鳳凰衛視

PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED
鳳凰衛視投資(控股)有限公司

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

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board of directors (the "**Board**" or "**Directors**") of Phoenix Media Investment (Holdings) Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (the "**Group**" or "**Phoenix**") for the six months ended 30 June 2020 (the "**Period**").

FINANCIAL SUMMARY

- Revenue of the Group for the Period was approximately HK$1,273,685,000, which represented a decrease of 22.4% in comparison with the same period last year as a result of the adverse impact of COVID-19 outbreak on global economies and market condition.

- Operating loss of the Group for the Period was approximately HK$438,082,000, which represented a decrease of 8.2% in comparison with the same period last year.

- Fair value loss on internet media investment for the Period was approximately HK$1,080,735,000, in comparison with a fair value gain of HK$351,740,000 for the same period last year.

- The loss attributable to owners of the Company was approximately HK$936,486,000, which included the share of fair value loss on internet media investment of approximately HK$530,000,000, in comparison with approximately HK$202,045,000 for the same period last year.

BUSINESS OVERVIEW AND PROSPECTS

In the first half of 2020, the continuous spread of the COVID-19 epidemic, together with an immense impact on the globalised economy brought by the turmoil in international relations, has hampered the growth of global economic and trade activities to a great extent. The world economy underwent a downturn. To survive, most enterprises have been focusing on cost control, with significantly less appetite in brand or product promotions. Meanwhile, consumption sentiments of individuals have also become more conservative. As a result, the media industry has experienced unprecedented challenges, with the overall scale of operation affected the most. With no exception, the Company also experienced a certain degree of slippage in its business performance during this period. However, the Company is still determined to adhere to its professionalism in the delivery of news and information as well as in the production of programmes. We insist on our established operation transformation strategy by leveraging our brand name and focusing on content operations, continuously optimising what we have and looking forward to increase our capacity.

Amid the turbulent international situation, Phoenix TV demonstrated its professionalism with passion, adhering to the philosophy of "Watch Phoenix TV for Big Events".The global Phoenix TV team delivered full-spectrum reports on major international and Chinese events including the China-U.S. trade war, Brexit, the China-India skirmish at the disputed border, the protests against police violence and racism ignited by the death of George Floyd in the U.S. as well as around the world, China's Two Sessions in 2020, the nation-wide epidemic prevention and control measures as well as the passing of the "Hong Kong National Security Law" by the National People's Congress. In particular, we have reporters immediately sent to the frontline of Wuhan at the beginning of the outbreak of the COVID-19 epidemic, who covered the full stories of the whole nation fighting the epidemic together with blood, sweat and tears and achieving remarkable results. We have produced a number of special programmes focusing on combating the epidemic, which include *Combating COVID-19* (《抗擊新冠肺炎》), *Under the Same Roof • Global Anti-epidemic Cooperation* (《風月同天 • 全球抗疫進行時》), *We are in the Same Boat • Observations on Global Battles Against the Epidemic* (《寰宇同舟 • 全球戰「疫」觀察》), *Letters from Wuhan* (《武漢來信》) and *Letters from Compatriots* (《同胞來信》), depicting multi-dimensional perspectives on economic, social and cultural issues and international relations under the epidemic.

With our determination to be the most influential Chinese media brand in the world, Phoenix TV has been widely recognised for its professionalism and international production capability. In 2020, Phoenix TV was again included in list of "The Most Valuable 500 Chinese Brands" for the year. The programme *Aerial Shooting of Macau* (《航拍澳門》) won the bronze prize of the New York Festivals International TV & Films Award Gala 2020 in the "Category of Promotional Video Technology", and the documentary *C'est La Vie* (《冷暖人生》) was nominated as a finalist for the "Documentary: Human Concerns category" award of the New York Festivals International TV & Films Award Gala 2020.

The number of active users of the core APP on the Group's internet media platform, Phoenix New Media, has remained high. In response to the market environment and business conditions, Phoenix New Media took a huge step to optimise its costs and greatly improved its operational efficiency, achieving an operating profit in the second quarter of 2020, representing a turn around from loss since the third quarter of 2018. In addition, Phoenix New Media disposed of the "Tadu Literature" and received the consideration from the disposal of "Yidian Zixun", which brought considerable cash for its strategic upgrade and long-term sustainable development. In sync with the industry, its television advertising revenue recorded a significant decline. Nevertheless, the business is expected to resume as the industry recovers, as it still maintains the core customer base and its core competitiveness in brand promotion. Phoenix Metropolis Media works with global media providers, to fully satisfy the needs of its customers by providing them with professional services that are characterised by wide coverage, high reputation, strong planning and creativity as well as extensive technical support, thus achieving global procurement and global distribution in real terms. While the placement of outdoor advertising is noticeably affected by the epidemic which has significantly reduced the number of people going outdoor, a quick rebound of outdoor advertising business is expected if the epidemic situation becomes stable and controllable. The businesses of cultural creativity platforms such as Phoenix Digital Technology, Phoenix Link, Phoenix Cultural Performance, which are closely related to the movement of personnel, have also been affected by the epidemic. During the period, these platforms have focused on strengthening intellectual properties and developing business pipelines. Their businesses will recover promptly as soon as the epidemic is contained.

The Company will continue to carry out content-based innovations in terms of operating modes and business models. *Fengshows*, an integrated media operating platform, has already commenced its business operations, and *Road to Peak*, a platform for incubating innovative enterprises by adopting a two-pronged approach of focusing on media services and supplemented with investment, has gathered a number of small and medium-sized innovative enterprises. Preparation for the business operation of *Phoenix Health*, an industrial platform encompassing the vertical domains of medical health, is now ready, with an aim to promote the monetisation of brands, contents, platforms, traffic and resources of media through commercialised operating space. At the same time, the Company will also continue to enhance its synergistic operating capabilities of its omni-media platforms including television broadcasting, internet, large outdoor LED screens and weekly magazines to provide the customers with integrated media services that suit their needs, thus facilitating the ongoing improvements in operation quality and scale.

The COVID-19 epidemic has brought about unprecedented challenges and turmoil to the global economy. The Company will take multiple measures to maintain sustainable development. As the Chairman, I hope our shareholders and stakeholders could see the Company's ability to meet the challenges and weather difficult business conditions over the years, as well as the operational resilience after experiencing different situations. Currently, we are working with our clients, staff and other stakeholders to manage through these unpredictable times. In future, Phoenix will, as always, leverage its core advantages in brand and contents while firmly adhering to professional journalism and constantly promoting operational awareness and innovation in business systems. By building an internationally recognised omni-media group with credibility, influence and communication strength, we look forward to meeting the expectation of everyone.

RESULTS

The revenue of the Group for the Period was approximately HK$1,273,685,000 (six months ended 30 June 2019: HK$1,641,730,000), which represented a decrease of 22.4% in comparison with the same period last year as a result of the adverse impact of COVID-19 outbreak on global economies and market condition. The operating costs for the Period have decreased by 19.2% to approximately HK$1,711,767,000 (six months ended 30 June 2019: HK$2,119,147,000).

The operating loss of the Group for the Period was approximately HK$438,082,000 (six months ended 30 June 2019: HK$477,417,000), which represented a decrease of 8.2% over the same period last year.

Fair value loss on financial assets related to the subsequent measurement of internet media's investment in Particle Inc. (approximately 20.20% of the equitable interest in Particle Inc.) for the Period was approximately HK$1,080,735,000 (whereas the fair value gain for the approximately 37.63% of the equitable interest in Particle Inc. for the six months ended 30 June 2019: HK$351,740,000). Particle Inc. is a strategic investment of Phoenix New Media Limited ("**PNM**"), a subsidiary of the Company, and it mainly operates the Yidian Zixun mobile APP featuring personalised interest-based information and news feed functions targeting the mass market.

The net exchange loss of the Group for the Period was approximately HK$23,219,000 (six months ended 30 June 2019: gain of HK$7,321,000) mainly resulting from the depreciation of the Renminbi ("**RMB**") and US dollars ("**USD**").

The loss attributable to owners of the Company for the Period was approximately HK$936,486,000 (six months ended 30 June 2019: HK$202,045,000) which included the share of fair value loss on internet media investment of approximately HK$530,000,000.

The chart below summarises the performance of the Group for the six months ended 30 June 2020 and the same period in 2019 respectively.

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Television broadcasting	**318,874**	395,711
Internet media	**693,642**	813,727
Outdoor media	**186,115**	346,877
Real estate	**3,961**	13,765
Other businesses	**71,093**	71,650
Group's total revenue	**1,273,685**	1,641,730
Operating costs	**(1,711,767)**	(2,119,147)
Operating loss	**(438,082)**	(477,417)
Fair value loss on investment properties, net	**(112,705)**	(6,847)
Net (loss)/gain on internet media investment	**(1,080,735)**	351,740
Gain on disposal of a subsidiary	**70,133**	—
Exchange (loss)/gain, net	**(23,219)**	7,321
Other income, net	**1,972**	2,535
Loss before share of results of joint ventures and associates, income tax and non-controlling interests	**(1,582,636)**	(122,668)
Share of results of joint ventures and associates	**(6,171)**	(5,265)
Income tax credit/(expense)	**154,160**	(53,155)
Loss for the period	**(1,434,647)**	(181,088)
Non-controlling interests	**498,161**	(20,957)
Loss attributable to owners of the Company	**(936,486)**	(202,045)
Basic loss per share, Hong Kong cents	**(18.75)**	(4.05)

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2020		2019	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**318,874**	**(128,157)**	395,711	(88,948)
Internet media	**693,642**	**(1,047,932)**	813,727	137,869
Outdoor media	**186,115**	**(73,297)**	346,877	33,221
Real estate	**3,961**	**(132,017)**	13,765	(27,508)
Other businesses	**71,093**	**(70,065)**	71,650	(63,314)
Group's total revenue and segment results	**1,273,685**	**(1,451,468)**	1,641,730	(8,680)
Unallocated income		**21,121**		25,370
Unallocated expenses		**(152,289)**		(139,358)
Loss before share of results of joint ventures and associates, income tax and non-controlling interests		**(1,582,636)**		(122,668)

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 25.0% of the total revenue of the Group for the Period, decreased to approximately HK$318,874,000 (six months ended 30 June 2019: HK$395,711,000) as a result of the adverse impact of COVID-19 outbreak on global economies and market condition. As the cost structure is relatively fixed, the segmental loss for television broadcasting business was approximately HK$128,157,000 for the Period (six months ended 30 June 2019: HK$88,948,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 22.1% of the total revenue of the Group for the Period, decreased 18.3% to approximately HK$281,229,000 (six months ended 30 June 2019: HK$344,214,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased 26.9% to approximately HK$37,645,000 (six months ended 30 June 2019: HK$51,497,000).

