PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code 8002

Third Quarterly Report **2007**

Phoenix Satellite Television Holdings Limited

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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.

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

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

- Revenue for this nine-month period was approximately HK$848,824,000, which represented a 12.0% increase over the same period last year.

- The profit attributable to equity holders of the Company was approximately HK$200,383,000, which represented an increase of 53.2% over the same period last year, a positive result that was in large part due to increased advertising revenue and technical service revenue.

FINANCIAL REVIEW

The Group's revenue for the nine months ended 30 September 2007 was approximately HK$848,824,000, which represented an increase of 12.0% when compared to the same period last year. The main drivers behind this result were the growth in advertising revenue and technical service revenue. Total operating costs remained at a steady level, with an increase of 4.9% to approximately HK$680,002,000. The major fluctuation in the operating costs was the increase of staff and programming costs, but this was offset by a reduction in doubtful debt provision.

The Group's operating profit for the nine months ended 30 September 2007 was approximately HK$168,822,000, which represented an increase of 54.6% over same period last year. Profit attributable to equity holders of the Company was approximately HK$200,383,000, which was an increase of 53.2% compared with the same period last year. The operating profit was mainly generated by the increase in advertising revenue and high profit-margin technical service revenue. During the quarter, the Group recognized a gain on an investment in a subsidiary, with the Group's interest in the net fair value of the subsidiary exceeding the cost of the investment to the extent of HK$17,500,000, which represented a one-off boost to the Group's income. The appreciation of the Renminbi during the first nine months of 2007 further boosted the profit attributable to equity holders by approximately HK$16,000,000.

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

	Nine months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**582,712**	524,752
Phoenix InfoNews Channel	**146,907**	161,644
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**54,146**	49,314
New media	**35,077**	316
Other businesses	**29,982**	21,597
Group's total revenue	**848,824**	757,623
Operating costs	**(680,002)**	(648,441)
Profit from operations	**168,822**	109,182
Profit attributable to equity holders of the Company	**200,383**	130,811
Earnings per share, Hong Kong cents	**4.05**	2.65

COMMENTS ON SEGMENTAL INFORMATION

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

	Nine months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**296,460**	255,351
Phoenix InfoNews Channel	**1,230**	20,410
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(43,978)**	(44,510)
New media	**16,860**	(6,740)
Other businesses	**(236)**	(6,786)
Corporate overheads	**(101,514)**	(108,543)
Profit from operations	**168,822**	109,182

The Group's flagship channel, Phoenix Chinese Channel, accounted for 68.6% of the Group's total revenue for the nine months ended 30 September 2007 and showed an increase of 11.0% compared with same period last year. Phoenix InfoNews Channel's revenue accounted for 17.3% of the Group's total revenue for the period, and decreased by 9.1% to approximately HK$146,907,000.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased by 9.8% when compared with the same period last year to approximately HK$54,146,000, while operating losses decreased to approximately HK$43,978,000.

The revenue and operating profit from new media operations increased substantially to approximately HK$35,077,000 and HK$16,860,000 respectively. This income was mainly derived from the Group's provision of technical services.

BUSINESS OVERVIEW AND PROSPECTS

Phoenix has maintained its place as the television broadcaster of the most comprehensive news and analysis about developments in the Greater China region as well as internationally, while also producing much innovative entertainment programming. Phoenix Chinese Channel continued to feature a wide array of entertainment and information programmes, ranging from talk shows and interviews through to human-interest stories about the personal hardships people can face in a time of very rapid economic and social change.

During the three months ended 30 September 2007, Phoenix InfoNews provided real-time coverage of global events, ranging from the APEC Leaders Summit in Sydney, at which Chinese President Hu Jintao was a prominent figure, developments in Japanese politics – InfoNews interviewed Yasuo Fukuda shortly before he formally replaced Shinzo Abe as Prime Minister in place – as well as the early stages of the lead up to the elections in Taiwan next year.

International recognition of Phoenix's status as the pre-eminent independent and influential Mandarin Chinese television broadcaster was reflected in the United States' decision to invite Phoenix to interview Deputy Secretary of State John Negroponte. In this interview in late August, the Deputy Secretary delivered a clear and strong American view on political developments in Taiwan and on cross-Strait relations. Phoenix's unique international status as a Hong Kong-based Mandarin television broadcaster was also reflected in Phoenix's role as the only host media organization for the World Economic Forum meeting that was held in Dalian earlier this year.

