

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
(STOCK CODE: 8002)

PRESS RELEASE ON THIRD QUARTERLY RESULTS OF 2008

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 8002), Mr. Liu Changle, said today that he was very pleased to announce the company's third quarterly results for 2008. He said that during this period the Phoenix Group had turned in a steady performance with an increase in revenue and an improved bottom line. Revenue for the nine-month period up to 30 September 2008 was approximately HK\$1,038,404,000, which represented a 21.5% increase over the same period last year.

FINANCIAL REVIEW

The Group's revenue for this nine months was approximately HK\$1,038,404,000, which represented an increase of 21.5% when compared to the same period last year. The two main drivers behind this result were the growth in advertising revenue and subscription revenue. Total operating costs increased by 21.3% to approximately HK\$827,716,000. The upward movement in operating costs was mainly due to the increase in commission payments and a rise in programming, technical services and staff costs.

The Group's operating profit was approximately HK\$210,688,000, which represented an increase of 22.0% over same period last year. Profit attributable to equity holders of the Company was approximately HK\$238,347,000, which was an increase of 18.9% compared with the same period last year. The increase in operating profit was mainly generated by the increase in advertising revenue and subscription revenue. During the second quarter of 2008 the Group recognised a gain on investments in two subsidiaries, with the Group's interest in the net fair value of the subsidiaries exceeding the cost of the investments to the extent of HK\$21,764,000. The appreciation of the Renminbi during the nine-month period further boosted the profit attributable to equity holders by approximately HK\$31,853,000 (nine months ended 30 September 2007: HK\$16,000,000).

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

	Nine months ended 30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Phoenix Chinese Channel	673,299	582,712
Phoenix InfoNews Channel	201,786	147,136 *
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others	88,080	56,625 *
New media	35,113	35,077
Other businesses	40,126	33,317 *
Group's total revenue	1,038,404	854,867
Operating costs	(827,716)	(682,232) *
Profit from operations	210,688	172,635
Other income – net	66,866	65,576
Share of (losses)/profits of jointly controlled entities	(1,131)	74
Income tax expenses	(45,738)	(36,217)
Minority interest	7,662	(1,685)
Profit attributable to equity holders of the Company	238,347	200,383
Earnings per share, Hong Kong cents	4.81	4.05

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

The table below shows the operating results of the Group's businesses for the nine months ended 30 September 2008 and the same period last year:

	Nine months ended 30 September	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Phoenix Chinese Channel	346,627	296,460
Phoenix InfoNews Channel	29,461	1,459 *
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others	(27,971)	(44,765)*
New media	1,447	16,860
Other businesses	(17,885)	4,135 *
Corporate overheads	(120,991)	(101,514)
Profit from operations	210,688	172,635

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

The Group's flagship channel, Phoenix Chinese Channel, accounted for 64.8% of the Group's total revenue for this period and showed an increase of 15.5% compared with same period last year. Phoenix InfoNews Channel's revenue accounted for 19.4% of the Group's total revenue for the period, and increased by 37.1% to approximately HK\$201,786,000.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 55.5% when compared with the same period last year to approximately HK\$88,080,000.

The revenue from new media operations for the nine months ended 30 September 2008 was approximately HK\$35,113,000 (nine months ended 30 September 2007: HK\$35,077,000), which was mainly generated by technical services provided to a cooperation partner in the new media venture. Due to the expansion of the new media operations, there were increases in staff costs, internet production costs and share-based payment expenses during the nine months period. As a consequence, the segmental result of the new media operations recorded a decline in profit to approximately HK\$2,136,000 for the reported period, compared to a profit of HK\$17,021,000 during the same period last year.

During the nine months ended 30 September 2008, the Group captured the preliminary expenses of the outdoor advertising business, and as a result, there was a loss from operations of other businesses of HK\$17,885,000 after a profit of HK\$4,135,000 during the same period last year.

The increase in corporate overheads was mainly attributable to the increases in staff costs and professional fees and the Company's donation to the Sichuan earthquake relief effort.

BUSINESS OVERVIEW AND PROSPECTS

The Group's core television business has performed well over the last nine months, with both the Phoenix Chinese Channel and Phoenix InfoNews Channel making handsome profits that were considerably larger than in the same period last year. This performance demonstrates that the Group has an extremely stable base. Throughout this period audience ratings remained good, and even during the Beijing Olympic Games, for which Phoenix did not have broadcasting rights, the available figures show that Phoenix did not suffer any loss in audience.

So far the financial turmoil that has gripped the global economy has had no demonstrable impact on the Group's overall performance. Although growth projections for the Chinese economy have dropped to the region of a relatively low 9%, Phoenix's advertising clients so far have not shown any sign of changing their advertising strategy as a consequence of the economic turmoil. Since the economic turmoil began none of the Group's advertising contracts has been cancelled, and some contracts have already been renewed for the coming year. While the instability of the international economic environment makes it difficult to predict future trends, so far all the major indicators suggest that the Group's two main components, the Phoenix Chinese Channel and Phoenix InfoNews Channel, will continue to turn in a stable and consistent performance.

While the two core channels have maintained a substantial flow of income, the other channels, including the Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment, continue to operate at a loss, over the last 12 months this loss has diminished by approximately 37%. At this stage it is unclear whether this positive trend will be continued in the light of the global economic downturn, but it does demonstrate that these channels are not large and inevitable burdens on the Group's financial resources. Moreover while these channels have still not reached the break-even point, they contribute to the Phoenix brand name and underscore that the Group is an international entity with a global reach.

The Group's new media business remains in a developmental phase, and while it achieved a steady income during this period rising staff and internet production costs resulted in a diminished profit. The outdoor advertising business also remains in an early developmental phase, and during this period the Group paid the preliminary expenses of this venture, which led to a loss of over HK\$18,000,000 after a minor profit in the same period last year.

The Group is continuing to prepare to move to new headquarters in Taipo in the New Territories in Hong Kong, but the final preparation of the site has been delayed by the complexity of some of the technical renovations that are required to ensure that the production and broadcasting of programmes can be performed without interruption. At present, the most likely date for the move to the new location will be in the first quarter of the coming year.

While future global economic trends and how they might impact on the Chinese domestic economy remain unclear, the management will continue to monitor the evolving economic situation closely, and seek to develop effective responses to any developments that impact on the Group's business. In light of the Group's positive performance over the last nine months, and the fact that the Group is essentially debt-free, however, the management remains confident that Phoenix will not encounter serious problems during the current global economic downturn and that the Group's long-term prospects remain solid.

Phoenix Satellite Television Holdings Limited
7 November 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 nearly 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 and www.hkgem.com.