20th

PHOENIX
Satellite Television Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02008

INTERIM REPORT 2016

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC™ C013909

Contents

Chairman's Statement

FINANCIAL SUMMARY

- Revenue of Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries ("Group" or "Phoenix") for the six months ended 30 June 2016 ("Period") was approximately HK$1,708,296,000, which represented a decrease of 11.9% in comparison with the same period last year.

- Loss attributable to owners of the Company for the Period was approximately HK$36,254,000, which represented an increase of 57.0% in comparison with the same period last year.

RESULTS

The revenue of the Group for the Period was approximately HK$1,708,296,000 (six months ended 30 June 2015: HK$1,939,248,000), which represented a 11.9% decrease in comparison with the same period last year. The slowdown of the Chinese economy has had a negative effect on Phoenix's overall revenue. The operating costs for the Period decreased by 5.9% to approximately HK$1,791,202,000 (six months ended 30 June 2015: HK$1,902,853,000).

The operating loss of the Group for the Period was approximately HK$82,906,000 as compared to an operating profit of HK$36,395,000 for the six months ended 30 June 2015 which was primarily driven by the decline on overall revenue with operating costs remaining stable. Even operating at a loss, the financial position of the Group remained solid and liquid with cash and unpledged bank deposits totalling about HK$2,862,980,000 as at 30 June 2016 (as at 31 December 2015: HK$3,004,839,000).

Fair value gain of approximately HK$7,117,000 (six months ended 30 June 2015: HK$74,946,000) was recognised for the investment property in Beijing and fair value loss of approximately HK$45,000 (six months ended 30 June 2015: fair value gain of HK$2,182,000) was recognised for the investment property in London.

The net exchange loss of the Group for the Period was approximately HK$23,142,000 (six months ended 30 June 2015: HK$22,080,000) mainly resulting from the depreciation of Renminbi.

The loss attributable to owners of the Company for the Period was approximately HK$36,254,000 (six months ended 30 June 2015: HK$23,099,000).

Chairman's Statement

The chart below summarises the performance of the Group for the six months ended 30 June 2016 and same period in 2015.

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Television broadcasting	**654,966**	703,435
New media	**767,695**	937,525
Outdoor media	**231,312**	252,371
Real estate	**15,698**	9,589
Other businesses	**38,625**	36,328
Group's total revenue	**1,708,296**	1,939,248
Operating costs	**(1,791,202)**	(1,902,853)
Operating(loss)/profit	**(82,906)**	36,395
Fair value gain on investment properties, net	**7,072**	77,128
Net gain on new media investment		
Fair value loss on derivative financial instruments	**(24,424)**	(1,353)
Interest income	**45,235**	–
Gain on disposal of an associate	**–**	4,795
Exchange loss, net	**(23,142)**	(22,080)
Write back of provision/(provision) for impairment of amounts due from joint ventures	**1,223**	(22,988)
Gain on deemed disposal of a subsidiary	**49,344**	–
Other income/(expense), net	**4,056**	(1,172)
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests	**(23,542)**	70,725
Share of results of joint ventures and associates	**(6,816)**	(28,261)
Income tax expense	**(20,167)**	(58,761)
Loss for the period	**(50,525)**	(16,297)
Non-controlling interests	**14,271**	(6,802)
Loss attributable to owners of the Company	**(36,254)**	(23,099)
Basic loss per share, Hong Kong cents	**(0.72)**	(0.46)

Chairman's Statement

BUSINESS OVERVIEW AND PROSPECTS

The slowdown of the Chinese economy and in particular the impact on the market for luxury goods has continued to have a negative effect on Phoenix's overall income. In response to this trend, one of the major steps that Phoenix has taken has been to increase the coordination between program production and advertising marketing, in order to ensure that the programs that Phoenix channels produce and broadcast all have an appeal to potential advertisers.

While Phoenix has faced serious economic challenges, the Group has continued to enjoy a very high status on the global stage. On 31 March this year, Phoenix celebrated its 20th anniversary, and held a series of celebratory events. The Hong Kong SAR Chief Executive Leung Chun Ying and the director of the Central Government Liaison Office, Mr. Zhang Xiao Ming, were among a large number of guests who attended the celebration held at the Phoenix headquarters in Hong Kong. The Secretary-General of the United Nations, Mr Ban Ki Moon, sent a congratulatory message to Phoenix on its 20th anniversary, as did more than 30 international leaders from Taiwan, including the newly elected leader Tsai Ing-wen, Australia, Britain, the USA, Geneva, Sweden, Iran, the European Union, India, the Republic of Korea, Malaysia and Mauritius. In early May Phoenix held an International Day of Friendship at the Phoenix Centre in Beijing and over 100 ambassadors and representatives of international organizations attended that event.

Phoenix channels continued to provide extensive and detailed reporting of international events over the last six months. Phoenix reported extensively on the Taiwan elections, which led to the appointment of the DPP candidate Tsai Ing-wen as the new leader of Taiwan. China established its first international naval base in Djibouti, and Phoenix covered this development and a Phoenix reporter interviewed those involved in this project. Phoenix also reported extensively on President Xi Jinping's visit to Washington in late March and early April, when he met President Obama and discussed countering the terrorist threat and the maintenance of world peace and security. One of Phoenix's reporters in Washington also conducted an exclusive interview with Secretary of State John Kerry, which focused on the broad context of the China-US relationship and was also broadcasted on a number of other media outlets. Phoenix also reported on President Xi's visit to Slovakia, Poland, and Uzbekistan, where he attended the 16th meeting of the heads of state of the countries which form the Shanghai Cooperation Organisation.

Besides reporting on developments relating to the Greater China region, Phoenix has also covered a wide range of regional and international events. Phoenix covered the follow up to by the Belgian and French police to the terrorist bombing at Brussels airport in 2014 and on 15 March reported on the conflict with the terrorists in Brussels, which led to one being killed and four injured. In March, Myanmar held elections which resulted in the appointment of Aung San Suu Kyi to a senior government post, which Phoenix reported in detail. Another major regional development that Phoenix covered was the Presidential election in the Philippines, which saw the election of Rodrigo Duterte, the Mayor of Davos, whose victory is likely to bring a significant change to the Philippines' approach to regional politics, including the South China Sea issues. The significance of the contribution that Phoenix makes to communication between China and the outside world was recognized when Cambridge University named a garden after Theresa Fu Xiaotian, who hosts the program "Talk with World Leaders" that provides a platform for international political and cultural figures to communicate with the Chinese audience.

The Group has taken counter-measures against the shift of viewership from television to new media platforms. In particular, Phoenix New Media's flagship ifeng news app continues to see strong progress in terms of content enrichment, vertical integration and video traffic. This point of confluence firmly places ifeng uniquely at the leading edge of both technology and serious journalism. With mobile devices having become the major gateway for content consumption, Phoenix New Media will continue to focus on expanding its user base across its differentiated mobile apps, optimizing its targeting technology and integrating next-generation high-efficiency ad solutions.

Phoenix Chinese Channel has responded to the changing business environment by reviewing programmes and seeking to meet the changing interests of the mass audience by introducing new material. This approach is conducted with a long-term view, and only leads to the production of new programmes after careful consideration of audience preferences. But the Group is confident that in due course this will have a positive effect on the Group's financial situation.

Management Discussion and Analysis

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2016		2015	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**654,966**	**144,179**	703,435	168,882
New media	**767,695**	**34,423**	937,525	52,589
Outdoor media	**231,312**	**(25,736)**	252,371	20,013
Real estate	**15,698**	**(34,089)**	9,589	32,977
Other businesses	**38,625**	**15,731**	36,328	(60,659)
Group's total revenue and segment results	**1,708,296**	**134,508**	1,939,248	213,802
Unallocated income		**17,279**		28,683
Unallocated expenses		**(175,329)**		(171,760)
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests		**(23,542)**		70,725

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 38.3% of the total revenue of the Group for the Period, decreased by 6.9% to approximately HK$654,966,000 (six months ended 30 June 2015: HK$703,435,000). 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$144,179,000 for the Period (six months ended 30 June 2015: HK$168,882,000).

The revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 35.2% of the total revenue of the Group for the Period, decreased by 6.3% to approximately HK$601,818,000 (six months ended 30 June 2015: HK$642,141,000).

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 13.3% to approximately HK$53,148,000 as compared to the same period last year (six months ended 30 June 2015: HK$61,294,000).

