

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

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 02008), Mr. Liu Changle, said today that he was pleased to announce the Company's annual results for the 2009 financial year. During this period the Phoenix Group continued to perform well, and while the global financial crisis posed challenge for the international media industry, the Group's revenue for the year ended 31 December 2009 was 9.9% higher than the previous year, reaching approximately HK\$1,530,505,000. The profit attributable to equity holders increased to approximately HK\$299,746,000, which was a 4.5% improvement over the profit achieved in 2008. The Board recommended a final dividend of HK\$0.02 per share.

**FINANCIAL SUMMARY**

The Group's revenue for the year ended 31 December 2009 was approximately HK\$1,530,505,000, which represented a 9.9% increase over the revenue earned in 2008. The two main drivers behind this result were the growth in both broadcasting and outdoor advertising revenue. Total operating costs increased by 8.4% to approximately HK\$1,205,395,000. The upward movement in operating costs was mainly due to the expansion of outdoor media business and increase in staff, depreciation and programming costs.

The Group's operating profit for the year ended 31 December 2009 was approximately HK\$325,110,000, which represented an increase of 16.1% over same period in the previous year. Profit attributable to equity holders of the Company was approximately HK\$299,746,000, which was an increase of 4.5% compared with the same period last year. The operating profit was mainly generated by the increase in broadcasting and outdoor advertising revenue. Other income during 2009 mainly comprised a fair value gain of approximately HK\$37,176,000 which was recognized for the investment property under construction.

The chart presented below compares the Group's performance for the year ended 31 December 2009 with that for the 2008 financial year in order to give a clearer picture of the overall trend of the Group's operations.

	Year ended 31 December	
	2009 HK\$'000	2008 HK\$'000
Phoenix Chinese Channel	988,822	896,788
Phoenix InfoNews Channel	233,825	270,040
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others	109,242	115,849
New media	70,438	50,697
Outdoor media	72,066	11,096
Other businesses	56,112	47,589
Group's total revenue	1,530,505	1,392,059
Operating costs	(1,205,395)	(1,112,051)
Profit from operations	325,110	280,008
Other income – net	54,367	54,607
Profit before share of results of jointly controlled entities and an associate, income tax and minority interests	379,477	334,615
Share of losses of jointly controlled entities and an associate	(755)	(1,432)
Income tax expense	(76,735)	(57,594)
Minority interests	(2,241)	11,235
Profit attributable to equity holders of the Company	299,746	286,824
Basic earnings per share, Hong Kong cents	6.05	5.79

## COMMENTS ON SEGMENTAL INFORMATION

	Year ended 31 December 2009			Total revenue HK\$'000	Segment results HK\$'000
	External sales HK\$'000	Inter- segment sales HK\$'000	Inter- segment elimination HK\$'000		
Phoenix Chinese Channel	988,822	-	-	988,822	528,306
Phoenix InfoNews Channel	233,825	-	-	233,825	11,378
Other channels	109,242	299	(299)	109,242	(10,446)
Programme production and ancillary services	1,477	27,971	(27,971)	1,477	370
New media	70,438	-	-	70,438	21,317
Outdoor media	72,066	-	-	72,066	(34,451)
Real estate	-	-	-	-	30,833
Other businesses	54,635	-	-	54,635	7,784
Group's total revenue and segment results				1,530,505	555,091
Unallocated income					12,672
Unallocated expenses					(188,286)
Profit before share of results of jointly controlled entities and an associate, income tax and minority interests					379,477

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 87.0% of the Group's total revenue for the year ended 31 December 2009, increased by 3.8% to approximately HK\$1,331,889,000 (year ended 31 December 2008: HK\$1,282,677,000). The segmental result for television broadcasting recorded a profit of approximately HK\$529,238,000 for the year ended 31 December 2009 (year ended 31 December 2008: HK\$473,443,000).

The Group's flagship channel, Phoenix Chinese Channel, accounted for 64.6% of the Group's total revenue for the year ended 31 December 2009 and showed an increase of 10.3% to approximately HK\$988,822,000 (year ended 31 December 2008: HK\$896,788,000). Phoenix InfoNews Channel's revenue accounted for 15.3% of the Group's total revenue for the year, and decreased by 13.4% to approximately HK\$233,825,000 (year ended 31 December 2008: HK\$270,040,000).

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, decreased by 5.7% as compared to the year ended 31 December 2008 to approximately HK\$109,242,000 (year ended 31 December 2008: HK\$115,849,000).

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 income that Phoenix derives from the new media business takes the form of payment for contracted technical services. This revenue increased to approximately HK\$70,438,000 for the year ended 31 December 2009 (year ended 31 December 2008: HK\$50,697,000). As a consequence, the segmental result of the new media operations recorded a profit of approximately HK\$21,317,000 for the year ended 31 December 2009, compared to HK\$7,089,000 for the year ended 31 December 2008.

