鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳 凰 衛 視 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The directors of Phoenix Satellite Television Holdings Limited (the "Directors") collectively and individually accept full responsibility for this announcement which includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to Phoenix Satellite Television Holdings Limited. The Directors confirm, having made all reasonable enquires, that to the best of their knowledge and belief, (i) the information contained in the announcement are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this announcement have been arrived at after due and careful consideration on the bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- The Phoenix Group turned in a steady performance during the six months ended 30 June 2007, with an increase in revenue and an improved bottom line.

- Revenue for this six months period was approximately HK$550,055,000, which represented a 9.8% increase over the same period last year.

FINANCIAL REVIEW

The Group's revenue for the six months ended 30 June 2007 was approximately HK$550,055,000, which represented an increase of 9.8% when compared to the same period last year. The main driver behind this result were the growth in advertising revenue and technical service revenue. Total operating costs remained at a steady level, with an increase of 3.0% to approximately HK$438,607,000. The major fluctuation in the operating costs was the increase of staff and programming costs, but this was offset by a reduction of the doubtful debt provision.

The Group's operating profit for the six months ended 30 June 2007 was approximately HK$111,448,000, which represented an increase of 49.0% over same period last year. Profit attributable to equity holders of the Company was approximately HK$123,990,000, which was an increase of 38.0% compared with the same period last year. The operating profit was mainly generated by the increase in advertising revenue and high profit-margin technical service revenue. The appreciation of the Renminbi during the six months period further boosted the profit attributable to equity holders by approximately HK$14,000,000.

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	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**384,268**	348,078
Phoenix InfoNews Channel	**96,019**	106,598
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**34,537**	31,071
New media	**14,972**	43
Other businesses	**20,259**	14,999
Group's total revenue	**550,055**	500,789
Operating costs	**(438,607)**	(426,033)
Profit from operations	**111,448**	74,756
Profit attributable to equity holders of the Company	**123,990**	89,836
Earnings per share, Hong Kong cents	**2.51**	1.82

COMMENTS ON SEGMENTAL INFORMATION

The table below shows the operating results of our businesses for the six months ended 30 June 2007 and the same period last year:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**199,908**	168,485
Phoenix InfoNews Channel	**925**	13,158
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(28,246)**	(30,127)
New media	**4,031**	(4,613)
Other businesses	**(2,048)**	(3,502)
Corporate overheads	**(63,122)**	(68,645)
Profit from operations	**111,448**	74,756

Revenues from television broadcasting, including both advertising and subscription revenues, continue to be the main income source of the Group, and amounted to approximately HK$514,824,000 (six months ended 30 June 2006: HK$485,747,000) and accounted for 93.6% of the Group's revenues for the six months ended 30 June 2007. Compared with the same period last year, revenues from television broadcasting remained steady, with a slight increase of 6.0%.

The Group's flagship channel, Phoenix Chinese Channel, accounted for 69.9% of the Group's total revenue for the six months ended 30 June 2007 and showed an increase of 10.4% compared with same period last year. Phoenix InfoNews Channel's revenue accounted for 17.4% of the Group's total revenue for the period, and decreased by 9.9% to approximately HK$96,019,000.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased by 11.2% when compared with the same period last year to approximately HK$34,537,000. The overall segmental result for television broadcasting recorded a profit of approximately HK$176,938,000 for the six months ended 30 June 2007. Compared to a profit of HK$151,785,000 in the same period last year, this result represented an increase of 16.6%. Revenues from programme production and ancillary services were approximately HK$20,319,000, which included intra-group sales of approximately HK$14,992,000, for the six months ended 30 June 2007, which signified an increase of 38.6% when compared with the same period last year. As a consequence, the segmental result of programme production and ancillary services recorded a profit of approximately HK$666,000 for the six months period ended 30 June 2007.

The revenue from new media operations increased to approximately HK$14,972,000, which was mainly generated by technical services provided to a cooperation partner in the new media venture. As a consequence, the segmental result of the new media operations recorded a profit of approximately HK$4,151,000 for the reported period (six months ended 30 June 2006 loss: HK$4,221,000).

BUSINESS OVERVIEW AND PROSPECTS

The increase in profit that the Group achieved in this six months period confirms that the Phoenix business model is working effectively to improve the Group's commercial results and to establish the Phoenix brand name as one of the most innovative and forward-looking media identities in the global Chinese-language community.

Phoenix Chinese Channel has continued to deliver a rich diet of entertainment, news, talk shows and mini-series to the Chinese speaking audience, with market research showing that Phoenix Chinese Channel has surpassed other satellite channels in China.

Phoenix InfoNews has continued to consolidate its status. It has consistently passed the break-even point for several years, and thus not only strengthens the Group's image as the Mandarin-speaking world's main source of international news but also contributes to the Group's overall income.

Over the past six months InfoNews has featured numerous real-time stories, ranging from developments in the Middle East to the Six Party Talks on the North Korean nuclear issue. InfoNews also sent reporters to cover the plight of Chinese taken hostage in Africa and Afghanistan. InfoNews carried unique footage of military parades in the DPRK and was the first Chinese-language broadcaster to interview members of the Maoist rebels in Nepal. InfoNews has also covered major Chinese news stories, such as the NPC meeting in March and the various mining disasters and industrial pollution problems that have occurred across China.

In late March Phoenix produced and broadcast a gala evening with the theme of "You Bring Charm to the World" which celebrated the success around the world of internationally-based Chinese in a wide range of professional areas, from politics and science through to entertainment, culture and sport. Because of Phoenix's reputation it was also chosen to be the main producer, along with the Hong Kong television broadcaster, TVB, of the ceremony celebrating the tenth anniversary of the return of Hong Kong to Chinese sovereignty.

Phoenix's international coverage has also continued to expand, and in June Phoenix began to broadcast on the TVB Jade direct to home network in Australia.

Phoenix has continued to develop its new media business, and the management is confident that it has the potential to make a positive contribution to the Group's income as it becomes fully operational.

MANAGEMENT DISCUSSION & ANALYSIS

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 8 June 2007, Hong Kong Phoenix Satellite Television Limited entered into an agreement with 北京廣播公司 (Beijing Broadcasting Company[1]) and CBC Advertising Limited pursuant to which the registered capital of 北京同步廣告傳播有限公司 (Beijing Simulcast Communication Co Ltd) will be increased from RMB30,000,000 to RMB44,600,000. Hong Kong Phoenix Satellite Television Limited shall additionally inject RMB2,110,000 and then become owner of 35% of the registered capital of the joint venture. As of 30 June 2007, the additional capital contribution had not been made by the Group.

On 22 June 2007, Phoenix Satellite Television Company Limited entered into an agreement with Regal Fame Investments Ltd to form a joint venture. The joint venture will carry on outdoor advertising and related business activities. Pursuant to the agreement, the Group shall inject HK$35,000,000 for a 75% shareholding in this joint venture. Capital contribution of HK$35,000,000 was made in July 2007.