The revenue of the new media business for the Period decreased by 18.1% to approximately HK$767,695,000 (six months ended 30 June 2015: HK$937,525,000) due to the decrease in portal advertising revenues and mobile value–added services resulting from the decrease in user demands. The segmental profit of new media business for the Period decreased by 34.5% to approximately HK$34,423,000 (six months ended 30 June 2015: HK$52,589,000). Decrease in segmental profit was primarily due to the decrease in revenue, increase in mobile traffic acquisition expenses and bad debt provision, which were partially offset by the decrease in revenue sharing fee, decrease in impairment loss from amount due from joint ventures, and increase in net gain related to subsequent measurement of the investment in Particle Inc.

Management Discussion and Analysis

The revenue of outdoor media business for the Period decreased by 8.3% to approximately HK$231,312,000 (six months ended 30 June 2015: HK$252,371,000). The segmental loss of outdoor media business for the Period was approximately HK$25,736,000 (six months ended 30 June 2015: segmental profit of HK$20,013,000).

The segmental loss for real estate for the Period was approximately HK$34,089,000 (six months ended 30 June 2015: segmental profit of HK$32,977,000), which mainly comprises of depreciation and interest expenses. The segmental result for real estate had turned a profit into loss primarily due to a decrease of fair value gain of investment properties to approximately HK$7,072,000, as compared to HK$77,128,000 for the six months ended 30 June 2015.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 20 May 2016, 北京滙播廣告傳媒有限公司 (Beijing Huibo Advertisement Media Company Limited, "Huibo"), an indirect wholly-owned subsidiary of the Company, entered into an investment agreement to subscribe for approximately 1.25% additional equity interest in 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"), the particulars of which are set out on page 8 of this report titled "Other Significant Events: Connected Transaction – Capital Injection to Beijing Phoenix Li Li Ta Information Technology Co. Ltd. (北京鳳凰理理它信息技術有限公司)".

In June 2016, the Group's equity interest in 上海鳳凰衛視領客文化發展有限公司 (Shanghai Phoenix Link Culture Development Co. Ltd., "Phoenix Link") was reduced from 61.6% to 45% as a result of a capital contribution to Phoenix Link by new shareholders, particulars of which are set out in Note 29 to the unaudited condensed consolidated interim financial information.

Save as disclosed above, there is no other material acquisition and/or disposal of subsidiaries and/or associated companies.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2016 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 2016, the Group had cash and unpledged bank deposits totalling about HK$2,862,980,000 (as at 31 December 2015: HK$3,004,839,000). The aggregate outstanding borrowings of the Group were approximately HK$1,486,521,000 (as at 31 December 2015: HK$1,513,826,000), representing non-interest bearing loans from non-controlling shareholders of a subsidiary, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings. For details, please refer to Note 20 to the unaudited condensed consolidated interim financial information.

Management Discussion and Analysis

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 62.7% as at 30 June 2016 (as at 31 December 2015: 60.2%).

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 2016, the land in Chaoyang Park, Beijing, together with the building, with carrying value of approximately HK$109,000,000, HK$461,000,000 and HK$1,509,000,000 (as at 31 December 2015: HK$112,000,000, HK$487,000,000 and HK$1,534,000,000) 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 investment in Phoenix International Media Centre in Beijing. Bank deposits of approximately HK$638,668,000 (as at 31 December 2015: HK$655,192,000) were pledged with banks to secure bank borrowings to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,796,000 (as at 31 December 2015: HK$2,810,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$574,000 (as at 31 December 2015: HK$1,505,000) were pledged with banks to secure banking guarantees given to the landlord of a subsidiary.

Save as disclosed above, the Group did not have any other charges on its assets as at 30 June 2016 and 31 December 2015.

CAPITAL STRUCTURE AND SHARE OPTIONS

During the Period, other than the exercise of share options granted as disclosed below, there was no change in the share capital of the Company. 6,000 shares of the Company ("Shares") were issued during the Period as a result of the exercise of 6,000 share options of the Company granted under the Company's Post-IPO Share Option Scheme.

As at 30 June 2016, the operations of the Group were mainly financed by owners' equity, bank borrowings, loan from non-controlling shareholders of subsidiaries and banking facilities.

STAFF

As at 30 June 2016, the Group employed 2,864 full-time staff (as at 31 December 2015: 3,033) 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 decreased to approximately HK$605,288,000 (six months ended 30 June 2015: HK$650,187,000).

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2016, the Group invested in listed securities with estimated fair market value of approximately HK$14,455,000 (as at 31 December 2015: HK$18,896,000) recognised as "financial assets at fair value through profit and loss" and unlisted preferred shares of Particle Inc. recognised as "available-for-sale financial assets" and "derivate financial instruments" with estimated fair market value of approximately HK$436,093,000 (as at 31 December 2015: HK$390,200,000) and HK$192,749,000 (as at 31 December 2015: HK$216,742,000) 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 Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses, including but not limited to exploring the possibility to expand its television business in Hong Kong.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2016.

OTHER SIGNIFICANT EVENTS

Connected Transaction – Capital Injection to Beijing Phoenix Li Li Ta Information Technology Co. Ltd. (北京鳳凰理理它信息技術有限公司)

On 20 May 2016, Huibo, an indirect wholly-owned subsidiary of the Company, entered into an investment agreement with Mr. HE Xin, Mr. ZHANG Zhen and LLT to make a capital contribution of RMB38,136,000 to subscribe for approximately 1.25% additional equity interest in LLT as enlarged by the aforesaid capital injection by Huibo ("Capital Injection") and the capital injection by other investors of LLT with the aggregate amount of RMB165,000,000 to subscribe for an aggregate of approximately 4.88% equity interest in LLT (collectively known as the "Capital Increase").

Upon completion of the Capital Increase, the Company will indirectly hold an aggregate of approximately 10.63% equity interest in LLT through Huibo as to approximately 5.94% and 北京天盈九州網絡技術有限公司 (Beijing Tianying Jiuzhou Network Technology Co. Ltd., "Beijing Tianying") as to approximately 4.69%.

In addition to the Capital Injection, Huibo was granted (i) the call option, pursuant to which in the event that LLT cannot achieve any of the required transaction amount or revenue for the year ending 31 December 2016 or 2017, it shall be entitled to request Mr. HE Xin and Mr. ZHANG Zhen to transfer to Huibo part of their equity interest in LLT at the consideration of RMB1.00 for each actual amount of registered capital to be contributed without any premium (the "Call Option"); and (ii) the put option, pursuant to which in the event that LLT fails to list, or decides not to list, on a recognized stock exchange in or outside the PRC before 31 December 2020, Huibo shall be entitled to request LLT to repurchase those equity interest held by Huibo (save and except the initial equity interest of approximately 4.69%) at certain specified consideration on or before 31 January 2021 (the "Put Option").

Management Discussion and Analysis

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, both Mr. HE Xin and LLT are connected persons of the Company under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and accordingly the Capital Injection, Call Option and Put Option (collectively, the "Transactions") constituted connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratio in respect of each of the Transactions, alone or aggregated, exceed 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcement dated 20 May 2016.

Continuing Connected Transactions – Framework Agreement for internet advertisement for 2015 to 2017 and Supplemental Framework Agreement and revision of annual caps for 2016 and 2017

On 4 December 2015, Beijing Tianying, a non wholly-owned subsidiary of the Company, entered into a framework agreement with LLT (the "Framework Agreement"), pursuant to which LLT agreed to place, and Beijing Tianying agreed to launch, internet advertisements provided by LLT from time to time on (i) the websites operated by Beijing Tianying, including www.ifeng.com and wap.ifeng.com and (ii) the mobile apps operated by Beijing Tianying, including but not limited to ifeng news and v.ifeng.com, etc. with annual caps of HK$17,500,000, HK$38,000,000 and HK$57,000,000 for each of the years ending 31 December 2015, 2016 and 2017 (collectively known as the "Original Annual Caps").

For the year ended 31 December 2015, the aggregate transaction amount received/receivable from LLT was approximately RMB14,414,000. The Group was notified by LLT that the Original Annual Caps for the year 2016 and 2017 will not suffice to meet the business growth of LLT. On 17 May 2016, Beijing Tianying and LLT entered into a supplemental framework agreement to revise the Original Annual Caps for the years ending 31 December 2016 and 2017 to RMB49,000,000 and RMB80,000,000, respectively.

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 the Chief Executive Officer of the Company, LLT is a connected person of the Company under the Listing Rules and the transaction under Framework Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For details, please refer to the Company's announcements dated 4 December 2015 and 17 May 2016.