During the year ended 31 December 2009, the outdoor media business is still under development, and as a consequence, the segmental result of the outdoor media business recorded a loss of HK\$34,451,000 (year ended 31 December 2008: HK\$31,528,000).

## **BUSINESS OVERVIEW AND PROSPECTS**

During the 2009 financial year the Group was operating in an economic environment that was seriously affected by the global financial crisis. While the mainland economy avoided going into recession, it nonetheless was negatively influenced by international economic trends, which also had a negative impact on the Hong Kong economy. But despite the serious challenges presented by the global financial crisis, the Group's income continued to grow, expanding by 9.9% over that of the previous year, with profit increasing by some 4.5%. The Group's performance over this twelve-month period showed once again that even in the face of extremely challenging economic circumstances the Phoenix model is commercially viable.

Much of this success is a consequence of the fact that the main Phoenix channels deliver programming that has great appeal to the Chinese television audience, combining modern and innovative entertainment with comprehensive and objective news about international political and economic developments. The income of

Phoenix Chinese Channel increased considerably, which reflected the continuing popularity of its hallmark entertainment and talk show programs, such as A Date With Lu Yu. During 2009 Phoenix resumed holding the Miss Chinese Cosmos Pageant, which had been suspended the previous year because of the tragic Sichuan earthquakes, and this typified the high-end and fashionable entertainment offered by the Phoenix Chinese Channel.

While InfoNews's income was reduced after the significant increase in income it achieved in the previous year, this negative trend coincided with the growing impact of the global financial crisis. InfoNews still made a profit, however, and continued to provide unique Mandarin Chinese coverage of major international news stories. These included the cancellation of the ASEAN Regional Forum in Thailand following clashes between the Thai military and the "Red Shirt" protesters, the protests in Tehran following disputed Iranian elections, the violence in northern Burma that drove a large number of refugees into southern China, the violent demonstrations in Xinjiang, the trial of the former Taiwan President, Chen Shui-bian, and the twentieth anniversary of the fall of the Berlin Wall. InfoNews also gave extended coverage of President Obama's visit to China, and broadcast live his discussion with students in Shanghai. InfoNews' real-time coverage of these key international events consolidates Phoenix's reputation as an authoritative and objective source of news about international events, and as the international economy recovers momentum InfoNews's income should also recover.

The Group's US and UK-based channels also turned in an improved performance, for while their gross income was slightly reduced compared to the same period last year, their losses were reduced by over half, which clearly indicates that these components of the core television broadcasting business are moving towards a point where they can make a positive financial contribution to the Group's performance.

Not only has the Group's core television business remained healthy, but the effort that the Group has made in recent years to expand its commercial base to include new media and outdoor advertising has begun to generate significant additional income, which helps to give the Group a broader commercial foundation. The new media business increased its income by almost 40%, while the outdoor advertising LED business increased its income almost 6 times. Phoenix New Media Limited also successfully completed the sale of its convertible series A preferred shares at an aggregate subscription price of US\$25,000,000 which was received upon closing of the transaction in November 2009. At present management is exploring the best use of the funds derived from the transaction with a view to determining how these funds can contribute most effectively to the expansion of the Group's business.

The Group's reassuringly positive economic performance coincided with the relocation of the Group's headquarters from the Harbourfront complex in Hung Hom to a large and totally renovated building in the Tai Po Industrial Estate in Hong Kong's New Territories. The new headquarters are a dedicated Phoenix building with state-of-the-art television equipment and many more studios than the previous headquarters, which were co-located with a number of other companies, including three television companies. The new headquarters have attracted a succession of VIP visitors from Hong Kong, the mainland, Taiwan, and overseas, including the Hong Kong Chief Executive Donald Tsang, three Vice Chairmen of the Chinese

People's Consultative Committee, Du Qinglin, Zheng Wantong and Sun Jiazheng, the head of the Cross Straits Relations Association Chen Yunlin, the Chinese Minister of Culture Cai Wu, the Lord Mayor of Taichung Jason Hu and the Taiwan-based Buddhist leader Master Hsing Yun, and the Secretary of Labor in the former US administration, Ms. Elaine Chao. Numerous groups of television and news professionals have also visited the new headquarters.

The relocation of the Group's headquarters involved additional one-off expenditure, but in the long term this investment in new corporate headquarters will provide an extremely healthy commercial facility for the Group. As the Group has acquired a long-term lease on the new property which will not expire until June 2047 there will be no unexpected increases in accommodation costs for the next 37 years, which will minimize the risk of non-budgeted financial pressure on the Group.

The Group has thus been able to continue to make a profit and consolidate its physical base during one of the most serious economic crises of the last five decades, and has also been able to maintain the level of operations it was undertaking before the economic crisis and to find the necessary funding to be able to move into a new state-of-the-art headquarters. In short, the Group's performance over the past year suggests that prospects for the immediate future are good.

**Phoenix Satellite Television Holdings Limited**  
**18 March 2010**

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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, as well as in 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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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)