The Chinese television market continues to go through a process of profound evolution, as mainland television companies continue to compete for the Chinese market by developing innovative programming, but the management of Phoenix remains confident that it can maintain its position as the main Mandarin Chinese-language television broadcaster that is based outside mainland China.

Phoenix has continued to work on the development of its new site in Taipo, in the New Territories in Hong Kong. A ground-breaking ceremony was held in late September and total renovation of the site is under way with a view to moving operations to Taipo in mid 2008. The new site will provide spacious premises to cope with the future expansion of the Group's business and operational activities in Hong Kong.

The Group's performance over the first three quarters of 2007 has been very positive, underscoring the Group's assessment that the major turn-around in commercial results that Phoenix achieved in 2004 will persist. The management is confident that the Group's business prospects remain solid for the foreseeable 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 nine months ended 30 September 2007 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 30 September 2007, together with the comparative figures for the corresponding period and relevant date in 2006.

DIRECTORS' INTERESTS IN SECURITIES

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

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

	Number of ordinary shares held				
Name	Personal/ Other interests	Family interests	Corporate interests	Total number of shares	Percentage of shareholding
LIU Changle *(Note 1)*	–	–	1,854,000,000	1,854,000,000	37.47%
LO Ka Shui *(Note 2)*	4,630,000	–	–	4,630,000	0.09%

Notes:

1. As at 30 September 2007, Mr. LIU Changle is the beneficial owner of approximately 93.3% of the issued share capital of Today's Asia Limited, which in turn has an interest in approximately 37.47% of the issued share capital of the Company.

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

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

SHARE OPTION SCHEMES

(A) Share option schemes of the Company

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

(1) *Pre-IPO Share Option Scheme*

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

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *HK$*	Balance as at 1 January 2007	Lapsed during the period	Exercised during the period	Balance as at 30 September 2007
3 Executive Directors:								
LIU Changle	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	5,320,000	–	–	5,320,000
CHUI Keung	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	–	3,990,000
WANG Ji Yan	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	–	3,990,000
56 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	23,840,000	(20,000)	(3,718,000)	20,102,000
Total: 59 employees					37,140,000	(20,000)	(3,718,000)	33,402,000

During the nine months ended 30 September 2007, 3,718,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.70.

During the nine months ended 30 September 2007, 20,000 options granted to an employee lapsed when he ceased his employment 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 2007	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 September 2007
1 employee	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	500,000	–	–	–	500,000
14 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	9,124,000	–	–	(1,546,000)	7,578,000
2 employees	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	1,472,000	–	–	(472,000)	1,000,000
32 employees	26 March 2007	26 March 2007 to 25 March 2011	26 March 2008 to 25 March 2017	1.45	–	12,922,000	(500,000)	–	12,422,000
Total: 49 employees					11,096,000	12,922,000	(500,000)	(2,018,000)	21,500,000

During the nine months ended 30 September 2007, 2,018,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.82.

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

During the nine months ended 30 September 2007, 500,000 options granted to an employee lapsed when she ceased her employment with the Group.

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

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

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

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

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

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

Name of substantial shareholders	Number of shares	Percentage of shareholding
Today's Asia Limited *(Note 1)*	1,854,000,000	37.47%
Extra Step Investments Limited *(Note 2)*	983,000,000	19.87%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 3)*	871,000,000	17.60%

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 an indirect wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is a wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

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

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

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

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

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

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REPURCHASE OF SHARES

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

SPONSORS' INTERESTS

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

COMPETING BUSINESS

Today's Asia Limited has interests in approximately 37.47% of the share capital of the Company. Today's Asia Limited, together with its shareholder, Mr. LIU Changle, are deemed to be the management shareholders of the Company as defined under the GEM Listing Rules.