Continuing Connected Transactions – Outdoor Advertising Contracts

On 26 April 2016, 鳳凰都市傳媒科技股份有限公司 (Phoenix Metropolis Media Technology Company Limited, "PMM"), 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 China Mobile (Hong Kong) Group Limited ("CMHKG"), in relation to the placing of 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 26 April 2016, and ending on 31 March 2017 at a maximum contract sum not exceeding RMB15,930,000 ("2016 CMC 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 26 April 2016 and ending on 31 March 2017 at a maximum contract sum not exceeding RMB7,510,000 ("2016 CMGD Outdoor Advertising Contract").

Management Discussion and Analysis

As both CMC and CMGD are indirect subsidiaries of CMHKG, both CMC and CMGD are connected persons of the Company under the Listing Rules. The transactions contemplated under the 2016 CMC Outdoor Advertising Contract and 2016 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 26 April 2016.

Corporate Governance and Other Information

PURCHASE, SALES OR REDEMPTION OF SECURITIES

The Company had not redeemed any Share during the Period. Neither the Company nor any of its subsidiaries had purchased or sold any Share during the Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2016, the interests and short positions of the Directors and chief executive 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 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 for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to 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

	Number of ordinary Shares held				
Name	**Personal/ other interest**	**Corporate interest**	**Total interest**	**Position**	**Approximate shareholding percentage as at 30 June 2016**
LIU Changle *(Note 2)*	2,688,000	1,854,000,000	1,856,688,000	Long	37.13%
LO Ka Shui *(Note 3 and 4)*	6,244,000	–	6,244,000	Long	0.12%

Notes:

1. As at 30 June 2016, the number of issued Shares was 5,000,999,500.

2. As at 30 June 2016, Mr. LIU Changle was the beneficial owner of 93.30% of the issued shares of Today's Asia Limited, which in turn had an interest in approximately 37.07% of the issued Shares.

3. As at 30 June 2016, 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.

4. Dr. LO Ka Shui tendered his resignation as independent non-executive Director and member of remuneration committee of the Company with effect from 1 August 2016.

Corporate Governance and Other Information

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

Phoenix New Media Limited ("PNM")

	Number of class A ordinary Shares of PNM				
Name	**Personal/ other interest**	**Corporate interest**	**Total interest**	**Position**	**Approximate shareholding percentage as at 30 June 2016**
LIU Changle *(Note 3)*	–	1,483,200	1,483,200	Long	0.58%
LO Ka Shui *(Note 4)*	727,800	–	727,800	Long	0.28%

Notes:

1. As at 30 June 2016, the number of the issued Class A ordinary Shares of PNM was 256,335,266.

2. PNM is a non-wholly owned subsidiary of the Company.

3. As at 30 June 2016, Mr. LIU Changle was the beneficial owner of 93.30% of the issued shares of Today's Asia Limited, which in turn had an interest in approximately 0.58% of the issued PNM Shares.

4. Dr. LO Ka Shui tendered his resignation as independent non-executive Director and member of remuneration committee of the Company with effect from 1 August 2016.

(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 2016**
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 2016, none of the Directors or chief executive 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.

Corporate Governance and Other Information

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 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:

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share *HK$*	Balance as at 1 January 2016	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2016
14 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	4,450,000	–	(6,000)	4,444,000

During the Period, 6,000 options granted to employees of the Group were exercised. At the date before the options were exercised, the weighted average market price was HK$1.79.

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

Corporate Governance and Other Information

(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 2016	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2016
3 employees	2009.07.22	2009.07.22 to 2013.07.21	2010.07.22 to 2019.07.21	1.17	250,000	–	–	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
469 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	81,844,000	(860,000)	–	80,984,000
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:					**97,584,000**	**(860,000)**	**–**	**96,724,000**

During the Period, 860,000 options granted to 9 employees lapsed when they ceased employment with the Company.

During the Period, no option was exercised. Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the Period. No option was granted to the Directors, chief executives or substantial Shareholders, 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.

Corporate Governance and Other Information

(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 PNM Shares.

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

					Number of share options			
Type of remaining grantees	**Date of grant**	**Exercise period**	**Exercise price per PNM share** *US$*	**Balance as at 1 January 2016**	**Granted during the Period**	**Lapsed during the Period**	**Exercised during the Period**	**Balance as at 30 June 2016**
Employees	2008.07.04	2008.07.04–2018.05.25	0.03215	2,789,677	–	–	(380,000)	2,409,677
	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	2009.01.15–2018.05.25	0.03215	439,504	–	–	–	439,504
	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	–	–	(6,000)	5,500
	2008.07.04	2009.03.17–2018.05.25	0.03215	2,475	–	–	–	2,475
	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	2009.04.07–2018.05.25	0.03215	6,750	–	–	–	6,750

Corporate Governance and Other Information

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US$	Balance as at 1 January 2016	Number of share options Granted during the Period	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2016
	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	68,087	–	–	(35,000)	33,087
	2009.07.31	2009.01.24–2018.05.25	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
	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	798,300	–	–	(88,000)	710,300
	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	–	–	(24,000)	111,000
	2010.07.01	2010.09.15–2018.05.25	0.03215	26,000	–	–	–	26,000
	2010.07.01	2011.02.21–2018.05.25	0.03215	220,000	–	–	–	220,000
	2010.07.01	2011.07.01–2018.05.25	0.03215	216,000	–	–	–	216,000
	2013.03.15	2014.03.15–2023.03.14	0.445925	8,243,840	–	(1,059,102)	(539,650)	6,645,088
	2013.05.23	2014.05.23–2023.05.22	0.46565	2,900,000	–	–	–	2,900,000
	2013.10.01	2014.10.01–2023.09.30	0.78670	56,250	–	–	–	56,250
	2013.10.08	2014.10.08–2023.10.07	0.82490	4,832,000	–	(492,000)	–	4,340,000
	2013.12.10	2014.12.10–2023.12.09	1.084425	1,900,000	–	–	–	1,900,000
	2014.06.04	2015.06.04–2024.06.03	1.274900	939,807	–	(289,807)	–	650,000
	2014.06.05	2015.06.05–2024.06.04	1.274900	550,000	–	(45,000)	–	505,000
	2014.07.11	2015.07.11–2024.07.10	1.303500	12,917,500	–	(465,625)	–	12,451,875

Corporate Governance and Other Information

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US$	Balance as at 1 January 2016	Number of share options Granted during the Period	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2016
	2014.10.11	2015.10.11–2024.10.10	0.824900	161,951	–	–	–	161,951
	2015.07.16	2016.07.16–2025.07.15	0.91550	7,660,000	–	(250,000)	–	7,410,000
Total:				**46,117,530**	**–**	**(2,601,534)**	**(1,075,650)**	**42,440,346**

(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.

All RS and RSU granted under the PNM March 2011 Scheme have been fully vested during the years 2014 and 2015 respectively.

Save as disclosed above, no option was granted to the Directors, chief executives or substantial Shareholders, or their respective associates of the Company, or to the suppliers of goods or services under the PNM Share Option 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 administer the share option schemes may, at their discretion, invite any employee of the Company or any of the Group companies, including any director, 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 shares of the Company. However, the share option schemes approved by the Shareholders on 7 June 2000 has no remaining life and no further options can be granted under the scheme.

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 Group companies 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.

Corporate Governance and Other Information

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

As at 30 June 2016, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the Shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(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 2016
Today's Asia Limited *(Note 2)*	1,854,000,000	37.07%
Extra Step Investments Limited *(Notes 3 and 5)*	983,000,000	19.66%
TPG China Media, L.P. *(Note 4)*	607,000,000	12.14%

Notes:

1. As at 30 June 2016, the number of issued Shares of the Company was 5,000,999,500.

2. 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.

3. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited ("CMHKG") which in turn is a subsidiary of China Mobile Communications Corporation ("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 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, was an independent non-executive director of China Mobile Limited until his resignation on 26 May 2016.

4. 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.

5. Dr. LO Ka Shui tendered his resignation as independent non-executive director of China Mobile Limited with effect from 26 May 2016; and as independent non-executive Director and member of remuneration committee of the Company with effect from 1 August 2016.

Corporate Governance and 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 2016
China Wise International Limited *(Note 2)*	412,000,000	8.24%

Notes:

1. As at 30 June 2016, the number of issued Shares of the Company was 5,000,999,500.

2. 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, 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 executive of the Company, who, as at 30 June 2016, 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 Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares of the Company 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 unaudited condensed consolidated interim financial information.

