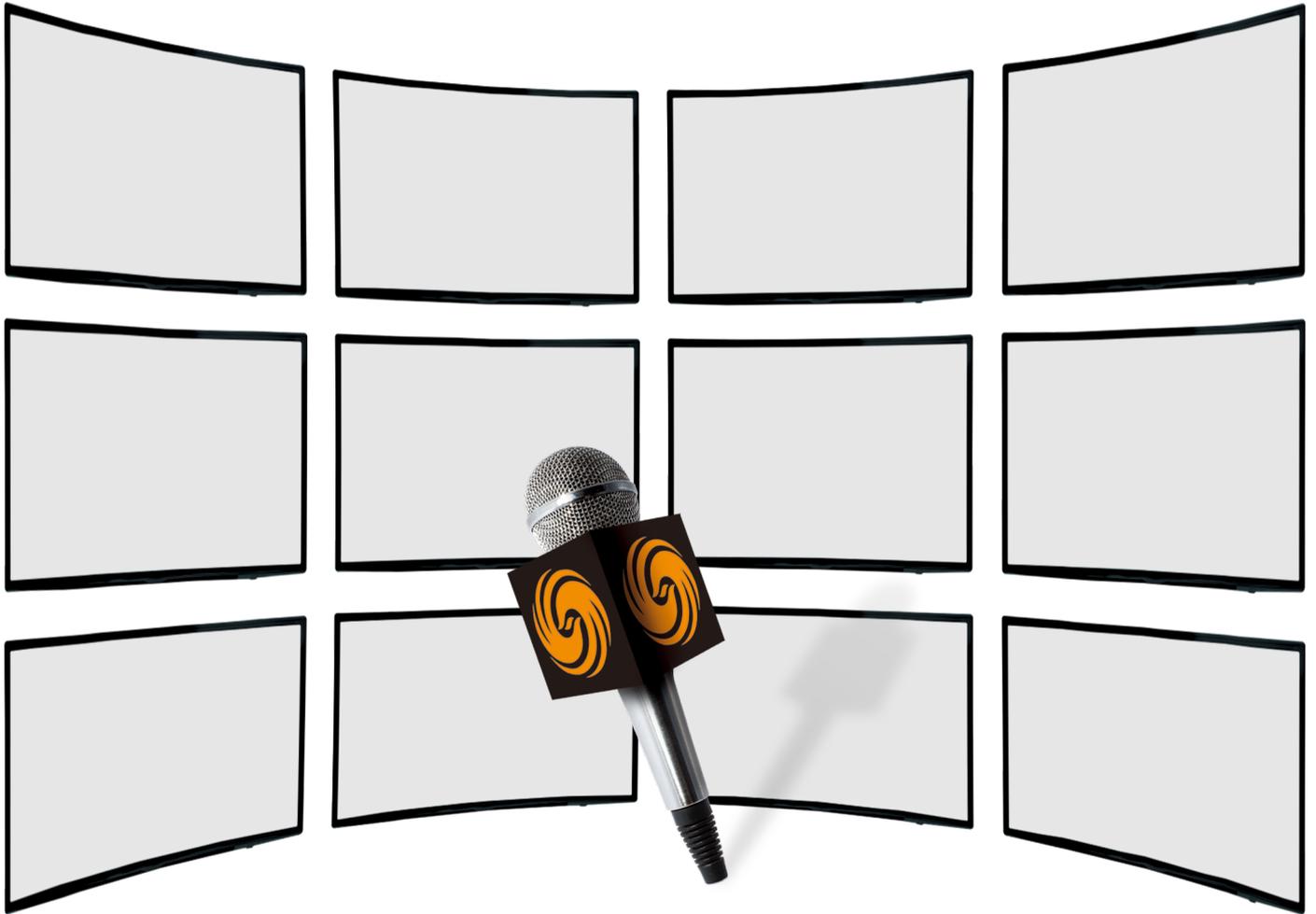




PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02008



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Chairman's Statement

Financial Summary

- Revenue for the six-month period ended 30 June 2013 was approximately HK\$2,206,537,000, which represented an increase of 10.8% over the same period last year.
- Operating profit for the six-month period ended 30 June 2013 was approximately HK\$513,485,000, which represented an increase of 9.5% over the same period last year.
- Profit attributable to owners of the Company was approximately HK\$412,468,000, which represented an increase of 16.4% over the same period last year.

Results

The revenue of Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries ("Group" or "Phoenix") for the six months ended 30 June 2013 ("Period") was approximately HK\$2,206,537,000, which represented a 10.8% increase over the same period last year. Operating costs increased by 11.2% to approximately HK\$1,693,052,000. The upward movement in operating costs was mainly due to the expansion of the new media and the outdoor media businesses.

The operating profit of the Group for the six months ended 30 June 2013 was approximately HK\$513,485,000, which represented an increase of 9.5% over the same period last year. The main driver behind this result was the growth in the new media business.

Fair value gains of approximately HK\$95,588,000 (six months ended 30 June 2012: HK\$4,340,000) and HK\$95,000 (six months ended 30 June 2012: HK\$103,000) were recognised for the investment property under construction in Beijing and the investment property in London respectively. Please refer to Note 13 to the unaudited condensed consolidated interim financial information for details of the investment properties information.

The profit attributable to owners of the Company was approximately HK\$412,468,000 (six months ended 30 June 2012: HK\$354,320,000).



Chairman's Statement

The chart below summarises the performance of the Group for the six months ended 30 June 2013 and the same period in 2012.

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Television broadcasting | 1,096,329 | 1,096,939 |
| New media | 818,563 | 650,046 |
| Outdoor media | 255,941 | 208,748 |
| Real estate | 573 | 282 |
| Other businesses | 35,131 | 35,773 |
| Group's total revenue | 2,206,537 | 1,991,788 |
| Operating costs | (1,693,052) | (1,522,667) |
| Operating profit | 513,485 | 469,121 |
| Fair value gains on investment properties | 95,683 | 4,443 |
| Other income, net | 49,140 | 33,305 |
| Profit before share of results of joint ventures and an associate, income tax and non-controlling interests | 658,308 | 506,869 |
| Share of results of joint ventures and an associate | 3,649 | (2,633) |
| Income tax expense | (141,959) | (104,084) |
| Profit for the Period | 519,998 | 400,152 |
| Non-controlling interests | (107,530) | (45,832) |
| Profit attributable to owners of the Company | 412,468 | 354,320 |
| Basic earnings per share, Hong Kong cents | 8.26 | 7.10 |



Chairman's Statement

Business Overview and Prospects

The Group once again produced a positive outcome, despite the slowdown of the Chinese economy and the continuing adverse effects brought by the economic problems in Europe. This underscores that the overall strategy of the Group is sound, and that the Company continues to perform well.

In respect of the television business, the Chinese Channel and the InfoNews Channel remain the main sources of revenue, providing almost 50 percent of the Group's income. The Group's news coverage places itself in a unique position among the Chinese language television broadcasters worldwide. During the last six months, the news provided on both the InfoNews Channel and the Chinese Channel covered major global events, including the re-election of President Obama, the highly controversial North Korean nuclear test, the retirement of the Pope, and the controversy over the revelations by the former US intelligence consultant, Edward Snowden, and his subsequent flight through Hong Kong to Moscow airport. The Phoenix news coverage also provided detailed reporting on President Xi Jinping's visits to Russia, Africa, Latin America, and the United States, including his informal meeting with President Obama in California. The objective, timely and accurate reporting has long been the hallmark of the Phoenix Group, which also creates a competitive advantage for the Phoenix Group among all other Chinese language television broadcasters.

The diversification strategy of the Group has continued to produce positive results. The proposed spin-off of the Phoenix Metropolis Media Technology Company Limited ("PMM Beijing") has the potential to generate considerable gain on deemed disposal, while the new media business continues to enhance the Group's image in a very positive manner, and it also allows the public to view the Phoenix programmes via the internet at any time, any location and any kind of screen. This six-month period demonstrates that the Group's overall strategy, from its approach to news coverage to its expansion into other areas of business, continues to be effective, and suggests that the Group's future prospects remain very positive.



Management Discussion and Analysis

Comments on Segmental Information

| | Six months ended 30 June | | | |
|---|--------------------------|-------------------------------|---------------------|-------------------------------|
| | 2013 | | 2012 | |
| | Revenue HK\$'000 | Segment result HK\$'000 | Revenue HK\$'000 | Segment result HK\$'000 |
| Television broadcasting | 1,096,329 | 528,041 | 1,096,939 | 540,359 |
| New media | 818,563 | 166,362 | 650,046 | 90,449 |
| Outdoor media | 255,941 | 19,867 | 208,748 | 24,338 |
| Real estate | 573 | 88,807 | 282 | (1,998) |
| Other businesses | 35,131 | (11,733) | 35,773 | 170 |
| Group's total revenue and segment results | 2,206,537 | 791,344 | 1,991,788 | 653,318 |
| Unallocated income | | 16,079 | | 10,310 |
| Unallocated expenses | | (149,115) | | (156,759) |
| Profit before share of results of joint ventures and an associate, income tax and non-controlling interests | | 658,308 | | 506,869 |

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 49.7% of the total revenue of the Group for the six months ended 30 June 2013, maintained a steady level and amounted to approximately HK\$1,096,329,000 (six months ended 30 June 2012: HK\$1,096,939,000). The segmental result for television broadcasting recorded a profit of approximately HK\$528,041,000 for the six months ended 30 June 2013 (six month ended 30 June 2012: HK\$540,359,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel accounted for 46.6% of the total revenue of the Group for the six months ended 30 June 2013, an increase by 2.0% to approximately HK\$1,027,986,000 (six months ended 30 June 2012: HK\$1,007,572,000).

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 23.5% as compared to the same period last year to approximately HK\$68,343,000 (six months ended 30 June 2012: HK\$89,367,000), which was mainly due to a decrease in the revenue of the aperiodic programme related investment.

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunication networks, contributed to raising the profile of the Group as a television broadcaster. The revenue of the new media business for the six months ended 30 June 2013 increased by 25.9% to approximately HK\$818,563,000 (six months ended 30 June 2012: HK\$650,046,000). The segmental profit was approximately HK\$166,362,000 (six months ended 30 June 2012: HK\$90,449,000). Phoenix new media has been continuously investing in the enrichment of contents, human resources and marketing activities to further strengthen the vertical channels of ifeng.com, with a general aim to foster further traffic growth, and in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image.



Management Discussion and Analysis

The revenue of outdoor media business for the six months ended 30 June 2013 increased by 22.6% to approximately HK\$255,941,000 (six months ended 30 June 2012: HK\$208,748,000). However due to the increase of operating costs and provision for bad debts, the segmental profit of outdoor media business for the six months ended 30 June 2013 was decreased to approximately HK\$19,867,000 (six months ended 30 June 2012: HK\$24,338,000).