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

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

ADVANCES TO AN ENTITY

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

AUDIT COMMITTEE

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

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

On behalf of the Board

LIU Changle
Chairman

Hong Kong, 8 November 2007

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2007

		For the three months ended 30 September		For the nine months ended 30 September	
		2007	2006	**2007**	2006
	Note	***HK$'000***	*HK$'000* *(Note 20)*	***HK$'000***	*HK$'000* *(Note 20)*
Revenue	3	**298,769**	256,834	**848,824**	757,623
Operating expenses	19	**(206,341)**	(180,961)	**(591,593)**	(528,382)
Selling, general and administrative expenses	19	**(35,054)**	(41,447)	**(88,409)**	(120,059)
Other income					
Interest income		**6,266**	5,953	**18,851**	17,319
Other gains – net	15	**24,500**	11,234	**50,538**	20,520
Share of profits/(losses) of jointly controlled entities		**187**	(342)	**74**	(1,162)
Profit before income tax	4	**88,327**	51,271	**238,285**	145,859
Income tax expense	5	**(11,893)**	(11,053)	**(36,217)**	(15,539)
Profit for the period		**76,434**	40,218	**202,068**	130,320
Attributable to:					
Equity holders of the Company		**76,392**	40,976	**200,383**	130,811
Minority interests		**42**	(758)	**1,685**	(491)
		76,434	40,218	**202,068**	130,320
Earnings per share for profit attributable to the equity holders of the Company during the period					
Basic earnings per share, Hong Kong cents	7	**1.54**	0.83	**4.05**	2.65
Diluted earnings per share, Hong Kong cents	7	**1.54**	0.83	**4.04**	2.65

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 SEPTEMBER 2007

	Note	**As at 30 September 2007 *HK$'000***	As at 31 December 2006 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Purchased programmes and film rights, net	10	**14,454**	13,915
Lease premium for land	11	**115,815**	74,696
Property, plant and equipment, net	12	**225,690**	106,950
Intangible assets		**2,705**	–
Investments in jointly controlled entities	13	**9,424**	9,350
Available-for-sale financial asset		**962**	962
Financial assets at fair value through profit or loss	14	**40,746**	80,027
Prepayment for long-term assets		**–**	24,393
Deferred tax assets		**8,797**	12,233
		418,593	322,526
Current assets			
Accounts receivables, net	8	**51,944**	56,159
Prepayments, deposits and other receivables	9	**494,190**	407,376
Inventories		**4,787**	4,952
Amounts due from related companies	19	**1,149**	38
Self-produced programmes		**1,224**	3,206
Purchased programmes and film rights, net	10	**2,133**	4,061
Financial assets at fair value through profit or loss	14	**–**	22,479
Loans and receivables		**81,470**	69,136
Cash and cash equivalents		**622,721**	543,417
		1,259,618	1,110,824
Total assets		**1,678,211**	1,433,350

	Note	As at 30 September 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Capital and reserve attributable to the Company's equity holders			
Share capital	16	**494,786**	494,213
Reserves		**807,155**	665,336
		1,301,941	1,159,549
Minority interests		**26,324**	7,139
Total equity		**1,328,265**	1,166,688
Non-current liabilities			
Provision for asset retirement reinstatement		**4,496**	4,342
Deferred tax liabilities		**2,481**	1,213
		6,977	5,555
Current liabilities			
Accounts payables, other payables and accruals		**130,745**	119,378
Deferred income		**161,529**	119,580
Amounts due to related companies	19	**1,779**	4,743
Profits tax payable		**48,916**	17,406
		342,969	261,107
Total liabilities		**349,946**	266,662
Total equity and liabilities		**1,678,211**	1,433,350
Net current assets		**916,649**	849,717
Total assets less current liabilities		**1,335,242**	1,172,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

	Attributable to the Company's equity holders					
	Share capital *HK$'000*	Share premium *HK$'000*	Exchange reserve *HK$'000*	Accumulated deficits *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2006	493,867	782,128	3,587	(280,495)	8,019	1,007,106
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	1,907	–	–	1,907
Exercise of share options	213	2,089	–	–	–	2,302
Dividend related to 2005	–	(59,278)	–	–	–	(59,278)
Profit for the period	–	–	–	130,811	(491)	130,320
Balance at 30 September 2006	494,080	724,939	5,494	(149,684)	7,528	1,082,357

