



# Phoenix Satellite Television Holdings Limited

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



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## Contents

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<b>2</b>	Chairman's Statement
<b>5</b>	Management Discussion and Analysis
<b>9</b>	Other Information
<b>24</b>	Condensed Consolidated Income Statement – Unaudited
<b>25</b>	Condensed Consolidated Statement of Comprehensive Income – Unaudited
<b>26</b>	Condensed Consolidated Balance Sheet – Unaudited
<b>28</b>	Condensed Consolidated Statement of Changes in Equity – Unaudited
<b>30</b>	Condensed Consolidated Statement of Cash Flows – Unaudited
<b>31</b>	Notes to the Condensed Consolidated Interim Financial Information – Unaudited



# Chairman's Statement

## Financial Summary

- Revenue for the six-month period ended 30 June 2014 was approximately HK\$2,179,739,000, which represented a decrease of 1.2% over the same period last year. The decline in television advertising revenue was almost compensated by the increase in other new businesses.
- Operating profit for the six-month period ended 30 June 2014 was approximately HK\$425,714,000, which represented a decrease of 17.1% over the same period last year as the profit margin of the stable television broadcasting business was much higher than those of the new ones.
- Exaggerated by fair value loss and net exchange loss, profit attributable to owners of the Company was approximately HK\$228,347,000, which represented a decrease of 44.6% 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 2014 ("Period") was approximately HK\$2,179,739,000 (six months ended 30 June 2013: HK\$2,206,537,000), which represented a 1.2% decrease over the same period last year. The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The operating costs have increased by 3.6% to approximately HK\$1,754,025,000 (six months ended 30 June 2013: HK\$1,693,052,000). The upward movement in operating costs was mainly due to the expansion of the new media business.

The operating profit of the Group for the six months ended 30 June 2014 was approximately HK\$425,714,000 (six months ended 30 June 2013: HK\$513,485,000), which represented a decrease of 17.1% over the same period last year. The Group has adopted a diversification strategy with a view to achieve a more balanced and comprehensive business model, and its new media and outdoor media businesses have achieved considerable increments in their respective segmental profits as compared to the same period of the previous year.

Fair value loss of approximately HK\$66,132,000 (six months ended 30 June 2013: fair value gain of HK\$95,588,000) was recognised for the investment property under construction in Beijing and fair value gain of approximately HK\$2,377,000 (six months ended 30 June 2013: HK\$95,000) was recognised for the investment property in London. The fair value measurement of the investment property under construction in Beijing as at 30 June 2014 was approximately HK\$1,196,071,000 which was similar to the measurement as at 31 December 2013. Due to a combination of factors, the total budget for the construction of investment property under construction in Beijing was expected to be increased by RMB190,000,000 to approximately RMB1,270,000,000 which has led to a fair value loss for the six months ended 30 June 2014. Please refer to announcement dated 13 March 2014 for detailed information about construction of Phoenix International Media Centre in Beijing and Note 13 to the unaudited condensed consolidated interim financial information for detailed information about the investment properties.

The net exchange loss of the Group for the six months ended 30 June 2014 was approximately HK\$43,342,000 (six months ended 30 June 2013: net exchange gain of HK\$30,143,000) resulting from the substantial depreciation of Renminbi.

The profit attributable to owners of the Company was approximately HK\$228,347,000 (six months ended 30 June 2013: HK\$412,468,000), which represented a decrease of 44.6% over the same period last year.

# Chairman's Statement

The chart below summarises the performance of the Group for the six months ended 30 June 2014 and the same period in 2013.

	<b>Six months ended 30 June</b>	
	<b>2014</b>	<b>2013</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Television broadcasting	<b>926,934</b>	1,096,970
New media	<b>937,619</b>	818,563
Outdoor media	<b>279,071</b>	255,941
Real estate	<b>639</b>	573
Other businesses	<b>35,476</b>	34,490
Group's total revenue	<b>2,179,739</b>	2,206,537
Operating costs	<b>(1,754,025)</b>	(1,693,052)
Operating profit	<b>425,714</b>	513,485
Fair value (loss)/gain on investment properties, net	<b>(63,755)</b>	95,683
Exchange (loss)/gain, net	<b>(43,342)</b>	30,143
Other income, net	<b>63,024</b>	18,997
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	<b>381,641</b>	658,308
Share of results of joint ventures and associates	<b>(7,951)</b>	3,649
Income tax expense	<b>(75,652)</b>	(141,959)
Profit for the period	<b>298,038</b>	519,998
Non-controlling interests	<b>(69,691)</b>	(107,530)
Profit attributable to owners of the Company	<b>228,347</b>	412,468
Basic earnings per share, Hong Kong cents	<b>4.57</b>	8.26



# Chairman's Statement

## Business Overview and Prospects

The Group's results for the past six months have shown a downward movement compared with the same period last year. This negative trend was largely due to the net exchange loss resulting from the substantial depreciation of Renminbi as compared to the net exchange gain during the same period last year, the non-cash fair value loss on investment property under construction in Beijing as compared to a substantial non-cash fair value gain recorded during the same period last year, and a decline in the demand for luxury goods in China, which has led to a decrease in the advertising income of the television broadcasting segment.

The performance of the television broadcasting business was affected by the decline in advertising income. This was largely due to the recent policy changes in China as well as the rapid growth of media technologies that have posed great challenges to the traditional television broadcasting business. The Group anticipated this trend and has been pursuing a strategy designed to expand its media businesses and thereby generate further business growth. The results for this half-year period have shown that this strategy is well based and is having a positive effect. However, it will take some time for the new businesses to offset the reduction in advertising income from the traditional television broadcasting business.



For the first six-month period of 2014, the Group's global network of reporters continued to provide real-time stories on major international and national developments and brought ground breaking news to the Chinese audiences on a wide range of events. The Group's news coverage has followed the active anti-terrorist campaign that the Chinese Government launched following the deadly terrorist attack in Kunming in March 2014. The Group's reporting has also covered the widespread anti-corruption campaign that has been initiated by the Chinese Government, enabling the audience to see the determination of the Chinese leadership to control corruption and remove corrupt officials. On the international front the Group has reported extensively on the tragic crashes of two Malaysia Airlines aircraft, which have been a focal point of the world audience, and the anti-government demonstrators who occupied Bangkok for several months, seeking to topple the then Prime Minister of Thailand, Yingluck Shinawatra, a deadlock which ended with 5,000 Thai riot police deployed to seize back protest sites and a military coup that resulted in Yingluck's removal from office. Phoenix also provided extensive coverage of the Indian elections in 2014 and the eventual victory of Narendra Modi, who had developed a close relationship with China in his earlier role as chief minister of the state of Gujarat.

In year 2014, the Group's core television broadcasting business may continue to encounter difficulties and it is likely that the Group's performance will be less satisfactory as compared to that of the previous year. In fact the diversification strategy of the Group has the potential to lead the Group to a new horizon. Apart from continuing to serve viewers' needs for quality and informative programmes, the Group is actively developing new content, including the production of crowd pleasing materials that cater to the tastes of the main stream audience while its cross-media programmes will continue to expand in a positive manner.

# Management Discussion and Analysis

## Comments on Segmental Information

	Six months ended 30 June			
	2014		2013	
	Revenue HK\$'000	Segment result HK\$'000	Revenue HK\$'000	Segment result HK\$'000
Television broadcasting	926,934	389,113	1,096,970	526,183
New media	937,619	223,081	818,563	166,362
Outdoor media	279,071	31,523	255,941	19,867
Real estate	639	(70,892)	573	88,807
Other businesses	35,476	(20,186)	34,490	(9,875)
Group's total revenue and segment results	<u>2,179,739</u>	<u>552,639</u>	<u>2,206,537</u>	<u>791,344</u>
Unallocated income		10,230		16,079
Unallocated expenses		(181,228)		(149,115)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>381,641</u>		<u>658,308</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 42.5% of the total revenue of the Group for the six months ended 30 June 2014, decreased by 15.5% to approximately HK\$926,934,000 (six months ended 30 June 2013: HK\$1,096,970,000). The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The segmental result for television broadcasting business recorded a profit of approximately HK\$389,113,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$526,183,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 39.1% of the total revenue of the Group for the six months ended 30 June 2014, decreased by 17.2% to approximately HK\$851,358,000 (six months ended 30 June 2013: HK\$1,027,986,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others increased by 9.6% as compared to the same period last year to approximately HK\$75,576,000 (six months ended 30 June 2013: HK\$68,984,000).



