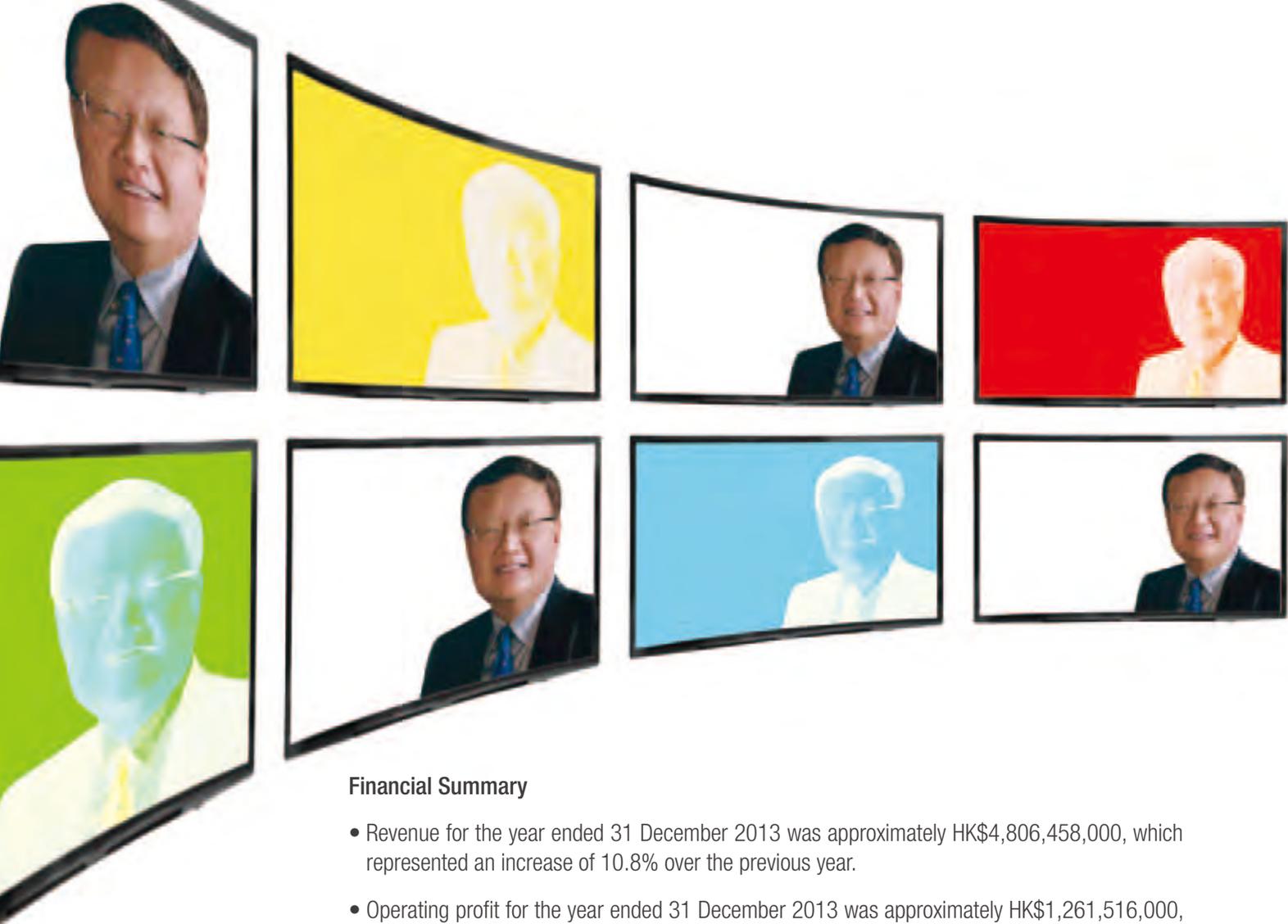


Chairman's Statement



Financial Summary

- Revenue for the year ended 31 December 2013 was approximately HK\$4,806,458,000, which represented an increase of 10.8% over the previous year.
- Operating profit for the year ended 31 December 2013 was approximately HK\$1,261,516,000, which represented an increase of 14.9% over the previous year.
- Profit attributable to owners of the Company was approximately HK\$932,394,000, which represented an increase of 11.9% over the previous year.
- The Board recommended a final dividend of 5.1 Hong Kong cents per share.



The Group's revenue and operating profit for the year ended 31 December 2013 were approximately HK\$4,806,458,000 and HK\$1,261,516,000 respectively, which represented an increase of respectively 10.8% and 14.9% over the previous year.

Results

The revenue of Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries (the "Group" or "Phoenix") for the year ended 31 December 2013 was approximately HK\$4,806,458,000, which represented a 10.8% growth over the previous year. Operating costs increased by 9.5% to approximately HK\$3,544,942,000. 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 2013 was approximately HK\$1,261,516,000, which represented an increase of 14.9% over the previous year. The main driver behind this result was the growth in the new media business.

Fair value gains of approximately HK\$104,199,000 (year ended 31 December 2012: HK\$43,703,000) and HK\$95,000 (year ended 31 December 2012: HK\$104,000) 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\$932,394,000 (year ended 31 December 2012: HK\$833,367,000), which represented an increase of 11.9% over the previous year.