The segmental result for real estate for the six months ended 30 June 2013 included the fair value gains of approximately HK\$95,683,000 (six months ended 30 June 2012: HK\$4,443,000) which were recognised for the investment properties.

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

Dividends

The directors of the Company (“Director(s)”) do not recommend payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group had no material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 30 June 2013.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 30 June 2013 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 30 June 2013, the Group had cash and bank deposits totaling about HK\$3,240,910,000 (as at 31 December 2012: HK\$3,113,751,000). The aggregate outstanding borrowings of the Group were approximately HK\$699,791,000 (as at 31 December 2012: HK\$631,352,000), representing amounts due to related companies which were unsecured and non-interest bearing, unsecured and non-interest bearing loans from non-controlling shareholders of a subsidiary and secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 44.9% as at 30 June 2013 (as at 31 December 2012: 37.2%). The net cash and bank deposits balance after deduction of the total liabilities was HK\$1,256,950,000 (as at 31 December 2012: HK\$1,537,279,000).

Save as disclosed above, the financial position of the Group remained liquid. As most of the monetary assets of the Group are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and New Taiwan dollars, the exchange rate risks of the Group are considered to be minimal.



Management Discussion and Analysis

Charge on Assets

As at 30 June 2013, the land in Chaoyang Park, Beijing, together with the development site, with carrying value of approximately HK\$126,000,000, HK\$363,000,000 and HK\$1,074,000,000 (as at 31 December 2012: HK\$116,000,000, HK\$315,000,000 and HK\$889,000,000) recorded in lease premium for land, construction in progress and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the construction work on the Phoenix International Media Centre in Beijing. As at 30 June 2012, deposits of approximately HK\$3,140,000 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 2013 and 31 December 2012.

Capital Structure

During the six months ended 30 June 2013, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 30 June 2013, the operations of the Group were mainly financed by owners' equity, bank borrowings, loan from non-controlling shareholders of a subsidiary and banking facilities.

Staff

As at 30 June 2013, the Group employed 2,870 full-time staff (as at 31 December 2012: 2,799) at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the six months ended 30 June 2013 increased to approximately HK\$548,604,000 (six months ended 30 June 2012: HK\$455,620,000).

Significant Investments Held

As at 30 June 2013, the Group invested in listed security investments with an estimated fair market value of approximately HK\$24,803,000 (as at 31 December 2012: HK\$24,819,000). Save as disclosed above, the Group had not held any other significant investment for the six months ended 30 June 2013.

Future Plans for Material Investments and Expected Source of Funding

The Company has been approved by the Stock Exchange of Hong Kong Limited ("Stock Exchange") to proceed with the proposed spin-off of PMM Beijing, a subsidiary engaged in the outdoor media business in China, for listing on the main board of the Shanghai Stock Exchange. PMM Beijing's application for the proposed listing has been formally accepted by the China Securities Regulatory Commission on 19 April 2013 with the issuance of an Acceptance Notice of Administrative Approval Application. For details, please refer to the announcement of the Company published on 19 April 2013.

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses. As at 30 June 2013, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2013.



Other Information

Purchase, Sales or Redemption of Securities

The Company has not redeemed any shares during the six months ended 30 June 2013. Neither the Company nor any of its subsidiaries has purchased or sold any of the shares during the six months period ended 30 June 2013.

Directors' and Chief Executive's Interests in Securities

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to 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 (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in the shares and underlying shares of the Company

(A) Ordinary shares of the Company

| Name of Director | Number of ordinary shares held | | | Position | Approximate shareholding percentage |
|----------------------|--------------------------------|---------------------|------------------------|----------|-------------------------------------|
| | Personal/ other interests | Corporate interests | Total number of shares | | |
| LIU Changle (Note 2) | 2,688,000 | 1,854,000,000 | 1,856,688,000 | Long | 37.16% |
| LO Ka Shui (Note 3) | 9,756,000 | – | 9,756,000 | Long | 0.19% |

Notes:

- As at 30 June 2013, the number of the issued shares of the Company was 4,995,935,500.
- As at 30 June 2013, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.11% of the issued share capital of the Company.
- As at 30 June 2013, Dr. LO Ka Shui was the beneficial owner of 2,500,000 shares while 7,256,000 shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.



Other Information

(B) Share options granted to the Directors pursuant to the New Share Option Scheme adopted by the Company on 19 June 2009 (all dates are shown as year.month.day):

| Name of Director | Date of grant | Exercise period | Exercise price per share (HK\$) | Underlying shares pursuant to the share options as at 30 June 2013 |
|------------------|---------------|--------------------------|---------------------------------|--|
| 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 |

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

Phoenix New Media Limited ("PNM")

| Name of Director | Number of PNM Shares held | | | Position | Approximate shareholding percentage |
|----------------------|---------------------------|---------------------|----------------|----------|-------------------------------------|
| | Personal/ other interests | Corporate interests | Total interest | | |
| LIU Changle (Note 3) | – | 1,483,200 | 1,483,200 | Long | 0.52% |
| LO Ka Shui | 727,800 | – | 727,800 | Long | 0.25% |

Notes:

- As at 30 June 2013, the number of the issued Class A ordinary shares of PNM ("PNM Shares") was 283,677,573.
- PNM is an indirect non-wholly owned subsidiary of the Company.
- As at 30 June 2013, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.52% of the PNM Shares.

Save as disclosed above, so far as the Directors are aware, as at 30 June 2013, none of the Directors and chief executives of the Company had any interests 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 (a) 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 (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.



Other Information

Share Option Schemes

(I) 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 the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme to employees of the Group to acquire shares. The Pre-IPO Share Option Scheme was expired on 13 June 2010.

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

(A) Post-IPO Share Option Scheme

The details and movements of the Post-IPO Share Option Scheme during the Period are as follows (*all dates are shown as year.month.day*):

| Type and number of grantees | Date of grant | Vesting period | Exercise period | Exercise price per share (HK\$) | Number of share options | | | Balance as at 30 June 2013 |
|-----------------------------|---------------|--------------------------|--------------------------|---------------------------------|------------------------------|--------------------------|-----------------------------|----------------------------|
| | | | | | Balance as at 1 January 2013 | Lapsed during the Period | Exercised during the Period | |
| 20 employees | 2007.03.26 | 2007.03.26 to 2011.03.25 | 2008.03.26 to 2017.03.25 | 1.45 | 6,470,000 | - | (1,018,000) | 5,452,000 |
| Total: | | | | | 6,470,000 | - | (1,018,000) | 5,452,000 |

During the Period, 1,018,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average market price was HK\$3.06.

Save as disclosed above, no option was granted, lapsed, exercised 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 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.



Other Information

(B) New Share Option Scheme

The details and movements of the New Share Option Scheme during the Period are as follows (all dates are shown as year.month.day):

| Type and number of grantees | Date of grant | Vesting period | Exercise period | Exercise price per share (HK\$) | Number of share options | | | Balance as at 30 June 2013 |
|-----------------------------|---------------|--------------------------|--------------------------|---------------------------------|------------------------------|--------------------------|-----------------------------|----------------------------|
| | | | | | Balance as at 1 January 2013 | Lapsed during the Period | Exercised during the Period | |
| 3 Employees | 2009.07.22 | 2009.07.22 to 2013.07.21 | 2010.07.22 to 2019.07.21 | 1.17 | 4,048,000 | - | (1,212,000) | 2,836,000 |
| 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 |
| 547 employees | 2011.03.09 | 2011.03.09 to 2015.03.08 | 2012.03.09 to 2021.03.08 | 2.92 | 88,860,000 | (460,000) | (120,000) | 88,280,000 |
| 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: | | | | | 108,398,000 | (460,000) | (1,332,000) | 106,606,000 |

During the Period, 460,000 options granted to 7 employees lapsed when they ceased employment with the Group. 1,332,000 options granted to employees were exercised during the Period.

Save as disclosed above, no option was granted, lapsed, exercised 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.



Other Information

(II) 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 (*all dates are shown as year.month.day*):

| Type of grantees | Date of grant | Exercise period | Exercise price per share (US\$) | Number of share options | | | | | Balance as at 30 June 2013 |
|-------------------|---------------|-----------------------|---------------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------|
| | | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Cancelled during the Period | Exercised during the Period | |
| Liu Shuang (Note) | 2013.05.23 | 2014.05.23-2023.05.22 | \$0.46565 | – | 2,900,000 | – | – | – | 2,900,000 |
| Employees | 2008.07.04 | 2008.07.04-2018.05.25 | \$0.03215 | 8,170,450 | – | – | – | (264,000) | 7,906,450 |
| | 2008.07.04 | 2008.07.09-2018.05.25 | \$0.03215 | 6,000 | – | – | – | – | 6,000 |
| | 2008.07.04 | 2008.07.24-2018.05.25 | \$0.03215 | 24,000 | – | – | – | – | 24,000 |
| | 2008.07.04 | 2008.07.31-2018.05.25 | \$0.03215 | 1,200 | – | – | – | – | 1,200 |
| | 2008.07.04 | 2008.08.13-2018.05.25 | \$0.03215 | 6,000 | – | – | – | (6,000) | – |
| | 2008.07.04 | 2008.08.20-2018.05.25 | \$0.03215 | 6,000 | – | – | – | – | 6,000 |
| | 2008.07.04 | 2008.08.28-2018.05.25 | \$0.03215 | 3,375 | – | – | – | – | 3,375 |
| | 2008.07.04 | 2008.09.03-2018.05.25 | \$0.03215 | 15,000 | – | – | – | (15,000) | – |
| | 2008.07.04 | 2008.09.17-2018.05.25 | \$0.03215 | 16,500 | – | – | – | – | 16,500 |
| | 2008.07.04 | 2008.10.08-2018.05.25 | \$0.03215 | 12,000 | – | – | – | – | 12,000 |
| | 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 | 24,000 | – | – | – | – | 24,000 |
| | 2008.07.04 | 2008.10.23-2018.05.25 | \$0.03215 | 6,750 | – | – | – | – | 6,750 |
| | 2008.07.04 | 2008.10.24-2018.05.25 | \$0.03215 | 24,000 | – | – | – | – | 24,000 |
| | 2008.07.04 | 2008.12.12-2018.05.25 | \$0.03215 | 6,000 | – | – | – | – | 6,000 |
| | 2008.07.04 | 2008.12.17-2018.05.25 | \$0.03215 | 12,000 | – | – | – | – | 12,000 |
| | 2008.07.04 | 2008.12.24-2018.05.25 | \$0.03215 | 3,750 | – | – | – | – | 3,750 |
| | 2008.07.04 | 2008.12.26-2018.05.25 | \$0.03215 | 16,687 | – | – | – | – | 16,687 |
| | 2008.07.04 | 2008.12.29-2018.05.25 | \$0.03215 | 150,000 | – | – | – | – | 150,000 |
| | 2008.07.04 | 2009.01.15-2018.05.25 | \$0.03215 | 439,504 | – | – | – | – | 439,504 |
| | 2008.07.04 | 2009.02.25-2018.05.25 | \$0.03215 | 3,000 | – | – | – | – | 3,000 |
| | 2008.07.04 | 2009.02.26-2018.05.25 | \$0.03215 | 3,375 | – | – | – | – | 3,375 |
| | 2008.07.04 | 2009.03.10-2018.05.25 | \$0.03215 | 20,093 | – | – | – | – | 20,093 |
| | 2008.07.04 | 2009.03.17-2018.05.25 | \$0.03215 | 2,475 | – | – | – | – | 2,475 |
| | 2008.07.04 | 2009.03.21-2018.05.25 | \$0.03215 | 12,000 | – | – | – | – | 12,000 |
| | 2008.07.04 | 2009.03.24-2018.05.25 | \$0.03215 | 20,000 | – | – | – | – | 20,000 |
| | 2008.07.04 | 2009.03.25-2018.05.25 | \$0.03215 | 13,750 | – | – | – | – | 13,750 |
| | 2008.07.04 | 2009.03.31-2018.05.25 | \$0.03215 | 3,000 | – | – | – | – | 3,000 |
| | 2008.07.04 | 2009.04.01-2018.05.25 | \$0.03215 | 450 | – | – | – | – | 450 |
| | 2008.07.04 | 2009.04.02-2018.05.25 | \$0.03215 | 3,000 | – | – | – | – | 3,000 |



