

PRESS RELEASE

Phoenix Satellite Television Holdings Limited (Stock Code: 2008)

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015

The Chairman and Chief Executive Officer of Phoenix Satellite Television Holdings Limited, Mr. Liu Changle, said today that although disappointed by the decline in the Group's income over the last six month period, he was optimistic about the Group's long-term prospects, as it expanded its business model to include an extremely popular new media business. The Group's revenue for the six-month period ended 30 June 2015 was approximately HK\$1,939,248,000, which represented a decrease of 11.0% over the same period last year. Operating profit for the six-month period 30 June 2015 was approximately HK\$36,395,000, which represented a decrease of 91.5% over the same period last year. Loss attributable to owners of the Company was approximately HK\$23,099,000, compared to a profit attributable to owners of the Company of approximately HK\$228,347,000 for the same period last year.

FINANCIAL REVIEW

The revenue of the Group for the Period was approximately HK\$1,939,248,000 (six months ended 30 June 2014: HK\$2,179,739,000), which represented a 11.0% decrease in comparison with the same period last year. The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The operating costs for the Period have increased by 8.5% to approximately HK\$1,902,853,000 (six months ended 30 June 2014: HK\$1,754,025,000). The upward movement in operating costs was mainly due to the expansion of the new media business.

The operating profit of the Group for the Period was approximately HK\$36,395,000 (six months ended 30 June 2014: HK\$425,714,000), which represented a decrease of 91.5% compared to the same period last year.

Fair value gain of approximately HK\$74,946,000 (six months ended 30 June 2014: fair value loss of HK\$66,132,000) was recognised for the investment property in Beijing and fair value gain of approximately HK\$2,182,000 (six months ended 30 June 2014: HK\$2,377,000) was recognised for the investment property in London.

The net exchange loss of the Group for the Period was approximately HK\$22,080,000 (six months ended 30 June 2014: HK\$43,342,000) resulting from the depreciation of Renminbi. The loss attributable to owners of the Company for the Period was approximately HK\$23,099,000 (six months ended 30 June 2014: profit attributable to owners of the Company was HK\$228,347,000).

The chart below summarises the performance of the Group for the six months ended 30 June 2015 and same period in 2014.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Television broadcasting	703,435	926,934
New media	937,525	937,619
Outdoor media	252,371	279,071
Real estate	9,589	639
Other businesses	36,328	35,476
Group's total revenue	1,939,248	2,179,739
Operating costs	(1,902,853)	(1,754,025)
Operating profit	36,395	425,714
Fair value gain/(loss) on investment properties	77,128	(63,755)
Exchange loss, net	(22,080)	(43,342)
Other (expenses)/income, net	(20,718)	63,024
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	70,725	381,641
Share of results of joint ventures and associates	(28,261)	(7,951)
Income tax expense	(58,761)	(75,652)
(Loss)/profit for the year	(16,297)	298,038
Non-controlling interests	(6,802)	(69,691)
(Loss)/profit attributable to owners of the Company	(23,099)	228,347
Basic (loss)/earnings per share, Hong Kong cents	(0.46)	4.57

BUSINESS OVERVIEW AND PROSPECTS

The Group's results for the past six months have shown a continuation of the downward movement that had become apparent during the 2014 financial year. The main factors driving this negative trend over the last six month period have been the continuing decline in the demand for luxury goods and the economic slow-down in China, which has led to a decrease in the advertising income of the television broadcasting segment.

With the increasing popularity of smart mobile devices, simultaneous multi-screen viewing of multi-media is growing ever more popular. The multi-screen viewing habit in turn facilitates the growth of the audience base for multi-media. The Group anticipated this trend, and has been pursuing a strategy designed to expand Phoenix New Media and thereby generate income from this escalating new media world.

Phoenix Chinese Channel has responded to the changing business environment and is seeking to meet the demand of the mass audience by introducing new programming and advertising formats. This approach is conducted with a long-term view, and only leads to the production of new programmes after careful consideration of audiences' demand.

Phoenix InfoNews Channel has continued to do well, and has expanded its network of reporters, with a special focus on the countries in the Asian region, including the Republic of Korea, India, Pakistan, the Philippines, Singapore and Burma. During the first six-month period of 2015 the Group's global network of reporters provided realtime stories on major national and international developments and brought ground breaking news to the Chinese audiences on a wide range of events. In February the Phoenix news team in Taiwan provided detailed coverage on the crash of the TransAsia aircraft in Taipei. In February Phoenix reported on the deteriorating health of Lee Kuan Yew, the founding Prime Minister of Singapore, and reported on his death in the following month. The Group's reporters also covered the conference of Asian and African leaders which took place in Indonesia in April, reporting on President Xi Jinping's meeting with Japanese Prime Minister Abe, and interviewing over twenty senior participants, including the North Korean Vice Foreign Minister, the Philippines Vice Foreign Minister, the Indonesian Foreign Minister, the Premier of Nepal and the South African Foreign Minister. Phoenix news teams covered the severe earth quake that struck Nepal, causing much loss of life and extensive damage to buildings. Phoenix reporters provided extremely detailed and objective reporting on the capsizing in May of a ferry boat on the Yangtze River, causing the death of hundreds of passengers who were trapped inside the overturned vessel. Phoenix InfoNews continues to maintain its unique status as the provider of complete and objective news about both China and the world at large.

