Phoenix Satellite Television Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

First Quarterly Report 2005

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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

- Revenue for the first quarter increased to approximately HK$299,029,000, which represented a 5.1% rise over the same period last year.

- The revenue of Phoenix Chinese Channel increased 3.0%, which was partly off-set by a decline in InfoNews' revenue of 17.2%.

- The profit attributable to equity holders of the Company was approximately HK$41,055,000, which represented a marginal increase of 1.4% as compared to the same period last year.

During the first quarter of 2005 the Phoenix Group maintained the good performance that it achieved last year, when it produced a surge in revenue which enabled Phoenix to generate a sizeable profit after three years of loss-making. The revenue for this first quarter was only marginally higher than the same quarter last year, but given that last year's income marked a major turn-around in the company's fortunes this marginal increase demonstrated the on-going effectiveness of the new advertising-sales system introduced last year, and the widely recognized popularity of Phoenix programming.

FINANCIAL REVIEW

Revenue of the Group for the three months ended 31 March 2005 remained at last year's impressive level, amounting to approximately HK$299,029,000. This represented an increase of 5.1%, over the same period last year. Advertising revenue, which represented 90.8% of the Group's total revenue, increased by approximately 1.2%. Operating costs increased modestly by 4.8% over the same period last year to approximately HK$258,391,000.

The Group's profit before taxation for the three months ended 31 March 2005 was approximately HK$49,514,000, which showed an encouraging increase of 14.5% over same period last year. But as most of the Group's tax losses had been utilized last year, the tax burden for this quarter partly offset the growth in revenue. Profit attributable to equity holders of the Company was approximately HK$41,055,000, which represented a marginal increase of 1.4% as compared with the same period last year.

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

	Three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**229,306**	222,732
Phoenix InfoNews Channel	**37,081**	44,757
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**14,774**	11,590
Other businesses	**17,868**	5,499
Group's total revenue	**299,029**	284,578
Operating costs	**(258,391)**	(246,629)
Profit from operations	**40,638**	37,949
Profit before taxation	**49,514**	43,245
Profit attributable to equity holders of the Company	**41,055**	40,475
Earnings per share, Hong Kong cents	**0.83**	0.82

The table below shows the operating results of our businesses for this quarter and the same period last year:

	Three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**96,185**	86,720
Phoenix InfoNews Channel	**(10,181)**	(1,701)
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	**(20,447)**	(13,539)
Other businesses	**(492)**	(2,116)
Corporate overheads	**(24,427)**	(31,415)
Profit from operations	**40,638**	37,949

Phoenix Chinese Channel remained by far the most important source of revenue for the Group, accounting for 76.7% of the Group's total revenue. The Chinese Channel's revenue increased by 3.0% as compared to the same period last year, and its operating profit increased to approximately HK$96,185,000, or by 10.9%.

The performance of Phoenix InfoNews Channel was less satisfactory. Revenue decreased by 17.2% to approximately HK$37,081,000, while operating costs increased marginally. Operating loss was thereby widened to approximately HK$10,181,000. The decline in InfoNews' revenue essentially flowed from the decrease in bundling sales, which occurred as a result of some advertisers resisting the requirement imposed by Phoenix to place their advertisement on both Phoenix Chinese Channel and Phoenix InfoNews Channel at a pre-determined mix. A further factor seems to be that because certain new programmes will only begin to be broadcast on InfoNews during the second quarter of this year some advertisers have held back on the placement of advertising in order to be able to assess the likely success of such new programming. The use of this bundling sales strategy is a natural means of enhancing InfoNews' income while it is in a developmental stage. The management is continuing to review the extent to which it should pursue to this strategy in the future, and is also planning to strengthen InfoNews programming in order to respond to the market's need.

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel and Phoenix Chinese News and Entertainment Channel, increased to approximately HK$14,774,000. Due to increases in operating costs and provision for doubtful debt, however, operating loss increased to approximately HK$20,447,000.

Performance of both the magazine and internet businesses showed gradual improvement in the period.

