholders or holders of share-based awards of PNM
“PNM Group”	PNM and its subsidiaries
“PRC”	the People’s Republic of China
“Proposed Spin-off”	the proposed spin-off of PNM involving the Offering and the proposed separate listing of the ADSs on NYSE
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date other than (1) Shareholders who are, or who are acting for the account or benefit of, Non-Qualifying Shareholders and (2) PNM Affiliates
“Record Date”	19 May 2011
“Registration Statement”	the Registration Statement on Form F-1 filed by PNM with the SEC in connection with the Offering, as amended from time to time
“Remaining Group”	the Group excluding the PNM Group

“RMB”	Renminbi, the lawful currency of the PRC
“SEC”	The Securities and Exchange Commission of the United States of America
“Selling Shareholders”	Morningside China TMT Fund I, L.P., Intel Capital Corporation and Bertelsmann Asia Investments AG
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriters”	underwriters of the Offering
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent
“2008 Share Option Plan”	the share option scheme adopted by PNM on 27 May 2008 and approved by the Shareholders at an extraordinary general meeting of the Company held on 20 June 2008
“2011 Restricted Share Unit and Restricted Share Plan”	the Rules of the Restricted Share Unit and Restricted Share Scheme adopted by PNM with effect from 15 March 2011 which is an equity incentive scheme under which a committee authorised by the board of directors of PNM may grant restricted shares and restricted share units in PNM to persons who are qualify as eligible participants under the terms of the said rules.

*For illustrative purpose of this announcement, US\$1 = HK\$7.8.*

By Order of the Board  
**Phoenix Satellite Television Holdings Limited**  
**Liu Changle**  
*Chairman*

Hong Kong, 28 April 2011

*As at the date of this announcement, the board of directors of the Company comprises:*

***Executive Directors***

*Mr. LIU Changle (Chairman) (also an alternate director to Mr. CHUI Keung); Mr. CHUI Keung (also an alternate director to Mr. LIU Changle); Mr. WANG Ji Yan (also an alternate director to Mr. LIU Changle and Mr. CHUI Keung)*

***Non-executive Directors***

*Mr. GAO Nianshu; Mr. SHA Yuejia; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel; Mr. GONG Jianzhong*

***Independent Non-executive Directors***

*Dr. LO Ka Shui; Mr. LEUNG Hok Lim; Mr. Thaddeus Thomas BECZAK*

***Alternate Directors***

*Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN); Dr. GAO Jack Qunyao (alternate to Mr. CHEUNG Chun On, Daniel)*