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 2008

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 enquiries, 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

- Revenue for the three months ended 31 March 2008 was 26.5% higher than the same period last year, reaching approximately HK$332,134,000.
- The increase in revenue generated a quarterly profit attributable to equity holders of approximately HK$64,785,000, which was a 24.1% improvement over the profit achieved in the same period last year.

FINANCIAL REVIEW

The revenue of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2008 was approximately HK$332,134,000, which represented a growth of 26.5% over the revenue derived in the same period last year. Total operating costs increased by 23.2% to approximately HK$271,979,000. The upward movement in operating costs was mainly due to the increase in commission payments, programming, technical services and staff costs.

The Group's profit from operations and profit attributable to equity holders for the three months ended 31 March 2008 were approximately HK$60,155,000 and HK$64,785,000 respectively. These figures represented improvements of approximately HK$18,435,000 and HK$12,593,000 respectively over the same period last year. The appreciation of the Renminbi during the first three months of 2008 boosted the profit attributable to equity holders by approximately HK$11,156,000 (three months ended 31 March 2007: HK$6,785,000).

The chart presented below compares the Group's performance for the three months ended 31 March 2008 with that for the same period last year in order to give a clearer picture of the overall trend of the Group's operations.

	Three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**206,979**	189,757
Phoenix InfoNews Channel	**66,654**	43,948
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others	**30,462**	18,869*
New media	**15,042**	528
Other businesses	**12,997**	9,395*
Group's total revenue	**332,134**	262,497
Operating costs	**(271,979)**	(220,777)
Profit from operations	**60,155**	41,720
Profit attributable to equity holders of the Company	**64,785**	52,192
Earnings per share, Hong Kong cents	**1.31**	1.06

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

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	
	2008	2007
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**99,897**	92,937
Phoenix InfoNews Channel	**10,371**	(2,575)
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others	**(11,481)**	(12,366)*
New media	**5,340**	(4,055)
Other businesses	**(3,405)**	(439)*
Corporate overheads	**(40,567)**	(31,782)
Profit from operations	**60,155**	41,720

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

Revenue from the Group's flagship channel, Phoenix Chinese Channel, which accounted for 62.3% of the Group's total revenue for the three months ended 31 March 2008, increased by 9.1% to approximately HK$206,979,000.

Phoenix InfoNews Channel's revenue accounted for 20.1% of the Group's total revenue for the first quarter of 2008, and increased by 51.7% to approximately HK$66,654,000, which represented a contribution to the Group's profit of HK$10,371,000 (three months ended 31 March 2007: loss of HK$2,575,000).

The combined revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 61.4% to approximately HK$30,462,000. However, due to an increase in programming and technical cost of Phoenix Movies Channel, the loss from operations was only reduced slightly to approximately HK$11,481,000 compared with HK$12,366,000 during the same period last year.

The revenue of the new media services increased to approximately HK$15,042,000 with a contribution to the Group's profit of HK$5,340,000 as compared with a loss of HK$4,055,000 for the same period last year.

During the three months ended 31 March 2008 the Group captured the preliminary expenses of the outdoor advertising business, as a result, the loss from operations of other business increased to HK$3,405,000 from HK$439,000 for the same period last year.

BUSINESS OVERVIEW AND PROSPECTS

During the first quarter of 2008 the Phoenix business displayed some encouraging trends. Not only did the Phoenix Chinese Channel continue to perform well, but also the income of Phoenix InfoNews Channel ("InfoNews") grew considerably compared to the same period last year, and the new media business also generated a considerably increased profit. While the Movies Channel, the North America Chinese Channel and the London-based Chinese News and Entertainment Channel continued to operate at a loss, this was less than in the same period last year, being offset by a marked improvement in their performance. The demonstrable improvement over the same period last year underscores that the Phoenix model is sound, and that it is being implemented with a measure of efficiency that ensures that the benefits flowing from this model are being fully realised.

The marked improvement in InfoNews' figures is a clear reflection of the professional and comprehensive quality of the news and current affairs programming that it provides to the global Chinese audience. During this period InfoNews provided extensive reporting on the Taiwan presidential elections, interviewing both candidates as well as covering many of the major events in the course of the electoral process. InfoNews covered other significant global developments, such as the continued instability in the Middle East, and also conducted an extensive interview with the newly elected, Chinese-speaking Prime Minister of Australia, Kevin Rudd. InfoNews also provided a steady flow of reporting on important developments in China, including the meetings of the National People's Congress and the Chinese People's Political Consultative Conference, as well as the promotion of a number of officials to senior State Council posts.

