



I N T E R I M R E P O R T 2 0 1 5



PHOENIX



SATELLITE TELEVISION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 02008



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Chairman's Statement



Financial Summary

- Revenue for the six months ended 30 June 2015 was approximately HK\$1,939,248,000, which represented a decrease of 11.0% in comparison with the same period last year.
- Operating profit for the six months ended 30 June 2015 was approximately HK\$36,395,000, which represented a decrease of 91.5% in comparison with the same period last year.
- Loss attributable to owners of the Company was approximately HK\$23,099,000, as compared to a profit attributable to owners of the Company of approximately HK\$228,347,000 recorded in the same period last year.

Results

The revenue of the Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries ("Group" or "Phoenix") for the six months ended 30 June 2015 ("Period") was approximately HK\$1,939,248,000 (six months ended 30 June 2014: HK\$2,179,739,000), which represented a 11.0% decrease in comparison with the same period last year.

The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The operating costs for the Period have increased by 8.5% to approximately HK\$1,902,853,000 (six months ended 30 June 2014: HK\$1,754,025,000). The upward movement in operating costs was mainly due to the expansion of the new media business.

The operating profit of the Group for the Period was approximately HK\$36,395,000 (six months ended 30 June 2014: HK\$425,714,000), which represented a decrease of 91.5% compared to the same period last year.

Fair value gain of approximately HK\$74,946,000 (six months ended 30 June 2014: fair value loss of HK\$66,132,000) was recognised for the investment property in Beijing and fair value gain of approximately HK\$2,182,000 (six months ended 30 June 2014: HK\$2,377,000) was recognised for the investment property in London.

The net exchange loss of the Group for the Period was approximately HK\$22,080,000 (six months ended 30 June 2014: HK\$43,342,000) resulting from the depreciation of Renminbi.

The loss attributable to owners of the Company for the Period was approximately HK\$23,099,000 (six months ended 30 June 2014: profit attributable to owners of the Company was HK\$228,347,000).

Chairman's Statement

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The chart below summarises the performance of the Group for the six months ended 30 June 2015 and same period in 2014.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Television broadcasting	703,435	926,934
New media	937,525	937,619
Outdoor media	252,371	279,071
Real estate	9,589	639
Other businesses	36,328	35,476
Group's total revenue	1,939,248	2,179,739
Operating costs	(1,902,853)	(1,754,025)
Operating profit	36,395	425,714
Fair value gain/(loss) on investment properties	77,128	(63,755)
Exchange loss, net	(22,080)	(43,342)
Other (expenses)/income, net	(20,718)	63,024
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	70,725	381,641
Share of results of joint ventures and associates	(28,261)	(7,951)
Income tax expense	(58,761)	(75,652)
(Loss)/profit for the period	(16,297)	298,038
Non-controlling interests	(6,802)	(69,691)
(Loss)/profit attributable to owners of the Company	(23,099)	228,347
Basic (loss)/earnings per share, Hong Kong cents	(0.46)	4.57

Chairman's Statement



Business Overview and Prospects

The Group's results for the past six months have shown a continuation of the downward movement that had become apparent during the 2014 financial year. The main factors driving this negative trend over the last six month period have been the continuing decline in the demand for luxury goods and the economic slow-down in China, which has led to a decrease in the advertising income of the television broadcasting segment.

With the increasing popularity of smart mobile devices, simultaneous multi-screen viewing of multi-media is growing ever more popular. The multi-screen viewing habit in turn facilitates the growth of the audience base for multi-media. The Group anticipated this trend, and has been pursuing a strategy designed to expand Phoenix New Media and thereby generate income from this escalating new media world.

Phoenix Chinese Channel has responded to the changing business environment and is seeking to meet the demand of the mass audience by introducing new programming and advertising formats. This approach is conducted with a long-term view, and only leads to the production of new programmes after careful consideration of audiences' demand.

Phoenix InfoNews Channel has continued to do well, and has expanded its network of reporters, with a special focus on the countries in the Asian region, including the Republic of Korea, India, Pakistan, the Philippines, Singapore and Burma. During the first six-month period of 2015 the Group's global network of reporters provided real-time stories on major national and international developments and brought ground breaking news to the Chinese audiences on a wide range of events. In February the Phoenix news team in Taiwan provided detailed coverage on the crash of the TransAsia aircraft in Taipei. In February Phoenix reported on the deteriorating health of Lee Kuan Yew, the founding Prime Minister of Singapore, and reported on his death in the following month. The Group's reporters also covered the conference of Asian and African leaders which took place in Indonesia in April, reporting on President Xi Jinping's meeting with Japanese Prime Minister Abe, and interviewing over twenty senior participants, including the North Korean Vice Foreign Minister, the Philippines Vice Foreign Minister, the Indonesian Foreign Minister, the Premier of Nepal and the South African Foreign Minister. Phoenix news teams covered the severe earth quake that struck Nepal, causing much loss of life and extensive damage to buildings. Phoenix reporters provided extremely detailed and objective reporting on the capsizing in May of a ferry boat on the Yangtze River, causing the death of hundreds of passengers who were trapped inside the overturned vessel. Phoenix InfoNews continues to maintain its unique status as the provider of complete and objective news about both China and the world at large.

In the year 2015, the Group's core television business will almost certainly continue to encounter challenges and it is likely that the Group's performance will be lower than that of the previous year. However, looking to the longer-term future, there is no indication that there will be a significant reduction in the Group's overall performance. Apart from continuing to serve viewers' needs for quality and informative programmes, the Group is actively developing new content, including the production of crowd pleasing material that caters to the ever changing tastes of the main stream audience while its cross-media programmes will continue to expand in a positive manner. In fact the diversification strategy of the Group has the potential to lead the Group to a new horizon with the continued development of iFeng and other associated platforms, and rapid expansion of its audience.

Management Discussion and Analysis

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Comments on Segmental Information

	Six months ended 30 June			
	2015		2014	
	Revenue HK\$'000	Segment results HK\$'000	Revenue HK\$'000	Segment results HK\$'000
Television broadcasting	703,435	168,882	926,934	389,113
New media	937,525	52,589	937,619	223,081
Outdoor media	252,371	20,013	279,071	31,523
Real estate	9,589	32,977	639	(70,892)
Other businesses	36,328	(60,659)	35,476	(20,186)
Group's total revenue and segment results	<u>1,939,248</u>	<u>213,802</u>	<u>2,179,739</u>	552,639
Unallocated income		28,683		10,230
Unallocated expenses		(171,760)		(181,228)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>70,725</u>		<u>381,641</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 36.3% of the total revenue of the Group for the Period, decreased by 24.1% to approximately HK\$703,435,000 (six months ended 30 June 2014: HK\$926,934,000). The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The segmental result for television broadcasting business recorded a profit of approximately HK\$168,882,000 for the Period (six months ended 30 June 2014: HK\$389,113,000).

The revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 26.5% of the total revenue of the Group for the Period, decreased by 24.3% to approximately HK\$642,141,000 (six months ended 30 June 2014: HK\$851,358,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased by 18.9% to approximately HK\$61,294,000 as compared to the same period last year (six months ended 30 June 2014: HK\$75,576,000).

The revenue of the new media business for the Period slightly decreased to approximately HK\$937,525,000 (six months ended 30 June 2014: HK\$937,619,000). The segmental profit of new media business for the Period decreased by 76.4% to approximately HK\$52,589,000 (six months ended 30 June 2014: HK\$223,081,000). Phoenix New Media has been continuously investing in the enrichment of contents, human resources and in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image.

The revenue of outdoor media business for the Period decreased by 9.6% to approximately HK\$252,371,000 (six months ended 30 June 2014: HK\$279,071,000). The segmental profit of outdoor media business for the Period decreased by 36.5% to approximately HK\$20,013,000 (six months ended 30 June 2014: HK\$31,523,000).

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The segmental profit for real estate for the Period was approximately HK\$32,977,000 (six months ended 30 June 2014: segmental loss of HK\$70,892,000), which included the net fair value gain of approximately HK\$77,128,000 (six months ended 30 June 2014: fair value loss of HK\$63,755,000), recognised for the investment properties.

Please refer to Note 5 to the unaudited condensed consolidated interim financial information for a detailed analysis of segmental information and the section “Business Overview and Prospects” in this report for commentary on the core business of the Group.

Dividends

The directors of the Company (“Director(s)”) do not recommend payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Acquisitions and Disposals of Subsidiaries and Associated Companies

Subsequent to the acquisition of shares of Particle Inc. (“Particle”) by Phoenix New Media Limited (“PNM”) in November 2014, on 29 April 2015, PNM further acquired Series C preferred shares of Particle, representing approximately 21.98% of the total equity interests in Particle Inc., for an aggregate purchase price of US\$30 million (approximately HK\$232,608,000, US\$ was converted into HK\$ at the rate of US\$1 to HK\$7.7536). PNM also acquired ordinary shares and Class A ordinary shares of Particle, representing approximately 14.41% of the total equity interests in Particle Inc., from certain existing shareholders for an aggregate purchase price of US\$27.6 million (approximately HK\$213,999,000, US\$ was converted into HK\$ at the rate of US\$1 to HK\$7.7536), and each ordinary share and each Class A ordinary share held by PNM were repurchased by Particle, and one Series C preferred share for each such ordinary share or class A ordinary share was issued to PNM. Following these transactions, PNM owned approximately 49.02% equity interests in Particle on an as-if converted basis.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies for the Period.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 30 June 2015 remained solid despite recurring cash flows from the businesses of the Group was weakened as a result of decrease in revenue. As at 30 June 2015, the Group had cash and unpledged bank deposits totalling about HK\$2,953,100,000 (as at 31 December 2014: HK\$3,701,792,000). The aggregate outstanding borrowings of the Group were approximately HK\$1,510,526,000 (as at 31 December 2014: HK\$1,131,366,000), representing non-interest bearing loans from non-controlling shareholders of a subsidiary, secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 61.1% as at 30 June 2015.

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Save as disclosed above, the financial position of the Group remained liquid. Most of the Group's monetary assets, liabilities and transactions are denominated in Hong Kong dollars, US dollars ("USD") and Renminbi ("RMB"), with minimal balances in Pound Sterling and New Taiwan dollars. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to USD and RMB. The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposure. The Group will consider using forward currency contracts as a tool to manage and reduce such risks. However, taking into account the Group's current operational and capital requirements, the Directors do not consider the Group is significantly exposed to any foreign currency exchange risk.