Other Information

| Type of grantees | Date of grant | Exercise period | Exercise price per share (US\$) | Number of share options | | | | | Balance as at 30 June 2013 |
|------------------|---------------|-----------------------|---------------------------------|------------------------------|---------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------|
| | | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Cancelled during the Period | Exercised during the Period | |
| Employees | 2008.07.04 | 2009.04.07-2018.05.25 | \$0.03215 | 6,750 | - | - | - | - | 6,750 |
| (cont'd) | 2008.07.04 | 2009.04.09-2018.05.25 | \$0.03215 | 3,000 | - | - | - | - | 3,000 |
| | 2008.07.04 | 2009.04.15-2018.05.25 | \$0.03215 | 4,000 | - | - | - | - | 4,000 |
| | 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 | 16,688 | - | - | - | - | 16,688 |
| | 2008.07.04 | 2009.05.23-2018.05.25 | \$0.03215 | 3,000 | - | - | - | (3,000) | - |
| | 2008.07.04 | 2009.05.26-2018.05.25 | \$0.03215 | 197,987 | - | - | - | (10,400) | 187,587 |
| | 2009.07.31 | 2009.07.31-2018.05.25 | \$0.03215 | 450 | - | - | - | - | 450 |
| | 2009.07.31 | 2010.01.04-2018.05.25 | \$0.03215 | 781,250 | - | - | - | - | 781,250 |
| | 2009.07.31 | 2010.02.13-2018.05.25 | \$0.03215 | 32,000 | - | - | - | - | 32,000 |
| | 2009.07.31 | 2010.02.16-2018.05.25 | \$0.03215 | 100,000 | - | - | - | - | 100,000 |
| | 2009.07.31 | 2010.03.11-2018.05.25 | \$0.03215 | 26,000 | - | - | - | - | 26,000 |
| | 2009.07.31 | 2010.03.16-2018.05.25 | \$0.03215 | 16,000 | - | - | - | (16,000) | - |
| | 2009.07.31 | 2010.03.17-2018.05.25 | \$0.03215 | 32,000 | - | - | - | - | 32,000 |
| | 2009.07.31 | 2010.04.27-2018.05.25 | \$0.03215 | 5,250 | - | - | - | - | 5,250 |
| | 2009.07.31 | 2010.05.08-2018.05.25 | \$0.03215 | 15,312 | - | - | - | - | 15,312 |
| | 2009.07.31 | 2010.05.18-2018.05.25 | \$0.03215 | 100,625 | - | - | - | - | 100,625 |
| | 2009.07.31 | 2010.06.22-2018.05.25 | \$0.03215 | 168,000 | - | - | - | - | 168,000 |
| | 2009.07.31 | 2010.07.01-2018.05.25 | \$0.03215 | 9,000 | - | - | - | - | 9,000 |
| | 2009.07.31 | 2010.07.10-2018.05.25 | \$0.03215 | 165,600 | - | - | - | - | 165,600 |
| | 2009.09.15 | 2010.09.15-2018.05.25 | \$0.03215 | 1,566,273 | - | (5,000) | - | (115,850) | 1,445,423 |
| | 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 | 175,000 | - | - | - | - | 175,000 |
| | 2010.07.01 | 2008.03.17-2018.05.25 | \$0.03215 | 100,000 | - | - | - | (100,000) | - |
| | 2010.07.01 | 2009.09.22-2018.05.25 | \$0.03215 | 30,000 | - | - | - | - | 30,000 |
| | 2010.07.01 | 2010.09.15-2018.05.25 | \$0.03215 | 26,000 | - | - | - | - | 26,000 |
| | 2010.07.01 | 2010.10.09-2018.05.25 | \$0.03215 | 5,000 | - | - | - | - | 5,000 |
| | 2010.07.01 | 2011.02.21-2018.05.25 | \$0.03215 | 300,000 | - | - | - | - | 300,000 |
| | 2010.07.01 | 2011.06.07-2018.05.25 | \$0.03215 | 93,750 | - | - | - | (37,500) | 56,250 |
| | 2010.07.01 | 2011.07.01-2018.05.25 | \$0.03215 | 881,875 | - | - | - | - | 881,875 |
| | 2013.03.15 | 2014.03.15-2023.03.14 | \$0.445925 | - | 18,708,400 | (800,000) | - | - | 17,908,400 |
| Total: | | | | 13,997,069 | 21,608,400 | (805,000) | - | (567,750) | 34,232,719 |



Other Information

(B) PNM March 2011 Scheme

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

The details and movements of RSU granted under the PNM March 2011 Scheme during the Period are as follows (*all dates are shown as year.month.day*):

| Type of grantees | Date of grant | Vesting commencement date | Number of RSUs | | | | Balance as at 30 June 2013 |
|------------------|---------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Vested during the Period | |
| Employees | 2011.03.17 | 2009.04.01 | 534,206 | – | (6,938) | (527,268) | – |
| | 2011.03.17 | 2009.04.02 | 188 | – | – | (188) | – |
| | 2011.03.17 | 2009.04.10 | 125 | – | – | (125) | – |
| | 2011.03.17 | 2009.04.13 | 125 | – | – | (125) | – |
| | 2011.03.17 | 2009.04.17 | 5,200 | – | – | (5,200) | – |
| | 2011.03.17 | 2009.04.23 | 1,250 | – | – | (1,250) | – |
| | 2011.03.17 | 2009.04.24 | 1,250 | – | – | (1,250) | – |
| | 2011.03.17 | 2009.06.21 | 1,000 | – | – | (1,000) | – |
| | 2011.03.17 | 2009.06.22 | 3,750 | – | – | (3,750) | – |
| | 2011.03.17 | 2009.06.26 | 125 | – | – | (125) | – |
| | 2011.03.17 | 2009.06.29 | 1,250 | – | – | (1,250) | – |
| | 2011.03.17 | 2009.07.02 | 5,000 | – | – | (2,500) | 2,500 |
| | 2011.03.17 | 2009.07.20 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.07.21 | 375 | – | – | (187) | 188 |
| | 2011.03.17 | 2009.07.23 | 12,500 | – | – | (6,250) | 6,250 |
| | 2011.03.17 | 2009.07.27 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.07.29 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.08.03 | 250 | – | – | (125) | 125 |
| | 2011.03.17 | 2009.08.07 | 2,500 | – | – | (1,250) | 1,250 |
| | 2011.03.17 | 2009.08.12 | 2,500 | – | – | (1,250) | 1,250 |
| | 2011.03.17 | 2009.08.21 | 375 | – | – | (187) | 188 |
| | 2011.03.17 | 2009.09.01 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.09.04 | 4,000 | – | – | (2,000) | 2,000 |
| | 2011.03.17 | 2009.09.07 | 250 | – | – | (125) | 125 |
| | 2011.03.17 | 2009.09.18 | 5,375 | – | – | (2,687) | 2,688 |
| | 2011.03.17 | 2009.09.23 | 12,500 | – | – | (6,250) | 6,250 |
| | 2011.03.17 | 2009.10.09 | 375 | – | – | (187) | 188 |



Other Information

| Type of grantees | Date of grant | Vesting commencement date | Number of RSUs | | | | Balance as at 30 June 2013 |
|------------------|---------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Vested during the Period | |
| Employees | 2011.03.17 | 2009.10.23 | 25,000 | – | – | (12,500) | 12,500 |
| (cont'd) | 2011.03.17 | 2009.10.30 | 375 | – | (375) | – | – |
| | 2011.03.17 | 2009.11.02 | 12,500 | – | – | (6,250) | 6,250 |
| | 2011.03.17 | 2009.11.04 | 2,750 | – | – | (1,375) | 1,375 |
| | 2011.03.17 | 2009.11.06 | 250 | – | – | (125) | 125 |
| | 2011.03.17 | 2009.11.09 | 250 | – | (125) | (125) | – |
| | 2011.03.17 | 2009.11.13 | 625 | – | – | (312) | 313 |
| | 2011.03.17 | 2009.11.15 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.11.16 | 125 | – | – | (62) | 63 |
| | 2011.03.17 | 2009.11.20 | 1,250 | – | – | (625) | 625 |
| | 2011.03.17 | 2009.11.23 | 375 | – | – | (187) | 188 |
| | 2011.03.17 | 2009.11.24 | 4,500 | – | – | (2,250) | 2,250 |
| | 2011.03.17 | 2009.12.07 | 250 | – | – | (125) | 125 |
| | 2011.03.17 | 2009.12.09 | 250 | – | – | (125) | 125 |
| | 2011.03.17 | 2009.12.11 | 5,000 | – | – | (2,500) | 2,500 |
| | 2011.03.17 | 2009.12.21 | 375 | – | – | (187) | 188 |
| | 2011.03.17 | 2009.12.28 | 2,500 | – | – | (1,250) | 1,250 |
| | 2011.03.17 | 2010.01.04 | 56,250 | – | – | (18,750) | 37,500 |
| | 2011.03.17 | 2010.01.08 | 9,938 | – | – | (3,313) | 6,625 |
| | 2011.03.17 | 2010.01.15 | 938 | – | (250) | (313) | 375 |
| | 2011.03.17 | 2010.01.18 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.01.20 | 18,750 | – | – | (6,250) | 12,500 |
| | 2011.03.17 | 2010.01.21 | 563 | – | – | (188) | 375 |
| | 2011.03.17 | 2010.01.27 | 3,750 | – | – | (1,250) | 2,500 |
| | 2011.03.17 | 2010.02.01 | 3,750 | – | – | (1,250) | 2,500 |
| | 2011.03.17 | 2010.02.05 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.02.11 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.02.20 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.02.24 | 7,500 | – | (5,000) | (2,500) | – |
| | 2011.03.17 | 2010.02.25 | 563 | – | (375) | (188) | – |
| | 2011.03.17 | 2010.03.01 | 3,750 | – | – | (1,250) | 2,500 |
| | 2011.03.17 | 2010.03.08 | 37,500 | – | – | (12,500) | 25,000 |
| | 2011.03.17 | 2010.03.10 | 18,750 | – | (12,500) | (6,250) | – |
| | 2011.03.17 | 2010.03.12 | 375 | – | (375) | – | – |
| | 2011.03.17 | 2010.03.18 | 1,126 | – | – | (376) | 750 |