BUSINESS OVERVIEW

Phoenix Chinese Channel, which remains the key element of the Group's business, has continued to be one of the most innovative and popular television channels available to the Chinese audience. While new broadcasters are entering the Chinese television market, and competition for viewers is increasing, the Chinese Channel has maintained its leading position by striving to produce or acquire new entertainment and informative programmes that cater to the tastes of the Chinese-speaking audience in mainland China and beyond, providing the audience with a balanced menu of entertainment and information.

Phoenix InfoNews has consistently followed major world developments, including the devastating tsunami in South and Southeast Asia, the continuing political violence in Iraq and the kidnapping of a group of Chinese labourers in Iraq, and the assassination of the former Lebanon premier Hariri. Phoenix also covered major developments in cross-Strait relations, such as the visit to China by Chiang Bing-kun, the vice chairman of the KMT, the meeting between Taiwan President Chen Shui-bian and the leader of the People's First Party James Soong, and the operation of direct charter flights between mainland China and Taiwan during the Chinese New Year period. InfoNews has had major carriage of the task of reporting news and economic information, and it continues to make a major contribution to the Phoenix brand name, underscoring Phoenix's reputation for a global outlook and real-time information.

PROSPECTS

This quarter's results confirm that the Group's performance over the last year was not a one-off achievement and demonstrate that the factors that led to the dramatic turn around in Phoenix's performance last year, namely the popularity of Phoenix programming and the effectiveness of the new advertising marketing system, have continued to shape Phoenix's performance and can be expected to do so for the remainder of 2005. The Chinese economy remains buoyant, and should continue to be the source of a steady stream of advertising revenue. At the same time Phoenix is exploring outlets for its content in order to ensure that the effort it invests in producing new and fresh programming generates the maximum financial returns possible.

The Directors of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited condensed consolidated profit and loss account, condensed consolidated cash flow statement and consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2005 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 31 March 2005, together with the comparative figures for the corresponding period and relevant date in 2004.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 March 2005, 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	37.54%
LO, Ka Shui[2]	2,000,000	–	–	–	2,000,000	0.04%

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 37.5% of the issued share capital of the Company as at 31 March 2005.

1 Being an Executive Director of the Company.

2 Being an Independent Non-Executive Director of the Company.

Save as disclosed herein, as at 31 March 2005, 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 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 Share Option Scheme on 14 February 2001, 6 August 2002 and 10 December 2004 respectively.

(1) Pre-IPO Share Option Scheme

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

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share	Balance as at 1 January 2005	Lapsed during the period	Exercised during the period	Balance as at 31 March 2005
				HK$				
2 Executive Directors:								
LIU, Changle	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	5,320,000	–	–	5,320,000
CHUI, Keung	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	3,990,000	–	–	3,990,000
84 other employees	14 June 2000	14 June 2000 to 13 June 2004	14 June 2001 to 13 June 2010	1.08	31,662,000	–	(554,000)	31,108,000
Total:								
86 employees					40,972,000	–	(554,000)	40,418,000

During the three months ended 31 March 2005, 554,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.54.

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 Group to acquire shares are 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 1 January 2005	Lapsed during the period	Exercised during the period	Balance as at 31 March 2005
2 employees	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	1,700,000	–	–	1,700,000
17 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	12,040,000	(500,000)	(862,000)	10,678,000
5 employees	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	2,230,000	–	(364,000)	1,866,000
Total:								
24 employees					15,970,000	(500,000)	(1,226,000)	14,244,000

During the three months ended 31 March 2005, 500,000 options granted to an employee lapsed when he ceased his employment with the Phoenix Group.

During the three months ended 31 March 2005, 1,226,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average closing price per share was HK$1.50.

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 Group, adopted the PHOENIXi 2000 Stock Incentive Plan (the "PHOENIXi Plan"). Under the PHOENIXi Plan, the employees of PHOENIXi, including any Executive Directors, in the full-time employment of PHOENIXi or its subsidiaries or the Company are eligible to take up options to subscribe for shares in PHOENIXi. The summary of the terms of the PHOENIXi Plan are set out in the section headed "Share Option Schemes" of the annual report for the year ended 31 December 2004.