Charge on Assets

As at 30 June 2015, the land in Chaoyang Park, Beijing, together with the building, with carrying value of approximately HK\$118,000,000, HK\$518,000,000 and HK\$1,559,000,000 (as at 31 December 2014: HK\$121,000,000, HK\$547,000,000 and HK\$1,504,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing. Bank deposits of approximately HK\$659,985,000 (as at 31 December 2014: HK\$283,006,000) were pledged with banks to secure bank borrowings to optimise return through interest differential. The property in the United States with carrying value of approximately HK\$2,831,000 (as at 31 December 2014: HK\$2,851,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK\$1,541,000 (as at 31 December 2014: HK\$1,603,000) were pledged with banks to secure banking guarantees given to third parties.

Save as disclosed above, the Group did not have any other charges on its assets as at 30 June 2015 and 31 December 2014.

Capital Structure

During the Period, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 30 June 2015, the operations of the Group were mainly financed by owners' equity, bank borrowings, loan from non-controlling shareholders of a subsidiary and banking facilities.

Staff

As at 30 June 2015, the Group employed 3,303 full-time staff (as at 31 December 2014: 3,352) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the Period increased to approximately HK\$650,187,000 (six months ended 30 June 2014: 619,494,000).

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Management Discussion and Analysis



Significant Investments Held

As at 30 June 2015, the Group invested in listed security investments with estimated fair market value of approximately HK\$21,415,000 (as at 31 December 2014: HK\$22,590,000) recognised as “financial assets at fair value through profit and loss” and unlisted preferred shares of Particle recognised as “available-for-sale financial assets” and “derivate financial instruments” with estimated fair market value of approximately HK\$274,394,000 (as at 31 December 2014: HK\$32,770,000) and HK\$310,516,000 (as at 31 December 2014: HK\$56,105,000) respectively. Save as disclosed above, the Group had not held any other significant investment for the Period.

Future Plans for Material Investments and Expected Source of Funding

The Company has been approved by The Stock Exchange of Hong Kong Limited (“Stock Exchange”) in March 2013 to proceed with the proposed spin-off of Phoenix Metropolis Media Technology Company Limited (鳳凰都市傳媒科技股份有限公司) (“PMM Beijing”), a subsidiary engaged in the outdoor media business in China, for listing on the main board of the Shanghai Stock Exchange (“Proposed Listing”). The Company will submit a revised spin-off proposal to the Stock Exchange pursuant to Practice Note 15 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as and when appropriate.

PMM Beijing’s application for the Proposed Listing has been formally accepted by the China Securities Regulatory Commission on 19 April 2013 with the issuance of an Acceptance Notice of Administrative Approval Application. For details, please refer to the announcement of the Company published on 19 April 2013.

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses. As at 30 June 2015, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2015.

Other Significant Events and Subsequent Events

Connected Transaction – Advertising & Sponsorship Contract

On 20 March 2015, Phoenix Satellite Television Company Limited (“Phoenix HK”), through 神州電視有限公司 (Shenzhou Television Company Limited) (“Shenzhou”), entered into an advertising and sponsorship contract with 北京鳳凰理它信息技術有限公司 (Beijing Phoenix Li Li Ta Information Technology Co, Ltd.) (“LLT”) for the sponsorship period from 30 March 2015 to 31 December 2015 for a sponsorship amount of RMB6,550,000 (equivalent to approximately HK\$8,112,175, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2385) in total.

As Mr. He Xin, the controlling shareholder of LLT, is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and Chief Executive Officer of the Company, LLT is therefore a connected person of the Company under the Listing Rules and accordingly the transaction contemplated there under constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 20 March 2015.

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Continuing Connected Transaction – Advertising Contract in relation to the sale of advertising airtime at the Group's Channels

On 20 July 2015, Phoenix HK, through Shenzhou, entered into an advertising contract ("2015 Contract") with CNHK Media Limited ("CNHK Media"), pursuant to which, CNHK Media would purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel respectively for the period from 20 July 2015 to 31 December 2015 for the sum not exceeding RMB20,000,000 (equivalent to approximately HK\$24,978,000, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2489) for the promotion of 中國移動通信集團公司 (China Mobile Communications Corporation) ("CMCC") and its associates (collectively, the "CMCC Group"). CNHK Media entered into the 2015 Contract for the ultimate benefits of the CMCC Group.

As China Mobile (Hong Kong) Group Limited ("CMHKG") is a substantial shareholder of the Company holding approximately 19.66% of the issued share capital of the Company through its wholly-owned subsidiary, namely Extra Step Investments Limited, CMCC, being the ultimate holding company of CMHKG, is a connected person of the Company under the Listing Rules. The transactions contemplated under the 2015 Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 20 July 2015.

Continuing Connected Transactions – Outdoor Advertising Contracts

On 20 July 2015, PMM Beijing, a subsidiary of the Company, entered into: (i) a contract with 中國移動通信有限公司 (China Mobile Communication Co., Ltd.) ("CMC"), an indirect subsidiary of CMHKG, in relation to place advertisement on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries in the PRC ("PMM's LED Panels") for a period commencing from 20 July 2015, and ending on 31 March 2016 at a maximum contract sum not exceeding RMB15,180,000 (equivalent to approximately HK\$18,958,302, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2489) ("2015 PRC Outdoor Advertising Contract"); and (ii) a contract with 中國移動通信集團終端有限公司 (China Mobile Group Device Co., Ltd.) ("CMGD"), a subsidiary of CMC, in relation to the purchase of advertising airtime by CMGD on PMM's LED Panels for a period commencing from 20 July 2015 and ending on 31 March 2016 at a maximum contract sum not exceeding RMB7,360,000 (equivalent to approximately HK\$9,191,904, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2489) for the promotion of the customised mobile phone devices business of the CMCC Group ("2015 CMGD Outdoor Advertising Contract").

As both CMC and CMGD being indirect subsidiary of CMHKG, both CMC and CMGD constitute connected persons of the Company under the Listing Rules. The transactions contemplated under the 2015 PRC Outdoor Advertising Contract and 2015 CMGD Outdoor Advertising Contract constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 20 July 2015.

Management Discussion and Analysis



Acquisition of 20% of equity interests in Phoenix Oriental (Beijing) Properties Company Limited and Provision of Shareholders' Loan

On 19 August 2015, Phoenix Pictures Limited, a wholly-owned subsidiary of the Company, entered into: (i) an equity transfer agreement with existing shareholders (the "Vendors") of 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) (the "Target Company") in relation to the acquisition of 20% of equity interests in the Target Company for a cash consideration of RMB145,734,660 (equivalent to approximately HK\$174,881,592, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2); and (ii) a shareholders' loan agreement with the Target Company in relation to provision of a shareholders' loan in the amount of RMB99,665,340 (equivalent to approximately HK\$119,598,408, RMB was converted into HK\$ at the rate of RMB1 to HK\$1.2) to the Target Company, which shall be used by the Target Company solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans which had previously been advanced to the Target Company by the Vendors.

For details, please refer to the announcement of the Company dated 19 August 2015.



Purchase, Sales or Redemption of Securities

The Company had not redeemed any shares of the Company ("Share" or "Shares") during the Period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Shares of the Company during the Period.

Directors' and Chief Executive's Interests in Securities

As at 30 June 2015, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or the chief executive were 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 the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(1) Long position in the Shares and underlying Shares of the Company

Ordinary Shares of the Company

Name	Number of ordinary Shares held			Position	Approximate shareholding percentage as at 30 June 2015
	Personal/ other interest	Corporate interest	Total interest		
LIU Changle <i>(Note 2)</i>	2,688,000	1,854,000,000	1,856,688,000	Long	37.13%
LO Ka Shui <i>(Note 3)</i>	6,244,000	—	6,244,000	Long	0.12%

Notes:

- As at 30 June 2015, the number of issued Shares of the Company was 5,000,993,500.
- As at 30 June 2015, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.07% of the issued share capital of the Company.
- As at 30 June 2015, Dr. LO Ka Shui was the beneficial owner of 1,536,000 Shares while 4,708,000 Shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.



(2) Long position in the shares and underlying shares of an associated corporation of the Company

PNM

Name	Number of class A ordinary shares of PNM			Position	Approximate shareholding percentage as at 30 June 2015
	Personal/ other interest	Corporate interest	Total interest		
LIU Changle (<i>Note 3</i>)	–	1,483,200	1,483,200	Long	0.58%
LO Ka Shui	727,800	–	727,800	Long	0.28%

Notes:

- As at 30 June 2015, the number of the issued Class A ordinary shares of PNM was 256,335,266.
- PNM is a non-wholly owned subsidiary of the Company.
- As at 30 June 2015, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.58% of the issued Class A ordinary shares of PNM.

(3) Share options

Name	Date of grant	Exercise period	Exercise price per Share HK\$	Underlying Shares pursuant to the share options as at 30 June 2015
LIU Changle	2011.03.09	2012.03.09 to 2021.03.08	2.92	4,900,000
CHUI Keung	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000
WANG Ji Yan	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000

Save as disclosed above, so far as the Directors are aware, as at 30 June 2015, none of the Directors and the chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives were 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 the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.



Share Option Schemes

(1) Share option schemes of the Company

On 7 June 2000, two share option schemes of the Company were approved by the shareholders of the Company ("Shareholders"), namely Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme to employees of the Group to acquire Shares. The Pre-IPO Share Option Scheme was expired on 13 June 2010.

On 19 June 2009, a share option scheme of the Company was approved by the Shareholders ("New Share Option Scheme").

(A) Post-IPO Share Option Scheme

The details and movements of the Post-IPO Share Option Scheme during the Period 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 2015	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2015
14 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	4,756,000	–	(306,000)	4,450,000

During the Period, 306,000 options granted to employees of the Group were exercised. At the date before the options were exercised, the weighted average market price was HK\$3.0.

Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the Period.

During the Period, no option was granted to the Directors, the chief executives or substantial Shareholders of the Company, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Post-IPO Share Option Scheme.

*(B) New Share Option Scheme*

The details and movements of the New Share Option Scheme during the Period 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 2015	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2015
3 employees	2009.07.22	2009.07.22 to 2013.07.21	2010.07.22 to 2019.07.21	1.17	1,772,000	–	(1,522,000)	250,000
3 Executive Directors								
LIU Changle	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	4,900,000	–	–	4,900,000
CHUI Keung	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	3,900,000
WANG Ji Yan	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	3,900,000
497 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	85,360,000	(560,000)	(1,470,000)	83,330,000
6 employees	2011.06.28	2011.06.28 to 2015.06.27	2012.06.28 to 2021.06.27	3.06	2,790,000	–	–	2,790,000
Total:					102,622,000	(560,000)	(2,992,000)	99,070,000

During the Period, 560,000 options granted to 11 employees lapsed when they ceased employment with the Company.

During the Period, 2,992,000 options were exercised. At the date before the options were exercised, the weighted average market price was HK\$3.0. Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the Period. No option was granted to the Directors, the chief executives or substantial Shareholders of the Company, or their respective associates, or to the suppliers of goods or services under the New Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the New Share Option Scheme.