Besides maintaining its status as the world's leading Mandarin Chinese news broadcaster, the Group has maintained the high quality of the Phoenix Chinese Channel, developed the new media business to the point where it now generates a profit, and staged a gala event on 31 March 2008 with the theme of You Bring Charm to the World which recognised the contribution that a number of internationally-based Chinese have made to global community. The Phoenix brand name has thus continued to be associated with cutting-edge entertainment and first-hand, real-time news throughout the global Chinese community. While the success of the Phoenix model implies a bright, long-term future for the Group, in the short term there will be a number of outlays that will impact on the Group's performance. The Group has been exploring ways to expand its core business beyond the role of television broadcaster, and has formed a joint venture with Regal Fame Investments Limited, which will conduct an outdoor advertising business.

During the third quarter of 2008 Phoenix's headquarters in Hong Kong will move to Taipo, in the New Territories. The process of moving will require a total capital expenditure of approximately HK$400,000,000 (including the acquisition cost of the building). There will also be a phase during which operations will be running in parallel in both locations, and this will lead to a short-term increase in operating costs. But these costs should not damage the Group's longer-term prospects. The move to new headquarters in Taipo will mean that the Group's core business is based in a state-of-the-art and highly efficient production facility, which promises to produce high-quality programming, while the outdoor advertising business should in due course generate a steady stream of additional income. In short, the Group can anticipate more efficient, and more diversified business in the future.

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 2008 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 31 March 2008, together with the comparative figures for the corresponding period and relevant date in 2007.

Directors' and chief executive' interests in securities

As at 31 March 2008, the interests and short positions of the Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be 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 Director or chief executive was 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) Shares

	Number of ordinary shares held				
Name	**Personal/ other interest**	**Corporate interest**	**Total number of shares**	**Position**	**Percentage of shareholding**
LIU Changle *(Note 1)*	–	1,854,000,000	1,854,000,000	Long	37.42%
LO Ka Shui *(Note 2)*	4,630,000	–	4,630,000	Long	0.09%

Notes:

1. As at 31 March 2008, Mr. LIU Changle was the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.42% of the issued share capital of the Company.

2. As at 31 March 2008, Dr. LO Ka Shui was the beneficial owner of 500,000 shares while 4,130,000 shares were held for a discretionary trust of which Dr. LO Ka Shui was the founder.

(2) Share options

Name of Director	Date of grant	Exercise period	Exercise price per share *HK$*	Underlying shares pursuant to the share options as at 31 March 2008
LIU Changle	14 June 2000	14 June 2001 to 13 June 2010	1.08	5,320,000
CHUI Keung	14 June 2000	14 June 2001 to 13 June 2010	1.08	3,990,000
WANG Ji Yan	14 June 2000	14 June 2001 to 13 June 2010	1.08	3,990,000

Save as disclosed above, so far as the Directors aware, as at 31 March 2008, none of the Directors and chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (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 Director or chief executive was 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 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 2008	Lapsed during the period	Exercised during the period	Balance as at 31 March 2008
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
52 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	18,910,000	–	(3,990,000)	14,920,000
Total: 55 employees					32,210,000	–	(3,990,000)	28,220,000

During the three months ended 31 March 2008, 3,990,000 options granted to an employee were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.67.

Save as disclosed above, no other option had been granted, lapsed or cancelled during the period.

During the three months ended 31 March 2008, 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 2008	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 31 March 2008
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
14 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	6,210,000	–	–	–	6,210,000
2 employees	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	1,000,000	–	–	–	1,000,000
31 employees	26 March 2007	26 March 2007 to 25 March 2011	26 March 2008 to 25 March 2017	1.45	12,422,000	–	(266,000)	–	12,156,000
Total: 48 employees					20,132,000	–	(266,000)	–	19,866,000

During the three months ended 31 March 2008, 266,000 options granted to an employee lapsed when she ceased employment with the Group.

Save as disclosed above, no option had been granted, exercised or cancelled during the period.

During the three months ended 31 March 2008, 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").

As at 31 March 2008, no options 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 2007.

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 had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

Substantial shareholders' interests and short positions in the shares and underlying shares

As at 31 March 2008, so far as is known to the Directors and the chief executive of the Company, the following persons, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or held any option in respect of such capital:

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

Name of substantial shareholder	Number of shares	Percentage of shareholding
Today's Asia Limited *(Note 1)*	1,854,000,000	37.42%
Extra Step Investments Limited *(Note 2)*	983,000,000	19.84%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 3)*	871,000,000	17.58%

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 direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect 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	8.32%

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.

