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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The directors of Phoenix Satellite Television Holdings Limited (the “Directors”) collectively and individually accept full responsibility for this announcement which includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to Phoenix Satellite Television Holdings Limited. The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in the announcement are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement in the announcement herein misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

RESULTS ANNOUNCEMENT
For the year ended June 30, 2000

HIGHLIGHTS

- Total Revenue grew by 62.5% to HK\$511.3 million
- Advertising income grew by 61.4% to HK\$485.7 million
- Listing on GEM on June 30, 2000.
- One of the most widely watched foreign television channels in China.

The Board of Directors (the “Board”) is pleased to announce the audited consolidated results of Phoenix Satellite Television Holdings Limited (“the Company”) and its subsidiaries (the “Phoenix Group”) for the year ended June 30, 2000 together with comparative figures for the previous year as follows:

	<i>Note</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Revenue	2	511,342	314,663
Operating Expenses		(325,279)	(270,380)
Selling, general and administrative Expenses		(146,636)	(132,264)
Profit (Loss) from operations		39,427	(87,981)
Other income			
Exchange gain, net		1,647	549
Interest income		1,205	2,325
Other income, net		7,629	6,641
Profit (Loss) before taxation and minority interests	3	49,908	(78,466)
Taxation	4	–	–
Profit (Loss) before minority interests		49,908	(78,466)
Minority interests		407	–
Profit (Loss) attributable to Shareholders		50,315	(78,466)
Earnings (Loss) per share, Hong Kong cents	5	1.22	(1.90)

Notes:

1. Group reorganisation and basis of preparation

The Company was incorporated in the Cayman Islands on February 2, 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. Pursuant to a group reorganisation scheme (“Group Reorganisation”) in preparation for the listing of the Company’s shares on the Growth Enterprise Market (“the GEM”) of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”), the Company became the holding company of the Phoenix Group on April 17, 2000. The shares of the Company were listed on the GEM of the Stock Exchange on June 30, 2000.

The Phoenix Group after the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Phoenix Group have been prepared on the merger accounting basis as if the Company had always been the holding company of the Phoenix Group.

Details of the Group Reorganisation are set out in the prospectus (“the Prospectus”) issued by the Company dated June 21, 2000.

All material intra-group transactions and balances have been eliminated on consolidation.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

2. Revenue

The Phoenix Group’s revenue by nature are as follows:

	Phoenix Group	
	2000	1999
	HK\$’000	HK\$’000
Advertising sales	485,654	300,861
Subscription sales	25,182	13,802
Magazine subscription and advertising sales	506	–
	<hr/>	<hr/>
Total revenue	<u>511,342</u>	<u>314,663</u>

3. Profit (Loss) before taxation and minority interests

The Phoenix Group recorded a net profit of approximately \$49,908,000 for the year ended June 30, 2000 as compared to a net loss of approximately \$78,466,000 for the previous year and a net profit forecast of approximately \$27,325,000 disclosed in the Prospectus. The net profit is mainly contributed by the substantial increase in the revenue to approximately \$511,342,000 for the year ended June 30, 2000, representing an increase of 62.5% over last year.

4. Taxation

No profits tax has been provided as the Phoenix Group has no estimated assessable profit during the years ended June 30, 1999 and 2000.

The Phoenix Group had a tax loss of approximately \$348,628,000 as at June 30, 2000 (1999 – \$399,938,000) for Hong Kong profits tax purposes which, subject to the agreement by the Inland Revenue Department, may be carried forward indefinitely and applied against future profits. Potential tax benefits relating to the tax loss have not been provided for.

There was no other significant unprovided deferred taxation for the year ended June 30, 2000.

5. Earnings (loss) per share

Earnings (loss) per share is calculated based on consolidated profit attributable to shareholders for the year of \$50,314,653 (1999 loss – \$78,465,890) and the 4,121,991,945 (1999 – 4,120,000,000) weighted average number of shares that would have been in issue throughout the year on the assumption that the Group Reorganisation was completed as at July 1, 1998.

No diluted earnings per share has been presented as exercising the Company's outstanding share options would result in the issuance of ordinary shares for more than the fair value as at June 30, 2000.

6. Dividend

The Board does not recommend the payment of a dividend for the year (1999: Nil).