(2) Share option schemes of the subsidiaries of the Company

(A) PNM Share Option Scheme

On 20 June 2008, the Shareholders approved the share option scheme of PNM (“PNM Share Option Scheme”) to grant share options to any executive, employee or director of PNM or any affiliate to acquire ordinary shares of PNM (“PNM Shares”).

The details and movements of the PNM Share Option Scheme during the Period are as follows:

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				Balance as at 30 June 2015
				Balance as at 1 January 2015	Granted during the Period	Lapsed during the Period	Exercised during the Period	
LIU Shuang	2013.05.23	2014.05.23-2023.05.22	\$0.46565	2,900,000	-	-	-	2,900,000
LI Ya	2013.12.10	2014.12.10-2023.12.09	\$1.08443	1,900,000	-	-	-	1,900,000
Employees	2008.07.04	2008.07.04-2018.05.25	\$0.03215	3,399,852	-	-	(160,925)	3,238,927
	2008.07.04	2008.07.09-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2008.08.28-2018.05.25	\$0.03215	3,375	-	-	-	3,375
	2008.07.04	2008.09.17-2018.05.25	\$0.03215	16,500	-	-	-	16,500
	2008.07.04	2008.10.10-2018.05.25	\$0.03215	4,500	-	-	-	4,500
	2008.07.04	2008.10.22-2018.05.25	\$0.03215	4,000	-	-	-	4,000
	2008.07.04	2008.10.23-2018.05.25	\$0.03215	6,750	-	-	-	6,750
	2008.07.04	2008.12.17-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2008.12.24-2018.05.25	\$0.03215	3,750	-	-	-	3,750
	2008.07.04	2008.12.26-2018.05.25	\$0.03215	6,000	-	-	-	6,000
2008.07.04	2009.01.15-2018.05.25	\$0.03215	439,504	-	-	-	439,504	



Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				Balance as at 30 June 2015
				Balance as at 1 January 2015	Granted during the Period	Lapsed during the Period	Exercised during the Period	
	2008.07.04	2009.02.25-2018.05.25	\$0.03215	3,000	-	-	(3,000)	-
	2008.07.04	2009.02.26-2018.05.25	\$0.03215	3,375	-	-	-	3,375
	2008.07.04	2009.03.10-2018.05.25	\$0.03215	11,500	-	-	-	11,500
	2008.07.04	2009.03.17-2018.05.25	\$0.03215	2,475	-	-	-	2,475
	2008.07.04	2009.03.21-2018.05.25	\$0.03215	12,000	-	-	(12,000)	-
	2008.07.04	2009.03.24-2018.05.25	\$0.03215	20,000	-	-	-	20,000
	2008.07.04	2009.03.31-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.04.01-2018.05.25	\$0.03215	450	-	-	-	450
	2008.07.04	2009.04.02-2018.05.25	\$0.03215	3,000	-	-	(3,000)	-
	2008.07.04	2009.04.07-2018.05.25	\$0.03215	6,750	-	-	-	6,750
	2008.07.04	2009.04.09-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.05.12-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.05.19-2018.05.25	\$0.03215	10,688	-	-	-	10,688
	2008.07.04	2009.05.26-2018.05.25	\$0.03215	96,587	-	-	(11,000)	85,587
	2009.07.31	2009.07.24-2018.05.25	\$0.03215	450	-	-	-	450
	2009.07.31	2010.01.04-2018.05.25	\$0.03215	781,250	-	-	-	781,250
	2009.07.31	2010.02.16-2018.05.25	\$0.03215	100,000	-	-	-	100,000
	2009.07.31	2010.04.27-2018.05.25	\$0.03215	5,250	-	-	-	5,250
	2009.07.31	2010.05.18-2018.05.25	\$0.03215	96,001	-	-	-	96,001

Other Information

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Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				
				Balance as at 1 January 2015	Granted during the Period	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2015
	2009.07.31	2010.07.10-2018.05.25	\$0.03215	61,600	-	-	-	61,600
	2009.09.15	2009.09.15-2018.05.25	\$0.03215	887,500	-	-	(8,000)	879,500
	2010.01.08	2011.01.08-2018.05.25	\$0.03215	104,400	-	-	-	104,400
	2010.07.01	2008.03.05-2018.05.25	\$0.03215	135,000	-	-	-	135,000
	2010.07.01	2010.09.15-2018.05.25	\$0.03215	26,000	-	-	-	26,000
	2010.07.01	2010.10.09-2018.05.25	\$0.03215	5,000	-	-	(5,000)	-
	2010.07.01	2011.02.21-2018.05.25	\$0.03215	220,000	-	-	-	220,000
	2010.07.01	2011.06.07-2018.05.25	\$0.03215	56,250	-	-	(56,250)	-
	2010.07.01	2011.07.01-2018.05.25	\$0.03215	460,000	-	-	(244,000)	216,000
	2013.03.15	2014.03.15-2023.03.14	\$0.445925	12,795,992	-	(1,046,250)	(1,138,356)	10,611,386
	2013.10.01	2014.10.01-2023.09.30	\$0.78670	150,000	-	(93,750)	-	56,250
	2013.10.08	2014.10.08-2023.10.07	\$0.82490	5,769,500	-	(227,813)	(219,687)	5,322,000
	2014.03.14	2015.03.14-2024.03.13	\$1.310000	980,000	-	(780,000)	-	200,000
	2014.06.04	2015.06.04-2024.06.03	\$1.274900	1,014,807	-	-	-	1,014,807
	2014.06.05	2015.06.05-2024.06.04	\$1.274900	800,000	-	(250,000)	-	550,000
	2014.07.11	2015.07.11-2024.07.10	\$1.303500	16,781,000	-	(2,550,000)	-	14,231,000
	2014.10.11	2015.10.11-2024.10.10	\$0.824900	161,951	-	-	-	161,951
Total:				50,267,007	-	(4,947,813)	(1,861,218)	43,457,976

18 Other Information



(B) PNM March 2011 Scheme

On 15 March 2011, PNM adopted the restricted share unit ("RSU") and restricted share ("RS") scheme ("PNM March 2011 Scheme") to grant RSU or RS to the executives, employees or directors of PNM or its affiliates.

The particulars and movement of RSU granted under the PNM March 2011 Scheme during the Period are as follows:

Type of remaining grantees	Date of grant	Vesting commencement date	Number of RSU				Balance as at 30 June 2015
			Balance as at 1 January 2015	Granted during the Period	Lapsed during the Period	Vested during the Period	
Employees	2011.03.17	2011.01.11	12,500	-	-	(12,500)	-
	2011.03.17	2011.02.14	7,500	-	-	(7,500)	-
	2011.03.17	2011.02.21	1,250	-	-	(1,250)	-
	2011.03.17	2011.03.01	11,250	-	-	(11,250)	-
Total:			32,500	-	-	(32,500)	-

All RS granted under the PNM March 2011 Scheme have been fully vested during the year 2014, thus there are no RS movements during the Period.

Save as disclosed above, no option was granted to the Directors, the chief executive or substantial Shareholders, or their respective associates of the Company, or to the suppliers of goods or services under the PNM Share Option Scheme or the PNM March 2011 Scheme during the Period.

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 and 19 June 2009, the relevant committee responsible to administrate the share option schemes may, at their discretion, invite any employee of the Company or any of the Group companies, including any executive directors, to take up options to subscribe for Shares. The maximum number of Shares in respect of which options may be granted under the share option schemes must not exceed 10% of the issued share capital of the Company. However, the share option schemes approved by the Shareholders on 7 June 2000 have no remaining life and no further options can be granted under the schemes.

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 Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



Directors' Interests in Contracts

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

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 30 June 2015, so far as is known to the Directors and the chief executives of the Company, the interest of the Shareholders (not being Directors and the chief executives 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:

(1) Long positions of substantial Shareholders in the ordinary Shares of the Company

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage as at 30 June 2015
Today's Asia Limited (<i>Note 2</i>)	1,854,000,000	37.07%
Extra Step Investments Limited (<i>Note 3</i>)	983,000,000	19.66%
TPG China Media, L.P. (<i>Note 4</i>)	607,000,000	12.14%

Notes:

- As at 30 June 2015, the number of issued Shares of the Company was 5,000,993,500.
- Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests respectively.
- Extra Step Investments Limited is a wholly-owned subsidiary of CMHKG which in turn is a subsidiary of CMCC. By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors of the Company, are respectively the executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director of the Company, is an independent non-executive director of China Mobile Limited.
- TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P. Mr. SUN Yanjun and Mr. LAU Wai Kei Ricky, being the non-executive Director and alternate Director respectively, are both managing director and partner of TPG.

Other Information



(2) Long position of other person in the ordinary Shares of the Company

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage as at 30 June 2015
China Wise International Limited (<i>Note 2</i>)	412,000,000	8.24%

Notes:

- As at 30 June 2015, the number of issued Shares of the Company was 5,000,993,500.
- China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited. Mr. GONG Jianzhong, a non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executives of the Company) known to the Directors or the chief executives of the Company, who, as at 30 June 2015, had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

Pre-Emptive Rights

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

Advances to an Entity

Details of the relevant advance to an entity from the Group are set out in Note 16 to the condensed consolidated interim financial information.



Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

Changes of Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set up below.

CHUI Keung

New appointment

鳳翔（深圳）教育科技有限公司 – director

WANG Ji Yan

New appointments

Phoenix Industrial Development Centre Limited - director

Phoenix Research Institute Limited – director

LAU Wai Kei, Ricky

Cessation of appointment

Daphne International Holdings Limited* – alternate director

* This company is listed on the main board of the Stock Exchange

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance Practices

The Company adopted its own code on corporate governance (the "CG Code"), which combined its existing principles and practices with most of the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange – all with the objective of taking forward a corporate governance structure which builds on Phoenix's own standards and experience, whilst respecting the benchmarks set in the Code.

The Company has an in-house audit function to assist the board of Directors ("Board") in monitoring and advising on the effectiveness of the Group's governance, risk management and internal control processes. The Board had also monitored the progress on corporate governance practices of the Company throughout the Period under review. The following summaries the corporate governance practices of the Company and explanations of deviations from the Code.

Unless otherwise disclosed herein, the Company has, throughout the Period, complied with the Code.

(1) Distinctive Roles of Chairman and the Chief Executive Officer

Code Provision

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

**Deviation and its Reasons**

Mr. LIU Changle has continually served as both the chairman and the chief executive officer of the Company since its incorporation. He is responsible for managing the Board and the business of the Group.

On 26 November 2008, Mr. LIU Changle entered into a non-competition deed (the "Non-Competition Deed") which took effect on 5 December 2008 in favour of the Company in order to manage any potential competing interest with the Group. Details were set out in the announcement of the Company dated 26 November 2008.