Corporate Governance and Other 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 out below:

Dr. LO Ka Shui resigned as an independent non-executive director of China Mobile Limited and Shanghai Industrial Holdings Limited, both being companies listed on the Main Board of the Stock Exchange, with effect from 26 May 2016 and 30 June 2016 respectively.

Mr. GAO Nianshu had tendered his resignation as a director and member of finance committee of True Corporation Public Company Limited, the securities of which is listed on the Stock Exchange of Thailand, with effect from 8 September 2016.

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

IMPORTANT EVENTS AFTER THE PERIOD

Change of Directors

Resignation of Directors

Dr. LO Ka Shui had resigned as an independent non-executive Director and a member of the remuneration committee of the Company on 1 August 2016, and Mr. GAO Nianshu had resigned as a non-executive Director and a member of the remuneration committee on 19 August 2016.

Appointment of new Directors

Mr. XIA Bing will be appointed as a non-executive Director and a member of the remuneration committee of the Company, and Mr. HE Di will be appointed as an independent non-executive Director, both with effect from 20 August 2016.

Following the resignation of Dr. LO Ka Shui on 1 August 2016, the number of independent non-executive Directors fell below one-third of the Board as required under Rule 3.10A of the Listing Rules. The Company has complied with Rule 3.10A of the Listing Rules after the resignation of Mr. GAO Nianshu on 19 August 2016 and will continue to comply with the said rule after the appointment of Mr. HE Di as an independent non-executive Director on 20 August 2016.

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 to the Listing Rules – 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 in monitoring and advising on the effectiveness of the Group's governance, risk management and internal control processes. The Board had established the risk management committee on 30 November 2015 with its written terms of reference in alignment with the code provisions as set in the revised Code which took effect for the accounting periods beginning on or after 1 January 2016 to monitor the progress on corporate governance practices, risk management and internal control systems 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.

Saved as disclosed below, the Company has, throughout the Period, complied with the Code.

Corporate Governance and Other Information

(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 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") in favour of the Company which took effect on 5 December 2008 in order to manage any potential competing interest with the Group. Details of the Non-Competition Deed were set out in the announcement of the Company dated 26 November 2008.

Mr. LIU 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 therefore, 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 Annual General Meeting 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.

Corporate Governance and Other Information

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in the Model Code 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 has established with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code. The primary duties of the Audit Committee are to review the Company's annual report, and half-year report and the consolidated financial statements thereto, as well as to provide advices and comments thereon to the Board. The Audit Committee meets at least twice a year with the management to review the accounting principles and practices adopted by the Group and to discuss auditing, risk management, 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 thereto.

By Order of the Board
LIU Changle
Chairman

Hong Kong, 19 August 2016

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. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors
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 2016, together with the comparative figures for the corresponding period and relevant date in 2015.

Condensed Consolidated Income Statement – Unaudited

For the six months ended 30 June 2016

	Note	For the six months ended 30 June 2016 HK$'000	2015 HK$'000
Revenue	5	**1,708,296**	1,939,248
Operating expenses	6	**(1,322,318)**	(1,484,867)
Selling, general and administrative expenses	6	**(468,884)**	(417,986)
Other gains/(losses), net			
Fair value gain on investment properties		**7,072**	77,128
Other operating gain/(losses), net	6	**4,296**	(53,055)
Interest income		**72,728**	33,723
Interest expense		**(24,732)**	(23,466)
Share of profits less losses of associates		**(2,122)**	(15,429)
Share of losses of joint ventures		**(4,694)**	(12,832)
(Loss)/profit before income tax		**(30,358)**	42,464
Income tax expense	7	**(20,167)**	(58,761)
Loss for the period		**(50,525)**	(16,297)
Loss attributable to:			
Owners of the Company		**(36,254)**	(23,099)
Non-controlling interests		**(14,271)**	6,802
		(50,525)	(16,297)
Loss per share for loss attributable to the owners of the Company			
Basic loss per share, Hong Kong cents	9	**(0.72)**	(0.46)
Diluted loss per share, Hong Kong cents	9	**(0.72)**	(0.46)

The notes on pages 30 to 60 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 2016

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Loss for the period	**(50,525)**	(16,297)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(73,254)**	(52,827)
Fair value (loss)/gain on available-for-sale financial assets	**(89)**	9,955
Total comprehensive income for the period	**(123,868)**	(59,169)
Total comprehensive income for the period attributable to:		
Owners of the Company	**(81,037)**	(46,652)
Non-controlling interests	**(42,831)**	(12,517)
	(123,868)	(59,169)

The notes on pages 30 to 60 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2016

	Note	**As At 30 June 2016 HK$'000**	As At 31 December 2015 HK$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**12,004**	15,395
Lease premium for land	11	**218,061**	223,338
Property, plant and equipment, net	12	**1,248,567**	1,340,438
Investment properties	13	**1,522,041**	1,547,854
Intangible assets	14	**15,718**	16,507
Investments in joint ventures		**23,075**	27,768
Amounts due from joint ventures		**1,232**	1,500
Investments in associates		**71,747**	21,918
Available-for-sale financial assets	18	**447,211**	391,412
Derivative financial instruments	24	**192,749**	216,742
Other long-term assets	16	**105,455**	50,557
Deferred income tax assets		**68,661**	50,634
Pledged bank deposits	23	**185,000**	220,866
		4,111,521	4,124,929
Current assets			
Accounts receivable, net	15	**690,751**	843,680
Prepayments, deposits and other receivables	16	**951,019**	976,783
Inventories		**8,524**	8,579
Amounts due from related companies	27	**320,571**	135,394
Self-produced programmes		**4,761**	8,866
Purchased programme and film rights, net	10	**81**	450
Financial assets at fair value through profit or loss	17	**14,455**	18,896
Prepaid tax		**7,848**	3,571
Pledged bank deposits	23	**453,668**	434,326
Bank deposits		**554,534**	462,147
Restricted cash		**574**	1,505
Cash and cash equivalents		**2,308,446**	2,542,692
		5,315,232	5,436,889
Total assets		**9,426,753**	9,561,818

The notes on pages 30 to 60 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2016

	Note	**As At 30 June 2016 HK$'000**	As At 31 December 2015 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	**500,100**	500,099
Reserves		**4,381,038**	4,514,261
		4,881,138	5,014,360
Non-controlling interests		**1,484,875**	1,530,008
Total equity		**6,366,013**	6,544,368
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	20	**376,094**	782,469
Derivative financial instrument	24	**1,110**	1,793
Other long-term liabilities		**4,909**	77,474
Loans from non-controlling shareholders of subsidiaries	20	**275,850**	176,789
Deferred income tax liabilities		**173,045**	163,598
		831,008	1,202,123
Current liabilities			
Accounts payable, other payables and accruals	21	**971,252**	1,168,993
Secured bank borrowings	20	**809,455**	431,607
Deferred income		**387,261**	95,353
Loans from non-controlling shareholders of a subsidiary	20	**20,213**	45,487
Current income tax liabilities		**40,596**	72,452
Derivative financial instrument	24	**955**	1,435
		2,229,732	1,815,327
Total liabilities		**3,060,740**	3,017,450
Total equity and liabilities		**9,426,753**	9,561,818
Net current assets		**3,085,500**	3,621,562
Total assets less current liabilities		**7,197,021**	7,746,491

The notes on pages 30 to 60 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 2016

	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 2016	**500,099**	**49,619**	**131,854**	**1,505,548**	**20,616**	**10,249**	**155,694**	**2,640,681**	**1,530,008**	**6,544,368**
Loss for the period	–	–	–	–	–	–	–	(36,254)	(14,271)	(50,525)
Other comprehensive income										
Currency translation differences	–	–	–	–	(44,734)	–	–	–	(28,520)	(73,254)
Fair value loss on available-for-sale financial assets	–	–	–	–	–	(49)	–	–	(40)	(89)
Total comprehensive income for the period	–	–	–	–	(44,734)	(49)	–	(36,254)	(42,831)	(123,868)
Total contributions by and distributions to owners of the Company recognised directly in equity										
Share option scheme										
– value of employee services	–	–	–	–	–	–	–	–	10,121	10,121
– recognition of shares issued on exercise of options	1	10	–	–	–	–	(2)	–	–	9
– lapse of share options	–	941	–	–	–	–	(941)	–	–	–
Dividends related to 2015	–	–	–	–	–	–	–	(50,010)	–	(50,010)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(15,046)	(15,046)
Allocation to statutory reserve	–	–	(391)	–	–	–	–	391	–	–
Total contributions by and distributions to owners of the Company	1	951	(391)	–	–	–	(943)	(49,619)	(4,925)	(54,926)
Deemed disposal of a subsidiary *(Note 29)*	–	–	–	–	–	–	–	–	(2,509)	(2,509)
Deemed disposal of partial interest in a subsidiary arising from exercise of share-based awards *(Note 25)*	–	–	–	(756)	–	–	(1,428)	–	5,132	2,948
Total transactions with owners	1	951	(391)	(756)	–	–	(2,371)	(49,619)	(2,302)	(54,487)
Balance at 30 June 2016	**500,100**	**50,570**	**131,463**	**1,504,792**	**(24,118)**	**10,200**	**153,323**	**2,554,808**	**1,484,875**	**6,366,013**

