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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)

**ANNOUNCEMENT OF UNAUDITED FINANCIAL RESULTS FOR
THE THIRD QUARTER OF 2011 BY A LISTED SUBSIDIARY —
PHOENIX NEW MEDIA LIMITED**

This announcement is made by Phoenix Satellite Television Holdings Limited (the “Company”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Phoenix New Media Limited (“PNM”), a non-wholly owned subsidiary of the Company, whose shares are listed by way of American Depositary Shares on the New York Stock Exchange in the United States, has filed a Form 6-K with the United States Securities and Exchange Commission in relation to the unaudited financial results of PNM for the third quarter of 2011 (the “Results”). For details, please refer to the attached Results.

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

Hong Kong, 22 November 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)

A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: the Company's goals and strategies; the Company's future business development, financial condition and results of operations; the expected growth of the online and mobile advertising, online video and mobile paid service markets in China; the Company's reliance on online advertising and MIVAS for the majority of its total revenues; the Company's expectations regarding demand for and market acceptance of its services; the Company's expectations regarding the retention and strengthening of its relationships with advertisers, partners and customers; fluctuations in the Company's quarterly operating results; the Company's plans to enhance its user experience, infrastructure and service offerings; the Company's reliance on mobile operators in China to provide most of its MIVAS; changes by mobile operators in China to their policies for MIVAS; competition in its industry in China; and relevant government policies and regulations relating to the Company. Further information regarding these and other risks is included in its registration statement on Form F-1, as amended, filed with the SEC. All information provided in this press release and in the attachments is as of the date of this press release, and Phoenix New Media does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

For investor and media inquiries please contact:

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Phoenix New Media Limited
Unaudited Condensed Consolidated Balance Sheets
(Amounts in thousands)

	December 31, 2010	September 30, 2011	September 30, 2011
	RMB	RMB	US\$
ASSETS			
Current assets:			
Cash and cash equivalents	287,173	412,683	64,704
Term deposit	—	775,980	121,665
Accounts receivable, net	77,043	172,191	26,998
Amounts due from related parties	16,487	58,293	9,140
Prepayment and other current assets	19,389	32,607	5,112
Deferred tax assets	613	10,727	1,682
Total current assets	<u>400,705</u>	<u>1,462,481</u>	<u>229,301</u>
Non current assets:			
Property and equipment, net	24,111	36,034	5,650
Intangible assets, net	2,363	4,516	708
Note receivable	17,600	2,470	387
Other non-current assets	2,483	2,990	469
Total non-current assets	<u>46,557</u>	<u>46,010</u>	<u>7,214</u>
Total assets	<u>447,262</u>	<u>1,508,491</u>	<u>236,515</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	54,115	103,895	16,290
Amounts due to related parties	43,477	26,960	4,227
Advances from customers	7,781	10,427	1,635
Taxes payable	9,970	23,311	3,655
Salary and welfare payable	26,064	48,925	7,671
Accrued expenses and other current liabilities	7,147	32,276	5,061
Total current liabilities	<u>148,554</u>	<u>245,794</u>	<u>38,539</u>
Long-term liabilities	3,483	5,391	845
Total liabilities	<u>152,037</u>	<u>251,185</u>	<u>39,384</u>
Mezzanine equity			
Series A convertible redeemable preferred shares	390,183	—	—
Shareholders' equity/(deficit):			
Ordinary shares	25,140	41,826	6,558
Additional paid-in capital	—	1,802,359	282,590
Statutory reserves	10,314	10,314	1,617
Accumulated deficit	(129,411)	(577,137)	(90,489)
Accumulated other comprehensive loss	(1,001)	(20,056)	(3,145)
Total shareholders' equity/(deficit)	<u>(94,958)</u>	<u>1,257,306</u>	<u>197,131</u>
Total liabilities, mezzanine equity and shareholders' equity	<u>447,262</u>	<u>1,508,491</u>	<u>236,515</u>

Phoenix New Media Limited
Unaudited Condensed Consolidated Statements of Operations
(Amounts in thousands, except for number of shares and ADS and per share and per ADS data)