# Management Discussion and Analysis

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunication networks, contributed to enhancing the profile of the Group as a television broadcaster. The revenue of the new media business for the six months ended 30 June 2014 increased by 14.5% to approximately HK\$937,619,000 (six months ended 30 June 2013: HK\$818,563,000). The segmental profit for the six months ended 30 June 2014 increased by 34.1% to approximately HK\$223,081,000 (six months ended 30 June 2013: HK\$166,362,000). 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.

The revenue of outdoor media business for the six months ended 30 June 2014 increased by 9.0% to approximately HK\$279,071,000 (six months ended 30 June 2013: HK\$255,941,000). The segmental profit of outdoor media business for the six months ended 30 June 2014 increased by 58.7% to approximately HK\$31,523,000 (six months ended 30 June 2013: HK\$19,867,000).

The segmental loss for real estate for the six months ended 30 June 2014 was approximately HK\$70,892,000 (six months ended 30 June 2013: segmental gains of HK\$88,807,000), which included the net fair value loss of approximately HK\$63,755,000 (six months ended 30 June 2013: fair value gains of HK\$95,683,000), was recognised for the investment properties.

Please refer to Note 5 to the unaudited condensed consolidated interim financial information for a detailed analysis of segmental information and the section entitled "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 2014 (six months ended 30 June 2013: Nil).

## Acquisitions and Disposals of Subsidiaries and Affiliated Companies

In March 2014, IDG-Accel China Growth Fund III L.P. and IDG-Accel China III Investors L.P. ("IDG-Accel Funds") acquired US\$3,000,000 convertible preferred shares of Phoenix FM Limited, previously a subsidiary of the Company, to accelerate development of the new media's ifeng FM application business. Despite the holding of 100% of Phoenix FM Limited's ordinary shares, the Company accounts for its investment in Phoenix FM Limited as an investment in a joint venture since the Company lost unilateral control of Phoenix FM Limited due to substantive participating rights that have been provided to IDG-Accel Funds. A gain on disposal of a subsidiary of approximately HK\$22,676,000 (US\$2,929,000) was recognised for the six months ended 30 June 2014.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and affiliated companies for the six months ended 30 June 2014.

# Management Discussion and Analysis

## Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 30 June 2014 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 30 June 2014, the Group had cash and current bank deposits totaling about HK\$3,586,666,000 (as at 31 December 2013: HK\$3,662,582,000). The aggregate outstanding borrowings of the Group were approximately HK\$1,057,769,000 (as at 31 December 2013: HK\$745,227,000), representing non-interest bearing loans from non-controlling shareholders of a subsidiary, secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing and secured and interest bearing bank borrowings.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 53.6% as at 30 June 2014 (as at 31 December 2013: 37.8%). The net cash and bank deposits balance after deduction of the total liabilities was HK\$1,245,145,000 (as at 31 December 2013: HK\$1,793,025,000).

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

## Charge on Assets

As at 30 June 2014, the land in Chaoyang Park, Beijing, together with the development site, with carrying value of approximately HK\$120,000,000, HK\$492,000,000 and HK\$1,196,000,000 (as at 31 December 2013: HK\$125,000,000, HK\$415,000,000 and HK\$1,163,000,000) 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. A long-term bank deposit of approximately HK\$282,937,000 (as at 31 December 2013: Nil) was pledged with a bank to secure a bank borrowing to optimize return through interest differential. The property in the United States with carrying value of approximately HK\$2,870,000 (as at 31 December 2013: HK\$2,890,000) was pledged with a bank to secure a bank borrowing.

Save as disclosed above, the Group did not have any other charges on its assets as at 30 June 2014 and 31 December 2013.

## Capital Structure

During the six months ended 30 June 2014, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 30 June 2014, the operations of the Group were mainly financed by owners' equity, bank borrowings, loan from non-controlling shareholders of a subsidiary and banking facilities.



# Management Discussion and Analysis

## Staff

As at 30 June 2014, the Group employed 3,201 full-time staff (as at 31 December 2013: 3,033) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the six months ended 30 June 2014 increased to approximately HK\$619,494,000 (six months ended 30 June 2013: HK\$548,604,000).

## Significant Investments Held

As at 30 June 2014, the Group invested in listed security investments with an estimated fair market value of approximately HK\$23,994,000 (as at 31 December 2013: HK\$25,689,000). Save as disclosed above, the Group had not held any other significant investment for the six months ended 30 June 2014.

## 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 Phoenix Metropolis Media Technology Company Limited ("PMM Beijing"), a subsidiary engaged in the outdoor media business in China, for listing on the main board of The Shanghai Stock Exchange ("Proposed Listing"). 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 2014, 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 2014.



## Other Information

### Purchase, Sales or Redemption of Securities

The Company has not redeemed any of the shares of the Company ("Share" or "Shares") during the six-month period ended 30 June 2014. Neither the Company nor any of its subsidiaries has purchased or sold any of the Shares during the six-month period ended 30 June 2014.

### Directors' and Chief Executive's Interests in Securities

As at 30 June 2014, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or the chief executive were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers 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:

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

Ordinary Shares of the Company

Name	Number of ordinary Shares held			Position	Approximate shareholding percentage as at 30 June 2014
	Personal/ other interest	Corporate interest	Total interest		
LIU Changle ( <i>Note 2</i> )	2,688,000	1,854,000,000	1,856,688,000	Long	37.15%
LO Ka Shui ( <i>Note 3</i> )	9,756,000	–	9,756,000	Long	0.20%

Notes:

- As at 30 June 2014, the number of issued Shares of the Company was 4,997,389,500.
- As at 30 June 2014, 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 37.10% of the issued Share capital of the Company.
- As at 30 June 2014, 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

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

Phoenix New Media Limited ("PNM")

Name	Number of class A ordinary of PNM Shares			Position	Approximate shareholding percentage as at 30 June 2014
	Personal/ other interest	Corporate interest	Total interest		
LIU Changle ( <i>Note 3</i> )	—	1,483,200	1,483,200	Long	0.51%
LO Ka Shui	727,800	—	727,800	Long	0.25%

Notes:

- As at 30 June 2014, the number of the issued Class A ordinary PNM shares ("PNM Shares") was 288,246,173.
- PNM is a non-wholly owned subsidiary of the Company.
- As at 30 June 2014, 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 0.51% of the PNM Shares.

### (3) Share options

Name	Date of grant	Exercise period	Exercise price per Share HK\$	Underlying Shares pursuant to the share options as at 30 June 2014
LIU Changle	2011.03.09	2012.03.09 to 2021.03.08	2.92	4,900,000
CHUI Keung	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000
WANG Ji Yan	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000

Save as disclosed above, so far as the Directors are aware, as at 30 June 2014, none of the Directors and the chief executive of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

# Other Information

## Share Option Schemes

### (1) Share option schemes of the Company

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

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

#### (A) Post-IPO Share Option Scheme

The details and movements of the Post-IPO Share Option Scheme during the Period are as follows:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of share options			
					Balance as at 1 January 2014	Lapsed during the Period	Exercised during the Period	Balance as at 30 June 2014
16 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	5,182,000	–	(120,000)	5,062,000

During the Period, 120,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average market price was HK\$2.64.

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

During the Period, no option was granted to the Directors, the chief executive 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:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK\$	Number of share options			Balance as at 30 June 2014
					Balance as at 1 January 2014	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	1,854,000	–	(82,000)	1,772,000
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
524 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	87,370,000	(1,200,000)	–	86,170,000
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
<b>Total:</b>					<b>104,714,000</b>	<b>(1,200,000)</b>	<b>(82,000)</b>	<b>103,432,000</b>

During the Period, 1,200,000 options granted to 10 employees lapsed when they ceased employment with the Company.

