

## PRESS RELEASE ON HALF YEAR RESULTS OF 2007

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 8002), Mr. Liu Changle, said today that he was pleased to announce the company's results for the first half of 2007. During this six-month period the Phoenix Group turned in a very steady performance, with an increase in revenue and an improved bottom line. Liu Changle said that the Group's revenue for this six months period was approximately HK\$550,055,000, which represented a 9.8% increase over the same period last year.

### FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2007 was approximately HK\$550,055,000, which was a 9.8% increase over the same period last year. The main drivers behind this result were the growth in advertising revenue and technical service revenue. Total operating costs remained steady, with an increase of 3.0% to approximately HK\$438,607,000. The major fluctuation in operating costs was the increase of staff and programming costs, but this was offset by a reduction of the doubtful debt provision.

The Group's operating profit for the six months ended 30 June 2007 was approximately HK\$111,448,000, which represented an increase of 49.0% over same period last year. Profit attributable to equity holders of the Company was approximately HK\$123,990,000, which was an increase of 38.0% compared with the same period last year. The operating profit was mainly generated by the increase in advertising revenue and high profit-margin technical service revenue. The appreciation of the Renminbi during the six months period further boosted the profit attributable to equity holders by approximately HK\$14,000,000.

The following chart compares the Group's performance for the current period and the same period last year respectively:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Phoenix Chinese Channel	<b>384,268</b>	348,078
Phoenix InfoNews Channel	<b>96,019</b>	106,598
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	<b>34,537</b>	31,071
New media	<b>14,972</b>	43
Other businesses	<b>20,259</b>	14,999
Group's total revenue	<b>550,055</b>	500,789
Operating costs	<b>(438,607)</b>	(426,033)
Profit from operations	<b>111,448</b>	74,756
Profit attributable to equity holders of the Company	<b>123,990</b>	89,836
Earnings per share, <i>Hong Kong cents</i>	<b>2.51</b>	1.82

## COMMENTS ON SEGMENTAL INFORMATION

The table below shows the operating results of our businesses for the six months ended 30 June 2007 and the same period last year:

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Phoenix Chinese Channel	<b>199,908</b>	168,485
Phoenix InfoNews Channel	<b>925</b>	13,158
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	<b>(28,246)</b>	(30,127)
New media	<b>4,031</b>	(4,613)
Other businesses	<b>(2,048)</b>	(3,502)
Corporate overheads	<b>(63,122)</b>	(68,645)
Profit from operations	<b><u>111,448</u></b>	<u>74,756</u>

Revenues from television broadcasting, including both advertising and subscription revenues, continue to be the main income source of the Group, and amounted to approximately HK\$514,824,000 (six months ended 30 June 2006: HK\$485,747,000) and accounted for 93.6% of the Group's revenues for the six months ended 30 June 2007. Compared with the same period last year, revenues from television broadcasting remained steady, with a slight increase of 6.0%.

The Group's flagship channel, Phoenix Chinese Channel, accounted for 69.9% of the Group's total revenue for the six months ended 30 June 2007 and showed an increase of 10.4% compared with same period last year. Phoenix InfoNews Channel's revenue accounted for 17.4% of the Group's total revenue for the period, and decreased by 9.9% to approximately HK\$96,019,000.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased by 11.2% when compared with the same period last year to approximately HK\$34,537,000. The overall segmental result for television broadcasting recorded a profit of approximately HK\$176,938,000 for the six months ended 30 June 2007. Compared to a profit of HK\$151,785,000 in the same period last year, this result represented an increase of 16.6%. Revenues from programme production and ancillary services were approximately HK\$20,319,000, which included intra-group sales of approximately HK\$14,992,000, for the six months ended 30 June 2007, which signified an increase of 38.6% when compared with the same period last year. As a consequence, the segmental result of programme production and ancillary services recorded a profit of approximately HK\$666,000 for the six months period ended 30 June 2007.

The revenue from new media operations increased to approximately HK\$14,972,000, which was mainly generated by technical services provided to a cooperation partner in the new media venture. As a consequence, the segmental result of the new media operations recorded a profit of approximately HK\$4,151,000 for the reported period (six months ended 30 June 2006 loss: HK\$4,221,000).

## **BUSINESS OVERVIEW AND PROSPECTS**

The increase in profit that the Group achieved in this six months period confirms that the Phoenix business model is working effectively to improve the Group's commercial results and to establish the Phoenix brand name as one of the most innovative and forward-looking media identities in the global Chinese-language community.

Phoenix Chinese Channel has continued to deliver a rich diet of entertainment, news, talk shows and mini-series to the Chinese speaking audience, with market research showing that Phoenix Chinese Channel has surpassed other satellite channels in China.

Phoenix InfoNews has continued to consolidate its status and has consistently passed the break-even point for several years, and thus not only strengthens the Group's image as the Mandarin-speaking world's main source of international news but also contributes to the Group's overall income.

Over the past six months InfoNews has featured numerous real-time stories, ranging from developments in the Middle East to the Six Party Talks on the North Korean nuclear issue. InfoNews also sent reporters to cover the plight of Chinese taken hostage in Africa and Afghanistan. InfoNews carried unique footage of military parades in the DPRK and was the first Chinese-language broadcaster to interview members of the Maoist rebels in Nepal. InfoNews has also covered major Chinese news stories, such as the NPC meeting in March and the various mining disasters and industrial pollution problems that have occurred across China.

In late March Phoenix produced and broadcast a gala evening with the theme of "You Bring Charm to the World" which celebrated the success around the world of internationally-based Chinese in a wide range of professional areas, from politics and science through to entertainment, culture and sport. Because of Phoenix's reputation it was also chosen to be the main producer, along with the Hong Kong television broadcaster, TVB, of the ceremony celebrating the tenth anniversary of the return of Hong Kong to Chinese sovereignty.

Phoenix's international coverage has also continued to expand, and in June Phoenix began to broadcast on the TVB Jade direct to home network in Australia.

Phoenix Satellite Television Holdings Limited  
9 August, 2007

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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 was listed on the SEHK Growth Enterprise Market (GEM) on 30 June 2000.

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