The revenue of the internet media business for the Period decreased 14.8% to approximately HK$693,642,000 (six months ended 30 June 2019: HK$813,727,000). The segmental loss of the internet media business for the Period was approximately HK$1,047,932,000 (six months ended 30 June 2019: segmental profit of HK$137,869,000) as a result of significant net loss related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the Period decreased 46.3% to approximately HK$186,115,000 (six months ended 30 June 2019: HK$346,877,000). The segmental loss of outdoor media business for the Period was approximately HK$73,297,000 (six months ended 30 June 2019: segmental profit of HK$33,221,000).

The segmental loss in the real estate business for the Period was approximately HK$132,017,000 (six months ended 30 June 2019: HK$27,508,000), which included the net fair value loss of approximately HK$112,705,000 (six months ended 30 June 2019: HK$6,847,000), recognised for the investment properties.

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

DIVIDENDS

The Board does not recommend payment of any interim dividend for the Period (six months ended 30 June 2019: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 30 June 2020, the Group's equity interest in PNM remained as 54.49%.

On 18 May 2020, Beijing Chenhuan Technology Co., Ltd.* (北京塵寰科技有限公司), an indirect non-wholly owned subsidiary of the Company, transferred 51% of the equity interest in Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) to Shenzhen Shenghuayu Energy Conservation Service Co., Ltd.* (深圳市晟華宇節能服務有限公司), particulars of which are set out on page 10 of this announcement titled "Other Important Events and Subsequent Events".

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2020 remained solid. As at 30 June 2020, the Group's total cash and current bank deposits were about HK$1,920,013,000 (as at 31 December 2019: HK$1,841,257,000), as well as structured deposits of approximately HK$1,071,806,000 (as at 31 December 2019: HK$1,420,370,000) which have been recorded as financial assets at fair value through profit or loss. The aggregate outstanding borrowings of the Group were approximately HK$781,143,000 (as at 31 December 2019: HK$820,929,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of subsidiaries, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings. For details, please refer to Note 18 of the unaudited condensed consolidated interim financial information. The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 85.4% as at 30 June 2020 (as at 31 December 2019: 80.7%).

* *For identification purpose only*

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, USD and RMB, with minimal balances in Pound Sterling and New Taiwan dollars. The Group is therefore exposed to foreign exchange risks arising from currency exposures, primarily with respect to USD and RMB. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group will consider using forward currency contracts as a tool to manage and reduce such risks. 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 2020, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$88,000,000, HK$317,000,000 and HK$1,325,000,000 (as at 31 December 2019: HK$92,000,000, HK$335,000,000 and HK$1,472,000,000) recorded in right-of-use assets, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$387,605,000 (as at 31 December 2019: HK$391,465,000) was pledged with a bank to secure bank borrowing to optimise return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,634,000 (as at 31 December 2019: HK$2,680,000) 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 2020 and 31 December 2019.

CAPITAL STRUCTURE AND SHARE OPTIONS

As at 30 June 2020, the authorised share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK$0.10 each, of which 4,993,469,500 shares (as at 31 December 2019: 4,993,469,500 shares) had been issued and fully paid.

There was no option exercised under the Company's share option schemes during the Period.

As at 30 June 2020, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

STAFF

As at 30 June 2020, the Group employed 2,919 full-time staff (as at 31 December 2019: 3,288) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plans, defined contribution pension schemes and employee share option schemes. Staff costs for the Period decreased to approximately HK$630,797,000 (six months ended 30 June 2019: HK$691,907,000).

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2020, the Group invested in listed securities investments with estimated fair market value of approximately HK$11,051,000 (as at 31 December 2019: HK$18,575,000) which was recognised as "financial assets at fair value through profit or loss", and such investments made up of less than 5% of the Group's total assets.

The unlisted preferred shares of Particle Inc. held by the Group was recognised as "financial assets at fair value through profit or loss" with estimated fair market value of approximately HK$1,158,267,000 (as at 31 December 2019: HK$2,258,645,000). For details of Particle Inc. and the Company's investment strategy for Particle Inc., please refer to the section titled "Other Important Events and Subsequent Events" of this announcement.

Save as disclosed above, the Group had not held any other significant investment for the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

In view of the challenging environment ahead, the Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses.

CONTINGENT LIABILITIES

Various companies in the Group are involved in litigations arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the unaudited condensed consolidated interim financial information for the Period.

OTHER IMPORTANT EVENTS AND SUBSEQUENT EVENTS

Discloseable Transaction regarding the Disposal of Interest in Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) ("Yitian Xindong")

On 18 May 2020, Beijing Chenhuan Technology Co., Ltd.* (北京塵寰科技有限公司) ("**Chenhuan Technology**"), an indirect non-wholly owned subsidiary of the Company holding 51% of the equity interest in Yitian Xindong, entered into (a) a share purchase agreement with Yitian Xindong and Shenzhen Shenghuayu Energy Conservation Service Co., Ltd * (深圳市晟華宇節能服務有限公司) ("**Shenzhen Shenghuayu**"); (b) a first novation agreement with Tianyin Telecommunication Co. Ltd.* (天音通信有限公司) ("**Tianyin**") (the shareholder of Yitian Xindong holding 49% equity interest in the latter by then); and (c) a second novation agreement with Shenzhen Shenghuayu, Yitian Xindong and the management team of Yitian Xindong (collectively referred as the "**Yitian Xindong Agreements**"). Pursuant to the Yitian Xindong Agreements: (i) Chenhuan Technology agreed to sell its 51% of the equity interest in Yitian Xindong (the "**Sale Shares**") and Shenzhen Shenghuayu agreed to purchase the Sale Shares at a consideration of RMB313,600,000; (ii) Yitian Xindong undertook not to and to procure its affiliates not to bring any claim, arbitration, damage recovery, action, demand or legal proceeding against Chenhuan Technology or its affiliates due to any matters before completion; (iii) all parties to the first novation agreement and the second novation agreement agreed that all rights and obligations of Chenhuan Technology under the original agreements be novated to Shenzhen Shenghuayu upon completion. Completion of the transaction took place on 18 May 2020.

For details of the Yitian Xindong Agreements, please see the announcements of the Company dated 18 May 2020 and 25 May 2020.

Very Substantial Disposal regarding the Disposal of Interest in Particle Inc.

On 20 January 2020, PNM entered into a new agreement with Run Liang Tai Management Limited ("**Run Liang Tai**"), Long De Holdings (Hong Kong) Co. Limited ("**Long De HK**") and Longde Chengzhang (Tianjin) Investment Management Center (Limited Partnership) ("**Long De Tianjin**") in respect of the disposal (the "**Disposal**") of the equitable interest in Particle Inc. (the "**January 2020 Agreement**").

The key terms of the January 2020 Agreement, amongst other things, are (i) the amount of shares in Particle Inc. to be transferred by PNM to Run Liang Tai be adjusted to 202,563,176 shares at a consideration of US$427,336,067; (ii) the amount of the equity interest of Beijing Yidianwangju Technology Co., Ltd.* (北京一點網聚科技有限公司) ("**Beijing Yidianwangju**") held by a nominee of PNM (the "**Onshore Nominee**") on behalf of Beijing Particle Information Technology Co., Ltd.* (北京一點網聚信息技術有限公司) under a series of contractual arrangement, to be transferred by the Onshore Nominee to Run Liang Tai be adjusted to 39.53% at a consideration of RMB3,955,320; (iii) Long De HK shall co-sell a total of 9,794,989 shares in Particle Inc. to Run Liang Tai at a consideration of US$20,663,933.72; (iv) To facilitate the first completion of the co-sale by Long De HK to Run Liang Tai, PNM shall grant Run Liang Tai an interest-free loan in a total amount of US$9,671,045.96 (the "**PNM Loan**"), and Run Liang Tai shall pledge the relevant 4,584,209 shares in Particle Inc. to PNM as security (the "**Pledged Shares**").

** For identification purpose only*

For details of the January 2020 Agreement, please see the announcement of the Company dated 20 January 2020 and the circular of the Company dated 20 April 2020.

Major Transaction regarding the Disposal of Interest in Particle Inc.

On 7 August 2020, PNM entered into an agreement with Run Liang Tai (the "**August 2020 Agreement**"), which has become legally binding on 10 August 2020.