During the Period, 82,000 options were exercised. At the date before the options were exercised, the weighted average market price was HK\$2.94. Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the Period. No option was granted to the Directors, the chief executive 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

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

#### (A) PNM Share Option Scheme

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

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

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				Balance as at 30 June 2014
				Balance as at 1 January 2014	Granted during the Period	Lapsed 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
LI Ya	2013.12.10	2014.12.10- 2023.12.09	\$1.08443	1,900,000	-	-	-	1,900,000
Employees	2008.07.04	2008.07.04- 2018.05.25	\$0.03215	5,763,500	-	-	(1,492,400)	4,271,100
	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	2008.08.20- 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	2008.09.17- 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	16,000	-	-	(12,000)	4,000
	2008.07.04	2008.10.23- 2018.05.25	\$0.03215	6,750	-	-	-	6,750
	2008.07.04	2008.12.17- 2018.05.25	\$0.03215	12,000	-	-	(6,000)	6,000
	2008.07.04	2008.12.24- 2018.05.25	\$0.03215	3,750	-	-	-	3,750

## Other Information

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				Balance as at 30 June 2014
				Balance as at 1 January 2014	Granted during the Period	Lapsed during the Period	Exercised during the Period	
	2008.07.04	2008.12.26-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2009.01.15-2018.05.25	\$0.03215	439,504	-	-	-	439,504
	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	-	-	(3,093)	17,000
	2008.07.04	2009.03.17-2018.05.25	\$0.03215	2,475	-	-	-	2,475
	2008.07.04	2009.03.21-2018.05.25	\$0.03215	12,000	-	-	-	12,000
	2008.07.04	2009.03.24-2018.05.25	\$0.03215	20,000	-	-	-	20,000
	2008.07.04	2009.03.31-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.04.01-2018.05.25	\$0.03215	450	-	-	-	450
	2008.07.04	2009.04.02-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.04.07-2018.05.25	\$0.03215	6,750	-	-	-	6,750
	2008.07.04	2009.04.09-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.04.15-2018.05.25	\$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	2009.05.26-2018.05.25	\$0.03215	167,587	-	-	(53,000)	114,587
	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

# Other Information

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share US\$	Number of share options				Balance as at 30 June 2014
				Balance as at 1 January 2014	Granted during the Period	Lapsed during the Period	Exercised during the Period	
	2009.07.31	2010.03.11-2018.05.25	\$0.03215	26,000	-	-	-	26,000
	2009.07.31	2010.03.17-2018.05.25	\$0.03215	32,000	-	-	(1,616)	30,384
	2009.07.31	2010.04.27-2018.05.25	\$0.03215	5,250	-	-	-	5,250
	2009.07.31	2010.05.18-2018.05.25	\$0.03215	100,625	-	-	(4,624)	96,001
	2009.07.31	2010.06.22-2018.05.25	\$0.03215	12,800	-	-	(12,800)	-
	2009.07.31	2010.07.10-2018.05.25	\$0.03215	61,600	-	-	-	61,600
	2009.09.15	2010.09.15-2018.05.25	\$0.03215	1,187,224	-	-	(109,500)	1,077,724
	2010.01.08	2011.01.08-2018.05.25	\$0.03215	104,400	-	-	-	104,400
	2010.07.01	2008.03.05-2018.05.25	\$0.03215	135,000	-	-	-	135,000
	2010.07.01	2010.09.15-2018.05.25	\$0.03215	26,000	-	-	-	26,000
	2010.07.01	2010.10.09-2018.05.25	\$0.03215	5,000	-	-	-	5,000
	2010.07.01	2011.02.21-2018.05.25	\$0.03215	300,000	-	-	(80,000)	220,000
	2010.07.01	2011.06.07-2018.05.25	\$0.03215	56,250	-	-	-	56,250
	2010.07.01	2011.07.01-2018.05.25	\$0.03215	881,875	-	-	(421,875)	460,000
	2013.03.15	2014.03.15-2023.03.14	\$0.44593	17,308,400	-	(275,100)	(2,173,048)	14,860,252
	2013.10.01	2014.10.01-2023.09.30	\$0.78670	150,000	-	-	-	150,000
	2013.10.08	2014.10.08-2023.10.07	\$0.82490	6,174,500	-	(180,000)	-	5,994,500
	2013.12.10	2014.12.10-2023.12.09	\$1.08443	900,000	-	(900,000)	-	-
	2014.03.14	2015.03.14-2024.03.13	\$1.31000	-	1,330,000	-	-	1,330,000
	2014.06.04	2015.06.04-2024.06.03	\$1.27490	-	1,014,807	-	-	1,014,807
	2014.06.05	2015.06.05-2024.06.04	\$1.27490	-	900,000	-	-	900,000
<b>Total:</b>				<b>39,770,121</b>	<b>3,244,807</b>	<b>(1,355,100)</b>	<b>(4,401,956)</b>	<b>37,257,872</b>

## Other Information

### (B) PNM March 2011 Scheme

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

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

Type of remaining grantees	Date of grant	Vesting commencement date	Number of RSU				Balance as at 30 June 2014
			Balance as at 1 January 2014	Granted during the Period	Lapsed during the Period	Vested during the Period	
Employees	2011.03.17	2010.01.04	18,750	–	–	(18,750)	–
	2011.03.17	2010.01.08	3,313	–	–	(3,313)	–
	2011.03.17	2010.01.15	188	–	–	(188)	–
	2011.03.17	2010.01.18	125	–	–	(125)	–
	2011.03.17	2010.01.20	6,250	–	–	(6,250)	–
	2011.03.17	2010.01.21	188	–	–	(188)	–
	2011.03.17	2010.01.27	1,250	–	–	(1,250)	–
	2011.03.17	2010.02.01	1,250	–	–	(1,250)	–
	2011.03.17	2010.02.05	125	–	–	(125)	–
	2011.03.17	2010.02.20	125	–	–	(125)	–
	2011.03.17	2010.03.01	1,250	–	–	(1,250)	–
	2011.03.17	2010.03.08	12,500	–	–	(12,500)	–
	2011.03.17	2010.03.18	376	–	–	(376)	–
	2011.03.17	2010.03.19	1,126	–	–	(1,126)	–
	2011.03.17	2010.03.21	63	–	–	(63)	–
	2011.03.17	2010.03.23	6,250	–	–	(6,250)	–
	2011.03.17	2010.03.26	125	–	–	(125)	–
	2011.03.17	2010.03.29	2,625	–	(2,500)	(125)	–
	2011.03.17	2010.04.06	313	–	–	(313)	–
	2011.03.17	2010.04.12	188	–	–	(188)	–
	2011.03.17	2010.04.13	188	–	–	(188)	–
	2011.03.17	2010.04.16	188	–	–	(188)	–
	2011.03.17	2010.04.19	125	–	–	(125)	–
	2011.03.17	2010.04.21	251	–	–	(251)	–
	2011.03.17	2010.04.23	1,250	–	–	(1,250)	–
	2011.03.17	2010.04.26	2,563	–	(63)	(2,500)	–
	2011.03.17	2010.04.28	188	–	–	(188)	–
	2011.03.17	2010.04.29	18,750	–	–	(18,750)	–
	2011.03.17	2010.05.04	1,689	–	–	(1,689)	–
	2011.03.17	2010.05.11	188	–	–	(188)	–
	2011.03.17	2010.05.14	1,250	–	–	(1,250)	–
	2011.03.17	2010.05.21	501	–	–	(501)	–
	2011.03.17	2010.05.24	126	–	–	(126)	–

