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 FIRST QUARTER ENDED 31 MARCH 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 very steady performance during the three months ended 31 March 2007, with a moderate increase in revenue and an improved bottom line.

- Revenue for this three months period was approximately HK$259,409,000, which represented a 2.0% increase over the same period last year.

- The profit attributable to equity holders for this period was approximately HK$52,192,000 which represented an increase of 23.6% as compared to the same period last year.

FINANCIAL REVIEW

The Group's revenue for the three months ended 31 March 2007 was approximately HK$259,409,000, which represented a moderate growth of 2.0% as compared to the same period last year. Total operating costs remained at a steady level, with an increase of 3.3% to approximately HK$220,777,000. The major fluctuation in the operating costs was the increase of programming costs, but this was offset by the reduction of doubtful debt provision.

The Group's profit from operations for the three months ended 31 March 2007 was approximately HK$38,632,000, which represented a decrease of 4.9% over the same period last year. Profit attributable to equity holders of the Company for the three months ended 31 March 2007 were approximately HK$52,192,000, which represented an increase of 23.6% over the same period last year. The increase in profit attributable to equity holders of the Company was mainly due to the increase in exchange rate gains and in interest income.

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

	Three months ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**189,757**	177,851
Phoenix InfoNews Channel	**43,948**	53,638
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**17,288**	15,086
New media	**528**	9
Other businesses	**7,888**	7,749
Group's total revenue	**259,409**	254,333
Operating costs	**(220,777)**	(213,706)
Profit from operations	**38,632**	40,627
Profit attributable to equity holders of the Company	**52,192**	42,212
Earnings per share, Hong Kong cents	**1.06**	0.85

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

	Three months ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**92,937**	85,887
Phoenix InfoNews Channel	**(2,575)**	8,228
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(13,669)**	(16,604)
New media	**(4,055)**	(3,099)
Other businesses	**(2,224)**	(1,379)
Corporate overheads	**(31,782)**	(32,406)
Profit from operations	**38,632**	40,627

Revenue from the Group's flagship channel, Phoenix Chinese Channel, which accounted for 73.2% of the Group's total revenue for the three months ended 31 March 2007, increased by 6.7% to approximately HK$189,757,000.

Phoenix InfoNews Channel's revenue accounted for 16.9% of the Group's total revenue for this quarter, and decreased by 18.1% to approximately HK$43,948,000.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased 14.6% as compared to the three months ended 31 March 2006 to approximately HK$17,288,000.

The new media business, including the provision of the website portal and other technical services, are still at an infant stage.

BUSINESS OVERVIEW AND PROSPECTS

The Group's television broadcasting remained the core of the Group's business. The Chinese Channel performed well, contributing over 73% of the Group's income, and maintained its status as one of the cutting-edge channels broadcasting to mainland China in terms of entertainment and information. While a number of mainland television broadcasters are beginning to explore new formats for entertainment programming in particular, Phoenix Chinese Channel is well placed to maintain its status as the most modern, internationally-oriented general television broadcaster in the Chinese market.

Phoenix InfoNews, which accounted for over 16% of the Group's overall revenue, remains the pre-eminent source of television news for the mainland audience. During the three months period under review InfoNews covered a wide array of rapidly evolving situations, including developments in the still deeply unstable and violent Middle East, the continuing six-party talks on the North Korean nuclear impasse and the status of North Korean funds frozen in a Macao bank, the increasingly fluid and uncertain political situation in Taiwan, and the National People's Congress and the Chinese People's Political Consultative Congress sessions that were held in Beijing in early March.

Phoenix staged a gala event in Beijing on 31 March to acknowledge the contribution that many Chinese had made to many aspects of the global community, from sporting and cultural achievements through to scientific and political developments. Among the award-winners featured at the gala were Nobel Prize winning scientist Yang Chen Ning, Hollywood actress Zhang Ziyi, famous athlete Liu Xiang, composer Tan Dun, and film director Ang Lee. The gala was also broadcast and provided the world-wide Chinese-speaking audience with a series of examples of how Chinese have succeeded on the world stage.