The key terms of the August 2020 Agreement, amongst other things; are (i) the January 2020 Agreement and the transactions contemplated thereunder which had not been completed are terminated (For the avoidance of doubt, the first completion of the Disposal which took place when 94,802,752 shares in Particle Inc. were transferred to Run Liang Tai in November 2019 for a consideration of US$200,000,000, is not affected); (ii) PNM shall transfer another 140,248,775 shares in Particle Inc. to Run Liang Tai at a consideration of US$150,000,000; (iii) PNM shall designate the Onshore Nominee to transfer approximately 42.9% equity interest in Beijing Yidianwangju to Run Liang Tai at a consideration of RMB4,292,617; (iv) Run Liang Tai shall procure the transfer of the legal title of the Pledged Shares to PNM for release of its obligations to repay the PNM Loan; and (v) Run Liang Tai shall pay those co-sale entities exercising the co-sale right at the price of US$1.06952805826 per share.

For details of the August 2020 Agreement, please see the announcement of the Company dated 10 August 2020.

Continuing Connected Transaction regarding Trademark Licence Agreement

On 29 April 2020, Beijing Huibo Advertisement and Media Company Limited* (北京滙播廣告傳媒有限公司) ("**Huibo**") and Feng Xin Technology (Hai Kou) Group Limited* (鳳新科技(海口)集團有限公司) ("**Feng Xin**", formerly known as Beijing Phoenix Li Li Ta Information Technology Company Limited* (北京鳳凰理理它信息技術有限公司)) entered into a trademark licence agreement (the "**Trademark Licence Agreement**"), whereby Feng Xin and its subsidiaries and Phoenix Financial Group Limited (鳳凰金融集團有限公司*) and its subsidiaries (the "**Licencee's Group**") will be granted an exclusive licence to use the mark and logo, and any other trademarks with the Chinese characters of "鳳凰金融" , "凰金融" and "凤凰金融" as detailed in the Trademark Licence Agreement and a non-exclusive licence to use the mark and logo, and any other trademarks with neither the Chinese characters of "鳳凰金融", "凰金融" and "凤凰金融" in connection with the business operations of the Licencee's Group in the People's Republic of China and Hong Kong respectively in accordance with the terms and conditions of the Trademark Licence Agreement.

Pursuant to the Trademark Licence Agreement, the licence fee to be paid by Feng Xin to Huibo under the Trademark Licence Agreement for the licensing years ending 30 April 2021, 2022 and 2023 respectively are proposed to be 1% of the revenue of Licencee's Group with annual caps at RMB5,000,000 for each licensing year (the "**Annual Caps**").

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As Mr. He Xin, the controlling shareholder of Phoenix Financial Group Limited (an ultimate beneficial owner with 70.82% equity interest), is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and Chief Executive Officer of the Company, both Mr. He Xin, Phoenix Financial Group Limited and certain subsidiaries of Phoenix Financial Group Limited (including Feng Xin) are therefore connected persons of the Company under the Listing Rules and accordingly the Trademark Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 5% for the Company, the transactions contemplated under the Trademark Licence Agreement are subject to the announcement, reporting and annual review requirements, but exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 29 April 2020.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance which combined its existing principles and practices with most of the code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") — all with the objective of taking forward a corporate governance structure which builds on the Company's own standards and experience, while respecting the benchmarks set in the Code.

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

Save as disclosed below, the Company has, throughout the Period made up to 30 June 2020, complied with the Code.

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

Code Provision

Under code provision A.2.1, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

Deviation and its Reasons

Mr. Liu Changle has been continually serving as both the chairman of the Board (the "**Chairman**") and chief executive officer of the Company since its incorporation. He is responsible for managing the Board and the business of the Group.

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

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

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

(2) Appointments, Re-election and Removal

Code Provision

Under the second limb of code provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation and its Reason

The Chairman, namely Mr. Liu Changle, is not subject to retirement by rotation, which deviates from code provision A.4.2.

The reason for such deviation was due to the provision of the articles of association of the Company, which provided that the Chairman 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 each year. The Board considers that consecutive appointment of the Chairman is beneficial to the direction and implementation of the Company's long term business planning and strategy, and as such, the Board is of the view that the Chairman should not be subject to retirement by rotation.

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 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

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

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

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") with written terms of reference based upon the guideline recommended by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code. The primary duties of the Audit Committee are to review the Company's interim and annual results and financial reports, the accounting principles and practices adopted by the Group and to discuss auditing, risk management and internal control and financial reporting matters. The Audit Committee meets at least twice a year with the Company's management. The terms of reference of the Audit Committee was published on both the websites of the Company and the Stock Exchange.

As at the date of this announcement, the Audit Committee comprised one non-executive Director, namely Mr. Huang Tao and two independent non-executive Directors, namely Mr. Thaddeus Thomas Beczak (Chairman) and Mr. Leung Hok Lim.

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement of the Company for the Period is published on the website of the Stock Exchange at www.hkexnews.hk and the professional investor relation platform at www.irasia.com/listco/hk/phoenixtv. The interim report of the Company for the Period will be despatched to Shareholders and published on the abovementioned websites on or before 30 September 2020.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board has the pleasure of presenting the unaudited condensed consolidated financial information of the Group as at and for the six months ended 30 June 2020, together with the comparative figures for the corresponding period and relevant date in 2019.

CONDENSED CONSOLIDATED INCOME STATEMENT — UNAUDITED

For the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Revenue	*5*	**1,273,685**	1,641,730
Operating expenses	*6*	**(1,302,262)**	(1,554,673)
Selling, general and administrative expenses	*6*	**(409,505)**	(564,474)
Other (losses)/gains, net			
Fair value loss on investment properties	*12*	**(112,705)**	(6,847)
Other operating (loss)/gain, net	*6*	**(1,025,334)**	372,375
Interest income		**21,244**	24,936
Interest expense		**(27,759)**	(35,715)
Share of profits less losses of associates		**(6,141)**	(1,318)
Share of profits less losses of joint ventures		**(30)**	(3,947)
Loss before income tax		**(1,588,807)**	(127,933)
Income tax credit/(expense)	*7*	**154,160**	(53,155)
Loss for the period		**(1,434,647)**	(181,088)
Loss attributable to:			
Owners of the Company		**(936,486)**	(202,045)
Non-controlling interests		**(498,161)**	20,957
		(1,434,647)	(181,088)
Loss per share for loss attributable to the owners of the Company for the period			
Basic loss per share, Hong Kong cents	*9*	**(18.75)**	(4.05)
Diluted loss per share, Hong Kong cents	*9*	**(18.75)**	(4.05)

The notes on pages 23 to 51 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 2020

		For the six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Loss for the period		**(1,434,647)**	(181,088)
Other comprehensive expense for the period			
Items that have been/may be reclassified subsequently to profit or loss			
Currency translation differences on translation of foreign operations		**(108,180)**	48,790
Total comprehensive expense for the period		**(1,542,827)**	(132,298)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(1,003,861)**	(172,287)
Non-controlling interests		**(538,966)**	39,989
		(1,542,827)	(132,298)

The notes on pages 23 to 51 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET — UNAUDITED

As at 30 June 2020

	Note	As At 30 June 2020 HK$'000	As At 31 December 2019 HK$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	10	**18,477**	19,895
Right-of-use assets		**820,230**	978,220
Property, plant and equipment, net	11	**830,561**	957,736
Investment properties	12	**1,340,910**	1,490,452
Intangible assets	13	**73,548**	239,637
Investments in joint ventures		**32,169**	38,407
Investments in associates		**36,378**	45,827
Other long-term assets		**58,523**	61,210
Deferred income tax assets		**88,655**	84,422
		3,299,451	3,915,806
Current assets			
Accounts receivable, net	14	**927,742**	1,083,537
Prepayments, deposits and other receivables	15	**788,367**	735,953
Inventories		**10,599**	9,353
Amounts due from related companies	24	**43,465**	46,998
Self-produced programmes		**6,542**	8,456
Purchased programme and film rights, net	10	**176**	281
Financial assets at fair value through profit or loss	16	**2,312,283**	3,827,197
Prepaid tax		**5,207**	5,255
Pledged bank deposits	21	**387,605**	391,465
Bank deposits		**873,180**	310,693
Restricted cash		**57,103**	92,703
Cash and cash equivalents		**1,046,833**	1,530,564
		6,459,102	8,042,455
Total assets		**9,758,553**	11,958,261

The notes on pages 23 to 51 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET — UNAUDITED
As at 30 June 2020

	Note	**As At 30 June 2020** **HK$'000**	As At 31 December 2019 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*20*	**499,347**	499,347
Reserves		**3,857,975**	4,862,355
		4,357,322	5,361,702
Non-controlling interests		**1,679,960**	2,269,961
Total equity		**6,037,282**	7,631,663
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	*18*	**1,813**	29,735
Lease liabilities		**508,607**	608,821
Financial liabilities at fair value through profit or loss	*16*	**8,005**	2,501
Other long-term liabilities		**4,503**	4,615
Loans from non-controlling shareholders of subsidiaries	*18*	**32,257**	154,625
Deferred income tax liabilities		**248,819**	399,376
		804,004	1,199,673
Current liabilities			
Accounts payable, other payables and accruals	*19*	**1,590,463**	1,898,802
Secured bank borrowings	*18*	**399,372**	402,217
Lease liabilities		**206,558**	214,791
Deferred income		**279,154**	265,613
Loans from non-controlling shareholders of subsidiaries	*18*	**343,198**	229,737
Current income tax liabilities		**95,569**	92,257
Financial liabilities at fair value through profit or loss	*16*	**2,953**	23,508
		2,917,267	3,126,925
Total liabilities		**3,721,271**	4,326,598
Total equity and liabilities		**9,758,553**	11,958,261

The notes on pages 23 to 51 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 2020

