鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

鳳 凰 衛 視 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8002)

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2006

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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 Group's revenue for the six months ended 30 June 2006 dropped by 1.7% to approximately HK$500,789,000 compared to the same period last year.

- While the revenue of the Phoenix Chinese Channel decreased by some 10% compared to the same period last year, InfoNews revenue increased by approximately 70.6%, generating an operating profit of approximately HK$13,158,000 for the six months ended 30 June 2006. Advertising revenue also increased by 1.3%.

- Profit attributable to equity holders was approximately HK$89,836,000, which represented a decrease of 2.1% against the same period last year.

FINANCIAL REVIEW

Revenue of the Group for the six months ended 30 June 2006 amounted to approximately HK$500,789,000. This represented a decrease of 1.7%, over the same period last year. Advertising revenue, which represented 93.1% of the Group's total revenue, increased by approximately 1.3%.

Operating costs decreased by 2.3% over the same period last year to approximately HK$426,033,000. The major fluctuation in the operating costs was the increase of programming costs, but this was offset by a reduction of doubtful debt provision.

The Group's operating profit for the six months ended 30 June 2006 was approximately HK$74,756,000, which represented an increase of 1.7% over same period last year. Profit attributable to equity holders of the Company was approximately HK$89,836,000, which was a decrease of 2.1% compared with the same period last year. During the six months ended 30 June 2006 the group recognized a deferred tax asset amounting approximately to HK$13,900,000, which provided a one-off boost to the Group's income.

The Group's results for the current period and the same period last year respectively are summarized below:

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**348,078**	387,325
Phoenix InfoNews Channel	**106,598**	62,494
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**31,071**	30,333
Other businesses	**15,042**	29,437
Group's total revenue	**500,789**	509,589
Operating costs	**(426,033)**	(436,050)
Profit from operations	**74,756**	73,539
Profit attributable to equity holders of the Company	**89,836**	91,756*
Earnings per share, *Hong Kong cents*	**1.82**	1.86

* *This figure included the one-off gain on the disposal of 50% of Phoenix's interest in the property currently being built in Shenzhen, which amounted to approximately HK$19,000,000.*

COMMENTS ON SEGMENTAL INFORMATION

The table below shows the operating results of our businesses for the six months ended 30 June 2006 and the same period last year:

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**168,485**	180,405
Phoenix InfoNews Channel	**13,158**	(21,778)
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(30,127)**	(32,390)
Other businesses	**(8,115)**	91
Corporate overheads	**(68,645)**	(52,789)**
Profit from operations	**74,756**	73,539

** *Corporate overheads in 2005 included a non-recurring write back of an over-provision which amounted to approximately HK$8,000,000.*

Revenues from television broadcasting, including both advertising and subscription revenues, continue to be the main income source of the Group, and amounted to approximately HK$486,253,000 (six months ended 30 June 2005: HK$480,152,000) or accounted for 97.1% of the Group's revenues for the six months ended 30 June 2006. Compared with the same period last year, revenues from television broadcasting remained steady, with a slight increase of 1.3%.

The Group's flagship channel, Phoenix Chinese Channel, accounted for 69.5% of the Group's total revenue for the six months ended 30 June 2006 and showed a decrease of 10.1% compared with same period last year. On the other hand, performance of Phoenix InfoNews Channel continued to improve. Its revenue increased by 70.6% to approximately HK$106,598,000, and the operating profit amounted to approximately HK$13,158,000 for the six months ended 30 June 2006. The improvement in InfoNews' performance appeared to reflect a continuation of the trend apparent during the first quarter of 2006, when a number of advertisers began to shift to InfoNews, presumably as a consequence of their realization that InfoNews was becoming increasingly influential with the mainland Chinese audience.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased by a marginal 2.4% when compared with the same period last year to approximately HK$31,071,000.

The overall segmental result for television broadcasting recorded a profit of approximately HK$151,785,000 for the six months ended 30 June 2006. As compared to HK$130,551,000 in the same period last year, there was an increase of 16.3%.

Revenues from programme production and ancillary services were approximately HK$14,662,000, which included intra-group sales of approximately HK$13,481,000, for the six months ended 30 June 2006, which signified an increase of 1.8% when compared with the same period last year. As a consequence, the segmental result of programme production and ancillary services recorded a profit of approximately HK$1,530,000 for the six months period ended 30 June 2006.

The segmental result of the internet operations recorded a loss of approximately HK$4,221,000 for the reported period (six months ended 30 June 2005: HK$2,495,000), or an increase of 69.2% over the same period last year.

BUSINESS OVERVIEW AND PROSPECTS

Television broadcasting remains the main component of the Group's business, but during this half year period Phoenix InfoNews, which has always contributed to the Phoenix brand name, made a much more significant contribution to the Group's income. InfoNews' income grew by some 70%, which meant that InfoNews for two quarters running has been able to pass the break-even mark.

During this period InfoNews provided comprehensive coverage of both breaking international news stories, such as the continuing tensions in the Middle East, the Iranian nuclear impasse, and the North Korean missile launches, as well as China-related stories, including the visit to the United States by President Hu Jintao, and the meeting of the Shanghai Cooperation Organisation, which brings together China, Russia and the four main countries of Central Asia.

Phoenix placed special emphasis on China/United States relations at the time of President Hu Jintao's visit to the United States, interviewing the then Deputy-Secretary of State Zoellick on the eve of the visit, holding discussions with a number of other key American political commentators including former Secretary of State Henry Kissinger, and in conjunction with the Brookings Institution organised a forum on China/United States relations that was attended by a range of experts in key aspects of the relationship.