For the three months ended 31 March 2005, no option had been granted under the PHOENIXi Plan.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the terms of the Company's share option schemes approved by the Shareholders on 7 June 2000, the Committee may, at their discretion, invite any employee of the Company or any of the Group companies, including any Executive Directors, to take up options to subscribe for shares. The maximum number of shares in respect of which options may be granted under the share option schemes 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, 6 August 2002 and 10 December 2004 respectively, and a summary of the amended Share Option Scheme is set out in the section headed "Share Option Schemes" of the annual report for the year ended 31 December 2004.

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 was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

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

As at 31 March 2005, 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) Substantial shareholders

Name of substantial shareholders	Number of ordinary shares	Percentage of shareholding
Xing Kong Chuan Mei Group Co., Ltd. *(Note 1)*	1,854,000,000	37.5%
Today's Asia Limited *(Note 2)*	1,854,000,000	37.5%

Notes:

1. 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 STAR US Holdings Subsidiary, LLC. STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings, Inc., which in turn is a wholly-owned subsidiary of News Publishing Australia Limited. New Publishing Australia Limited is an indirect wholly-owned subsidiary of News Australia Holdings Pty Limited, which in turn is a wholly-owned subsidiary of News Corporation.

   By virtue of the SFO, News Corporation, News Australia Holdings Pty Limited, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty, Limited, News Cayman Holdings Limited and STAR Group Limited are all deemed to be interested in the 1,854,000,000 shares held by Xing Kong Chuan Mei Group Co., Ltd.

2. 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 *(Note)*	412,000,000	8.3%

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 wholly-owned subsidiary of Central Huijin Investment Company Limited. By virtue of the SFO, Central Huijin Investment Company 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 37.5%, 37.5% 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, News Corporation, are active in the television broadcasting industry worldwide. News Corporation's diversified global operations in the United States, Canada, the United Kingdom, Australia, Latin America and the Pacific Basin include the production of motion pictures and television programming; television, satellite and cable broadcasting; the publication of newspapers, magazines and books; the production and distribution of promotional and advertising products and services; the development of digital broadcasting; the development of conditional access and subscriber management systems; and the creation and distribution of popular on-line programming. Currently, STAR Group Limited, the holding company of Xing Kong Chuan Mei Group Co., Ltd., owns and operates multimedia digital platforms, including satellite television, in the Asia Pacific region and engages in programme licensing and advertising agency business throughout the world, including China. STAR Group Limited and its subsidiaries (including Xing Kong Chuan Mei Group Co., Ltd.) operate and broadcast a range of channels, such as STAR Movies and STAR Chinese Channel (which presently only broadcasts in Taiwan) and Channel [V]. The broadcasting coverage of Channel [V] includes China, Taiwan, Hong Kong, countries in South East Asia, the Indian sub-continent and the Middle East. STAR Group Limited announced on 19 December 2001 that it was granted landing rights for a new 24-hour Mandarin – language general entertainment channel, Xing Kong Wei Shi, in southern China by virtue of an agreement signed among STAR (China) Limited (STAR Group Limited's wholly-owned subsidiary), China International Television Corporation ("CITVC"), Guangdong Cable TV Networks Co. Ltd. and Fox Cable Networks Services, L.L.C., an affiliate of STAR Group Limited. STAR Group Limited further announced on 15 January 2004 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 Asia Television Limited ("ATV"), a Hong Kong based television broadcasting company. Mr. CHAN, Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 31 March 2005. He also owns 80% of Dragon Goodwill International Limited, which completed its acquisition of 32.75% interests in ATV on 25 July 2003. ATV is deemed to be a connected person of the Company pursuant to the GEM Listing Rules. Primarily aiming at audiences in Hong Kong, ATV broadcasts its programmes via terrestrial transmission through two channels, one in Cantonese and the other in English. Signals of such two channels can also be received in certain parts of Guangdong Province of the PRC. ATV announced in August 2002 that it had received the approval from the authorities in China to broadcast its Cantonese and English channels through the cable system in Guangdong. ATV is also granted a non-domestic television programme service license in May 2004, in addition to its existing domestic free television programme service license.