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Employee share-based payment reserve *HK$'000*	Retained earnings *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2020	**499,347**	**150,634**	**168,797**	**1,402,994**	**(177,881)**	**62,264**	**3,255,547**	**2,269,961**	**7,631,663**
Loss for the period	**—**	**—**	**—**	**—**	**—**	**—**	**(936,486)**	**(498,161)**	**(1,434,647)**
Other comprehensive expense									
Currency translation differences	**—**	**—**	**—**	**—**	**(67,375)**	**—**	**—**	**(40,805)**	**(108,180)**
Total comprehensive expense for the period	**—**	**—**	**—**	**—**	**(67,375)**	**—**	**(936,486)**	**(538,966)**	**(1,542,827)**
Transactions with owners									
Share option scheme									
— value of employee services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**8,824**	**8,824**
— lapse of share options	**—**	**2,754**	**—**	**—**	**—**	**(2,754)**	**—**	**—**	**—**
Disposals of interests in a subsidiary	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(55,646)**	**(55,646)**
Acquisition of additional equity interests in subsidiaries	**—**	**—**	**—**	**(519)**	**—**	**—**	**—**	**(4,213)**	**(4,732)**
Total transactions with owners	**—**	**2,754**	**—**	**(519)**	**—**	**(2,754)**	**—**	**(51,035)**	**(51,554)**
Balance at 30 June 2020	**499,347**	**153,388**	**168,797**	**1,402,475**	**(245,256)**	**59,510**	**2,319,061**	**1,679,960**	**6,037,282**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — UNAUDITED

For the six months ended 30 June 2020

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Employee share-based payment reserve *HK$'000*	Retained earnings *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 31 December 2018	499,347	150,063	160,199	1,535,271	(152,891)	63,116	3,223,824	2,257,223	7,736,152
Change in accounting policy	—	—	—	—	—	—	(32,409)	(38,035)	(70,444)
Balance at 1 January 2019	499,347	150,063	160,199	1,535,271	(152,891)	63,116	3,191,415	2,219,188	7,665,708
Loss for the period	—	—	—	—	—	—	(202,045)	20,957	(181,088)
Other comprehensive income									
Currency translation differences	—	—	—	—	29,758	—	—	19,032	48,790
Total comprehensive income for the period	—	—	—	—	29,758	—	(202,045)	39,989	(132,298)
Transactions with owners									
Share option scheme									
— value of employee services	—	—	—	—	—	—	—	2,656	2,656
— lapse of share options	—	210	—	—	—	(210)	—	—	—
Acquisition of subsidiaries	—	—	—	(114,193)	—	—	—	(16,228)	(130,421)
Dividends related to 2018	—	—	—	—	—	—	(49,935)	—	(49,935)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(53,203)	(53,203)
Allocation to statutory reserve	—	—	3	—	—	—	(3)	—	—
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	(355)	—	(281)	—	3,763	3,127
Total transactions with owners	—	210	3	(114,548)	—	(491)	(49,938)	(63,012)	(227,776)
Balance at 30 June 2019	499,347	150,273	160,202	1,420,723	(123,133)	62,625	2,939,432	2,196,165	7,305,634

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 23 to 51 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 2020

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Cash flows from operating activities		
Cash used in operations	**(431,995)**	(215,006)
Interest received	**11,337**	5,661
Interest paid	**(8,270)**	(16,440)
Hong Kong taxation refund	**41**	—
Overseas taxation paid	**(3,272)**	(5,874)
Net cash used in operating activities	**(432,159)**	(231,659)
Cash flows from investing activities		
Decrease/(increase) in restricted cash	**35,600**	(268,411)
Increase in bank deposits	**(562,487)**	(16,136)
Decrease in pledged bank deposits	**3,860**	499,305
Purchase of intangible assets	**(15,208)**	(25,482)
Purchase of property, plant and equipment	**(13,000)**	(42,954)
Purchase of programme and film rights	**(7,363)**	(9,146)
Proceeds from disposal of property, plant and equipment	**2,726**	4,991
Investment income from financial assets at fair value through profit or loss	**—**	502
Investment income from bank deposits and pledged bank deposits	**6,214**	6,124
Capital contribution to various investments	**—**	(4,987)
Disposal of financial assets at fair value through profit or loss	**346,566**	491,446
Deposit for disposal of financial assets at fair value through profit or loss	**—**	784,472
Deposit for contingent consideration	**—**	113,539
Net cash (outflows)/inflows from acquisition of subsidiaries	**(4,757)**	36,672
Net cash inflows from disposal of a subsidiary	**308,948**	—
Liquidation of associates	**1,035**	—
Net cash generated from investing activities	**102,134**	1,569,935

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS — UNAUDITED

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Cash flows from financing activities		
Dividends paid to owners of the Company	—	(49,935)
Proceeds from exercise of share options of a subsidiary	—	3,127
Repayment of secured bank borrowings	**(27,224)**	(510,373)
Principal elements of lease payments	**(82,412)**	(101,556)
Loans from non-controlling shareholders of subsidiaries	—	3,474
Dividends paid to non-controlling interests	—	(53,203)
Net cash used in financing activities	**(109,636)**	(708,466)
Net (decrease)/increase in cash and cash equivalents	**(439,661)**	629,810
Cash and cash equivalents at beginning of period	**1,530,564**	1,246,180
Net exchange (losses)/gains on cash and cash equivalents	**(44,070)**	26,325
Cash and cash equivalents at end of period	**1,046,833**	1,902,315

The notes on pages 23 to 51 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION — UNAUDITED

1 GENERAL INFORMATION

Phoenix Media Investment (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") engage principally in satellite television broadcasting activities and provision of internet 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 People's Republic of China ("PRC"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. 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 21 August 2020.

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 2020 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 2019, 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 2019 as described in those annual financial statements.

(a) Effect of adopting new standards, amendments to standards and interpretations

The following new standards, amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2020.

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendment)	Interest rate benchmark reform
HKFRS 3 (Amendments)	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the other new or revised standards, amendments and interpretations of HKFRS stated above did not have any significant impact to the Group's condensed consolidated interim financial information in the current and prior periods.

(b) New standards and amendments to standards that have been issued but are not effective for the financial year ending 31 December 2020 and have not been early adopted by the Group except otherwise stated

HKAS 16 (Amendments)	Proceeds Before Intended Use(2)
HKFRS 16 (Amendments)	COVID-19-related rent concessions(1)
HKAS 37 (Amendments)	Onerous Contracts-Cost of fulfilling a Contract(2)
Annual Improvements	Annual Improvements 2018-2020 Cycle(2)
HKAS 1 (Amendments)	Classification of liabilities as current or non-current(3)
HKFRS 17	Insurance Contracts(3)

(1) Effective for the Group for annual period beginning on 1 June 2020 *(Note)*
(2) Effective for the Group for annual period beginning on 1 January 2022
(3) Effective for the Group for annual period beginning on 1 January 2023

The Group is in the process of making an assessment of the impact of these new standards, revised standards, amendments and improvements to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

(Note) The Group has early adopted HKFRS 16 (Amendments) Covid-19-*Related Rent Concessions* retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b) any reduction in lease payments affects only payments due on or before 30 June 2021; and c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK$1.9 million have been accounted for as negative variable lease payments and recognised in the condensed consolidated income statement for the six months ended 30 June 2020, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2020.

3 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

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

The condensed consolidated interim 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 2019.

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

4.2 Liquidity risk

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

4.3 Fair value estimation

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

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2020.

	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Total** ***HK$'000***
Financial assets				
Financial assets at fair value through profit or loss				
— Trading equity securities	**11,051**	**—**	**—**	**11,051**
— Convertible redeemable preferred shares	**—**	**—**	**1,158,267**	**1,158,267**
— Options for long-term investments	**—**	**—**	**18,445**	**18,445**
— Structured deposits	**—**	**1,071,806**	**—**	**1,071,806**
— Loan receivable	**—**	**—**	**52,714**	**52,714**
	11,051	**1,071,806**	**1,229,426**	**2,312,283**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
— Interest rate swap contracts	**—**	**8,005**	**—**	**8,005**
— Cross-currency interest rate swap contracts	**—**	**2,953**	**—**	**2,953**
	—	**10,958**	**—**	**10,958**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019.

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets				
Financial assets at fair value through profit or loss				
— Trading equity securities	18,575	—	—	18,575
— Convertible redeemable preferred shares	—	—	2,258,645	2,258,645
— Options for long-term investments	—	—	19,800	19,800
— Options for refund of consideration ni an acquisition	—	—	109,807	109,807
— Structured deposits	—	1,420,370	—	1,420,370
	18,575	1,420,370	2,388,252	3,827,197
Financial liabilities				
Financial liabilities at fair value through profit or loss				
— Interest rate swap contracts	—	2,501	—	2,501
— Cross-currency interest rate swap contracts	—	5,680	—	5,680
— Forward option for disposal of investment	—	—	17,828	17,828
	—	8,181	17,828	26,009

During the six months ended 30 June 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

During the six months ended 30 June 2020, there were no changes in valuation techniques and reclassifications of financial assets and liabilities (six months ended 30 June 2019: Nil).

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. As at 30 June 2020, instruments included in Level 1 comprise shares of HSBC Holdings PLC ("HSBC"), an entity listed on the Stock Exchange, of approximately HK$11,051,000 (as at 31 December 2019: HK$18,575,000) (Note 16).