Phoenix Chinese Channel continued to provide a rich and varied array of programmes, although its income dropped by approximately 10% compared with the same period last year. This decrease was essentially due to the continuation of the trend that was visible earlier in the year of sponsors increasingly choosing InfoNews as a vehicle for their advertisements.

While the Group's television business continued to generate a profit and to produce a continuous stream of fresh and informative programming, the Group's shareholding structure is likely to undergo a significant change, as China Mobile (Hong Kong) Group Limited, entered into a conditional agreement in June to acquire 19.9% interest in the Group from Xing Kong Chuan Mei Group Co., Ltd., and China Mobile Limited entered into a conditional strategic alliance and cooperation agreement with the Phoenix Group to jointly develop, market and distribute wireless content, products, services and new media applications. These transactions are still awaiting regulatory approval, but if they proceed to completion and implementation, they will create a framework for cooperation between China's largest telecommunications operator and the Phoenix Group, thereby opening the way for the Group to have direct access to China Mobile's network and provide content for China Mobile once the mainland telecommunications companies begin to provide 3G services.

Phoenix has also continued to develop new programming, building on the success of earlier programmes, while at the same time seeking to inject a note of novelty and creativity into programming that both the Chinese Channel and InfoNews provide to the viewer.

Although the half yearly results reflect a slight drop in revenue, the growth of InfoNews' income, the continuing high quality of programming on both the major channels, and the emphasis being placed on developing new programming, all suggest that the Group's future prospects are solid.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 20 December 2005, the Group set up a wholly-owned subsidiary, Phoenix Online (Beijing) Information Technology Co. Ltd.[1] (鳳凰在線(北京)信息技術有限公司), with a registered capital of US$1,850,000 (equivalent to HK$14,346,000) in the PRC. The business scope of the subsidiary is the provision of internet services. 15% of the registered capital, amounting to US$278,000 (equivalent to HK$2,156,000), shall be injected by the Group within three months from the date of issue of the business license of the subsidiary on 20 December 2005 and the remaining amount of US$1,572,000 (equivalent to HK$12,190,000) shall be paid within one year from the said date. Capital contribution of US$1,850,000 was made in February 2006.

On 1 August 2005, the Group entered into an agreement with Tan Sri Lee Kim Tiong @ Lee Kim Yew to form a joint venture, Phoenix Media and Broadcast Sdn. Bhd. in Malaysia. The joint venture will carry on multi-media businesses in Malaysia. Pursuant to the agreement and supplemental agreements entered into on 6 December 2005 and 16 January 2006, the Group shall inject RM700,000 (equivalent to HK$1,470,000) for a 70% shareholdings in this joint venture. RM700,000 (equivalent to HK$1,470,000) was paid by the Group from April to June 2006.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2006.

1 *Name translated for reference only.*

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2006 were similar to those of the Group as at 30 June 2005. The aggregate outstanding borrowings of the Group as at 30 June 2006 were approximately HK$5,052,000, representing current accounts with related companies which were unsecured and non-interest bearing (as at 30 June 2005: HK$5,067,000). Such fluctuation was within the normal pattern of operations of the Group.

The gearing ratio of the Group, based on total liabilities to equity attributable to equity holders of the Company, was 27.1% as at 30 June 2006 (as at 30 June 2005: 26.9%). Accordingly, the financial position of the Group has remained very liquid.

As most of the Group's monetary assets are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and Taiwan dollars, the exchange rate risks of the Group is considered to be minimal.

CHARGE ON ASSETS

As at 30 June 2006, deposits of approximately HK$3,707,000 (as at 30 June 2005: HK$3,599,000) were pledged with a bank to secure a guarantee given to the landlord of a subsidiary.

Other than the above, the Group did not have any charge on its assets as at 30 June 2006 and 30 June 2005.

CAPITAL STRUCTURE

During the six months ended 30 June 2006, other than the exercise of share options granted (detail as per note 17 of the financial statements), there is no change in the Company's share capital. As at 30 June 2006, the Group's operations were financed mainly by shareholders' equity.

STAFF

As at 30 June 2006, the Group employed 750 full-time staff (30 June 2005: 670), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and an employee share option scheme. Staff costs for the six months ended 30 June 2006 increase to approximately HK$127,591,000 (six months ended 30 June 2005: HK$121,280,000).

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

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2006, the Company invested in an unlisted security investment with an estimated fair market value of approximately HK$104,674,000 (six months ended 30 June 2005: HK$93,033,000).

Save as disclosed above, the Group has not held any significant investment for the six months ended 30 June 2006.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

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

The Group is considering and exploring the possibility of acquiring a new site for offices and programme production purposes.

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

CONTINGENT LIABILITIES

Other than disclosed in note 20 of the financial statements, the Group had no material contingent liabilities as at 30 June 2006 and 30 June 2005.

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited condensed consolidated income statement, condensed consolidated cash flow statement and consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2006 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2006, together with the comparative figures for the corresponding period and relevant date in 2005.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2006, the interests of the Directors and chief executive of the Company 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 Director or chief executive is 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	37.53%
LO Ka Shui[2]	3,200,000	–	–	–	3,200,000	0.06%

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 37.53% of the issued share capital of the Company as at 30 June 2006.

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 30 June 2006, none of the Directors and chief executive of the Company had any interest or short positions in any 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 Directors or chief executive is 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 2006	Lapsed during the period	Exercised during the period	Balance as at 30 June 2006
2 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
74 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	31,048,000	(1,084,000)	(650,000)	29,314,000
Total: 76 employees					40,358,000	(1,084,000)	(650,000)	38,624,000

During the six months ended 30 June 2006, 650,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.43.