Save as disclosed above, none of the Directors 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 9 to this 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 will meet at least four times a year to review with management the accounting principles and practices adopted by the 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 three Independent Non-Executive Directors, namely Dr. LO, Ka Shui, Mr. KUOK, Khoon Ean (resigned on 10 March 2005), Mr. LEUNG Hok Lim (appointed on 21 January 2005) and Mr. Thaddeus Thomas BECZAK (appointed on 11 March 2005).

BOARD PRACTICES AND PROCEDURES

The Company has complied with Rules 5.34 to 5.45 of the GEM Listing Rules concerning board practices and procedures throughout the period.

On behalf of the Board
LIU, Changle
Chairman

Hong Kong, 11 May 2005

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2005

	Note	**For the three months ended 31 March 2005 HK$'000**	For the three months ended 31 March 2004 HK$'000 (note 2)
Revenue	3	**299,029**	284,578
Operating expenses	16	**(195,732)**	(205,622)
Selling, general and administrative expenses	16	**(62,659)**	(41,007)
Profit from operations	4	**40,638**	37,949
Provision for impairment loss in a jointly controlled entity		**(472)**	–
Other income			
Exchange gain, net		**2,666**	802
Interest income, net		**2,675**	1,140
Other income, net		**4,007**	3,354
Profit before taxation		**49,514**	43,245
Taxation	5	**(8,483)**	(2,421)
Profit for the period		**41,031**	40,824
Attributable to:			
Profit attributable to equity holders of the Company		**41,055**	40,475
Minority interests		**(24)**	349
		41,031	40,824
Earnings per share for profit attributable to the equity holders of the Company during the period			
Basic earnings per share, Hong Kong cents	7	**0.83**	0.82
Diluted earnings per share, Hong Kong cents	7	**0.83**	0.82

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 31 MARCH 2005

	Note	**As at 31 March 2005 HK$'000**	As at 31 December 2004 HK$'000 (Audited) (note 2)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**16,052**	18,402
Fixed assets, net		**52,728**	54,869
Property deposit and development costs	11	**63,761**	62,515
Investments in jointly controlled entities	12	**11,500**	472
Financial assets at fair value through profit or loss	13	**14,978**	53,461
Deferred tax assets		**900**	30
		159,919	189,749
Current assets			
Accounts receivable, net	8	**127,037**	98,397
Prepayments, deposits and other receivables	9	**402,450**	351,005
Inventories		**9,076**	8,751
Amounts due from related companies	16	**966**	507
Self-produced programmes		**13,653**	10,652
Purchased programme and film rights, net, current portion	10	**7,774**	11,665
Profits tax recoverable		**–**	384
Cash and bank balances		**481,074**	411,482
		1,042,030	892,843
Total assets		**1,201,949**	1,082,592
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	14	**493,858**	493,680
Reserves		**413,095**	369,968
		906,953	863,648
Minority interests		**6,813**	6,837
Total equity		**913,766**	870,485
Non-current liability			
Deferred tax liabilities		**900**	30
Current liabilities			
Accounts payable, other payables and accruals		**133,398**	165,078
Deferred income		**141,568**	38,914
Amounts due to related companies	16	**4,224**	8,085
Profits tax payable		**8,093**	–
		287,283	212,077
Total liabilities		**288,183**	212,107
Total equity and liabilities		**1,201,949**	1,082,592

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2005

	Attributable to equity holders of the Company					
	Share capital	Share premium	Exchange reserve	Accumulated deficits	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (Note 2)
At 1 January 2004	493,173	824,839	879	(612,471)	6,103	712,523
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	1,148	–	–	1,148
Exercise of share options	222	2,130	–	–	–	2,352
Profit for the period	–	–	–	40,475	349	40,824
At 31 March 2004	493,395	826,969	2,027	(571,996)	6,452	756,847

	Attributable to equity holders of the Company					
	Share capital	Share premium	Exchange reserve	Accumulated deficits	Minority interests	Total equity
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2005	**493,680**	**829,741**	**2,204**	**(461,977)**	**6,837**	**870,485**
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**–**	**–**	**390**	**–**	**–**	**390**
Exercise of share options	**178**	**1,682**	**–**	**–**	**–**	**1,860**
Profit for the period	**–**	**–**	**–**	**41,055**	**(24)**	**41,031**
At 31 March 2005	**493,858**	**831,423**	**2,594**	**(420,922)**	**6,813**	**913,766**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT – UNAUDITED