# Other Information

Type of remaining grantees	Date of grant	Vesting commencement date	Number of RSU				Balance as at 30 June 2014
			Balance as at 1 January 2014	Granted during the Period	Lapsed during the Period	Vested during the Period	
	2011.03.17	2010.05.25	188	-	-	(188)	-
	2011.03.17	2010.05.26	63	-	-	(63)	-
	2011.03.17	2010.05.27	125	-	-	(125)	-
	2011.03.17	2010.05.28	1,438	-	-	(1,438)	-
	2011.03.17	2010.06.18	1,688	-	-	(1,688)	-
	2011.03.17	2010.06.21	939	-	-	(939)	-
	2011.03.17	2010.06.25	750	-	-	(750)	-
	2011.03.17	2010.06.28	376	-	-	(376)	-
	2011.03.17	2010.07.01	12,500	-	-	(6,250)	6,250
	2011.03.17	2010.07.02	250	-	-	(124)	126
	2011.03.17	2010.07.06	250	-	-	(125)	125
	2011.03.17	2010.07.12	1,625	-	-	(812)	813
	2011.03.17	2010.07.15	375	-	(188)	(187)	-
	2011.03.17	2010.07.16	375	-	-	(187)	188
	2011.03.17	2010.07.19	2,500	-	-	(1,250)	1,250
	2011.03.17	2010.07.20	3,250	-	(1,250)	(1,624)	376
	2011.03.17	2010.07.26	750	-	(250)	(375)	125
	2011.03.17	2010.07.30	375	-	-	(187)	188
	2011.03.17	2010.08.03	138,000	-	-	(68,999)	69,001
	2011.03.17	2010.08.11	37,500	-	-	(18,750)	18,750
	2011.03.17	2010.08.16	375	-	-	(187)	188
	2011.03.17	2010.08.17	18,625	-	-	(9,311)	9,314
	2011.03.17	2010.08.24	1,125	-	-	(562)	563
	2011.03.17	2010.08.30	375	-	-	(187)	188
	2011.03.17	2010.08.31	2,875	-	-	(1,437)	1,438
	2011.03.17	2010.09.07	500	-	-	(250)	250
	2011.03.17	2010.09.08	125	-	-	(62)	63
	2011.03.17	2010.09.10	375	-	(188)	(187)	-
	2011.03.17	2010.09.13	375	-	-	(187)	188
	2011.03.17	2010.09.14	2,750	-	-	(1,375)	1,375
	2011.03.17	2010.09.16	125	-	-	(62)	63
	2011.03.17	2010.10.11	250	-	-	(125)	125
	2011.03.17	2010.10.13	250	-	-	(125)	125
	2011.03.17	2010.10.21	250	-	-	(124)	126
	2011.03.17	2010.11.21	250	-	(125)	(62)	63
	2011.03.17	2010.12.01	12,500	-	-	(6,250)	6,250
	2011.03.17	2011.01.11	37,500	-	-	(12,500)	25,000
	2011.03.17	2011.02.14	22,500	-	-	(7,500)	15,000
	2011.03.17	2011.02.21	3,750	-	-	(1,250)	2,500
	2011.03.01	2011.03.01	33,750	-	-	(11,250)	22,500
<b>Total:</b>			<b>425,579</b>	<b>-</b>	<b>(4,564)</b>	<b>(238,504)</b>	<b>182,511</b>

## Other Information

The details and movements of RS granted under the PNM March 2011 Scheme during the Period are as follows:

Type of grantees	Date of grant	Vesting commencement date	Number of RS				Balance as at 30 June 2014
			Balance as at 1 January 2014	Granted during the Period	Lapsed during the Period	Vested during the Period	
Employees	2011.03.17	2010.02.20	7,500	–	–	(7,500)	–
	2011.03.17	2010.02.21	225,000	–	–	(225,000)	–
	2011.03.17	2010.10.25	12,500	–	–	(6,250)	6,250
	2011.03.17	2010.12.01	375,000	–	–	(187,500)	187,500
	2011.03.17	2010.12.27	225,000	–	(168,750)	(56,250)	–
<b>Total:</b>			<b>845,000</b>	<b>–</b>	<b>(168,750)</b>	<b>(482,500)</b>	<b>193,750</b>

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

### Directors' Rights to Acquire Shares or Debentures

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

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

### Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, 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 2014, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

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

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage as at 30 June 2014
Today's Asia Limited ( <i>Note 2</i> )	1,854,000,000	37.10%
Extra Step Investments Limited ( <i>Note 3</i> )	983,000,000	19.67%
TPG China Media, L.P. ( <i>Note 4</i> )	607,000,000	12.15%

*Notes:*

- As at 30 June 2014, the number of issued Shares of the Company was 4,997,389,500.
- 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 ("CMHKG") which in turn is a subsidiary of China Mobile Communications Corporation ("CMCC"). By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors, 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.
- TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P. Mr. SUN Yanjun and Mr. LAU Wai Kei Ricky, being the non-executive Director and alternate Director respectively, are both managing director and partner of TPG.

## Other Information

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

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage as at 30 June 2014
China Wise International Limited ( <i>Note 2</i> )	412,000,000	8.24%

*Notes:*

- As at 30 June 2014, the number of issued Shares of the Company was 4,997,389,500.
- China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited. Mr. GONG Jianzhong, a non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executives of the Company) known to the Directors or the chief executive of the Company, who, as at 30 June 2014, had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

### Pre-Emptive Rights

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

### Advances to an Entity

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

# Other Information

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

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

### Mr. Thaddeus Thomas BECZAK

#### Cessation of appointments

ACR Capital Holdings Pte. Ltd. – Non-executive chairman

China Renaissance Holdings Limited – Vice chairman

China Renaissance Securities (Hong Kong) Limited – Chairman

### Mr. FANG Fenglei

#### New appointment

Global Logistic Properties Limited\* – Non-executive and non-independent director and member of the Investment Committee

\* This company is listed on the Mainboard of Singapore Exchange Securities Trading Limited

## Corporate Governance Practices

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

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

Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2014, complied with the Code.

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

#### Code Provision

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

#### Deviation and its Reasons

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

## Other Information

On 26 November 2008, Mr. LIU Changle entered into a non-competition deed (the “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 this associated 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 Board committees, balance of power and authority can be ensured and there is no imminent need to change the arrangement.

### (2) Appointments, Re-election and Removal

#### Code Provision

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

#### Deviation and its Reason

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

### Directors’ Securities Transactions

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

Having made specific enquiry of all Directors, the Directors have complied with the above-mentioned required standards of dealings regarding Directors’ securities transactions throughout the six months ended 30 June 2014.

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

# Other Information

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## Audit Committee

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

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

The Audit Committee had reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2014 and the related interim results announcement, and provided advice and comments.

On behalf of the Board

**LIU Changle**

*Chairman*

Hong Kong, 13 August 2014

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

### **Executive Directors**

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

### **Non-executive Directors**

*Mr. SHA Yuejia; Mr. GAO Nianshu; Mr. GONG Jianzhong and Mr. SUN Yanjun*

### **Independent Non-executive Directors**

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

### **Alternate Director**

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

The Board of the Company has the pleasure of presenting the unaudited condensed consolidated financial information of the Group for the Period, and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2014, together with the comparative figures for the corresponding period and relevant date in 2013.

## Condensed Consolidated Income Statement – Unaudited

For the six months ended 30 June 2014

	Note	For the six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>	5	<b>2,179,739</b>	2,206,537
<b>Operating expenses</b>	6	<b>(1,415,300)</b>	(1,369,927)
<b>Selling, general and administrative expenses</b>	6	<b>(338,725)</b>	(323,125)
<b>Other (losses)/gains</b>			
Fair value (loss)/gain on investment properties		<b>(63,755)</b>	95,683
Interest income		<b>44,648</b>	25,470
Other (losses)/gains, net	6	<b>(24,966)</b>	23,670
<b>Share of (losses)/profits of associates</b>		<b>(224)</b>	500
<b>Share of (losses)/profits of joint ventures</b>		<b>(7,727)</b>	3,149
<b>Profit before income tax</b>		<b>373,690</b>	661,957
<b>Income tax expense</b>	7	<b>(75,652)</b>	(141,959)
<b>Profit for the period</b>		<b>298,038</b>	519,998
<b>Profit attributable to:</b>			
Owners of the Company		<b>228,347</b>	412,468
Non-controlling interests		<b>69,691</b>	107,530
		<b>298,038</b>	519,998
<b>Earnings per Share for profit attributable to the owners of the Company</b>			
Basic earnings per Share, Hong Kong cents	9	<b>4.57</b>	8.26
Diluted earnings per Share, Hong Kong cents	9	<b>4.57</b>	8.25

The notes on pages 31 to 58 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 2014

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
<b>Profit for the period</b>	<b>298,038</b>	519,998
<b>Other comprehensive income for the period</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(72,982)	31,227
<b>Total comprehensive income for the period</b>	<b>225,056</b>	551,225
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	192,639	427,162
Non-controlling interests	32,417	124,063
	<b>225,056</b>	551,225

# Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2014

	Note	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Purchased programme and film rights, net	10	17,461	17,148
Lease premium for land	11	235,176	241,081
Property, plant and equipment, net	12	1,425,229	1,404,283
Investment properties	13	1,209,029	1,173,009
Intangible assets	14	18,262	15,051
Investments in joint ventures		39,645	15,741
Amounts due from joint ventures		22,500	15,259
Investments in associates		22,962	23,186
Available-for-sale financial assets		962	962
Other long-term assets		49,215	61,956
Deferred income tax assets		35,010	31,428
Long-term bank deposit	22	282,937	–
		<b>3,358,388</b>	<b>2,999,104</b>
<b>Current assets</b>			
Accounts receivable, net	15	781,596	673,874
Prepayments, deposits and other receivables	16	1,149,291	896,680
Inventories		7,442	8,391
Amounts due from related companies	25	152,833	103,283
Self-produced programmes		13,724	14,848
Purchased programme and film rights, net	10	7,994	5,098
Financial assets at fair value through profit or loss	17	23,994	25,689
Prepaid tax		–	4,820
Bank deposits		1,115,614	329,506
Restricted cash		64,032	13,729
Cash and cash equivalents		2,471,052	3,333,076
		<b>5,787,572</b>	<b>5,408,994</b>
<b>Total assets</b>		<b>9,145,960</b>	<b>8,408,098</b>

The notes on pages 31 to 58 form an integral part of this condensed consolidated interim financial information.