During the six months ended 30 June 2006, 1,084,000 options granted to two employees lapsed when they ceased their employments with the Group.

Save as disclosed above, no option has been cancelled 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 2006	Lapsed during the period	Exercised during the period	Balance as at 30 June 2006
2 employees	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	1,700,000	–	–	1,700,000
17 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	10,588,000	–	(366,000)	10,222,000
4 employees	20 December 2002	20 December 2002 to 19 December 2005	20 December 2003 to 19 December 2012	0.79	1,732,000	–	(200,000)	1,532,000
Total: 23 employees					14,020,000	–	(566,000)	13,454,000

During the six months ended 30 June 2006, 566,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.30.

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"). Under the PHOENIXi Plan, the employees of PHOENIXi, including any executive directors, in the full-time employment of PHOENIXi or its subsidiaries or the Company are eligible to take up options to subscribe for shares in PHOENIXi. The summary of the terms of the PHOENIXi Plan are set out in the section headed "Share Option Schemes" of the annual report of the Company for the year ended 31 December 2005.

For the six months ended 30 June 2006, no option had been granted under the PHOENIXi Plan.

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 2005.

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

DIRECTORS' INTERESTS IN CONTRACTS

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

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

As at 30 June 2006, 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	37.53%
China Mobile (Hong Kong) Group Limited *(Note 2)*	983,000,000	19.90%
Xing Kong Chuan Mei Group Co., Ltd. *(Notes 2 and 3)*	871,000,000	17.63%

Notes:

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

2. The Directors have been notified by Xing Kong Chuan Mei Group Co., Ltd that on 8 June 2006, Xing Kong Chuan Mei Group Co., Ltd and China Mobile (Hong Kong) Group Limited entered into a share purchase agreement (the "Share Purchase Agreement") pursuant to which Xing Kong Chuan Mei Group Co., Ltd shall sell Shares representing 19.9% of the issued share capital of the Company to China Mobile (Hong Kong) Group Limited. Completion of the Share Purchase Agreement is subject to, amongst others, the obtaining of relevant PRC regulatory approvals. Upon completion of the Share Purchase Agreement, China Mobile (Hong Kong) Group Limited will own 983,000,000 Shares. As at 30 June 2006, the Directors have not been informed by Xing Kong Chuan Mei Group Co., Ltd on the completion of the Share Purchase Agreement.

   China Mobile (Hong Kong) Group Limited is a wholly-owned subsidiary of China Mobile Communications Corporation. By virtue of the SFO, China Mobile Communications Corporation is deemed to be interested in the 983,000,000 Shares held by China Mobile (Hong Kong) Group Limited upon completion of the Share Purchase Agreement.

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 1,854,000,000 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	8.34%

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, Xing Kong Chuan Mei Group Co., Ltd. and China Wise International Limited have interests in approximately 37.53%, 17.63% and 8.34% of the share capital of the Company, respectively. Today's Asia Limited, together with its shareholders, Mr. LIU Changle and Mr. CHAN Wing Kee, Xing Kong Chuan Mei Group Co., Ltd. and China Wise International Limited are deemed to be the initial management shareholders of the Company as defined under the GEM Listing Rules.

Xing Kong Chuan Mei Group Co., Ltd., together with its ultimate parent company, News Corporation, are active in the television broadcasting industry worldwide. News Corporation's diversified global operations in the United States, Canada, the United Kingdom, Australia, Latin America and the Pacific Basin include the production of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems; and the creation and distribution of popular on-line programming. Currently, STAR Group Limited, the holding company of Xing Kong Chuan Mei Group Co., Ltd., owns and operates multimedia digital platforms, including satellite television, in the Asia Pacific region and engages in programme licensing and advertising agency business throughout the world, including China. STAR Group Limited and its subsidiaries (including Xing Kong Chuan Mei Group Co., Ltd.) operate and broadcast a range of channels, such as STAR Movies and STAR Chinese Channel (which presently only broadcasts in Taiwan) and Channel [V]. The broadcasting coverage of Channel [V] includes China, Taiwan, Hong Kong, countries in South East Asia, the Indian sub-continent and the Middle East. STAR Group Limited announced on 19 December 2001 that it was granted landing rights for a new 24-hour Mandarin–language general entertainment channel, Xing Kong Wei Shi, in southern China by virtue of an agreement signed among STAR (China) Limited (STAR Group Limited's wholly-owned subsidiary), China International Television Corporation ("CITVC"), Guangdong Cable TV Networks Co. Ltd. and Fox Cable Networks Services, L.L.C., an affiliate of STAR Group Limited. STAR Group Limited further announced on 15 January 2003 that it signed an agreement with CITVC, enabling Xing Kong Wei Shi to be viewed nationally in hotels with three-stars and above, and in foreign and overseas Chinese compounds.

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 30 June 2006. 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 received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license.

Save as disclosed above, none of the Directors or the substantial shareholders of the Company (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 of the financial statements.

AUDIT COMMITTEE

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

The Audit Committee has already reviewed the Group's unaudited results for the six months ended 30 June 2006.

REPORT ON CORPORATE GOVERNANCE

In line with the increasing regulatory and investor focus on corporate governance standards, the Stock Exchange of Hong Kong Limited has issued the Code on Corporate Governance Practices (the "Code") with effect from 1 January 2005.

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

We will explain in this Corporate Governance Report where our approach deviates from the Code. Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2006, complied with the Code.