	Attributable to the Company's equity holders						
	Share capital ***HK$'000***	**Share premium** ***HK$'000***	**Exchange reserve** ***HK$'000***	**Employee share-based payment reserve** ***HK$'000***	**(Accumulated deficits)/ retained earnings** ***HK$'000***	**Minority interests** ***HK$'000***	**Total equity** ***HK$'000***
Balance at 1 January 2007	**494,213**	**726,217**	**7,229**	**–**	**(68,110)**	**7,139**	**1,166,688**
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**–**	**–**	**3,837**	**–**	**–**	**–**	**3,837**
Exercise of share options	**573**	**5,561**	**–**	**–**	**–**	**–**	**6,134**
Dividend related to 2006	**–**	**(69,243)**	**–**	**–**	**–**	**–**	**(69,243)**
Profit for the period	**–**	**–**	**–**	**–**	**200,383**	**1,685**	**202,068**
Employee share-based payment	**–**	**–**	**–**	**1,281**	**–**	**–**	**1,281**
Investment in a subsidiary by a minority shareholder	**–**	**–**	**–**	**–**	**–**	**17,500**	**17,500**
Balance at 30 September 2007	**494,786**	**662,535**	**11,066**	**1,281**	**132,273**	**26,324**	**1,328,265**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

	For the nine months ended 30 September 2007 *HK$'000*	For the nine months ended 30 September 2006 *HK$'000*
Net cash generated from operating activities	**200,041**	178,900
Net cash used in investing activities	**(60,957)**	(96,436)
Net cash used in financing activities	**(63,109)**	(56,976)
Net increase in cash and cash equivalents	**75,975**	25,488
Cash and cash equivalents at beginning of period	**543,417**	513,364
Effect of foreign exchange rate changes	**3,329**	1,510
Cash and cash equivalents at end of period	**622,721**	540,362

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – UNAUDITED

1 General information

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

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

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

These unaudited condensed consolidated financial statements have been approved for issue by the Board of Directors of the Company on 8 November 2007.

2 Basis of preparation and accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Segmental information

The Group is organised into four main business segments including:

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

(ii) Programme production and ancillary services;

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

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

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

	For the three months ended 30 September											
	Television broadcasting		Programme production and ancillary services		New media		Other activities		Inter-segment elimination		Group	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
External sales	**268,941**	249,964	**–**	224	**20,105**	272	**9,723**	6,374	**–**	–	**298,769**	256,834
Inter-segment sales	**–**	105	**6,667**	4,482	**–**	–	**117**	–	**(6,784)**	(4,587)	**–**	–
Total revenue	**268,941**	250,069	**6,667**	4,706	**20,105**	272	**9,840**	6,374	**(6,784)**	(4,587)	**298,769**	256,834
Segment results	**80,683**	82,247	**110**	(1,633)	**12,871**	(2,099)	**1,974**	(1,236)	**–**	–	**95,638**	77,279
Unallocated income *(Note a)*											**17,500**	–
Unallocated expenses *(Note b)*											**(24,998)**	(25,666)
Profit before share of results of jointly controlled entities, income tax and minority interests											**88,140**	51,613
Share of profits/(losses) of jointly controlled entities											**187**	(342)
Income tax expense											**(11,893)**	(11,053)
Profit for the period											**76,434**	40,218
Minority interests											**(42)**	758
Profit attributable to equity holders of the Company											**76,392**	40,976

	Television broadcasting		Programme production and ancillary services		New media		Other activities		Inter-segment elimination		Group	
	For the nine months ended 30 September											
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue												
External sales	**783,765**	735,711	**5,327**	1,405	**35,077**	316	**24,655**	20,191	**–**	–	**848,824**	757,623
Inter-segment sales	**204**	611	**21,660**	17,963	**–**	–	**215**	–	**(22,079)**	(18,574)	**–**	–
Total revenue	**783,969**	736,322	**26,987**	19,368	**35,077**	316	**24,870**	20,191	**(22,079)**	(18,574)	**848,824**	757,623
Segment results	**257,621**	234,033	**776**	(103)	**17,021**	(6,320)	**575**	(2,572)	**–**	–	**275,993**	225,038
Unallocated income *(Note a)*											**17,500**	–
Unallocated expenses *(Note b)*											**(55,282)**	(78,017)
Profit before share of results of jointly controlled entities, income tax and minority interests											**238,211**	147,021
Share of profits/(losses) of jointly controlled entities											**74**	(1,162)
Income tax expense											**(36,217)**	(15,539)
Profit for the period											**202,068**	130,320
Minority interests											**(1,685)**	491
Profit attributable to equity holders of the Company											**200,383**	130,811

Note:

(a) Unallocated income represents income recognised on formation of a company with another third party investor to undertake the outdoor media business (see Note 15(a)).