The Chinese-language television environment is continuing to evolve, especially in mainland China, and the management is increasingly focusing on introducing innovative ways to ensure that Phoenix remains the most cutting edge and internationally informed Chinese-language television broadcaster. In part this involves creative programming, but also continuing to develop the Group's internet business and its capacity to provide content to internet and mobile platforms in China.

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 three months ended 31 March 2007 (the “period”), and the unaudited condensed consolidated balance sheet of the Group as at 31 March 2007, together with the comparative figures for the corresponding period and relevant date in 2006.

DIRECTORS’ INTERESTS IN SECURITIES

As at 31 March 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 interests	Family interests	Corporate interests	Other interests	Total number of shares	Percentage of shareholding
LIU Changle[1]	–	–	1,854,000,000	–	1,854,000,000	37.50%
LO Ka Shui[2]	4,630,000	–	–	–	4,630,000	0.09%

Note: 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 37.50% of the issued share capital of the Company as at 31 March 2007.

[1] Being an executive Director of the Company
[2] Being an independent non-executive Director of the Company

Save as disclosed herein, so far as the Directors are aware, as at 31 March 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 of the Company 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 31 March 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 Jiyan	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
69 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	23,840,000	–	(1,368,000)	22,472,000
Total: 72 employees					37,140,000	–	(1,368,000)	35,772,000

During the three months ended 31 March 2007, 1,368,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK1.44.

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 31 March 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	–	–	–	9,124,000
4 employees	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	1,472,000	–	–	(110,000)	1,362,000
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: 53 employees					11,096,000	12,922,000	–	(110,000)	23,908,000

During the three months ended 31 March 2007, 110,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.39.

On 26 March 2007, 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 31 March 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 31 March 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	37.50%
Extra Step Investments Limited *(Note 2)*	983,000,000	19.88%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 3)*	871,000,000	17.62%

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 interests in approximately 37.5% 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.

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, which in turn holds 46% indirect interest in Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. Mr. CHAN Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 31 March 2007. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003. ATV is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. 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, 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.

The Audit Committee has already reviewed the Group's unaudited results for the three months ended 31 March 2007.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 8 May 2007

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2007

	Note	**For the three months ended 31 March 2007** *HK$'000*	For the three months ended 31 March 2006 *HK$'000*
Revenue	*3*	**259,409**	254,333
Operating expenses	*17*	**(192,796)**	(173,933)
Selling, general and administrative expenses	*17*	**(27,981)**	(39,773)
Other revenue			
Exchange gain, net		**9,293**	2,942
Interest income, net		**6,051**	5,193
Other income, net		**7,271**	3,374
Share of losses of jointly controlled entities		**(358)**	(465)
Profit before income tax	*4*	**60,889**	51,671
Income tax expense	*5*	**(10,301)**	(9,401)
Profit for the period		**50,588**	42,270
Attributable to:			
Equity holders of the Company		**52,192**	42,212
Minority interests		**(1,604)**	58
		50,588	42,270
Earnings per share for profit attributable to the equity holders of the Company during the period			
Basic earnings per share, Hong Kong cents	*7*	**1.06**	0.85
Diluted earnings per share, Hong Kong cents	*7*	**1.05**	0.85

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 31 MARCH 2007

	Note	**As at 31 March 2007 *HK$'000***	As at 31 December 2006 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	*10*	**14,881**	13,915
Lease premium for land	*11*	**76,687**	74,696
Property, plant and equipment, net	*12*	**108,405**	106,950
Investments in jointly controlled entities	*13*	**8,992**	9,350
Available-for-sale financial asset		**962**	962
Financial assets at fair value through profit or loss	*14*	**38,942**	80,027
Prepayment for long-term assets		**25,200**	24,393
Deferred tax assets		**16,847**	12,233
		290,916	322,526
Current assets			
Accounts receivable, net	*8*	**101,858**	56,159
Prepayments, deposits and other receivables	*9*	**484,899**	407,376
Inventories		**4,945**	4,952
Amounts due from related companies	*17*	**1,751**	38
Self-produced programmes		**3,470**	3,206
Purchased programme and film rights, net, current portion	*10*	**3,426**	4,061
Financial assets at fair value through profit or loss	*14*	**22,803**	22,479
Loans and receivables – current		**79,908**	69,136
Cash and cash equivalents		**589,968**	543,417
		1,293,028	1,110,824
Total assets		**1,583,944**	1,433,350