(b) ***Financial instruments in Level 2***

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

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

(c) ***Financial instruments in Level 3***

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

Description	Fair value at 30 June 2020 *HK$'000*	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	1,158,267	Market approach	Lack of marketability discount ("DLOM")	25-30%	The lower the DLOM, the higher the fair value
			Control premium	2-60%	The higher the control premium, the higher the fair value
Options for long-term investments	18,445	Various techniques	Discount rate	35%	The lower the discount rate, the higher the fair value
Loan receivable	52,714	Market approach	Lack of marketability discount ("DLOM")	25-30%	The lower the DLOM, the higher the fair value
			Control premium	2-60%	The higher the control premium, the higher the fair value

Description	Fair value at 31 December 2019 *HK$'000*	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	2,258,645	Market approach	Lack of marketability discount ("DLOM")	5%	The lower the DLOM, the higher the fair value
			Volatility	51%	The lower the volatility, the higher the fair value
			Minority discount	13%	The lower the minority discount, the higher the fair value
Options for long-term investments	19,800	Various techniques	Discount rate	35%	The lower the discount rate, the higher the fair value
Options for refund of consideration in an acquisition	109,807	Probability weighted method	Probability	60%	The higher the probability, the higher the fair value
Forward option for disposal of investment	17,828	Forward pricing model	Discount rate	1.66%	The lower the discount rate, the higher the fair value

The convertible redeemable preferred shares represent investments in Series C convertible redeemable preferred shares and Series D1 convertible redeemable preferred shares as at 30 June 2020 and 31 December 2019 (see Note 25 for details).

An independent professional valuer adopted the market approach to first estimate the equity value of Particle Inc., which was then allocated to Particle Inc.'s common shares and Preferred Shares using the option-pricing and binomial models.

The following table presents the changes in level 3 instruments during the six months ended 30 June 2020 and year ended 31 December 2019. The carrying value of derivative component of the Preferred Shares recognized in the condensed consolidated balance sheet is net of deferred day one gain, which arose from the difference between its fair value at initial recognition and its transaction price. The deferred day one gain is amortised over the term of the Preferred Shares.

	Options for refund of consideration in an acquisition	**Forward option for disposal of investment**	**Options for long-term investments**	**Convertible redeemable preferred shares**	**Loan receivable**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Opening balance on 1 January 2020	**109,807**	**(17,828)**	**19,800**	**2,258,645**	**—**	**2,370,424**
Additions	**—**	**—**	**—**	**—**	**74,481**	**74,481**
Fair value gain/(loss) recognized in profit or loss	**—**	**17,753**	**(871)**	**(1,080,735)**	**(21,812)**	**(1,085,665)**
Disposal	**(107,710)**	**—**	**—**	**—**	**—**	**(107,710)**
Currency translation differences	**(2,097)**	**75**	**(484)**	**(19,643)**	**45**	**(22,104)**
Closing balance on 30 June 2020	**—**	**—**	**18,445**	**1,158,267**	**52,714**	**1,229,426**

	Options for refund of consideration in an acquisition	Forward option for disposal of investment	Options for long-term investments	Convertible redeemable preferred shares	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Opening balance on 1 January 2019	—	—	18,909	2,235,585	2,254,494
Additions	42,362	(22,496)	—	—	19,866
Fair value gain recognized in profit or loss	68,331	4,952	1,121	1,567,715	1,642,119
Disposal	—	—	—	(1,544,262)	(1,544,262)
Currency translation differences	(886)	(284)	(230)	(393)	(1,793)
Closing balance on 31 December 2019	109,807	(17,828)	19,800	2,258,645	2,370,424

(2) Quantitative sensitivity analysis

A quantitative sensitivity analysis is shown below:

	DLOM 3% increase or decrease *HK$'000*	**Minority discount 5% increase or decrease** *HK$'000*	**Control premium 3% increase or decrease** *HK$'000*
Six months ended 30 June 2020			
Preferred Shares	**(46,512)/ 54,265**	**—**	**38,761/ (31,008)**
Year ended 31 December 2019			
Preferred Shares	—	(23,488)/ 31,317	—

No sensitivity analysis for options for long term investment amounting to HK$18,445,000 (as at 31 December 2019: HK$19,800,000) and loan receivable amounting to HK$52,714,000 (as at 31 December 2019: HK$ Nil) is presented as a reasonably possible change in key assumptions used in the sensitivity analysis would not result in any significant potential financial impact.

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

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted cash, bank deposits, pledged bank deposits, accounts receivable, deposits and other receivables, amounts due from related companies, loans from non-controlling shareholders of 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 18.

5 SEGMENTAL INFORMATION

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

The Group has five main operating segments including:

(i) Television broadcasting — broadcasting of television programmes and commercials and provision of promotion activities;

(a) Primary channels, including Phoenix Chinese Channel and Phoenix InfoNews Channel

(b) Others, including Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel, Phoenix Hong Kong Channel and others

(ii) Internet 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.

	Period ended 30 June 2020								
	Television broadcasting								
	Primary channels HK$'000	Others HK$'000	Sub-total HK$'000	Internet media HK$'000	Outdoor media HK$'000	Real estate HK$'000	Other activities HK$'000	Inter-segment elimination HK$'000	Group HK$'000
Revenue									
External sales	281,229	37,645	318,874	693,642	186,115	3,961	71,093	—	1,273,685
Inter-segment sales *(Note c)*	—	9,616	9,616	5,697	3,214	4,726	3,324	(26,577)	—
Total revenue	281,229	47,261	328,490	699,339	189,329	8,687	74,417	(26,577)	1,273,685
Timing of revenue recognition									
At a point in time	—	—	—	91,473	—	—	2,947	—	94,420
Over time	281,229	37,645	318,874	602,169	186,115	766	68,146	—	1,176,070
Revenue from other source	—	—	—	—	—	3,195	—	—	3,195
	281,229	37,645	318,874	693,642	186,115	3,961	71,093	—	1,273,685
Segment results	(77,268)	(50,889)	(128,157)	(1,047,932)	(73,297)	(132,017)	(70,065)	—	(1,451,468)
Unallocated income *(Note a)*									21,121
Unallocated expenses *(Note b)*									(152,289)
Loss before share of results of joint ventures, associates, income tax and non-controlling interests									(1,582,636)
Share of profits less losses of joint ventures									(30)
Share of profits less losses of associates									(6,141)
Income tax credit									154,160
Loss for the period									(1,434,647)
Non-controlling interests									498,161
Loss attributable to owners of the Company									(936,486)
Depreciation	(3,592)	(6,402)	(9,994)	(42,626)	(89,054)	(12,870)	(16,325)	—	(170,869)
Unallocated depreciation									(16,246)
									(187,115)
Interest income	—	878	878	13,204	1,179	131	524	—	15,916
Unallocated interest income									5,328
									21,244
Interest expenses	—	(49)	(49)	(2,844)	(14,567)	(2,873)	(1,878)	—	(22,211)
Unallocated interest expenses									(5,548)
									(27,759)
Provision for impairment of accounts receivable	—	—	—	(56,082)	—	—	(232)	—	(56,314)

	Period ended 30 June 2019								
	Television broadcasting							Inter-	
	Primary channels	Others	Sub-total	Internet media	Outdoor media	Real estate	Other activities	segment elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External sales	344,214	51,497	395,711	813,727	346,877	13,765	71,650	—	1,641,730
Inter-segment sales *(Note c)*	—	17,920	17,920	4,445	634	2,283	4,225	(29,507)	—
Total revenue	344,214	69,417	413,631	818,172	347,511	16,048	75,875	(29,507)	1,641,730
Timing of revenue recognition									
At a point in time	—	3	3	147,291	—	—	17,088	—	164,382
Over time	344,214	51,494	395,708	666,436	346,877	2,844	54,562	—	1,466,427
Revenue from other source	—	—	—	—	—	10,921	—	—	10,921
	344,214	51,497	395,711	813,727	346,877	13,765	71,650	—	1,641,730
Segment results	(51,404)	(37,544)	(88,948)	137,869	33,221	(27,508)	(63,314)	—	(8,680)
Unallocated income *(Note a)*									25,370
Unallocated expenses *(Note b)*									(139,358)
Loss before share of results of joint ventures, associates, income tax and non-controlling interests									(122,668)
Share of profits less losses of joint ventures									(3,947)
Share of profits less losses of associates									(1,318)
Income tax expense									(53,155)
Loss for the period									(181,088)
Non-controlling interests									(20,957)
Loss attributable to owners of the Company									(202,045)
Depreciation	(6,412)	(7,615)	(14,027)	(46,228)	(133,533)	(17,275)	(7,120)	—	(218,183)
Unallocated depreciation									(18,583)
									(236,766)
Interest income	1	761	762	15,419	1,822	133	721	—	18,857
Unallocated interest income									6,079
									24,936
Interest expenses	—	(52)	(52)	(8,636)	(13,547)	(4,683)	(2,356)	—	(29,274)
Unallocated interest expenses									(6,441)
									(35,715)
Provision for impairment of accounts receivable	—	—	—	(42,350)	—	—	(37)	—	(42,387)
Reversal of provision for impairment of accounts receivable	—	—	—	20,083	—	—	—	—	20,083

Notes:

(a) Unallocated income represents exchange gain, interest income, fair value gain on financial assets (realised and unrealised) and investment income.

(b) Unallocated expenses represent primarily:

- — corporate staff costs;
- — office rental;
- — general administrative expenses;
- — marketing and advertising expenses that relate to the Group as a whole;
- — exchange loss; and
- — fair value loss on financial assets.

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

6 LOSS BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Crediting		
Reversal of provision for impairment of accounts receivable	**—**	(20,083)
Gain on disposal of property, plant and equipment	**(1,549)**	(198)
Charging		
Production costs of self-produced programmes	**86,259**	103,820
Commission expenses	**137,435**	165,898
Bandwidth costs	**34,472**	33,288
Provision for impairment of accounts receivable	**56,314**	42,387
Employee benefit expenses (including Directors' emoluments)	**630,797**	691,907
Operating lease rental in respect of		
— Directors' quarters	**1,059**	1,052
— LED panels	**5,226**	1,903
Loss on disposal of property, plant and equipment	**879**	728
Depreciation of property, plant and equipment	**75,981**	93,420
Depreciation of right-of-use assets	**111,134**	143,346
Amortisation of purchased programme and film rights	**7,980**	5,824
Amortisation of intangible assets	**18,849**	22,342

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

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Exchange (loss)/gain, net	**(23,219)**	7,321
Investment income	**6,214**	6,626
Fair value (loss)/gain on financial assets/liabilities at fair value through profit or loss, net	**(1,095,967)**	354,405
Gain on disposal of a subsidiary	**70,133**	—
Others, net	**17,505**	4,023
	(1,025,334)	372,375

7 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2019: 16.5%) on the estimated assessable profit for the period. Taxation on PRC and overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries/areas in which the Group operates.