The notes on pages 30 to 60 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 2016

	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 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 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 30 to 60 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Cash flows from operating activities		
Cash generated from operations	**261,493**	155,368
Interest received	**27,493**	33,723
Hong Kong taxation refund	**1,662**	–
Overseas taxation paid	**(63,165)**	(46,235)
Net cash generated from operating activities	**227,483**	142,856
Cash flows from investing activities		
Decrease in restricted cash	**931**	62
Increase in bank deposits	**(92,387)**	(88,500)
Decrease/(increase) in pledged bank deposits	**16,524**	(377,055)
Purchase of property, plant and equipment	**(50,117)**	(76,238)
Purchase of programme and film rights	**(5,871)**	(13,345)
Proceeds from disposal of property, plant and equipment	**1,570**	55
Capital injection in an investment	**(45,237)**	–
Advance to a joint venture	**–**	(15,000)
Loan to a related party	**(157,319)**	–
Investment income from financial assets at fair value through profit or loss	**1,663**	473
Investment income from bank deposits and pledged bank deposits	**4,629**	3,487
Dividend from an associate	**–**	904
Investments in associates	**–**	(12,144)
Investments in joint ventures	**–**	(6,946)
Purchase of available-for-sale financial assets and derivative financial instruments	**(9,724)**	(445,061)
Net cash outflows from deemed disposal of a subsidiary	**(4,719)**	–
Net cash used in investing activities	**(340,057)**	(1,029,308)
Cash flows from financing activities		
Proceeds from exercise of share options of the Company	**9**	6,524
Dividends paid to owners of the Company	**(50,010)**	(200,040)
Proceeds from exercise of share options of a subsidiary	**2,025**	5,218
Drawdown of secured bank borrowings	**244,188**	352,937
Repayment of secured bank borrowings	**(261,021)**	(22)
Repayment of loans from non-controlling shareholders of a subsidiary	**(127,528)**	–
Loans from non-controlling shareholders of a subsidiary	**134,501**	37,500
Dividends paid to non-controlling interests	**(15,046)**	(41,552)
Payment for repurchase of shares of a subsidiary	**–**	(81,629)
Net cash (used in)/from financing activities	**(72,882)**	78,936
Net decrease in cash and cash equivalents	**(185,456)**	(807,516)
Cash and cash equivalents at beginning of period	**2,542,692**	3,407,711
Net exchange losses on cash and cash equivalents	**(48,790)**	(29,676)
Cash and cash equivalents at end of period	**2,308,446**	2,570,519

The notes on pages 30 to 60 form an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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 2016.

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 2016 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 2015, 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 2015, as described in those annual financial statements.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2016.

HKFRS 10, HKFRS 12 and HKAS 28 (2011) Consolidation Amendment	Investment Entities: Applying the Exception
HKFRS 14	Regulating Deferral Accounts
HKAS 1 Amendment	Disclosure Initiative
HKAS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants
HKAS 27 Amendment	Equity Method in Separate Financial Statements
HKFRSs Amendment 2014	Annual Improvements 2012-2014 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.

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

(b) *New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2016 and have not been early adopted by the Group*

HKFRS 9	Financial Instruments[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKAS 7 Amendments	Disclosure Initiative[1]
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses[1]

(1) Effective for the Group for annual period beginning on 1 January 2017
(2) Effective for the Group for annual period beginning on 1 January 2018
(3) Effective for the Group for annual period beginning on 1 January 2019
(4) Effective date to be determined

The Group will apply the above new standards and amendments to standards from 1 January 2017 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.

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 2015.

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 2015.

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

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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 pries 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.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016.

	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	**14,455**	**–**	**–**	**14,455**
Available-for-sale financial assets				
– Convertible redeemable preferred shares – debt component	**–**	**–**	**436,093**	**436,093**
– Equity securities	**–**	**–**	**1,186**	**1,186**
– Preferred shares	**–**	**–**	**9,932**	**9,932**
Derivative financial instruments				
– Convertible redeemable preferred shares – derivative component	**–**	**–**	**192,749**	**192,749**
	14,455	**–**	**639,960**	**654,415**
Liabilities				
Derivative financial instruments				
– Interest rate swap contracts	**–**	**(2,065)**	**–**	**(2,065)**

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 2015.

	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	18,896	–	–	18,896
Available-for-sale financial assets				
– Convertible redeemable preferred shares				
– debt component	–	–	390,200	390,200
– Equity securities	–	–	1,212	1,212
Derivative financial instrument				
– Convertible redeemable preferred shares				
– derivative component	–	–	216,742	216,742
	18,896	–	608,154	627,050
Liability				
Derivative financial instruments				
– Interest rate swap contract	–	(2,194)	–	(2,194)
– Currency swap contract	–	(1,034)	–	(1,034)
	–	(3,228)	–	(3,228)

During the six months ended 30 June 2016 and 2015, 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 2016, there were no changes in valuation techniques and reclassifications of financial assets and liabilities (six months ended 30 June 2015: 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 2016, instruments included in Level 1 comprise shares of HSBC Holdings PLC ("HSBC"), an entity listed on the Stock Exchange, of approximately HK$14,455,000 (as at 31 December 2015: HK$18,896,000) (Note 17).

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

(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 2016 HK$'000	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	628,842	Discounted cash flow method	Discount rate	25.5%	The lower the discount rate, the higher the fair value
			Lack of marketability discount ("DLOM")	25.0%	The lower the DLOM, the higher the fair value
			Volatility	49.4%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	436,093	Discounted cash flow method with discounting the principal repayment at a discount rate	Discount rate – debt component	24.5%	The lower the discount rate - debt component, the higher the fair value
Convertible redeemable preferred shares – derivative component	192,749	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 31 December 2015 HK$'000	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	606,942	Discounted cash flow method	Discount rate	25.5%	The lower the discount rate, the higher the fair value
			DLOM	26%	The lower the DLOM, the higher the fair value
			Volatility	50.3%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	390,200	Discounted cash flow method with discounting the principal repayment at a discount rate	Discount rate – debt component	24.5%	The lower the discount rate - debt component, the higher the fair value
Convertible redeemable preferred shares – derivative component	216,742	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 of Particle Inc. by the Group (the "Preferred Shares") (see Note 28 for details).

The equity value of Particle Inc. as at 30 June 2016 and 31 December 2015 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.

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

The following table presents the changes in the Preferred Shares during the six months ended 30 June 2016 and 30 June 2015. 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	**Derivative component**			**Total**
		Gross	**Deferred day one gain**	**Net**	
	HK$'000 (Note 18)	**HK$'000**	**HK$'000**	**HK$'000** (Note 24)	**HK$'000**
Opening balance on 1 January 2016	**390,200**	**223,219**	**(6,477)**	**216,742**	**606,942**
Losses recognised in other comprehensive income	**(89)**	–	–	–	**(89)**
Gains/(losses) recognised in profit or loss	**45,235**	**(25,493)**	–	**(25,493)**	**19,742**
Amortisation of deferred day one gain in profit or loss	–	–	**1,069**	**1,069**	**1,069**
Currency translation differences	**747**	**431**	–	**431**	**1,178**
Closing balance on 30 June 2016	**436,093**	**198,157**	**(5,408)**	**192,749**	**628,842**
Changes in unrealised gains/(losses) for the period included in profit or loss at the end of the period ended 30 June 2016	**45,235**	**(25,493)**	**1,069**	**(24,424)**	**20,811**
Changes in unrealised losses for the period included in other comprehensive income at the end of the period ended 30 June 2016	**(89)**	–	–	–	**(89)**

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

	Debt component	Derivative component			Total
		Gross	Deferred day one gain	Net	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Opening balance on 1 January 2015	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 on 30 June 2015	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 ended 30 June 2015	–	(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 ended 30 June 2015	9,955	–	–	–	9,955