He has also unconditionally and irrevocably undertaken to the Company that he shall use his best endeavours to ensure that his associates and the respective employees of his associates (except for those within the Group) observe the restrictions and undertakings contained in the Non-Competition Deed.

The Board considers that Mr. LIU's invaluable experience in the broadcasting industry is a great benefit to the Group. Through the supervision of the Board and the Board committees, balance of power and authority can be ensured and there is no imminent need to change the arrangement.

(2) Appointments, Re-Election and Removal**Code Provision**

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

Deviation and its Reason

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

Directors' Securities Transactions

The Company has adopted the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry with all Directors, it was confirmed that the Directors have complied with the above-mentioned required standards of dealings regarding Directors' securities transactions throughout the Period.

The Company has also adopted a code of conduct governing securities transactions by employees of the Group who may possess or have access to the inside information in relation to the Group or its securities.

**Audit Committee**

The Audit Committee was established with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the code provisions of the CG Code. The primary duties of the Audit Committee are to review the annual report and financial statements, half-year report and quarterly reports (if any) of the Company and to provide advice and comments thereon to the Board. The Audit Committee will meet at least twice a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters.

The Audit Committee currently comprises one non-executive Director, namely Mr. GONG Jianzhong and two independent non-executive Directors, namely Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK (chairman of the Audit Committee).

The Audit Committee had reviewed the unaudited condensed consolidated interim financial information for the Period and the related interim results announcement, and provided advice and comments.

On behalf of the Board

LIU Changle

Chairman

Hong Kong, 19 August 2015

As at the date of this report, the board of directors of the Company comprises:

Executive Directors

Mr. LIU Changle (Chairman) (also an alternate director to Mr. CHUI Keung), Mr. CHUI Keung (also an alternate director to Mr. LIU Changle) and Mr. WANG Ji Yan (also an alternate director to Mr. LIU Changle and Mr. CHUI Keung)

Non-executive Directors

Mr. SHA Yuejia, Mr. GAO Nianshu, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors

Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei

Alternate Director

Mr. LAU Wai Kei, Ricky (alternate director to Mr. SUN Yanjun)



The Board of the Company has the pleasure of presenting the unaudited condensed consolidated financial information of the Group for the Period, and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2015, together with the comparative figures for the corresponding period and relevant date in 2014.

Condensed Consolidated Income Statement – Unaudited

For the six months ended 30 June 2015

	Note	For the six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	5	1,939,248	2,179,739
Operating expenses	6	(1,484,867)	(1,415,300)
Selling, general and administrative expenses	6	(417,986)	(338,725)
Other gains/(losses), net			
Fair value gain/(loss) on investment properties		77,128	(63,755)
Other losses, net	6	(53,055)	(24,966)
Interest income		33,723	44,686
Interest expense		(23,466)	(38)
Share of profits less losses of associates		(15,429)	(224)
Share of losses of joint ventures		(12,832)	(7,727)
Profit before income tax		42,464	373,690
Income tax expense	7	(58,761)	(75,652)
(Loss)/profit for the period		(16,297)	298,038
(Loss)/profit attributable to:			
Owners of the Company		(23,099)	228,347
Non-controlling interests		6,802	69,691
		(16,297)	298,038
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company			
Basic (loss)/earnings per share, Hong Kong cents	9	(0.46)	4.57
Diluted (loss)/earnings per share, Hong Kong cents	9	(0.46)	4.57

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Statement of Comprehensive Income – Unaudited

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
(Loss)/profit for the period	(16,297)	298,038
Other comprehensive (losses)/income for the period		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(52,827)	(72,982)
Fair value gain on available-for-sale financial assets	9,955	–
Total comprehensive (losses)/income for the period	(59,169)	225,056
Total comprehensive (losses)/income for the period attributable to:		
Owners of the Company	(46,652)	192,639
Non-controlling interests	(12,517)	32,417
	(59,169)	225,056

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2015



	Note	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	19,474	16,209
Lease premium for land	11	229,801	234,368
Property, plant and equipment, net	12	1,476,833	1,545,739
Investment properties	13	1,572,953	1,515,675
Intangible assets	14	17,302	18,090
Investments in joint ventures		36,385	42,318
Amounts due from joint ventures		13,056	9,976
Investments in associates		35,731	85,723
Available-for-sale financial assets	18	283,314	32,770
Derivative financial instruments	24	310,516	56,105
Other long-term assets		49,896	56,942
Deferred income tax assets		40,051	35,661
Pledged bank deposits	23	220,918	283,006
		4,306,230	3,932,582
Current assets			
Accounts receivable, net	15	840,753	815,571
Prepayments, deposits and other receivables	16	940,328	893,307
Inventories		7,028	8,117
Amounts due from related companies	27	191,082	148,509
Self-produced programmes		9,915	12,102
Purchased programme and film rights, net	10	1,194	1,141
Financial assets at fair value through profit or loss	17	21,415	22,590
Prepaid tax		–	3,510
Pledged bank deposits	23	439,067	–
Derivative financial instrument	24	951	–
Bank deposits		382,581	294,081
Restricted cash		1,541	1,603
Cash and cash equivalents		2,570,519	3,407,711
		5,406,374	5,608,242
Total assets		9,712,604	9,540,824

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2015

	Note	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	500,099	499,769
Reserves			
– Proposed final dividend		–	199,908
– Others		4,488,208	4,547,439
		4,988,307	5,247,116
Non-controlling interests		1,648,351	1,723,634
Total equity		6,636,658	6,970,750
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	20	198,826	254,643
Derivative financial instrument	24	905	1,137
Loans from non-controlling shareholders of subsidiaries	20	300,741	266,567
Deferred income tax liabilities		163,748	148,124
		664,220	670,471
Current liabilities			
Accounts payable, other payables and accruals	21	1,051,395	1,115,640
Secured bank borrowings	20	1,001,628	600,702
Deferred income		292,385	112,913
Loans from non-controlling shareholders of a subsidiary	20	9,331	9,454
Current income tax liabilities		55,813	60,894
Derivative financial instrument	24	1,174	–
		2,411,726	1,899,603
Total liabilities		3,075,946	2,570,074
Total equity and liabilities		9,712,604	9,540,824
Net current assets		2,994,648	3,708,639
Total assets less current liabilities		7,300,878	7,641,221

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2015



	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Employee share-based payment reserve HK\$'000	Retained earnings HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2014	499,718	36,829	80,177	1,667,523	116,272	-	173,432	2,373,206	1,591,384	6,538,541
Profit for the period	-	-	-	-	-	-	-	228,347	69,691	298,038
Other comprehensive (losses)/income										
Currency translation differences	-	-	-	-	(35,708)	-	-	-	(37,274)	(72,982)
Total comprehensive (losses)/income for the period	-	-	-	-	(35,708)	-	-	228,347	32,417	225,056
Total contributions by and distributions to owners of the Company recognised directly in equity										
Share option scheme										
- value of employee services	-	-	-	-	-	-	29,371	-	-	29,371
- recognition of shares issued on exercise of options	20	331	-	-	-	-	(74)	-	-	277
- lapse of share options	-	842	-	-	-	-	(842)	-	-	-
Dividends related to 2013	-	-	-	-	-	-	-	(254,867)	-	(254,867)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(16,068)	(16,068)
Allocation to statutory reserve	-	-	5,796	-	-	-	-	(5,796)	-	-
Total contributions by and distributions to owners of the Company	20	1,173	5,796	-	-	-	28,455	(260,663)	(16,068)	(241,287)
Deemed disposal of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares of a subsidiary (Note 25)	-	-	-	(8,535)	-	-	(8,468)	-	16,195	(808)
Total transactions with owners	20	1,173	5,796	(8,535)	-	-	19,987	(260,663)	127	(242,095)
Balance at 30 June 2014	499,738	38,002	85,973	1,658,988	80,564	-	193,419	2,340,890	1,623,928	6,521,502

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Employee share-based payment reserve HK\$'000	Retained earnings HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2015	499,769	38,973	110,091	1,565,805	110,196	1,824	168,323	2,752,135	1,723,634	6,970,750
Loss for the period	-	-	-	-	-	-	-	(23,099)	6,802	(16,297)
Other comprehensive (losses)/income										
Currency translation differences	-	-	-	-	(29,108)	-	-	-	(23,719)	(52,827)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	5,555	-	-	4,400	9,955
Total comprehensive (losses)/income for the period	-	-	-	-	(29,108)	5,555	-	(23,099)	(12,517)	(59,169)
Total contributions by and distributions to owners of the Company recognised directly in equity										
Share option scheme										
– value of employee services	-	-	-	-	-	-	1,340	-	35,216	36,556
– recognition of shares issued on exercise of options	330	8,407	-	-	-	-	(2,213)	-	-	6,524
– lapse of share options	-	567	-	-	-	-	(567)	-	-	-
Dividends related to 2014	-	-	-	-	-	-	-	(200,040)	-	(200,040)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(41,552)	(41,552)
Allocation to statutory reserve	-	-	276	-	-	-	-	(276)	-	-
Total contributions by and distributions to owners of the Company	330	8,974	276	-	-	-	(1,440)	(200,316)	(6,336)	(198,512)
Deemed acquisition of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares of a subsidiary (Note 25)	-	-	-	(14,473)	-	-	(5,508)	-	(56,430)	(76,411)
Total transactions with owners	330	8,974	276	(14,473)	-	-	(6,948)	(200,316)	(62,766)	(274,923)
Balance at 30 June 2015	500,099	47,947	110,367	1,551,332	81,088	7,379	161,375	2,528,720	1,648,351	6,636,658

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

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.