On 27 June 2007, the Group entered into the capital increment contract pursuant to which Phoenix Pictures Limited has conditionally agreed to subscribe for 50% of the enlarged registered capital of 鳳凰東方(北京)置業有限公司(Phoenix Oriental (Beijing) Properties Company Limited[1]) ("Phoenix Oriental"). The parties agree that the registered capital of Phoenix Oriental shall be increased from RMB10,000,000 (HK$10,200,000) to RMB300,000,000 (HK$306,000,000). 50% of the enlarged registered capital, amounting to RMB150,000,000 (HK$153,000,000) shall be contributed by Phoenix Pictures Limited on the satisfaction of the conditions stated in the capital increment contract.

Save as disclosed above, the Group has not made any significant investment for the six months ended 30 June 2007.

1 Name translated for reference only.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2007 were similar to those of the Group as at 30 June 2006. The aggregate outstanding borrowings of the Group as at 30 June 2007 were approximately HK$2,020,000, representing current accounts with related companies which were unsecured and non-interest bearing (as at 30 June 2006: HK$5,052,000). Such fluctuation was within the normal pattern of operations of the Group.

The gearing ratio of the Group, based on total liabilities to equity attributable to equity holders of the Company, was 30.1% as at 30 June 2007 (as at 30 June 2006: 27.1%). Accordingly, the financial position of the Group has remained very liquid. As most of the Group's monetary assets are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and Taiwan dollars, the exchange rate risks of the Group is considered to be minimal.

CHARGE ON ASSETS

As at 30 June 2007, deposits of approximately HK$3,928,000 (as at 30 June 2006: HK$3,707,000) were pledged with a bank to secure a guarantee given to the landlord of a subsidiary.

Other than the above, the Group did not have any charge on its assets as at 30 June 2007 and 30 June 2006.

CAPITAL STRUCTURE

During the six months ended 30 June 2007, other than the exercise of share options granted (detail as per note 15 of the financial statements), there is no change in the Company's share capital. As at 30 June 2007, the Group's operations were financed mainly by shareholders' equity.

STAFF

As at 30 June 2007, the Group employed 786 full-time staff (30 June 2006: 750), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and an employee share option scheme. Staff costs for the six months ended 30 June 2007 increase to approximately HK$141,253,000 (six months ended 30 June 2006: HK$127,591,000).

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2007, the Company invested in an unlisted security investment with an estimated fair market value of approximately HK$63,987,000 (six months ended 30 June 2006: HK$104,674,000).

Save as disclosed above, the Group has not held any significant investment for the six months ended 30 June 2007.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group will continue to consolidate its existing businesses while exploring new business areas that will complement and enhance its existing businesses.

Other than disclosed herein, the Group did not have any plan for material investments and acquisition of material capital assets.

CONTINGENT LIABILITIES

Other than disclosed in note 18 of the financial statements, the Group had no material contingent liabilities as at 30 June 2007 and 30 June 2006.

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited condensed consolidated income statement, condensed consolidated cash flow statement and consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2007 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2007, together with the comparative figures for the corresponding period and relevant date in 2006.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2007, the interests of the Directors and chief executives in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executives are taken or deemed to have under such provisions of the SFO) or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required pursuant to Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules") relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the ordinary shares of the Company

	Number of ordinary shares held				
Name	Personal/ Other interests	Family interests	Corporate interests	Total number of shares	Percentage of shareholding
LIU Changle *(Note 1)*	–	–	1,854,000,000	1,854,000,000	37.48%
LO Ka Shui *(Note 2)*	4,630,000	–	–	4,630,000	0.09%

Notes:

1. As at 30 June 2007, Mr. LIU Changle is the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn has an interest in approximately 37.48% of the issued share capital of the Company.

2. As at 30 June 2007, Dr. LO Ka Shui is the beneficial owner of 500,000 Shares and 4,130,000 Shares is held for a discretionary trust of which Dr. Lo is the founder.

Save as disclosed herein, so far as the Directors are aware, as at 30 June 2007, none of the Directors or chief executives of the Company had any interest or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives are taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were which required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(A) Share option schemes of the Company

On 7 June 2000, two share option schemes of the Company were approved by the shareholders of the Company ("Shareholders"), namely Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme. In order to enhance the flexibility in the implementation of the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, the committee of two and four Directors established for the administration of each of the share option schemes (the "Committee") approved certain amendments to the terms of the Pre-IPO Share Option Scheme on 14 February 2001 and 10 December 2004 and the Post-IPO Share Option Scheme on 14 February 2001, 6 August 2002 and 10 December 2004, respectively.

(1) Pre-IPO Share Option Scheme

The details of share options granted by the Company under the Pre-IPO Share Option Scheme to the Directors and the employees of the Group to acquire shares were as follows:

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Balance as at 1 January 2007	Lapsed during the period	Exercised during the period	Balance as at 30 June 2007
3 Executive Directors: LIU Changle	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	5,320,000	–	–	5,320,000
CHUI Keung	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	–	3,990,000
WANG Ji Yan	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	–	3,990,000
60 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	23,840,000	–	(2,918,000)	20,922,000
Total: 63 employees					37,140,000	–	(2,918,000)	34,222,000

During the six months ended 30 June 2007, 2,918,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.62.

Save as disclosed above, no option has been cancelled or lapsed during the period.

No option has been granted to the Directors, chief executive, management shareholders, substantial shareholders, or their respective associates, or to the suppliers of goods or services under the Pre-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out in the GEM Listing Rules or under the Pre-IPO Share Option Scheme.

(2) *Post-IPO Share Option Scheme*

The details of share options granted by the Company under the Post-IPO Share Option Scheme to the employees of the Group to acquire shares were as follows:

					Number of share options				
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Balance as at 1 January 2007	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2007
1 employee	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	500,000	–	–	–	500,000
15 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	9,124,000	–	–	(816,000)	8,308,000
3 employees	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	1,472,000	–	–	(170,000)	1,302,000
33 employees	26 March 2007	26 March 2007 to 25 March 2011	26 March 2008 to 25 March 2017	1.45	–	12,922,000	–	–	12,922,000
Total: 52 employees					11,096,000	12,922,000	–	(986,000)	23,032,000

During the six months ended 30 June 2007, 986,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.67.

During the period, 12,922,000 options were granted to 33 employees.

Save as disclosed above, no option has been cancelled or lapsed during the period.

No option had been granted to the Directors, chief executive, management shareholders, substantial shareholders, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out in the GEM Listing Rules or under the Post-IPO Share Option Scheme.

(B) Share option scheme of a subsidiary of the Company

PHOENIXi PLAN

On 7 June 2000, PHOENIXi Investment Limited ("PHOENIXi"), a member of the Group, adopted the PHOENIXi 2000 Stock Incentive Plan (the "PHOENIXi Plan").