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

	For the six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**(588)**	—
— PRC and overseas taxation	**17,317**	(17,247)
Deferred income tax	**137,431**	(35,908)
	154,160	(53,155)

8 DIVIDENDS

No final dividend that relates to the period to 31 December 2019 was paid in June 2020 (six months ended 30 June 2019: HK$49,935,000).

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

9 LOSS PER SHARE

Basic

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

	For the six months ended 30 June	
	2020	2019
Loss attributable to owners of the Company (HK$'000)	**(936,486)**	(202,045)
Weighted average number of ordinary shares in issue ('000)	**4,993,470**	4,993,470
Basic loss per share (Hong Kong cents)	**(18.75)**	(4.05)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary (six months ended 30 June 2019: The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units of a subsidiary).

A calculation is done to determine the number of the Company's shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted loss per share. During the six months ended 30 June 2020, there is no impact of the dilutive instruments of the subsidiary to the Group's diluted loss per share (six months ended 30 June 2019: None).

	For the six months ended 30 June	
	2020	2019
Loss attributable to owners of the Company used to determine diluted loss per share (HK$'000)	**(936,486)**	(202,045)
Weighted average number of ordinary shares in issue ('000)	**4,993,470**	4,993,470
Weighted average number of ordinary shares for diluted loss per share ('000)	**4,993,470**	4,993,470
Diluted loss per share (Hong Kong cents)	**(18.75)**	(4.05)

10 PURCHASED PROGRAMME AND FILM RIGHTS, NET

	For the six months ended 30 June 2020 *HK$'000*	For the year ended 31 December 2019 *HK$'000* (Audited)
Balance, beginning of period/year	**20,176**	10,935
Additions	**7,363**	21,697
Amortisation	**(7,980)**	(12,188)
Others	**(906)**	(268)
Balance, end of period/year	**18,653**	20,176
Less: Purchased programme and film rights — current portion	**(176)**	(281)
	18,477	19,895

11 PROPERTY, PLANT AND EQUIPMENT, NET

	For the six months ended 30 June 2020 *HK$'000*	For the year ended 31 December 2019 *HK$'000* (Audited)
Balance, beginning of period/year	**957,736**	1,045,483
Acquisition of subsidiaries	**21**	4,224
Disposals of a subsidiary	**(40,219)**	—
Additions	**13,000**	104,462
Disposals	**(2,056)**	(11,395)
Depreciation	**(75,981)**	(178,195)
Currency translation differences	**(21,940)**	(6,843)
Balance, end of period/year *(Note a)*	**830,561**	957,736

(a) Included in the net book value as of 30 June 2020 is an amount of HK$21,635,000 (as at 31 December 2019: HK$21,985,000) which relates to the Group's entitlement to use 10,000 square metres in the Shenzhen Building. As at 30 June 2020, the cost was HK$30,848,000 (as at 31 December 2019: HK$ 30,848,000) with a net book value of HK$21,635,000 (as at 31 December 2019: HK$21,985,000). As at 30 June 2020, 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.

(b) As of 30 June 2020, the Group was still in the process of renewing and obtaining certain licences of LED panels. The Directors are of the opinion that the licences will be obtained in the near future and the risk of non-compliance with laws and regulations is remote.

12 INVESTMENT PROPERTIES

	For the six months ended 30 June 2020 *HK$'000*	For the year ended 31 December 2019 *HK$'000* (Audited)
Balance, beginning of period/year	**1,490,452**	1,512,304
Acquisition of subsidiaries	**—**	2,697
Additions	**—**	585
Fair value loss	**(112,705)**	(6,847)
Currency translation differences	**(36,837)**	(18,287)
Balance, end of period/year	**1,340,910**	1,490,452

(a) Fair value measurement of investment properties

The Group applied the fair value model for the accounting of its investment properties and has fair valued the portion of the investment property of the Phoenix International Media Centre and the investment property in London. The portion of the investment property of the Phoenix International Media Centre and the investment property in United Kingdom ("UK") were valued by Vigers Appraisal and Consulting Limited and Lambert Smith Hampton respectively, which are independent appraisers. Fair value loss of approximately HK$112,705,000 (six months ended 30 June 2019: loss of HK$6,847,000) was recognized in the condensed consolidated income statement for the six months ended 30 June 2020.

(i) Fair value hierarchy

Description	**Fair value measurements at 30 June 2020 using significant unobservable inputs (Level 3)** *HK$'000*	Fair value measurements at 31 December 2019 using significant unobservable inputs (Level 3) *HK$'000*
Recurring fair value measurements		
Investment properties		
— Phoenix International Media Centre (The PRC)	**1,325,062**	1,471,932
— Commercial (UK)	**12,767**	15,362
— Others (The PRC)	**3,081**	3,158

(ii) Valuation techniques

For the investment property in UK with a carrying amount of HK$12,767,000 (as at 31 December 2019: HK$15,362,000), 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 at least once every six months by a qualified valuer using income capitalisation approach.

Income capitalisation approach is based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cash flow profile. The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions including open market rents, appropriate capitalisation rate and reversionary income potential.

In addition, the investment property in the PRC, which represents gross floor area of Phoenix International Media Centre held for rental income, has a carrying value of HK$1,325,062,000 (as at 31 December 2019: HK1,471,932,000). The fair value of this investment property is determined using the information from the valuation performed by an external professional valuer using the direct comparison method. However, given the heterogeneous nature of this property, appropriate adjustments are made to allow for any qualitative differences that may affect the price likely to be achieved.

There were no changes in valuation techniques during the six months ended 30 June 2020 (six months ended 30 June 2019: None).

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

Description	Fair value 30 June 2020 *(HK$'000)*	Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
Phoenix International Media Centre — The PRC	**1,325,062**	Direct comparison	Adjusted average price of HK$30,336 per square metre	The higher the adjusted average price per square metre, the higher the fair value
Commercial — UK	**12,767**	Income capitalization approach	Estimated rental value of HK$3,777 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield of 8%	The higher the reversionary yield, the lower the fair value

Description	Fair value 31 December 2019 *(HK$'000)*	Valuation technique(s)	Unobservable inputs	Relationship of unobservable inputs to fair value
Phoenix International Media Centre — The PRC	1,471,932	Direct comparison	Adjusted average price of HK$33,699 per square metre	The higher the adjusted average price per square metre, the higher the fair value
Commercial — UK	15,362	Income capitalization approach	Estimated rental value of HK$4,049 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield of 7%	The higher the reversionary yield, the lower the fair value

(b) Deferred tax

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

13 INTANGIBLE ASSETS

	For the six months ended 30 June 2020 ***HK$'000***	For the year ended 31 December 2019 *HK$'000* (Audited)
Balance, beginning of period/year	**239,637**	190,471
Additions	**15,208**	86,475
Acquisition of subsidiaries	**2,100**	14,429
Disposal of a subsidiary	**(160,814)**	—
Amortisation	**(18,849)**	(45,430)
Impairment	**—**	(6,245)
Currency translation differences	**(3,734)**	(63)
Balance, end of period/year	**73,548**	239,637

(a) As at 30 June 2020, goodwill arising from the acquisition of subsidiaries amounted approximately to HK$27,585,000 (as at 31 December 2019: HK$134,991,000). There was no impairment charge recognised during the six months ended 30 June 2020 (six months ended 30 June 2019: 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.

14 ACCOUNTS RECEIVABLE, NET

	As at 30 June 2020 ***HK$'000***	As at 31 December 2019 *HK$'000* (Audited)
Accounts receivable	**1,166,997**	1,272,576
Less: Provision for impairment	**(239,255)**	(189,039)
	927,742	1,083,537

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 15). 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 2020, the ageing analysis of accounts receivable from customers was as follows:

	As at 30 June 2020 *HK$'000*	As at 31 December 2019 *HK$'000* (Audited)
0-30 days	**187,934**	353,734
31-60 days	**153,722**	183,529
61-90 days	**94,455**	129,314
91-120 days	**71,850**	116,104
Over 120 days	**659,036**	489,895
	1,166,997	1,272,576
Less: Provision for impairment	**(239,255)**	(189,039)
	927,742	1,083,537

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$56,314,000 (six months ended 30 June 2019: HK$42,387,000) for the impairment of its accounts receivable during the six months ended 30 June 2020. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has not made reversal of provision for impairment of receivables made in prior years during the six months ended 30 June 2020 (six months ended 30 June 2019: HK$20,083,000).

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in other receivables is an amount of approximately RMB419,185,000 (HK$456,031,000) (as at 31 December 2019: RMB325,545,000 (HK$363,095,000)) owing from an advertising agent, Shenzhou Television Company Limited ("Shenzhou"), in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group.

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

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 RMB419,185,000 (HK$456,031,000) as at 30 June 2020 (as at 31 December 2019: approximately RMB325,545,000 (HK$363,095,000)) is fully recoverable and no provision is required. The increase in the balance is due to additional time required for the administrative procedure for fund remittance due to the outbreak of COVID-19. The balance is unsecured interest-free and repayable on demand.

