



hoenix Satellite Television
Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Third Quarterly Report 2004

Phoenix Satellite Television Holdings Limited

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

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

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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.

FINANCIAL SUMMARY

- The Group's revenue for nine months ended 30 September 2004 was approximately HK\$836,026,000, which was 63.5% higher than the same period in the previous year.
- The performance of InfoNews was especially encouraging, with revenue for this period reaching approximately HK\$130,800,000, which was almost eight times that of the same period last year.

FINANCIAL REVIEW

Revenue of the Phoenix Group for the nine months ended 30 September 2004 reached a record high of approximately HK\$836,026,000. This figure represented an encouraging increase of approximately HK\$324,778,000, or 63.5%, over the same period last year. Advertising revenue, which represented 94.0% of the Group's total revenue, recorded a remarkable increase of 73.0% as compared with same period last year, which was mainly attributable to both the success of the multiple agencies model in advertising sales implemented in January 2004 and the substantial increase in the brand awareness of Phoenix programming.

Operating costs increased by 24.2% to approximately HK\$723,459,000, which was mainly due to the increase of commission expenses that flowed from the rise in advertising revenue. The Group's profit from operations and profit attributable to shareholders for the nine months ended 30 September 2004 were approximately HK\$112,567,000 and HK\$119,777,000 respectively. As compared to a loss from operations of approximately HK\$71,256,000 and a loss attributable to shareholders of approximately HK\$59,702,000 in the same period last year, the results for this nine months period represent significant turn arounds of approximately HK\$183,823,000 and HK\$179,479,000 respectively.

The Group's results for the nine months period ended 30 September 2004 and the same period last year respectively are summarized below:

	Nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000
Phoenix Chinese Channel	646,582	435,283
Phoenix InfoNews Channel	130,800	16,698
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	39,996	42,457
Other businesses	18,648	16,810
Group's total revenue	836,026	511,248
Operating costs	(723,459)	(582,504)
Profit/(Loss) from operations	112,567	(71,256)
Profit/(Loss) attributable to shareholders	119,777	(59,702)
Earnings/(Loss) per share, Hong Kong cents	2.43	(1.21)



Phoenix Chinese Channel remained by far the most important source of revenue for the Group, accounting for 77.3% of the Group's total revenue for the nine months ended 30 September 2004. It showed an increase of 48.5% as compared with same period last year. More encouraging was the performance of Phoenix InfoNews Channel. Its revenue was almost eight times that of the same period last year, jumping to approximately HK\$130,800,000, and operating loss was reduced by a substantial 88.3% for the nine months ended 30 September 2004 as compared with same period last year.

Results of both Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel showed gradual improvement. However, subscription revenue of Phoenix Movies Channel decreased mainly due to the termination of the minimum guarantee arrangement with an agent in the PRC in July 2003.

The performance of other businesses was steady as compared with the same nine months period last year. The increase of corporate overheads was mainly attributable to the increased spending on the Group's promotional activities.

As compared to the same quarter last year, revenue for the quarter ended 30 September 2004 increased by 75.5%, to approximately HK\$267,159,000. The profit attributable to shareholders for the quarter ended 30 September 2004 grew to approximately HK\$36,975,000, as compared to a loss attributable to shareholders of approximately HK\$25,631,000 in the same period last year.

The table below shows the operating results of our businesses for the three months ended 30 September 2004 and the same period last year:

	Three months ended 30 September	
	2004 HK\$'000	2003 HK\$'000
Phoenix Chinese Channel	84,251	37,646
Phoenix InfoNews Channel	(4,096)	(26,505)
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	(13,396)	(10,200)
Other businesses	(1,422)	(3,680)
Corporate overheads	(30,865)	(25,188)
Profit/(Loss) from operations	<u>34,472</u>	<u>(27,927)</u>



BUSINESS OPERATIONS AND PROSPECTS

Phoenix has continued to present a rich menu of innovative programming that has a strong appeal to the Chinese-speaking audience, both in the mainland and beyond. Phoenix has also been at the forefront of Chinese-language news programming, with in-depth reporting on the tragic Bislan massacre in southern Russia, the on-going violence in Iraq, and the continuing Israeli-Palestinian conflict. During this quarter, Phoenix also strengthened its coverage of American issues by expanding its news bureau in Washington D.C., which of course has enabled a comprehensive coverage of the U.S. presidential election process. The growing international recognition of Phoenix as an impartial and influential Chinese-language television news service was reflected in U.S. Secretary of State Colin Powell's decision to do an exclusive interview with Phoenix during his visit to Beijing in late October.