Up to 30 June 2007, no option had been granted under the PHOENIXi Plan. PHOENIXi is currently undergoing a liquidation process.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the terms of the Company's share option schemes approved by the Shareholders on 7 June 2000, the Committee may, at their discretion, invite any employee of the Company or any of the Group companies, including any executive directors, to take up options to subscribe for shares. The maximum number of shares in respect of which options may be granted under the share option schemes must not exceed 10% of the issued share capital of the Company. The terms of the Pre-IPO Share Option Scheme were amended on 14 February 2001 and 10 December 2004 and the terms of the Post-IPO Share Option Scheme were amended on 14 February 2001, 6 August 2002 and 10 December 2004, respectively. A summary of the amended Share Option Schemes is set out in the section headed "Share Option Schemes" of the annual report of the Company for the year ended 31 December 2006.

Save as disclosed herein, and other than those in connection with the Group reorganisation scheme prior to the Company's listing of shares, at no time during the period was the Company or any of the companies comprising the Group a party to any arrangement to enable the Company's Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2007, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(i) Long positions of substantial shareholders in the ordinary shares of the Company

Name of substantial shareholders	Number of shares	Percentage of shareholding
Today's Asia Limited *(Note 1)*	1,854,000,000	37.48%
Extra Step Investments Limited *(Note 2)*	983,000,000	19.87%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 3)*	871,000,000	17.61%

Notes:

1. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to approximately 93.3% and 6.7% interests, respectively.

2. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile Communications Corporation and China Mobile (Hong Kong) Group Limited are deemed to be interested in the 983,000,000 shares held by Extra Step Investments Limited.

3. Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of STAR Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of STAR Group Limited. News Publishers Investments Pty, Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty, Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is a wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

   By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty, Limited, News Cayman Holdings Limited and STAR Group Limited are all deemed to be interested in the 871,000,000 shares held by Xing Kong Chuan Mei Group Co., Ltd.

(ii) Long position of other person in the ordinary shares of the Company

Name of other person who has more than 5% interest	Number of shares	Percentage of shareholding
China Wise International Limited *(Note)*	412,000,000	8.33%

Note: China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central SAFE Investments Limited. By virtue of the SFO, Central SAFE Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 shares held by China Wise International Limited.

Save as disclosed above, no other Shareholders or other persons had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group, or any options in respect of such capital.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the Company's Articles of Association and the law in the Cayman Islands in relation to the issue of new shares by the Company.

PURCHASE, SALE OR REPURCHASE OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares during the period.

SPONSORS' INTERESTS

As at 30 June 2002, BOCI Asia Limited and Merrill Lynch Far East Limited ceased to be the sponsors of the Company upon expiration of the terms of contract after two years of service. The Company has no sponsors since 1 July 2002. Accordingly, no additional disclosure is made.

COMPETING BUSINESS

Today's Asia Limited has interest in approximately 37.48% of the share capital of the Company. Today's Asia Limited, together with its shareholder, Mr. LIU Changle, are deemed to be the management shareholders of the Company as defined under the GEM Listing Rules.

As at 30 June 2007, Mr. LIU Changle and Mr. CHAN Wing Kee beneficially own 93.3% and 6.7% respectively of Today's Asia Limited, which holds 100% of Vital Media Holdings Limited. Vital Media Holdings Limited holds 100% of Dragon Viceroy Limited, which in turn holds approximately 26.85% of Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the PRC. ATV announced in August 2002 that it had received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license.

Save as disclosed above, none of the Directors, or the management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) has any interests in a business which competes or may compete with the business of the Group.

ADVANCES TO AN ENTITY

Details of the relevant advance to an entity from the Group which exceeds 8% of the Group's total assets, as defined in rules 17.14 of the GEM Listing Rules, are set out in note 9 to the financial statements.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions set out in the Code on Corporate Governance Practices in the Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the Board of Directors. The Audit Committee will meet at least four times a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The Audit Committee currently comprises one non-executive Director, namely Mr. LAU Yu Leung, John and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim, and Mr. Thaddeus Thomas BECZAK (chairman of the Audit Committee).

The Audit Committee has already reviewed the Group's unaudited results for the six months ended 30 June 2007.

REPORT ON CORPORATE GOVERNANCE

On 26 December 2005, the Company adopted its own Code on Corporate Governance which combined its existing principles and practices with most of the mandatory provisions of the Code on Corporate Governance Practices issued by The Stock Exchange of Hong Kong Limited (the "Code") – all with the objective of taking forward a corporate governance structure which builds on Phoenix's own standards and experience, whilst respecting the benchmarks set in the Code.

We will explain in this Corporate Governance Report where our approach deviates from the Code. Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2007, complied with the Code.

Distinctive roles of Chairman and Chief Executive Officer

Code Provisions

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Deviation and its Reasons

Mr. LIU Changle is both the chairman and chief executive officer of the Company who is responsible for managing the board of directors (the "Board") and the businesses of the Group. He has been both chairman and chief executive officer of the Company since its incorporation and the management is of the view that the assumption of those positions by Mr. LIU, who is very experienced in the media industry, is in the best interest of the Company.

Appointments, re-election and removal

Code Provisions

Under the Code, (i) non-executive Directors should be appointed for a specific term, subject to re-election; and (ii) all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation and its Reasons

Apart from two executive Directors, no other Directors are currently appointed with specific terms. According to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing Director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The management considers that there is no imminent need to amend the articles of association of the Company.

Communication with Shareholders

Code Provisions

Under the Code, the chairman of the Board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Deviation and its Reasons

Whilst the Company endeavours to maintain an on-going dialogue with shareholders, the chairman may not always be able to attend the annual general meeting due to other important business engagement. Mr. CHUI Keung, an executive Director, and Mr. Thaddeus Thomas BECZAK, an independent non-executive Director and also chairman of the audit committee of the Company, attended the 2007 annual general meeting and were available to answer questions if raised at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding directors' securities transactions throughout the six months ended 30 June 2007.

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect Shareholders' interest and the management tries to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 9 August 2007

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	**For the three months ended**		**For the six months ended**	
		30 June 2007	30 June 2006	**30 June 2007**	30 June 2006
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
			(Note 20)		*(Note 20)*
Revenue	3	**290,646**	246,456	**550,055**	500,789
Operating expenses	19	**(192,456)**	(173,488)	**(385,252)**	(347,421)
Selling, general and administrative expenses	19	**(25,374)**	(38,838)	**(53,355)**	(78,612)
Other income					
Interest income		**6,535**	6,173	**12,586**	11,366
Other gains – net					
Exchange gain		**5,026**	1,084	**14,319**	4,026
Others		**4,446**	1,887	**11,717**	5,261
Share of profits/(losses) of jointly controlled entities		**245**	(355)	**(113)**	(820)
Profit before income tax	4	**89,068**	42,919	**149,957**	94,589
Income tax (expense)/credit	5	**(14,022)**	4,915	**(24,323)**	(4,486)
Profit for the period		**75,046**	47,834	**125,634**	90,103
Attributable to:					
Equity holders of the Company		**71,799**	47,625	**123,990**	89,836
Minority interests		**3,247**	209	**1,644**	267
		75,046	47,834	**125,634**	90,103
Earnings per share for profit attributable to the equity holders of the Company during the period					
Basic earnings per share, Hong Kong cents	7	**1.45**	0.96	**2.51**	1.82
Diluted earnings per share, Hong Kong cents	7	**1.45**	0.96	**2.50**	1.82