(2) Quantitative sensitivity analysis

A quantitative sensitivity analysis is shown below:

	Discount rate 3% increase or decrease At 30 June 2016 HK$'000	**DLOM 3% increase or decrease At 30 June 2016 HK$'000**	**Volatility 5% increase or decrease At 30 June 2016 HK$'000**	**Discount rate – Debt component 3% increase or decrease At 30 June 2016 HK$'000**
Convertible redeemable preferred shares	**(111,663)/143,802**	**(25,303)/25,179**	**(44,420)/2,137**	**N/A**
Convertible redeemable preferred shares – debt component	**N/A**	**N/A**	**N/A**	**(38,037)/42,737**
Convertible redeemable preferred shares – derivative component	**N/A**	**N/A**	**N/A**	**38,037/(42,737)**

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

	Discount rate 3% increase or decrease At 31 December 2015 HK$'000	DLOM 3% increase or decrease At 31 December 2015 HK$'000	Volatility 5% increase or decrease At 31 December 2015 HK$'000	Discount rate – Debt component 3% increase or decrease At 31 December 2015 HK$'000
Convertible redeemable preferred shares	(90,075)/116,063	(22,111)/22,007	(24,218)/23,939	N/A
Convertible redeemable preferred shares – debt component	N/A	N/A	N/A	(38,238)/43,482
Convertible redeemable preferred shares – derivative component	N/A	N/A	N/A	38,238/(43,482)

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

	For the six months ended 30 June 2016								
	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	601,818	53,148	654,966	767,695	231,312	15,698	38,625	–	1,708,296
Inter-segment sales (Note c)	–	20,644	20,644	–	–	1,532	38	(22,214)	–
Total revenue	601,818	73,792	675,610	767,695	231,312	17,230	38,663	(22,214)	1,708,296
Segment results	164,450	(20,271)	144,179	34,423	(25,736)	(34,089)	15,731	–	134,508
Unallocated income (Note a)									17,279
Unallocated expenses (Note b)									(175,329)
Profit before share of results of joint ventures, associates, income tax and non-controlling interests									(23,542)
Share of losses of joint ventures									(4,694)
Share of losses of associates									(2,122)
Income tax expense									(20,167)
Loss for the period									(50,525)
Non-controlling interests									14,271
Loss attributable to owners of the Company									(36,254)
Depreciation	(17,040)	(11,515)	(28,555)	(25,646)	(16,924)	(16,010)	(3,888)	–	(91,023)
Unallocated depreciation									(22,305)
									(113,328)
Interest income	1	424	425	64,705	1,229	79	85	–	66,523
Unallocated interest income									6,205
									72,728
Interest expenses	–	(36)	(36)	(2,054)	–	(19,262)	–	–	(21,352)
Unallocated interest expenses									(3,380)
									(24,732)
Provision for impairment of accounts receivable	–	–	–	(57,316)	(3,687)	–	(627)	–	(61,630)
Reversal of provision for impairment of accounts receivable	–	–	–	8,103	–	–	–	–	8,103
Write back of provision for impairment of amount due from a joint venture	–	–	–	1,223	–	–	–	–	1,223

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

	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)
Interest income	2	772	774	19,642	1,594	92	3,138	–	25,240
Unallocated interest income									8,483
									33,723
Interest expenses	–	(36)	(36)	(589)	–	(20,845)	–	–	(21,470)
Unallocated interest expenses									(1,996)
									(23,466)
Provision for impairment of accounts receivable	–	–	–	(14,997)	(1,111)	–	–	–	(16,108)
Provision for impairment of amounts due from joint ventures	–	–	–	(11,242)	–	–	(11,746)	–	(22,988)

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Notes:

(a) Unallocated income represents exchange gain, interest income, investment income and other 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.

(c) Sales between segments are carried out based on terms determined by management with reference to market prices.

6 (Loss)/profit before income tax

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

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Crediting		
Reversal of provision for impairment of accounts receivable	**(8,103)**	–
Charging		
Production costs of self-produced programmes	**100,105**	93,099
Commission expenses	**180,065**	190,517
Bandwidth costs	**38,790**	53,343
Provision for impairment of accounts receivable	**61,630**	16,108
Employee benefit expenses (including Directors' emoluments)	**605,288**	650,187
Operating lease rental in respect of		
– Directors' quarters	**946**	945
– Land and buildings of third parties	**36,782**	38,604
– LED panels	**96,770**	93,486
Amortisation of purchased programme and film rights	**9,008**	9,557
Amortisation of intangible assets	**781**	782
Amortisation of lease premium for land	**2,913**	2,988
Depreciation of property, plant and equipment	**113,328**	129,887

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Other operating gain/(losses), net comprise the following items:

	For the six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Exchange losses, net	**(23,142)**	(22,080)
Investment income	**5,127**	3,960
Gain on deemed disposal of a subsidiary *(Note 29)*	**49,344**	–
Gain on disposal of an associate	**–**	4,795
Fair value loss on derivative financial instruments	**(23,261)**	(1,353)
Fair value loss on financial assets at fair value through profit or loss	**(4,442)**	(1,175)
Write back of provision/(provision) for impairment of amounts due from joint ventures	**1,223**	(22,988)
Others, net	**(553)**	(14,214)
	4,296	(53,055)

7 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 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	
	2016	2015
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**9,164**	17,125
– PRC and overseas taxation	**17,273**	28,998
Deferred income tax	**(6,270)**	12,638
	20,167	58,761

8 Dividends

A dividend of HK$50,010,000 that relates to the period to 31 December 2015 was paid in June 2016 (six months ended 30 June 2015: HK$200,040,000).

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

9 Loss per share

Basic

Basic loss per share is calculated by dividing the loss 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	
	2016	2015
Loss attributable to owners of the Company (HK$'000)	**(36,254)**	(23,099)
Weighted average number of ordinary shares in issue ('000)	**5,000,996**	4,999,002
Basic loss per share (Hong Kong cents)	**(0.72)**	(0.46)

Diluted

Diluted loss 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 (six months ended 30 June 2015: share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units 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 per share. The impact of the dilutive instruments of the subsidiary is not material to the Group's diluted loss per share.

	For the six months ended 30 June	
	2016	2015
Loss attributable to owners of the Company used to determine diluted loss per share (HK$'000)	**(36,254)**	(23,099)
Weighted average number of ordinary shares in issue ('000)	**5,000,996**	4,999,002
Adjustment for share options of the Company ('000)	**663**	2,666
Weighted average number of ordinary shares for diluted loss per share ('000)	**5,001,659**	5,001,668
Diluted loss per share (Hong Kong cents)	**(0.72)**	(0.46)

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

10 Purchased programme and film rights, net

	For the six months ended 30 June 2016 HK$'000	For the year ended 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**15,845**	17,350
Additions	**5,871**	18,588
Amortisation	**(9,008)**	(19,025)
Others	**(623)**	(1,068)
Balance, end of period/year	**12,085**	15,845
Less: Purchased programme and film rights – current portion	**(81)**	(450)
	12,004	15,395

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:

	For the six months ended 30 June 2016 HK$'000	For the year ended 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**223,338**	234,368
Currency translation differences	**(2,364)**	(5,081)
Amortisation	**(2,913)**	(5,949)
Balance, end of period/year	**218,061**	223,338

(a) Included in the net book value as of 30 June 2016 is an amount of HK$108,560,000 (as at 31 December 2015: HK$112,466,000) 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.

(b) Included in the net book value as of 30 June 2016 is an amount of HK$14,138,000 (as at 31 December 2015: HK$14,340,000) 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 2016, 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.

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

12 Property, plant and equipment, net

	For the six months ended 30 June 2016 HK$'000	For the year ended 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**1,340,438**	1,545,739
Additions	**50,117**	103,375
Currency translation differences	**(10,560)**	(45,681)
Disposals	**(3,948)**	(1,080)
Depreciation	**(113,328)**	(251,543)
Impairment	**(14,152)**	(10,372)
Balance, end of period/year	**1,248,567**	1,340,438

(a) Included in the net book value as of 30 June 2016 is an amount of HK$24,434,000 (as at 31 December 2015: HK$24,784,000) which relates to the Group's entitlement to use 10,000 square metres in the Shenzhen Building. As at 30 June 2016, the cost was HK$30,848,000 (as at 31 December 2015: HK$30,848,000) with a net book value of HK$24,434,000 (as at 31 December 2015: HK$24,784,000). As at 30 June 2016, 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(b)).

(b) As of 30 June 2016, 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.