16 FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2020 *HK$'000*	As at 31 December 2019 *HK$'000* (Audited)
Current assets		
Options for long term investments	**18,445**	19,800
Trading equity securities	**11,051**	18,575
Convertible redeemable preferred shares	**1,158,267**	2,258,645
Options for refund of consideration in an acquisition	**—**	109,807
Structured deposits	**1,071,806**	1,420,370
Loan receivable	**52,714**	—
	2,312,283	3,827,197
Current liabilities		
Forward option for disposal of investment	**—**	(17,828)
Cross-currency interest rate swap contracts	**(2,953)**	(5,680)
	(2,953)	(23,508)
Non-current liabilities		
Interest rate swap contracts	**(8,005)**	(2,501)
	(8,005)	(2,501)

As at 30 June 2020, the trading equity securities represent the shares of HSBC of HK$ 11,051,000 (as at 31 December 2019: HK$18,575,000) that are held for trading.

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

Details of convertible redeemable preferred shares are disclosed in Note 25.

17 BANKING FACILITIES

As at 30 June 2020, the Group has undrawn banking facilities of HK$14,090,000 (as at 31 December 2019: HK$14,090,000).

18 BORROWINGS

	As at 30 June 2020 HK$'000	As at 31 December 2019 HK$'000 (Audited)
Secured bank borrowings *(Note a)*	**401,185**	431,952
Loans from non-controlling shareholders of subsidiaries *(Note b)*	**375,455**	384,362
	776,640	816,314

(a) Secured bank borrowings

	As at 30 June 2020 HK$'000	As at 31 December 2019 HK$'000 (Audited)
Non-current		
Long-term secured bank borrowings	**1,813**	29,735
Current		
Current portion of long-term secured bank borrowings	**399,372**	402,217
Total secured bank borrowings	**401,185**	431,952

	As at 30 June 2020 HK$'000	As at 31 December 2019 HK$'000 (Audited)
The secured bank borrowings are repayable as follows:		
— Within one year	**399,372**	402,217
— More than one year but not exceeding two years	**—**	27,878
— More than five years	**1,813**	1,857
Total secured bank borrowings	**401,185**	431,952

Bank borrowings of HK$59,834,000 (as at 31 December 2019: HK$89,208,000) are secured by the land in Chaoyang Park with carrying values of approximately HK$88,000,000 (as at 31 December 2019: HK$92,000,000), HK$317,000,000 (as at 31 December 2019: HK$335,000,000) and HK$1,325,000,000 (as at 31 December 2019: HK$1,472,000,000) recorded in right-of-use asset, property, plant and equipment and investment properties respectively as at 30 June 2020. These bank borrowings are denominated in RMB and bear interest at an average interest rate of 6.48% (as at 31 December 2019: 6.48%) annually.

A bank borrowing of HK$1,813,000 (as at 31 December 2019: HK$1,858,000) is secured by a property in the United States with carrying value of approximately HK$2,634,000 (as at 31 December 2019: HK$2,680,000) recorded in right-of-use assets and property, plant and equipment as at 30 June 2020. The bank borrowing is denominated in US dollar ("US$") and bears interest at an average interest rate of 3.59% (as at 31 December 2019: 3.59%) annually.

Bank borrowings of HK$339,538,000 (as at 31 December 2019: HK$340,886,000) are secured by bank deposits of HK$387,605,000 (as at 31 December 2019: HK$391,465,000) as at 30 June 2020 (Note 21).

(b) Loans from non-controlling shareholders of subsidiaries

	As at 30 June 2020 *HK$'000*	As at 31 December 2019 *HK$'000* (Audited)
Non-current		
Long-term loans from non-controlling shareholders of subsidiaries	**32,257**	154,625
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**343,198**	229,737
Total loans from non-controlling shareholders of subsidiaries	**375,455**	384,362

	As at 30 June 2020 *HK$'000*	As at 31 December 2019 *HK$'000* (Audited)
The loans from non-controlling shareholders of subsidiaries are repayable as follows:		
— Within one year	**343,198**	229,737
— More than one year but not exceeding two years	**10,499**	121,561
— More than two years but not exceeding five years	**—**	10,762
— More than five years	**21,758**	22,302
Total loans from non-controlling shareholders of subsidiaries	**375,455**	384,362

The loans from non-controlling shareholders of subsidiaries are denominated in RMB, unsecured and interest-free (as at 31 December 2019: same).

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

	Group			
	Carrying amount		**Fair value**	
	As at 30 June 2020	As at 31 December 2019	**As at 30 June 2020**	As at 31 December 2019
	HK$'000	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)
Secured bank borrowings	**401,185**	431,952	**401,185**	431,952
Loans from non-controlling shareholders of subsidiaries	**375,455**	384,362	**365,497**	363,401
	776,640	816,314	**766,682**	795,353

The fair values of floating rate borrowings approximate their carrying amounts. The fair values of fixed rate borrowings are based on cash flows discounted using a rate based on the borrowing rate of 6.48% (as at 31 December 2019: 6.48%) and are within level 2 of the fair value hierarchy.

19 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2020	As at 31 December 2019
	HK$'000	*HK$'000* (Audited)
Accounts payable	**329,394**	396,579
Other payables and accruals	**1,261,069**	1,502,223
	1,590,463	1,898,802
Less: Non-financial liabilities	**(5,076)**	(4,229)
	1,585,387	1,894,573

As at 30 June 2020, the ageing analysis of accounts payable was as follows:

	As at 30 June 2020	As at 31 December 2019
	HK$'000	*HK$'000* (Audited)
0-30 days	**54,683**	231,019
31-60 days	**34,548**	18,883
61-90 days	**17,504**	25,379
91-120 days	**34,977**	16,124
Over 120 days	**187,682**	105,174
	329,394	396,579

20 SHARE CAPITAL

	Six months ended 30 June 2020		Year ended 31 December 2019	
	Number of Shares	**Amount**	Number of Shares	Amount
		HK$'000		*HK$'000*
Authorised:				
Ordinary share of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
At 1 January and 30 June	**4,993,469,500**	**499,347**	4,993,469,500	499,347

21 PLEDGED BANK DEPOSITS

As at 30 June 2020, two banks deposits of approximately HK$387,605,000 (as at 31 December 2019: two bank deposits of approximately HK$391,465,000) bearing fixed interest rates ranging from 2.44% to 3.59% (as at 31 December 2019: 2.44% to 3.59%) per annum, was pledged to a bank to secure two bank borrowings of approximately HK$339,538,000 (as at 31 December 2019: two bank borrowings of approximately HK$340,886,000) (Note 18(a)). The bank borrowings bear interests ranging from HIBOR plus 0.45% per annum and LIBOR plus 0.45% per annum respectively (as at 31 December 2019: HIBOR plus 0.45% per annum and LIBOR plus 0.45% per annum respectively). The Group has entered into interest rate swap contract with the same bank, with notional principals of the same amount of the borrowings, to swap its floating rate obligations under the borrowings for fixed rates obligation ranging from 2.32% to 3.38% per annum (as at 31 December 2019: 2.32% to 3.38% per annum). The maturity dates of the borrowings are the same as the interest rate swap contracts. The Group did not elect to apply hedge accounting for the interest rate swap contracts. As at 30 June 2020, the fair values of the outstanding interest swap contract of HK$2,953,000 and HK$8,005,000 (as at 31 December 2019: HK$5,680,000 and HK$2,501,000) have been recorded as financial liabilities at fair value through profit or loss under current and non-current liabilities respectively in the condensed consolidated balance sheet (Notes 16).

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

22 TRANSACTION WITH NON-CONTROLLING INTERESTS

During the six months ended 30 June 2020, the Group's equity interest in PNM remained unchanged as 54.49%.

During the six months ended 30 June 2019, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM was decreased from 54.51% to 54.49%. The Group recognized a deemed net loss of approximately HK$355,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$3,763,000.

23 COMMITMENTS

As at 30 June 2020, the Group had capital commitments as follows:

	As at 30 June 2020	As at 31 December 2019
	HK$'000	*HK$'000*
		(Audited)
Contracted but not provided for	**18,157**	15,656

24 RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
	Note	**2020**	2019
		HK$'000	*HK$'000*
Service charges received/receivable from China Mobile Communications Group Co., Ltd. and its subsidiaries (the "CMCC Group")	*a, b*	**35,447**	43,817
Service charges paid/payable to the CMCC Group	*a, c*	**4,174**	8,594
License fee received/receivable from Feng Xin Technology (Hai Kou) Group Limited ("Feng Xin Technology")	*e, f*	**1,279**	—
Advertising sales to the CMCC Group	*a, d*	**13,403**	5,004
Key management compensation	*iii*	**15,641**	14,998

Notes:

(a) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns approximately 19.69% of the issued share capital of the Company.

(b) Service charges received/receivable from CMCC Group related to wireless income which are charged based on terms specified in the agreements.

(c) Service charges paid/payable to CMCC Group related to video cost which are charged based on terms specified in the agreements.

(d) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels and airtime advertising on giant sized light-emitting diode panels operated by the Group based on terms specified in the agreements.

(e) The controlling shareholder of Feng Xin Technology is a close family member of the Chairman of the Board and the Chief Executive Officer of the Company.

(f) The license fee received/receivable from Feng Xin Technology relating to grant of license of domain name to Feng Xin Technology is charged based on terms specified in the agreement.

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

	As at 30 June 2020	As at 31 December 2019
	HK$'000	*HK$'000*
		(Audited)
Amounts due from related companies	**43,465**	46,998

The amounts due from related companies are unsecured, non-interest bearing and repayable on demand. Other receivables from related parties are repayable in accordance with credit terms. As at 30 June 2020, the ageing analysis of the amounts due from related companies were as follows:

	As at 30 June 2020 *HK$'000*	As at 31 December 2019 *HK$'000* (Audited)
Amounts due from related companies		
0 - 90 days	**19,319**	19,035
91 - 120 days	**4,299**	5,897
over 120 days	**19,847**	22,066
	43,465	46,998

(iii) Key management compensation

	For the six months ended 30 June **2020** *HK$'000*	2019 *HK$'000*
Salaries	**11,111**	10,373
Housing allowance	**3,696**	3,783
Pension costs	**834**	842
	15,641	14,998

25 INVESTMENTS IN AND LOAN TO PARTICLE INC.

In 2014, Phoenix New Media Limited ("PNM") invested in a number of Series B Preferred Shares of Particle. In 2015, PNM further invested approximately HK$496,989,000 in Series C Preferred Shares of Particle.