(iii) Substantial shareholders of subsidiaries of the Company

Name of subsidiary of the Company	Name of substantial shareholder	Interest in the share capital/ equity interest	Percentage of shareholding
PCNE Holdings Limited	Techvast Limited	300 shares	30%
Hong Kong Phoenix Weekly Magazine Limited	Zhao Shuli	14 shares	14%
Phoenix Film and Television (Shenzhen) Company Limited	深圳市藍天空電視廣播有限公司	HK$2,500,000	25%
Phoenix Film and Television (Shenzhen) Company Limited	深圳市龍領實業發展有限公司	HK$1,000,000	10%
Shenzhen Wutong Shan Television Broadcasting Limited	深圳市藍天空電視廣播有限公司	RMB500,000	10%
Phoenix Media and Broadcast Sdn Bhd	Tan Sri Lee Kim Tiong	300,000 shares	30%
Phoenix Metropolis Media Company Limited	Regal Fame Investments Limited	25 shares	25%

Save as disclosed above, as at 31 March 2008, there was no person known to the Directors or the chief executive of the Company, other than the Directors or the chief executive of the Company, who, as at 31 March 2008, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's article of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Purchase, sale or redemption of securities

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

Competing business

Today's Asia Limited has interests in approximately 37.42% 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. 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 People's Republic of China (the "PRC"). ATV announced in August 2002 that it 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. Commencing from 31 December 2007, in addition to the two channels mentioned in the foregoing, ATV launched six digital channels including one CCTV 4 Channel.

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.

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 sponsor since 1 July 2002. Accordingly, no additional disclosure is made.

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 of the Code on Corporate Governance Practices issued by the Stock Exchange. 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 advices 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 three months ended 31 March 2008.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 8 May 2008

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2008

		For the three months ended 31 March	
		2008	2007
	Note	***HK$'000***	*HK$'000*
			(Note 19)
Revenue	3	**332,134**	262,497
Operating expenses	17	**(235,369)**	(192,796)
Selling, general and administrative expenses	17	**(36,610)**	(27,981)
Other income			
Interest income		**3,538**	6,051
Other gains – net		**13,310**	13,476
Share of loss of jointly controlled entities		**(559)**	(358)
Profit before income tax	4	**76,444**	60,889
Income tax expense	5	**(13,271)**	(10,301)
Profit for the period		**63,173**	50,588
Attributable to:			
Equity holders of the Company		**64,785**	52,192
Minority interests		**(1,612)**	(1,604)
		63,173	50,588
Earnings per share for profit attributable to the equity holders of the Company during the period			
Basic earnings per share, Hong Kong cents	7	**1.31**	1.06
Diluted earnings per share, Hong Kong cents	7	**1.31**	1.05

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 31 MARCH 2008

	Note	**As at 31 March 2008** *HK$'000*	As at 31 December 2007 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**16,188**	17,823
Lease premium for land	11	**132,139**	132,810
Property, plant and equipment, net	12	**289,513**	248,951
Intangible assets		**3,901**	2,705
Investments in jointly controlled entities	13	**7,724**	8,283
Available-for-sale financial assets		**962**	962
Financial assets at fair value through profit or loss	14	**27,144**	39,757
Deferred income tax assets		**7,321**	8,272
		484,892	459,563
Current assets			
Accounts receivable, net	8	**48,276**	25,666
Prepayments, deposits and other receivables	9	**639,189**	449,551
Inventories		**4,390**	4,585
Amounts due from related companies	17	**4,318**	3,840
Self-produced programmes		**1,476**	1,050
Purchased programme and film rights, net	10	**4,919**	2,889
Financial assets at fair value through profit or loss	14	**50,967**	36,881
Loans and receivables		**122,344**	120,260
Cash and cash equivalents		**471,809**	531,257
		1,347,688	1,175,979
Total assets		**1,832,580**	1,635,542

	Note	As at 31 March 2008 HK$'000	As at 31 December 2007 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	**495,441**	495,042
Reserves		**963,405**	890,323
		1,458,846	1,385,365
Minority interests		**22,812**	24,424
Total equity		**1,481,658**	1,409,789
LIABILITIES			
Non-current liabilities			
Provision for asset retirement reinstatement		**4,969**	4,912
Deferred income tax liabilities		**4,741**	5,908
		9,710	10,820
Current liabilities			
Accounts payable, other payables and accruals		**114,727**	106,736
Deferred income		**201,839**	95,365
Amounts due to related companies	17	**1,784**	3,506
Profits tax payable		**22,862**	9,326
		341,212	214,933
Total liabilities		**350,922**	225,753
Total equity and liabilities		**1,832,580**	1,635,542
Net current assets		**1,006,476**	961,046
Total assets less current liabilities		**1,491,368**	1,420,609

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2008

	Attributable to the Company's equity holders					
	Share capital *HK$'000*	Share premium *HK$'000*	Exchange reserve *HK$'000*	Accumulated deficit *HK$'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 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