Besides comprehensive news coverage, Phoenix has also featured eye-catching entertainment and talk-show programmes, and has consequently remained a favorite with advertisers, a fact that is apparent in the steady increase of the Group's advertising income over the last nine months. Phoenix recently staged the Miss Chinese Cosmos pageant, which repeated the success of the beauty pageant that Phoenix mounted last year.

The Phoenix Website has also become popular with the audience in China. At the 2004 Chinese Commercial Internet Site award ceremony, hosted in late October by the magazine Internet Weekly, Phoenix Website was assessed to be one of the five most influential websites in China, further underscoring the growing recognition of the Phoenix brandname.

Phoenix has succeeded in expanding its global footprint, and Phoenix InfoNews was officially launched in the United States on 1 October 2004, with former Chinese Foreign Minister and State Councilor Qian Qichen making an appearance at a function in New York which marked its launch.

In view of the huge demand for the limited advertising airtime on some of Phoenix programmes and the fact that many mainstream television channels on the mainland and in Hong Kong have made substantial increases to their advertising rates, Phoenix has decided to increase the advertising rates on the Phoenix Chinese Channel from 8 November 2004.

The Phoenix management remains extremely optimistic about the long-term prospects of the Group, and this confidence has in part been based on the continued expansion of the Phoenix audience in mainland China and the rest of the world. According to research conducted by CCTV's Market Research Corporation to rank satellite television viewers' satisfaction level, Phoenix rose from being the number two satellite broadcaster in the second half of 2003 to being number one in the first half of 2004. These statistics show that Phoenix is growing in popularity and that Phoenix's brand name recognition is accordingly also strengthening, which all suggest that Phoenix is extremely well placed to perform well in the foreseeable future. Due to these positive indicators, the Company will strongly consider declaring a final dividend for this year.



The Directors of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited consolidated profit and loss account, condensed consolidated cashflow statement and consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Phoenix Group" or the "Group") for the three months and nine months ended 30 September 2004 (the "period"), and the unaudited consolidated balance sheet of the Phoenix Group as at 30 September 2004, together with the comparative figures for the corresponding period and relevant date.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 September 2004, 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 they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange 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, were as follows:

(1) Ordinary shares

Name	Personal interest	Family interest	Corporate interest	Other interest	Total number of shares	Percentage of shareholding
LIU, Changle ¹	-	-	1,854,000,000	-	1,854,000,000	37.6%

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 is interested in approximately 37.6% of the issued share capital of the Company as at 30 September 2004.

¹ Being an Executive Director of the Company.

Save as disclosed herein, as at 30 September 2004, none of the Directors or chief executives of the Company, had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have 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 they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which 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 Share Option Scheme. In order to enhance the flexibility in the implementation of the Pre-IPO Share Option Scheme and the Share Option Scheme, the committee of four Directors established for the administration 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 the Share Option Scheme on 14 February 2001 and 6 August 2002 respectively. Such amendments have been pre-approved by the Stock Exchange.

(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 Phoenix Group to acquire shares were as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			Balance as at 30 September 2004
					Balance as at 1 January 2004	Lapsed during the period	Exercised during the period	
2 Executive Directors:								
LIU, Changle	14 June 2000	14 June 2000 to 13 June 2001	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 2001	14 June 2001 to 13 June 2010	1.08	3,990,000	-	-	3,990,000
97 other employees	14 June 2000	14 June 2000 to 13 June 2001	14 June 2001 to 13 June 2010	1.08	36,618,000	(248,000)	(4,062,000)	32,308,000
Total:								
99 employees					<u>45,928,000</u>	<u>(248,000)</u>	<u>(4,062,000)</u>	<u>41,618,000</u>

During the nine months ended 30 September 2004, 248,000 options granted to 5 employees lapsed when they ceased their employment with the Phoenix Group.



