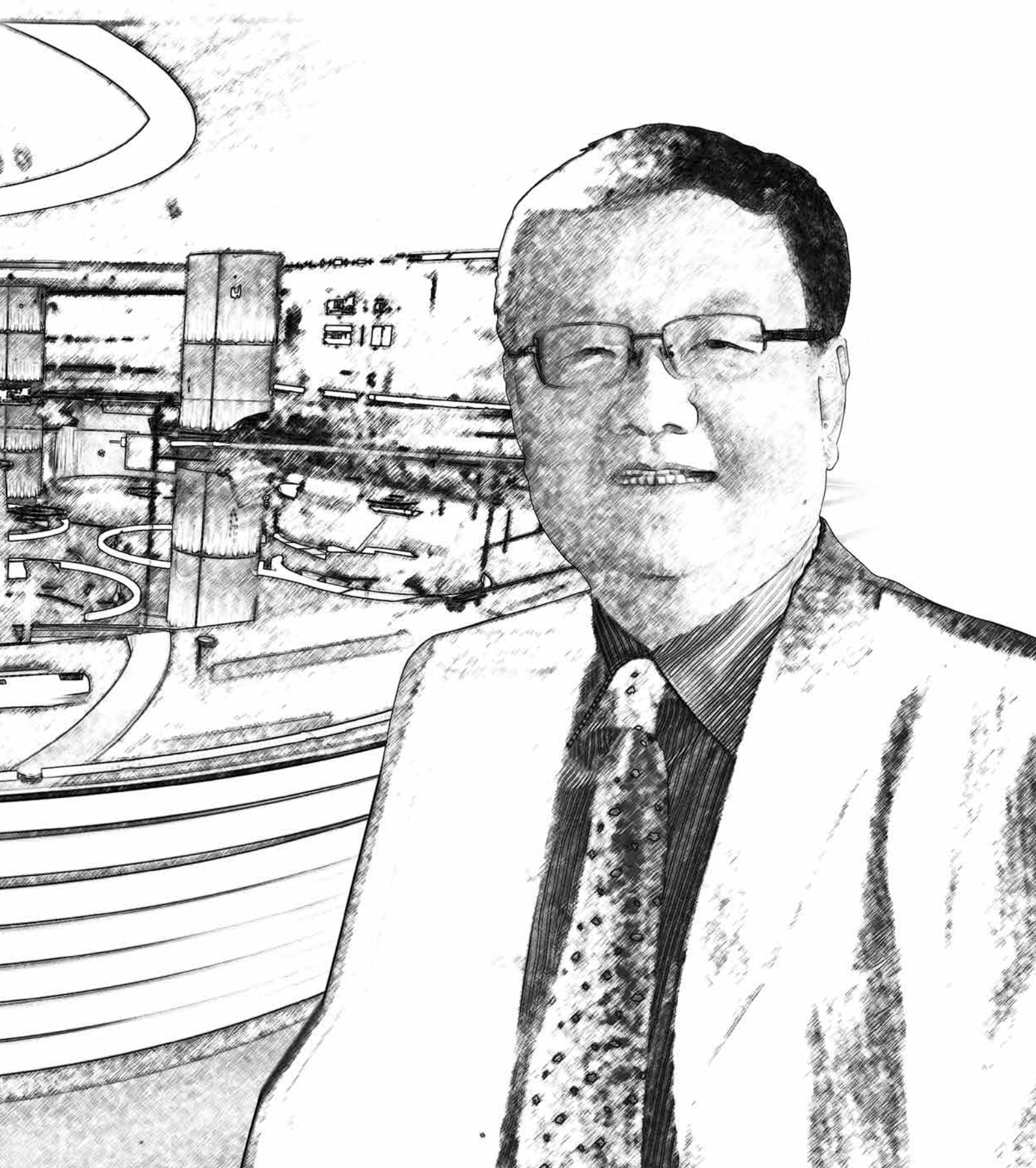


## Chairman's Statement



**The Group's revenue and operating profit for the year ended 31 December 2012 were approximately HK\$4,336,360,000 and HK\$1,098,061,000 respectively, which represented an increase of respectively 19.1% and 20.4% over the same period last year.**

## **Financial Summary**

- 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 ended 31 December 2012 was approximately HK\$1,098,061,000, which represented an increase of 20.4% over the previous year.
- Profit attributable to owners of the Company was approximately HK\$833,367,000.
- The Board recommended a final dividend of 5.1 Hong Kong cents per share.

## **Results**

The revenue of Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries ("Group" or "Phoenix") 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 the performance of the Group for the year ended 31 December 2012 and the year ended 31 December 2011 respectively.

	<b>Year ended 31 December</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
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)

## 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.

The international recognition of the quality of the programmes that the Group has produced has been underscored by a series of awards that Phoenix documentaries have received at the New York Film Festival, the Chicago International Film Festival, and the Telly Awards. The Group's international status was also demonstrated in April when it acted as the host for the International Academy Day, an annual event that the International Academy of Television Arts and Sciences holds in a different global 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 three-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 the headquarters in Taipo have 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 that guides visitors on a tour of the headquarters, explains the Group's operations to visitors and ensures 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 well into the coming year.