

**PRESS RELEASE**  
**Phoenix Satellite Television Holdings Limited**  
**(Stock Code: 02008)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 02008), Mr. Liu Changle, said today that he was very pleased to announce the Company's annual results for the 2012 financial year. During this year the Phoenix Group enjoyed major successes on a number of fronts, and revenue for the year ended 31 December 2012 was approximately HK\$4,336,360,000, which represented an increase of 19.1% over the previous year. Operating profit for the year was approximately HK\$1,098,061,000, an increase of 20.4% over the previous year. The Board recommended a final dividend of 5.1 Hong Kong cents per share.

**FINANCIAL SUMMARY**

The revenue of Phoenix Satellite Television Holdings Limited and its subsidiaries for the year ended 31 December 2012 was approximately HK\$4,336,360,000, which represented a 19.1% growth over the previous year. Operating costs increased by 18.7% to approximately HK\$3,238,299,000. The upward movement in operating costs was mainly due to the expansion of the new media and the outdoor media businesses.

The operating profit of the Group for the year ended 31 December 2012 was approximately HK\$1,098,061,000, which represented an increase of 20.4% over the previous year. The main driver behind this result was the growth in the television broadcasting business.

Fair value gains of approximately HK\$43,703,000 (year ended 31 December 2011: HK\$127,488,000) and HK\$104,000 (year ended 31 December 2011: Nil) were recognised for the investment property under construction in Beijing and the investment property in London respectively.

The profit attributable to owners of the Company was approximately HK\$833,367,000 (year ended 31 December 2011: the loss attributable to owners of the Company after charging the non-cash fair value loss and interest accretion of the preferred shares issued by Phoenix New Media Limited was approximately HK\$66,885,000).

The chart below summarises Phoenix's performance for the year ended 31 December 2012 and the year ended 31 December 2011 respectively.

	<b>Year ended 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Television broadcasting	<b>2,373,509</b>	2,072,307
New media	<b>1,382,433</b>	1,113,711
Outdoor media	<b>512,362</b>	386,559
Real estate	<b>929</b>	-
Other businesses	<b>67,127</b>	66,868
Group's total revenue	<b>4,336,360</b>	3,639,445
Operating costs	<b>(3,238,299)</b>	(2,727,096)
Operating profit	<b>1,098,061</b>	912,349
Non-cash fair value loss and interest accretion of Preferred Shares	-	(964,713)
Fair value gains on investment properties	<b>43,807</b>	127,488
Other income, net	<b>49,814</b>	84,664
Profit before share of results of jointly controlled entities and an associate, income tax and non-controlling interests	<b>1,191,682</b>	159,788
Share of results of jointly controlled entities and an associate	<b>3,659</b>	(3,791)
Income tax expense	<b>(248,056)</b>	(229,460)
Profit/(loss) for the year	<b>947,285</b>	(73,463)
Non-controlling interests	<b>(113,918)</b>	6,578
Profit/(loss) attributable to owners of the Company	<b>833,367</b>	(66,885)
Basic earnings/(losses) per share, Hong Kong cents	<b>16.69</b>	(1.34)

## Comments on Segmental Information

	Year ended 31 December			
	2012		2011	
	Revenue HK\$'000	Segment result HK\$'000	Revenue HK\$'000	Segment result HK\$'000
Television broadcasting	<b>2,373,509</b>	<b>1,239,016</b>	2,072,307	1,026,351
New media	<b>1,382,433</b>	<b>143,911</b>	1,113,711	(818,111)*
Outdoor media	<b>512,362</b>	<b>110,854</b>	386,559	85,177
Real estate	<b>929</b>	<b>28,583</b>	-	118,662
Other businesses	<b>67,127</b>	<b>(27,862)</b>	66,868	7,186
Group's total revenue and segment results	<b>4,336,360</b>	<b>1,494,502</b>	3,639,445	419,265
Unallocated income		<b>17,770</b>		35,565
Unallocated expenses		<b>(320,590)</b>		(295,042)
Profit before share of results of jointly controlled entities and an associate, income tax and non-controlling interests		<b>1,191,682</b>		<b>159,788</b>

\* The segmental loss of new media for the year ended 31 December 2011 was a consequence of the deduction of interest accretion and changes in fair value of the preference share liability of approximately HK\$964,713,000.

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 54.7% of the total revenue of the Group for the year ended 31 December 2012, increased by 14.5% to approximately HK\$2,373,509,000 (year ended 31 December 2011: HK\$2,072,307,000). The segmental result for television broadcasting recorded a profit of approximately HK\$1,239,016,000 for the year ended 31 December 2012 (year ended 31 December 2011: HK\$1,026,351,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel accounted for 50.2% of the total revenue of the Group for the year ended 31 December 2012 and showed an increase of 14.9% to approximately HK\$2,177,873,000 (year ended 31 December 2011: HK\$1,896,099,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 11.0% as compared to the previous year to approximately HK\$195,636,000 (year ended 31 December 2011: HK\$176,208,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunication networks, contributed to raising the profile of the Group as a television broadcaster. The revenue of the new media business for the year ended 31 December 2012 increased by 24.1% to HK\$1,382,433,000 (year ended 31 December 2011: HK\$1,113,711,000). The segmental profit was HK\$143,911,000 (year ended 31 December 2011 after deduction of interest accretion and changes in fair value of the preference share liability: loss of HK\$818,111,000). The operating profit, which represents profit before tax, other income and expenses decreased to HK\$101,136,000 was primarily due to the increase in operating cost which included staff-related costs, sales and marketing promotions expenses and office rental fees (year ended 31 December 2011: HK\$105,290,000). Phoenix new media has been continuously investing in content, staff and marketing to drive traffic growth, particularly increasing user loyalty, expanding the number of daily unique visitors and diversifying the brand's image.