Distinctive roles of Chairman and Chief Executive Officer

Code Provisions

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

Deviation and its Reasons

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

Appointments, re-election and removal

Code Provisions

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

Deviation and its Reasons

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding directors' securities transactions throughout the six months ended 30 June 2006.

CONCLUSION

The Directors are committed to ensuring high standards of corporate governance in the interests of the shareholders of the Company and devote considerable effort to identifying and formalising best practices.

On behalf of the Board

LIU Changle
Chairman

Hong Kong, 10 August 2006

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	**For the three months ended 30 June 2006 HK$'000**	For the three months ended 30 June 2005 HK$'000 (Restated)	**For the six months ended 30 June 2006 HK$'000**	For the six months ended 30 June 2005 HK$'000 (Restated)
Revenue	3	**246,456**	251,141	**500,789**	509,590
Operating expenses	21	**(170,346)**	(160,748)	**(339,802)**	(315,899)
Selling, general and administrative expenses	21	**(41,980)**	(57,493)	**(86,231)**	(120,152)
Other revenue					
Exchange gain, net		**1,084**	301	**4,026**	2,967
Interest income, net		**6,173**	3,335	**11,366**	6,010
Other income, net		**1,887**	21,819	**5,261**	25,825
Provision for impairment loss in a jointly controlled entity		**–**	–	**–**	(472)
Share of losses of jointly controlled entities		**(355)**	(827)	**(820)**	(827)
Profit before income tax	4	**42,919**	57,528	**94,589**	107,042
Income tax credit/(expense)	5	**4,915**	(6,554)	**(4,486)**	(15,037)
Profit for the period		**47,834**	50,974	**90,103**	92,005
Attributable to:					
Equity holders of the Company		**47,625**	50,701	**89,836**	91,756
Minority interests		**209**	273	**267**	249
		47,834	50,974	**90,103**	92,005
Earnings per share for profit attributable to the equity holders of the Company during the period					
Basic earnings per share, *Hong Kong cents*	7	**0.96**	1.03	**1.82**	1.86
Diluted earnings per share, *Hong Kong cents*	7	**0.96**	1.02	**1.82**	1.85

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 JUNE 2006

	Note	As at 30 June 2006 HK$'000	As at 31 December 2005 HK$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**11,797**	14,968
Property, plant and equipment, net	11	**43,423**	44,518
Property deposit and development costs	12	**30,560**	30,560
Investments in jointly controlled entities	13	**10,048**	9,594
Available-for-sale financial asset	14	**962**	–
Financial assets at fair value through profit or loss	15	**65,881**	65,971
Long-term deposit		**29,851**	31,018
Prepayment for long-term assets	16	**14,798**	–
Deferred tax assets		**14,863**	963
		222,183	197,592
Current assets			
Accounts receivable, net	8	**67,994**	43,254
Prepayments, deposits and other receivables	9	**420,865**	367,945
Inventories		**4,980**	5,557
Amounts due from related companies	21	**1,622**	1,232
Self-produced programmes		**8,656**	3,760
Purchased programme and film rights, net, current portion	10	**4,878**	5,141
Financial assets at fair value through profit or loss	15	**38,793**	23,758
Cash and cash equivalents		**550,082**	513,364
		1,097,870	964,011
Total assets		**1,320,053**	1,161,603
EQUITY AND LIABILITIES			
Capital and reserve attributable to the Company's equity holders			
Share capital	17	**493,988**	493,867
Reserves		**537,772**	505,220
		1,031,760	999,087
Minority interests		**8,286**	8,019
Total equity		**1,040,046**	1,007,106

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED *(continued)*

AS AT 30 JUNE 2006

	Note	**As at 30 June 2006 HK$'000**	As at 31 December 2005 HK$'000 (Audited)
Non-current liability			
Provision for asset retirement reinstatement		**4,194**	–
Deferred tax liabilities		**963**	963
		5,157	963
Current liabilities			
Accounts payable, other payables and accruals	18	**120,091**	95,948
Deferred income		**126,258**	47,572
Amounts due to related companies	21	**5,052**	4,900
Profits tax payable		**23,449**	5,114
		274,850	153,534
Total liabilities		**280,007**	154,497
Total equity and liabilities		**1,320,053**	1,161,603
Net current assets		**823,020**	810,477
Total assets less current liabilities		**1,045,203**	1,008,069

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	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 2005	493,680	829,741	2,204	(461,977)	6,837	870,485
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	(359)	–	–	(359)
Exercise of share options	187	1,774	–	–	–	1,961
Profit for the period	–	–	–	91,756	249	92,005
Balance at 30 June 2005	493,867	831,515	1,845	(370,221)	7,086	964,092

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	For the six months ended 30 June 2006 *HK$'000*	For the six months ended 30 June 2005 *HK$'000*
Net cash generated from operating activities	**144,025**	132,003
Net cash used in investing activities	**(49,824)**	(42,125)
Net cash (used in)/generated from financing activities	**(58,005)**	1,961
Net increase in cash and cash equivalents	**36,196**	91,839
Cash and cash equivalents at beginning of period	**513,364**	411,482
Effect of foreign exchange rate changes	**522**	(329)
Cash and cash equivalents at end of period	**550,082**	502,992

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 Century Yard, Cricket Square, Hutchins Drive, PO Box 2681 GT, George Town, Grand Cayman, British West Indies, 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 10 August 2006.

2 Basis of preparation and accounting policies

These unaudited condensed consolidated financial statements 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 2005 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 2005.

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 financial year ending 31 December 2006.