30 Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 30 June 2015



	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Cash generated from operations	155,368	591,404
Interest received	33,723	44,648
Overseas taxation paid	(46,235)	(65,099)
Net cash generated from operating activities	142,856	570,953
Cash flows from investing activities		
Decrease in other long-term assets	–	12,741
Decrease/(increase) in restricted cash	62	(50,303)
Increase in bank deposits	(88,500)	(1,069,045)
Increase in pledged bank deposits	(377,055)	–
Purchase of intangible assets	–	(3,941)
Purchase of property, plant and equipment	(76,238)	(141,166)
Purchase of programme and film rights	(13,345)	(11,739)
Proceeds from disposal of property, plant and equipment	55	32
Additions to investment properties	–	(126,532)
Advance to a joint venture	(15,000)	(20,000)
Investment income from financial assets at fair value through profit or loss	473	450
Investment income from bank deposits and pledged bank deposits	3,487	–
Dividend from an associate	904	–
Investments in associates	(12,144)	–
Investments in joint ventures	(6,946)	(2,486)
Purchase of available-for-sale financial assets and derivative financial instruments	(445,061)	–
Net cash used in investing activities	(1,029,308)	(1,411,989)
Cash flows from financing activities		
Proceeds from exercise of share options of the Company	6,524	277
Dividends paid to owners of the Company	(200,040)	(254,867)
Proceeds from exercise of share options of a subsidiary	5,218	8,152
Drawdown of secured bank borrowings	352,937	254,643
Repayment of secured bank borrowings	(22)	(1,280)
Loans from non-controlling shareholders of subsidiaries	37,500	73,317
Dividends paid to non-controlling interests	(41,552)	(16,068)
Prepayment for repurchase of shares of a subsidiary	–	(36,921)
Payment for repurchase of shares of a subsidiary	(81,629)	(8,960)
Net cash generated from financing activities	78,936	18,293
Net decrease in cash and cash equivalents	(807,516)	(822,743)
Cash and cash equivalents at beginning of period	3,407,711	3,333,076
Net exchange losses on cash and cash equivalents	(29,676)	(39,281)
Cash and cash equivalents at end of period	2,570,519	2,471,052

The notes on pages 31 to 64 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information- Unaudited

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1. General Information

Phoenix Satellite Television Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) engage in satellite television broadcasting activities and provision of new media services.

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

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the board of directors of the Company on 19 August 2015.

This condensed consolidated interim financial information has not been audited.

2. Basis of Preparation and Accounting Policies

(a) Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

(b) Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

32 Notes to the Condensed Consolidated Interim Financial Information- Unaudited



(a) *Effect of adopting new standards and amendments to standards*

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015.

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
HKFRSs Amendment 2012	Annual Improvements 2010-2012 Cycle
HKFRSs Amendment 2013	Annual Improvements 2011-2013 Cycle

The adoption of the above new standards and amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) *New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2015 and have not been early adopted by the Group*

HKFRS 9	Financial Instruments ⁽³⁾
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendment	Investment Entities: Applying the Consolidation Exception ⁽¹⁾
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ⁽¹⁾
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations ⁽¹⁾
HKFRS 14	Regulating Deferral Accounts ⁽¹⁾
HKFRS 15	Revenue from Contracts with Customers ⁽²⁾
HKAS 1 Amendment	Disclosure Initiative ⁽¹⁾
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation ⁽¹⁾
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants ⁽¹⁾
HKAS 27 Amendment	Equity Method in Separate Financial Statements ⁽¹⁾
HKFRSs Amendment 2014	Annual Improvements 2012-2014 Cycle ⁽¹⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2016

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2017

⁽³⁾ Effective for the Group for annual period beginning on 1 January 2018

The Group will apply the above new standards and amendments to standards from 1 January 2016 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state what impact they would have on the Group's results of operations and financial position.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

3. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management department or in any risk management policies since year end.

4.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The Finance Department reviews the valuations of the financial instruments, including the convertible redeemable preferred shares which are categorised into Level 3 of the fair value hierarchy. The Finance Department holds discussion with the independent valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting dates.

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The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015. See Note 13 for disclosures of the investment properties that are measured at fair value.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss				
– Trading equity securities	21,415	–	–	21,415
Available-for-sale financial assets				
– Convertible redeemable preferred shares				
– debt component	–	–	274,394	274,394
– Equity securities	–	–	1,246	1,246
– Preferred shares	–	–	7,674	7,674
Derivative financial instruments				
– Convertible redeemable preferred shares				
– derivative component	–	–	310,516	310,516
– Currency swap contract	–	951	–	951
	<u>21,415</u>	<u>951</u>	<u>593,830</u>	<u>616,196</u>
Liabilities				
Derivative financial instruments				
– Interest rate swap contracts	–	(2,079)	–	(2,079)



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

The following table presents the Group's financial assets and liability that are measured at fair value at 31 December 2014.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through profit or loss				
– Trading equity securities	22,590	–	–	22,590
Available-for-sale financial assets				
– Convertible redeemable preferred shares				
– debt component	–	–	32,770	32,770
Derivative financial instrument				
– Convertible redeemable preferred shares				
– derivative component	–	–	56,105	56,105
	<u>22,590</u>	<u>–</u>	<u>88,875</u>	<u>111,465</u>
Liability				
Derivative financial instrument				
– Interest rate swap contract	–	(1,137)	–	(1,137)

During the six months ended 30 June 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the six months ended 30 June 2015, there were no changes in valuation techniques and reclassifications of financial assets and liabilities (six months ended 30 June 2014: Nil).

(a) *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. As at 30 June 2015, instruments included in Level 1 comprise shares of HSBC Holdings PLC ("HSBC"), an entity listed on the Stock Exchange, of approximately HK\$21,415,000 (as at 31 December 2014: HK\$22,590,000) (Note 17).

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(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(c) Financial instruments in Level 3

- (1) Quantitative information about fair value measurements using significant unobservable inputs for major financial instruments in Level 3

Description	Fair value at 30 June 2015 (HK\$'000)	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	592,386	Discounted cash flow method	Discount rate	26.5%	The lower the discount rate, the higher the fair value
			Lack of marketability discount ("DLOM")	30.0%	The lower the DLOM, the higher the fair value
			Volatility	52.6%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	274,394	Discounted cash flow method with discounting the principal repayment at a risky discount rate	Discount rate – debt component	25.5%	The lower the discount rate – debt, the higher the fair value
Convertible redeemable preferred shares – derivative component	317,992	Difference between fair value of convertible redeemable preferred shares and fair value of its debt component	N/A	N/A	N/A



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

Description	Fair value at 30 June 2014 (HK\$'000)	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	97,587	Discounted cash flow method discount rate, the higher the fair value	Discount rate	28.0%	The lower the
			DLOM	35.0%	The lower the DLOM, the higher the fair value
			Volatility	57.7%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	32,770	Discounted cas flow method with discounting the principal repayment at a risky discount rate	Discount rate – debt component	27.0%	The lower the discount rate – debt, the higher the fair value
Convertible redeemable preferred shares – derivative component	64,817	Difference between fair value of convertible redeemable preferred shares and fair value of its debt component	N/A	N/A	N/A

The convertible redeemable preferred shares represent investments in Series B convertible redeemable preferred shares and Series C convertible redeemable preferred shares (as at 31 December 2014: Series B convertible redeemable preferred shares) of Particle Inc. by the Group (the “Preferred Shares”) (see Note 28 for details).

The equity value of Particle Inc. as at 30 June 2015 and 31 December 2014 was determined using discounted cash flow method. The fair values of the Preferred Shares were determined by means of equity allocation method, which allocates the equity value of among its common shares and preferred shares using option-pricing method. The fair value of the debt component of the Preferred Shares was determined using discounted cash flow method and the fair value of the derivative component was calculated as the difference between the fair value of the Preferred Shares and the fair value of the debt component of the Preferred Shares.

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The following table presents the changes in the Preferred Shares during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil). The carrying value of derivative component recognised in the condensed consolidated balance sheet is net of deferred day one gain, which arose from the difference between its fair value at initial recognition and its transaction price. The deferred day one gain is amortised over the term of the Preferred Shares.

	Debt component HK\$'000 (Note 18)	Derivative component		Net HK\$'000 (Note 24)	Total HK\$'000
		Gross HK\$'000	Deferred day one gain HK\$'000		
Opening balance	32,770	64,817	(8,712)	56,105	88,875
Purchase of Preferred Shares	231,089	254,684	–	254,684	485,773
Gains recognised in other comprehensive income	9,955	–	–	–	9,955
Losses recognised in profit or loss	–	(2,482)	–	(2,482)	(2,482)
Amortisation of deferred day one gain in profit or loss	–	–	1,120	1,120	1,120
Currency translation differences	580	973	116	1,089	1,669
Closing balance	274,394	317,992	(7,476)	310,516	584,910
Changes in unrealised gains/(losses) for the period included in profit or loss at the end of the period	–	(2,482)	1,120	(1,362)	(1,362)
Changes in unrealised gains for the period included in other comprehensive income at the end of the period	9,955	–	–	–	9,955



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

(2) Quantitative sensitivity analysis

A quantitative sensitivity analysis is shown below:

	Discount rate 3% increase or decrease At 30 June 2015 HK\$'000	DLOM 3% increase or decrease At 30 June 2015 HK\$'000	Volatility 5% increase or decrease At 30 June 2015 HK\$'000	Discount rate – Debt component 3% increase or decrease At 30 June 2015 HK\$'000
Convertible redeemable preferred shares	(80,977)/107,575	(19,954)/19,954	(19,954)/19,954	N/A
Convertible redeemable preferred shares – debt component	N/A	N/A	N/A	(29,408)/34,330
Convertible redeemable preferred shares – derivative component	N/A	N/A	N/A	29,408/(34,330)
	Discount rate 3% increase or decrease At 31 December 2014 HK\$'000	DLOM 3% increase or decrease At 31 December 2014 HK\$'000	Volatility 5% increase or decrease At 31 December 2014 HK\$'000	Discount rate – Debt component 3% increase or decrease At 31 December 2014 HK\$'000
Convertible redeemable preferred shares	(15,466)/20,230	(4,504)/4,504	(7,520)/7,520	N/A
Convertible redeemable preferred shares – debt component	N/A	N/A	N/A	(2,818)/3,090
Convertible redeemable preferred shares – derivative component	N/A	N/A	N/A	2,818/(3,090)



4.4 Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted cash, bank deposits, pledged bank deposits, accounts receivable, deposits and other receivables, amounts due from related companies, loans from non-controlling shareholders of subsidiaries, accounts payable, other payables and accruals, approximate their fair values due to their short maturities.

For the fair values of borrowings, please refer to Note 20.

5. Segmental information

Operating segments have been determined based on the reports reviewed by executive directors that are used to make strategic decisions. The executive directors consider the business from a product perspective.