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 JUNE 2007

	Note	**As at 30 June 2007** *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**15,694**	13,915
Lease premium for land	11	**116,400**	74,696
Property, plant and equipment, net	12	**217,454**	106,950
Intangible assets		**2,705**	–
Investments in jointly controlled entities	13	**9,237**	9,350
Available-for-sale financial asset		**962**	962
Financial assets at fair value through profit or loss	14	**40,899**	80,027
Prepayment for long-term assets		**–**	24,393
Deferred tax assets		**9,478**	12,233
		412,829	322,526
Current assets			
Accounts receivable, net	8	**112,212**	56,159
Prepayments, deposits and other receivables	9	**522,635**	407,376
Inventories		**4,939**	4,952
Amounts due from related companies	19	**350**	38
Self-produced programmes		**930**	3,206
Purchased programme and film rights, net	10	**2,491**	4,061
Financial assets at fair value through profit or loss	14	**23,088**	22,479
Loans and receivables		**30,692**	69,136
Cash and cash equivalents		**488,133**	543,417
		1,185,470	1,110,824
Total assets		**1,598,299**	1,433,350
EQUITY AND LIABILITIES			
Capital and reserve attributable to the Company's equity holders			
Share capital	15	**494,603**	494,213
Reserves		**727,549**	665,336
		1,222,152	1,159,549
Minority interests		**8,783**	7,139
Total equity		**1,230,935**	1,166,688

	Note	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
Non-current liabilities			
Provision for asset retirement reinstatement		**4,444**	4,342
Deferred tax liabilities		**897**	1,213
		5,341	5,555
Current liabilities			
Accounts payable, other payables and accruals	16	**145,902**	119,378
Deferred income		**174,823**	119,580
Amounts due to related companies	19	**2,020**	4,743
Profits tax payable		**39,278**	17,406
		362,023	261,107
Total liabilities		**367,364**	266,662
Total equity and liabilities		**1,598,299**	1,433,350
Net current assets		**823,447**	849,717
Total assets less current liabilities		**1,236,276**	1,172,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Attributable to the Company's equity holders					
	Share capital *HK$'000*	Share premium *HK$'000*	Exchange reserve *HK$'000*	Accumulated deficits *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2006	493,867	782,128	3,587	(280,495)	8,019	1,007,106
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	842	–	–	842
Exercise of share options	121	1,152	–	–	–	1,273
Dividend related to 2005	–	(59,278)	–	–	–	(59,278)
Profit for the period	–	–	–	89,836	267	90,103
Balance at 30 June 2006	493,988	724,002	4,429	(190,659)	8,286	1,040,046

	Attributable to the Company's equity holders						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Exchange reserve** *HK$'000*	**Employee share-based payment reserve** *HK$'000*	**(Accumulated deficits)/ retained earnings** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2007	**494,213**	**726,217**	**7,229**	**–**	**(68,110)**	**7,139**	**1,166,688**
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**–**	**–**	**2,984**	**–**	**–**	**–**	**2,984**
Exercise of share options	**390**	**3,817**	**–**	**–**	**–**	**–**	**4,207**
Dividend related to 2006	**–**	**(69,243)**	**–**	**–**	**–**	**–**	**(69,243)**
Profit for the period	**–**	**–**	**–**	**–**	**123,990**	**1,644**	**125,634**
Employee share-based payment	**–**	**–**	**–**	**665**	**–**	**–**	**665**
Balance at 30 June 2007	**494,603**	**660,791**	**10,213**	**665**	**55,880**	**8,783**	**1,230,935**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	For the six months ended 30 June 2007	For the six months ended 30 June 2006
	HK$'000	*HK$'000*
Net cash generated from operating activities	**88,615**	144,025
Net cash used in investing activities	**(81,465)**	(49,824)
Net cash used in financing activities	**(65,036)**	(58,005)
Net (decrease)/increase in cash and cash equivalents	**(57,886)**	36,196
Cash and cash equivalents at beginning of period	**543,417**	513,364
Effect of foreign exchange rate changes	**2,602**	522
Cash and cash equivalents at end of period	**488,133**	550,082

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – UNAUDITED

1 General information

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") engage in the satellite television broadcasting activities.

The Company is a limited company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors of the Company on 9 August 2007.

2 Basis of preparation and accounting policies

The unaudited condensed consolidated financial statements of Phoenix Satellite Television Holdings Limited have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the Company's annual financial statements for the year ended 31 December 2006 except for the impact, if any, of new standards, amendments to standards and interpretations which are mandatory for the financial year ending 31 December 2007 as discussed below.

These unaudited condensed consolidated financial statements have been prepared in accordance with those HKAS, Hong Kong Financial Reporting Standards ("HKFRS") standards and interpretations of HKAS (together "HKFRSs") issued and effective as at the time of preparing these financial statements.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 December 2007.

- HKFRS 7, Financial instruments: Disclosures, and the complementary Amendment to HKAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). HKFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's financial instruments; and Amendment to HKAS 1 requires the disclosure of information that enables user of financial statements to evaluate the entity's objectives, policies and processes for managing capital. The Group has adopted the standards starting from 1 January 2007, and the disclosures as required by these standards will be disclosed in the Group's 2007 annual report;

- HK(IFRIC)-Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006), provides guidance on how to apply requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations;

- HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006), requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. This interpretation has no material financial impact on the Group, and does not result in substantial changes to the Group's accounting policies, financial statement disclosures or presentation as compared to that used in the preparation of the financial statements as of and for the year ended 31 December 2006;

- HK(IFRIC)-Int 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006), requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, HK(IFRIC)-Int 9 is not relevant to the Group's operations; and

- HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006), prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation has no material financial impact on the Group.

The following new standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

- HKFRS 8, Operating segments, effective for annual periods beginning on or after 1 January 2009;

- HK(IFRIC)-Int 11, Group and treasury share transactions, effective for annual periods beginning on or after 1 March 2007; and

- HK(IFRIC)-Int 12, Service concession arrangements, effective for annual periods beginning on or after 1 January 2008.

Management is assessing the impact of the above new standards and interpretations which have been issued but are not effective for 2007 on the Group's operations.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the unaudited condensed consolidated financial statements include provision for impairment of receivables and income taxes.

3 Segmental information

The Group is organised into four main business segments including:

(i) Television broadcasting – broadcasting of television programmes and commercials and provision of promotional services;

(ii) Programme production and ancillary services;

(iii) New media – provision of website portal and technical services; and

(iv) Other activities – merchandising services, magazine publication and distribution, and other related services.

