

PRESS RELEASE
Phoenix Satellite Television Holdings Limited
(Stock Code : 2008)
INTERIM RESULTS OF 2009

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited (Stock Code: 2008), Mr. Liu Changle, said today that he was very pleased to announce the Company's interim results of 2009. During this period the Phoenix Group continued to perform well, and while the global financial crisis posed a serious challenge for the media industry, the Group's revenue for the six months ended 30 June 2009 was approximately HK\$692,346,000, which represented a 2.5% increase over the same period last year.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2009 was approximately HK\$692,346,000, which represented an increase of 2.5% when compared to the same period last year, which demonstrates that the core business has remained solid. Total operating costs increased by 8.1% to approximately HK\$577,239,000. The upward movement in operating costs was mainly due to the increase in staff costs, depreciation and general administrative costs due to the relocation of the Group's headquarters from Hunghom to Taipo in Hong Kong's New Territories. Additional costs were incurred with operations being conducted simultaneously at both locations to ensure uninterrupted broadcasts in the first half, and costs are expected to become steadier in the second half of 2009. Costs were also increased by the Group's investment in the development of the outdoor media business. In fact, the Group is developing its outdoor media business at some of the best locations in major cities in mainland China, but so far revenue recovery has lagged behind capital expenditure due to complicated approval procedures. The performance of the outdoor media business is expected to improve in the second half of 2009.

The Group's profit from operations for the six months ended 30 June 2009 was approximately HK\$115,107,000, which represented a decrease of 18.5% over same period last year. The decrease in operating profit was mainly due to the increase in operating costs. During the six months ended 30 June 2009, other income mainly comprised a fair value gain of approximately HK\$32,997,000 which was recognised for the investment property under construction. The additional income derived from the appreciation of the Renminbi during the six months ended 30 June 2009 was approximately HK\$1,520,000, which represented a significant decrease from approximately HK\$23,428,000 of additional income during the same period last year. During the first half year of 2008, the Group also 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\$19,646,000.

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

	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Phoenix Chinese Channel	467,434	432,117
Phoenix InfoNews Channel	99,880	131,374
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others	51,571	58,599
New media	29,418	27,486
Outdoor media	19,241	-
Other businesses	24,802	25,601
Group's total revenue	692,346	675,177
Operating costs	(577,239)	(533,859)
Profit from operations	115,107	141,318
Other income – net	35,854	57,150
Profit before share of results of associate, jointly controlled entities, income tax and minority interests	150,961	198,468
Share of losses of jointly controlled entities and associate	(2,418)	(920)
Income tax expenses	(35,059)	(28,232)
Minority interest	(3,185)	3,848
Profit attributable to equity holders of the Company	110,299	173,164
Earnings per share, Hong Kong cents	2.23	3.50

COMMENTS ON SEGMENTAL INFORMATION

	<i>Six months ended 30 June 2009</i>				<i>Segment results</i>
	<i>External sales</i>	<i>Inter-segment sales</i>	<i>Inter-segment elimination</i>	<i>Total revenue</i>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Phoenix Chinese Channel	467,434	-	-	467,434	237,106
Phoenix InfoNews Channel	99,880	-	-	99,880	(11,181)
Other channels	51,571	2,769	(2,769)	51,571	(8,255)
Programme production and ancillary services	-	13,288	(13,288)	-	(1,021)
New media	29,418	-	-	29,418	4,976
Outdoor media	19,241	-	-	19,241	(22,723)
Real Estate	-	-	-	-	29,935
Other businesses	24,802	-	-	24,802	3,062
Group's total revenue and segment results				692,346	231,899
Unallocated income					2,575
Unallocated expenses					(83,513)
Profit before share of results of associate, jointly controlled entities, income tax and minority interests					<u>150,961</u>

Revenues from television broadcasting, including both advertising and subscription revenues, continued to be the main income source of the Group, and amounted to approximately HK\$618,885,000 (six months ended 30 June 2008: HK\$622,090,000) and accounted for 89.4% of the Group's revenues for the six months ended 30 June 2009.

The Group's flagship channel, Phoenix Chinese Channel, accounted for 67.5% of the Group's total revenue for the six months ended 30 June 2009 and showed an increase of 8.2% compared with same period last year. Phoenix InfoNews Channel's ("InfoNews") revenue accounted for 14.4% of the Group's total revenue for the period, and decreased by 24.0% to approximately HK\$99,880,000.

