

PRESS RELEASE

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

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2010

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 results for the first half of 2010. During this period the Phoenix Group continued to perform well, and despite the lingering impact of the global financial crisis the Group achieved impressive growth in both revenue and profit. The Group's revenue for the six months ended 30 June 2010 enjoyed a 60.7% increase over the same period last year, while profit attributable to equity holders of the Company saw a 72.9% improvement over the same period last year.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2010 was approximately HK\$1,112,788,000, which represented an increase of 60.7% when compared to the same period last year. The drivers behind this result were the growth in broadcasting, outdoor advertising and new media revenues. Total operating costs increased by 46.8% to approximately HK\$847,278,000. The upward movement in operating costs was mainly due to the expansion of new media and outdoor media businesses.

The Group's operating profit for the six months ended 30 June 2010 was approximately HK\$265,510,000, which represented an increase of 130.7% over same period last year. Profit attributable to equity holders of the Company was approximately HK\$190,712,000, which was an increase of 72.9% compared with the same period last year. The operating profit was mainly generated by the increase in broadcasting, outdoor advertising and new media revenues. The other expenses for the six months ended 30 June 2010 mainly comprised interest related to and increase in fair value of preference share liability of approximately HK\$36,676,000. During the six months ended 30 June 2009, other income mainly comprised a fair value gain of approximately HK\$32,997,000 which was recognised for the investment property under construction in Beijing.

The chart presented below compares the Group's performance for the six months ended 30 June 2010 and the same period last year respectively.

| | Six months ended 30 June | |
|--|---------------------------------|-----------------|
| | 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Phoenix Chinese Channel | 533,255 | 467,434 |
| Phoenix InfoNews Channel | 147,616 | 99,880 |
| Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others | 66,408 | 51,571 |
| New media | 245,047 | 29,418 |
| Outdoor media | 90,936 | 19,241 |
| Other businesses | 29,526 | 24,802 |
| Group's total revenue | 1,112,788 | 692,346 |
| Operating costs | (847,278) | (577,239) |
| Profit from operations | 265,510 | 115,107 |
| Other (expenses)/ income – net | (31,879) | 35,854 |
| Profit before share of results of jointly controlled entities, an associate, income tax and minority interests | 233,631 | 150,961 |
| Share of losses of jointly controlled entities and an associate | (700) | (2,418) |
| Income tax expense | (41,146) | (35,059) |
| Minority interests | (1,073) | (3,185) |
| Profit attributable to equity holders of the Company | 190,712 | 110,299 |
| Basic earnings per share, Hong Kong cents | 3.83 | 2.23 |

COMMENTS ON SEGMENTAL INFORMATION

| | External sales HK\$'000 | Inter- segment sales HK\$'000 | Six months ended 30 June 2010 Inter- segment elimination HK\$'000 | Total revenue HK\$'000 | Profit/(Loss) from operations HK\$'000 | Segment results HK\$'000 |
|--|----------------------------|-------------------------------------|--|---------------------------|--|-----------------------------|
| Phoenix Chinese Channel | 533,255 | - | - | 533,255 | 296,037 | 296,598 |
| Phoenix InfoNews Channel | 147,616 | - | - | 147,616 | 26,028 | 26,017 |
| Other channels | 66,408 | 2,532 | (2,532) | 66,408 | 11,981 | 14,067 |
| Programme production and ancillary services | 1,650 | 18,368 | (18,368) | 1,650 | (87) | (27) |
| New media | 245,047 | 3,656 | (3,656) | 245,047 | 39,251 | 2,400 |
| Outdoor media | 90,936 | - | - | 90,936 | 6,855 | 6,895 |
| Real estate | - | - | - | - | (4,294) | (2,577) |
| Other businesses | 27,876 | - | - | 27,876 | 2,630 | 2,645 |
| Group's total revenue and segment results | | | | <u>1,112,788</u> | | 346,018 |
| Unallocated income | | | | | | 506 |
| Unallocated expenses | | | | | | <u>(112,893)</u> |
| Profit before share of results of jointly controlled entities, an associate, income tax and minority interests | | | | | | <u>233,631</u> |

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 67.1% of the Group's total revenue for the six months ended 30 June 2010, increased by 20.7% to approximately HK\$747,279,000 (six months ended 30 June 2009 : HK\$618,885,000). The segmental result for television broadcasting recorded a profit of approximately HK\$336,682,000 for the six months ended 30 June 2010 (six months ended 30 June 2009 : HK\$217,670,000).