	Attributable to the Company's equity holders							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Statutory reserve** *HK$'000* *(Note)*	**Exchange reserve** *HK$'000*	**Employee share-based payment reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2008	**495,042**	**665,113**	**3,612**	**12,694**	**1,877**	**207,027**	**24,424**	**1,409,789**
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**-**	**-**	**-**	**3,849**	**-**	**-**	**-**	**3,849**
Exercise of share options	**399**	**3,910**	**-**	**-**	**-**	**-**	**-**	**4,309**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**64,785**	**(1,612)**	**63,173**
Employee share-based payment	**-**	**-**	**-**	**-**	**538**	**-**	**-**	**538**
Balance at 31 March 2008	**495,441**	**669,023**	**3,612**	**16,543**	**2,415**	**271,812**	**22,812**	**1,481,658**

Note: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve fund can be used to make up prior years' losses of the PRC subsidiaries.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2008

	For the three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Net cash generated from operating activities	**156,142**	16,994
Net cash (used in)/generated from investing activities	**(223,045)**	26,593
Net cash generated from financing activities	**4,309**	1,564
Net (decrease)/increase in cash and cash equivalents	**(62,594)**	45,151
Cash and cash equivalents at beginning of period	**531,257**	543,417
Exchange gains on cash and cash equivalents	**3,146**	1,400
Cash and cash equivalents at end of period	**471,809**	589,968

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – UNAUDITED

1 General information

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

The Company is a limited liability 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 were approved for issue by the Board of Directors of the Company on 8 May 2008.

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 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.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2007.

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 annual financial statements of the Company for the year ended 31 December 2007 except for the impact, if any, of new standards, amendments to standards and interpretations which are mandatory for the financial year ending 31 December 2008 as discussed below:

- HK(IFRIC) – Int 11, 'HKFRS 2 – Group and treasury share transactions' (effective from 1 March 2007). HK(IFRIC) – Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. As the Group does not have any share-based transactions involving treasury shares, HK(IFRIC) – Int 11 is not relevant to the Group's operations.

- HK(IFRIC) – Int 12, 'Service concession arrangements' (effective from 1 January 2008). HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. As none of the Group's companies provide public sector services, HK(IFRIC) – Int 12 is not relevant to the Group's operations.

- HK(IFRIC) – Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. As none of the Group's companies operate any loyalty programmes, HK(IFRIC) – Int 13 is not relevant to the Group's operations.

- HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. As the Group operates only a defined contribution scheme, HK(IFRIC) – Int 14 is not relevant to the Group's operations.

The following new standards and amendment to standards are not yet effective and have not been early adopted by the Group:

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. As the Group does not have any borrowings, HKAS 23 (Amendment) does not have any impact to the Group.

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 promotion activities;

(ii) Programme production and ancillary services;

(iii) New media – provision of website portal and value-added telecommunication 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 2008					
	Television broadcasting *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	**304,095**	**–**	**15,042**	**12,997**	**–**	**332,134**
Inter-segment sales	**–**	**8,108**	**–**	**–**	**(8,108)**	**–**
Total revenue	**304,095**	**8,108**	**15,042**	**12,997**	**(8,108)**	**332,134**
Segment results	**95,172**	**109**	**5,389**	**(3,457)**	**–**	**97,213**
Unallocated income *(Note a)*						**20,357**
Unallocated expenses *(Note b)*						**(40,567)**
Profit before share of results of jointly controlled entities, income tax and minority interests						**77,003**
Share of losses of jointly controlled entities						**(559)**
Income tax expense						**(13,271)**
Profit for the period						**63,173**
Minority interests						**1,612**
Profit attributable to equity holders of the Company						**64,785**

	For the three months ended 31 March 2007					
	Television broadcasting *HK$'000* *(Note 19)*	Programme production and ancillary services *HK$'000*	New media *HK$'000*	Other activities *HK$'000* *(Note 19)*	Inter-segment elimination *HK$'000*	Group *HK$'000* *(Note 19)*
Revenue						
External sales	252,574	60	528	9,335	–	262,497
Inter-segment sales	204	4,303	–	43	(4,550)	–
Total revenue	252,778	4,363	528	9,378	(4,550)	262,497
Segment results	82,130	(1,013)	(3,991)	661	–	77,787
Unallocated income *(Note a)*						15,242
Unallocated expenses *(Note b)*						(31,782)
Profit before share of results of jointly controlled entities, income tax and minority interests						61,247
Share of losses of jointly controlled entities						(358)
Income tax expense						(10,301)
Profit for the period						50,588
Minority interests						1,604
Profit attributable to equity holders of the Company						52,192

Notes:

(a) Unallocated income represents gains such as exchange gain, interest income, fair value gain on financial assets and liabilities (realised and unrealised).