- Amendment to HKAS 19, 'Actuarial gains and losses, group plans and disclosures', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

- Amendment to HKAS 39, Amendment to 'The fair value option', effective for annual periods beginning on or after 1 January 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to 1 January 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit and loss;

- Amendment to HKAS 21, Amendment 'Net investment in a foreign operation', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

- Amendment to HKAS 39, Amendment 'Cash flow hedge accounting of forecast intragroup transactions', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the group;

- Amendment to HKAS 39 and HKFRS 4, Amendment 'Financial guarantee contracts', effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

- HKFRS 6, 'Exploration for and evaluation of mineral resources', effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;

- HKFRS-Int 4, this interpretation requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the Asset); and (b) the arrangement conveys a right to use the Asset. 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 2005;

- HKFRS-Int 5, 'Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds', effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and

- HKFRS-Int 6, 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment', effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- Hong Kong (International Financial Reporting Interpretations Committee) – Interpretation 7 ("HK(IFRIC)-Int 7"), 'Applying the Restatement Approach under HKFRS 29', effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant for the Group;

- HK(IFRIC)-Int 8, 'Scope of HKFRS 2', effective for annual periods beginning on or after 1 May 2006. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's operations;

- HK(IFRIC)-Int 9, 'Reassessment of Embedded Derivatives', effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assesses if embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9; and

- HKFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 January 2007. HKAS 1, 'Amendments to capital disclosures', effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.

The unaudited condensed financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets which are classified as available-for-sale financial assets and financial assets at fair value through profit or loss.

The preparation of the unaudited condensed financial statements in conformity with the new HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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 condensed consolidated financial statements include provision for impairment of receivables and income taxes.

Change in accounting policy and restatement of comparatives

Prior to the fourth quarter of 2005, the Group reported its advertising (broadcasting and magazines) revenue and the agency commission expenses on a gross basis. Subsequent to that quarter, the Group changed the presentation of its advertising revenue by reporting the advertising (broadcasting and magazines) revenue net of related agency commission expenses, as in the opinion of the Directors, this presentation improves the comparability to similar companies in the Group's industry and also provides more relevant information on the revenue transactions. This change has no effect to the income statement of the Group. As a result of this change which has been retroactively applied, the revenue and operating expenses for the current period and the comparative figures for 2005 have been reduced by approximately HK$40,089,000 and HK$80,669,000 for the three and six months ended 30 June 2005 respectively.

3 Segmental information

The Group is organised into four main business segments including:

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

(ii) Programme production and ancillary services;

(iii) Internet services – provision of website portal; and

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

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

	For the three months ended 30 June											
	Television broadcasting		Programme production and ancillary services		Internet services		Other activities		Inter-segment elimination		Group	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Revenue												
External sales	**239,172**	239,282	**337**	419	**35**	376	**6,912**	11,064	**–**	–	**246,456**	251,141
Inter-segment sales	**506**	–	**8,026**	6,990	**–**	–	**–**	–	**(8,532)**	(6,990)	**–**	–
Total revenue	**239,678**	239,282	**8,363**	7,409	**35**	376	**6,912**	11,064	**(8,532)**	(6,990)	**246,456**	251,141
Segment results	**72,398**	62,619	**881**	717	**(1,128)**	(783)	**(298)**	624	**–**	–	**71,853**	63,177
Unallocated other income *(Note a)*											**–**	19,299
Unallocated expenses *(Note b)*											**(28,579)**	(24,121)
Profit before share of results of jointly controlled entities, income tax and minority interests											**43,274**	58,355
Share of losses of jointly controlled entities											**(355)**	(827)
Income tax credit/(expense)											**4,915**	(6,554)
Profit for the period											**47,834**	50,974
Minority interests											**(209)**	(273)
Profit attributable to equity holders of the Company											**47,625**	50,701

	For the six months ended 30 June											
	Television broadcasting		**Programme production and ancillary services**		**Internet services**		**Other activities**		**Inter-segment elimination**		**Group**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Revenue												
External sales	**485,747**	480,152	**1,181**	1,643	**43**	2,488	**13,818**	25,307	**–**	–	**500,789**	509,590
Inter-segment sales	**506**	–	**13,481**	12,763	**–**	–	**–**	–	**(13,987)**	(12,763)	**–**	–
Total revenue	**486,253**	480,152	**14,662**	14,406	**43**	2,488	**13,818**	25,307	**(13,987)**	(12,763)	**500,789**	509,590
Segment results	**151,785**	130,551	**1,530**	716	**(4,221)**	(2,495)	**(1,335)**	2,077	**–**	–	**147,759**	130,849
Unallocated other income *(Note a)*											**–**	19,299
Unallocated expenses *(Note b)*											**(52,350)**	(41,807)
Profit before share of results of jointly controlled entities, income tax and minority interests											**95,409**	108,341
Provision for impairment loss in a jointly controlled entity											**–**	(472)
Share of losses of jointly controlled entities											**(820)**	(827)
Income tax expense											**(4,486)**	(15,037)
Profit for the period											**90,103**	92,005
Minority interests											**(267)**	(249)
Profit attributable to equity holders of the Company											**89,836**	91,756

Note:

(a) Unallocated other income represents gain on disposal of partial interest of a property in Shenzhen *(Note 12)*.