	For the three months ended				For the nine months ended		
	September 30, 2010 RMB	June 30, 2011 RMB	September 30, 2011 RMB	September 30, 2011 US\$	September 30, 2010 RMB	September 30, 2011 RMB	September 30, 2011 US\$
Revenues:							
Net							
advertising revenues	49,326	113,985	126,172	19,782	129,335	315,387	49,449
Paid service revenues	<u>100,028</u>	<u>113,646</u>	<u>144,599</u>	<u>22,672</u>	<u>241,089</u>	<u>354,753</u>	<u>55,621</u>
Total revenues	<u>149,354</u>	<u>227,631</u>	<u>270,771</u>	<u>42,454</u>	<u>370,424</u>	<u>670,140</u>	<u>105,070</u>
Cost of revenues	<u>(83,920)</u>	<u>(123,653)</u>	<u>(151,912)</u>	<u>(23,818)</u>	<u>(204,227)</u>	<u>(390,440)</u>	<u>(61,217)</u>
Gross profit	65,434	103,978	118,859	18,636	166,197	279,700	43,853
Operating expenses:							
Sales and marketing expenses	(21,717)	(34,285)	(36,890)	(5,784)	(50,770)	(113,166)	(17,743)
General and administrative expenses	(8,237)	(16,640)	(19,716)	(3,091)	(24,792)	(55,679)	(8,730)
Technology and product development expenses	<u>(8,519)</u>	<u>(13,590)</u>	<u>(17,732)</u>	<u>(2,780)</u>	<u>(21,457)</u>	<u>(51,114)</u>	<u>(8,014)</u>
Total operating expenses	<u>(38,473)</u>	<u>(64,515)</u>	<u>(74,338)</u>	<u>(11,655)</u>	<u>(97,019)</u>	<u>(219,959)</u>	<u>(34,487)</u>
Income from operations	<u>26,961</u>	<u>39,463</u>	<u>44,521</u>	<u>6,981</u>	<u>69,178</u>	<u>59,741</u>	<u>9,366</u>
Other income/(expenses):							
Interest income	207	712	3,766	590	416	4,699	737
Foreign currency exchange gain/(loss)	185	(223)	13,812	2,166	177	13,418	2,104
Others, net	<u>497</u>	<u>314</u>	<u>1,010</u>	<u>158</u>	<u>706</u>	<u>1,967</u>	<u>308</u>
Net income before tax	<u>27,850</u>	<u>40,266</u>	<u>63,109</u>	<u>9,895</u>	<u>70,477</u>	<u>79,825</u>	<u>12,515</u>
Income taxes expenses	<u>(3,278)</u>	<u>(4,033)</u>	<u>(6,271)</u>	<u>(983)</u>	<u>(7,875)</u>	<u>(12,989)</u>	<u>(2,037)</u>
Net income attributable to Phoenix New Media	<u>24,572</u>	<u>36,233</u>	<u>56,838</u>	<u>8,912</u>	<u>62,602</u>	<u>66,836</u>	<u>10,478</u>
Accretion to convertible redeemable preferred share redemption value	(76,557)	(380,665)	—	—	(185,328)	(943,268)	(147,894)
Income allocation to participating preferred shares	<u>(10,764)</u>	<u>(6,172)</u>	<u>—</u>	<u>—</u>	<u>(28,519)</u>	<u>(6,172)</u>	<u>(968)</u>
Net income/(loss) attributable to ordinary shareholders	<u>(62,749)</u>	<u>(350,604)</u>	<u>56,838</u>	<u>8,912</u>	<u>(151,245)</u>	<u>(882,604)</u>	<u>(138,384)</u>

Net income/(loss) per ordinary share—basic	(0.19)	(0.73)	0.09	0.01	(0.46)	(1.81)	(0.28)
Net income/(loss) per ordinary share—diluted	(0.19)	(0.73)	0.09	0.01	(0.46)	(1.81)	(0.28)
Weighted average number of ordinary shares used in computing basic income/(loss) per share	325,351,289	483,260,125	610,872,332	610,872,332	325,318,258	487,159,760	487,159,760
Weighted average number of ordinary shares used in computing diluted income/ (loss) per share	325,351,289	483,260,125	648,380,080	648,380,080	325,318,258	487,159,760	487,159,760
Net income/(loss) per ADS—basic	(1.54)	(5.80)	0.74	0.12	(3.72)	(14.49)	(2.27)
Net income/(loss) per ADS— diluted	(1.54)	(5.80)	0.70	0.11	(3.72)	(14.49)	(2.27)
Weighted average number of ADS used in computing basic income/(loss) per ADS	40,668,911	60,407,516	76,359,042	76,359,042	40,664,782	60,894,970	60,894,970
Weighted average number of ADS used in computing diluted income/ (loss) per ADS	40,668,911	60,407,516	81,047,510	81,047,510	40,664,782	60,894,970	60,894,970

Reconciliations from net income/(loss) attributable to PNM to adjusted net income attributable to PNM (non-GAAP), adjusted net margin (non-GAAP) and adjusted net income attributable to PNM per diluted ADS (non-GAAP)

	For the three months ended				For the nine months ended		
	September 30, 2010	June 30, 2011	September 30, 2011	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2011
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(Amounts in thousands)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net income attributable to PNM	24,572	36,233	56,838	8,912	62,602	66,836	10,478
Add back:							
Share-based compensation expenses	4,749	8,604	4,651	729	9,644	61,289	9,609
Adjusted net income attributable to PNM (non-GAAP)	29,321	44,837	61,489	9,641	72,246	128,125	20,087
Adjusted net margin (non-GAAP)	19.6%	19.7%	22.7%	22.7%	19.5%	19.1%	19.1%
Adjusted net income attributable to PNM per ADS (non-GAAP)—diluted	0.45	0.61	0.76	0.12	1.12	1.74	0.27
Weighted average number of ADS used in computing diluted income per ADS (non-GAAP)	64,526,135	73,676,015	81,047,510	81,047,510	64,785,561	73,834,490	73,834,490

Share-based compensation expenses included in:

	For the three months ended				For the nine months ended		
	September 30, 2010	June 30, 2011	September 30, 2011	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2011
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(Amounts in thousands)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenues	366	1,679	1,188	186	694	18,503	2,900
Sales and marketing expenses	2,667	1,417	1,156	181	3,747	16,996	2,665
General and administrative expenses	1,507	4,814	1,678	263	4,684	15,540	2,437
Technology and product development expenses	209	694	629	99	519	10,250	1,607

Total share-based compensation expenses	4,749	8,604	4,651	729	9,644	61,289	9,609
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Details of cost of revenue is as follows:

	For the three months ended				For the nine months ended		
	September 30, 2010	June 30, 2011	September 30, 2011	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2011
	RMB	RMB	RMB	US\$	RMB	RMB	US\$
(Amounts in thousands)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue sharing fees	48,657	65,462	89,100	13,970	109,228	207,414	32,520
Content and operational costs	22,751	35,731	37,920	5,945	62,682	118,322	18,552
Bandwidth costs	4,929	7,879	9,489	1,488	13,282	25,118	3,938
Business tax and surcharges	7,583	14,581	15,403	2,415	19,035	39,586	6,207
Total cost of revenue	83,920	123,653	151,912	23,818	204,227	390,440	61,217