The Group has five main operating segments including:

- (i) Television broadcasting – broadcasting of television programmes and commercials and provision of promotion activities;
 - (a) Primary channels, including Phoenix Chinese Channel and Phoenix InfoNews Channel
 - (b) Others, including Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel, Phoenix Hong Kong Channel and others
- (ii) New media – provision of website portal and value-added telecommunication services;
- (iii) Outdoor media – provision of outdoor advertising services;
- (iv) Real estate – property development and investment (mainly Phoenix International Media Centre in Beijing); and
- (v) Other activities – programme production and ancillary services, merchandising services, magazine publication and distribution, and other related services.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

An analysis of the Group's revenue and operating results for the period by reportable segments is as follows:

For the six months ended 30 June 2015									
Television broadcasting									
	Primary channels HK\$'000	Others HK\$'000	Sub-total HK\$'000	New media HK\$'000	Outdoor media HK\$'000	Real estate HK\$'000	Other activities HK\$'000	Inter-segment elimination HK\$'000	Group HK\$'000
Revenue									
External sales	642,141	61,294	703,435	937,525	252,371	9,589	36,328	-	1,939,248
Inter-segment sales (Note c)	-	22,295	22,295	-	-	1,627	38	(23,960)	-
Total revenue	642,141	83,589	725,730	937,525	252,371	11,216	36,366	(23,960)	1,939,248
Segment results	198,729	(29,847)	168,882	52,589	20,013	32,977	(60,659)	-	213,802
Unallocated income (Note a)									28,683
Unallocated expenses (Note b)									(171,760)
Profit before share of results of joint ventures, associates, income tax and non-controlling interests									70,725
Share of losses of joint ventures	-	-	-	(9,139)	-	-	(3,693)	-	(12,832)
Share of profits less losses of associates	-	-	-	(16,168)	-	-	739	-	(15,429)
Income tax expense									(58,761)
Loss for the period									(16,297)
Non-controlling interests									(6,802)
Loss attributable to owners of the Company									(23,099)
Depreciation	(20,882)	(13,901)	(34,783)	(28,397)	(18,369)	(22,294)	(5,524)	-	(109,367)
Unallocated depreciation									(20,520)
									(129,887)
Provision for impairment of accounts receivable	-	-	-	(14,997)	(1,111)	-	-	-	(16,108)
Reversal of provision for impairment of accounts receivable	-	-	-	-	-	-	-	-	-
Provision for impairment of amounts due from joint ventures	-	-	-	(11,242)	-	-	(11,746)	-	(22,988)

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



For the six months ended 30 June 2014

	Television broadcasting			New media HK\$'000	Outdoor media HK\$'000	Real estate HK\$'000	Other activities HK\$'000	Inter-segment elimination HK\$'000	Group HK\$'000
	Primary channels HK\$'000	Others HK\$'000	Sub-total HK\$'000						
Revenue									
External sales	851,358	75,576	926,934	937,619	279,071	639	35,476	–	2,179,739
Inter-segment sales (Note c)	–	26,237	26,237	–	–	1,758	39	(28,034)	–
Total revenue	851,358	101,813	953,171	937,619	279,071	2,397	35,515	(28,034)	2,179,739
Segment results	403,778	(14,665)	389,113	223,081	31,523	(70,892)	(20,186)	–	552,639
Unallocated income (Note a)									10,230
Unallocated expenses (Note b)									(181,228)
Profit before share of results of joint ventures, associates, income tax and non-controlling interests									381,641
Share of losses of joint ventures	–	–	–	(6,947)	–	–	(780)	–	(7,727)
Share of loss of an associate	–	–	–	–	–	–	(224)	–	(224)
Income tax expense									(75,652)
Profit for the period									298,038
Non-controlling interests									(69,691)
Profit attributable to owners of the Company									228,347
Depreciation	(24,207)	(8,542)	(32,749)	(20,858)	(16,472)	(2,782)	(1,087)	–	(73,948)
Unallocated depreciation									(24,233)
									(98,181)
Provision for impairment of accounts receivable	–	–	–	(5,048)	–	–	–	–	(5,048)
Reversal of provision for impairment of accounts receivable	–	–	–	4,387	–	–	–	–	4,387
Provision for impairment of amount due from a joint venture	–	–	–	–	–	–	(12,534)	–	(12,534)



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

Notes:

- (a) Unallocated income represents exchange gain, interest income, fair value gain on financial assets (realised and unrealised) and investment income.
- (b) Unallocated expenses represent primarily:
- corporate staff costs;
 - office rental;
 - general administrative expenses;
 - marketing and advertising expenses that relate to the Group as a whole;
 - exchange loss; and
 - fair value loss on financial assets and liabilities (realised and unrealised) other than derivative component of Preferred Shares.
- (c) Sales between segments are carried out based on terms determined by management with reference to market prices.

6. Profit before income tax

The following items have been (credited)/charged to the profit before income tax during the period:

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Crediting		
Reversal of provision for impairment of accounts receivable	–	(4,387)
Charging		
Production costs of self-produced programmes	93,099	93,486
Transponder rental	13,297	17,830
Commission expenses	190,517	180,823
Bandwidth costs	53,343	51,481
Provision for impairment of accounts receivable	16,108	5,048
Employee benefit expenses (including Directors' emoluments)	650,187	619,494
Operating lease rental in respect of		
– Directors' quarters	945	1,092
– Land and buildings of third parties	38,604	36,140
– LED panels	93,486	95,616
Amortisation of purchased programme and film rights	9,557	8,259
Amortisation of intangible assets	782	718
Amortisation of lease premium for land	2,988	1,372
Depreciation of property, plant and equipment	129,887	98,181

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



Other losses, net comprise the following items:

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Exchange losses, net	(22,080)	(43,342)
Investment income	3,960	450
Gain on disposal of subsidiaries	–	29,145
Gain on disposal of an associate (Note 28(c))	4,795	–
Fair value loss on derivative financial instruments	(1,353)	–
Fair value loss on financial assets at fair value through profit or loss	(1,175)	(1,695)
Provision for impairment of amounts due from joint ventures	(22,988)	(12,534)
Others, net	(14,214)	3,010
	(53,055)	(24,966)

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit for the period. Taxation on PRC and 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 respectively.

The amount of taxation charged/(credited) to the condensed consolidated income statement represents:

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Current income tax		
– Hong Kong profits tax	17,125	52,168
– PRC and overseas taxation	28,998	46,242
Deferred income tax	12,638	(22,758)
	58,761	75,652

8. Dividends

A dividend of HK\$200,040,000 that relates to the period to 31 December 2014 was paid in June 2015 (six months ended 30 June 2014: HK\$254,867,000).

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



9. (Loss)/Earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2015	2014
(Loss)/profit attributable to owners of the Company (HK\$'000)	(23,099)	228,347
Weighted average number of ordinary shares in issue ('000)	4,999,002	4,997,324
Basic (loss)/earnings per share (Hong Kong cents)	(0.46)	4.57

Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units of a subsidiary (six months ended 30 June 2014: share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units and restricted shares of a subsidiary).

A calculation is done to determine the number of the Company's shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted (loss)/earnings per share. The impact of the dilutive instruments of the subsidiaries is not material to the Group's diluted (loss)/earnings per share.

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



	For the six months ended 30 June	
	2015	2014
(Loss)/profit attributable to owners of the Company used to determine diluted (loss)/earnings per share (HK\$'000)	(23,099)	228,347
Weighted average number of ordinary shares in issue ('000)	4,999,002	4,997,324
Adjustment for share options of the Company ('000)	2,666	3,446
Weighted average number of ordinary shares for diluted (loss)/earnings per share ('000)	5,001,668	5,000,770
Diluted (loss)/earnings per share (Hong Kong cents)	(0.46)	4.57

10. Purchased programme and film rights, net

	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	17,350	22,246
Additions	13,345	16,803
Amortisation	(9,557)	(20,920)
Others	(470)	(779)
Balance, end of period/year	20,668	17,350
Less: Purchased programme and film rights – current portion	(1,194)	(1,141)
	19,474	16,209



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

11. Lease premium for land

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

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
In Hong Kong, held on:		
Leases between 10 to 50 years	32,050	32,551
Outside Hong Kong, held on:		
Leases between 10 to 50 years	197,751	201,817
	229,801	234,368
	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	234,368	241,081
Currency translation differences	(1,579)	(698)
Amortisation (Note a)	(2,988)	(6,015)
Balance, end of period/year (Note c)	229,801	234,368

(a) For the six months ended 30 June 2015, no amortisation of lease premium for land has been capitalised in construction in progress under property, plant and equipment (six months ended 30 June 2014: HK\$1,639,000).

(b) Included in the net book value as of 30 June 2015 is an amount of HK\$117,557,000 (as at 31 December 2014: HK\$120,751,000) which represents land use rights held by the Group for a piece of land situated in Beijing for development of the Phoenix International Media Centre. The land comprises of approximately 18,822 square metres and a intended total gross floor area of approximately 72,799 square metres. Upon completion of construction on 29 July 2014 ("Completion Date"), approximately 29,120 square metres are expected to be occupied by the Group for its operations in Beijing and 43,679 square metres to be held for rental income or capital appreciation.

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- (c) Included in the net book value as of 30 June 2015 is an amount of HK\$14,543,000 (as at 31 December 2014: HK\$14,745,000) which was paid by the Group pursuant to notification from the Shenzhen Municipal Bureau of Land Resources and Housing Management ("Shenzhen Land Bureau") to the Shenzhen Land Bureau to obtain a title certificate in the name of Phoenix Satellite Television Company Limited (the "Phoenix Subsidiary"), a wholly-owned subsidiary of the Group, for the Group's upper ground space entitlement of approximately 8,500 square metres in China Phoenix Building in Shenzhen ("Shenzhen Building"). As of 30 June 2015, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate of the Shenzhen Building will be issued in the near future. As at 30 June 2015, the Group's entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas (Note 12(a)).

12. Property, plant and equipment, net

	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	1,545,739	1,404,283
Additions	76,238	356,278
Currency translation differences	(14,769)	(5,977)
Disposals	(68)	(2,984)
Depreciation	(129,887)	(205,716)
Impairment	(420)	(145)
Balance, end of period/year (Note a)	1,476,833	1,545,739

- (a) Included in the net book value as of 30 June 2015 is an amount of HK\$25,134,000 (as at 31 December 2014: HK\$25,483,000) which relates to the Group's entitlement to use 10,000 square metres in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease as at 30 June 2015. As at 30 June 2015, the cost of this capitalised finance lease was HK\$30,848,000 (as at 31 December 2014: HK\$30,848,000) with a net book value of HK\$25,134,000 (as at 31 December 2014: HK\$25,483,000). As at 30 June 2015, the Group was still in the process of obtaining the title certificate to the 8,500 square metres of the entitled areas through the payment of land premium and taxes (see Note 11(c)).
- (b) As of 30 June 2015, the Group was still in the process of renewing and obtaining certain licences of LED panels. The Directors are of the opinion that the licences will be obtained in the near future and the risk of non-compliance with laws and regulations is remote.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

13. Investment properties

	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	1,515,675	1,173,009
Additions	–	172,521
Fair value gain	77,128	175,777
Currency translation differences	(19,850)	(5,632)
Balance, end of period/year	1,572,953	1,515,675

(a) Fair value measurement of investment properties

The Group applied the fair value model for the accounting of its investment properties and has fair valued the portion of the investment property of the Phoenix International Media Centre and the investment property in London. The portion of the investment property of the Phoenix International Media Centre and the investment property in United Kingdom ("UK") were valued by Vigers Appraisal and Consulting Limited and Lambert Smith Hampton respectively, which are independent appraisers. Fair value gain of approximately HK\$77,128,000 (six months ended 30 June 2014: loss of HK\$63,755,000) was recognised in the condensed consolidated income statement for the six months ended 30 June 2015.