An analysis of the Group's revenue and operating results for the period by business segments (primary reporting segment) is as follows:

	For the three months ended 30 June											
	Television broadcasting		Programme production and ancillary services		New media		Other activities		Inter-segment elimination		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
External sales	**263,830**	239,172	**5,268**	337	**14,445**	35	**7,103**	6,912	**–**	–	**290,646**	246,456
Inter-segment sales	**–**	506	**10,689**	8,026	**–**	–	**55**	–	**(10,744)**	(8,532)	**–**	–
Total revenue	**263,830**	239,678	**15,957**	8,363	**14,445**	35	**7,158**	6,912	**(10,744)**	(8,532)	**290,646**	246,456
Segment results	**94,645**	72,398	**1,679**	881	**8,141**	(1,128)	**(468)**	(298)	**–**	–	**103,997**	71,853
Unallocated expenses *(Note a)*											**(15,174)**	(28,579)
Profit before share of results of jointly controlled entities, income tax and minority interests											**88,823**	43,274
Share of profits/(losses) of jointly controlled entities											**245**	(355)
Income tax (expense)/credit											**(14,022)**	4,915
Profit for the period											**75,046**	47,834
Minority interests											**(3,247)**	(209)
Profit attributable to equity holders of the Company											**71,799**	47,625

	For the six months ended 30 June											
	Television broadcasting		Programme production and ancillary services		New media		Other activities		Inter-segment elimination		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
External sales	**514,824**	485,747	**5,327**	1,181	**14,972**	43	**14,932**	13,818	**–**	–	**550,055**	500,789
Inter-segment sales	**204**	506	**14,992**	13,481	**–**	–	**98**	–	**(15,294)**	(13,987)	**–**	–
Total revenue	**515,028**	486,253	**20,319**	14,662	**14,972**	43	**15,030**	13,818	**(15,294)**	(13,987)	**550,055**	500,789
Segment results	**176,938**	151,785	**666**	1,530	**4,151**	(4,221)	**(1,400)**	(1,335)	**–**	–	**180,355**	147,759
Unallocated expenses *(Note a)*											**(30,285)**	(52,350)
Profit before share of results of jointly controlled entities, income tax and minority interests											**150,070**	95,409
Share of losses of jointly controlled entities											**(113)**	(820)
Income tax expense											**(24,323)**	(4,486)
Profit for the period											**125,634**	90,103
Minority interests											**(1,644)**	(267)
Profit attributable to equity holders of the Company											**123,990**	89,836

Note:

(a) Unallocated expenses represent primarily:

- corporate staff costs;
- office rental;
- general administrative expenses; and
- marketing and advertising expenses that relate to the Group as a whole.

4 Profit before income tax

The following items have been credited/charged to the profit before income tax during the interim periods:

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crediting				
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised)	**3,628**	628	**3,392**	73
Gain on disposal of property, plant and equipment	**590**	–	**629**	–
Reversal of previously written off accounts receivable	**1,342**	–	**4,144**	–
Reversal of provision for impairment of receivables	**2,551**	–	**2,551**	–
Charging				
Amortisation of purchased programme and film rights	**5,250**	4,684	**9,053**	9,295
Production costs of self-produced programmes	**25,535**	30,330	**61,858**	56,687
Transponder rental *(Note 19(i), (j), (k))*	**4,554**	4,091	**9,074**	8,107
Provision for impairment of receivables	**–**	8,091	**1,039**	18,008
Employee benefit expenses (including Directors' emoluments)	**71,286**	63,980	**141,253**	127,591
Operating lease rental – land and buildings of third parties	**5,074**	4,075	**9,931**	8,427
Depreciation expenses	**7,269**	5,277	**12,677**	11,900
Amortisation of lease premium for land	**335**	–	**666**	–

5 Income tax expense/credit

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 30 June 2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the unaudited condensed consolidated income statement represents:

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax				
– Hong Kong profits tax	**6,837**	8,984	**26,658**	18,335
– Overseas taxation	**–**	1	**13**	51
– Over provision of Hong Kong profits tax in the prior year	**–**	–	**(4,786)**	–
Deferred income tax	**7,185**	(13,900)	**2,438**	(13,900)
	14,022	(4,915)	**24,323**	4,486

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company operates as follows:

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit before income tax	**89,068**	42,919	**149,957**	94,589
Calculated at a taxation rate of 17.5% (three months and six months ended 30 June 2006 17.5%)	**15,587**	7,511	**26,242**	16,553
Income not subject to taxation	**(4,946)**	(2,214)	**(7,346)**	(4,631)
Expenses not deductible for taxation purposes	**2,360**	2,908	**4,765**	4,907
Tax losses not recognised	**1,067**	2,077	**5,558**	4,776
Utilisation of previously unrecognised tax losses	**–**	(1,342)	**–**	(3,631)
Recognition of deferred tax asset arising from previously unrecognised tax losses	**–**	(13,900)	**–**	(13,900)
Over provision in prior years	**–**	–	**(4,786)**	–
Others	**(46)**	45	**(110)**	412
Tax expense/(credit)	**14,022**	(4,915)	**24,323**	4,486

6 Interim dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

A 2006 final dividend of HK$0.014 (2005 final dividend: HK$0.012) per share, totaling HK$69,243,000 was paid in June 2007.

7 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	**2007**	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**71,799**	47,625	**123,990**	89,836
Weighted average number of ordinary shares in issue *('000)*	**4,944,409**	4,939,521	**4,943,810**	4,939,136
Basic earnings per share *(Hong Kong cents)*	**1.45**	0.96	**2.51**	1.82

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted earnings per share.

	For the three months ended 30 June		For the six months ended 30 June	
	2007	2006	**2007**	2006
Profit attributable to equity holders of the Company used to determine diluted earnings per share *(HK$'000)*	**71,799**	47,625	**123,990**	89,836
Weighted average number of ordinary shares in issue *('000)*	**4,944,409**	4,939,521	**4,943,810**	4,939,136
Adjustment for share options *('000)*	**13,933**	9,698	**12,168**	6,933
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,958,342**	4,949,219	**4,955,978**	4,946,069
Diluted earnings per share *(Hong Kong cents)*	**1.45**	0.96	**2.50**	1.82

8 Accounts receivable, net

The carrying amounts of accounts receivables, net, approximate their fair value.

The Group has appointed an advertising agent in the People's Republic of China (the "PRC") to promote the sales of the Group's advertising airtime and programme sponsorship and collect advertising revenues within the PRC on behalf of the Group (see Note 9). The Group generally requires customers to pay in advance, but grants a credit period of 30 days to 90 days to some customers.

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
0 – 30 days	**37,865**	31,446
31 – 60 days	**29,302**	10,780
61 – 90 days	**21,115**	4,343
91 – 120 days	**12,928**	5,644
Over 120 days	**23,944**	18,725
	125,154	70,938
Less: Provision for impairment of receivables	**(12,942)**	(14,779)
	112,212	56,159

There is no concentration of credit risk with respect to accounts receivable because the Group has a large number of customers.