(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 interim period:

	For the three months ended 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crediting				
Fair value (loss)/gain on financial assets at fair value through profit or loss (realised and unrealised)	**(628)**	1,145	**(73)**	2,996
Charging				
Amortisation of purchased programme and film rights	**4,684**	5,780	**9,295**	11,318
Production costs of self-produced programmes	**31,552**	24,767	**59,130**	46,267
Transponder rental *(Note 21(i)(b), (l))*	**4,091**	4,222	**8,107**	8,443
Provision for impairment of receivables	**8,091**	28,976	**18,008**	58,090
Employee benefit expenses (including Directors' emoluments)	**63,980**	60,291	**127,591**	121,280
Operating lease rental – land and buildings of third parties	**4,075**	3,489	**8,427**	6,897
Depreciation expenses	**5,277**	6,468	**11,900**	12,828

5 Income tax (credit)/expense

Hong Kong profits tax has been provided at the rate of 17.5% (three months and six months ended 30 June 2005: 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 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax				
– Hong Kong profits tax	**8,984**	6,548	**18,335**	15,025
– Overseas taxation	**1**	6	**51**	12
– Deferred income tax	**(13,900)**	–	**(13,900)**	–
	(4,915)	6,554	**4,486**	15,037

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

	For the three months ended 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit before income tax	**42,919**	57,528	**94,589**	107,042
Calculated at a taxation rate of 17.5% (three and six months ended 30 June 2005: 17.5%)	**7,511**	10,067	**16,553**	18,732
Income not subject to taxation	**(2,214)**	(6,180)	**(4,631)**	(8,238)
Expenses not deductible for taxation purposes	**2,908**	7,180	**4,907**	14,001
Tax losses not recognised	**2,077**	2,112	**4,776**	4,241
Utilisation of previously unrecognised tax losses	**(1,342)**	(6,562)	**(3,631)**	(13,439)
Recognition of deferred tax asset arising from previously unrecognised tax losses	**(13,900)**	–	**(13,900)**	–
Others	**45**	(63)	**412**	(260)
Tax (credit)/expense	**(4,915)**	6,554	**4,486**	15,037

6 Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: nil).

A 2005 final dividend of HK$0.012 (2004 final dividend: HK$0.01) per share, totaling HK$59,278,000 was paid in June 2006.

7 Earnings per share

Basic

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

	For the three months ended 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit attributable to equity holders of the Company *(HK$'000)*	**47,625**	50,701	**89,836**	91,756
Weighted average number of ordinary shares in issue *('000)*	**4,939,521**	4,938,663	**4,939,136**	4,938,009
Basic earnings per share *(Hong Kong cents)*	**0.96**	1.03	**1.82**	1.86

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.

	For the three months ended 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit attributable to equity holders of the Company used to determine diluted earnings per share *(HK$'000)*	**47,625**	50,701	**89,836**	91,756
Weighted average number of ordinary shares in issue *('000)*	**4,939,521**	4,950,948	**4,939,136**	4,951,808
Adjustment for share options *('000)*	**9,698**	12,285	**6,933**	13,799
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,949,219**	4,963,233	**4,946,069**	4,965,607
Diluted earnings per share *(HK cents)*	**0.96**	1.02	**1.82**	1.85

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 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
0 – 30 days	**24,444**	19,031
31 – 60 days	**13,797**	12,623
61 – 90 days	**7,106**	1,701
91 – 120 days	**21,939**	9,046
Over 120 days	**144,206**	127,918
	211,492	170,319
Less: Provision for impairment of receivables	**(143,498)**	(127,065)
	67,994	43,254

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

The Group recognised a loss of HK$8,092,000 and HK$18,008,000 (three months and six months ended 30 June 2005: HK$28,976,000 and HK$58,090,000 respectively) for the impairment of its accounts receivable during the three months and six months ended 30 June 2006 respectively. The loss has been included in selling, general and administrative expenses in the unaudited consolidated income statement.

9 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$321,470,000 (as at 31 December 2005: HK$299,805,000) 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 ours with Shenzhou, therefore the extent of the enforceability of the arrangements is still unclear. Although the management recognises that the present arrangements are 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$321,470,000 as at 30 June 2006 is fully recoverable and no provision is required.

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

10 Purchased programme and film rights, net

	For the six months ended 30 June 2006 *HK$'000*	For the year ended 31 December 2005 *HK$'000* (Audited)
Balance, beginning of period/year	**20,109**	30,067
Additions	**7,626**	16,083
Amortisation	**(9,295)**	(22,325)
Impairment loss	**(1,680)**	(3,380)
Others	**(85)**	(336)
Balance, end of period/year	**16,675**	20,109
Less: Purchased programme and film rights – current portion	**(4,878)**	(5,141)
	11,797	14,968

11 Property, plant and equipment, net

	For the six months ended 30 June 2006 *HK$'000*	For the year ended 31 December 2005 *HK$'000* (Audited)
Balance, beginning of period/year	**44,518**	54,869
Additions	**10,531**	15,878
Exchange differences	**320**	(27)
Disposals	**(110)**	(21)
Depreciation charge	**(11,836)**	(26,181)
Balance, end of period/year	**43,423**	44,518

12 Property deposit and development costs

On 11 June 2001, a subsidiary of the Company entered into an agreement with 深圳市規劃國土局(The Shenzhen National Land Planning Bureau)[1] to acquire a land use right on a parcel of land situated in Shenzhen, the PRC for the development of a building (which includes a production centre) for the Group. The total consideration for the acquisition was approximately HK$57,354,000.

During the year ended 30 June 2002, the subsidiary transferred the interest of the land use right to another subsidiary, 深圳鳳凰置業有限公司, a sino-foreign co-operation company incorporated in the PRC, in which Phoenix Real Properties Limited ("Real Properties"), then a wholly-owned subsidiary of the Group had a 90% equity interest.