13 Investment properties

	For the six months ended 30 June 2016 HK$'000	For the year ended 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**1,547,854**	1,515,675
Fair value gain	**7,072**	98,939
Currency translation differences	**(32,885)**	(66,760)
Balance, end of period/year	**1,522,041**	1,547,854

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

(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$7,072,000 (six months ended 30 June 2015: HK$77,128,000) was recognised in the condensed consolidated income statement for the six months ended 30 June 2016.

(i) Fair value hierarchy

	Fair value measurements at 30 June 2016 using significant unobservable inputs (Level 3) HK$'000	Fair value measurements at 31 December 2015 using significant unobservable inputs (Level 3) HK$'000 (Audited)
Recurring fair value measurements		
Investment properties		
– Phoenix International Media Centre		
– The PRC	**1,508,847**	1,534,012
– Commercial–UK	**13,194**	13,842

(ii) Valuation techniques

For the investment property in UK with a carrying amount of HK$13,194,000 (as at 31 December 2015: HK$13,842,000), 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 things, 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.

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

In addition, the investment property in the PRC has a carrying value of HK$1,508,847,000 (as at 31 December 2015: HK$1,534,012,000). 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 2016 (six months ended 30 June 2015: None).

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

Description	Fair value At 30 June 2016 (HK$'000)	Fair value At 31 December 2015 (HK$'000)	Valuation techniques	Unobservable inputs At 30 June 2016 (HK$'000)	Unobservable inputs At 31 December 2015 (HK$'000)	Relationship of unobservable inputs to fair value
Phoenix International Media Centre – The PRC	1,508,847	1,534,012	Direct comparison	Adjusted average price of RMB29,121 (equivalent to HK$34,544) per square metre	Adjusted average price of RMB28,984 (equivalent to HK$35,120) per square metre	The higher the adjusted average price per square metre, the higher the fair value
Commercial – UK	13,194	13,842	Discounted cash flow	Estimated rental value of GBP349 (equivalent to HK$3,941) per annum per square metre	Estimated rental value of GBP349 (equivalent to HK$4,119) per annum per square metre	The higher the rental value, the higher the fair value
				Reversionary yield of 7.25%	Reversionary yield of 7.25%	The higher the reversionary yield, the lower the fair value

(b) 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 2016 HK$'000	For the year ended 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**16,507**	18,090
Amortisation	**(781)**	(1,564)
Currency translation differences	**(8)**	(19)
Balance, end of period/year	**15,718**	16,507

(a) As at 30 June 2016, goodwill arising from the acquisition of a subsidiary amounted to HK$8,733,000 (as at 31 December 2015: HK$8,733,000). There was no impairment charge recognised during the six months ended 30 June 2016 (six months ended 30 June 2015: 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 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Accounts receivable	**844,994**	947,212
Less: Provision for impairment of receivables	**(154,243)**	(103,532)
	690,751	843,680

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 2016, the ageing analysis of accounts receivable is as follows:

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
0-30 days	**179,993**	230,830
31-60 days	**139,952**	149,543
61-90 days	**123,929**	102,032
91-120 days	**66,075**	89,815
Over 120 days	**335,045**	374,992
	844,994	947,212
Less: Provision for impairment of receivables	**(154,243)**	(103,532)
	690,751	843,680

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$61,630,000 (six months ended 30 June 2015: HK$16,108,000) for the impairment of its accounts receivable during the six months ended 30 June 2016. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has written off HK$2,816,000 (six months ended 30 June 2015: HK$141,000) of accounts receivable against the provision for impairment of receivables and the Group has made reversal of provision of HK$8,103,000 (six months ended 30 June 2015: HK$Nil) for impairment of receivables made in prior years during the six months ended 30 June 2016 respectively.

16 Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK$670,520,000 (as at 31 December 2015: HK$689,159,000) 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$670,520,000 as at 30 June 2016 (as at 31 December 2015: HK$689,159,000) 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.

On 20 May 2016, an indirect wholly-owned subsidiary of the Group, entered into an investment agreement with Mr. He Xin, Mr. Zhang Zhen and 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") to make a capital contribution of RMB38,136,000 (approximately HK$45,237,000) to subscribe for approximately 1.25% additional equity interest in LLT as enlarged by the aforesaid capital injection by the indirect wholly-owned subsidiary ("Capital Injection"). In addition to the Capital Injection, the indirect wholly-owned subsidiary was granted a call option and a put option.

Upon completion of the Capital Injection, the Company will indirectly hold an aggregate of approximately 10.63% equity interest in the LLT.

As of 30 June 2016, the subscription of shares in LLT has not yet been completed and the payment of the Capital Injection amounted to approximately HK$45,237,000 has been included in other long-term assets.

17 Financial assets at fair value through profit or loss

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Trading equity securities	**14,455**	18,896

As at 30 June 2016, the financial assets at fair value through profit and loss represent the shares of HSBC of HK$14,455,000 (as at 31 December 2015: HK$18,896,000) that are held for trading.

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

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

18 Available-for-sale financial assets

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Balance, beginning of period/year	**391,412**	32,770
Additions	**9,724**	300,443
Provision for impairment	**–**	(7,805)
Fair value (loss)/gain	**(89)**	15,116
Interest income	**45,235**	51,249
Currency translation differences	**929**	(361)
Balance, end of period/year	**447,211**	391,412

Available-for-sale financial assets include the following:

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Unlisted securities:		
– Preferred Shares – debt component (Note 28)	**436,093**	390,200
– Equity securities	**1,186**	1,212
– Preferred shares	**9,932**	–
	447,211	391,412

19 Banking facilities

As at 30 June 2016, the Group has undrawn banking facilities of HK$136,050,000 (as at 31 December 2015: HK$100,354,000).

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

20 Borrowings

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Secured bank borrowings (Note a)	**1,185,549**	1,214,076
Loans from non-controlling shareholders of subsidiaries (Note b)	**296,063**	222,276
	1,481,612	1,436,352

(a) Secured bank borrowings

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Non-current		
Long-term secured bank borrowings	**376,094**	782,469
Current		
Current portion of long-term secured bank borrowings	**809,455**	431,607
Total secured bank borrowings	**1,185,549**	1,214,076

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
The secured bank borrowings are repayable as follows:		
– Within one year	**809,455**	431,607
– More than one year but not exceeding two years	**202,086**	229,118
– More than two years but not exceeding five years	**171,999**	163,580
– More than five years	**2,009**	389,771
	1,185,549	1,214,076

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Bank borrowings of HK$581,238,000 (as at 31 December 2015: HK$599,791,000) are secured by the land in Chaoyang Park with carrying values of approximately HK$109,000,000 (as at 31 December 2015: HK$112,000,000), HK$461,000,000 (as at 31 December 2015: HK$487,000,000) and HK$1,509,000,000 (as at 31 December 2015: HK$1,534,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively as at 30 June 2016. These bank borrowings are denominated in RMB and bear interest at an average interest rate of 6.48% (as at 31 December 2015: 6.73%) annually.

A bank borrowing of HK$2,009,000 (as at 31 December 2015: HK$2,027,000) is secured by a property in the United States with carrying value of approximately HK$2,796,000 (as at 31 December 2015: HK$2,810,000) recorded in property, plant and equipment as at 30 June 2015. The bank borrowing is denominated in US dollar ("US$") and bears interest at an average interest rate of 3.59% annually (as at 31 December 2015: 3.59%) annually.

Bank borrowings of HK$602,302,000 (as at 31 December 2015: HK$612,258,000) are secured by bank deposits of HK$638,668,000 (as at 31 December 2015: HK$655,192,000) as at 30 June 2016 (Note 23).

(b) Loans from non-controlling shareholders of subsidiaries

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Non-current		
Long-term loans from non-controlling shareholders of a subsidiary wholly repayable within 5 years	**275,850**	176,789
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**20,213**	45,487
Total loans from non-controlling shareholders of subsidiaries	**296,063**	222,276

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
The loans from non-controlling shareholders of subsidiaries are repayable as follows:		
– Within one year	**20,213**	45,487
– More than one year but not exceeding two years	**94,303**	98,632
– More than two years but not exceeding five years	**162,568**	58,770
– More than five years	**18,979**	19,387
	296,063	222,276

The loans from non-controlling shareholders of subsidiaries are denominated in RMB, unsecured and interest-free (as at 31 December 2015: same).