(b) 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 period:

	For the three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Crediting		
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised), net	**2,072**	103
Gain on disposal of property, plant and equipment	**–**	39
Reversal of previously written-off accounts receivable	**1,289**	2,802
Reversal of provision for impairment of accounts receivable	**1,346**	–
Reversal of provision for impairment of prepayments, deposits and other receivables	**877**	–
Charging		
Amortisation of purchased programme and film rights	**8,511**	3,803
Production costs of self-produced programmes	**37,016**	36,323
Transponder rental *(Note 17(i), (j), (k))*	**7,155**	4,520
Provision for impairment of accounts receivable	**277**	1,039
Employee benefit expenses (including Directors' emoluments)	**84,451**	69,967
Operating lease rental in respect of		
– Directors' quarters	**324**	323
– Land and buildings of third parties	**6,084**	4,857
Loss on disposal of property, plant and equipment	**23**	–
Depreciation expenses	**6,216**	5,408
Amortisation of lease premium for land	**436**	331

5 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 31 March 2007: 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	
	2008	2007
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**13,536**	15,035
– Overseas taxation	**(49)**	13
Deferred income tax	**(216)**	(4,747)
	13,271	10,301

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

	For the three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	**76,444**	60,889
Calculated at a taxation rate of 16.5% (three months ended 31 March 2007: 17.5%)	**12,613**	10,656
Income not subject to taxation	**(3,018)**	(2,401)
Expenses not deductible for taxation purposes	**2,048**	2,405
Tax losses not recognised	**2,599**	4,491
Effect of tax holiday granted to PRC subsidiaries	**(922)**	–
Over provision of profits tax in prior years	**(49)**	(4,786)
Others	**–**	(64)
Tax expense	**13,271**	10,301

6 Interim dividends

The Directors do not recommend the payment of an interim dividend for the three months ended 31 March 2008 (three months ended 31 March 2007: 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	
	2008	2007
Profit attributable to equity holders of the Company *(HK$'000)*	**64,785**	52,192
Weighted average number of ordinary shares in issue *('000)*	**4,954,027**	4,943,205
Basic earnings per share *(Hong Kong cents)*	**1.31**	1.06

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 calculation of diluted earnings per share.

	For the three months ended 31 March	
	2008	2007
Profit attributable to equity holders of the Company used to determine diluted earnings per share *(HK$'000)*	**64,785**	52,192
Weighted average number of ordinary shares in issue *('000)*	**4,954,027**	4,943,205
Adjustment for share options *('000)*	**7,299**	10,732
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,961,326**	4,953,937
Diluted earnings per share *(Hong Kong cents)*	**1.31**	1.05

8 Accounts receivable, net

	As at 31 March 2008	As at 31 December 2007
	HK$'000	*HK$'000*
		(Audited)
Accounts receivable	**55,586**	34,289
Less: Provision for impairment of receivables	**(7,310)**	(8,623)
	48,276	25,666

The carrying amounts of accounts receivable, net, approximate their fair values.

The Group has appointed an advertising agent in 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 (Note 9). The Group generally requires customers to pay in advance.

	As at 31 March 2008	As at 31 December 2007
	HK$'000	*HK$'000*
		(Audited)
0-30 days	**28,934**	10,320
31-60 days	**10,561**	6,062
61-90 days	**2,370**	3,843
91-120 days	**1,931**	2,821
Over 120 days	**11,790**	11,243
	55,586	34,289
Less: Provision for impairment of receivables	**(7,310)**	(8,623)
	48,276	25,666

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$277,000 (three months ended 31 March 2007: HK$1,039,000) for the impairment of its accounts receivable during the three months ended 31 March 2008. The loss has been included in selling, general and administrative expenses in the unaudited condensed consolidated income statement. The Group has written off HK$147,000 (three months ended 31 March 2007: HK$342,000) of accounts receivable against the provision for impairment of receivables and reversed HK$1,289,000 (three months ended 31 March 2007: HK$2,802,000) of the provision for impairment of receivables made in prior years during the period.

9 Prepayments, deposits and other receivables

(a) Included in prepayments, deposits and other receivables is an amount of approximately HK$357,840,000 (as at 31 December 2007: HK$377,501,000) owing from an advertising agent, Shenzhou Television Company Limited ("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$357,840,000 as at 31 March 2008 is fully recoverable and no provision is required. The balance is repayable on demand and is not pledged.

(b) Phoenix Pictures Limited ("Phoenix Pictures"), an indirect wholly-owned subsidiary of the Company, entered into a capital increase contract (the "Capital Increase Contract") on 27 June 2007 and an amended and restated capital increase contract (the "Amendment Contract") on 21 December 2007 with 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) ("Phoenix Oriental") and its existing shareholders, pursuant to which Phoenix Pictures agreed to subscribe for 50% of the enlarged registered capital (the "Subscription") of Phoenix 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 Phoenix 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, all parties can unanimously consent to terminate the Amendment Contract and liquidate Phoenix Oriental. The balance of the assets and real properties of Phoenix Oriental after liquidation shall be distributed to the parties in proportion to their respective equity interest in Phoenix Oriental. Phoenix Pictures will have priority in selecting the theatres and television production studios and the professional facilities.