Chairman's Statement

The chart below summarises the performance of the Group for the year ended 31 December 2013 and the year ended 31 December 2012 respectively.

	Year ended 31 December	
	2013 HK\$'000	2012 HK\$'000
Television broadcasting	2,373,975	2,373,509
New media	1,751,100	1,382,433
Outdoor media	612,823	512,362
Real estate	1,157	929
Other businesses	67,403	67,127
Group's total revenue	4,806,458	4,336,360
Operating costs	(3,544,942)	(3,238,299)
Operating profit	1,261,516	1,098,061
Fair value gains on investment properties	104,294	43,807
Other income, net	84,291	49,814
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	1,450,101	1,191,682
Share of results of joint ventures and associates	6,318	3,659
Income tax expense	(293,391)	(248,056)
Profit for the year	1,163,028	947,285
Non-controlling interests	(230,634)	(113,918)
Profit attributable to owners of the Company	932,394	833,367
Basic earnings per share, Hong Kong cents	18.66	16.69

BUSINESS OVERVIEW AND PROSPECTS

The year 2013 has been a good year in comparison to the previous year in terms of business performance, particularly the performance of the new media business. The rate of revenue increase from television broadcasting in 2013 dampened as compared to that of the previous year. This was expected because it is not uncommon to see the rate of revenue increase from television advertising slowing after several years of rapid growth, with a large number of advertising clients generously placing commercials in entertainment programmes. Hence the Group has planned to bring in other revenue drivers to sustain the momentum of expansion.

For example, Phoenix entered into agreements with a major television operator in Macau to make Phoenix programmes available to Macau viewers in hotels, commercial premises, and in their homes. Phoenix also authorised this television operator to be its agent in conducting sales promotions to individuals and businesses, as well as in hotels. This reflected that Phoenix was actively seeking cooperation opportunities with strategic partners.



For the year 2013, Phoenix achieved flying colours in breaking news reporting and won numerous international awards for news reporting. For instance, the reporting team stationed in Japan successfully conducted exclusive interviews with key politicians in Tokyo. The coverage was widely quoted by other media in mainland China, Japan and rest of the world and aroused heated discussion. The Beijing team also interviewed senior government officials, including the Premier and Vice Premier, about the interpretation of China's latest foreign policy developments. With regard to Cross-Strait relations, Phoenix continued to secure exclusive interviews with key politicians and influential business leaders.

After Kim Jong-un came to power, Phoenix sent reporters to Pyongyang, Seoul, Japan and the China–North Korea border to obtain first-hand news.

On the North American front, the reporting team stationed in Washington D.C. exclusively reported the latest news and updates made by the United States Department of State and The Pentagon. Phoenix's reports were always extensively quoted by other international media. All of these reflected the prominent status of Phoenix that it enjoyed as a major global media player.

Farther ashore, Phoenix reporters provided prominent coverage of news from different continents. Phoenix's productions were well recognised by the industry worldwide as they promote a free flow of information among the global Chinese community. In 2013, Phoenix was awarded the Gold World Medal in Best Investigative Report, a Silver World Medal in Social Issues Documentary/Information Program as well as a finalist certificate in Best Public Affairs Program at the New York Festivals – World's Best TV & Films Competition. Furthermore, Phoenix has also obtained recognition at The Chicago International Film Festival 2013, with both the Gold and Silver Plaque in Investigative Reporting/News Documentary category; and a Silver Plaque in Public Affairs/Video News Release as well. *The Economic Observer* also crowned Phoenix as one of "The Most Respected Companies" in 2012-2013.

On the new media front, Phoenix achieved double-digit growth. Given the prevalent use of portable electronic devices nowadays such as smart phones, the future focus has therefore been targeted at mobile devices. The Group will also be developing crossmedia programmes, embracing television, radio, mobile devices and magazines. The aim is not just to achieve multimedia operations, but a holistic media presence.

The strategy of diversification was based on the visionary insight of going beyond the core business of television broadcasting and developing a more balanced and comprehensive business model. Hence, expanding its commercial base from the core television business to the new media platform, in an attempt to keep up with global trends, has been a vital element of the Group's long-term strategy. On 22 January 2013, Phoenix won the Bronze Award (Television Category) in the Media Convergence Awards in Hong Kong, hosted by the Hong Kong Association of Interactive Marketing. This underscored the fact that that the strategic expansion to the new media field is both well based and widely recognised.

As for outdoor media, the revenue and profit met our expectation despite escalating market competition. Our outdoor media business passed the scrutiny of China Securities Regulatory Commission and entered the preparatory and line-up stage for public listing.

At the management level, the aim of the Company is to empower colleagues who have professional knowledge, passion and loyalty to the Company and its business, to take the Company to even greater heights. The recent promotion of our vice president Mr. LIU Shuang as Chief Operating Officer to oversee and allocate resources of the Group is with a view to accelerate the convergence strategy of combining television broadcasting, Internet and mobile platforms of the Group and to achieve greater cost synergies.

2014 will be a turbulent year on the global scene and consequently global news coverage will be assuming even greater importance in the public eye. Meanwhile, in line with global trends, the new media initiatives will be launched at an even faster pace. On the China front, the Group operates on the strategy of flexibility, in tune with China's development on the social, economic, and political fronts. At the same time Phoenix is continuing to extend its wings outside Chinese territory, further consolidating its identity as an international media entity.