

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
(STOCK CODE : 8002)
PRESS RELEASE ON 2007 ANNUAL RESULTS

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 8002), Mr. Liu Changle, said today that he was delighted to announce the company's annual results for 2007. During this financial year the Phoenix Group turned in a very steady performance, with an increase in revenue and a considerably improved bottom line. Liu Changle said that the Group's revenue for this year was 11.4% higher than the previous year, reaching approximately HK\$1,178,667,000, while the profit attributable to equity holders of the Company was approximately HK\$278,749,000, which was a 31.2% improvement over the profit achieved in 2006.

RESULTS

During 2007 the revenue of the Company and its subsidiaries (collectively the "Group" or "Phoenix") increased 11.4% and the profit attributable to equity holders reached a record high. The Group's revenue for the year ended 31 December 2007 was approximately HK\$1,178,667,000, which represented a growth of 11.4% over the revenue derived in 2006. Total operating costs remained at a steady level, with a marginal increase of 7.5% to approximately HK\$932,123,000. The upward movement in operating costs was mainly due to the increase in commission payments, programming costs and staff costs, but the growth of these expenses was offset by the reduction of doubtful debt provision.

The Group's profit from operations and profit attributable to equity holders for the 2007 financial year were approximately HK\$246,544,000 and HK\$278,749,000 respectively. These figures represented improvements of approximately HK\$55,690,000 and HK\$66,364,000 respectively over the 2006 financial year. During 2007 the Group recognized a gain on an investment in a subsidiary, with the Group's interest in the net fair value of the subsidiary exceeding the cost of the investment to the extent of HK\$17,500,000, and also on the revaluation of the Renminbi of approximately HK\$25,000,000, both of which boosted the profit attributable to equity holders.

The chart presented below compares the Group's performance for the year ended 31 December 2007 with that for the 2006 financial year in order to give a clearer picture of the overall trend of the Group's operations.

	Year ended 31 December	
	2007	2006
	HK\$'000	HK\$'000
Phoenix Chinese Channel	802,364	722,697
Phoenix InfoNews Channel	203,606	223,550
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	77,409	68,575
New Media	56,391	13,490
Other businesses	38,897	29,355
Group's total revenue	1,178,667	1,057,667
Operating costs	(932,123)	(866,813)
Profit from operations	246,544	190,854
Profit attributable to equity holders of the Company	278,749	212,385
Earnings per share, Hong Kong cents	5.64	4.30

COMMENTS ON SEGMENTAL INFORMATION

The table below shows the comparison of operating results of the Group's businesses for the years ended 31 December 2007 and 2006 respectively.

	Year ended 31 December	
	2007	2006
	HK\$'000	HK\$'000
Phoenix Chinese Channel	416,540	370,715
Phoenix InfoNews Channel	3,474	33,245
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	(54,633)	(58,612)
New Media	25,151	504
Other businesses	(1,214)	(9,391)
Corporate overheads	(142,774)	(145,607)
Profit from operations	<u>246,544</u>	<u>190,854</u>

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 91.9% of the Group's total revenue for the year ended 31 December 2007, increased by 6.8% to approximately HK\$1,083,379,000 (year ended 31 December 2006: HK\$1,014,822,000). The segmental result for television broadcasting recorded a profit of approximately HK\$367,699,000 for the year ended 31 December 2007 (year ended 31 December 2006: HK\$351,549,000).

Revenue from the Group's flagship channel, Phoenix Chinese Channel, which accounted for 68.1% of the Group's total revenue for the year ended 31 December 2007, increased by 11.0% to approximately HK\$802,364,000 (year ended 31 December 2006: HK\$722,697,000).

Phoenix InfoNews Channel's revenue accounted for 17.3% of the Group's total revenue for the year ended 31 December 2007, but decreased by 8.9% to approximately HK\$203,606,000 (year ended 31 December 2006: HK\$223,550,000).

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased 12.9% as compared to the year ended 31 December 2006 to approximately HK\$77,409,000 (year ended 31 December 2006: HK\$68,575,000).

Revenue from programme production and ancillary services increased to approximately HK\$32,825,000, which included intra-group sales of approximately HK\$27,392,000, for the year ended 31 December 2007 (year ended 31 December 2006: total revenue HK\$26,498,000; intra-group sales – HK\$24,584,000).