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED *(continued)*
AS AT 31 MARCH 2007

	Note	As at 31 March 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and reserve attributable to the Company's equity holders			
Share capital	*15*	**494,361**	494,213
Reserves		**720,548**	665,336
		1,214,909	1,159,549
Minority interests		**5,535**	7,139
Total equity		**1,220,444**	1,166,688
Non-current liabilities			
Provision for asset retirement reinstatement		**4,393**	4,342
Deferred tax liabilities		**1,081**	1,213
		5,474	5,555
Current liabilities			
Accounts payable, other payables and accruals		**115,262**	119,378
Deferred income		**208,463**	119,580
Amounts due to related companies	*17*	**1,860**	4,743
Profits tax payable		**32,441**	17,406
		358,026	261,107
Total liabilities		**363,500**	266,662
Total equity and liabilities		**1,583,944**	1,433,350
Net current assets		**935,002**	849,717
Total asset less current liabilities		**1,225,918**	1,172,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 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	–	–	235	–	–	235
Exercise of share options	64	588	–	–	–	652
Profit for the period	–	–	–	42,212	58	42,270
Balance at 31 March 2006	493,931	782,716	3,822	(238,283)	8,077	1,050,263

	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 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	–	–	1,604	–	–	1,604
Exercise of share options	148	1,416	–	–	–	1,564
Profit/(loss) for the period	–	–	–	52,192	(1,604)	50,588
Balance at 31 March 2007	494,361	727,633	8,833	(15,918)	5,535	1,220,444

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED
FOR THE THREE MONTHS ENDED 31 MARCH 2007

	For the three months ended 31 March 2007	For the three months ended 31 March 2006
	HK$'000	*HK$'000*
Net cash generated from operating activities	**16,994**	77,979
Net cash generated from/(used in) investing activities	**26,593**	(2,801)
Net cash generated from financing activities	**1,564**	653
Net increase in cash and cash equivalents	**45,151**	75,831
Cash and cash equivalents at beginning of period	**543,417**	513,364
Effect of foreign exchange rate changes	**1,400**	22
Cash and cash equivalents at end of period	**589,968**	589,217

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 8 May 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;

- 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;

- 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 the website portal and other 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 31 March 2007					
	Television broad-casting *HK$'000*	**Programme production and ancillary services** *HK$'000*	**New media** *HK$'000*	**Other activities** *HK$'000*	**Inter-segment elimination** *HK$'000*	**Group** *HK$'000*
Revenue						
External sales	**250,993**	**60**	**528**	**7,828**	**–**	**259,409**
Inter-segment sales	**204**	**4,303**	**–**	**43**	**(4,550)**	**–**
Total revenue	**251,197**	**4,363**	**528**	**7,871**	**(4,550)**	**259,409**
Segment results	**82,293**	**(1,013)**	**(3,991)**	**(932)**	**–**	**76,357**
Unallocated expenses *(Note a)*						**(15,110)**
Profit before share of results of jointly controlled entities, income tax and minority interest						**61,247**
Share of losses of jointly controlled entities						**(358)**
Income tax expense						**(10,301)**
Profit for the period						**50,588**
Minority interest						**1,604**
Profit attributable to equity holders of the Company						**52,192**

	For the three months ended 31 March 2006					
	Television broad-casting *HK$'000*	Programme production and ancillary services *HK$'000*	New media *HK$'000*	Other activities *HK$'000*	Inter-segment elimination *HK$'000*	Group *HK$'000*
Revenue						
External sales	246,575	844	9	6,905	–	254,333
Inter-segment sales	–	5,455	–	–	(5,455)	–
Total revenue	246,575	6,299	9	6,905	(5,455)	254,333
Segment results	79,387	650	(3,093)	(1,037)	–	75,907
Unallocated expenses *(Note a)*						(23,771)
Profit before share of results of jointly controlled entities, income tax and minority interests						52,136
Share of losses of jointly controlled entities						(465)
Income tax expense						(9,401)
Profit for the period						42,270
Minority interests						(58)
Profit attributable to equity holders of the Company						42,212