# Condensed Consolidated Balance Sheet – Unaudited

As at 30 June 2014

	Note	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	21	499,738	499,718
Reserves			
– Proposed final dividend		–	254,857
– Others		4,397,836	4,192,582
		<b>4,897,574</b>	4,947,157
<b>Non-controlling interests</b>		<b>1,623,928</b>	1,591,384
<b>Total equity</b>		<b>6,521,502</b>	6,538,541
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Secured bank borrowings	19(a)	774,134	69,993
Other long-term liabilities		18,795	15,566
Loans from non-controlling shareholders of a subsidiary	19(b)	202,660	129,121
Deferred income tax liabilities		84,624	105,126
		<b>1,080,213</b>	319,806
<b>Current liabilities</b>			
Accounts payable, other payables and accruals	20	973,940	809,129
Secured bank borrowings	19(a)	71,691	536,607
Deferred income		398,336	128,993
Loans from non-controlling shareholders of a subsidiary	19(b)	9,284	9,506
Current income tax liabilities		90,994	65,516
		<b>1,544,245</b>	1,549,751
<b>Total liabilities</b>		<b>2,624,458</b>	1,869,557
<b>Total equity and liabilities</b>		<b>9,145,960</b>	8,408,098
<b>Net current assets</b>		<b>4,243,327</b>	3,859,243
<b>Total assets less current liabilities</b>		<b>7,601,715</b>	6,858,347

The notes on pages 31 to 58 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 2014

	Attributable to owners of the Company								Total equity HK\$'000
	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	
<b>Balance at 1 January 2013</b>	499,358	30,449	45,934	1,695,555	92,582	141,416	1,729,848	1,390,074	5,625,216
<b>Profit for the period</b>	–	–	–	–	–	–	412,468	107,530	519,998
<b>Other comprehensive income</b>									
Currency translation differences	–	–	–	–	14,694	–	–	16,533	31,227
<b>Total comprehensive income for the period</b>	–	–	–	–	14,694	–	412,468	124,063	551,225
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>									
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)	–	–
<b>Total contributions by and distributions to owners of the Company</b>	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 23)	–	–	–	(19,230)	–	(3,451)	–	(60,548)	(83,229)
<b>Total transactions with owners</b>	235	4,106	7,229	(19,230)	–	13,777	(262,022)	(71,018)	(326,923)
<b>Balance at 30 June 2013</b>	499,593	34,555	53,163	1,676,325	107,276	155,193	1,880,294	1,443,119	5,849,518

The notes on pages 31 to 58 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 2014

	Attributable to owners of the Company								Total equity HK\$'000
	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	
<b>Balance at 1 January 2014</b>	499,718	36,829	80,177	1,667,523	116,272	173,432	2,373,206	1,591,384	6,538,541
<b>Profit for the period</b>	-	-	-	-	-	-	228,347	69,691	298,038
<b>Other comprehensive income</b>									
Currency translation differences	-	-	-	-	(35,708)	-	-	(37,274)	(72,982)
<b>Total comprehensive income for the period</b>	-	-	-	-	(35,708)	-	228,347	32,417	225,056
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>									
Share option scheme									
– value of employee services	-	-	-	-	-	29,371	-	-	29,371
– recognition of Shares issued on exercise of options	20	331	-	-	-	(74)	-	-	277
– lapse of share options	-	842	-	-	-	(842)	-	-	-
Dividends related to 2013	-	-	-	-	-	-	(254,867)	-	(254,867)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(16,068)	(16,068)
Allocation to statutory reserve	-	-	5,796	-	-	-	(5,796)	-	-
<b>Total contributions by and distributions to owners of the Company</b>	20	1,173	5,796	-	-	28,455	(260,663)	(16,068)	(241,287)
Deemed disposal of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares of a subsidiary (Note 23)	-	-	-	(8,535)	-	(8,468)	-	16,195	(808)
<b>Total transactions with owners</b>	20	1,173	5,796	(8,535)	-	19,987	(260,663)	127	(242,095)
<b>Balance at 30 June 2014</b>	499,738	38,002	85,973	1,658,988	80,564	193,419	2,340,890	1,623,928	6,521,502

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

The notes on pages 31 to 58 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 2014

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	591,404	626,021
Interest received	44,648	25,470
Hong Kong taxation paid	–	(212)
Overseas taxation paid	(65,099)	(34,471)
Net cash generated from operating activities	570,953	616,808
<b>Cash flows from investing activities</b>		
Decrease in other long-term assets	12,741	3,016
Increase in restricted cash	(50,303)	(1,238)
(Increase)/decrease in bank deposits	(786,108)	219,533
Increase in long-term bank deposit	(282,937)	–
Purchase of intangible assets	(3,941)	–
Purchase of property, plant and equipment	(141,166)	(130,217)
Purchase of programme and film rights	(11,739)	(10,604)
Proceeds from disposal of property, plant and equipment	32	7,713
Additions to investment properties	(126,532)	(60,913)
Additions to lease premium for land	–	(22,302)
Advance to a joint venture	(20,000)	–
Investment income from financial assets at fair value through profit or loss	450	427
Capital contribution to a joint venture	(2,486)	–
Net cash (used in)/generated from investing activities	(1,411,989)	5,415
<b>Cash flows from financing activities</b>		
Proceeds from exercise of share options of the Company	277	3,244
Dividends paid to owners of the Company	(254,867)	(254,793)
Proceeds from exercise of share options of a subsidiary	8,152	124
Drawdown of secured bank borrowings	254,643	72,784
Repayment of secured bank borrowings	(1,280)	(72,250)
Loans from non-controlling shareholders of a subsidiary	73,317	58,153
Dividends paid to non-controlling interests	(16,068)	(10,470)
Prepayment for repurchase of shares of a subsidiary	(36,921)	–
Payment for repurchase of shares of a subsidiary	(8,960)	(83,353)
Net cash generated from/(used in) financing activities	18,293	(286,561)
Net (decrease)/increase in cash and cash equivalents	(822,743)	335,662
Cash and cash equivalents at beginning of period	3,333,076	2,710,468
Net exchange (losses)/gains on cash and cash equivalents	(39,281)	11,030
Cash and cash equivalents at end of period	2,471,052	3,057,160

The notes on pages 31 to 58 form an integral part of this condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 1. General information

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

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

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

The condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the board of directors of the Company on 13 August 2014.

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 2014 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 2013, 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 2013, 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 2014.

HKFRS 10, 12 and HKAS 27 (2011) (Amendment)	Investment Entities
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC)-Int 21	Levies

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

(b) *New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2014 and have not been early adopted by the Group*

HKFRS 9	Financial Instruments <sup>(4)</sup>
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations <sup>(2)</sup>
HKFRS 14	Regulating Deferral Accounts <sup>(2)</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>(3)</sup>
HKAS 16 and HKAS 38 Amendment	Classification of Acceptable Methods of Depreciation and Amortisation <sup>(2)</sup>
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions <sup>(1)</sup>
HKFRSs Amendment	Annual Improvements 2012 <sup>(1)</sup>
HKFRSs Amendment	Annual Improvements 2013 <sup>(1)</sup>

<sup>(1)</sup> Effective for the Group for annual period beginning on 1 July 2014

<sup>(2)</sup> Effective for the Group for annual period beginning on 1 January 2016

<sup>(3)</sup> Effective for the Group for annual period beginning on 1 January 2017

<sup>(4)</sup> Effective date to be determined

The Group will apply the above new standards and amendments to standards from 1 January 2015 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 2013.

## 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 2013.

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 except that certain bank borrowings with original maturities in July 2014 have been extended to July 2015. These bank borrowings have been reclassified to non-current liabilities as at 30 June 2014.