7. Reserves

Movements in reserves of the Group during the year were as follows:

	Share premium <i>HK\$'000</i>	2000 Accumulated deficit <i>HK\$'000</i>	Total <i>HK\$'000</i>	1999 Total <i>HK\$'000</i>
Beginning of year	–	(406,077)	(406,077)	(327,611)
Profit (loss) attributable to shareholders	–	50,315	50,315	(78,466)
Proceeds from public offering shares	71,252	–	71,252	–
Proceeds from placement shares	641,267	–	641,267	–
Placements and public offering expenses paid	(52,637)	–	(52,637)	–
Premium on shares issued for shareholders' loan capitalisation	90,977	–	90,977	–
End of year	<u>750,859</u>	<u>(355,762)</u>	<u>395,097</u>	<u>(406,077)</u>

BUSINESS OVERVIEW

1. Phoenix Chinese Channel

The Phoenix Chinese Channel is an un-encrypted television channel broadcasting 24 hours daily into the PRC, Hong Kong, Taiwan, Japan, Southeast Asia, Australia, New Zealand, the Middle East, North Africa and Russia. According to surveys conducted by China Mainland Marketing Research Company in 1999, which were commissioned by the Phoenix Group, the channel has a coverage of 42 million households in the PRC, over 147 million viewers and is one of the foreign television channels that enjoys the highest ratings in the PRC. The Phoenix Chinese Channel contributes most of the income of the Phoenix Group through its advertising revenues. Phoenix Group has been working hard to enrich the content of its programmes with a view to enhancing the penetration and ratings of the Phoenix Chinese Channel. The advertising revenues for the year ended June 30, 2000 increased 62.7% to approximately HK\$484,631,000 as compared to that of last year, representing 94.8% of the Phoenix Group's total revenue for the year ended June 30, 2000. Effective July 1 this year, advertising rates have risen in general, including a 33% increase in the prime time rates and a 60% increase in the midnight rates. In spite of this rate rise, the clients' contracting rate has remained steady, with prime time intervals almost fully booked.

The programmes of the Phoenix Chinese Channel are either outsourced or self-produced. Major self-produced programmes include *Millennium Odyssey* completed in 1999 and *European Odyssey* launched on August 6 this year. *European Odyssey* features a large-scale historical tour from the Greek Aegean Sea to the Arctic Circle, covering 30 European countries. The tour not only searches for the origins of the modern industrial and technological civilizations, but also unveils the stories of overseas Chinese. Another keynote programme is *Our Planet Our Home – The Green Wall in China*. With the view of uncovering the environmental construction problems in the PRC, the programme introduces over ten provinces, cities and autonomous regions in western China that are suffering from serious desertification problems. All these high quality programmes are believed to be able to attract numerous viewers in the PRC, that raise the ratings of the Phoenix Chinese Channel and the advertising revenues.

2. Phoenix Movies Channel

The Phoenix Movies Channel is an encrypted pay-television channel broadcasting movies and related programmes 24 hours daily. As of June 30, 2000, the number of entity subscribers (including hotels) increased to approximately 2,437 and the estimated number of households was approximately 450,000. The total revenue generated from annual subscription fees and other related sources also increased 82.7% to approximately HK\$19,376,000 as compared to that of last year, representing 3.8% of the Phoenix Group's total revenue for the year ended June 30, 2000. In order to attract more subscribers, the Phoenix Group has been actively purchasing more movies that suit the taste of the Chinese from all round the world for the Phoenix Movies Channel.

3. Phoenix CNE Channel

Launched in August last year, the Phoenix CNE Channel broadcasts via the ASTRA 2A satellite and can be received in 25 European countries, including the United Kingdom, France, Germany, Austria and Spain. Targeting the overseas Chinese community in Europe as its main audience, this channel broadcasts a wide range of Chinese programmes including news, entertainment, current affairs and documentaries and currently broadcasts six hours daily. The Phoenix CNE Channel is still at its development stage and will continue to expand its audience base in the Europe market in the future.

4. Shenzhen Production Centre

As another crucial part of its business development plan, the Phoenix Group aims at enhancing its production capabilities and becoming a major Chinese media content provider through mass programme production and the establishment of a programme library. The Phoenix Group has successfully produced the large-scale documentary *Millennium Odyssey* and other high quality documentaries and special feature programmes in response to market needs. As broadcasting begins, these programmes are well received not only by viewers, boosting the popularity of Phoenix, but also by other television channels that have decided to purchase for their own showing.

In order to support its in-house production plan, the Phoenix Group has set up a joint venture called Phoenix Film and Television (Shenzhen) Company Limited in Shenzhen, PRC. The objective of this joint venture is to become a modern programme production centre, providing sites for programme production and other ancillary services. The joint venture partners own the qualification to produce television programmes in the PRC. Prior to the completion of the centre, Phoenix currently rents a temporary plant in Shenzhen which has already commenced production. Developing and operating a production centre not only increases the quantity of self-produced programmes of the Phoenix Group, but also reduces the operating costs.

5. Internet Development

In order to enhance the overall website technology and enrich the content, the Phoenix Group has established a wholly-owned enterprise in Beijing to cooperate with various internet service providers in the PRC. The Phoenix Group aims to develop its current website www.phoenixtv.com into a vertical infotainment portal, offering various kinds of information such as entertainment, news and sports on a one-stop basis by linking all relevant Phoenix television and magazine content and artists with the Internet community.