The Group's flagship channel, Phoenix Chinese Channel, accounted for 47.9% of the Group's total revenue for the six months ended 30 June 2010 and showed an increase of 14.1% to approximately HK\$533,255,000 (six months ended 30 June 2009 : HK\$467,434,000). Phoenix InfoNews Channel's revenue accounted for 13.3% of the Group's total revenue for the period, and increased by 47.8% to approximately HK\$147,616,000 (six months ended 30 June 2009: HK\$99,880,000).

The total revenue of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 28.8% as compared to the same period last year to approximately HK\$66,408,000 (six months ended 30 June 2009 : HK\$51,571,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunications networks, contribute to raising the Group's profile as a television broadcaster. The revenue of new media business increased to HK\$245,047,000 (six months ended 30 June 2009: HK\$29,418,000). The profit from operations, which represents profit before tax, interest expense and changes in fair value of preference share liability, of new media increased to HK\$39,251,000 (six months ended 30 June 2009: HK\$4,760,000). The

significant increase in new media operations was due to the expansion of business which included acquiring the economic benefits of two mainland companies at the end of year 2009.

Following the maturity of the outdoor media business, the revenue and segment profit increased to approximately HK\$90,936,000 and HK\$6,895,000 respectively (six months ended 30 June 2009: revenue HK\$19,241,000 and segment loss HK\$22,723,000).

BUSINESS OVERVIEW AND PROSPECTS

The Group's performance during the first half of 2010 has been extremely positive, with a 60.7% increase in revenue over the same period last year. The fact that this outcome follows a good performance in 2009, when revenue grew by 9.9%, underscores that the Group's business model is relevant to the current international economic environment.

This period's positive results came from both a major increase in revenue for the core television business, but also very significant revenue being generated by the new areas into which the Group has been moving in recent years, namely the new media and the outdoor advertising LED businesses. The strong performance by the two main channels, the Phoenix Chinese Channel and the Phoenix InfoNews Channel ("InfoNews"), presumably reflects the fact that the Chinese economy has weathered the Global Financial Crisis without major damage, and that advertising companies are now actively seeking to build their brand names and images after the period of caution caused by negative global trends. Commentary by marketing analysts has identified a general growth in advertising expenditure as the international economy recovers from the financial challenges of the last two years, which means that the Phoenix performance over this period might reflect a broader trend. While the Group's excellent results might be the consequence of the recovery of the international economy, the fact that this half year's results follow a positive performance last year represents encouraging evidence that the Phoenix model should continue to function well as the current economic environment continues to evolve.

The most outstanding performance was that of InfoNews, which has seen its revenue increase by some 47.8% over the same period last year. This result would seem to reflect a widespread perception that InfoNews is becoming a well established source of news and information for the growing mainland elite and that it is thus an effective platform for developing brand name recognition. During this period InfoNews covered a series of major stories, including the disastrous Haiti earthquake, the violent anti-government demonstrations in Bangkok, the sinking of the South Korean submarine Cheonan, the tensions in China/US relations over the Dalai Lama, arms sales to Taiwan and Google, the severe floods that hit many parts of southern and western China, and the at times extremely controversial negotiation of the Economic Cooperation Framework Agreement between Taiwan and the mainland.

The Group's new media operations is profitable and also generated much greater revenue than in previous years. In part this was a consequence of the Group gaining access to the income of two mainland companies which carry out much of the new

media operations, but it is also an outcome that would seem to reflect the growing popularity and availability of the internet in mainland China. The Phoenix new media carries much Phoenix programming, and thus expands the availability of Phoenix programming to an audience that previously did not have access to the normal distribution systems in China and internationally.

The Group's outdoor LED advertising project is also profitable and generated a considerable increase in revenue, with the income from this activity growing more than four times compared to the same period last year.

The major growth of revenue from the new media and the outdoor advertising businesses underscores that the Group's strategy to expand beyond the core television business into other areas is well based. The substantial growth in the income of the television business confirms the value of television as the core component of the Group's activities, but the marked improvement in both the new media and the outdoor advertising revenues underscores that the Group is successfully expanding its commercial base and consequently developing a broad foundation that should help ensure long-term commercial stability.

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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 and Phoenix North America Chinese channels together broadcast to audiences in the Asia Pacific, Europe, America and Africa, covering more than 150 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.

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