(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 periods:

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crediting				
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised)	**1,090**	3,940	**4,482**	3,867
Gain on disposal of property, plant and equipment	**119**	–	**748**	–
Reversal of previously written off accounts receivables	**1,361**	–	**5,505**	–
Reversal of provision for impairment of receivables	**1,697**	–	**4,248**	–
Gain on the formation of a subsidiary *(Note 15(a))*	**17,500**	–	**17,500**	–
Charging				
Amortisation of purchased programme and film rights	**4,173**	4,254	**13,226**	13,549
Production costs of self-produced programmes	**34,131**	30,407	**95,989**	87,094
Transponder rental *(Note 19(i), (j), (k))*	**4,660**	4,400	**13,734**	12,507
Provision for impairment of receivables	**1,050**	3,341	**2,089**	21,349
Employee benefit expenses (including Directors' emoluments)	**74,809**	64,173	**216,062**	191,764
Operating lease rental – land and buildings of third parties	**4,554**	4,736	**14,485**	13,164
Depreciation expenses	**8,240**	4,688	**20,916**	16,588
Amortisation of lease premium for land	**334**	216	**1,000**	216

5 Income tax expense

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

The amount of taxation charged to the unaudited condensed consolidated income statement represents:

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current income tax				
– Hong Kong profits tax	**9,744**	9,275	**36,403**	27,610
– Overseas taxation	**(10)**	–	**3**	51
– Under/(over) provision of Hong Kong profits tax in the prior year	**–**	375	**(4,786)**	375
Deferred income tax	**2,159**	1,403	**4,597**	(12,497)
	11,893	11,053	**36,217**	15,539

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit before income tax	**88,327**	51,271	**238,285**	145,859
Calculated at a taxation rate of 17.5% (three months and nine months ended 30 September 2006: 17.5%)	**15,457**	8,972	**41,700**	25,525
Income not subject to taxation	**(10,300)**	(2,088)	**(17,646)**	(6,719)
Expenses not deductible for taxation purposes	**1,853**	757	**6,618**	5,664
Tax losses not recognised	**5,060**	2,312	**10,618**	7,088
Utilisation of previously unrecognised tax losses	**(110)**	–	**(110)**	(3,631)
Recognition of deferred tax asset arising from previously unrecognised tax losses	**–**	–	**–**	(13,900)
Under provision in prior years	**–**	375	**(4,786)**	375
Others	**(67)**	725	**(177)**	1,137
Tax expense	**11,893**	11,053	**36,217**	15,539

6 Interim dividends

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

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

7 Earnings per share

Basic

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**76,392**	40,976	**200,383**	130,811
Weighted average number of ordinary shares in issue *('000)*	**4,947,559**	4,940,510	**4,945,074**	4,939,599
Basic earnings per share *(Hong Kong cents)*	**1.54**	0.83	**4.05**	2.65

Diluted

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

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
Profit attributable to equity holders of the Company used to determine diluted earnings per share *(HK$'000)*	**76,392**	40,976	**200,383**	130,811
Weighted average number of ordinary shares in issue *('000)*	**4,947,559**	4,940,510	**4,945,074**	4,939,599
Adjustment for share options *('000)*	**17,726**	3,928	**14,168**	5,941
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,965,285**	4,944,438	**4,959,242**	4,945,540
Diluted earnings per share *(Hong Kong cents)*	**1.54**	0.83	**4.04**	2.65

8 Accounts receivables, 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 September 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
0 – 30 days	**25,335**	31,446
31 – 60 days	**9,173**	10,780
61 – 90 days	**3,813**	4,343
91 – 120 days	**6,707**	5,644
Over 120 days	**19,188**	18,725
	64,216	70,938
Less: Provision for impairment of receivables	**(12,272)**	(14,779)
	51,944	56,159