6. Phoenix Weekly

Phoenix Weekly is a comprehensive magazine with a special permission to distribute in the PRC. The magazine was officially published on June 30 this year with its content comprised of three genres: current affairs and financial news, culture and life and fashion and entertainment. The main focus of the magazine is to cover television programmes and artistes on the channels of the Phoenix Group. The magazine is currently distributed within the PRC.

MAJOR RECENT EVENTS

Recently, the Phoenix Chinese Channel has covered a series of major news in the United States, including the United Nations Summit and the visiting performances of the Chinese artists delegation for the Paralympics. The Phoenix Chinese Channel's coverage on these events attracts wide concern and applause throughout the PRC and other regions covered by the channel's satellite signals. The coverage also earns great support from advertising sponsors. Among these events, the Phoenix Chinese Channel participated in organising and planning the visit of the Chinese handicapped artists delegation. The visit was highly regarded by both the Chinese and the United States Governments.

The above events organised by the Phoenix Group in the United States together with its business development in the rest of the world firmly enhance the Phoenix Group's popularity and brand value. The quality of the Phoenix Satellite Television Group is also further enhanced. All these are important results gained from the internationalised strategies of the Phoenix Group.

PROSPECTS

Thanks to its painstaking efforts in the past few years, Phoenix Group has built a firm base in the increasingly competitive Chinese language media market, and has also created favorable conditions for the aggressive business developments in the future.

In the light of expanding market penetration, increasing television advertising revenues and exploring new income sources, the Phoenix Group will actively launch new channels, such as the Phoenix North America Chinese Channel and the Phoenix InfoNews Channel in the second half of the year.

The Phoenix North America Chinese Channel is a newly established channel that is expected to be launched in the form of a pay-television channel after November this year, with the Chinese community in North America as its target audience. Programmes on this channel will be transmitted by satellite using encryption methods.

The Phoenix InfoNews Channel is scheduled to be launched in late November this year. The channel will become the only 24-hour channel that covers financial news and current political news in Putonghua. As China is undergoing a rapid economic development, Chinese citizens are in much demand for information about the economic affairs of China and the rest of the world. Therefore, the Board believes that the Phoenix InfoNews Channel will be welcomed by the Chinese audiences and can increase the penetration of

viewership within China. As the commercial air time of the Phoenix Chinese Channel, which is the main channel of the Phoenix Group, will soon be fully booked, the launch of the InfoNews Channel can provide more marketable commercial blocks. To coordinate with the launch of the Phoenix InfoNews Channel, the Phoenix Group will set up a branch office in Taiwan in the near future to support the InfoNews Channel with immediate and firsthand financial news.

As China is about to join the WTO, the Board believes that both foreign and Chinese companies will benefit from the economic improvement and therefore will increase their advertising on television. While the Phoenix Chinese Channel focuses on news, entertainment, lifestyle, special feature reports, on-air programmes, documentaries and talk shows, these programmes are of high quality and are highly informative and entertaining and thus will have a great appeal in the PRC. Along with the successful penetration into the media market of the PRC by the Phoenix , the Board believes that the advertising revenues of the Phoenix Group for the coming year will have a positive growth. Meanwhile, the rapid development of the Chinese economy also enables the Phoenix Group to explore new income sources, such as increasing the subscription fee of the Phoenix Movies Channel and launching services that charge over subscription frequency.

The success of the Phoenix Group is contributed by the close cooperation and hard work of the management team and the staff. A group of media elites from mainland China, Taiwan and Hong Kong not only possess the sense to seize market opportunities, but also have thorough understanding towards the policy scope of the Chinese government and the preferences of viewers. With the reconciliation of talented staff from mainland China, Taiwan and Hong Kong, the Phoenix Group can surely maintain its position in the highly competitive global Chinese language television market.

As one-fifth of the world's population speaks Chinese, the potential of the Chinese language television market is enormous and there is still plenty of room for the growth of television ratings and advertising. In order to win more viewers, the Phoenix Group will continue to enhance the quality of its programmes. With flexible scheduling and marketing strategies, the Phoenix Group is set to satisfy the various needs of its target audiences.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our staff for their hard work in raising the service standards and striving for the maximum profit for the Phoenix Group and our shareholders for their confidence and support towards the Board and the management team of the Phoenix Group.

Last but not least, I would also like to thank our advertisers for their continued support.

PURCHASE, SALE OR REPURCHASE OF SHARES

Since the shares of the Company only commenced trading on the GEM on June 30, 2000, neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the Company's shares during the year.

By Order of the Board

Liu Changle

Chairman

Hong Kong, 14th September, 2000

This announcement will remain on the GEM website on the "Latest Company Announcements" page for 7 days from the date of its posting.