### 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 2014.

	<b>Level 1</b> HK\$'000
<b>Assets</b>	
Financial assets at fair value through profit or loss	
– trading equity securities	<b>23,994</b>

# 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 2013.

	<b>Level 1</b> HK\$'000
<b>Assets</b>	
Financial assets at fair value through profit or loss	
– trading equity securities	25,689

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 2014, instruments included in level 1 comprise shares of HSBC Holdings PLC ("HSBC") of approximately HK\$23,994,000 (as at 31 December 2013: HK\$25,689,000) (Note 17).

There were no changes in valuation techniques during the Period.

During the six months ended 30 June 2014, there were no reclassifications of financial assets (six months ended 30 June 2013: Nil).

See Note 13 for disclosures of the investment properties that are measured at fair value.

#### 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 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.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 5. Segmental information

Management has determined the operating segments based on the reports reviewed by executive directors that are used to make strategic decisions. The executive Directors consider the business from a product perspective.

The Group has five main operating segments including:

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

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

	For the six months ended 30 June 2014								Group HK\$'000
	Television broadcasting			New media HK\$'000	Outdoor media HK\$'000	Real estate HK\$'000	Other activities HK\$'000	Inter- segment elimination HK\$'000	
	Primary channels HK\$'000	Others HK\$'000	Sub-total HK\$'000						
Revenue									
External sales	851,358	75,576	926,934	937,619	279,071	639	35,476	-	2,179,739
Inter-segment sales (Note c)	-	26,237	26,237	-	-	1,758	39	(28,034)	-
Total revenue	851,358	101,813	953,171	937,619	279,071	2,397	35,515	(28,034)	2,179,739
Segment results	403,778	(14,665)	389,113	223,081	31,523	(70,892)	(20,186)	-	552,639
Unallocated income (Note a)									10,230
Unallocated expenses (Note b)									(181,228)
Profit before share of results of joint ventures, associates, income tax and non-controlling interests									381,641
Share of losses of associates									(224)
Share of losses of joint ventures									(7,727)
Income tax expense									(75,652)
Profit for the period									298,038
Non-controlling interests									(69,691)
Profit attributable to owners of the Company									228,347
Depreciation	(24,207)	(8,542)	(32,749)	(20,858)	(16,472)	(2,782)	(1,087)	-	(73,948)
Unallocated depreciation									(24,233)
									(98,181)
Provision for impairment of accounts receivable	-	-	-	(5,048)	-	-	-	-	(5,048)
Reversal of provision for impairment of accounts receivable	-	-	-	4,387	-	-	-	-	4,387
Provision for impairment of amount due from a joint venture	-	-	-	-	-	-	(12,534)	-	(12,534)

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

	For the six months ended 30 June 2013								Group HK\$'000
	Television broadcasting			New media HK\$'000	Outdoor media HK\$'000	Real estate HK\$'000	Other activities HK\$'000 (Note 27)	Inter- segment elimination HK\$'000	
	Primary channels HK\$'000	Others HK\$'000 (Note 27)	Sub-total HK\$'000						
Revenue									
External sales	1,027,986	68,984	1,096,970	818,563	255,941	573	34,490	–	2,206,537
Inter-segment sales (Note c)	–	26,907	26,907	–	–	1,620	39	(28,566)	–
Total revenue	1,027,986	95,891	1,123,877	818,563	255,941	2,193	34,529	(28,566)	2,206,537
Segment results	554,097	(27,914)	526,183	166,362	19,867	88,807	(9,875)	–	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 profits 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)	(7,927)	(46,601)	(19,344)	(13,534)	(2,742)	(923)	–	(83,144)
Unallocated depreciation									(14,964)
									(98,108)
Provision for impairment of accounts receivable	–	(3,794)	(3,794)	(12,715)	(1,983)	–	–	–	(18,492)
Impairment of property, plant and equipment	–	–	–	–	(1,742)	–	–	–	(1,742)
Provision for impairment of amounts due from joint ventures	–	–	–	–	–	–	(11,800)	–	(11,800)

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

38

## 6. Profit before income tax

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

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
<b>Crediting</b>		
Reversal of provision for impairment of accounts receivable	<b>4,387</b>	–
<b>Charging</b>		
Production costs of self-produced programmes	<b>93,486</b>	86,551
Transponder rental	<b>17,830</b>	15,456
Provision for impairment of accounts receivable	<b>5,048</b>	18,492
Employee benefit expenses (including Directors' emoluments)	<b>619,494</b>	548,604
Operating lease rental in respect of		
– Directors' quarters	<b>1,092</b>	1,201
– Land and buildings of third parties	<b>36,140</b>	36,762
Amortisation of purchased programme and film rights	<b>8,259</b>	13,877
Amortisation of intangible assets	<b>718</b>	469
Amortisation of lease premium for land	<b>1,372</b>	1,372
Depreciation of property, plant and equipment	<b>98,181</b>	98,108
Impairment of property, plant and equipment	–	1,742

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Exchange (loss)/gain, net	<b>(43,342)</b>	30,143
Investment income	<b>450</b>	427
Gain on disposal of subsidiaries	<b>29,145</b>	–
Fair value loss on financial assets at fair value through profit or loss	<b>(1,695)</b>	(15)
Provision for impairment of amounts due from joint ventures	<b>(12,534)</b>	(11,800)
Others, net	<b>3,010</b>	4,915
	<b>(24,966)</b>	23,670

## 7. Income tax expense

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

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

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Current income tax		
– Hong Kong profits tax	<b>52,168</b>	80,126
– Overseas taxation	<b>46,242</b>	37,933
Deferred income tax	<b>(22,758)</b>	23,900
	<b>75,652</b>	141,959

## 8. Dividends

A dividend of HK\$254,867,000 that relates to the period to 31 December 2013 was paid in June 2014 (six months ended 30 June 2013: HK\$254,793,000).

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: 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.

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	2013
Profit attributable to owners of the Company (HK\$'000)	<b>228,347</b>	412,468
Weighted average number of ordinary Shares in issue ('000)	<b>4,997,324</b>	4,994,731
Basic earnings per Share (Hong Kong cents)	<b>4.57</b>	8.26

### 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 of a subsidiary.

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

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

	<b>For the six months ended 30 June</b>	
	<b>2014</b>	2013
Profit attributable to owners of the Company (HK\$'000)	<b>228,347</b>	412,468
Weighted average number of ordinary Shares in issue ('000)	<b>4,997,324</b>	4,994,731
Adjustment for share options of the Company ('000)	<b>3,446</b>	5,132
Weighted average number of ordinary Shares for diluted earnings per Share ('000)	<b>5,000,770</b>	4,999,863
Diluted earnings per Share (Hong Kong cents)	<b>4.57</b>	8.25

## 10. Purchased programme and film rights, net

	<b>For the six months ended 30 June 2014</b>	For the year ended 31 December 2013
	<b>HK\$'000</b>	HK\$'000 (Audited)
Balance, beginning of Period/year	<b>22,246</b>	29,015
Additions	<b>11,739</b>	21,138
Amortisation	<b>(8,259)</b>	(25,664)
Others	<b>(271)</b>	(2,243)
Balance, end of Period/year	<b>25,455</b>	22,246
Less: Purchased programme and film rights – current portion	<b>(7,994)</b>	(5,098)
	<b>17,461</b>	17,148

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 11. Lease premium for land

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

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
In Hong Kong, held on:		
Leases between 10 to 50 years	<b>33,051</b>	33,552
Outside Hong Kong, held on:		
Leases between 10 to 50 years	<b>202,125</b>	207,529
	<b>235,176</b>	241,081
	<b>For the six months ended 30 June 2014 HK\$'000</b>	For the year ended 31 December 2013 HK\$'000 (Audited)
Balance, beginning of Period/year	<b>241,081</b>	235,308
Additions	–	8,921
Currency translation differences	<b>(2,894)</b>	2,766
Amortisation (Note a)	<b>(3,011)</b>	(5,914)
Balance, end of Period/year (Note c)	<b>235,176</b>	241,081

(a) For the six months ended 30 June 2014, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK\$1,639,000 (six months ended 30 June 2013: HK\$1,526,000).