Pursuant to the payment terms of the agreement, the full amount of approximately HK$57,354,000 had been paid to 深圳市規劃國土局(The Shenzhen National Land Planning Bureau)[1] as the cost of the land acquisition, and was recorded as a property deposit of the Group as at 30 June 2003.

Pursuant to an agreement dated 29 October 2003 entered into by the Group and Oasiscity Limited ("Oasiscity"), a wholly-owned subsidiary of Neo-China Group (Holdings) Limited (formerly known as "Neo-Tech Global Limited"), the shares of which are listed on the Main Board of the Stock Exchange, Oasiscity acquired 60% interest in Real Properties, which owns 90% interest in 深圳鳳凰置業有限公司(the "Agreement"). The acquisition was completed on 13 January 2004.

On the same date, Oasiscity executed a share charge in favour of the Group, under which it charged 30% equity interest in Real Properties, as security provided to the Group for the due performance of its obligations under the Agreement. According to the Agreement Oasiscity will be responsible for providing all required financing for the development of the building and the fulfillment of such obligation has been guaranteed by Neo-China Group (Holdings) Limited. The Group is not required to provide any further financing for the development of the building but will be entitled to a relevant portion of the non-saleable area of the building on completion of the development. The carrying value as at 31 December 2004 amounted to approximately HK$62,515,000, comprising property deposits of approximately HK$61,120,000 and renovation costs of approximately HK$1,395,000.

On 12 May 2005, the Group and Oasiscity entered into a supplementary agreement (the "Supplementary Agreement"), pursuant to which the Group transferred its entitlement to 10,000 square meters of the non-saleable area of the building currently under construction to Oasiscity for RMB60,000,000 (equivalent to approximately HK$55,800,000) payable in 3 installments and Oasiscity would also be allotted an additional 33 shares in Real Properties at par value so that after the allotment Oasiscity should hold approximately 70% interest therein. The Group's entitlement to the relevant portion of the non-saleable area of the building will then be reduced to 10,000 square meters after this transaction. In addition, the charge on the 30% equity interest owned by Oasiscity granted to the Group under the Agreement was released.

As a result of the Supplementary Agreement, Real Properties issued 33 new shares to Oasiscity on 12 May 2005 and the shareholdings in Real Properties of the Group and Oasiscity are 30% and 70%, respectively, as at 30 June 2006.

The Directors are of the opinion that the Group's entitlement to the non-saleable area on completion of the development is expected to have a value of not less than the current carrying value of approximately HK$30,560,000 as at 30 June 2006 and the remaining proceeds receivable from Oasiscity of approximately HK$19,192,000 as at 30 June 2006 are fully recoverable and therefore no provision is required.

[1] *Name translated for reference only.*

13 Investments in jointly controlled entities

	As at 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
Unlisted investments, at cost, beginning of the period/year	**11,972**	472
Further injection/addition on formation of a jointly controlled entity	**1,274**	11,500
Unlisted investments, at cost, end of the period/year	**13,246**	11,972
Less: provision for impairment	**(472)**	(472)
Less: share of jointly controlled entities' results – loss before taxation	**(2,726)**	(1,906)
Unlisted investments, net, end of the period/year	**10,048**	9,594

Details of the jointly controlled entities as at 30 June 2006 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
北京同步廣告廣播有限公司	The PRC, 7 January 2006	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB26,700,000

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

	As at 30 June 2006	As at 31 December 2005
	HK$'000	*HK$'000*
Assets:		
Non-current assets	**344**	457
Current assets	**23,511**	22,002
	23,855	22,459
Liabilities:		
Current liabilities	**180**	97
	180	97
Net assets	**23,675**	22,362

	For the three months ended 30 June		**For the six months ended 30 June**	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Income	**–**	–	**–**	–
Expenses	**(1,864)**	(1,897)	**(2,916)**	(3,049)
Loss after income tax	**(1,864)**	(1,897)	**(2,916)**	(3,049)

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

14 Available-for-sale financial assets

	As at 30 June 2006	As at 31 December 2005
	HK$'000	*HK$'000* (Audited)
Balance, beginning of period/year	**–**	–
Additions	**962**	–
Balance, end of period/year	**962**	–

There were no disposals or impairment provisions on available-for-sale financial assets for the period ended 30 June 2006 (as at 31 December 2005: Nil).

Available-for-sale financial assets represents unlisted securities on inactive markets of private issuers outside Hong Kong.

15 Financial assets at fair value through profit or loss

	As at 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
Unlisted equity-linked notes at fair value	**104,674**	89,729
Less: Non-current portion	**(65,881)**	(65,971)
	38,793	23,758

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 recorded in other income in the income statement.

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

16 Prepayment for long-term assets

On 23 June 2006, the Group entered into a strategic cooperation agreement ("Strategic Cooperation Agreement") and a barter agreement ("Barter Agreement") with Mission Hills Group Limited ("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 the 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 in a villa in the 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 Company's normal rate card charges and (2) services related to the planning and promotion of the corporate image and branding of the Mission Hills and its projects. The fair value of the villa has been assessed by an independent valuer based in Mainland China at approximately HK$102 million and therefore, the agreed price of HK$98 million is considered by management to approximate the fair value of the villa.

The total revenues to be recorded by the Group for the provision of airtime and services over the five year period of the contract is based on the fair value of the villa received in return of approximately HK$98 million. The revenues recorded for airtime utilised by the Mission Hills is based on the fair value of the airtime. The revenues recorded for the services provided is based on prices for the services provided agreed with the Mission Hills.