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 31 March	
	2007	2006
	HK$'000	*HK$'000*
Crediting:		
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised)	**103**	556
Gain on disposal of property, plant and equipment	**39**	–
Reversal of provision for impairment of receivables	**2,802**	–
Charging:		
Amortisation of purchased programme and film rights	**3,803**	4,612
Production costs of self-produced programmes	**36,323**	26,356
Transponder rental *(Note 17(i)(b), (l))*	**4,520**	4,016
Provision for impairment of receivables	**1,039**	9,916
Employee benefit expenses (including Directors' emoluments)	**69,967**	63,611
Operating lease rental – land and buildings of third parties	**4,857**	4,352
Depreciation expenses	**5,408**	6,624
Amortisation of lease premium for land	**331**	–

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (three months ended 31 March 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 to the unaudited condensed consolidated income statement represents:

	For the three months ended 31 March	
	2007	2006
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**15,035**	9,351
– Overseas taxation	**13**	50
Deferred income tax	**(4,747)**	–
	10,301	9,401

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 31 March	
	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	**60,889**	51,671
Calculated at a taxation rate of 17.5% (three months ended 31 March 2006: 17.5%)	**10,656**	9,042
Income not subject to taxation	**(2,401)**	(2,417)
Expenses not deductible for taxation purposes	**2,405**	1,971
Tax losses not recognised	**4,491**	2,699
Utilisation of previously unrecognised tax losses	**–**	(2,261)
Over provision in prior years	**(4,786)**	–
Others	**(64)**	367
Tax expense	**10,301**	9,401

6 Interim dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2007 (three months ended 31 March 2006: nil).

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 31 March	
	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**52,192**	42,212
Weighted average number of ordinary shares in issue *('000)*	**4,943,205**	4,938,746
Basic earnings per share *(Hong Kong cents)*	**1.06**	0.85

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 31 March	
	2007	2006
Profit attributable to equity holders of the Company used to determine diluted earnings per share *(HK$'000)*	**52,192**	42,212
Weighted average number of ordinary shares in issue *('000)*	**4,943,205**	4,938,746
Adjustment for share options *('000)*	**10,732**	3,621
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,953,937**	4,942,367
Diluted earnings per share *(Hong Kong cents)*	**1.05**	0.85

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 air-time 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 31 March 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
0 – 30 days	**40,988**	31,446
31 – 60 days	**24,747**	10,780
61 – 90 days	**16,868**	4,343
91 – 120 days	**12,229**	5,644
Over 120 days	**22,502**	18,725
	117,334	70,938
Less: Provision for impairment of receivables	**(15,476)**	(14,779)
	101,858	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$1,039,000 (three months ended 31 March 2006: HK$9,916,000) for the impairment of its accounts receivable during the period of three months ended 31 March 2007. The loss has been included in selling, general and administrative expenses in the unaudited consolidated income statement. The Group has written off HK$342,000 (three months ended 31 March 2006: HK$1,568,000) of accounts receivable against the provision for impairment of receivables and reversed HK$2,802,000 (three months ended 31 March 2006: Nil) of the provision for impairment of receivables made in prior years during the quarter.

9 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$402,275,000 (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. 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 the management recognises that the present arrangement is the only legally viable arrangement, the management will continue to monitor and explore alternatives to improve the situation.

The management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK$402,275,000 as at 31 March 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 three months ended 31 March 2007	For the year ended 31 December 2006
	HK$'000	*HK$'000*
		(Audited)
Balance, beginning of period/year	**17,976**	20,109
Additions	**4,140**	16,728
Amortisation	**(3,803)**	(17,011)
Impairment loss	**–**	(1,680)
Others	**(6)**	(170)
Balance, end of period/year	**18,307**	17,976
Less: Purchased programme and film rights – current portion	**(3,426)**	(4,061)
	14,881	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 31 March 2007	As at 31 December 2006
	HK$'000	*HK$'000*
Outside Hong Kong, held on:		
Leases of over 50 years	**76,687**	74,696

	For the three months ended 31 March 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000*
Balance, beginning of period/year	**74,696**	–
Additions *(Note a)*	**2,322**	75,236
Amortisation expense	**(331)**	(540)
Balance, end of period/year	**76,687**	74,696

(a) Additions for the period of 3 months ended 31 March 2007 represented the tax 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.