The Group has recognised a loss of HK$Nil and HK$1,039,000 (three months and six months ended 30 June 2006: HK$8,092,000 and HK$18,008,000 respectively) for the impairment of its accounts receivable during the period of three months and six months ended 30 June 2007 respectively. The loss has been included in selling, general and administrative expenses in the unaudited consolidated income statement. The Group has written off HK$2,534,000 and HK$2,876,000 (three months and six months ended 30 June 2006: HK$7,000 and HK$1,575,000 respectively) of accounts receivable against the provision for impairment of receivables and reversed HK$3,893,000 and HK$6,695,0000 (three months and six months ended 30 June 2006: Nil) of the provision for impairment of receivables made in prior years during the three months and six months ended 30 June 2007 respectively.

9 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$428,290,000 (as at 31 December 2006: HK$344,263,000) owing from an advertising agent, Shenzhou Television Company Ltd. ("Shenzhou") in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group and commissions paid to Shenzhou. The balance is unsecured and bears interest at prevailing bank interest rates.

The Group has set up a commercial and trust arrangement with Shenzhou, details of which have been disclosed in the announcement made by the Company on 25 September 2002.

The Trust Law in the PRC enacted in recent years has not laid out specific detailed implementation rules applicable to trust arrangements such as that of the Group with Shenzhou, therefore the extent of the enforceability of the arrangement is still unclear. Although management recognises that the present arrangement is the only legally viable arrangement, management will continue to monitor and explore alternatives to improve the situation.

Management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK$428,290,000 as at 30 June 2007 is fully recoverable and no provision is required.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

10 Purchased programme and film rights, net

	For the six months ended 30 June 2007	For the year ended 31 December 2006
	HK$'000	*HK$'000*
		(Audited)
Balance, beginning of period/year	**17,976**	20,109
Additions	**9,283**	16,728
Amortisation	**(9,053)**	(17,011)
Impairment loss	**–**	(1,680)
Others	**(21)**	(170)
Balance, end of period/year	**18,185**	17,976
Less: Purchased programme and film rights – current portion	**(2,491)**	(4,061)
	15,694	13,915

11 Lease premium for land

The Group's interest in land use rights represents prepaid operating lease payments and its net book value is analysed as follows:

	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
Outside Hong Kong, held on:		
Leases of over 50 years	**116,400**	74,696

	For the six months ended 30 June 2007 HK$'000	For the year ended 31 December 2006 HK$'000 (Audited)
Balance, beginning of period/year	**74,696**	–
Additions *(Note a)*	**42,453**	75,236
Amortisation *(Note b)*	**(749)**	(540)
Balance, end of period/year	**116,400**	74,696

(a) Additions for the six months ended 30 June 2007 represented:

(i) The tax amounting to HK$2,322,000 paid for the title registration of the land use rights of a villa (the "Villa") received from a barter transaction with Mission Hills Group Limited ("Mission Hills") in the PRC. *(see Note 12 (b))*

(ii) Land lease premium for the property in the Tai Po Industrial Estate in Hong Kong

On 14 September 2006, Phoenix Centre (Hong Kong) Limited ("Phoenix Centre"), an indirect wholly-owned subsidiary of the Company, as purchaser, and Phoenix Satellite Television Company Limited, an indirect wholly-owned subsidiary of the Company, as Phoenix Centre's guarantor, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Freescale Semiconductor Hong Kong Limited ("Freescale") (formerly known as Motorola Semiconductors Hong Kong, Limited) as vendor, whereby Phoenix Centre agreed to purchase a property located in the Tai Po Industrial Estate in Hong Kong (the "Property"), for a total consideration of US$15,500,000 (equivalent to approximately HK$120,900,000) (the "Consideration").

In accordance with the requirements of the Hong Kong Science and Technology Parks Corporation, the lessor of the leasehold land of the Property, Phoenix Centre has also undertaken to complete installation of new machinery and equipment with a value of not less than HK$105,000,000 at the Property within 48 months of 31 May 2007 (the "Completion Date"), and to commence operation of the facility within 18 months from the Completion Date.

In May 2007 the Group completed the purchase and took possession of the Property. The total costs of the Property, including relevant taxes and purchase expenses, is approximately HK$126,238,000, and has been allocated between the lease premium for land (approximately HK$40,131,000) and the cost of building (approximately HK$86,107,000) based on a valuation of the Property as at 31 May 2007 by an independent valuer.

(b) For the six months ended 30 June 2007, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$83,000 (2006: Nil).

12 Property, plant and equipment, net

	For the six months ended 30 June 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Balance, beginning of period/year	**106,950**	44,518
Additions *(Note a and b)*	**123,863**	85,863
Exchange differences	**382**	729
Disposals	**(1,064)**	(110)
Depreciation	**(12,677)**	(23,373)
Impairment	**–**	(677)
Balance, end of period/year *(Note c)*	**217,454**	106,950

(a) Additions for the six months ended 30 June 2007 include the building element of the Property in the Tai Po Industrial Estate in Hong Kong with cost of approximately HK$86,107,000 *(see Note 11(a)(ii))*.

(b) On 23 June 2006, the Group entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") and a barter agreement (the "Barter Agreement") with Mission Hills. According to the Strategic Cooperation Agreement, the Group will provide advertising airtime on its satellite television channels and assist Mission Hills in the planning and promotion of the corporate image and branding of Mission Hills by using the Group's resources and leading position in the media industry. The contract term of the Strategic Cooperation Agreement is five years from the date of the contract.

Under the Barter Agreement, Mission Hills will transfer the title, rights and interests of the Villa in Mission Hills in Residence development to the Group at a price of approximately HK$98 million and in exchange, the Group will provide: (1) airtime for advertisements for five years from the date of the Barter Agreement of an equivalent value based on charging rates that are at a discount to the Group's normal rate card charges and (2) services related to the planning and promotion of the corporate image and branding of Mission Hills and its projects. The Group took possession of the Villa in July 2006 and received title in February 2007. The cost of the building portion of the villa of approximately HK$25,307,000 is included in the additions to property, plant and equipment for the year ended 31 December 2006.

For the three months and six months ended 30 June 2007, the Group recognised revenue of approximately HK$2,203,000 and HK$4,812,000 (three months and six months ended 30 June 2006: HK$13,539,000) for services provided to Mission Hills, and approximately HK$2,966,000 and HK$2,966,000 (three months and six months ended 30 June 2006: HK$1,260,000) for airtime utilised. As at 30 June 2007, the unutilised value of airtime and services totaling HK$57,584,000 has been recorded in deferred income in the balance sheet.