The cumulative revenues of Other channels including Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel and others, decreased by 12.0% when compared with the same period last year to approximately HK\$51,571,000. The overall segmental result for television broadcasting recorded a profit of approximately HK\$217,670,000 for the six months ended 30 June 2009. Compared to a profit of HK\$212,598,000 in the same period last year, this result represented an increase of 2.4%. Revenues from intra-group programme production and ancillary services were approximately HK\$13,288,000 for the six months ended 30 June 2009, which signified a decrease of 8.4% when compared with the same period last year. As a consequence, the segmental result of programme production and ancillary services recorded a loss of approximately HK\$1,021,000 for the six months period ended 30 June 2009 (six months ended 30 June 2008 profit : HK\$239,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunications networks, contribute to raising the Group's profile as a television broadcaster. The income that Phoenix derives from the new media business takes the form of payment for contracted technical services that Phoenix currently provides to a cooperation partner. This revenue increased to approximately HK\$29,418,000 for the six months ended 30 June 2009 (six months ended 30 June 2008: HK\$27,486,000). As a consequence, the segmental result of the new media operations recorded a profit of approximately HK\$4,976,000 for the reported period (six months ended 30 June 2008: HK\$10,092,000).

During the six months ended 30 June 2009, the revenue and segmental loss from outdoor media business amounted to approximately HK\$19,241,000 (six months ended 30 June 2008: HK\$nil) and HK\$22,723,000 (six months ended 30 June 2008: HK\$10,608,000) respectively. The segmental gain from real estate amounted to approximately HK\$29,935,000 (six months ended 30 June 2008: loss HK\$232,000) mainly consisting of a fair value gain of approximately HK\$32,997,000 which was recognised for the investment property under construction. The segmental profit from other business decreased to approximately HK\$3,062,000 (six month ended 30 June 2008: HK\$5,319,000).

BUSINESS OVERVIEW AND PROSPECTS

During the first half of 2009 the Group was operating in an economic environment that was seriously influenced by the global financial crisis. While the mainland economy has not gone into recession, it nonetheless has been negatively influenced by international economic trends, which have also had a negative impact on the Hong Kong economy. But although profit for this period has shrunk by some 36% compared to the same period last year due to increase in cost as previously explained, the Group's revenue over the past six months has demonstrated that even in the face of extremely difficult economic circumstances the Phoenix model is commercially extremely viable.

Much of this success is a consequence of the fact that the main Phoenix channels deliver programming that has great appeal to the Chinese television audience, combining modern and innovative entertainment with comprehensive and objective news about international political and economic developments. While InfoNews's income was reduced after the significant increase in income it generated in the same period last year, this negative development coincided with the growing impact of the global financial crisis. InfoNews covered a series of dramatic international news stories, from the deadly bushfires in Australia through the cancellation of the ASEAN Regional Forum in Thailand following clashes between the Thai military and the "Red Shirt" protesters to the demonstrations that followed the elections in Iran, and clearly contributes to the Phoenix brand name. As the international economy recovers momentum InfoNews's income should also recover.

The Group's US and UK-based channels also turned in an improved performance, for while their gross income was slightly reduced compared to the same period last year, their losses were reduced by over half, which clearly indicates that these components of the core television broadcasting business are moving towards a point where they can make a positive financial contribution to the Group's performance.

Not only has the Group succeeded in maintaining the success of its core television business, but it has also continued to broaden its business base, developing the new media business, which has made Phoenix programming much more widely available on an IPTV basis, and the outdoor advertising LED project.

In March the Company relocated its headquarters from Hunghom to Taipo in the New Territories. The new headquarters accommodate more highly advanced and modernized production facilities, and provide a greater choice of studios. The new headquarters facilitate more efficient production of programmes by the Group and have already enhanced its capability to deliver a more ambitious range of programming effects. Furthermore the new headquarters have sufficient space for the future expansion of the Group's business and operational activities in Hong Kong without any risk of being adversely affected by future upward rental movements. The new headquarters will improve the Group's competitiveness and maintain its position as a leading satellite television operator broadcasting into the PRC.

The Group's performance in this difficult economic environment, which occurred just at the time when the Group was committed to additional one-off expenses as a consequence of the relocation of the corporate headquarters, demonstrates that the Group's prospects remain extremely positive. Not only has the Group been able to continue to make a profit during one of the most serious economic crises the world has faced in the last five decades, but the Group has also been able to maintain the level of operations it was undertaking before the economic crisis, and also find the necessary funding to be able to move into a new state-of-the-art headquarters. In short, the Group's prospects are clearly very bright.

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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 is listed on the Main Board of The Stock Exchange of Hong Kong.

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