

**PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED**  
**(STOCK CODE: 8002)**  
**PRESS RELEASE ON FIRST QUARTER 2008 RESULTS**

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 8002), Mr. Liu Changle, said today that he was extremely pleased to announce the company's results for the first quarter of 2008. He said that during this quarter the Phoenix Group performed strongly, with more than 24% increase in revenue and an improved bottom line.

**RESULTS**

The revenue of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2008 was approximately HK\$332,134,000, which represented a growth of 26.5% over the revenue derived in the same period last year. Total operating costs increased by 23.2% to approximately HK\$271,979,000. The upward movement in operating costs was mainly due to the increase in commission payments, programming, technical services and staff costs.

The Group's profit from operations and profit attributable to equity holders for the three months ended 31 March 2008 were approximately HK\$60,155,000 and HK\$64,785,000 respectively. These figures represented improvements of approximately HK\$18,435,000 and HK\$12,593,000 respectively over the same period last year. The appreciation of the Renminbi during the first three months of 2008 boosted the profit attributable to equity holders by approximately HK\$11,156,000 (three months ended 31 March 2007: HK\$6,785,000).

The chart presented below compares the Group's performance for the three months ended 31 March 2008 with that for the same period last year in order to give a clearer picture of the overall trend of the Group's operations.

	Three months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Phoenix Chinese Channel	<b>206,979</b>	189,757
Phoenix InfoNews Channel	<b>66,654</b>	43,948
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others	<b>30,462</b>	18,869 *
New media	<b>15,042</b>	528
Other businesses	<b>12,997</b>	9,395 *
Group's total revenue	<b>332,134</b>	262,497
Operating costs	<b>(271,979)</b>	(220,777)
Profit from operations	<b>60,155</b>	41,720
Profit attributable to equity holders of the Company	<b>64,785</b>	52,192
Earnings per share, Hong Kong cents	<b>1.31</b>	1.06

\* 2007 comparative figures have been reclassified to conform to the current quarter's presentation.

The table below shows the comparison of operating results of the Group's businesses for the current period and the same period last year respectively.

	Three months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Phoenix Chinese Channel	<b>99,897</b>	92,937
Phoenix InfoNews Channel	<b>10,371</b>	(2,575)
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others	<b>(11,481)</b>	(12,366) *
New media	<b>5,340</b>	(4,055)
Other businesses	<b>(3,405)</b>	(439) *
Corporate overheads	<b>(40,567)</b>	(31,782)
Profit from operations	<b>60,155</b>	41,720

\* 2007 comparative figures have been reclassified to conform to the current quarter's presentation.

Revenue from the Group's flagship channel, Phoenix Chinese Channel, which accounted for 62.3% of the Group's total revenue for the three months ended 31 March 2008, increased by 9.1% to approximately HK\$206,979,000.

Phoenix InfoNews Channel's revenue accounted for 20.1% of the Group's total revenue for the first quarter, and increased by 51.7% to approximately HK\$66,654,000, which represented a contribution to the Group's profit of HK\$10,371,000 (three months ended 31 March 2007 : loss of HK\$2,575,000 ).

The combined revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 61.4% to approximately HK\$30,462,000. However, due to an increase in programming and technical cost of Phoenix Movies Channel the loss from operations was only reduced slightly to approximately HK\$11,481,000 compared with HK\$12,366,000 during the same period last year.

The revenue of the new media services increased to approximately HK\$15,042,000 with a contribution to the Group's profit of HK\$5,340,000 as compared with a loss of HK\$4,055,000 for the same period last year.

During the three months ended 31 March 2008 the Group captured the preliminary expenses of the outdoor advertising business, as a result, the loss from operations of other business increased to HK\$3,405,000 from HK\$439,000 for the same period last year.

## **BUSINESS OVERVIEW AND PROSPECTS**

During the first quarter of 2008 the Phoenix business displayed some encouraging trends. Not only did the Phoenix Chinese Channel continue to perform well, but the income of Phoenix InfoNews Channel ("InfoNews") also grew considerably, and the new media business also generated an increased profit. While the Movies Channel, the North America Chinese Channel and the London-based Chinese News and Entertainment Channel continued to operate at a loss, this was less than in the same period last year, being offset by a marked improvement in their performance. The improvement over the same period last year underscores that the Phoenix model is sound, and that it is being implemented in a way that ensures that the benefits are being fully realised.

The marked improvement in InfoNews' figures reflects the professional and comprehensive quality of the news and current affairs programming that it delivers to the global Chinese audience. During this period InfoNews reported extensively on the Taiwan presidential elections, interviewing both candidates as well as covering many of the major events in the election process. InfoNews covered other significant global developments, such as the continued instability in the Middle East, and also conducted an extensive interview with the newly elected, Chinese-speaking Prime Minister of Australia, Kevin Rudd. InfoNews also provided a steady flow of reporting on developments in China, including the promotion of a number of officials to senior State Council posts.

Besides maintaining its status as the world's leading Mandarin Chinese news broadcaster, the Group has maintained the high quality of the Phoenix Chinese Channel, developed the new media business to the point where it now generates a profit, and staged a gala event on 31 March 2008 with the theme of You Bring Charm to the World which recognised the contribution that a number of internationally-based Chinese have made to global community. The Phoenix brand name has thus continued to be associated with cutting-edge entertainment and first-hand, real-time news throughout the global Chinese community. While the success of the Phoenix model implies a bright, long-term future for the Group, in the short term there will be a number of outlays that will impact on the Group's performance. The Group has been exploring ways to expand its core business beyond the role of television broadcaster, and has 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). For a certain period operations will also run in parallel in both locations, and this will lead to a short-term increase in operating costs. But these costs should not damage the Group's longer-term prospects. The move to new headquarters in Taipo will mean that the Group's core business is based in a state-of-the-art and highly efficient production facility, which promises to produce high-quality programming, while the outdoor advertising business should in due course generate a steady stream of additional income. In short, the Group can anticipate more efficient, and more diversified business in the future.

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