(c) Balance comprised the Group's entitlement to use 10,000 square meters in the building in Shenzhen (the "Building"). The construction of the Building was pursuant to an agreement dated 29 October 2003 and a supplementary agreement dated 12 May 2005, both of which were signed between the Group and Oasiscity Limited, a wholly-owned subsidiary of Neo-China Group Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, by which the Group was entitled to 10,000 square meters of the non-saleable area of the Building upon its completion in exchange for certain considerations. The Group's entitlement to use was accounted for as a finance lease as follows:

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
Cost and net book amount – capital finance lease	**30,848**	30,848

13 Investments in jointly controlled entities

	For the six months ended 30 June 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Unlisted investments, at cost, beginning of the period/year	**13,246**	11,972
Capital injection into a jointly controlled entity	**–**	1,274
Unlisted investments, at cost, end of the period/year	**13,246**	13,246
Less: provision for impairment	**(472)**	(472)
Less: share of jointly controlled entities' results – net loss	**(3,537)**	(3,424)
Unlisted investments, net, end of the period/year	**9,237**	9,350

Details of the jointly controlled entities as at 30 June 2007 were as follows:

Name	Place and date of incorporation	Place of operation	Principal activity	Percentage of equity interest directly held by the Group	Issued and fully paid share capital/ registered capital
China Global Television Limited	British Virgin Islands, 18 October 2001	British Virgin Islands	Dormant	50%	US$2
北京翡翠鳳凰文化投資咨詢有限公司	The PRC, 27 June 2003	The PRC	Dormant	40%	RMB1,250,000
北京同步廣告傳播有限公司 *(Note a)*	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB30,000,000

(a) On 8 June 2007, Hong Kong Phoenix Satellite Television Limited ("Hong Kong Phoenix"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with 北京廣播公司and CBC Advertising Limited pursuant to which the registered capital of 北京同步廣告傳播有限公司 will be increased from RMB30,000,000 to RMB44,600,000. As of 30 June 2007, 北京同步廣告傳播有限公司, a jointly controlled entity, is owned by the Group and北京廣播公司 in the proportion of 45% and 55% respectively. The increase in capital is to be contributed by Hong Kong Phoenix and CBC Advertising Limited as to RMB2,110,000 and RMB12,488,000, respectively. Subject to certain conditions, Hong Kong Phoenix and CBC Advertising Limited will have to inject no less than RMB422,000 and RMB2,497,600, respectively, five days prior to the application for the capital increment with the relevant authorities in the PRC and must inject the remaining funds within one month after the issuance of the business licence reflecting the capital increment. Immediately after the capital increment, the registered capital of 北京同步廣告傳播有限公司 will be owned by the Group, 北京廣播公司and CBC Advertising Limited as to 35%, 37% and 28% respectively. As of 30 June 2007, the Group and CBC Advertising Limited had not yet contributed any amount of the capital increment to 北京同步廣告傳播有限公司.

Unaudited combined financial information of the jointly controlled entities was as follows:

	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000
Assets:		
Non-current assets	**245**	267
Current assets	**22,852**	22,271
	23,097	22,538
Liabilities:		
Current liabilities	**285**	285
	285	285
Net assets	**22,812**	22,253

	For the three months ended 30 June		For the six months ended 30 June	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Income	**1,231**	–	**1,231**	–
Expenses	**(699)**	(1,864)	**(1,503)**	(2,916)
Profit/(loss) after income tax	**532**	(1,864)	**(272)**	(2,916)

There are no contingent liabilities relating to the Group's interests in the jointly controlled entities, and no contingent liabilities of the jointly controlled entities themselves.

14 Financial assets at fair value through profit or loss

	As at 30 June 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
Unlisted investment at fair value	**63,987**	102,506
Less: Non-current portion	**(40,899)**	(80,027)
	23,088	22,479

The above investments were designated as fair value through profit or loss on initial recognition. Investments with a maturity longer than one year at the inception date are classified as non-current. Changes in fair values (realised and unrealised) of financial assets at fair value through profit or loss are recognised in other gains in the income statement.

As these investments are not publicly traded and in the absence of readily available information to determine the fair values of these investments, the Group has adopted the indicative market value provided by the issuers as its best estimate of the fair values of these investments.

15 Share capital

	Six months ended 30 June 2007		Year ended 31 December 2006	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		*HK$'000*
				(Audited)
Authorised:				
Ordinary share of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
Beginning of period/year	**4,942,126,000**	**494,213**	4,938,666,000	493,867
Exercise of share options	**3,904,000**	**390**	3,460,000	346
End of period/year	**4,946,030,000**	**494,603**	4,942,126,000	494,213

Employee share option scheme: options exercised during the first half of 2007 resulted in 3,904,000 shares being issued (30 June 2006: 1,216,000 shares), with exercise proceeds of HK$4,207,000 (30 June 2006: HK$1,273,000). The related weighted average price at the time of exercise was HK$1.08 (30 June 2006: HK$1.41) per share.

16 Accounts payable, other payables and accruals

	As at 30 June 2007	As at 31 December 2006
	HK$'000	*HK$'000*
		(Audited)
Accounts payable	**9,941**	10,253
Other payables and accruals	**135,961**	109,125
	145,902	119,378

An ageing analysis of accounts payable is set out below:

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
0 – 30 days	**5,699**	5,234
31 – 60 days	**469**	1,286
61 – 90 days	**418**	593
91 – 120 days	**221**	13
Over 120 days	**3,134**	3,127
	9,941	10,253

The carrying amounts of accounts payable, other payables and accruals approximate their fair values.

17 Commitments

(a) Programme and film rights acquisition

As at 30 June 2007, the Group had aggregate outstanding programme and film rights-related commitments of approximately HK$23,629,000 (as at 31 December 2006: HK$34,123,000) of which all (as at 31 December 2006: HK$33,695,000) were in respect of a film rights acquisition agreement with STAR TV Filmed Entertainment Limited ("STAR Filmed") extending to 27 August 2008. Total programme and film rights-related commitments are analysed as follows:

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
Not later than one year	**20,442**	20,776
Later than one year and not later than five years	**3,187**	13,347
	23,629	34,123

(b) Other commitments

(i) Investment in 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) ("Oriental")

On 27 June 2007, Phoenix Pictures Limited ("Phoenix Pictures"), an indirect wholly-owned subsidiary of the Company, entered into a capital increment contract (the "Capital Increment Contract") with the existing shareholders of Oriental pursuant to which Phoenix Pictures conditionally agreed to subscribe for 50% of the enlarged registered capital (the "Subscription") of Oriental. The purpose of the investment is to participate in the development of a site (the "Land") situated at the south-western corner of Chaoyang Park, Chaoyang District, Beijing, into a building ("Phoenix International Media Centre") which will contain theatres and television programme studios to be used by the Group. The land use rights of the Land are owned by Oriental pursuant to a land and project transfer contract with 北京朝陽公園開發經營公司 (Beijing Chaoyang Park Development & Management Co.) entered into in May 2006 and are for a term of 50 years from 10 October 2001. Upon completion of the project, the gross floor area of Phoenix International Media Centre will be allocated and distributed among the parties according to the Capital Increment Contract in proportion to their respective equity interest in Oriental, Phoenix Pictures will have priority in selecting the floors and locations in Phoenix International Media Centre.

According to the Capital Increment Contract, the registered capital of Oriental shall be increased from RMB10,000,000 (approximately HK$10,200,000) to RMB300,000,000 (approximately HK$306,000,000), among which RMB150,000,000 (approximately HK$153,000,000) will be contributed by Phoenix Pictures, subject to the satisfaction of certain conditions, including obtaining all the necessary approvals from the Ministry of Commerce and/or its local branches for the Subscription, and the conversion of Oriental into a Sino-foreign equity joint venture enterprise and other approvals from relevant authorities for the capital increment.