(b) Included in the net book value as of 30 June 2014 is an amount of HK\$120,188,000 (as at 31 December 2013: HK\$124,720,000) 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.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (c) Included in the net book value as of 30 June 2014 is an amount of HK\$14,948,000 (as at 31 December 2013: HK\$15,150,000) 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 the China Phoenix Building in Shenzhen (“Shenzhen Building”). As of 30 June 2014, 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 2014, the Group’s entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas (Note 12(a)).

## 12. Property, plant and equipment, net

	<b>For the six months ended 30 June 2014 HK\$'000</b>	For the year ended 31 December 2013 HK\$'000 (Audited)
Balance, beginning of Period/year	<b>1,404,283</b>	1,350,282
Additions	<b>141,166</b>	250,282
Currency translation differences	<b>(22,019)</b>	17,906
Disposals	<b>(20)</b>	(10,611)
Depreciation	<b>(98,181)</b>	(199,912)
Impairment	–	(3,664)
Balance, end of Period/year (Note a)	<b>1,425,229</b>	1,404,283

- (a) Included in the net book value as of 30 June 2014 is an amount of HK\$25,833,000 (as at 31 December 2013: HK\$26,183,000) 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 2014. As at 30 June 2014, the cost of this capitalised finance lease was HK\$30,848,000 (as at 31 December 2013: HK\$30,848,000) with a net book value of HK\$25,833,000 (as at 31 December 2013: HK\$26,183,000). As at 30 June 2014, 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 2014, 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 noncompliance with laws and regulations is remote.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 13. Investment properties

	<b>For the six months ended 30 June 2014 HK\$'000</b>	For the year ended 31 December 2013 HK\$'000 (Audited)
Balance, beginning of Period/year	<b>1,173,009</b>	899,134
Additions	<b>126,532</b>	147,384
Fair value (loss)/gain	<b>(63,755)</b>	104,294
Currency translation differences	<b>(26,757)</b>	22,197
Balance, end of Period/year	<b>1,209,029</b>	1,173,009
	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
Representing:		
Investment property under construction	<b>1,196,071</b>	1,162,902
Investment property	<b>12,958</b>	10,107
Balance, end of Period/year	<b>1,209,029</b>	1,173,009

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## (a) Fair value measurement of investment properties

The Group applied the fair value model for the accounting of investment properties. Independent valuations of the construction in progress of the Phoenix International Media Centre in the PRC and the commercial property in the United Kingdom of Great Britain and Northern Ireland (“UK”) were performed by the valuers, Vigers Appraisal and Consulting Limited and Lambert Smith Hampton respectively, to determine the fair value of the properties as at 30 June 2014 and 31 December 2013. Fair value loss of approximately HK\$63,755,000 (six months ended 30 June 2013: gain of approximately HK\$95,683,000) was recognised in the condensed consolidated income statement for the six months ended 30 June 2014.

### (i) Fair value hierarchy

	<b>Fair value measurements at 30 June 2014 using significant unobservable inputs (Level 3) HK\$'000</b>	Fair value measurements at 31 December 2013 using significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements		
Investment properties		
– Phoenix International Media Centre		
– The PRC (under construction)	<b>1,196,071</b>	1,162,902
– Commercial – UK	<b>12,958</b>	10,107

### (ii) Valuation techniques

For the investment property in UK with a carrying amount of HK\$12,958,000 (as at 31 December 2013: HK\$10,107,000), 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. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

In addition, the investment property in the PRC with a carrying value of HK\$1,196,071,000 (as at 31 December 2013: HK\$1,162,902,000) was in the process of construction or development as of 30 June 2014. 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 2014 (six months ended 30 June 2013: None).

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

Description	Fair value at 30 June 2014 (HK\$'000)	Valuation techniques	Unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Phoenix International Media Centre – The PRC (under construction)	1,196,071	Residual method of valuation	Estimated gross development value	HK\$32,923 per square metre	The higher gross development value, the higher the fair value
			Estimated legal and marketing expenses	3% on gross development value	The higher the legal and marketing expenses, the lower the fair value
Commercial – UK	12,958	Discounted cash flow	Estimated rental value	HK\$4,218 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield	7.25%	The higher the reversionary yield, the lower the fair value

(b) For the six months ended 30 June 2014, interest capitalised under the investment property under construction amounted to HK\$11,483,000 (six months ended 30 June 2013: HK\$13,721,000).

## 14. Intangible assets

	For the six months ended 30 June 2014 HK\$'000	For the year ended 31 December 2013 HK\$'000 (Audited)
Balance, beginning of Period/year	15,051	15,830
Additions	3,941	–
Amortisation	(718)	(797)
Currency translation differences	(12)	18
Balance, end of Period/year	18,262	15,051

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

- (a) As at 30 June 2014, goodwill arising from the acquisition of a subsidiary amounted to HK\$8,733,000 (as at 31 December 2013: HK\$8,733,000). There was no impairment charge recognised during the six months ended 30 June 2014 (six months ended 30 June 2013: 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

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
Accounts receivable	<b>830,690</b>	725,291
Less: Provision for impairment	<b>(49,094)</b>	(51,417)
	<b>781,596</b>	673,874

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 2014, the ageing analysis of accounts receivable from customers was as follows:

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
0-30 days	<b>240,881</b>	206,429
31-60 days	<b>118,548</b>	157,764
61-90 days	<b>137,722</b>	88,961
91-120 days	<b>109,007</b>	82,687
Over 120 days	<b>224,532</b>	189,450
	<b>830,690</b>	725,291
Less: Provision for impairment	<b>(49,094)</b>	(51,417)
	<b>781,596</b>	673,874

# 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\$5,048,000 (six months ended 30 June 2013: HK\$18,492,000) for the impairment of its accounts receivable during the six months ended 30 June 2014. The loss has been included in “selling, general and administrative expenses” in the condensed consolidated income statement. The Group has written off HK\$1,803,000 (six months ended 30 June 2013: HK\$4,477,000) of accounts receivable against the provision for impairment of receivables and the Group has reversed HK\$4,387,000 (six months ended 30 June 2013: Nil) of the provision for impairment of receivables made in prior years during the six months ended 30 June 2014 respectively.

## 16. Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables is an amount of approximately HK\$695,151,000 (as at 31 December 2013: HK\$591,578,000) 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. The balance is unsecured and bears interest at prevailing bank interest rates.

Pursuant to a service agreement signed between Shenzhou and the Group dated 30 April 2014, 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\$695,151,000 as at 30 June 2014 (as at 31 December 2013: HK\$591,578,000) is fully recoverable and no provision is required. The balance is repayable on demand and is not pledged.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 17. Financial assets at fair value through profit or loss

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
Trading equity securities	<b>23,994</b>	25,689

As at 30 June 2014, the financial assets at fair value through profit and loss represent the shares of HSBC of HK\$23,994,000 (as at 31 December 2013: HK\$25,689,000).

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

## 18. Banking facilities

As at 30 June 2014, the Group has undrawn banking facilities of HK\$76,230,000 (as at 31 December 2013: HK\$115,898,000).

## 19. Borrowings

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
Secured bank borrowings (Note a)	<b>845,825</b>	606,600
Loans from non-controlling shareholders of a subsidiary (Note b)	<b>211,944</b>	138,627
	<b>1,057,769</b>	745,227

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

(a) Secured bank borrowings

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
<b>Non-current</b>		
Long-term secured bank borrowings	<b>843,730</b>	604,485
Less: Current portion of long-term secured bank borrowings	<b>(69,596)</b>	(534,492)
	<b>774,134</b>	69,993
<b>Current</b>		
Short-term secured bank borrowings	<b>2,095</b>	2,115
Current portion of long-term secured bank borrowings	<b>69,596</b>	534,492
	<b>71,691</b>	536,607
Total secured bank borrowings	<b>845,825</b>	606,600
	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
The secured bank borrowings are repayable as follows:		
– Within one year	<b>71,691</b>	536,607
– More than one year but not exceeding two years	<b>774,134</b>	69,993
	<b>845,825</b>	606,600

Bank borrowings of HK\$589,087,000 (as at 31 December 2013: HK\$604,485,000) are secured by the land in Chaoyang Park with carrying values of approximately HK\$120,000,000 (as at 31 December 2013: HK\$125,000,000), HK\$492,000,000 (as at 31 December 2013: HK\$415,000,000) and HK\$1,196,000,000 (as at 31 December 2013: HK\$1,163,000,000) recorded in lease premium for land, construction in progress and investment properties respectively as at 30 June 2014. These bank borrowings with original maturities in July 2014 have been extended to July 2015 and have been reclassified to non-current liabilities as at 30 June 2014. These bank borrowings are denominated in RMB and bear interest at an average interest rate of 7.45% (as at 31 December 2013: 7.43%) annually.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

A bank borrowing of HK\$2,095,000 (as at 31 December 2013: HK\$2,115,000) is secured by a property in the United States with carrying value of approximately HK\$2,870,000 (as at 31 December 2013: HK\$2,890,000) recorded in property, plant and equipment as at 30 June 2014. The bank borrowing is denominated in US dollar (“US\$”) and bears interest at an average interest rate of 3.59% (as at 31 December 2013: 3.59%) annually.