According to the Amendment Contract, the registered capital of Phoenix 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 obtaining all the necessary approvals from the Ministry of Commerce for the Subscription and the conversion of Phoenix Oriental into a sino-foreign equity joint venture enterprise and other approvals from relevant authorities for the capital increment.

On 27 February 2008, a Certificate of Approval was issued to Phoenix Oriental by the Beijing Municipal People's Government approving the establishment of Phoenix Oriental as a sino-foreign equity joint venture enterprise. On 28 March 2008, the Group remitted RMB150,000,000 to Phoenix Oriental as its capital injection into Phoenix Oriental. As of 31 March 2008, the capital verification report for the injection of additional capital by the various new shareholders of Phoenix Oriental had not been completed and the revised Business License of Phoenix Oriental had not been issued, and as a result, the amount injected by the Group was classified as a prepayment and included in "Prepayment, deposits and other receivables" in the unaudited condensed consolidated balance sheet as at 31 March 2008. On completion of the capital injection procedures and issuance of the revised Business License, the Group will begin to consolidate Phoenix Oriental in its financial statements.

Phoenix Oriental obtained the Capital Verification Report subsequently on 8 April 2008 and the revised Business License on 9 April 2008.

10 Purchased programme and film rights, net

	For the three months ended 31 March 2008 *HK$'000*	For the year ended 31 December 2007 *HK$'000* (Audited)
Balance, beginning of period/year	**20,712**	17,976
Additions	**8,935**	20,612
Amortisation	**(8,510)**	(17,799)
Others	**(30)**	(77)
Balance, end of period/year	**21,107**	20,712
Less: Purchased programme and film rights – current portion	**(4,919)**	(2,889)
	16,188	17,823

11 Lease premium for land

The Group's interests in land use rights represent prepaid operating lease payments and their net book value is analysed as follows:

	For the three months ended 31 March 2008	For the year ended 31 December 2007
	HK$'000	*HK$'000*
		(Audited)
In Hong Kong, held on:		
Leases of over 10 to 50 years	**39,311**	39,547
Outside Hong Kong, held on:		
Leases of over 10 to 50 years	**92,828**	93,263
	132,139	132,810

	For the three months ended 31 March 2008	For the year ended 31 December 2007
	HK$'000	*HK$'000*
		(Audited)
Balance, beginning of period/year	**132,810**	74,696
Additions	**15**	60,100
Amortisation *(Note b)*	**(686)**	(1,986)
Balance, end of period/year *(Note a)*	**132,139**	132,810

(a) Net book value as at 31 March 2008 represented:

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

(ii) Pursuant to an agreement dated 29 October 2003 and the two supplementary agreements dated 12 May 2005 and 27 July 2007 respectively, the Group entered into a construction development project with Oasiscity Limited ("Oasiscity), a wholly-owned subsidiary of Neo-China Land Group (Holdings) Limited, the shares of which are listed on the Main Board of the Stock Exchange. Under the terms of the contracts, the Group was effectively entitled to 10,000 square meters of the non-saleable areas in a building in Shenzhen (the "Shenzhen Building") upon the completion of development in exchange for the land use rights previously obtained by the Group for the land on which the building stands. The Shenzhen Building was completed in December 2006 and the Group began its use of its entitled areas in the building. As at 31 December 2006, the Group's entitlement to use was accounted for as a finance lease as the Group did not have title to its entitled areas. On 20 November 2007, pursuant to a notification from the Shenzhen Municipal Bureau of Land Resources and Housing Management, the Group paid a land premium of RMB16,574,000 (equivalent to approximately HK$17,133,000) and related land tax of RMB497,000 (equivalent to approximately HK$514,000) to the Shenzhen Municipal Bureau of Land Resources and Housing Management to obtain a title certificate in the name of Phoenix Satellite Television Company Limited (the "Phoenix Subsidiary"), a wholly-owned subsidiary of the Group, for the Group's upper ground space entitlement of 8,500 square meters. As of 31 March 2008, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate of the Shenzhen Building will be issued in the near future.

(iii) Land lease premium amounting to HK$40,131,000 for the property in the Taipo Industrial Estate in Hong Kong (the "Property") was capitalised upon taking possession of the Property in May 2007 and is being amortised over the life of the land lease.

(iv) In accordance with the requirements of the Hong Kong Science and Technology Parks Corporation, the lessor of the leasehold land of the Property, the Group 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, and to commence operation of the facility within 18 months from the completion date.

(b) For the three months ended 31 March 2008, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$250,000 (three months ended 31 March 2007: Nil).