As of 30 June 2007, the Group had not contributed any amount into Oriental.

(ii) Investment in outdoor media business

On 22 June 2007, Phoenix Satellite Television Company Limited signed a cooperation agreement with Regal Fame Investments Ltd. ("Regal Fame") to form a Hong Kong company, which would then set up a wholly-owned foreign enterprise in the PRC to develop the outdoor media business. Pursuant to the agreement, the Group and Regal Fame would each contribute HK$35,000,000 to the Hong Kong company and would hold equity interest in the company of 75% and 25% respectively. Any additional capital injection in excess of HK$70,000,000 would be shared equally by the Group and Regal Fame up to a total capital injection of HK$100,000,000, and any capital injection balance above HK$100,000,000 would be contributed by the Group and Regal Fame in accordance with respective equity interest of 75% and 25%. As of 30 June 2007, Regal Fame had contributed HK$20,000,000 to the Hong Kong company. Regal Fame contributed a further HK$15,000,000, while the Group contributed HK$35,000,000 into the Hong Kong company in July 2007.

18 Banking facilities

As at 30 June 2007, the Group had banking facilities amounting to approximately HK$18,928,000 (as at 31 December 2006: HK$18,907,000). Unused banking facilities as at the same date amounted to approximately HK$5,940,000 (as at 31 December 2006: HK$11,735,000). The facilities are covered by counter indemnities from the companies within the Group.

As at 30 June 2007, deposits of approximately HK$3,928,000 (as at 31 December 2006: HK$3,907,000) were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary.

19 Related party transactions

(i) The Group had the following transactions with the related parties, as defined in HKAS 24 – Related Party Disclosures:

		For the three months ended 30 June		**For the six months ended 30 June**	
		2007	*2006*	***2007***	*2006*
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	**13,520**	13,099	**26,738**	26,456
Commission for international subscription sales and marketing services paid/payable to STARL	a, c	**796**	693	**1,679**	1,543
Film licence fees paid/payable to STAR Filmed	a, d	**5,113**	5,075	**10,217**	10,150
Service charges paid/payable to Asia Television Limited ("ATV")	e, f	**72**	683	**239**	683
Service charges received/receivable from ATV	e, g	**321**	319	**641**	637
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	h, i,	**928**	921	**1,854**	1,842
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	j, k	**306**	282	**607**	542
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	l, m	**241**	350	**493**	731
Programme licence fees to SGL Entertainment Limited ("SGL")	a, n	**–**	–	**78**	–

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2007	2006	**2007**	2006
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Programme license fees paid/ payable to Asia Television Enterprise Limited ("ATVE")	f, o	**–**	428	**–**	428
Advertising sales to China Mobile Communications Corporation and its subsidiaries (the "CMCC Group")	p, q	**6,586**	–	**13,022**	–
Key management compensation	iii	**4,999**	4,836	**9,998**	9,672

Notes:

(a) STARL, STAR Filmed, SGL and other STAR TV group companies are wholly-owned subsidiaries of STAR Group Limited, which owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(b) Service charges paid/payable to STARL to cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 29 May 2003. The summary of the terms of the service agreement is set out in the section headed "New Star Services Agreement" of the circular of the Company dated 10 June 2003 (the "Circular"). Either fixed fees or variable fees are charged depending on the type of services utilised.

(c) The commission for international subscription sales and marketing services paid/ payable to STARL is based on 15% (three months and six months ended 30 June 2006: 15%) of the subscription fees generated and received by it on behalf of the Group.

(d) The film licence fees are charged in accordance with a film rights acquisition agreement with STAR Filmed.

(e) Mr. LIU Changle and Mr. CHAN Wing Kee beneficially own 93.3% and 6.7% respectively of Today's Asia Limited, which indirectly owns approximately 26.85% of ATV as at 30 June 2007.

(f) Service charges paid/payable to ATV cover news footage and data transmission services provided to the Group which are charged based on terms mutually agreed upon between both parties.

(g) Service charges received/receivable from ATV cover the following services provided to ATV which are charged based on terms specified in a service agreement:

- the use of floor area for the location of receivers;
- the use of master control room equipment and transmission equipment (including maintenance for daily wear and tear);
- fibre optic transmission; and
- video tapes administration and playout services.

(h) Fox is an associate of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(i) Service charges paid/payable to Fox cover the following services provided to the Group which are charged based on the terms specified in a service agreement:

- granting of non-exclusive and non-transferable licence to subscribe for Fox's news service;
- leasing of office space and access to workspace, subject to availability; and
- accessing Fox's camera hook up at the United Nations, interview positions in various places in the United States and live shots from Fox's satellite truck positions for events that Fox is already covering, subject to availability.

(j) BSkyB is 36.3% owned by News Holdings Limited (formerly known as the News Corporation Limited) ("NHL"), a wholly-owned subsidiary of News Corporation, which indirectly owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(k) Service charges paid/payable to BSkyB cover the following services provided to the Group which are charged based on terms specified in the service agreements:

- transponder rental;
- uplinking services; and
- encoding and electronic programme guide services.

(l) DIRECTV is 34% indirectly owned by Fox. Fox is an associate of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the company.

(m) Service charges received/receivable from DIRECTV are charged based on terms specified in a service agreement.

(n) Programme license fees to SGL are charged based on terms specified in a license agreement.

(o) Pursuant to a programme licensing agreement dated 29 May 2003, the programme license fees paid/payable to ATVE with respect to a list of programmes as stipulated in the schedule of the agreement are charged at a fixed fee or fees to be mutually agreed. The summary of the term of the agreement are set out in the section headed "ATV Programme Licensing Agreement" of the circular.

(p) The CMCC Group, through its wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.9% of the issued share capital of the Company. CMCC has become a shareholder and related party of the Company since 25 August 2006.

(q) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels operated by the Group as disclosed in the announcement of the Company dated 8 September 2006.

(ii) Period/year end balances arising from related parties transactions as disclosed in note 19(i) above were as follows:

	As at 30 June 2007	As at 31 December 2006
	HK$'000	*HK$'000* (Audited)
Amounts due from related companies	**350**	38
Amounts due to related companies	**(2,020)**	(4,743)

The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand.

(iii) Key management compensation

	For the three months ended 30 June		**For the six months ended 30 June**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Salaries	**3,293**	3,192	**6,586**	6,384
Quarters and housing allowance	**1,377**	1,325	**2,754**	2,650
Pension fund	**329**	319	**658**	638
	4,999	4,836	**9,998**	9,672

20 Comparative figures

Certain of the 2006 comparative figures have been reclassified to conform to the current quarter's presentation. Certain depreciation expenses have been reclassified from selling, general and administrative expenses to operating expenses and certain production costs of self-produced programmes have been reclassified to technical cost.

As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle, Mr. CHUI Keung and Mr. WANG Ji Yan, the non-executive directors of the Company are Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Paul Francis AIELLO, Mr. LAU Yu Leung, John, and Mr. GONG Jianzhong and the independent non-executive directors of the Company are Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.