In the year 2015, the Group's core television business will almost certainly continue to encounter challenges and it is likely that the Group's performance will be lower than that of the previous year. However, looking to the longer-term future, there is no indication that there will be a significant reduction in the Group's overall performance. Apart from continuing to serve viewers' needs for quality and informative programmes, the Group is actively developing new content, including the production of crowd pleasing material that caters to the ever changing tastes of the main stream audience while its cross-media programmes will continue to expand in a positive manner. In fact the diversification strategy of the Group has the potential to lead the Group to a new horizon with the continued development of iFeng and other associated platforms, and rapid expansion of its audience.

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2015		2014	
	Revenue HK\$'000	Segment results HK\$'000	Revenue HK\$'000	Segment results HK\$'000
Television broadcasting	703,435	168,882	926,934	389,113
New media	937,525	52,589	937,619	223,081
Outdoor media	252,371	20,013	279,071	31,523
Real estate	9,589	32,977	639	(70,892)
Other businesses	36,328	(60,659)	35,476	(20,186)
Group's total revenue and segment results	<u>1,939,248</u>	<u>213,802</u>	<u>2,179,739</u>	<u>552,639</u>
Unallocated income		28,683		10,230

Unallocated expenses	<u>(171,760)</u>	<u>(181,228)</u>
Profit before share of results of joint ventures and associates, income tax and non- controlling interests	<u>70,725</u>	<u>381,641</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 36.3% of the total revenue of the Group for the Period, decreased by 24.1% to approximately HK\$703,435,000 (six months ended 30 June 2014: HK\$926,934,000). The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The segmental result for television broadcasting business recorded a profit of approximately HK\$168,882,000 for the Period (six months ended 30 June 2014: HK\$389,113,000).

The revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 26.5% of the total revenue of the Group for the Period, decreased by 24.3% to approximately HK\$642,141,000 (six months ended 30 June 2014: HK\$851,358,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased by 18.9% to approximately HK\$61,294,000 as compared to the same period last year (six months ended 30 June 2014: HK\$75,576,000).

The revenue of the new media business for the Period slightly decreased to approximately HK\$937,525,000 (six months ended 30 June 2014: HK\$937,619,000). The segmental profit of new media business for the Period decreased by 76.4% to approximately HK\$52,589,000 (six months ended 30 June 2014: HK\$223,081,000). Phoenix New Media has been continuously investing in the enrichment of contents, human resources and in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image.

The revenue of outdoor media business for the Period decreased by 9.6% to approximately HK\$252,371,000 (six months ended 30 June 2014: HK\$279,071,000). The segmental profit of outdoor media business for the Period decreased by 36.5% to approximately HK\$20,013,000 (six months ended 30 June 2014: HK\$31,523,000).

The segmental profit for real estate for the Period was approximately HK\$32,977,000 (six months ended 30 June 2014: segmental loss of HK\$70,892,000), which included the net fair value gain of approximately HK\$77,128,000 (six months ended 30 June 2014: fair value loss of HK\$63,755,000), recognised for the investment properties.

Phoenix Satellite Television Holdings Limited
19 August 2015

- End -

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 enabled Phoenix to develop a comprehensive multi-dimensional media platform which now includes a Cantonese television services. Today, Phoenix Chinese Channel, Phoenix Movies Channel, Phoenix InfoNews Channel, Phoenix Chinese News and Entertainment Channel, Phoenix North America Chinese Channel and Phoenix Hong Kong Channel together broadcast to audiences in the Asia Pacific, Europe, America, Africa, the Middle East, Australia and New Zealand, covering more than 180 countries and regions.

Phoenix Satellite Television Holdings Limited is listed on the Main Board of The Stock Exchange of Hong Kong (Stock Code: 02008). Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Group, is listed on the New York Stock Exchange (“NYSE”) (NYSE: FENG).

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Further information about Phoenix Satellite Television Holdings Limited can be found at www.ifeng.com, www.irasia.com/listco/hk/phoenixtv and www.hkexnews.hk