During the nine months ended 30 September 2004, 4,062,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK\$1.48.

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

Save as stated above, 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) Share Option Scheme

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

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			Balance as at 30 September 2004	
					Balance as at 1 January 2004	Lapsed during the period	Exercised during the period		
2 employees	15 February 2001	15 February 2001 to 14 February 2002	15 February 2002 to 14 February 2011	1.99	1,700,000	-	-	1,700,000	
18 employees	10 August 2001	10 August 2001 to 9 August 2002	10 August 2002 to 9 August 2011	1.13	12,160,000	-	(120,000)	12,040,000	
5 employees	20 December 2002	20 December 2002 to 19 December 2003	20 December 2003 to 19 December 2012	0.79	2,468,000	-	(206,000)	2,262,000	
Total:									
25 employees						<u>16,328,000</u>	<u>-</u>	<u>(326,000)</u>	<u>16,002,000</u>

During the nine months ended 30 September 2004, 326,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK\$1.32.

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 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 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 Phoenix 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 report for the six months ended 31 December 2003.

As at 30 September 2004, 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 Phoenix 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 may not exceed 10% of the issued share capital of the Company. The terms of the Share Option Scheme were amended on 14 February 2001 and 6 August 2002 respectively, and a summary of the amended Share Option Scheme is set out in the section headed “Share Option Schemes” of the report for the six months ended 31 December 2003.

Save as disclosed herein, and other than those in connection with the Phoenix 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 Phoenix 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 Phoenix Group's business to which the Company or any of its subsidiaries 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 2004, 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 were as follows:

(i) Substantial shareholders

Name of substantial shareholders	Number of ordinary shares	Percentage of shareholding
Xing Kong Chuan Mei Group Co., Ltd (<i>Note 1</i>)	1,854,000,000	37.6%
Today's Asia Limited (<i>Note 2</i>)	1,854,000,000	37.6%

Notes:

- 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 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 in turn is an indirect wholly-owned subsidiary of The News Corporation Limited ("TNCL").

By virtue of the SFO, TNCL, News Publishing Australia Limited, STAR US Holdings, Inc, STAR US Holdings Subsidiary, LLC, 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.

TNCL is contemplating a reorganisation transaction that would change the place of incorporation of TNCL from Australia to the United States by having a company incorporated in Delaware, United States and called News Corporation, Inc. ("News Corporation") indirectly acquiring all of the shares in TNCL. The reorganisation is expected to be completed on or about 12 November 2004, at which time TNCL will become an indirect wholly-owned subsidiary of News Corporation.

- 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.



(ii) **Other person who is required to disclose his interests**

Name of other person who has more than 5% interest	Number of ordinary shares	Percentage of shareholding
China Wise International Limited (<i>Note 1</i>)	412,000,000	8.3%

Note:

1. 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 wholly-owned subsidiary of Central Huijin Investment Company Limited. By virtue of the SFO, Central Huijin Investment Company 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

Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the 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 INTERESTS

Today's Asia Limited, Xing Kong Chuan Mei Group Co., Ltd. and China Wise International Limited have interests in approximately 37.6%, 37.6% and 8.3% 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, TNCL, are active in the television broadcasting industry worldwide. TNCL'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. 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 has 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 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 September 2004. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003. ATV is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the PRC. ATV announced in August 2002 that it had received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service licence in May 2004, in addition to its existing domestic free television programme service licence.



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

Please refer to Note 7 to the quarterly report for the details of the relevant advance to an entity from the Group which exceeds 8% of the Group's total assets.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-yearly reports and quarterly reports and to provide advice and comments thereon to the Board of Directors. The audit committee has met regularly to review with management the accounting principles and practices adopted by the Phoenix Group and to discuss auditing, internal control and financial reporting matters. The audit committee comprises one Non-Executive Director, namely Mr. LAU, Yu Leung John and two Independent Non-Executive Directors, namely Dr. LO, Ka Shui and Mr. KUOK, Khoon Ean.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice as set out in 5.34 to 5.45 of the Rules Governing the Listing of Securities on the Growth Enterprise Market at any time during the nine months ended 30 September 2004.