Other Information

| Type of grantees | Date of grant | Vesting commencement date | Number of RSUs | | | | |
|------------------|---------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Vested during the Period | Balance as at 30 June 2013 |
| Employee | 2011.03.17 | 2010.03.19 | 3,939 | – | (375) | (1,314) | 2,250 |
| (cont'd) | 2011.03.17 | 2010.03.21 | 188 | – | – | (63) | 125 |
| | 2011.03.17 | 2010.03.23 | 18,750 | – | – | (6,250) | 12,500 |
| | 2011.03.17 | 2010.03.26 | 4,688 | – | (2,875) | (1,563) | 250 |
| | 2011.03.17 | 2010.03.29 | 11,625 | – | – | (3,875) | 7,750 |
| | 2011.03.17 | 2010.04.06 | 1,876 | – | (625) | (626) | 625 |
| | 2011.03.17 | 2010.04.12 | 751 | – | (188) | (188) | 375 |
| | 2011.03.17 | 2010.04.13 | 563 | – | – | (188) | 375 |
| | 2011.03.17 | 2010.04.16 | 1,501 | – | – | (501) | 1,000 |
| | 2011.03.17 | 2010.04.19 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.04.21 | 751 | – | – | (251) | 500 |
| | 2011.03.17 | 2010.04.23 | 3,750 | – | – | (1,250) | 2,500 |
| | 2011.03.17 | 2010.04.26 | 8,439 | – | – | (2,814) | 5,625 |
| | 2011.03.17 | 2010.04.28 | 563 | – | – | (188) | 375 |
| | 2011.03.17 | 2010.04.29 | 56,250 | – | – | (18,750) | 37,500 |
| | 2011.03.17 | 2010.05.04 | 5,064 | – | – | (1,689) | 3,375 |
| | 2011.03.17 | 2010.05.11 | 563 | – | – | (188) | 375 |
| | 2011.03.17 | 2010.05.14 | 4,313 | – | (563) | (1,250) | 2,500 |
| | 2011.03.17 | 2010.05.21 | 12,751 | – | (11,250) | (501) | 1,000 |
| | 2011.03.17 | 2010.05.24 | 376 | – | – | (126) | 250 |
| | 2011.03.17 | 2010.05.25 | 563 | – | – | (188) | 375 |
| | 2011.03.17 | 2010.05.26 | 188 | – | – | (63) | 125 |
| | 2011.03.17 | 2010.05.27 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.05.28 | 8,063 | – | (3,750) | (1,438) | 2,875 |
| | 2011.03.17 | 2010.06.04 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.06.07 | 375 | – | – | (125) | 250 |
| | 2011.03.17 | 2010.06.18 | 8,813 | – | – | (2,938) | 5,875 |
| | 2011.03.17 | 2010.06.21 | 6,752 | – | (3,938) | (939) | 1,875 |
| | 2011.03.17 | 2010.06.25 | 2,250 | – | – | (750) | 1,500 |
| | 2011.03.17 | 2010.06.28 | 1,126 | – | – | (376) | 750 |
| | 2011.03.17 | 2010.07.01 | 25,000 | – | – | (6,250) | 18,750 |
| | 2011.03.17 | 2010.07.02 | 1,250 | – | – | (311) | 939 |
| | 2011.03.17 | 2010.07.06 | 500 | – | – | (125) | 375 |
| | 2011.03.17 | 2010.07.12 | 3,250 | – | – | (812) | 2,438 |
| | 2011.03.17 | 2010.07.13 | 500 | – | (500) | – | – |



Other Information

| Type of grantees | Date of grant | Vesting commencement date | Number of RSUs | | | | Balance as at 30 June 2013 |
|------------------|---------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Vested during the Period | |
| Employee | 2011.03.17 | 2010.07.15 | 750 | – | – | (187) | 563 |
| (cont'd) | 2011.03.17 | 2010.07.16 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.07.19 | 5,000 | – | – | (1,250) | 3,750 |
| | 2011.03.17 | 2010.07.20 | 6,750 | – | – | (1,686) | 5,064 |
| | 2011.03.17 | 2010.07.26 | 1,500 | – | – | (375) | 1,125 |
| | 2011.03.17 | 2010.07.30 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.08.03 | 276,750 | – | – | (69,186) | 207,564 |
| | 2011.03.17 | 2010.08.11 | 75,000 | – | – | (18,750) | 56,250 |
| | 2011.03.17 | 2010.08.16 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.08.17 | 38,500 | – | (938) | (9,623) | 27,939 |
| | 2011.03.17 | 2010.08.24 | 2,250 | – | – | (562) | 1,688 |
| | 2011.03.17 | 2010.08.30 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.08.31 | 5,750 | – | – | (1,437) | 4,313 |
| | 2011.03.17 | 2010.09.07 | 6,000 | – | (5,000) | (250) | 750 |
| | 2011.03.17 | 2010.09.08 | 250 | – | – | (62) | 188 |
| | 2011.03.17 | 2010.09.10 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.09.13 | 750 | – | – | (187) | 563 |
| | 2011.03.17 | 2010.09.14 | 10,500 | – | (5,000) | (1,375) | 4,125 |
| | 2011.03.17 | 2010.09.16 | 250 | – | – | (62) | 188 |
| | 2011.03.17 | 2010.09.20 | 750 | – | (563) | (187) | – |
| | 2011.03.17 | 2010.09.28 | 250 | – | (188) | (62) | – |
| | 2011.03.17 | 2010.10.08 | 50,000 | – | – | (12,500) | 37,500 |
| | 2011.03.17 | 2010.10.11 | 500 | – | – | (125) | 375 |
| | 2011.03.17 | 2010.10.13 | 500 | – | – | (125) | 375 |
| | 2011.03.17 | 2010.10.21 | 500 | – | – | (124) | 376 |
| | 2011.03.17 | 2010.11.21 | 500 | – | – | (124) | 376 |
| | 2011.03.17 | 2010.12.01 | 25,000 | – | – | (6,250) | 18,750 |
| | 2011.03.17 | 2011.01.11 | 62,500 | – | – | (12,500) | 50,000 |
| | 2011.03.17 | 2011.02.14 | 37,500 | – | – | (7,500) | 30,000 |
| | 2011.03.17 | 2011.02.21 | 6,250 | – | – | (1,250) | 5,000 |
| | 2011.03.17 | 2011.03.01 | 56,250 | – | – | (11,250) | 45,000 |
| Total: | | | 1,687,178 | – | (61,691) | (861,904) | 763,583 |



Other Information

The details and movements of RS granted under the PNM March 2011 Scheme during the Period are as follows (all dates are shown as year.month.day):

| Type of grantees | Date of grant | Vesting commencement date | Number of RSs | | | | Balance as at 30 June 2013 |
|-------------------|---------------|---------------------------|------------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| | | | Balance as at 1 January 2013 | Granted during the Period | Lapsed during the Period | Vested during the Period | |
| Liu Shuang (Note) | 2011.03.17 | 2009.04.01 | 272,250 | - | - | (272,250) | - |
| Li Ya (Note) | 2011.03.17 | 2009.04.01 | 264,688 | - | - | (264,688) | - |
| Employees | 2011.03.17 | 2009.04.01 | 900,342 | - | - | (900,342) | - |
| | 2011.03.17 | 2010.02.20 | 22,500 | - | - | (7,500) | 15,000 |
| | 2011.03.17 | 2010.02.21 | 675,000 | - | - | (225,000) | 450,000 |
| | 2011.03.17 | 2010.10.25 | 25,000 | - | - | (6,250) | 18,750 |
| | 2011.03.17 | 2010.12.01 | 2,150,000 | - | - | (537,500) | 1,612,500 |
| | 2011.03.17 | 2010.12.27 | 450,000 | - | - | (112,500) | 337,500 |
| Total: | | | 4,759,780 | - | - | (2,326,030) | 2,433,750 |

Note: Mr. Liu Shuang and Mr. Li Ya are directors of PNM.

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

Directors' Rights to Acquire Shares or Debentures

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

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

Directors' Interests in Contracts

No contracts of significance in relation to the business of the Group 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.



Other Information

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

As at 30 June 2013, so far as known to the Directors and the chief executives of the Company, the interest of the Shareholders (not being Directors and the chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(I) Long positions of substantial Shareholders in the ordinary shares of the Company

| Name of substantial Shareholders | Number of shares | Approximate shareholding percentage |
|--|------------------|-------------------------------------|
| Today's Asia Limited (Note 2) | 1,854,000,000 | 37.11% |
| Extra Step Investments Limited (Note 3) | 983,000,000 | 19.67% |
| Star Entertainment Holdings Limited (Note 4) | 607,000,000 | 12.14% |

Notes:

- As at 30 June 2013, the number of the issued shares of the Company was 4,995,935,500.
- Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests, respectively.
- Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation ("CMCC"). By virtue of the SFO, CMCC and China Mobile (Hong Kong) Group Limited are deemed to be interested in 983,000,000 shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both being the non-executive Directors, are respectively the executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director, is an independent non-executive director of China Mobile Limited.
- Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.) is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is a direct wholly-owned subsidiary of News America Incorporated, which is a direct wholly-owned subsidiary of Twenty-First Century Fox, Inc. (formerly known as News Corporation).

By virtue of the SFO, Twenty-First Century Fox, Inc. (formerly known as News Corporation), News America Incorporated, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty. Limited, News Cayman Holdings Limited and Star Group Limited are all deemed to be interested in 607,000,000 shares held by Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.). Mr. Jan KOEPPEN, a non-executive Director of the Company, and his alternate Director, Ms. Ella Betsy WONG, are employees of Twenty-First Century Fox, Inc. (formerly known as News Corporation) and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited.