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

The Group has recognised a loss of HK$1,050,000 and HK$2,089,000 (three months and nine months ended 30 September 2006: HK$3,341,000 and HK$21,349,000 respectively) for the impairment of its accounts receivables during the three months and nine months ended 30 September 2007 respectively. The loss has been included in selling, general and administrative expenses in the unaudited consolidated income statement. The Group has written off HK$229,000 and HK$3,105,000 (three months and nine months ended 30 September 2006: HK$18,000 and HK$1,593,000 respectively) of accounts receivables against the provision for impairment of receivables and reversed HK$1,389,000 and HK$8,084,000 (three months and nine months ended 30 September 2006: Nil) of the provision for impairment of receivables made in prior years during the three months and nine months ended 30 September 2007 respectively.

9 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$374,900,000 (as at 31 December 2006: HK$344,263,000) owing from an advertising agent, Shenzhou Television Company Ltd. ("Shenzhou") in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group and commissions paid to Shenzhou. The balance is unsecured and bears interest at prevailing bank interest rates.

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

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

Management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK$374,900,000 as at 30 September 2007 is fully recoverable and no provision is required.

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

10 Purchased programmes and film rights, net

	For the nine months ended 30 September 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Balance, beginning of period/year	**17,976**	20,109
Additions	**11,879**	16,728
Amortisation	**(13,226)**	(17,011)
Impairment loss	**–**	(1,680)
Others	**(42)**	(170)
Balance, end of period/year	**16,587**	17,976
Less: Purchased programmes and film rights – current portion	**(2,133)**	(4,061)
	14,454	13,915

11 Lease premium for land

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

	As at 30 September 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
In Hong Kong, held on:		
Leases of between 10 to 50 years	**39,797**	–
Outside Hong Kong, held on:		
Leases of over 50 years	**76,018**	74,696
	115,815	74,696

	For the nine months ended 30 September 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Balance, beginning of period/year	**74,696**	–
Additions *(Note a)*	**42,453**	75,236
Amortisation *(Note b)*	**(1,334)**	(540)
Balance, end of period/year	**115,815**	74,696

(a) Additions for the nine months ended 30 September 2007 represented:

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

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

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

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

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

(b) For the nine months ended 30 September 2007, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$334,000 (2006: Nil).

12 Property, plant and equipment, net

	For the nine months ended 30 September 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000* (Audited)
Balance, beginning of period/year	**106,950**	44,518
Additions *(Note a and b)*	**140,236**	85,863
Exchange differences	**517**	729
Disposals	**(1,097)**	(110)
Depreciation	**(20,916)**	(23,373)
Impairment	**–**	(677)
Balance, end of period/year *(Note c)*	**225,690**	106,950

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

(b) On 23 June 2006, the Group entered into a strategic cooperation agreement (the "Strategic Cooperation Agreement") and a barter agreement (the "Barter Agreement") with Mission Hills. According to the Strategic Cooperation Agreement, the Group 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. The cost of the building portion of the villa of approximately HK$25,307,000 was included in the additions to property, plant and equipment for the year ended 31 December 2006.

For the three months and nine months ended 30 September 2007, the Group recognised revenue of approximately HK$3,085,000 and HK$5,288,000 (three months and nine months ended 30 September 2006: HK$25,569,000) for services provided to Mission Hills, and approximately HK$1,434,000 and HK$4,399,000 (three months and nine months ended 30 September 2006: HK$10,771,000) for airtime utilised. As at 30 September 2007, the unutilised value of airtime and services totaling HK$53,065,000 has been recorded in deferred income in the balance sheet.

(c) The balance includes an amount of HK$60,894,000 which relates to the Group's entitlement to use 10,000 square meters in a building in Shenzhen (the "Building"). The construction of the Building was pursuant to an agreement dated 29 October 2003 and a supplementary agreement dated 12 May 2005, both of which were signed between the Group and Oasiscity Limited, a wholly-owned subsidiary of Neo-China Group Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, under which the Group was entitled to 10,000 square meters of the non-saleable area of the Building upon its completion in exchange for certain considerations. The Building was completed in December 2006 and the Group began its use of its entitled areas in the Building. The Group's entitlement to use was accounted for as a finance lease. As at 30 September 2007, the cost of this capitalised finance lease was HK$30,848,000 (as at 31 December 2006: HK$30,848,000) with a net book value of HK$30,557,000 (as at 31 December 2006: HK$30,848,000).