FOR THE THREE MONTHS ENDED 31 MARCH 2005

	For the three months ended 31 March 2005	For the three months ended 31 March 2004
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**44,022**	66,774
Net cash inflow/(outflow) from investing activities	**23,454**	(32,593)
Net cash inflow from financing activities	**1,860**	2,352
Increase in cash and bank balances	**69,336**	36,533
Cash and bank balances, beginning of period	**411,482**	388,869
Effect of foreign exchange rate changes	**256**	761
Cash and bank balances, end of period	**481,074**	426,163

NOTES TO THE CONDENSED ACCOUNTS – UNAUDITED

1 General Information

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

The Company is a limited company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Century Yard, Cricket Square, Hutchins Drive, PO Box 2681 GT, George Town, Grand Cayman, British West Indies, Cayman Islands.

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

This unaudited condensed accounts have been approved for issue by the Board of Directors on 11 May 2005.

2 Basis of preparation and accounting policies

(i) Adoption of new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (together as "New HKFRSs")

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of New HKFRSs which are effective for accounting periods beginning on or after 1 January 2005. The Group has adopted the New HKFRSs in the preparation of accounts for the period from 1 January 2005 onward.

The comparative financial statements for 2004 have been restated in accordance with the relevant requirements of the New HKFRSs, if applicable.

Except for the following, the adoption of the New HKFRSs did 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 annual financial statements as of and for the year ended 31 December 2004:

- Hong Kong Accounting Standard 1 – Presentation of Financial Statements ("HKAS 1") has impacted the presentation of the following notable elements in the Group's condensed accounts:

    - minority interests are presented within equity on the face of the condensed consolidated balance sheet while it was presented outside of equity previously.

    - movement of minority interests is included in the consolidated statement of changes in equity while this was not required previously.

    - allocation of profit/(loss) attributable to minority interests and equity holders of the Company are disclosed on the face of the condensed consolidated profit and loss account after profit for the period while the allocation to minority interests was previously disclosed as a separate line item before arriving at profit attributable to the equity holders of the Company.

- Hong Kong Accounting Standard 24 – Related Party Disclosures ("HKAS 24") has expanded the definition of related parties to include key management of the Group (see note 16(iii)).

- The adoption of Hong Kong Financial Reporting Standards 2 – Share-based Payments ("HKFRS 2") has resulted in a change in accounting policy for employee share options. Under HKFRS 2 the Group is required to determine the fair value of all share-based payments to employees as remuneration and recognise an expense in the profit and loss account. This treatment results in a reduction in profit as such items have not been recognised as expenses under the previous accounting policy. Under the specific transitional provisions of HKFRS 2, this treatment applies to equity-settled share-based payment transactions where shares, share options or other equity instruments were granted after 7 November 2002 and had not yet vested by 1 January 2005 and to liabilities arising from share-based payment transactions existing on 1 January 2005. The directors consider the adoption of HKFRS 2 do not have material impact on the condensed accounts and accordingly, no adjustments have been recorded to reflect the impact of applying HKFRS 2 in the accompanying condensed accounts.

  Had the adjustments on application of HKFRS 2 been applied, the Group's opening accumulated deficits at 1 January 2004 and 2005 would increase by approximately HK$560,000 and HK$840,000, respectively, in accounting for the previously unrecognised employee share-based compensation expenses. Net profit for the three months ended 31 March 2004 and 2005 and accumulated deficits as at 31 March 2004 and 2005 of the Group would decrease by approximately HK$70,000 and HK$40,000, respectively.

- The adoption of Hong Kong Accounting Standard 32 – Financial Instruments: Disclosure and Presentation ("HKAS 32") and Hong Kong Accounting Standard 39 – Financial Instruments: Recognition and Measurement ("HKAS 39") have resulted in a change in accounting policies for recognition, measurement, de-recognition and disclosure of financial instruments. In accordance with the provisions of HKAS 39, the Group has classified its investment in unlisted securities as at 31 March 2005 as financial assets at fair value through profit or loss. Interest income and net realised and unrealised gain/(losses) for financial assets at fair value through profit or loss are included as other income in the condensed consolidated profit and loss account.