The revenue of the new media services increased to HK\$56,391,000 (year ended 31 December 2006: HK\$13,490,000) with a segmental profit of HK\$25,313,000 (year ended 31 December 2006: HK\$894,000)

Other activities, including the advertising and subscription revenue generated by the Phoenix Weekly magazine and handling income from television subscriptions, contributed marginally to the Group for the year ended 31 December 2007.

BUSINESS OVERVIEW AND PROSPECTS

The Group's core business of television broadcasting performed well during 2007. Although the Phoenix InfoNews Channel's income was less than that in the previous year, it continued to generate a modest profit, while the flagship Phoenix Chinese Channel achieved a major increase in both income and profit. The Phoenix North America Chinese Channel, the London-based Phoenix Chinese News and Entertainment Channel ("PCNE") and the Phoenix Movies Channel continued to operate at a loss, but this loss was smaller than in previous years, suggesting that in due course these channels will move towards the break-even point. Despite continuing to make a loss, the Phoenix North America Chinese Channel and the PCNE Channel contributed towards embellishing the Phoenix name by giving it global reach and realizing the Phoenix vision of being the global Mandarin-language television broadcaster. The Group is currently in the process of restructuring the Phoenix Movies Channel, and is optimistic that it will perform more effectively in the future, and that this will become apparent in 2008.

The Phoenix Chinese Channel continued to feature a wide array of extremely popular programmes, such as A Date with Lu Yu, Summary of Press, Secret Documentary, and Sally Wu's Eye on the World. The Phoenix Chinese Channel also maintained its cutting edge identity by broadcasting live The Miss Chinese Cosmos Pageant, the beauty contest that reflects the growing openness of Chinese society and which last year was staged in Hong Kong in early November.

The Phoenix InfoNews Channel ("InfoNews") maintained its status as the world's leading Mandarin-language news broadcaster, and carried much real time reporting on events across the globe. InfoNews reporting included the terrorist attack on the Red Mosque in Pakistan, the kidnapping of South Korean aid workers by terrorists in Afghanistan, developments in Iran and Palestine. InfoNews also interviewed many world leaders, ranging from President Talabani of Iraq to Prime Minister Abe of Japan. InfoNews also covered major developments in the Greater China region, interviewing Premier Wen Jiabao about the floods in Anhui Province, and also interviewing Ma Ying-jeou and Frank Hsieh, the two contenders in the forthcoming presidential elections in Taiwan. InfoNews also produced a series of discussion shows on the Australian elections last November, which saw the election of the first Chinese-speaking head of government in a Western country.

The status Phoenix enjoys in the eyes of Western governments as the premier Mandarin Chinese news broadcaster was confirmed in 2007 when the United States State Department requested Phoenix to interview Deputy Secretary of State John Negroponte in order to allow him to set out US opposition to the Taiwan government's intention to hold a referendum on the issue of Taiwan's membership of the United Nations. Phoenix not only broadcast this interview in full, but also made it available to some of the key Taiwan television companies in order to ensure that it received a high level of attention from the Taiwan audience.

Besides continuing to develop its core business as a television broadcaster, the Group has also been exploring the scope to expand into other areas. During 2007 Phoenix's new media business continued to do well. It is still in a developmental phase, however, and will require further investment in order to realize its longer term potential. Phoenix also formed a joint venture with Regal Fame Investments Limited, which will conduct an outdoor advertising business.

During the third quarter of 2008 Phoenix's headquarters in Hong Kong will move to Taipo, in the New Territories. The process of moving will require a total capital expenditure of approximately HK\$400,000,000 (including the acquisition cost of the building). There will be a phase during which operations will be running in parallel in both locations, and this will lead to a short-term increase in operating costs.

When all these factors are taken into account, the management believes that the Group's potential is sound. While the process of relocating the Phoenix headquarters to Taipo will require considerable capital expenditure, and the new media business will require further investments, the long-term prospects for the entire Phoenix Group remain positive.

Phoenix Satellite Television Holdings Limited
7 March 2008

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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 Growth Enterprise Market (GEM) of The Stock Exchange of Hong Kong Limited on 30 June 2000.

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