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. Please refer to the details of the transaction disclosed in the Group's 2006 annual report.

For the three months ended 31 March 2007, the Group recognised approximately HK$2,609,000 (three months ended 31 March 2006: Nil) for services provided to Mission Hills. As at 31 March 2007, the unutilised value of airtime and services totaling HK$62,753,000 has been recorded in deferred income in the balance sheet.

12 Property, plant and equipment, net

	For the three months ended 31 March 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Balance, beginning of period/year	**106,950**	44,518
Additions	**6,659**	85,863
Exchange differences	**204**	729
Disposals	**–**	(110)
Depreciation	**(5,408)**	(23,373)
Impairment	**–**	(677)
Balance, end of period/year	**108,405**	106,950

13 Investments in jointly controlled entities

	As at 31 March 2007 *HK$'000*	As at 31 December 2006 *HK$'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	**(3,782)**	(3,424)
Unlisted investments, net, end of the period/year	**8,992**	9,350

Details of the jointly controlled entities as at 31 March 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	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB30,000,000

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

	As at 31 March 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Assets:		
Non-current assets	**258**	267
Current assets	**22,267**	22,271
	22,525	22,538
Liabilities:		
Current liabilities	**258**	285
	258	285
Net assets	**22,267**	22,253

	For the three months ended 31 March 2007 HK$'000	For the three months ended 31 March 2006 HK$'000
Income	**–**	–
Expenses	**(804)**	(1,052)
Loss after income tax	**(804)**	(1,052)

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 31 March 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
Unlisted investment at fair value	**61,745**	102,506
Less: Non-current portion	**(38,942)**	(80,027)
	22,803	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 income 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 their values of these investments.

15 Share capital

	Three months ended 31 March 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	**1,478,000**	**148**	3,460,000	346
End of period/year	**4,943,604,000**	**494,361**	4,942,126,000	494,213

16 Commitments – Programme and film rights acquisition

As at 31 March 2007, the Group had aggregate outstanding programme and film rights-related commitments of approximately HK$28,755,000 (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 31 March 2007	As at 31 December 2006
	HK$'000	*HK$'000*
		(Audited)
Not later than one year	**20,453**	20,776
Later than one year and not later than five years	**8,302**	13,347
	28,755	34,123

17 Related party transactions

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

	Notes	**For the three months ended 31 March 2007 HK$'000**	2006 HK$'000
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	*a, b*	**13,218**	13,358
Commission for international subscription sales and marketing services paid/payable to STARL	*a, c*	**883**	850
Film licence fees paid/payable to STAR Filmed	*a, d*	**5,104**	5,075
Service charges paid/payable to Asia Television Limited ("ATV")	*e, f*	**167**	–
Service charges received/receivable from ATV	*e, g*	**320**	318
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	*h, i*	**926**	921
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	*j, k*	**301**	260
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	*l, m*	**252**	381
Programme licence fees to SGL Entertainment Limited ("SGL")	*a, n*	**78**	–
Advertising sales to China Mobile Communications Corporation and its subsidiaries (the "CMCC Group")	*o, p*	**6,436**	–
Key management compensation	*iii*	**4,999**	4,836

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 ended 31 March 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 46% of ATV as at 31 March 2007. Mr. CHAN Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 31 March 2007. He also owns 80% of Dragon Goodwill International Limited, which has completed its acquisition of 32.75% interests in ATV on 25 July 2003.

(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) 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 connected party to the Company since 25 August 2006.

(p) 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 17(i) above were as follows:

	As at 31 March 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
Amounts due from related companies	**1,751**	38
Amounts due to related companies	**(1,860)**	(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 31 March	
	2007	2006
	HK$'000	*HK$'000*
Salaries	**3,293**	3,192
Quarters and housing allowance	**1,377**	1,325
Pension fund	**329**	319
	4,999	4,836

18 Comparative figures

Certain of the 2006 comparative figures have been reclassified to conform to 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 Jiyan, 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.

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