  "Other investments", which were carried at fair value at 31 December 2004 and whose interest income and net realised and unrealised gain/(losses) were included as other income in the consolidated profit and loss account for the year ended 31 December 2004 under Statements of Standard Accounting Policy 24 – Accounting for Investments in Securities were designated as "financial assets at fair value through profit or loss" in the condensed consolidated balance sheet under HKAS 39.

The comparative figures for 2004 presented herein have incorporated the effect of adjustments, where applicable, resulting from the adoption of the New HKFRSs above.

(ii) This unaudited condensed accounts has been prepared in accordance with Hong Kong Accounting Standard 34 – Interim Financial Reporting ("HKAS 34") 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 of Hong Kong Limited.

The unaudited condensed accounts has been prepared under the historical cost convention, as modified by revaluation of financial assets which are classified as financial assets at fair value through profit or loss.

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

3 Segmental information

The Group is organised into four main business segments including:

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

(ii) Programme production and ancillary services;

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

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

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

	For the three months ended 31 March 2005					
	Television broad-casting *HK$'000*	**Programme production and ancillary services** *HK$'000*	**Internet services** *HK$'000*	**Other activities** *HK$'000*	**Inter-segment elimination** *HK$'000*	**Group** *HK$'000*
Revenue						
External sales	**281,161**	**1,224**	**2,112**	**14,532**	**–**	**299,029**
Inter-segment sales	**–**	**5,773**	**–**	**–**	**(5,773)**	**–**
Total revenue	**281,161**	**6,997**	**2,112**	**14,532**	**(5,773)**	**299,029**
Segment results	**67,933**	**(1)**	**(1,712)**	**1,453**	**–**	**67,673**
Unallocated expenses *(Note a)*						**(18,159)**
Profit before taxation						**49,514**
Taxation						**(8,483)**
Profit for the period						**41,031**

	For the three months ended 31 March 2004					
	Television broad-casting *HK$'000*	Programme production and ancillary services *HK$'000*	Internet services *HK$'000*	Other activities *HK$'000*	Inter-segment elimination *HK$'000*	Group *HK$'000*
Revenue						
External sales	279,079	763	427	4,309	–	284,578
Inter-segment sales	–	5,594	–	–	(5,594)	–
Total revenue	279,079	6,357	427	4,309	(5,594)	284,578
Segment results	73,987	969	(2,453)	(264)	–	72,239
Unallocated expenses *(Note a)*						(28,994)
Profit before taxation						43,245
Taxation						(2,421)
Profit for the period						40,824

Note:

(a) Unallocated expenses represent primarily:

– corporate staff costs;

– office rental;

– general administrative expenses; and

– marketing and advertising expenses that relate to the Group as a whole.

4 Profit from operations

Profit from operations is stated after charging and crediting the following:

	For the three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Charging:		
Amortisation costs of purchased programme and film rights	**5,538**	5,936
Production costs of self-produced programmes	**21,500**	23,338
Transponder rental	**4,221**	4,100
Provision for doubtful debts	**29,114**	11,418
Staff costs, including Directors' emoluments	**60,989**	56,312
Operating lease rental – land and buildings of third parties	**3,408**	3,236
Depreciation of fixed assets	**6,360**	5,902
Crediting:		
Reversal of provision for discretionary bonus	**10,695**	–
Reversal of provision for commission expenses	**5,420**	–
Reversal of overaccrued production costs	**3,913**	–

5 Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (three months ended 31 March 2004: 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 condensed consolidated profit and loss account represents:

	For the three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**8,477**	2,406
– Overseas taxes	**6**	15
Deferred taxation	**–**	–
	8,483	2,421

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

	For the three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Profit before taxation	**49,514**	43,245
Calculated at a taxation rate of 17.5% (three months ended 31 March 2004: 17.5%)	**8,665**	7,568
Income not subject to taxation	**(2,058)**	(2,457)
Expenses not deductible for taxation purposes	**6,821**	4,953
Tax losses not recognised	**2,129**	1,602
Utilisation of previously unrecognised tax losses	**(6,877)**	(9,260)
Others	**(197)**	15
Taxation charge	**8,483**	2,421

6 Interim dividends

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2005 (three months ended 31 March 2004: nil).