(i) Fair value hierarchy

	Fair value measurements at 30 June 2015 using significant unobservable inputs (Level 3) HK\$'000	Fair value measurements at 31 December 2014 using significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements		
Investment properties		
– Phoenix International Media Centre	1,558,877	1,503,533
– The PRC		
– Commercial – UK	14,076	12,142



(ii) *Valuation techniques*

For the investment property in UK with a carrying amount of HK\$14,076,000 (as at 31 December 2014: HK\$12,142,000), the valuation of the investment property held directly by the Group is made on the basis of the "Market Value" adopted by The Royal Institution of Chartered Surveyors ("RICS"). It is performed in accordance with the RICS Valuation Standards on Properties published by RICS. The valuation is reviewed annually by a qualified valuer by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of similar properties in less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those parties; and (iii) rental income derived from existing tenancies with due provision for reversionary income potential based on market conditions existing at the end of the reporting period.

These methodologies are based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cash flow profile. The fair value of the investment property reflects, among other this, rental income from current leases and assumptions about rental income from future leases in light of current market conditions including open market rents, appropriate capitalisation rate and reversionary income potential. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

In addition, the investment property in the PRC has a carrying value of HK\$1,558,877,000 (as at 31 December 2014: HK\$1,503,533,000). The fair value of this investment property is determined using the information from the valuation performed by external professional valuer using the direct comparison method. However, given the heterogeneous nature of this property, appropriate adjustments are made to allow for any qualitative differences that may affect the price likely to be achieved.

There were no changes in valuation techniques during the six months ended 30 June 2015 (six months ended 30 June 2014: None).



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

(iii) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value		Valuation techniques	Unobservable inputs		Relationship of unobservable inputs to fair value
	At 30 June 2015 (HK\$'000)	At 31 December 2014 (HK\$'000)		At 30 June 2015	At 31 December 2014	
Phoenix International Media Centre – The PRC	1,558,877	1,503,533	Direct comparison	Adjusted average price of HK\$35,689 per square metre	Adjusted average price of HK\$34,422 per square metre	The higher the estimated unit selling rate would result in the higher the fair value
Commercial – UK	14,076	12,142	Discounted cash flow	Estimated rental value of HK\$4,190 per annum per square metre Reversionary yield of 7.6%	Estimated rental value of HK\$4,029 per annum per square metre Reversionary yield of 8.0%	The higher the rental value, the higher the fair value The higher the reversionary yield, the lower the fair value

(b) For the six months ended 30 June 2015, no interest has been capitalised under the investment property under construction (six months ended 30 June 2014: HK\$11,483,000) since the construction was completed in July 2014.

(c) Deferred tax

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rate and the tax bases that are consistent with the expected manner of recovery of these investment properties.

Notes to the Condensed Consolidated Interim Financial Information- Unaudited

**14. Intangible assets**

	For the six months ended 30 June 2015 HK\$'000	For the year ended 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	18,090	15,051
Additions	–	4,520
Amortisation	(782)	(1,479)
Currency translation differences	(6)	(2)
Balance, end of period/year	17,302	18,090

- (a) As at 30 June 2015, goodwill arising from the acquisition of a subsidiary amounted to HK\$8,733,000 (as at 31 December 2014: HK\$8,733,000). There was no impairment charge recognised during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).
- (b) Certain of the Group's new media subsidiaries are in the process of applying for certain licenses for the operation of their businesses, including internet audio-visual program transmission license and internet news license.

15. Accounts receivable, net

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Accounts receivable	909,424	868,904
Less: Provision for impairment of receivables	(68,671)	(53,333)
	840,753	815,571

The Group has appointed an advertising agent in the PRC to promote the sales of the Group's advertising airtime and programme sponsorship and collect advertising revenues within the PRC on behalf of the Group (Note 16). The Group generally requires customers to pay in advance. Customers of other business segments are given credit terms of 30 to 180 days.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

As at 30 June 2015, the ageing analysis of accounts receivable is as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
0-30 days	212,361	210,666
31-60 days	163,947	163,925
61-90 days	159,871	124,380
91-120 days	101,067	119,636
Over 120 days	272,178	250,297
	909,424	868,904
Less: Provision for impairment of receivables	(68,671)	(53,333)
	840,753	815,571

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

The Group has recognised a loss of HK\$16,108,000 (six months ended 30 June 2014: HK\$5,048,000) for the impairment of its accounts receivable during the six months ended 30 June 2015. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has written off HK\$141,000 (six months ended 30 June 2014: HK\$1,803,000) of accounts receivable against the provision for impairment of receivables and the Group has made no reversal (six months ended 30 June 2014: reversal of HK\$4,387,000) of the provision for impairment of receivables made in prior years during the six months ended 30 June 2015 respectively.

16. Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK\$617,002,000 (as at 31 December 2014: HK\$620,303,000) owing from an advertising agent, Shenzhou Television Company Limited ("Shenzhou"), in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group.

Pursuant to a service agreement signed between Shenzhou and the Group dated 12 March 2002 and latest revised on 5 June 2015, Shenzhou agreed to deposit the advertising revenue it had collected prior to the execution of that agreement and to be collected in the future in one or more than one specific trust bank accounts in the PRC, which together with any interest generated from such bank account(s) (based on prevailing commercial interest rates) would be held in trust on behalf of the Group and handled according to the Group's instructions. No additional interest will be charged by the Group on the balance.

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



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

The management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK\$617,002,000 as at 30 June 2015 (as at 31 December 2014: HK\$620,303,000) is fully recoverable and no provision is required. The balance is unsecured, bears interest at prevailing bank interest rates and repayable on demand.

The Group does not hold any collateral as security.

17. Financial assets at fair value through profit or loss

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Trading equity securities	21,415	22,590

As at 30 June 2015, the financial assets at fair value through profit and loss represent the shares of HSBC of HK\$21,415,000 (as at 31 December 2014: HK\$22,590,000) that are held for trading.

Changes in fair values of financial assets at fair value through profit or loss are recognised in "Other losses, net" in the condensed consolidated income statement (Note 6).

18. Available-for-sale financial assets

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Balance, beginning of period/year	32,770	962
Additions (Note 28(a), (c))	240,009	29,438
Provision for impairment	—	(962)
Fair value gain	9,955	3,332
Currency translation differences	580	—
Balance, end of period/year	283,314	32,770

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



Available-for-sale financial assets include the following:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Unlisted securities:		
– Preferred Shares – debt component	274,394	32,770
– Equity securities	1,246	–
– Preferred shares	7,674	–
	283,314	32,770

19. Banking facilities

As at 30 June 2015, the Group has undrawn banking facilities of HK\$172,254,000 (as at 31 December 2014: HK\$224,688,000).

20. Borrowings

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Secured bank borrowings (Note a)	1,200,454	855,345
Loans from non-controlling shareholders of subsidiaries (Note b)	310,072	276,021
	1,510,526	1,131,366

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



(a) Secured bank borrowings

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Non-current		
Long-term secured bank borrowings	1,044,293	853,272
Less: Current portion of long-term secured bank borrowings	(845,467)	(598,629)
	198,826	254,643
Current		
Short-term secured bank borrowings	156,161	2,073
Current portion of long-term secured bank borrowings	845,467	598,629
	1,001,628	600,702
Total secured bank borrowings	1,200,454	855,345
	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
The secured bank borrowings are repayable as follows:		
– Within one year	1,001,628	600,702
– More than one year but not exceeding two years	198,826	254,643
	1,200,454	855,345

Bank borrowings of HK\$590,824,000 (as at 31 December 2014: HK\$598,629,000) are secured by the land in Chaoyang Park with carrying values of approximately HK\$118,000,000 (as at 31 December 2014: HK\$121,000,000), HK\$518,000,000 (as at 31 December 2014: HK\$547,000,000) and HK\$1,559,000,000 (as at 31 December 2014: HK\$1,504,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively as at 30 June 2015. These bank borrowings are denominated in RMB and bear interest at an average interest rate of 7.03% (as at 31 December 2014: 7.44%) annually.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

A bank borrowing of HK\$2,050,000 (as at 31 December 2014: HK\$2,073,000) is secured by a property in the United States with carrying value of approximately HK\$2,831,000 (as at 31 December 2014: HK\$2,851,000) recorded in property, plant and equipment as at 30 June 2015. The bank borrowing is denominated in US dollar ("US\$") and bears interest at an average interest rate of 3.59% annually (as at 31 December 2014: 3.59%) annually.

Bank borrowings of HK\$607,580,000 (as at 31 December 2014: HK\$254,643,000) are secured by bank deposits of HK\$659,985,000 (as at 31 December 2014: HK\$283,006,000) as at 30 June 2015 (Note 23).

(b) Loans from non-controlling shareholders of subsidiaries

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Non-current		
Long-term loans from non-controlling shareholders of a subsidiary wholly repayable within 5 years	280,755	266,567
Long-term loan from a non-controlling shareholder of a subsidiary wholly repayable after 5 years	19,986	—
	300,741	266,567
Current		
Short-term loans from non-controlling shareholders of a subsidiary	9,331	9,454
Total loans from non-controlling shareholders of subsidiaries	310,072	276,021
	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)

The loans from non-controlling shareholders of subsidiaries are repayable as follows:

– Within one year	9,331	9,454
– More than two years but not exceeding five years	280,755	266,567
– More than five years	19,986	—
	310,072	276,021

The loans from non-controlling shareholders of subsidiaries are denominated in RMB, unsecured and interest-free (as at 31 December 2014: same).

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



(c) The carrying amounts and fair values of the borrowings are as follows:

	Group		Group	
	Carrying amount		Fair value	
	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Secured bank borrowings	1,200,454	855,345	1,200,454	855,345
Loans from non-controlling shareholders of subsidiaries	310,072	276,021	257,879	214,015
	1,510,526	1,131,366	1,458,333	1,069,360

The fair values of floating rate borrowings approximate their carrying amounts. The fair values of fixed rate borrowings are based on cash flows discounted using a rate based on the borrowing rate of 6.83% (as at 31 December 2014: 8.00%) and are within level 2 of the fair value hierarchy.