12 Property, plant and equipment, net

	For the three months ended 31 March 2008 *HK$'000*	For the year ended 31 December 2007 *HK$'000* (Audited)
Balance, beginning of period/year	**248,951**	106,950
Additions *(Note a)*	**46,909**	170,281
Exchange differences	**703**	645
Disposals	**(834)**	(1,267)
Depreciation	**(6,216)**	(27,432)
Impairment	–	(226)
Balance, end of period/year *(Note b)*	**289,513**	248,951

(a) 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 would 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 transferred the title, rights and interests of a villa in Mission Hills in Residence development to the Group at a price of approximately HK$98,000,000 and in exchange, the Group would 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. Interior fitting out of the Villa began in 2007. The cost of the building portion of the Villa of approximately HK$24,868,000 together with fitting out costs of HK$8,666,000 was included in construction in progress during the three months ended 31 March 2008.

For the period ended 31 March 2008, the Group recognised revenue of approximately HK$7,621,000 (three months ended 31 March 2007: Nil) for airtime utilised. As at 31 March 2008, the unutilised amount of airtime of HK$43,516,000 (as at 31 March 2007: HK$62,753,000) has been recorded in deferred income in the unaudited condensed consolidated balance sheet.

(b) The balance includes an amount of HK$30,848,000 which relates to the Group's entitlement to use 10,000 square meters in the Shenzhen Building. Shenzhen Building was completed in December 2006 and the Group began fitting out its entitled areas in the Shenzhen Building. Fitting out was completed in 2007 and the balance was transferred from construction in progress to buildings and leasehold improvements. The Group's entitlement to use was accounted for as a finance lease as at 31 March 2008. As at 31 March 2008, the cost of this capitalised finance lease was HK$30,848,000 (as at 31 December 2007: HK$30,848,000) with a net book value of HK$30,207,000 (as at 31 December 2007: HK$30,382,000). As at 31 March 2008, the Group was in the process of obtaining the title certificate to the 8,500 square meters of the entitled areas through the payment of land premium and taxes. (See Note 11(a)(ii))

13 Investments in jointly controlled entities

	For the three months ended 31 March 2008 *HK$'000*	For the year ended 31 December 2007 *HK$'000* (Audited)
Unlisted investments, at cost, beginning of period/year	**13,246**	13,246
Less: Provision for impairment	**(472)**	(472)
Less: Share of jointly controlled entities' results – net loss	**(5,050)**	(4,491)
Unlisted investments, net, end of period/year	**7,724**	8,283

Details of the jointly controlled entities as at 31 March 2008 were as follows:

Name	**Place and date of incorporation**	**Place of operation**	**Principal activity**	**Percentage of equity interest 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)*	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB30,000,000

Note: 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 (the "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. According to the Agreement, 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 mainland China and must inject the remaining funds within one month after the issuance of the business license 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 owned by the Group, 北京廣播公司 and CBC Advertising Limited will change from 45%, 55% and 0% to 35%, 37% and 28% respectively.

As of 31 March 2008, the Group and CBC Advertising Limited are in the process of obtaining the approvals from relevant mainland Chinese government departments for the capital increment and none of the additional capital has been injected into 北京同步廣告傳播有限公司 by the joint venture parties.

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

	As at 31 March 2008	As at 31 December 2007
	HK$'000	*HK$'000*
Assets:		
Non-current assets	**223**	229
Current assets	**21,201**	20,954
	21,424	21,183
Liabilities:		
Current liabilities	**130**	110
	130	110
Net assets	**21,294**	21,073

	For the three months ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Income	**–**	–
Expenses	**(1,228)**	(804)
Loss after income tax	**(1,228)**	(804)

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 2008 *HK$'000*	As at 31 December 2007 *HK$'000* (Audited)
Unlisted investments at fair value	**78,111**	76,638
Less: Non-current portion	**(27,144)**	(39,757)
	50,967	36,881

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 fair values of these investments.

15 Share capital

	Three months ended 31 March 2008		Year ended 31 December 2007	
	Number of shares	**Amount** *HK$'000*	Number of shares	Amount *HK$'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	**4,950,422,000**	**495,042**	4,942,126,000	494,213
Exercise of share options	**3,990,000**	**399**	8,296,000	829
End of period/year	**4,954,412,000**	**495,441**	4,950,422,000	495,042

16 Commitments

(a) Programme and film rights acquisition

As at 31 March 2008, the Group had aggregate outstanding programme and film rights related commitments of approximately HK$8,266,000 (as at 31 December 2007: HK$13,368,000) of which all (as at 31 December 2007: all) was 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 2008 *HK$'000*	As at 31 December 2007 *HK$'000* (Audited)
Not later than one year	**8,266**	13,368
Later than one year and not later than five years	**–**	–
	8,266	13,368

(b) Capital commitments

As at 31 March 2008, the Group had capital commitments of approximately HK$85,143,000 (as at 31 December 2007: HK$110,990,000) as follows:

	As at 31 March 2008 *HK$'000*	As at 31 December 2007 *HK$'000* (Audited)
Contracted but not provided for:		
Not later than one year	**29,402**	56,887
Later than one year and not later than five years	**–**	–
Authorised but not contracted for:		
Not later than one year	**55,741**	54,103
Later than one year and not later than five years	**–**	–
	85,143	110,990

