鳳凰衛視

PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
鳳凰衛視控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Revenue and operating profit for the six-month period ended 30 June 2011 were approximately HK$1,562,341,000 and HK$283,176,000 respectively, which represented an increase of respectively 41.8% and 6.6% over the same period last year.

- Non-GAAP profit attributable to owners of the Company, which included the gain on deemed disposal of partial interest in the new media and the outdoor media, increased to approximately HK$1,100,032,000 from HK$190,712,000 in the same period last year. Please refer to the chart on page 3 for details.

- Loss attributable to owners of the Company after charging the non-cash fair value loss and interest accretion of Preferred Shares was approximately HK$539,974,000.

- Because of the strong performance the Board resolved that a special dividend of 3.8 Hong Kong cents per share be distributed.

RESULTS

The Group's revenue for the six months ended 30 June 2011 was approximately HK$1,562,341,000, which represented a 41.8% increase over the revenue earned in the same period last year. The main drivers behind this result were the growth in revenue from new media, outdoor media and broadcasting advertising. Total operating costs increased by 52.9% to approximately HK$1,279,165,000. The upward movement in operating costs was mainly due to the expansion of the new media and outdoor media businesses.

The Group's operating profit for the six months ended 30 June 2011 was approximately HK$283,176,000, which represented an increase of 6.6% over the same period last year. The Non-GAAP profit attributable to owners of the Company, which included the gain on deemed disposal of partial interest in the new media and the outdoor media, increased to approximately HK$1,100,032,000 from HK$190,712,000 in the same period last year.

The spin-off of Phoenix New Media Limited ("PNM") through a separate listing on the New York Stock Exchange ("NYSE") in May 2011 has provided the Group a "gain on deemed disposal" of approximately HK$1,560,524,000. However, as PNM remains a subsidiary of the Company after its separate listing on the NYSE, according to the existing Hong Kong Generally Accepted Accounting Principles ("GAAP"), such "gain on deemed disposal" will only be reflected directly in equity instead of in the condensed consolidated income statement for the period.

Convertible Series A Preferred Shares ("Preferred Shares") issued in November 2009 by PNM to three independent investors – the US-based Intel Capital Corporation, the Swiss-based Bertelsmann Asia Investments, and the Hong Kong-owned company Morningside China TMT Fund – were converted into Class A ordinary shares of PNM on the eve of the listing of PNM in accordance with the terms of the agreements with these three investors. The fair value of the derivative component of the Preferred Shares up to the date of conversion increased by HK$947,100,000 (six months ended 30 June 2010: HK$17,005,000), and this non-cash fair value loss was reflected in the condensed consolidated income statement for the period. Interest accretion of the debt component of the Preferred Shares, which was also included under other expenses for the six months ended 30 June 2011, was approximately HK$17,613,000 (for the six months ended 30 June 2010: HK$19,671,000). As all Preferred Shares were converted at the time of listing, there would not be any non-cash fair value gain/loss or interest accretion in the future. Please refer to note 20 of the notes to the condensed consolidated interim financial information for details of the preference share liability.

As a result, the loss attributable to owners of the Company after charging the non-cash fair value loss and interest accretion of the Preferred Shares in accordance with GAAP was approximately HK$539,974,000.

Phoenix Metropolis Media (Beijing) Company Limited ("PMM Beijing") has entered into a capital increase agreement with independent investors and other parties and this has also provided the Group a "gain on deemed disposal" of approximately HK$79,482,000. As PMM Beijing remains a subsidiary of the Company after entering into the capital increase agreement, and consequently this "gain on deemed disposal" will only be reflected directly in equity.

As a consequence of the fact that the Company's equity grew by a substantial amount as a result of the listing of PNM, the gain derived from PMM Beijing and the fact that liquidity and financial resources of the Group remained solid, the Board of Directors has decided to distribute a special dividend of 3.8 Hong Kong cents per share.

A fair value gain of approximately HK$140,365,000 (six months ended 30 June 2010: HK$214,000) was recognised for the investment property under construction in Beijing.

The chart below summarised the Group's performance for the six months ended 30 June 2011 and the same period last year. To supplement the Group's performance presented in accordance with the GAAP, a column that presents the Non-GAAP results is also included in this chart and details the actual gain on the deemed disposal of partial interests in the new media and the outdoor media.

	Six months ended 30 June		
	2011	**2011**	2010
	Non-GAAP presentation		
	HK$'000	***HK$'000***	*HK$'000*
Television broadcasting	***891,883***	**891,883**	736,509
New media	***494,389***	**494,389**	245,047
Outdoor media	***143,486***	**143,486**	90,936
Other businesses	***32,583***	**32,583**	29,526
Group's total revenue	***1,562,341***	**1,562,341**	1,102,018
Operating costs	***(1,279,165)***	**(1,279,165)**	(836,508)
Profit from operations	***283,176***	**283,176**	265,510
Non-cash fair value loss and interest accretion of Preferred Shares	***(964,713)***	**(964,713)**	(36,676)
Non-GAAP gain on deemed disposal of new media	***1,560,524***	**–**	–
Non-GAAP gain on deemed disposal of outdoor media	***79,482***	**–**	–
Fair value gain on an investment property under construction	***140,365***	**140,365**	214
Other income, net	***24,763***	**24,763**	4,583
Profit/(loss) before share of results of jointly controlled entities and an associate, income tax and non-controlling interests	***1,123,597***	**(516,409)**	233,631
Share of losses of jointly controlled entities and an associate	***(2,037)***	**(2,037)**	(700)
Income tax expense	***(112,269)***	**(112,269)**	(41,146)
Profit/(loss) for the period	***1,009,291***	**(630,715)**	191,785
Non-controlling interests	***90,741***	**90,741**	(1,073)
Profit/(loss) attributable to owners of the Company	***1,100,032***	**(539,974)**	190,712
Basic earnings/(losses) per share, Hong Kong cents	***22.05***	**(10.82)**	3.83