21. Accounts payable, other payables and accruals

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Accounts payable	358,292	410,601
Advance from a non-controlling shareholder of a subsidiary	24,982	–
Other payables and accruals	668,121	705,039
	1,051,395	1,115,640

The advance from a non-controlling shareholder of a subsidiary is denominated in RMB, unsecured, interest-free and has no fixed term of repayment.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

As at 30 June 2015, the ageing analysis of accounts payable is set out below:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
0-30 days	130,089	221,174
31-60 days	38,231	32,161
61-90 days	32,471	14,665
91-120 days	30,493	24,424
Over 120 days	127,008	118,177
	358,292	410,601

22. Share capital

	Six months ended 30 June 2015		Year ended 31 December 2014	
	Number of Shares	Amount HK\$'000	Number of Shares	Amount HK\$'000 (Audited)
Authorised:				
Ordinary share of HK\$0.1 each	10,000,000,000	1,000,000	10,000,000,000	1,000,000
Issued and fully paid:				
Beginning of period/year	4,997,695,500	499,769	4,997,187,500	499,718
Exercise of share options	3,298,000	330	508,000	51
End of period/year	5,000,993,500	500,099	4,997,695,500	499,769

23. PLEDGED BANK DEPOSITS

As at 30 June 2015, US\$ denominated bank deposits of approximately HK\$503,848,000 (as at 31 December 2014: HK\$283,006,000) bearing fixed interest rates ranging from 1.45% to 2.00% per annum, are pledged to a bank to secure US\$ denominated bank borrowings of approximately HK\$453,470,000 (as at 31 December 2014: HK\$254,643,000) (Note 20(a)). The bank borrowings bear interests ranging from LIBOR plus 0.4% to 0.7% per annum. The Group has entered into two interest rate swap contracts with the same bank, with notional principals of the same amount of the borrowings, to swap its floating rate obligations under the borrowings for fixed rates obligation ranging from 1.39% to 1.55% per annum. The maturity dates of the borrowings are the same as the interest rate swap contracts. The Group did not elect to apply hedge accounting for the interest rate swap contracts. As at 30 June 2015, the fair values of the outstanding interest rate swap contracts of HK\$905,000 (as at 31 December 2014: HK\$1,137,000) and HK\$1,174,000 (as at 31 December 2014: Nil) have been recorded as derivative financial instruments under non-current liabilities and current liabilities respectively in the condensed consolidated balance sheet (Note 24).

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As at 30 June 2015, a RMB denominated short-term bank deposit of approximately HK\$156,137,000 (as at 31 December 2014: Nil) bearing fixed interest rate of 3% per annum, is pledged to a bank to secure a RMB denominated short-term bank borrowing of approximately HK\$154,110,000 (as at 31 December 2014: Nil) (Note 20(a)). The bank borrowing bears interest at LIBOR plus 1%.

The fair values of pledged bank deposits approximate their carrying amounts.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Preferred Shares – derivative component (Note 28(a), (c))	310,516	56,105	–	–
Interest rate swap contracts (Note 23)	–	–	(2,079)	(1,137)
Currency swap contract	951	–	–	–
Total	311,467	56,105	(2,079)	(1,137)
Balance, beginning of period/year	56,105	–	(1,137)	–
Additions	254,684	17,167	–	–
Fair value (loss)/gain, net	(411)	38,938	(942)	(1,137)
Currency translation differences	1,089	–	–	–
Balance, end of period/year	311,467	56,105	(2,079)	(1,137)

25. Transaction with non-controlling interests

During the six months ended 30 June 2015, Phoenix New Media Limited (“PNM”), a listed subsidiary of the Company, had repurchased an aggregate of 1,347,071 (during the six months ended 30 June 2014: 109,563) American depository shares (“ADSs”) at an aggregate cost of approximately US\$10,753,000 (HK\$81,629,000) (during the six months ended 30 June 2014: US\$1,172,000 (HK\$8,960,000)) on the open market. On 13 February 2015, PNM completed ADS repurchase program approved by the board of PNM in May 2014, which authorised PNM to repurchase up to US\$50.0 million (approximately HK\$388,000,000) of its outstanding ADSs for a period not exceeding twelve months since May 2014.

During the six months ended 30 June 2015, as a result of the vesting restricted shares units and the exercise of share options by the option holders and the repurchase of ADSs, the Group’s equity interest in PNM was increased from 54.75% to 55.80%. The Group recognised a deemed net loss of approximately HK\$14,473,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK\$56,430,000.

Notes to the Condensed Consolidated Interim Financial Information- Unaudited



During the six months ended 30 June 2014, as a result of the vesting of restricted shares and restricted shares units, the exercise of share options by the option holders and the repurchase of ADSs, the Group's equity interest in PNM was decreased from 52.97% to 52.52%. The Group recognised a deemed net loss of approximately HK\$8,535,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK\$16,195,000.

26. Commitments

As at 30 June 2015, the Group had capital commitments as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Contracted but not provided for	22,503	34,339

27. Related party transactions

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

		For the six months ended 30 June	
	Notes	2015 HK\$'000	2014 HK\$'000
Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	a, b	99,328	117,568
Service charges paid/payable to the CMCC Group	a, c	32,632	29,755
Advertising sales to the CMCC Group	a, d	4,541	31,184
License fee received/receivable from 北京鳳凰理理它信息技術有限公司 (Beijing Phoenix Li Li Ta Information Technology Co. Ltd.) ("LLT")	e, f	1,854	–
Advertising sales to LLT	e, g	10,073	–
Key management compensation	iii	14,554	14,193

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Notes:

- (a) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns approximately 19.66% of the issued share capital of the Company.
 - (b) Service charges received/receivable from CMCC Group related to wireless income which are charged based on terms specified in the agreements.
 - (c) Service charges paid/payable to CMCC Group related to video cost which are charged based on terms specified in the agreements.
 - (d) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels and airtime advertising on giant sized light-emitting diode panels operated by the Group based on terms specified in the agreements.
 - (e) The controlling shareholder of LLT is a close family member of the Chairman of the Board and the Chief Executive Officer of the Company.
 - (f) The license fee received/ receivable from LLT related to grant of license of domain name to LLT is charged based on terms specified in the agreement.
 - (g) Advertising sales to LLT are related to airtime advertising and programme sponsoring on channels and internet advertising sales based on terms specified in the agreements.
- (ii) Period/year end balances arising from related parties transactions as disclosed in Note 27(i) above were as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Amounts due from related companies	191,082	148,509

The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand, except for trade receivables from related parties which are repayable in accordance with credit terms.



Notes to the Condensed Consolidated Interim Financial Information- Unaudited

As at 30 June 2015, the ageing analysis of the amounts due from related companies is as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000 (Audited)
Amounts due from related companies		
0 – 90 days	75,046	79,446
91 – 120 days	20,932	16,042
over 120 days	95,104	53,021
	191,082	148,509

(iii) Key management compensation

	For the six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Salaries	10,216	9,882
Quarters and housing allowance	3,518	3,493
Pension fund	820	818
	14,554	14,193

28. Investments in Particle Inc.

- (a) In September 2014, PNM entered into an agreement (the "Agreement") to purchase a number of Series B Preferred Shares of Particle Inc. for a consideration of US\$6,000,000 (approximately HK\$46,605,000). This transaction was completed on 22 October 2014. Upon approval of the board of directors of Particle Inc. to declare dividends, the Series B Preferred Shares will be entitled to receive in preference to any payment on the ordinary shares, preferential non-cumulative dividends at the rate of 8% of the issue price, on an annual basis. The Series B Preferred Shares are convertible into ordinary shares at the option of the holder at any time or on the occurrence of certain events as specified in the Agreement. The Series B Preferred Shares are redeemable on the occurrence of certain events as specified in the Agreement.

In accordance with HKAS 39 "Financial Instrument: Recognition and Measurement", the Series B Preferred Shares represent a compound financial instrument, which comprise the following two components:

- debt component (recognised as available-for-sale financial assets) (Note 18)
- derivative component (recognised as derivative financial instrument) (Note 24)

64 Notes to the Condensed Consolidated Interim Financial Information- Unaudited



- (b) In November 2014, PNM entered into an agreement with the founders of Particle Inc. to purchase a number of ordinary shares of Particle Inc. for a consideration of US\$8,500,000 (consists of US\$5,000,000 in cash and a number of ordinary shares of PNM valued at US\$3,500,000). This transaction was completed on 23 December 2014. PNM involved an independent valuation firm to assess the ordinary shares of PNM issued as of 23 December 2014 and the fair value of these shares was determined to be US\$2,822,000. The investment in ordinary shares of Particle Inc. amounted to US\$7,822,000 (approximately HK\$61,324,000), being the cash paid and the fair value of shares issued, has been classified as investment in an associate in the condensed consolidated balance sheet.
- (c) In February 2015, PNM entered into an agreement to purchase a number of Series C Preferred Shares of Particle Inc. for a consideration of US\$30,000,000 (approximately HK\$227,367,000). The terms of Series C Preferred Shares are similar to that of Series B Preferred Shares except that Series C Preferred Shares will be entitled to receive in preference to any payment of dividend and distribution of assets or surplus funds upon liquidation over Series B Preferred Shares and ordinary shares. The Series C Preferred Shares have also been accounted for as a compound financial instrument in accordance with HKAS 39 (see Note (a)).

On the same date, PNM entered into another agreement (the "Purchase Agreement") with certain existing shareholders of Particle Inc. to purchase a number of ordinary shares and Class A ordinary shares of Particle Inc. for a consideration of US\$27,547,000 (approximately HK\$208,774,000). Both transactions were completed on 29 April 2015 (the "Closing Date").

According to the Purchase Agreement, Particle Inc. repurchased each ordinary share and each Class A ordinary share held by PNM and issued one Series C Preferred Share for each such ordinary share or Class A ordinary share on the Closing Date. As a result, the previously held ordinary shares by PNM, which were accounted for as investment in an associate (see Note (b)), were deemed as disposed and a gain of approximately HK\$4,795,000 for these transactions was recorded in the condensed consolidated income statement (Note 6). Upon completion of these transactions, PNM holds approximately 49.02% of equity interests in Particle Inc. on an as-if converted basis. Under the Purchase Agreement, the voting agreement signed between PNM and certain ordinary shareholders of Particle Inc. will become effective, subject to Yidianzixun mobile application, a product of Particle Inc., meeting certain operating metrics and the completion of certain procedures, upon which the effective voting power of PNM in Particle Inc.'s board may be increased.

29. Subsequent event

On 19 August 2015, Phoenix Pictures Limited, a wholly-owned subsidiary of the Company, entered into: (i) an equity transfer agreement with existing shareholders (the "Vendors") of 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) (the "Target Company") in relation to the acquisition of 20% of equity interests in the Target Company for a cash consideration of approximately RMB145,735,000 (equivalent to approximately HK\$174,882,000) and (ii) a shareholders' loan agreement with the Target Company in relation to provision of a shareholders' loan in the amount of approximately RMB99,665,000 (equivalent to approximately HK\$119,598,000) to the Target Company, which shall be used by the Target Company solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans which had previously been advanced to the Target Company by the Vendors.

30. COMPARATIVE FIGURES

Certain of the 2014 comparative figures of segmental information have been reclassified to conform to the current period's presentation.