On behalf of the Board

LIU, Changle

Chairman

Hong Kong, 11 November 2004



CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

For the three months and nine months ended 30 September 2004

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Revenue	2	267,159	152,208	836,026	511,248
Operating expenses	13	(195,600)	(145,666)	(607,962)	(472,792)
Selling, general and administrative expenses	13	(37,087)	(34,469)	(115,497)	(109,712)
Profit/(loss) from operations		34,472	(27,927)	112,567	(71,256)
Other income					
Exchange gain, net		91	552	1,532	1,894
Interest income, net		1,773	904	4,234	3,020
Other income, net		1,745	1,128	7,422	6,916
Profit/(loss) before taxation and minority interests		38,081	(25,343)	125,755	(59,426)
Taxation	3	(968)	(1,159)	(4,814)	(3,111)
Profit/(loss) before minority interests		37,113	(26,502)	120,941	(62,537)
Minority interests		(138)	871	(1,164)	2,835
Profit/(loss) attributable to shareholders		36,975	(25,631)	119,777	(59,702)
Accumulated deficit, beginning of period		(529,669)	(573,605)	(612,471)	(539,534)
		(492,694)	(599,236)	(492,694)	(599,236)
Dividends	4	–	–	–	–
Accumulated deficit, end of period		(492,694)	(599,236)	(492,694)	(599,236)
Basic earnings/(loss) per share, Hong Kong cents	5	0.75	(0.52)	2.43	(1.21)
Diluted earnings per share, Hong Kong cents	5	0.75	N/A	2.42	N/A

CONSOLIDATED BALANCE SHEET – UNAUDITED

As at 30 September 2004

	As at 30 September 2004	As at 31 December 2003
Note	HK\$'000	HK\$'000 (Audited)
Current assets		
Cash and bank balances	459,726	388,869
Accounts receivable, net	6 91,395	32,438
Prepayments, deposits and other receivables	7 376,505	277,651
Inventories	8,165	9,187
Amounts due from related companies	8 484	223
Self-produced programmes	9,827	11,337
Purchased programme and film rights, current portion	9 10,090	9,259
	<u>956,192</u>	<u>728,964</u>
Non-current assets		
Purchased programme and film rights	9 20,419	24,133
Fixed assets, net	59,919	62,607
Land deposit and development costs	10 62,515	61,120
Interest in a jointly controlled entity	472	472
Deferred tax assets	30	743
	<u>143,355</u>	<u>149,075</u>
Total assets	<u>1,099,547</u>	<u>878,039</u>
Current liabilities		
Accounts payable, other payables and accruals	165,486	96,432
Deferred income	78,953	52,420
Amounts due to related companies	8 5,748	9,982
Profits tax payable	10,409	5,939
	<u>260,596</u>	<u>164,773</u>
Non-current liability		
Deferred tax liabilities	30	743
Total liabilities	<u>260,626</u>	<u>165,516</u>
Minority interests	<u>7,266</u>	<u>6,103</u>
Capital and reserves		
Share capital	11 493,612	493,173
Reserves	338,043	213,247
Total shareholders' equity	<u>831,655</u>	<u>706,420</u>
Total liabilities and shareholders' equity	<u>1,099,547</u>	<u>878,039</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

For the nine months ended 30 September 2004

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Accumulated deficit HK\$'000	Total HK\$'000
At 1 January 2003 (unaudited)	493,173	824,839	–	(539,534)	778,478
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	167	–	167
Loss attributable to shareholders	–	–	–	(59,702)	(59,702)
At 30 September 2003	<u>493,173</u>	<u>824,839</u>	<u>167</u>	<u>(599,236)</u>	<u>718,943</u>
At 1 January 2004 (Audited)	493,173	824,839	879	(612,471)	706,420
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	772	–	772
Exercise of share options	439	4,247	–	–	4,686
Profit attributable to shareholders	–	–	–	119,777	119,777
At 30 September 2004	<u>493,612</u>	<u>829,086</u>	<u>1,651</u>	<u>(492,694)</u>	<u>831,655</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