7 Earnings per share

The calculation of earnings per share and diluted earnings per share are based on unaudited consolidated profit attributable to equity holders of the Company for the three months ended 31 March 2005 of HK$41,055,000 (three months ended 31 March 2004: HK$40,475,000).

Earnings per share is based on 4,937,349,000 (three months ended 31 March 2004: 4,932,553,000) weighted average number of ordinary shares outstanding during the three months ended 31 March 2005.

Diluted earnings per share is based on 4,952,621,000 (three months ended 31 March 2004: 4,944,173,000) ordinary shares which is the weighted average number of ordinary shares in issue during the three months ended 31 March 2005 plus the weighted average number of 15,272,000 (three months ended 31 March 2004: 11,620,000) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

8 Accounts receivable, net

	As at 31 March 2005 HK$'000	As at 31 December 2004 HK$'000 (Audited)
0 – 30 days	**34,368**	23,642
31 – 60 days	**28,841**	16,280
61 – 90 days	**13,969**	10,800
91 – 120 days	**18,621**	13,163
Over 120 days	**96,072**	72,620
	191,871	136,505
Less: Provision for doubtful debts	**(64,834)**	(38,108)
	127,037	98,397

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.

9 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$360,862,000 (as at 31 December 2004: HK$314,763,000) owing from an advertising agent, Shenzhou Television Company Ltd. ("Shenzhou") in the People's Republic of China (the "PRC"). The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group. The balance is unsecured and bears interest at prevailing bank interest rates. As a result of the foreign exchange restrictions in the PRC, the remittances of the amount receivable from Shenzhou to the Group are not conducted in fixed repayment terms.

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 and there has been no change to this arrangement as of 31 March 2005.

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

The Directors are of the opinion that the amount owing from Shenzhou of approximately HK$360,862,000 as at 31 March 2005 is fully recoverable and no provision is required.

10 Purchased programme and film rights, net

	For the three months ended 31 March 2005	For the year ended 31 December 2004
	HK$'000	*HK$'000* (Audited)
Balance, beginning of period/year	**30,067**	33,392
Additions	**2,724**	20,414
Amortisation	**(5,538)**	(23,169)
Write-off	**(3,380)**	–
Others	**(47)**	(570)
Balance, end of period/year	**23,826**	30,067
Less: Purchased programme and film rights – current portion	**(7,774)**	(11,665)
	16,052	18,402

11 Property deposit and development costs

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

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

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

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

On the same date, Oasiscity executed a share charge in favour of the Group, under which it charged 30% equity interest in Real Properties, as security 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 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, which is expected to have a value of not less than the current carrying value of approximately HK$63,761,000 (31 December 2004: HK$62,515,000), comprising property deposits of approximately HK$61,120,000 (31 December 2004: HK$61,120,000) and renovation costs of approximately HK$2,641,000 (31 December 2004: HK$1,395,000).

[1] name translated for reference only

12 Investments in jointly controlled entities

	As at 31 March 2005 *HK$'000*	As at 31 December 2004 *HK$'000* (Audited)
Unlisted investments, at cost, beginning of the period/year	**472**	472
Acquisition	**11,500**	–
Unlisted investments, at cost, end of the period/year	**11,972**	472
Less: provision for impairment loss	**(472)**	–
Unlisted investments, net, end of the period/year	**11,500**	472

Details of the jointly controlled entities as at 31 March 2005 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
北京同步廣告廣播有限公司	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB26,700,000

13 Financial assets at fair value through profit or loss

The Group's interests in unlisted securities were acquired at a cost of approximately HK$15,561,000 (as at 31 December 2004: HK$54,425,000), and has an estimated fair value of approximately HK$14,978,000 as at 31 March 2005 (as at 31 December 2004: HK$53,461,000). The difference between the acquisition cost and the fair value of the investments of approximately HK$583,000 has been charged to the profit and loss account in the current period (three months ended 31 March 2004: nil).