13 Investments in jointly controlled entities

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

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

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

(a) On 8 June 2007, Hong Kong Phoenix Satellite Television Limited ("Hong Kong Phoenix"), an indirect wholly-owned subsidiary of the Company, entered into an agreement (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 and subject to certain conditions, Hong Kong Phoenix and CBC Advertising Limited will have to inject no less than RMB422,000 and RMB2,497,600 respectively, five days prior to the application for the capital increment with the relevant authorities in the PRC and must inject the remaining funds within one month after the issuance of the business licence reflecting the capital increment. Immediately after the capital increment, the registered capital of 北京同步廣告傳播有限公司 will be owned by the Group, 北京廣播公司 and CBC Advertising Limited from 45%, 55% and 0% to 35%, 37% and 28% respectively.

As of 30 September 2007, the Group and CBC Advertising Limited are in the process of refining the arrangement for the capital increment of 北京同步廣告傳播有限公司 in order to obtain the approvals from relevant PRC government departments.

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

	As at 30 September 2007 HK$'000	As at 31 December 2006 HK$'000
Assets:		
Non-current assets	**248**	267
Current assets	**23,267**	22,271
	23,515	22,538
Liabilities:		
Current liabilities	**127**	285
	127	285
Net assets	**23,388**	22,253

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Income	**18,541**	–	**19,772**	–
Expenses	**(18,131)**	(791)	**(19,634)**	(2,655)
Profit/(loss) after income tax	**410**	(791)	**138**	(2,655)

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

14 Financial assets at fair value through profit or loss

	As at 30 September 2007 HK$'000	As at 31 December 2006 HK$'000 (Audited)
Unlisted investment at fair value	**40,746**	102,506
Less: Non-current portion	**(40,746)**	(80,027)
	–	22,479

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

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

15 Other gains, net

	For the three months ended 30 September		For the nine months ended 30 September	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Exchange gain	**2,455**	6,134	**16,775**	10,160
Investment in outdoor media business *(Note a)*	**17,500**	–	**17,500**	–
Others	**4,545**	5,100	**16,263**	10,360
	24,500	11,234	**50,538**	20,520

(a) Investment in outdoor media business

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

As of 30 September 2007, the total capital of HK$70,000,000 was paid up by Phoenix Television and Regal Fame respectively.

As of 30 September 2007, Phoenix Television and Regal Fame were negotiating a revised agreement which would supersede the old agreement signed on 22 June 2007. The terms in the revised agreement remain unchanged as compared to the original agreement except for a change in the holding structure to be used for any WOFEs set up in Mainland China in order to comply with relevant policies in Mainland China relating to investments in WOFEs in the advertising industry. The revised agreement allows the formation of more than one WOFE or even the entering of joint ventures with other investors in Mainland China. The revised agreement also allows the use of one of the companies of the Phoenix Group to hold any WOFEs or joint ventures under trust for Phoenix Outdoor Media.

The excess of the Group's share of the net assets of Phoenix Outdoor Media (HK$52,500,000) over the cost of the Group's investment (HK$35,000,000) amounting to HK$17,500,000 on formation of Phoenix Outdoor Media has been recognised as income and included in "Other gains" in the consolidated income statement for the three and nine months ended 30 September 2007.

16 Share capital

	Nine months ended 30 September 2007		Year ended 31 December 2006	
	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	**4,942,126,000**	**494,213**	4,938,666,000	493,867
Exercise of share options	**5,736,000**	**573**	3,460,000	346
End of period/year	**4,947,862,000**	**494,786**	4,942,126,000	494,213

Employee share option scheme: options exercised during the nine months ended 30 September 2007 resulted in 5,736,000 shares being issued (30 September 2006: 2,136,000 shares), with exercise proceeds of HK$6,135,000 (30 September 2006: HK$2,302,000). The related weighted average price at the time of exercise was HK$1.74 (30 September 2006: HK$1.29) per share.