For the nine months ended 30 September 2004

	For the nine months ended 30 September 2004 HK\$'000	For the nine months ended 30 September 2003 HK\$'000
Net cash inflow from operating activities	82,037	15,142
Net cash outflow from investing activities	(16,398)	(38,188)
Net cash inflow from financing activities	4,686	6
Increase/(decrease) in cash and bank balances	70,325	(23,040)
Cash and bank balances, beginning of period	388,869	424,815
Effect of foreign exchange rate changes	532	44
Cash and bank balances, end of period	<u>459,726</u>	<u>401,819</u>



NOTES TO THE QUARTERLY FINANCIAL STATEMENTS – UNAUDITED

1. Basis of preparation and accounting policies

The Group has changed its financial year end from 30 June to 31 December. Accordingly, these financial statements are presented for the nine months ended 30 September 2004 with comparative figures covering the nine months ended 30 September 2003.

The unaudited quarterly financial statements is prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") 25 (revised), "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The quarterly financial statements should be read in conjunction with the financial statements as at and for the six months ended 31 December 2003.

The accounting policies and methods of computation used in the preparation of these quarterly financial statements are consistent with those used in the financial statements as at and for the six months ended 31 December 2003 except that the Group has applied SSAP 24 "Accounting for investment in Securities" issued by the HKICPA after the acquisition of an investment in a security during the current period.

The accounting policy in relation to the investment is set out as follows:

Other investment is carried at fair value. At each balance sheet date, the net unrealised gain or loss arising from the change in fair value of other investment is recognised in the profit and loss account. Profit or loss on disposal of other investment, representing the difference between the net sales proceeds and the carrying amount, is recognised in the profit and loss account.

2. 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 September											
	Television broadcasting		Programme production and ancillary services		Internet services		Other activities		Inter-segment elimination		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	260,391	146,780	560	356	383	478	5,825	4,594	-	-	267,159	152,208
Inter-segment sales	-	-	6,337	4,759	-	-	-	-	(6,337)	(4,759)	-	-
Total revenue	<u>260,391</u>	<u>146,780</u>	<u>6,897</u>	<u>5,115</u>	<u>383</u>	<u>478</u>	<u>5,825</u>	<u>4,594</u>	<u>(6,337)</u>	<u>(4,759)</u>	<u>267,159</u>	<u>152,208</u>
Segment results	68,208	2,187	396	(1,495)	(2,036)	(1,845)	406	15	-	-	66,974	(1,138)
Unallocated expenses (Note a)											(28,893)	(24,205)
Profit/(loss) before taxation and minority interests											38,081	(25,343)
Taxation											(968)	(1,159)
Profit/(loss) before minority interests											37,113	(26,502)
Minority interests											(138)	871
Profit/(loss) attributable to shareholders											<u>36,975</u>	<u>(25,631)</u>





For the nine months ended 30 September

	Television broadcasting		Programme production and ancillary services		Internet services		Other activities		Inter-segment elimination		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	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	817,378	494,437	2,170	2,096	1,316	1,241	15,162	13,474	-	-	836,026	511,248
Inter-segment sales	-	-	18,010	14,195	-	-	-	-	(18,010)	(14,195)	-	-
Total revenue	<u>817,378</u>	<u>494,437</u>	<u>20,180</u>	<u>16,291</u>	<u>1,316</u>	<u>1,241</u>	<u>15,162</u>	<u>13,474</u>	<u>(18,010)</u>	<u>(14,195)</u>	<u>836,026</u>	<u>511,248</u>
Segment results	220,145	16,781	2,997	(4,834)	(6,744)	(7,715)	553	9,969	-	-	216,951	14,201
Unallocated expenses (Note a)											(91,196)	(73,627)
Profit/(loss) before taxation and minority interests											125,755	(59,426)
Taxation											(4,814)	(3,111)
Profit/(loss) before minority interests											120,941	(62,537)
Minority interests											(1,164)	2,835
Profit/(loss) attributable to shareholders											<u>119,777</u>	<u>(59,702)</u>

Note:

(a) Unallocated expenses represent primarily:

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

3. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (nine months ended 30 September 2003: 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 consolidated profit and loss account represents:

	Three months ended 30 September		Nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Current taxation				
– Hong Kong profits tax	639	1,150	4,470	4,405
– Overseas taxes	329	9	344	9
– Over-provisions of Hong Kong profits tax in the prior year	–	–	–	(1,303)
	<u>968</u>	<u>1,159</u>	<u>4,814</u>	<u>3,111</u>

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

	Three months ended 30 September		Nine months ended 30 September	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Profit/(loss) before taxation and minority interests	<u>38,081</u>	<u>(25,343)</u>	<u>125,755</u>	<u>(59,426)</u>
Calculated at a taxation rate of 17.5% (nine months ended 30 September 2003: 17.5%)	6,664	(4,435)	22,007	(10,400)
Effect of different tax rate in other countries	121	–	313	–
Income not subject to taxation	(1,793)	(1,642)	(5,268)	(6,085)
Expenses not deductible for taxation purposes	2,438	3,292	8,575	11,795
Tax losses not recognised	1,851	4,051	5,140	9,230
Utilisation of previously unrecognised tax losses	(8,384)	(116)	(25,630)	(135)
Others	(258)	–	(667)	–
Provision for overseas operations	329	9	344	9
Over-provisions of Hong Kong profits tax in the prior year	–	–	–	(1,303)
Taxation charge	<u>968</u>	<u>1,159</u>	<u>4,814</u>	<u>3,111</u>





4. Interim dividends

The Board does not recommend the payment of an interim dividend for the three months and nine months ended 30 September 2004 (three months and nine months ended 30 September 2003: nil).

5. Earnings/(loss) per share

The calculation of earnings/(loss) per share and diluted earnings per share are based on unaudited consolidated profit attributable to shareholders for the three months and nine months ended 30 September 2004 of approximately HK\$36,975,000 and HK\$119,777,000 respectively (three months and nine months ended 30 September 2003: loss of approximately HK\$25,631,000 and HK\$59,702,000 respectively).

Earnings/(loss) per share for the three months and nine months ended 30 September 2004 is based on the 4,936,005,957 and 4,934,469,080 (three months and nine months ended 30 September 2003: 4,931,730,000 and 4,931,730,000) weighted average number of ordinary shares outstanding during the three months and nine months ended 30 September 2004 respectively.

Diluted earnings per share is based on the 4,947,209,845 (three months ended 30 September 2004: 4,948,002,884) ordinary shares which is the weighted average number of ordinary shares in issue during the nine months ended 30 September 2004 plus the weighted average number of 12,740,765 (three months ended 30 September 2004: 11,996,927) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised. No diluted loss per share for the comparative period is presented as the exercise of the Company's outstanding share options would have had an anti-dilutive effect on loss per share during the three months and nine months ended 30 September 2003.

6. Accounts receivable, net

	As at 30 September 2004 HK\$'000	As at 31 December 2003 HK\$'000 (Audited)
0 – 30 days	21,120	18,828
31 – 60 days	21,397	8,690
61 – 90 days	16,146	5,135
91 – 120 days	13,770	3,215
Over 120 days	58,032	36,782
	130,465	72,650
Less: Provision for doubtful debts	(39,070)	(40,212)
	91,395	32,438

The Group generally requires customers to pay in advance or cash on delivery, and allows a credit period of 30 days to 90 days to some customers. Prior to August 2002, the Group used to grant a credit period of 30 days to 120 days to some customers.



7. Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK\$343,548,000 (as at 31 December 2003: HK\$252,606,000) owing from an advertising agent, Shenzhen Television Company Ltd. ("Shenzhen") in the People's Republic of China (the "PRC"). The amount represents advertising revenue collected, net of expenses incurred by Shenzhen on behalf of the Group. The balance is unsecured and bears interests at prevailing bank interest rates. As a result of the foreign exchange restrictions in the PRC, the remittances of the amount receivable from Shenzhen to the Phoenix Group are not conducted in fixed repayment terms.