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

	Group			
	Carrying amount		**Fair value**	
	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)	**As at 30 June 2016 HK$'000**	As at 31 December 2015 HK$'000 (Audited)
Secured bank borrowings	**1,185,549**	1,214,076	**1,185,549**	1,214,076
Loans from non-controlling shareholders of subsidiaries	**296,063**	222,276	**241,080**	208,396
	1,481,612	1,436,352	**1,426,629**	1,422,472

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 6.48% (as at 31 December 2015: 6.48%) and are within level 2 of the fair value hierarchy.

21 Accounts payable, other payables and accruals

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Accounts payable	**349,197**	392,446
Other payables and accruals	**622,055**	776,547
	971,252	1,168,993

As at 30 June 2016, the ageing analysis of accounts payable is set out below:

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
0-30 days	**54,202**	202,278
31-60 days	**28,412**	22,216
61-90 days	**23,890**	18,362
91-120 days	**33,933**	19,842
Over 120 days	**208,760**	129,748
	349,197	392,446

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

22 Share capital

	Six months ended 30 June 2016 Number of Shares	Six months ended 30 June 2016 Amount HK$'000	Year ended 31 December 2015 Number of Shares	Year ended 31 December 2015 Amount HK$'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	**5,000,993,500**	**500,099**	4,997,695,500	499,769
Exercise of share options	**6,000**	**1**	3,298,000	330
End of period/year	**5,000,999,500**	**500,100**	5,000,993,500	500,099

23 Pledged bank deposits

As at 30 June 2016, two bank deposits of approximately HK$406,291,000 (as at 31 December 2015: US$ denominated bank deposits of approximately HK$503,703,000) bearing fixed interest rates ranging from 1.45% to 1.52% (as at 31 December 2015: 1.45% to 2%) per annum, are pledged to a bank to secure two bank borrowings of approximately HK$364,902,000 (as at 31 December 2015: HK$453,470,000) (Note 20(a)). The bank borrowings bear interests at LIBOR plus 0.4% and HIBOR plus 0.45% per annum respectively (as at 31 December 2015: 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 1.4% per annum (as at 31 December 2015: 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 2016, the fair values of the outstanding interest rate swap contracts of HK$1,110,000 and HK$955,000 (as at 31 December 2015: HK$1,793,000 and HK$401,000) have been recorded as derivative financial instruments under non-current liabilities and current liabilities respectively in the condensed consolidated balance sheet (Note 24).

As at 30 June 2016, a RMB denominated short-term bank deposit of approximately HK$232,377,000 (as at 31 December 2015: HK$151,462,000) bearing fixed interest rate of 2.175% (as at 31 December 2015: 3% per annum), is pledged to a bank to secure a RMB denominated long-term bank borrowing of approximately HK$237,400,000 (as at 31 December 2015: HK$158,788,000) (Note 20(a)). The bank borrowing bears interest at LIBOR plus 1%.

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

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

24 Derivative financial instruments

	Assets		Liabilities	
	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)	**As at 30 June 2016 HK$'000**	As at 31 December 2015 HK$'000 (Audited)
Preferred Shares – derivative component (Note 28)	**192,749**	216,742	**–**	–
Interest rate swap contracts (Note 23)	**–**	–	**(2,065)**	(2,194)
Currency swap contract	**–**	–	**–**	(1,034)
Total	**192,749**	216,742	**(2,065)**	(3,228)
Less: non-current portion				
– Preferred Shares – derivative component	**(192,749)**	(216,742)	**–**	–
– Interest rate swap contracts	**–**	–	**1,110**	1,793
Current portion				
– Interest rate swap contracts	**–**	–	**(955)**	(401)
– Currency swap contract	**–**	–	**–**	(1,034)
	–	–	**(955)**	(1,435)
Balance, beginning of period/year	**216,742**	56,105	**(3,228)**	(1,137)
Addition	**–**	205,563	**–**	–
Fair value (loss)/gain, net	**(24,424)**	(44,696)	**1,163**	(2,091)
Currency translation differences	**431**	(230)	**–**	–
Balance, end of period/year	**192,749**	216,742	**(2,065)**	(3,228)

25 Transaction with non-controlling interests

During the six months ended 30 June 2016, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM was decreased from 55.61% to 55.51%. The Group recognised a deemed net loss of approximately HK$756,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$5,132,000.

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 American depositary shares ("ADSs") at an aggregate cost of approximately US$10,753,000 (HK$81,629,000) on the open market.

During the six months ended 30 June 2015, as a result of the vesting 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 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

26 Commitments

As at 30 June 2016, the Group had capital commitments as follows:

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Contracted but not provided for	**9,079**	16,386

27 Related party transactions

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

	Note	**For the six months ended 30 June 2016 HK$'000**	2015 HK$'000
Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	a, b	**51,563**	99,328
Service charges paid/payable to the CMCC Group	a, c	**12,942**	32,632
Advertising sales to the CMCC Group	a, d	**15,584**	4,541
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	**103**	1,854
Advertising sales to LLT	e, g	**33,764**	10,073
Key management compensation	iii	**15,245**	14,554

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Amounts due from related companies	**320,571**	135,394

The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand, except for an amount of HK$157,319,000 (2015: HK$Nil) due from Particle (see Note 28) which is unsecured, interest bearing at 4.35% per annum and repayable within one year and 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 2016, the ageing analysis of the amounts due from related companies is as follows:

	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000
Amounts due from related companies		
0 – 90 days	**133,675**	64,435
91 – 120 days	**14,811**	7,275
over 120 days	**172,085**	63,684
	320,571	135,394

(iii) Key management compensation

	For the six months ended 30 June	
	2016 HK$'000	2015 HK$'000
Salaries	**10,572**	10,216
Quarters and housing allowance	**3,808**	3,518
Pension fund	**865**	820
	15,245	14,554

28 Investments in and loan to Particle Inc.

Phoenix New Media Limited ("PNM") invested and owns an aggregate of US$71,369,000 (approximately HK$554,344,000) in Series B Preferred Shares and Series C Preferred Shares, which represent approximately 46.95% equity interest in Particle Inc. ("Particle") on an as-if converted and diluted basis as of 30 June 2016.

The investments in Series B and Series C Preferred Shares with similar features were separated into debt component which are classified as "available-for-sale financial assets" ("AFS") and "derivative financial instruments" ("DFI"). The investments in AFS and DFI are subsequently remeasured at fair value at each reporting period. Under HKAS 39, changes in fair value of the DFI are recognised in the condensed consolidated income statement whereas all changes in fair value of AFS are recognised directly in other comprehensive income except for the interest portion of the AFS calculated using the effective interest method which is recognised in the condensed consolidated income statement.

On 28 January 2016, the board of directors of PNM have authorised to provide short-term unsecured loans to Particle in an aggregate principal amount of up to US$20 million (approximately HK$157,319,000) at an interest rate of 4.35% per annum with a term of twelve months. Particle has drawn down all of the US$20 million loan in April 2016 (see Note 27(ii)).

Notes to the Condensed Consolidated Interim Financial Information – Unaudited

29 Deemed disposal of a subsidiary

In June 2016, certain new shareholders ("New Shareholders") contributed additional capital ("Capital Contribution") in Shanghai Phoenix Link Culture Development Co., Ltd ("Phoenix Link"), which was a non-wholly owned subsidiary of the Group. As a result, the Group's equity interest in Phoenix Link was reduced from 61.6% to 45% upon completion of the Capital Contribution. As a result of the Capital Contribution, the unilateral control of Phoenix Link by the Group was lost and only significant influence over Phoenix Link is retained.

Upon the loss of control of Phoenix Link, the Group recognised a gain of HK$49,344,000 in the condensed consolidated income statement during the six months ended 30 June 2016.

30. Subsequent events

On 22 July 2016, Particle entered into an agreement with Guangdong OPPO Mobile Telecommunications ("OPPO"), a leading manufacturer of smartphones and other electronic products in China, to provide for strategic cooperation between the parties. Under the agreement, Particle will issue Series D preferred shares to an associate company of OPPO in return for services to be provided by OPPO through pre-installation of Yidian Zixun, a mobile application of Particle, on OPPO's smartphones, as well as certain revenue sharing arrangements between the parties with respect to advertising revenue that will be generated from Yidian Zixun application installed on OPPO's smartphones and Particle's Newsfeed embedded in OPPO smartphones' browser.

On 10 August 2016, the board of directors of PNM has authorized PNM to grant a new unsecured term loan to Particle ("Unsecured Term Loan") with a principal amount of US$14.8 million at an interest rate of 4.35% per annum with a term of no more than six months and the Unsecured Term Loan has been drawn down on 11 August 2016.