A bank borrowing of HK\$254,643,000 (as at 31 December 2013: Nil) is secured by a long-term bank deposit of HK\$282,937,000 (as at 31 December 2013: Nil) as at 30 June 2014 (Note 22). The bank borrowing is denominated in US\$ and bears interest at London Interbank Offered Rate (“LIBOR”) plus 0.7% per annum.

(b) Loans from non-controlling shareholders of a subsidiary

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
<b>Non-current</b>		
Long-term loans from non-controlling shareholders of a subsidiary wholly repayable within 5 years	<b>202,660</b>	129,121
<b>Current</b>		
Short-term loans from non-controlling shareholders of a subsidiary	<b>9,284</b>	9,506
Total loans from non-controlling shareholders of a subsidiary	<b>211,944</b>	138,627
	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
The loans from non-controlling shareholders of a subsidiary are repayable as follows:		
– Within one year	<b>9,284</b>	9,506
– More than two years but not exceeding five years	<b>202,660</b>	129,121
	<b>211,944</b>	138,627

The loans from non-controlling shareholders of a subsidiary are denominated in RMB, unsecured and interest-free (as at 31 December 2013: same).

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

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

	Group		Group	
	Carrying amount		Fair value	
	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)
Secured bank borrowings	845,825	606,600	845,825	606,600
Loans from non-controlling shareholders of a subsidiary	211,944	138,627	166,097	107,863
	<b>1,057,769</b>	745,227	<b>1,011,922</b>	714,463

The fair values of floating rate borrowings approximate their carrying amounts. The fair values of fixed rate borrowings are based on cash flows discounted using a rate based on the borrowing rate of 8.00% (as at 31 December 2013: 8.00%) and are within level 2 of the fair value hierarchy.

## 20. Accounts payable, other payables and accruals

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)
Accounts payable	357,983	332,532
Other payables and accruals	615,957	476,597
	<b>973,940</b>	809,129

As at 30 June 2014, an ageing analysis of accounts payable was as follows:

	As at 30 June 2014 HK\$'000	As at 31 December 2013 HK\$'000 (Audited)
0-30 days	101,146	168,498
31-60 days	27,254	44,126
61-90 days	29,788	14,227
91-120 days	32,994	21,509
Over 120 days	166,801	84,172
	<b>357,983</b>	332,532

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 21. Share capital

	Six months ended 30 June 2014		Year ended 31 December 2013	
	Number of Shares	Amount HK\$'000	Number of Shares	Amount HK\$'000 (Audited)
<b>Authorised:</b>				
Ordinary Share of HK\$0.1 each	<b>10,000,000,000</b>	<b>1,000,000</b>	10,000,000,000	1,000,000
<b>Issued and fully paid:</b>				
Beginning of Period/year	<b>4,997,187,500</b>	<b>499,718</b>	4,993,585,500	499,358
Exercise of share options	<b>202,000</b>	<b>20</b>	3,602,000	360
End of Period/year	<b>4,997,389,500</b>	<b>499,738</b>	4,997,187,500	499,718

## 22. Long-term bank deposit

As at 30 June 2014, a long-term US\$ denominated bank deposit of approximately HK\$282,937,000 (as at 31 December 2013: Nil), which bears fixed interest at 2% per annum, is pledged to a bank to secure a US\$ denominated long-term bank borrowing of approximately HK\$254,643,000 (as at 31 December 2013: Nil). This borrowing bears interest at LIBOR plus 0.7% per annum (Note 19(a)). The Group has entered into an interest rate swap agreement with the same bank, with a notional principal of the same amount of the borrowing, to swap its floating rate obligation under the borrowing for a fixed rate obligation of 1.55% per annum. The maturity date of the borrowing is the same as the interest rate swap agreement. The Group did not elect to apply hedge accounting for the interest rate swap. As at 30 June 2014, the fair value of the outstanding interest rate swap was insignificant and no fair value adjustment has been recorded in the condensed consolidated income statement during the six months ended 30 June 2014.

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 23. Transactions with non-controlling interests

During the six months ended 30 June 2014, Phoenix New Media Limited (“PNM”), a listed subsidiary of the Company, had repurchased an aggregate of 109,563 (during the six months ended 30 June 2013: 2,342,007 ADSs) American depository shares (“ADSs”) at an aggregate cost of US\$1,172,000 (HK\$8,960,000) (during the six months ended 30 June 2013: US\$10,686,000 (HK\$83,353,000)) on the open market. Under its ADS repurchase program, PNM has been authorised to repurchase up to US\$50,000,000 (approximately HK\$388,000,000) of its outstanding ADSs for a period not exceeding twelve months since May 2014. 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 2014, as a result of the vesting of restricted shares and restricted shares units, the exercise of share options by the option holders and the repurchase of ADSs, the Group’s equity interest in PNM was decreased from 52.97% to 52.52%. The Group recognised a deemed net loss of approximately HK\$8,535,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK\$16,195,000.

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.

## 24. Commitments

As at 30 June 2014, the Group had capital commitments as follows:

	<b>As at 30 June 2014 HK\$’000</b>	As at 31 December 2013 HK\$’000 (Audited)
Contracted but not provided for	<b>122,167</b>	141,343
Authorised but not contracted for	<b>119,142</b>	39,482
	<b>241,309</b>	180,825

# Notes to the Condensed Consolidated Interim Financial Information – Unaudited

## 25. 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	
		2014 HK\$'000	2013 HK\$'000
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")*	a, b	–	8,726
Commission for international subscription sales and marketing services paid/payable to STARL*	a, c	–	2,238
Licence fee paid/payable to NGC Network Asia, LLC ("NGC")*	d, e	–	476
Service charges paid/payable to Fox News Network L.L.C. ("Fox")*	d, f	–	314
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")*	g, h	–	500
Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	i, j	<b>117,568</b>	112,603
Service charges paid/payable to the CMCC Group	i, k	<b>29,755</b>	41,074
Advertising sales to the CMCC Group	i, l	<b>31,184</b>	30,648
Key management compensation	iii	<b>14,363</b>	11,623

- \* As these counterparties ceased to be related parties of the Group since 18 October 2013, transactions with these parties during the six months ended 30 June 2014 were not related party transactions and consequently have not been disclosed above.

# 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.). Star Entertainment has ceased to be a shareholder of the Company after Star Entertainment had entered into an agreement with TPG China Media L.P. pursuant to which Star Entertainment agreed to sell and TPG China Media L.P. agreed to purchase 607,000,000 shares held by Star Entertainment on 18 October 2013.
- (b) Service charges paid/payable to STARL, a former related party, 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, a former related party, is based on 15% (six months ended 30 June 2013: 15%) of the subscription fees generated and received by it on behalf of the Group.
- (d) Fox and NGC are associates of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a former substantial shareholder of the Company.
- (e) The license fees are charged in accordance with the agreement with NGC regarding right for contents.
- (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 New Corporation), which indirectly owns 100% of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a former substantial shareholder 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 25(i) above were as follows:

	<b>As at 30 June 2014 HK\$'000</b>	As at 31 December 2013 HK\$'000 (Audited)
Amounts due from related companies	<b>152,833</b>	103,283

The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand.

- (iii) Key management compensation

	<b>For the six months ended 30 June</b>	
	<b>2014 HK\$'000</b>	2013 HK\$'000
Salaries	<b>9,882</b>	7,570
Quarters and housing allowance	<b>3,493</b>	3,296
Pension fund	<b>988</b>	757
	<b>14,363</b>	11,623

## 26. Subsequent events

In July 2014, PNM granted options to purchase up to 17,646,000 Class A ordinary shares to its employees under its 2008 Share Option Scheme.

## 27. Comparative figures

The 2013 comparative figures of segmental information have been reclassified to conform to the current year's presentation.