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

The Trust Law in the PRC, however, is relatively new and detailed implementation rules are not yet available, therefore the extent of the enforceability of the trust arrangement with Shenzhen is unclear at present. Although the management recognised that the present arrangement is the only legally viable arrangement, the management will continue to monitor and explore alternatives to improve the situation.

8. Amounts due from/to related companies

The outstanding balances with related companies are unsecured, non-interest bearing and have no fixed repayment terms.

9. Purchased programme and film rights

	Nine months ended 30 September 2004 HK\$'000	Six months ended 31 December 2003 HK\$'000 (Audited)
Balance, beginning of period	33,392	37,330
Additions	15,050	12,212
Amortisation	(17,501)	(15,664)
Disposals and others	(432)	(486)
	<hr/> 30,509	<hr/> 33,392
Balance, end of period		
Less: Purchased programme and film rights – current portion	<hr/> (10,090)	<hr/> (9,259)
	<hr/> 20,419	<hr/> 24,133



10. Land 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 for a parcel of land situated in Shenzhen, the PRC, for the development of a building, which includes a production centre for the Phoenix Group. The total consideration for the acquisition was approximately HK\$57,354,000.

During the year ended 30 June 2002, the subsidiary of the Phoenix Group transferred the interest in 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") owned 90% equity interest. Real Properties was a wholly-owned subsidiary of the Phoenix Group.

Pursuant to the payment terms of the agreement, the full amount of approximately HK\$57,354,000 has been paid to the 深圳市規劃國土局 (The Shenzhen National Land Planning Bureau)¹ as the cost of the land use rights acquisition, and was recorded as a land deposit of Phoenix Group as at 30 June 2003. The increase in value to HK\$62,515,000 as at 30 September 2004 represents other relevant costs incurred in connection with the development of the building.

Pursuant to an agreement dated 29 October 2003 entered into by the Phoenix 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. The acquisition was completed on 13 January 2004.

On the same date, Oasiscity executed a share charge in favour of the Phoenix Group, under which it charged a 30% equity interest in Real Properties, as security for the due performance of its obligations under the agreement dated 29 October 2003. Pursuant to the agreement, Oasiscity will be responsible for providing all required financing for the development of the building and the Phoenix 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 on completion of the development.

Upon the completion of the development of the building, it is expected that the Group's entitlement to the relevant portion of the non-saleable area will have a value of not less than current carrying value of approximately HK\$62,515,000.

¹ name translated for reference only

11. Share capital

	Nine months ended 30 September 2004		Six months ended 31 December 2003	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000 (Audited)
Authorised:				
Ordinary share of HK\$0.1 each	<u>10,000,000,000</u>	<u>1,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
Beginning of period	4,931,730,000	493,173	4,931,730,000	493,173
Exercise of share options	<u>4,388,000</u>	<u>439</u>	–	–
End of period	<u>4,936,118,000</u>	<u>493,612</u>	<u>4,931,730,000</u>	<u>493,173</u>

12. Commitments

a) Programme and film rights acquisition

As at 30 September 2004, the Group had aggregate outstanding programme and film rights related commitments of approximately HK\$79,659,000 (as at 31 December 2003: HK\$97,302,000) of which HK\$79,538,000 (as at 31 December 2003: HK\$94,437,000) were in respect of a film rights acquisition agreement with STAR TV Filmed Entertainment Limited ("STAR Filmed") extending to 27 August 2008 and approximately HK\$121,000 (as at 31 December 2003: HK\$2,865,000) was in respect of programme acquisition agreements with other programme suppliers. Total programme and film rights related commitments are analysed as follows:

	As at 30 September 2004 HK\$'000	As at 31 December 2003 HK\$'000 (Audited)
Not later than one year	20,484	23,148
Later than one year and not later than five years	<u>59,175</u>	<u>74,154</u>
	<u>79,659</u>	<u>97,302</u>

b) Associated company

On 5 August 2004, the Group signed an agreement with 北京廣播公司 to form a sino-foreign joint venture in the PRC. The Group will have 45% shareholding interest to the sino-foreign joint venture and the outstanding commitment was approximately HK\$12,555,000 (RMB13,500,000) as at 30 September 2004.