14 Share capital

	Three months ended 31 March 2005		Year ended 31 December 2004	
	Number of shares	**Amount**	Number of shares	Amount
		HK$'000		HK$'000
				(Audited)
Authorised:				
Ordinary share of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
Beginning of period/year	**4,936,796,000**	**493,680**	4,931,730,000	493,173
Exercise of share options	**1,780,000**	**178**	5,066,000	507
End of period/year	**4,938,576,000**	**493,858**	4,936,796,000	493,680

15 Commitments – Programme and film rights acquisition

As at 31 March 2005, the Group had aggregate outstanding programme and film rights-related commitments of approximately HK$69,526,000 (as at 31 December 2004: HK$74,373,000) of which all (as at 31 December 2004: all) were in respect of a film rights acquisition agreement with STAR TV Filmed Entertainment Limited ("STAR Filmed") extending to 27 August 2008. Total programme and film rights-related commitments are analysed as follows:

	As at 31 March 2005	As at 31 December 2004
	HK$'000	*HK$'000*
		(Audited)
Not later than one year	**20,413**	20,343
Later than one year and not later than five years	**49,113**	54,030
	69,526	74,373

16 Related party transactions

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

	Notes	For the three months ended 31 March 2005 HK$'000	2004 HK$'000
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	a, b	**13,422**	13,127
Commission for advertising sales and marketing services paid/payable to STARL	a, c	**51**	260
Commission for international subscription sales and marketing services paid/payable to STARL	a, d	**627**	696
Sales of decoder devices to STARL	a, e	**–**	29
Film licence fees paid/payable to STAR Filmed	a, f	**5,099**	5,063
Service charges paid/payable to Asia Television Limited ("ATV")	g, h	**22**	32
Service charges received/receivable from ATV	g, i	**320**	324
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	j, k	**63**	1,031
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	l, m	**1,276**	1,240
Service charges received/receivable from DIRECTV, Inc. ("DIRECTV")	n, o	**506**	403
Programme licence fees to SGL Entertainment Limited ("SGL Entertainment")	a, p	**491**	147
Key management compensation	iii	**4,694**	4,403

Notes:

(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 Group are charged based on the terms of the service agreement dated 29 May 2003. The summary of the terms of the service agreement is set out in the section headed "New Star Services Agreement" of the circular of the Company dated 10 June 2003 (the "Circular"). Either fixed fees or variable fees are charged depending on the type of services utilised.

(c) The commission for advertising sales and marketing services paid/payable to STARL is based on 15% (three months ended 31 March 2004: 15%) of the net advertising income generated and received by it on behalf of the Group after deducting the relevant amount of the third party agency fees.

(d) The commission for international subscription sales and marketing services paid/payable to STARL is based on 15% (three months ended 31 March 2004: 15%) of the subscription fees generated and received by it on behalf of the 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) Mr. LIU, Changle and Mr. CHAN, Wing Kee beneficially own 93.3% and 6.7% respectively of Today's Asia Limited, which indirectly owns approximately 46% of ATV as at 31 March 2005. Mr. CHAN, Wing Kee also owns 95% of Dragon Sheen Holdings Limited which holds 16.25% indirect interest in ATV as at 31 March 2005. He also owns 80% of Dragon Goodwill International Limited, which has completed its acquisition of 32.75% interests in ATV on 25 July 2003.

(h) 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.

(i) 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.

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

(k) 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.

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

(m) 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.

(n) DIRECTV is an associate of NHL, a wholly-owned subsidiary of News Corporation, which indirectly owned 100% of Xing Kong Chuan Mei Group Co., Ltd.

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

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

(ii) Period/year end balances arising from related parties transactions as disclosed in note 16(i) above were as follows:

	As at 31 March 2005	As at 31 December 2004
	HK$'000	*HK$'000* (Audited)
Amounts due from related companies	**966**	507
Amounts due to related companies	**(4,224)**	(8,085)

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

(iii) Key management compensation

	For the three months ended 31 March	
	2005	2004
	HK$'000	*HK$'000*
Salaries	**3,116**	2,931
Quarters and housing allowance	**1,267**	1,179
Pension fund	**311**	293
	4,694	4,403

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, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.