The revenue of the outdoor media business increased by 32.5% to approximately HK\$512,362,000 (year ended 31 December 2011: HK\$386,559,000). The segmental profit of outdoor media business was approximately HK\$110,854,000 (year ended 31 December 2011: HK\$85,177,000 after deduction of share-based compensation expenses of approximately HK\$25,714,000).

The segmental result for real estate included the fair value gains of approximately HK\$43,807,000 (year ended 31 December 2011: HK\$127,488,000) which were recognised for the investment properties.

After considering the sustainable profitability of the Group's core television broadcasting business, the Directors recommend the payment of a final dividend of 5.1 Hong Kong cents per ordinary share of the Company ("Share"), representing an increase of 21.4% as compared to the final dividend for 2011 of 4.2 Hong Kong cents, totaling approximately HK\$254,698,000 to be payable to shareholders whose names appear on the register of members of the Company on 14 June 2013.

## **Business Overview and Prospects**

The Group performed well over the 2012 financial year, with results that represented a significant improvement over the previous year. This underscores that the Group's business strategy has the capacity to operate very effectively in the current economic environment, and develop new areas of business such as new media and outdoor media while continuing to maintain a very effective and profitable television broadcasting business which remains the Group's fundamental component.

While this year has not seen the dramatic political developments that made last year's reporting of international political events so spectacular, with

first-hand coverage of the collapse of Mubarak's government in Egypt and the civil war in Libya, Phoenix has continued to provide viewers with a detailed account of international developments. While Phoenix has been unable to secure access for its reporters to enter Syrian territory and report on the continuing violence there, it has continued to monitor and report on developments there from neighbouring countries.

Phoenix has also followed the rising regional tensions between China and Japan over the Diaoyudao islands. Phoenix reporting team has also followed developments in the immediate vicinity of the islands themselves, and was the only media organization that reported first-hand on the journey to the Diaoyudao islands by a Hong Kong fishing vessel.

Phoenix has also provided extensive coverage of the presidential elections in Taiwan, Russia and the United States, as well as the process of selecting the new Chief Executive in the Hong Kong SAR.

Besides its comprehensive coverage of international developments, the Group's television channels have continued to provide a steady stream of entertainment programmes, interviews with a wide range of celebrities and other prominent figures, and features on art, cooking and fashion.

International recognition of the quality of the Group's programmes has been underscored by a series of international awards that Phoenix documentaries have received, including at the New York Film Festival and the Chicago International Film Festival. The Group's international status was also demonstrated in April when it hosted the International Academy Day, an annual event that the International Academy of Television Arts and Sciences holds in a different city each year. On this occasion 65 television, film and media executives from the Americas, Europe, Africa, the Middle East and the Asia-Pacific made a four-day tour of Hong Kong and Shenzhen that was organized by Phoenix, and which featured tours of scenic locations and meetings with senior officials in both Hong Kong and Shenzhen.

The Group's television business has also benefited from the rapid growth in the audience that has been developed by the new media business, which provides wide-spread access to much Phoenix television programming and at the same time attracts many viewers as a consequence of its own distinctive material. The Group's outdoor media enterprise is also beginning to perform well as economic growth in China's major cities increases the requirement for large-scale outdoor advertising.

As the Group has become more widely known it has received a steady stream of VIP visitors from mainland China, Taiwan, Hong Kong as well as from Western countries including the United States, Britain, Australia, and other regional countries. The company has established a small but efficient guest reception office staffed by experienced Phoenix employees who guide visitors

on a tour of the headquarters, explain the Group's operations and ensure that they gain a clear understanding of the significance of the Phoenix brand.

Phoenix is also placing an increasing emphasis on corporate social responsibility. The Group's management believes that as a successful enterprise the Group must fulfill its social responsibilities and make a contribution to society. The Group's involvement in charity has consequently developed significantly, and it now raises money for the care of ill and disadvantaged children and makes documentaries about health and social problems people can encounter and the environmental problems that China in particular is facing.

The Group's performance in 2012 has been very encouraging, and generates a strong sense of confidence that these positive trends will continue.

**Phoenix Satellite Television Holdings Ltd.**

**13 March 2012**

End

**ABOUT PHOENIX**

Phoenix Chinese Channel was launched on 31 March 1996, with the aim of offering quality content to Chinese communities around the world. The dynamism of this massive market, combined with successful expansion strategies, has allowed Phoenix to develop a comprehensive multi-channel platform. Today, Phoenix Chinese, Phoenix Movies, Phoenix InfoNews, Phoenix Chinese News and Entertainment, Phoenix North America Chinese and Phoenix Hong Kong channels together broadcast to audiences in the Asia Pacific, Europe, America, Africa, the Middle East, Australia and New Zealand, covering more than 180 countries and regions. The mission of the group is to offer varied, high-quality content to the global Chinese population.

Phoenix Satellite Television Holdings Limited is listed on the Main Board of The Stock Exchange of Hong Kong (Stock Code: 02008). Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Group, is listed on the New York Stock Exchange ("NYSE") (NYSE : FENG).

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Further information about Phoenix Satellite Television Holdings Limited can be found at [www.ifeng.com](http://www.ifeng.com) and [www.hkexnews.hk](http://www.hkexnews.hk)