On 28 January 2016, the board of directors of PNM have authorised to provide short-term unsecured loans to Particle in an aggregate principal amount of up to US$20,000,000 (approximately HK$155,138,000) (the "Loans") at an interest rate of 4.35% per annum with a term of twelve months and convertible options of which PNM may, at its option, convert all or a portion of the Loans together with any unpaid interest into Series D1 Preferred Shares ("Conversion Options") at any time prior to 31 December 2018, subject to the completion of issuance of Series D Preferred Shares by Particle. Particle has drawn down all of the US$20,000,000 loans in April 2016.

On 30 December 2016, PNM exercised the Conversion Options to convert the Loans totalling US$20,000,000 into 23,600,000 of Series D1 Preferred Shares. Similar to Series B and C, the investment in D1 Preferred Shares have similar features and were separated into the debt component of HK$122,744,000 which were classified as "available-for-sale financial assets" ("AFS") and "derivative financial instruments" ("DFI") of HK$38,171,000 (for the conversion option). The investments in AFS and DFI were subsequently measured at fair value at each reporting period based on an external valuation report. Under HKAS 39, changes in fair value of the DFI are recognised in the consolidated income statement whereas all changes in fair value of AFS are recognised directly in other comprehensive income except for the interest portion of the AFS calculated using the effective interest method which is recognised in the consolidated income statement.

On 11 August 2016, PNM has provided a short-term unsecured loan to Particle of US$14,800,000 (approximately HK$114,802,000) (the "Convertible Loan") at an interest rate of 4.35% per annum with a term of six months and Conversion Options exercisable at any time on or before the maturity date of the loan. The loan represents compound financial instruments, which comprise (i) "loans and receivable" of HK$109,372,000 classified as "amounts due from related companies" and (ii) DFI of HK$5,430,000. The "loans and receivable" were carried at amortised cost and the DFI was subsequently measured at fair value at each reporting period. In August 2017, the term of the Convertible Loan was extended to eighteen months to February 2018. On 22 January 2018, the term of the Convertible Loan was further extended to August 2018.

On 2 November 2016, PNM provided another short-term unsecured loan to Particle of RMB46,000,000 (approximately HK$52,031,000) at an interest rate of 9.00% per annum with a term of six months. In January 2017, the term of the loan was extended to twelve months to November 2017. In November 2017, the unsecured loan was repaid by Particle.

On 20 January 2017, PNM also provided a short-term unsecured loan to Particle of RMB74,000,000 (approximately HK$83,835,000) at an interest rate of 9.00% per annum with a term of twelve months.

Following the adoption of HKFRS 9 — Financial Instruments on 1 January 2018, the investments in Series B, C and D1 Preferred Shares of Particle (classified as AFS and derivative financial instruments in 2017) and Convertible Loan (classified as loans and receivables and derivative financial instruments in 2017) have been reclassified as financial assets at fair value through profit or loss ("FVPL").

On 22 January 2018, the term of the loan of RMB74,000,000 was extended for six months and the loan and interest were fully repaid in July 2018.

On 2 April 2018, PNM signed an agreement with an investor of Particle to grant a right to assign the US$14,800,000 convertible loan issued by Particle for US$17,000,000 to that investor of Particle (the "Loan Assignment"). The Loan Assignment was completed on 7 August 2018.

On 23 February 2019, PNM entered into a letter of intent ("LOI") with an independent third party (the "Purchaser") pursuant to which the Purchaser will purchase 32% equity interest of Particle held by PNM on an as-if converted basis. The total consideration is US$448,000,000 (approximately HK$3,494,400,000), based on an estimated transaction valuation.

On 22 March 2019, PNM entered into the Share Purchase Agreement with Run Liang Tai Management Limited ("Run Liang Tai"), pursuant to which PNM conditionally agreed to sell the 32% equity interest in Particle on an as-if converted basis and Run Liang Tai conditionally agreed to purchase the Sale Shares for cash consideration of US$448,000,000 (approximately HK$3,494,400,000).

On 31 May 2019, PNM sent a completion confirmation letter to the Run Liang Tai to confirm the satisfaction of all of the conditions as specified in the Share Purchase Agreement. Run Liang Tai, however, disputed on the satisfaction of certain conditions.

On 23 July 2019, PNM and Run Liang Tai entered into a supplemental agreement (the "Supplemental Agreement"). The key terms of the Supplemental Agreement, amongst other things, are: (i) to adjust the amount of Offshore Sale Shares to an aggregate of 212,358,165 shares of Particle Inc.; and (ii) to complete the transaction in two stages on or before 10 August 2020. For details of the Supplemental Agreement, please refer the announcement of the Company dated 25 July 2019.

On 5 August 2019, both Long De Chengzhang Culture Communication (Tianjin) Co., Ltd, and Long De Holdings (Hong Kong) Co., Limited (collectively, "Long De") as existing equity holders of Particle sent a notice to PNM purporting to exercise their Co-sale right. Since then PNM has been in discussion with Long De to settle the Co-sale right of Long De.

The Supplemental Agreement was approved in the extraordinary general meeting ("EGM") on 22 October 2019. PNM transferred the First Batch Shares to Run Liang Tai on 30 October 2019 (the "First Completion Date"). upon receipt of the First Consideration and Second Deposit. Thereafter, the title and legal ownership of the First Batch Shares in the register of members of Particle has bean changed to Run Liang Tai. As Run Liang Tai was entitled to the entire rights of shareholders in respect of the First Batch Shares, including the economic rights and voting rights, PNM has derecognised the First Batch Shares on First Completion Date.

On 20 January 2020, PNM entered into the co-sale agreement (the "Co-sale Agreement") with Run Liang Tai and Long De, pursuant to which Long De will sell approximately 9,794,989 Preferred Shares of Particle (the "Long De Sale Shares") to Run Liang Tai for a total consideration of approximately US$21,000,000 in two batches. Consequently, PNM reduced the number of Second Batch Shares to be disposed to Run Liang Tai from 117,555,413 Preferred Shares as stipulated in the Supplemental Agreement to 107,760,424 Preferred Shares.

As a result, the total consideration received/receivable by PNM from Run Liang Tai was reduced from US$448,000,000 to approximately US$427,000,000. There was no change to the consideration per share (equivalent to US$2.11 per Preferred Share) under the Co-sale Agreement or the Supplemental Agreement.

In May 2020, PNM provided an interest-free loan of approximately US$9,700,000 to Run Liang Tai to enable them to pay for the first batch of Long De Sale Shares (i.e. 4,584,209 Preferred Shares) in accordance with the terms of the Co-sale Agreement. Long De transferred the 4,584,209 Preferred Shares to Run Liang Tai and Run Liang Tai pledged the 4,584,209 shares to PNM to secure the repayment of the approximately US$9,700,000 loan.

An EGM was held in May 2020 to approve the Co-sale Agreement.

The second batch of Long De Sale Shares was expected to complete within 10 business days after the completion of the 107,760,424 Second Batch Shares of Particle to be sold by PNM (the "Second Completion"), which was expected to occur no later than 10 August 2020 according to the Co-sale Agreement.

On 7 August 2020, PNM entered into an agreement (the "2020 Agreement") with the Run Liang Tai, which was subject to shareholders' approval and the receipt of the outstanding consideration as agreed in the 2020 Agreement. Pursuant to the 2020 Agreement, PNM agreed to increase the number of shares of Particle to be transferred to the Run Liang Tai from 107,760,424 shares to 140,248,775 shares (the "2020 Disposal Shares") and the consideration will be revised to US$150,000,000. The Run Liang Tai will transfer the Long De Sale Shares to PNM instead of repaying the PNM Loan.

The Share Purchase Agreement and the Supplemental Agreement will be terminated. All transactions related to the second batch of Long De Sales Shares which is conditional upon Second Completion will also be terminated.

PNM has received the revised residual consideration of approximately US$99,000,000 on 10 August 2020.

26 DISPOSAL OF A SUBSIDIARY

(a) Description

On 18 May 2020 the Group has entered into the share sale agreement to disposal all interest (i.e. 51%) in Beijing Yitian Xindong Network Technology Co., Ltd ("Yitian Xindong"). The disposal transaction was completed on 18 May 2020 after the consideration was received.

(b) Details of the disposal of the subsidiary

	2020
	HK$'000
Consideration received or receivable:	
Cash	343,016
Total disposal consideration	343,016
Carrying amount of net assets sold	(112,970)
Options for refund of consideration in an acquisition	(107,710)
Goodwill	(107,849)
Non-controlling interest	55,646
Gain on disposal of Yitian Xindong	70,133

Net cash inflow arising on disposal of Yitian Xindong	*HK$'000*
Consideration	343,016
Less: Cash and cash equivalent balance disposed	(34,068)
Net cash inflow on disposal of Yitian Xindong	308,948

By Order of the Board
Liu Changle
Chairman

Hong Kong, 21 August 2020

As at the date of this announcement, 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. Jian Qin, Mr. Zhang Dong, Mr. Huang Tao and Mr. Sun Qiang Chang

Independent Non-executive Directors
Mr. Leung Hok Lim, Mr. Thaddeus Thomas Beczak, Mr. Fang Fenglei and Mr. He Di