13. Significant related party transactions

Parties are considered to be related to the Phoenix Group if the Phoenix Group has the ability, directly or indirectly, to exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Phoenix Group and the parties are subject to common significant influence. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities.

In the normal course of business, the Phoenix Group had the following significant transactions with the related parties:


	Notes	Three months ended 30 September		Nine months ended 30 September	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	13,254	8,746	39,622	44,241
Commission for advertising sales and marketing services paid/payable to STARL	a, c	45	634	440	3,603
Commission for international subscription sales and marketing services paid/payable to STARL	a, d	669	698	2,039	1,895
Sales of decoder devices to STARL	a, e	–	24	65	161
Film licence fees paid/payable to STAR Filmed	a, f	5,093	5,101	15,246	15,302
Programme licence fees to SGL Entertainment Limited ("SGL Entertainment")	a, g	1,035	–	1,182	–
Purchase of broadcast operations and engineering equipment from STARL	a, h	–	1,442	98	1,442
Programme licence fees paid/payable to ATV Enterprises Limited ("ATVE")	i, j	–	2,250	429	3,703
Service charges paid/payable to Asia Television Limited ("ATV")	i, k	409	134	441	236
Service charges received/receivable from ATV	i, l	326	327	976	2,060
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	m, n	1,036	1,038	3,213	3,123
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	o, p	1,266	1,284	3,771	3,708
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	q, r	567	–	1,757	–

Notes:

The Directors have confirmed that all of the above related party transactions have been carried out in the normal course of business of the Phoenix Group.

- (a) STARL, STAR Filmed, SGL Entertainment 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 shareholder of the Company.
- (b) Service charges paid/payable to STARL covering a wide range of technical services provided to the Phoenix Group are based on the terms of the service agreement dated 29 May 2003. The summary of the terms of the service agreement are set out in the section headed "New Star Services Agreement" of the circular of the Company dated 10 June 2003 (the "Circular"). Either fixed 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 15% (nine months ended 30 September 2003: 4%-20%) of the net advertising income generated and received by it on behalf of the Phoenix 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% (nine months ended 30 September 2003: 15%) of the subscription fees generated and received by it on behalf of the Phoenix Group.
- (e) Sales of decoder devices to STARL are charged based on terms mutually agreed upon between both parties.
- (f) The film licence fees are charged in accordance with a film rights acquisition agreement with STAR Filmed.
- (g) Programme licence fees to SGL Entertainment are charged based on terms specified in a license agreement.
- (h) Purchase of broadcast operations and engineering equipment from STARL are charged based on terms mutually agreed between both parties.
- (i) 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 September 2004. Mr. CHAN, Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 30 September 2004. He also owns 80% of Dragon Goodwill International Limited, which has completed its acquisition of 32.75% interests in ATV on 25 July 2003.
- (j) Pursuant to a programme licensing agreement dated 29 May 2003, the programme licence 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.



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- (k) Service charges paid/payable to ATV cover news footage and data transmission services provided to the Phoenix Group which are charged based on terms mutually agreed upon between both parties.
- (l) 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.
- (m) Fox is an associate of Xing Kong Chuan Mei Group Co., Ltd.
- (n) Service charges paid/payable to Fox cover the following services provided to the Phoenix 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.
- (o) BSkyB is 36.3% owned by The News Corporation Limited ("TNCL") which indirectly owns 100% of Xing Kong Chuan Mei Group Co., Ltd.
- (p) Service charges paid/payable to BSkyB cover the following services provided to the Phoenix Group which are charged based on terms specified in the service agreements:
- transponder rental;
 - uplinking services; and
 - encoding and electronic programme guide services.
- (q) DIRECTV is an associate of TNCL which indirectly owned 100% of Xing Kong Chuan Mei Group Co., Ltd.
- (r) Service charges received/receivable from DIRECTV are charged based on terms specified in a service agreement.

As at the date of this report, the executive directors of the Company are Mr. LIU Changle and Mr. CHUI Keung, the non-executive directors of the Company are Ms GUTHRIE Michelle Lee, 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 are Dr. LO Ka Shui and Mr. KUOK Khoon Ean.