Other Information

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

| Name of other person who has more than 5% interest | Number of shares | Approximate shareholding percentage |
|--|------------------|-------------------------------------|
| China Wise International Limited (Note 2) | 412,000,000 | 8.24% |

Notes:

1. As at 30 June 2013, the number of the issued shares of the Company was 4,995,935,500.
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.
3. Mr. GONG Jianzhong, a non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executives of the Company) known to the Directors or the chief executives of the Company, who, as at 30 June 2013, had an interest or short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

Pre-Emptive Rights

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



Other Information

Competing Business

As at the latest practicable date, Star Group Limited and its subsidiaries (“STAR”) engage in the development, production and broadcasting of television programming in Asia with India as the key market. STAR’s programming is distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the Chinese language channels that are targeted at Chinese audience including FOX Entertainment, Star Chinese Movies, Star Chinese Movies HD, Star Entertainment Channel and Star Chinese Channel. Mr. Jan KOEPPEN, a non-executive Director, and his alternate Director, Ms. Ella Betsy WONG, are employees of Twenty-First Century Fox, Inc. (formerly known as News Corporation), the ultimate holding company of STAR, and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited. Other than the Chinese language channels offered by STAR above, STAR do not offer any other similar Chinese language channels.

Save as disclosed above, as at the latest practicable date, none of the Directors, or their respective associates (as defined under the Listing Rules) had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group during the Period. Since the channels operated by STAR differ in nature form and do not directly compete with the channels operated by the Company, the Company is capable of carrying on its business independently.

Advances to an Entity

Details of the relevant advance to an entity from the Group which exceeds 7% of the Group’s total assets as at 30 June 2013, as defined under Rule 14.07(1) of the Listing Rules, are set out in Note 16 to the condensed consolidated interim financial information.

Update on Information of Directors under Rule 13.51B(1) of the Listing rules

Pursuant to Rule 13.51(1) of the Listing Rules, set out below are the changes of Directors’ information which are required to be disclosed.

WANG Ji Yan

New appointment

Phoenix Satellite Television (Taiwan) Ltd – Director

LO Ka Shui

New appointment

LHIL Management Limited (as Trustee Manager of Langham Hospitality Investments) and Langham Hospitality Investments Limited* – Chairman and Non-executive Director

The Chamber of Hong Kong Listed Companies – Vice Chairman

Cessation of appointment

The Chamber of Hong Kong Listed Companies – Chairman

GONG Jianzhong

New appointment

Phoenix Satellite Television Holdings Limited* – Member of the Audit Committee

* The securities of these companies are listed in Hong Kong



Other Information

Compliance with Code on Corporate Governance Practices

The Company adopted the internal code on corporate governance which combined the existing principles and practices with most of the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Listing Rules – all with the objective of taking forward a corporate governance structure which builds on the standards and experiences of the Company, whilst respecting the benchmarks set in the CG Code.

The Company has an internal audit function to assist the Board in monitoring and advising on the effectiveness of the governance, risk management and internal control process of the Group. The following summarises the corporate governance practices of the Company and explanations of deviations from the CG Code.

Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2013, complied with the CG Code.

(I) Distinctive Roles of Chairman and Chief Executive Officer

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

Deviation and reasons

Mr. LIU Changle is both the Chairman and Chief Executive Officer of the Company since its incorporation. He is responsible for managing the Board and the businesses of the Group.

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

Mr. LIU Changle 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 Changle’s invaluable experience in the broadcasting industry is a great benefit to the Group. Through the supervision of the Board and the audit committee of the Company (“Audit Committee”), balance of power and authority can be ensured and there is no imminent need to change the arrangement.



Other Information

(II) Appointments, Re-election and Removal

Under the code provisions of the CG Code, (a) non-executive directors should be appointed for a specific term, subject to re-election; and (b) all directors appointed to fill a 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 term, should be subject to retirement by rotation at least once every three years.

Deviation and reasons

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 number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation, but the chairman of the Board and/or the managing director shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. As such, with the exception of the chairman, all Directors are subject to retirement by rotation. The Board considers that there is no imminent need to amend the articles of association of the Company.

Directors' Securities Transactions

The Company has adopted the required standard of dealings contained in the Model Code contained in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, the Directors have complied with the abovementioned required standard of dealings regarding Directors' securities transactions throughout the six months ended 30 June 2013.

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

Audit Committee

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

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



Other Information

The Audit Committee had reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2013 and the related interim results announcement, and provided advice and comments.

On behalf of the Board

LIU Changle

Chairman

Hong Kong, 14 August 2013

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

Executive Directors

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

Non-executive Directors

Mr. SHA Yuejia; Mr. GAO Nianshu; Mr. Jan KOEPPEN and Mr. GONG Jianzhong

Independent Non-executive Directors

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

Alternate Director

Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN)



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 2013, together with the comparative figures for the corresponding period and relevant date in 2012.

Condensed Consolidated Income Statement – Unaudited

For the six months ended 30 June 2013

| | | For the six months ended 30 June | |
|--|------|-------------------------------------|------------------|
| | Note | 2013 HK\$'000 | 2012 HK\$'000 |
| Revenue | 5 | 2,206,537 | 1,991,788 |
| Operating expenses | 6 | (1,369,927) | (1,240,943) |
| Selling, general and administrative expenses | 6 | (323,125) | (281,724) |
| Other gains | | | |
| Fair value gain on investment properties | | 95,683 | 4,443 |
| Interest income | | 25,470 | 29,171 |
| Other gains, net | 6 | 23,670 | 4,134 |
| Share of profit of an associate | | 500 | 21 |
| Share of profit/(loss) of joint ventures | | 3,149 | (2,654) |
| Profit before income tax | | 661,957 | 504,236 |
| Income tax expense | 7 | (141,959) | (104,084) |
| Profit for the period | | 519,998 | 400,152 |
| Profit attributable to: | | | |
| Owners of the Company | | 412,468 | 354,320 |
| Non-controlling interests | | 107,530 | 45,832 |
| | | 519,998 | 400,152 |
| Earnings per share for profit attributable to the owners of the Company | | | |
| Basic earnings per share, Hong Kong cents | 9 | 8.26 | 7.10 |
| Diluted earnings per share, Hong Kong cents | 9 | 8.25 | 7.09 |

The notes on pages 32 to 54 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 2013

| | For the six months ended 30 June | |
|--|---|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 519,998 | 400,152 |
| Other comprehensive income for the period | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Currency translation differences | 31,227 | 2,379 |
| Total comprehensive income for the period | 551,225 | 402,531 |
| Total comprehensive income for the period attributable to: | | |
| Owners of the Company | 427,162 | 356,041 |
| Non-controlling interests | 124,063 | 46,490 |
| | 551,225 | 402,531 |

The notes on pages 32 to 54 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2013

| | Note | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---|------|--------------------------------------|---|
| ASSETS | | | |
| Non-current assets | | | |
| Purchased programme and film rights, net | 10 | 19,519 | 22,482 |
| Lease premium for land | 11 | 243,249 | 235,308 |
| Property, plant and equipment, net | 12 | 1,383,600 | 1,350,282 |
| Investment properties | 13 | 1,083,508 | 899,134 |
| Intangible assets | 14 | 15,375 | 15,830 |
| Investments in joint ventures | | 13,648 | 10,498 |
| Amount due from a joint venture | | 4,419 | 15,150 |
| Investment in an associate | | 6,279 | 5,779 |
| Available-for-sale financial assets | | 962 | 962 |
| Other long-term assets | | 50,766 | 53,782 |
| Deferred income tax assets | | 33,474 | 34,623 |
| | | 2,854,799 | 2,643,830 |
| Current assets | | | |
| Accounts receivable, net | 15 | 657,270 | 567,949 |
| Prepayments, deposits and other receivables | 16 | 879,088 | 749,416 |
| Inventories | | 8,680 | 8,370 |
| Amounts due from related companies | 24 | 150,964 | 84,193 |
| Self-produced programmes | | 9,535 | 1,836 |
| Purchased programme and film rights, net | 10 | 5,200 | 6,533 |
| Financial assets at fair value through profit or loss | 17 | 24,803 | 24,819 |
| Bank deposits | | 183,750 | 403,283 |
| Restricted cash | | 2,229 | 991 |
| Cash and cash equivalents | | 3,057,160 | 2,710,468 |
| | | 4,978,679 | 4,557,858 |
| Total assets | | 7,833,478 | 7,201,688 |

The notes on pages 32 to 54 form an integral part of this condensed consolidated interim financial information.



Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2013

| | Note | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---|------|--------------------------------------|---|
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 21 | 499,593 | 499,358 |
| Reserves | | | |
| – Proposed final dividend | | – | 254,698 |
| – Others | | 3,906,806 | 3,481,086 |
| | | 4,406,399 | 4,235,142 |
| Non-controlling interests | | 1,443,119 | 1,390,074 |
| Total equity | | 5,849,518 | 5,625,216 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Secured bank borrowings | 19 | 599,136 | 519,699 |
| Other long-term liabilities | | 12,639 | 9,941 |
| Deferred income tax liabilities | | 102,650 | 79,112 |
| | | 714,425 | 608,752 |
| Current liabilities | | | |
| Accounts payable, other payables and accruals | 20 | 665,184 | 611,368 |
| Secured bank borrowings | 19 | 5,056 | 74,598 |
| Deferred income | | 355,381 | 179,848 |
| Amounts due to related companies | 24 | – | 1,124 |
| Loans from non-controlling shareholders of a subsidiary | 19 | 95,599 | 35,931 |
| Current income tax liabilities | | 148,315 | 64,851 |
| | | 1,269,535 | 967,720 |
| Total liabilities | | 1,983,960 | 1,576,472 |
| Total equity and liabilities | | 7,833,478 | 7,201,688 |
| Net current assets | | 3,709,144 | 3,590,138 |
| Total assets less current liabilities | | 6,563,943 | 6,233,968 |

The notes on pages 32 to 54 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 2013