17 Commitments

(a) Programmes and film rights acquisition

As at 30 September 2007, the Group had aggregate outstanding programmes and film rights-related commitments of approximately HK$18,486,000 (as at 31 December 2006: HK$34,123,000) of which all (as at 31 December 2006: HK$33,695,000) were in respect of a film rights acquisition agreement with STAR TV Filmed Entertainment Limited ("STAR Filmed") extending to 27 August 2008. Total programmes and film rights-related commitments are analysed as follows:

	As at 30 September 2007 *HK$'000*	As at 31 December 2006 *HK$'000* (Audited)
Not later than one year	**18,486**	20,776
Later than one year and not later than five years	**–**	13,347
	18,486	34,123

(b) **Other commitments**

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

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

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

As of 30 September 2007, Oriental was still in the process of obtaining all the relevant approvals for the Capital Increment Contract and the Group had not contributed any amount into Oriental.

18 Banking facilities

As at 30 September 2007, the Group had banking facilities amounting to approximately HK$18,992,000 (as at 31 December 2006: HK$18,907,000). Unused banking facilities as at the same date amounted to approximately HK$10,920,000 (as at 31 December 2006: HK$11,735,000). The facilities are covered by counter indemnities from the companies within the Group.

As at 30 September 2007, deposits of approximately HK$3,992,000 (as at 31 December 2006: HK$3,907,000) were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary.

19 Related party transactions

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

		For the three months ended 30 September		For the nine months ended 30 September	
		2007	2006	**2007**	2006
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	**13,927**	13,318	**40,665**	39,774
Commission for international subscription sales and marketing services paid/payable to STARL	a, c	**941**	780	**2,620**	2,323
Film licence fees paid/ payable to STAR Filmed	a, d	**5,112**	5,085	**15,329**	15,235
Service charges paid/payable to Asia Television Limited ("ATV")	e, f	**70**	47	**309**	730
Service charges received/ receivable from ATV	e, g	**321**	319	**962**	956
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	h, i	**996**	923	**2,850**	2,765
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	j, k	**311**	286	**918**	828
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	l, m	**306**	343	**799**	1,074
Programme licence fees to SGL Entertainment Limited ("SGL")	a, n	**–**	132	**78**	132
Programme license fees paid/payable to Asia Television Enterprise Limited ("ATVE")	f, o	**–**	–	**–**	428
Advertising sales to China Mobile Communications Corporation and its subsidiaries (the "CMCC Group")	p, q	**9,653**	2,536	**22,675**	2,536
Key management compensation	iii	**4,999**	4,836	**14,997**	14,508

Notes:

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

(b) Service charges paid/payable to STARL to cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 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 30 June 2006 (the "Circular"). Either fixed fees or variable fees are charged depending on the type of services utilised.

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

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

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

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

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

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

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

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

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

(j) BSkyB is 39% 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 39% directly owned by Fox Entertainment Group, Inc., which indirectly owns 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 30 June 2006, the programme license fees paid/payable to ATVE with respect to a list of programmes as stipulated in the schedule of the agreement are charged at a fixed fee or fees to be mutually agreed. The summary of the term of the agreement are set out in the section headed "ATV Programme Licensing Agreement" of the circular.

(p) The CMCC Group, through its wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.87% of the issued share capital of the Company. CMCC has become a shareholder and related party of the Company since 25 August 2006.

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

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

	As at 30 September 2007	As at 31 December 2006
	HK$'000	*HK$'000* (Audited)
Amounts due from related companies	**1,149**	38
Amounts due to related companies	**(1,779)**	(4,743)

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

(iii) Key management compensation

	For the three months ended 30 September		**For the nine months ended 30 September**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Salaries	**3,293**	3,192	**9,879**	9,576
Quarters and housing allowance	**1,377**	1,325	**4,131**	3,975
Pension fund	**329**	319	**987**	957
	4,999	4,836	**14,997**	14,508

20 Comparative figures

Certain of the 2006 comparative figures have been reclassified to conform to the current quarter's presentation. Certain depreciation expenses have been reclassified from selling, general and administrative expenses to operating expenses.

As at the date of this report, 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.