17 Related party transactions

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

		For the three months ended 31 March	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	**13,533**	13,218
Commission for international subscription sales and marketing services paid/payable to STARL	a, c	**874**	883
Film licence fees paid/payable to STAR Filmed	a, d	**5,102**	5,104
Service charges paid/payable to Asia Television Limited ("ATV")	e, f	**78**	167
Service charges received/receivable from ATV	e, g	**293**	320
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	h, i	**871**	926
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	j, k	**306**	301
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	l, m	**279**	252
Programme licence fees to SGL Entertainment Limited ("SGL")	a, n	**–**	78
Programme license fees paid/payable to Asia Television Enterprise Limited ("ATVE")	e, o	**234**	–
Advertising sales to China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	p, q	**9,408**	6,436
Key management compensation	iii	**4,316**	4,999

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 cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 30 June 2006. 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 21 July 2006. 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% (2007: 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 owned 93.3% and 6.7% respectively of Today's Asia Limited, which indirectly owned approximately 26.85% of ATV as at 31 March 2008.

(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 39.14% owned by 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 not regarded as a related party or connected party of the Group with effect from 27 February 2008 after the completion of the share exchange agreement between the News Corporation and Liberty Media Corporation. As at 26 February 2008, DIRECTV was 40.97% directly owned by Fox Entertainment Group Inc., which indirectly owned 100% of 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.

(p) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.84% of the issued share capital of the Company.

(q) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels operated by the Group.

(ii) Period/year end balances arising from related parties transactions as disclosed in Note 17(i) above were as follows:

	As at 31 March 2008 *HK$'000*	As at 31 December 2007 *HK$'000* (Audited)
Amounts due from related companies	**4,318**	3,840
Amounts due to related companies	**(1,784)**	(3,506)

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	
	2008	2007
	HK$'000	*HK$'000*
Salaries	**2,895**	3,293
Quarters and housing allowance	**1,132**	1,377
Pension fund	**289**	329
	4,316	4,999

18 Subsequent event

The Company signed a cooperation agreement in 2007 (the "Cooperation Agreement") with Regal Fame Investments Limited ("Regal Fame"), a third party company, to incorporate a Hong Kong company named Phoenix Metropolis Media Company Limited ("Phoenix Metropolis Media"), formerly known as Phoenix Outdoor Media Company Limited, which would then set up wholly foreign-owned enterprises ("WFOEs") and/or joint venture companies ("JVs") in the PRC to develop the outdoor media business in the PRC.

Pursuant to the Cooperation Agreement, and in July 2007, the Group and Regal Fame each contributed HK$35,000,000 to Phoenix Metropolis Media (i.e. a total of HK$70,000,000) and the equity interest held by the Group and Regal Fame is 75% and 25% respectively.

On 19 December 2007, both shareholders and directors of Phoenix Metropolis Media resolved to set up three WFOEs in Beijing, Shanghai and Hangzhou and four JVs with four independent third parties in Shenzhen, Guangzhou, Nanjing and Chengdu in the PRC.

As of 31 March 2008, none of the WFOEs or JVs was set up and as a result, no capital injections had been made by Phoenix Metropolis Media. Subsequent to 31 March 2008, the Beijing WFOE had been set up with a capital injection of HK$2,000,000 made by Phoenix Metropolis Media in April 2008.

By written resolutions dated 8 April 2008, the shareholders of Phoenix Metropolis Media resolved to increase the capital contribution into Phoenix Metropolis Media by a further HK$87,000,000 (that is from the original HK$70,000,000 to HK$157,000,000), in order to expand the investment in the outdoor media business in the PRC. Based on the Cooperation Agreement, any additional capital injection after the original amount 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 above HK$100,000,000 would be contributed by the Group and Regal Fame in accordance with their respective equity interest of 75% and 25%.

Out of the additional HK$87,000,000 capital to be contributed, the first HK$30,000,000 is to be contributed by each party and the remaining HK$57,000,000 is to be contributed in proportion to each party's equity interest of 75% and 25%, that is HK$42,750,000 by the Group and HK$14,250,000 by Regal Fame. As a result, the total capital contributed or to be contributed by the Group will be HK$92,750,000 and its interest in Phoenix Metropolis Media will remain 75% after the additional capital contribution. As at 31 March 2008, none of the additional capital has been injected by either the Group or Regal Fame to Phoenix Metropolis Media.

19 Comparative figures

Certain of the 2007 comparative figures have been reclassified to conform to the current quarter's presentation. Certain income relating to ancillary television broadcasting and programme production have been reclassified from other income to revenue.

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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com. for at least 7 days from the date of its posting and on the website of the Company at www.ifeng.com.