Attributable to the Company's owners

| | Share capital HK\$'000 | Share premium HK\$'000 | Statutory reserve HK\$'000 (Note) | Capital reserve HK\$'000 | Exchange 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 2012 | 499,298 | 29,804 | 29,154 | 1,666,398 | 74,263 | 143,560 | 1,122,992 | 1,317,514 | 4,882,983 |
| Profit for the period | - | - | - | - | - | - | 354,320 | 45,832 | 400,152 |
| Other comprehensive income | | | | | | | | | |
| Currency translation differences | - | - | - | - | 1,721 | - | - | 658 | 2,379 |
| Total comprehensive income for the period | - | - | - | - | 1,721 | - | 354,320 | 46,490 | 402,531 |
| Total contributions by and distributions to owners of the Company recognised directly in equity | | | | | | | | | |
| Share option scheme | | | | | | | | | |
| – value of employee services | - | - | - | - | - | 29,160 | - | - | 29,160 |
| – recognition of shares issued on exercise of options | 60 | 414 | - | - | - | - | - | - | 474 |
| – lapse of share options | - | 58 | - | - | - | (58) | - | - | - |
| Dividends related to 2011 | - | - | - | - | - | - | (209,731) | - | (209,731) |
| Allocation to statutory reserve | - | - | 7,657 | - | - | - | (7,657) | - | - |
| Total contributions by and distributions to owners of the Company | 60 | 472 | 7,657 | - | - | 29,102 | (217,388) | - | (180,097) |
| Disposals of interests in subsidiaries without loss of control (Note 22) | - | - | - | 35,052 | - | (39,570) | - | 5,036 | 518 |
| Total transactions with owners | 60 | 472 | 7,657 | 35,052 | - | (10,468) | (217,388) | 5,036 | (179,579) |
| Balance at 30 June 2012 | 499,358 | 30,276 | 36,811 | 1,701,450 | 75,984 | 133,092 | 1,259,924 | 1,369,040 | 5,105,935 |

The notes on pages 32 to 54 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 2013

| | Attributable to the Company's owners | | | | | | | | |
|---|--------------------------------------|---------------------------|---|-----------------------------|------------------------------|--|-------------------------------|---------------------------------------|--------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Statutory reserve HK\$'000 (Note) | Capital reserve HK\$'000 | Exchange 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 2013 | 499,358 | 30,449 | 45,934 | 1,695,555 | 92,582 | 141,416 | 1,729,848 | 1,390,074 | 5,625,216 |
| Profit for the period | - | - | - | - | - | - | 412,468 | 107,530 | 519,998 |
| Other comprehensive income | | | | | | | | | |
| Currency translation differences | - | - | - | - | 14,694 | - | - | 16,533 | 31,227 |
| Total comprehensive income for the period | - | - | - | - | 14,694 | - | 412,468 | 124,063 | 551,225 |
| Total contributions by and distributions to owners of the Company recognised directly in equity | | | | | | | | | |
| Share option scheme | | | | | | | | | |
| – value of employee services | - | - | - | - | - | 18,325 | - | - | 18,325 |
| – recognition of shares issued on exercise of options | 235 | 3,927 | - | - | - | (918) | - | - | 3,244 |
| – lapse of share options | - | 179 | - | - | - | (179) | - | - | - |
| Dividends related to 2012 | - | - | - | - | - | - | (254,793) | - | (254,793) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | (10,470) | (10,470) |
| Allocation to statutory reserve | - | - | 7,229 | - | - | - | (7,229) | - | - |
| Total contributions by and distributions to owners of the Company | 235 | 4,106 | 7,229 | - | - | 17,228 | (262,022) | (10,470) | (243,694) |
| 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 22) | - | - | - | (19,230) | - | (3,451) | - | (60,548) | (83,229) |
| Total transactions with owners | 235 | 4,106 | 7,229 | (19,230) | - | 13,777 | (262,022) | (71,018) | (326,923) |
| Balance at 30 June 2013 | 499,593 | 34,555 | 53,163 | 1,676,325 | 107,276 | 155,193 | 1,880,294 | 1,443,119 | 5,849,518 |

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 32 to 54 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 2013

| | For the six months ended 30 June | |
|--|-------------------------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Cash flow generated from operating activities – net | 836,341 | 196,726 |
| Cash flow used in investing activities – net | (214,118) | (308,207) |
| Cash flow (used in)/generated from financing activities – net | (286,561) | 76,938 |
| Net increase/(decrease) in cash and cash equivalents | 335,662 | (34,543) |
| Cash and cash equivalents at beginning of period | 2,710,468 | 1,545,486 |
| Exchange gains on cash and cash equivalents | 11,030 | 2,400 |
| Cash and cash equivalents at end of period | 3,057,160 | 1,513,343 |

The notes on pages 32 to 54 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.

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 14 August 2013.

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 2013 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 2012, 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 2012, as described in those annual financial statements.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2013.

| | |
|---------------------------------|--|
| HKFRS 1 (amendment) | Government Loans |
| HKFRS 7 (amendment) | Disclosures – Offsetting Financial Assets and Financial Liabilities |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangements |
| HKFRS 12 | Disclosure of Interests in Other Entities |
| HKFRS 10, 11 and 12 (amendment) | Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance |
| HKFRS 13 | Fair Value Measurement |
| HKAS 1 (amendment) | Presentation of Items of Other Comprehensive Income |
| HKAS 19 (2011) | Employee Benefits |
| HKAS 27 (2011) | Separate Financial Statements |
| HKAS 28 (2011) | Investments in Associates and Joint Ventures |
| HKFRSs (amendment) | Annual Improvements 2009-2011 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. The Group has included the disclosure for financial assets (Note 4) and non-financial assets (Note 13) as required by HKFRS 13.

(b) *New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2013 and have not been early adopted by the Group*

| | |
|---------------------------------|--|
| HKFRS 9 | Financial Instruments ⁽²⁾ |
| HKFRS 7 and 9 (amendment) | Mandatory Effective Date and Transition Disclosures ⁽²⁾ |
| HKFRS 10, 12 and HKAS 27 (2011) | Investment Entities ⁽¹⁾ |
| HKAS 32 (amendment) | Offsetting Financial Assets and Financial Liabilities ⁽¹⁾ |
| HKAS 36 (amendment) | Recoverable Amount Disclosures for Non-financial Assets ⁽¹⁾ |

¹ Effective for the Group for annual period beginning on 1 January 2014

² Effective for the Group for annual period beginning on 1 January 2015

The Group will apply the above new standards and amendments to standards from 1 January 2014 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state what impact they would have on the Group's results of operations and financial position.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

3. Estimates

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

In preparing these 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 2012.

4. Financial risk management

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 2012.

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

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. Level 1 has been defined as quoted prices (unadjusted) in active markets for identical assets or liabilities.

The following table presents the Group's assets that are measured at fair value at 30 June 2013.

| | Level 1 HK\$'000 |
|---|----------------------------|
| Assets | |
| Financial assets at fair value through profit or loss | |
| – trading equity securities | 24,803 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

The following table presents the Group's assets that are measured at fair value at 31 December 2012.

| | Level 1 HK\$'000 |
|---|----------------------------|
| Assets | |
| Financial assets at fair value through profit or loss | |
| – trading equity securities | 24,819 |

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 2013, instruments included in level 1 comprise shares of HSBC Holdings PLC ("HSBC") of approximately HK\$24,803,000 (as at 31 December 2012: HK\$24,819,000) (Note 17).

During the six months ended 30 June 2013, there were no reclassifications of financial assets (six months ended 30 June 2012: Nil).

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, accounts receivable, deposits and other receivables, available-for-sale financial assets, amounts due from/to related companies, loans from non-controlling shareholders of a subsidiary, 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 19.

5. Segmental information

Management has determined the operating segments based on the reports reviewed by the 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 and others
- (ii) New media – provision of website portal and value-added telecommunication services;



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (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.

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

| | For the six months ended 30 June 2013 | | | | | | | | |
|--|---------------------------------------|-----------------------|-----------|-----------------------|---------------------------|-------------------------|------------------------------|---------------------------------------|-------------------|
| | Television broadcasting | | | New media HK\$'000 | Outdoor media HK\$'000 | Real estate HK\$'000 | Other activities HK\$'000 | Inter-segment elimination HK\$'000 | Group HK\$'000 |
| Primary channels HK\$'000 | Others HK\$'000 | Sub-total HK\$'000 | | | | | | | |
| Revenue | | | | | | | | | |
| External sales | 1,027,986 | 68,343 | 1,096,329 | 818,563 | 255,941 | 573 | 35,131 | - | 2,206,537 |
| Inter-segment sales (Note c) | - | 2,962 | 2,962 | - | - | 1,620 | 23,984 | (28,566) | - |
| Total revenue | 1,027,986 | 71,305 | 1,099,291 | 818,563 | 255,941 | 2,193 | 59,115 | (28,566) | 2,206,537 |
| Segment results | 554,097 | (26,056) | 528,041 | 166,362 | 19,867 | 88,807 | (11,733) | - | 791,344 |
| Unallocated income (Note a) | | | | | | | | | 16,079 |
| Unallocated expenses (Note b) | | | | | | | | | (149,115) |
| Profit before share of results of joint ventures, an associate, income tax and non-controlling interests | | | | | | | | | 658,308 |
| Share of profit of an associate | | | | | | | | | 500 |
| Share of profit of joint ventures | | | | | | | | | 3,149 |
| Income tax expense | | | | | | | | | (141,959) |
| Profit for the period | | | | | | | | | 519,998 |
| Non-controlling interests | | | | | | | | | (107,530) |
| Profit attributable to owners of the Company | | | | | | | | | 412,468 |
| Depreciation | (38,674) | (5,230) | (43,904) | (19,344) | (13,534) | (2,742) | (3,620) | - | (83,144) |
| Unallocated depreciation | | | | | | | | | (14,964) |
| | | | | | | | | | (98,108) |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

For the six months ended 30 June 2012

| | Television broadcasting | | | New media HK\$'000 | Outdoor media HK\$'000 | Real estate HK\$'000 | Other activities HK\$'000 | Inter-segment elimination HK\$'000 | Group HK\$'000 |
|--|------------------------------|--------------------|-----------------------|-----------------------|---------------------------|-------------------------|------------------------------|---------------------------------------|-------------------|
| | Primary channels HK\$'000 | Others HK\$'000 | Sub-total HK\$'000 | | | | | | |
| Revenue | | | | | | | | | |
| External sales | 1,007,572 | 89,367 | 1,096,939 | 650,046 | 208,748 | 282 | 35,773 | – | 1,991,788 |
| Inter-segment sales (Note c) | – | 2,864 | 2,864 | – | – | – | 21,566 | (24,430) | – |
| Total revenue | 1,007,572 | 92,231 | 1,099,803 | 650,046 | 208,748 | 282 | 57,339 | (24,430) | 1,991,788 |
| Segment results | 537,964 | 2,395 | 540,359 | 90,449 | 24,338 | (1,998) | 170 | – | 653,318 |
| Unallocated income (Note a) | | | | | | | | | 10,310 |
| Unallocated expenses (Note b) | | | | | | | | | (156,759) |
| Profit before share of results of joint ventures, an associate, income tax and non-controlling interests | | | | | | | | | 506,869 |
| Share of profit of an associate | | | | | | | | | 21 |
| Share of loss of joint ventures | | | | | | | | | (2,654) |
| Income tax expense | | | | | | | | | (104,084) |
| Profit for the period | | | | | | | | | 400,152 |
| Non-controlling interests | | | | | | | | | (45,832) |
| Profit attributable to owners of the Company | | | | | | | | | 354,320 |
| Depreciation | (34,263) | (4,869) | (39,132) | (9,455) | (11,865) | (75) | (2,770) | – | (63,297) |
| Unallocated depreciation | | | | | | | | | (15,520) |
| | | | | | | | | | (78,817) |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Notes:

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

6. Profit before income tax

The following items have been charged to the profit before income tax during the period:

| | For the six months ended 30 June | |
|---|---|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Production costs of self-produced programmes | 86,551 | 91,406 |
| Transponder rental | 15,456 | 14,986 |
| Provision for impairment of accounts receivable | 18,492 | 20,114 |
| Employee benefit expenses (including Directors' emoluments) | 548,604 | 455,620 |
| Operating lease rental in respect of | | |
| – Directors' quarters | 1,201 | 1,029 |
| – Land and buildings of third parties | 36,762 | 26,152 |
| Amortisation of purchased programme and film rights | 13,877 | 15,195 |
| Amortisation of intangible assets | 469 | 778 |
| Amortisation of lease premium for land | 1,372 | 2,854 |
| Depreciation of property, plant and equipment | 98,108 | 78,817 |
| Loss on disposal of property, plant and equipment, net | – | 726 |
| Write-off of property, plant and equipment | 1,742 | – |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Other gains, net comprise the following items:

| | For the six months ended 30 June | |
|--|-------------------------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Exchange gain/(loss), net | 30,143 | (3,966) |
| Investment income | 427 | 545 |
| Fair value (loss)/gain on financial assets at fair value through profit or loss (realised and unrealised) | (15) | 2,915 |
| Provision for impairment of amounts due from joint ventures | (11,800) | – |
| Others, net | 4,915 | 4,640 |
| | 23,670 | 4,134 |

7. Income tax expense

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

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

| | For the six months ended 30 June | |
|-------------------------|-------------------------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Current income tax | | |
| – Hong Kong profits tax | 80,126 | 84,881 |
| – Overseas taxation | 37,933 | 24,915 |
| Deferred income tax | 23,900 | (5,712) |
| | 141,959 | 104,084 |

8. Dividends

A dividend of HK\$254,793,000 that relates to the period to 31 December 2012 was paid in June 2013 (six months ended 30 June 2012: HK\$209,731,000).

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

9. Earnings per share

Basic

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

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------|
| | 2013 | 2012 |
| Profit attributable to owners of the Company (HK\$'000) | 412,468 | 354,320 |
| Weighted average number of ordinary shares in issue ('000) | 4,994,731 | 4,993,347 |
| Basic earnings per share (Hong Kong cents) | 8.26 | 7.10 |

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units and restricted shares and contingently issuable shares for former employees of subsidiaries. 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 earnings per share.

| | For the six months ended 30 June | |
|--|-------------------------------------|-----------|
| | 2013 | 2012 |
| Profit attributable to owners of the Company used to determine diluted earnings per share (HK\$'000) | 412,468 | 354,320 |
| Weighted average number of ordinary shares in issue ('000) | 4,994,731 | 4,993,347 |
| Adjustment for share options of the Company ('000) | 5,132 | 4,892 |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | 4,999,863 | 4,998,239 |
| Diluted earnings per share (Hong Kong cents) | 8.25 | 7.09 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

10. Purchased programme and film rights, net

| | For the six months ended 30 June 2013 HK\$'000 | For the year ended 31 December 2012 HK\$'000 (Audited) |
|---|---|---|
| Balance, beginning of period/year | 29,015 | 32,823 |
| Additions | 10,604 | 28,740 |
| Amortisation | (13,877) | (29,916) |
| Others | (1,023) | (2,632) |
| Balance, end of period/year | 24,719 | 29,015 |
| Less: Purchased programme and film rights – current portion | (5,200) | (6,533) |
| | 19,519 | 22,482 |

11. Lease premium for land

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

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|-------------------------------|--|---|
| In Hong Kong, held on: | | |
| Leases between 10 to 50 years | 34,053 | 34,553 |
| Outside Hong Kong, held on: | | |
| Leases between 10 to 50 years | 209,196 | 200,755 |
| | 243,249 | 235,308 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

| | For the six months ended 30 June 2013 HK\$'000 | For the year ended 31 December 2012 HK\$'000 (Audited) |
|--------------------------------------|---|---|
| Balance, beginning of period/year | 235,308 | 239,323 |
| Additions | 8,921 | – |
| Currency translation differences | 1,918 | 1,690 |
| Amortisation (Note a) | (2,898) | (5,705) |
| Balance, end of period/year (Note c) | 243,249 | 235,308 |

- (a) For the six months ended 30 June 2013, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK\$1,526,000 (six months ended 30 June 2012: HK\$1,482,000).
- (b) Included in the net book value as of 30 June 2013 is an amount of HK\$125,517,000 (as at 31 December 2012: HK\$116,204,000) which represents land use rights held by the Group for a piece of land situated in Beijing for development of the Phoenix International Media Centre. The land comprises of approximately 18,822 square metres and an intended total gross floor area of approximately 72,400 square metres. Upon completion of construction, approximately 28,960 square metres are expected to be occupied by the Group for its operations in Beijing and 43,440 square metres to be held for rental income or capital appreciation.
- (c) Included in the net book value as of 30 June 2013 is an amount of HK\$15,353,000 (as at 31 December 2012: HK\$15,555,000) 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 2013, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate of the Shenzhen Building will be issued in the near future. As at 30 June 2013, the Group’s entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas (Note 12(a)).



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

12. Property, plant and equipment, net

| | For the six months ended 30 June 2013 HK\$'000 | For the year ended 31 December 2012 HK\$'000 (Audited) |
|-----------------------------------|---|---|
| Balance, beginning of period/year | 1,350,282 | 1,150,440 |
| Additions | 130,217 | 362,146 |
| Currency translation differences | 10,470 | 8,560 |
| Disposals | (7,519) | (1,431) |
| Depreciation | (98,108) | (169,433) |
| Write-off | (1,742) | – |
| Balance, end of period/year | 1,383,600 | 1,350,282 |

(a) Included in the net book value as of 30 June 2013 is an amount of HK\$26,533,000 (as at 31 December 2012: HK\$26,883,000) which relates to the Group's entitlement to use 10,000 square metres in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease as at 30 June 2013. As at 30 June 2013, the cost of this capitalised finance lease was HK\$30,848,000 (as at 31 December 2012: HK\$30,848,000) with a net book value of HK\$26,533,000 (as at 31 December 2012: HK\$26,883,000). As at 30 June 2013, the Group was still in the process of obtaining the title certificate to the 8,500 square metres of the entitled areas through the payment of land premium and taxes (see Note 11(c)).

(b) As of 30 June 2013, 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 2013 HK\$'000 | For the year ended 31 December 2012 HK\$'000 (Audited) |
|-----------------------------------|---|---|
| Balance, beginning of period/year | 899,134 | 685,391 |
| Additions | 74,294 | 158,898 |
| Fair value gains | 95,683 | 43,807 |
| Currency translation differences | 14,397 | 11,038 |
| Balance, end of period/year | 1,083,508 | 899,134 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|--|--|---|
| Representing: | | |
| Investment property under construction | 1,073,895 | 889,208 |
| Investment property | 9,613 | 9,926 |
| | 1,083,508 | 899,134 |

- (a) The Group applied the fair value model for the accounting of its investment properties and has fair valued the portion of the construction in progress of the Phoenix International Media Centre and the investment property in London. The portion of the construction in progress of the Phoenix International Media Centre and the investment property in London were valued by Vigers Appraisal and Consulting Limited and Lambert Smith Hampton respectively, which are independent appraisers. Fair value gains of approximately HK\$95,683,000 (six months ended 30 June 2012: HK\$4,443,000) were recognised in the condensed consolidated income statement for the six months ended 30 June 2013.
- (b) The fair value measurement information for these investment properties in accordance with HKFRS 13 are given below:

| | Fair value measurements at 30 June 2013 Significant unobservable inputs (Level 3) HK\$'000 |
|-----------------------------------|---|
| Recurring fair value measurements | |
| – Investment properties | 1,083,508 |

For an investment property with a carrying amount of HK\$9,613,000 (as at 31 December 2012: HK\$9,926,000), 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.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

These methodologies are based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cashflow 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. Discount rate of 8% was used in the discounted cash flow analysis. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

In addition, investment property with a carrying value of HK\$1,073,895,000 (as at 31 December 2012: HK\$889,208,000) was in the process of construction or development as of 30 June 2013. The fair value of this investment property under construction is determined using the information from the valuation performed by external professional valuer using the residual method of valuation. The residual method of valuation essentially involves the gross development value assessment of the hypothetical development to be erected on the investment property based on the latest development scheme. The estimated development costs for the hypothetical development including construction costs and professional fees together with allowances on interest payments and developer's profits are deducted from the established gross development value thereof. The resultant figure is then adjusted back to present value as at the valuation date to reflect the existing state of the investment property. The residual site value is then cross-checked with the actual sales or offerings of comparable properties by direct comparison method of valuation whereby comparable properties with similar character, location, sizes and so on are analysed and weighted against all respective advantages and disadvantages of the investment property in order to arrive at a fair comparison of value.

There were no changes in valuation techniques during the six months ended 30 June 2013.

- (c) For the six months ended 30 June 2013, interest capitalised under investment property under construction amounted to HK\$13,721,000 (six months ended 30 June 2012: HK\$13,222,000).

14. Intangible assets

| | For the six months ended 30 June 2013 HK\$'000 | For the year ended 31 December 2012 HK\$'000 (Audited) |
|-----------------------------------|---|---|
| Balance, beginning of period/year | 15,830 | 16,739 |
| Additions | – | 552 |
| Amortisation | (469) | (1,555) |
| Currency translation differences | 14 | 94 |
| Balance, end of period/year | 15,375 | 15,830 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (a) Goodwill arising from the acquisition of a subsidiary amounted to HK\$8,733,000. There was no impairment charge recognised during the six months ended 30 June 2013 (six months ended 30 June 2012: 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 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---|--|---|
| Accounts receivable | 715,194 | 611,141 |
| Less: Provision for impairment of receivables | (57,924) | (43,192) |
| | 657,270 | 567,949 |

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.

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---|--|---|
| 0-30 days | 246,523 | 161,854 |
| 31-60 days | 70,113 | 121,221 |
| 61-90 days | 98,951 | 80,909 |
| 91-120 days | 87,781 | 66,509 |
| Over 120 days | 211,826 | 180,648 |
| | 715,194 | 611,141 |
| Less: Provision for impairment of receivables | (57,924) | (43,192) |
| | 657,270 | 567,949 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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\$18,492,000 (six months ended 30 June 2012: HK\$20,114,000) for the impairment of its accounts receivable during the six months ended 30 June 2013. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has written off HK\$4,477,000 (six months ended 30 June 2012: HK\$212,000) of accounts receivable against the provision for impairment of receivables and no reversal (six months ended 30 June 2012: HK\$359,000) of the provision for impairment of receivables made in prior years during the six months ended 30 June 2013 respectively.

16. Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK\$580,601,000 (as at 31 December 2012: HK\$507,501,000) 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 9 January 2013, 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.

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\$580,601,000 as at 30 June 2013 (as at 31 December 2012: HK\$507,501,000) is fully recoverable and no provision is required. The balance is unsecured and bears interest at prevailing bank interest rates and repayable on demand.

Prepayment for long-term assets represents deposits and prepayment paid for the acquisition of property, plant and equipment.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

17. Financial assets at fair value through profit or loss

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---------------------------|--|---|
| Investments at fair value | 24,803 | 24,819 |

As at 30 June 2013, the financial assets at fair value through profit and loss represent the shares of HSBC of HK\$24,803,000 (as at 31 December 2012: HK\$24,819,000).

Changes in fair values of financial assets at fair value through profit or loss are recognised in “other gains, net” in the condensed consolidated income statement (Note 6).

The shares of HSBC were acquired through the maturity of an equity-linked note on 5 December 2008. On the settlement date of the equity-linked note, the Group received 305,271 shares of HSBC instead of the principal of the investment from the issuer and any gain or loss on the fair value of the shares of HSBC recognised in the consolidated income statement since then. These shares are held for trading. The fair value of these shares is based on the current bid prices in an active market. As at 30 June 2013, the closing price of the shares of HSBC was HK\$81.25 (as at 31 December 2012: HK\$81.30). If the price of the shares of HSBC increased/decreased by 50% with all other variables held constant, post-tax profit for the period would have been HK\$12,402,000 higher/lower (six months ended 30 June 2012: HK\$10,463,000).

18. Banking facilities

As at 30 June 2013, the Group has undrawn banking facilities of HK\$52,010,000 (as at 31 December 2012: HK\$14,090,000).

19. Borrowings

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|--|--|---|
| Secured bank borrowings (Note a) | 604,192 | 594,297 |
| Loans from non-controlling shareholders of a subsidiary (Note b) | 95,599 | 35,931 |
| | 699,791 | 630,228 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

(a) Secured bank borrowings

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|--|--------------------------------------|---|
| Non-current | | |
| Long-term secured bank borrowings | 604,192 | 522,186 |
| Less: Current portion of long-term secured bank borrowings | (5,056) | (2,487) |
| | 599,136 | 519,699 |
| Current | | |
| Short-term secured bank borrowings | – | 72,111 |
| Current portion of long-term secured bank borrowings | 5,056 | 2,487 |
| | 5,056 | 74,598 |
| Total secured bank borrowings | 604,192 | 594,297 |

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|---|--------------------------------------|---|
| The long-term secured bank borrowings are repayable as follows: | | |
| – Within one year | 5,056 | 2,487 |
| – More than one year but not exceeding two years | 599,136 | 519,699 |
| | 604,192 | 522,186 |

Secured bank borrowings are denominated in RMB and bear interest at an average rate of 7.40% annually (as at 31 December 2012: 7.37%).

Bank borrowings are secured by the land in Chaoyang Park with carrying values of approximately HK\$126,000,000 (as at 31 December 2012: HK\$116,000,000), HK\$363,000,000 (as at 31 December 2012: HK\$315,000,000) and HK\$1,074,000,000 (as at 31 December 2012: HK\$889,000,000) recorded in lease premium for land, construction in progress and investment properties respectively as at 30 June 2013.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (b) The loans from non-controlling shareholders of a subsidiary are denominated in RMB, unsecured, interest-free and repayable on demand.

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

| | Group | | Group | |
|---|-----------------|-------------|----------------|-------------|
| | Carrying amount | | Fair value | |
| | As at | As at | As at | As at |
| | 30 June | 31 December | 30 June | 31 December |
| | 2013 | 2012 | 2013 | 2012 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Audited) | | (Audited) |
| Secured bank borrowings | 604,192 | 594,297 | 604,192 | 594,297 |
| Loans from non-controlling shareholders of a subsidiary | 95,599 | 35,931 | 95,599 | 35,931 |
| | 699,791 | 630,228 | 699,791 | 630,228 |

20. Accounts payable, other payables and accruals

| | As at | As at |
|-----------------------------|----------------|-------------|
| | 30 June | 31 December |
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| | | (Audited) |
| Accounts payable | 284,348 | 237,568 |
| Other payables and accruals | 380,836 | 373,800 |
| | 665,184 | 611,368 |

An ageing analysis of accounts payable is set out below:

| | As at | As at |
|---------------|----------------|-------------|
| | 30 June | 31 December |
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| | | (Audited) |
| 0-30 days | 87,103 | 104,163 |
| 31-60 days | 43,992 | 19,729 |
| 61-90 days | 25,469 | 11,482 |
| 91-120 days | 23,186 | 18,883 |
| Over 120 days | 104,598 | 83,311 |
| | 284,348 | 237,568 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

21. Share capital

| | Six months ended 30 June 2013 | | Year ended 31 December 2012 | |
|--------------------------------|----------------------------------|--------------------|--------------------------------|---------------------------------|
| | Number of shares | Amount HK\$'000 | Number of shares | Amount HK\$'000 (Audited) |
| Authorised: | | | | |
| Ordinary share of HK\$0.1 each | 10,000,000,000 | 1,000,000 | 10,000,000,000 | 1,000,000 |
| Issued and fully paid: | | | | |
| Beginning of period/year | 4,993,585,500 | 499,358 | 4,992,985,500 | 499,298 |
| Exercise of share options | 2,350,000 | 235 | 600,000 | 60 |
| End of period/year | 4,995,935,500 | 499,593 | 4,993,585,500 | 499,358 |

22. Transaction with non-controlling interests

During the six months ended 30 June 2013, Phoenix New Media Limited (“PNM”), a listed subsidiary of the Company, had repurchased an aggregate of 2,342,007 American depositary shares (“ADSs”) at an aggregate cost of approximately US\$10.7 million (HK\$83,353,000) on the open market. Under its ADS repurchase program, PNM has been authorised to repurchase up to US\$20.0 million (approximately HK\$155,000,000) of its outstanding ADSs for a period not exceeding twelve months since August 2012. PNM expects to continue to implement its share repurchase program in a manner consistent with market conditions and the interest of its shareholders, subject to the restrictions relating to volume, price and timing under applicable law.

During the six months ended 30 June 2013, as a result of the vesting of restricted shares and restricted shares units, the exercise of share options by the option holders and the repurchase of ADSs, the Group’s equity interest in PNM was increased from 51.87% to 53.13%. The Group recognised a deemed net loss of approximately HK\$19,230,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK\$60,548,000.

During the six months ended 30 June 2012, as a result of the vesting of restricted shares and restricted shares units, the exercise of share options by the option holders, the Group’s equity interest in PNM was reduced from 51.63% to 50.71%. The Group recognised a net gain in deemed disposal of partial interest in PNM of approximately HK\$35,052,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK\$5,036,000.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

23. Commitments

As at 30 June 2013, the Group had capital commitments as follows:

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|-----------------------------------|--|---|
| Contracted but not provided for | 103,822 | 129,787 |
| Authorised but not contracted for | 150,392 | 215,265 |
| | 254,214 | 345,052 |

24. Related party transactions

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

| | Notes | For the six months ended 30 June 2013 HK\$'000 | 2012 HK\$'000 |
|--|-------|---|------------------|
| Service charges paid/payable to Satellite Television Asian Region Limited (“STARL”) | a, b | 8,726 | 9,838 |
| Commission for international subscription sales and marketing services paid/payable to STARL | a, c | 2,238 | 2,171 |
| Licence fee paid/payable to NGC Network Asia, LLC (“NGC”) | d, e | 476 | 585 |
| Service charges paid/payable to Fox News Network L.L.C. (“Fox”) | d, f | 314 | 291 |
| Service charges paid/payable to British Sky Broadcasting Limited (“BSkyB”) | g, h | 500 | 507 |
| Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries (“the CMCC Group”) | i, j | 112,603 | 82,110 |
| Service charges paid/payable to the CMCC Group | i, k | 41,074 | 39,293 |
| Advertising sales to the CMCC Group | i, l | 30,648 | 25,429 |
| Film licence fees paid to Fortune Star Entertainment HK Limited (“Fortune Star”) | d, e | – | 597 |
| Key management compensation | iii | 11,623 | 10,759 |



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

Notes:

- (a) STARL, is a wholly-owned subsidiary of Star Group Limited, which owns 100% of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial equity holder of the Company.
- (b) Service charges paid/payable to STARL cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 2 July 2009. The summary of the terms of the service agreement is set out in the announcement of the Company dated 3 July 2009. Either fixed fees or variable fees are charged depending on the type of services utilised.
- (c) The commission for international subscription sales and marketing services paid/payable to STARL is based on 15% (six months ended 30 June 2012: 15%) of the subscription fees generated and received by it on behalf of the Group.
- (d) Fox, Fortune Star and NGC are associates of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial equity holder of the Company.
- (e) The license fees are charged in accordance with the agreements with Fortune Star and NGC regarding rights for films and contents respectively.
- (f) Service charges paid/payable to Fox cover the granting of non-exclusive and non-transferable licence to subscribe for Fox's news service provided to the Group which is charged based on the terms specified in a service agreement.
- (g) BSKyB is 39.14% owned by Twenty-First Century Fox, Inc. (formerly known as News Corporation), which indirectly owns 100% of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial equity holder of the Company.
- (h) Service charges paid/payable to BSKyB for encoding and electronic programme guide services provided to the Group which are charged based on terms specified in the service agreements.
- (i) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns approximately 19.67% of the issued share capital of the Company.
- (j) Service charges received/receivable from CMCC Group related to wireless income which are charged based on terms specified in the agreements.
- (k) Service charges paid/payable to CMCC Group related to video cost which are charged based on terms specified in the agreements.
- (l) 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.



Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (ii) Period/year end balances arising from related parties transactions as disclosed in Note 24(i) above were as follows:

| | As at 30 June 2013 HK\$'000 | As at 31 December 2012 HK\$'000 (Audited) |
|------------------------------------|--|---|
| Amounts due from related companies | 150,964 | 84,193 |
| Amounts due to related companies | – | 1,124 |

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 due from a related company of HK\$7,567,000 being secured, interest bearing at prevailing bank interest rate and is expected to be repayable within one year.

- (iii) **Key management compensation**

| | For the six months ended 30 June | |
|--------------------------------|---|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Salaries | 7,570 | 6,999 |
| Quarters and housing allowance | 3,296 | 3,060 |
| Pension fund | 757 | 700 |
| | 11,623 | 10,759 |