For the six months ended 30 June 2006, the Group recognised approximately HK$14,798,000 of revenue for airtime utilised (approximately HK$1,259,000) and services provided (approximately HK$13,539,000). As at 30 June 2006, the Group had not yet received title to the villa and as such, the airtime and services provided totaling HK$14,798,000 has been recorded as prepayment for long-term assets in the balance sheet. The Group received title and took possession of the villa in July 2006.

17 Share capital

	Six months ended 30 June 2006		Year ended 31 December 2005	
	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	**4,938,666,000**	**493,867**	4,936,796,000	493,680
Exercise of share options	**1,216,000**	**121**	1,870,000	187
End of period/year	**4,939,882,000**	**493,988**	4,938,666,000	493,867

Employee share option scheme: options exercised during the first half of 2006 resulted in 1,216,000 shares being issued (30 June 2005: 1,870,000 shares), with exercise proceeds of HK$1,273,000 (30 June 2005: HK$1,961,000). The related weighted average price at the time of exercise was HK$1.41 (30 June 2005: HK$1.48) per share.

18 Accounts payable, other payables and accruals

	As at 30 June 2006	As at 31 December 2005
	HK$'000	*HK$'000*
		(Audited)
Accounts payable	**7,452**	10,780
Other payables and accruals	**112,639**	85,168
	120,091	95,948

An ageing analysis of accounts payable is set out below:

	As at 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
0 – 30 days	**4,606**	5,730
31 – 60 days	**190**	1,828
61 – 90 days	**993**	907
91 – 120 days	**29**	457
Over 120 days	**1,634**	1,858
	7,452	10,780

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

19 Commitments – Programme and film rights acquisition

As at 30 June 2006, the Group had aggregate outstanding programme and film rights-related commitments of approximately HK$43,775,000 (as at 31 December 2005: HK$53,902,000) of which all (as at 31 December 2005: all) were in respect of a film rights acquisition agreement with STAR TV Filmed Entertainment Limited ("STAR Filmed") extending to 27 August 2008. Total programme and film rights-related commitments are analysed as follows:

	As at 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
Not later than one year	**20,305**	20,295
Later than one year and not later than five years	**23,470**	33,607
	43,775	53,902

20 Banking facilities

As at 30 June 2006, the Group had banking facilities amounting to approximately HK$18,453,000 (as at 31 December 2005: HK$18,407,000). Unused banking facilities as at the same date amounted to approximately HK$12,100,000 (as at 31 December 2005: HK$12,600,000). The facilities are covered by counter indemnities from the Group.

As at 30 June 2006, deposits of approximately HK$3,707,000 (as at 31 December 2005: HK$3,407,000) were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary.

21 Related party transactions

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

		For the three months ended 30 June		For the six months ended 30 June	
	Notes	***2006*** ***HK$'000***	*2005* *HK$'000*	***2006*** ***HK$'000***	*2005* *HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	**13,099**	13,783	**26,456**	27,205
Commission for advertising sales and marketing services paid/payable to STARL	a, c	**–**	–	**–**	51
Commission for international subscription sales and marketing services paid/payable to STARL	a, d	**693**	826	**1,543**	1,453
Film licence fees paid/payable to STAR Filmed	a, e	**5,075**	5,097	**10,150**	10,196
Service charges paid/payable to Asia Television Limited ("ATV")	f, g	**683**	6	**683**	28
Service charges received/receivable from ATV	f, h	**319**	320	**637**	640
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	i, j	**921**	2,018	**1,842**	2,081
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	k, l	**282**	1,278	**542**	2,554
Service charges received/ receivable from DIRECTV, Inc. ("DIRECTV")	m, n	**350**	453	**731**	959
Programme licence fees to SGL Entertainment Limited ("SGL")	a, o	**–**	–	**–**	491
Programme license fees paid/payable to Asia Television Enterprise Limited ("ATVE")	f, p	**428**	–	**428**	–
Key management compensation	iii	**4,836**	4,691	**9,672**	9,385

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 covering 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 advertising sales and marketing services paid/payable to STARL is based on 4% – 15% (three months ended 30 June 2006: 4% – 15%) of the net advertising income generated and received by it on behalf of the Group after deducting the relevant amount of the third party agency fees.

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

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

(f) ATVE is a wholly-owned subsidiary of ATV which is considered to be a connected party to the Company pursuant to 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 indirectly owns approximately 46% of ATV as at 30 June 2006. Mr. CHAN Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 30 June 2006. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003.

(g) 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.

(h) 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.

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

(j) 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.

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

(l) 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.

(m) 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.

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

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

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

(ii) Period/year end balances arising from related parties transactions as disclosed in note 21(i) above were as follows:

	As at 30 June 2006 *HK$'000*	As at 31 December 2005 *HK$'000* (Audited)
Amounts due from related companies	**1,622**	1,232
Amounts due to related companies	**(5,052)**	(4,900)

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

(iii) Key management compensation

	For the three months ended 30 June		For the six months ended 30 June	
	2006	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Salaries	**3,192**	3,115	**6,384**	6,231
Quarters and housing allowance	**1,325**	1,265	**2,650**	2,532
Pension fund	**319**	311	**638**	622
	4,836	4,691	**9,672**	9,385

As at the date of this announcement, the executive directors of the Company are Mr. LIU Changle and Mr. CHUI Keung, the non-executive directors of the Company are Ms. Michelle Lee GUTHRIE, Mr. LAU Yu Leung, John, Mr. CHEUNG Chun On, Daniel, Mr. XU Gang (alternate director: Mr. GONG Jianzhong) and Mr. CHEUNG San Ping 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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