BUSINESS OVERVIEW AND PROSPECTS

The first half of 2011 has been an extremely active period for the Group. Phoenix InfoNews has been following a series of dramatic international developments, ranging from the earthquake and tsunami in Japan and the consequent crisis at the Fukushima nuclear plant, to the uprisings and disturbances in the Middle East. Phoenix followed closely the demonstrations in Egypt that led to the fall of the Mubarak regime, and the subsequent uprisings in Libya, Tunisia and Syria, with reporters working in all of these countries as events unfolded, and providing more detailed, comprehensive and objective reporting than any other Mandarin television service. In Libya, Phoenix reporters had to confront serious potential dangers, living in a hotel near some of the sites that were bombed by Nato forces, and on one occasion a reporter was threatened by a pro-Gaddafi fighter armed with a knife. Phoenix has also followed closely the latent tensions between China and a number of regional countries over conflicting territorial claims in the South China and East China Seas. While these disputes have not led to open conflicts, they remain important issues for all governments in the region to focus on and resolve in a peaceful way.

Besides following international news Phoenix has also had a number of other major developments during this half-year period. On 31 March 2011, Phoenix enjoyed a major public event celebrating the 15th anniversary of the creation of Phoenix Satellite Television in 1996. This took the form of a gala evening at the Great Hall of the People in Beijing that placed special emphasis on the foreign support Phoenix has received over the years, with a range of foreign VIP guests including the chairman of the International Academy of Television Arts and Sciences, Mr. Bruce Paisner, the head of the Miss World Competition, Ms Julia Morley, the chairman of the International Institute of Strategic Studies, Dr. John Chipman, and representatives of the Palestinian, North Korean and Russian media services. The gala also featured a number of famous Hong Kong individuals, including former Chief Executive Mr. Tung Chee-hwa, and film star Mr. Jackie Chan.

The Group has also continued to expand its media business. In late March 2011, Phoenix opened a new channel, the Phoenix Hong Kong Channel which broadcasts in Cantonese to Hong Kong as well as the domestic and overseas Cantonese audiences. The Group is currently preparing to move into the digital radio broadcasting business, and is planning to launch Phoenix U Radio, which will provide a Mandarin radio service comprising news broadcasts and entertainment, later this year.

During this period, PNM or iFeng.com, was listed on NYSE. PNM or iFeng.com remains a subsidiary of the Group, and the Group continues to hold a majority share in the listed company and will thus continue to have the power to guide PNM's financial and operating policies.

The Group's successes during this six-month period, ranging from steady growth in income and a successful IPO of PNM to the comprehensive coverage of breaking international news stories, underscores that the Group is well positioned to continue to do well.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2011		2010	
	Revenue	**Segment result**	Revenue	Segment result
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**891,883**	**402,089**	736,509	336,682
New media	**494,389**	**(940,081)***	245,047	2,400
Outdoor media	**143,486**	**(2,359)**	90,936	6,895
Other businesses	**32,583**	**139,979**	29,526	41
Group's total revenue and segment results	**1,562,341**	**(400,372)**	1,102,018	346,018
Unallocated income		**19,521**		506
Unallocated expenses		**(135,558)**		(112,893)
(Loss)/Profit before share of results of jointly controlled entities and an associate, income tax and non-controlling interests		**(516,409)**		233,631

* The segmental loss of new media is after deduction of interest accretion and changes in fair value of the preference share liability of approximately HK$964,713,000 (six months ended 30 June 2010: HK$36,676,000).

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 57.1% of the Group's total revenue for the six months ended 30 June 2011, increased by 21.1% to approximately HK$891,883,000 (six months ended 30 June 2010: HK$736,509,000). The segmental result for television broadcasting recorded a profit of approximately HK$402,089,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: HK$336,682,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel accounted for 51.7% of the Group's total revenue for the six months ended 30 June 2011 and showed an increase of 20.5% to approximately HK$808,238,000 (six months ended 30 June 2010: HK$670,471,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 26.7% as compared to the same period last year to approximately HK$83,645,000 (six months ended 30 June 2010: HK$66,038,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunications networks, contribute to raising the Group's profile as a television broadcaster. The revenue of the new media business for the six months ended 30 June 2011 increased to HK$494,389,000 (six months ended 30 June 2010: HK$245,047,000). The segmental loss of new media after deduction of interest accretion and changes in fair value of the preference share liability was HK$940,081,000 (six months ended 30 June 2010: profit HK$2,400,000). The profit from operations, which represents profit before tax, interest expense and changes in fair value of preference share liability, of the new media decreased to HK$24,632,000 (six months ended 30 June 2010: HK$39,076,000).

The revenue of outdoor media business was increased to approximately HK$143,486,000 (six months ended 30 June 2010: HK$90,936,000). The segmental loss of outdoor media business was approximately HK$2,359,000 (six month ended 30 June 2010 : profit HK$6,895,000) after deduction of share based payment of approximately HK$25,714,000 (six months ended 30 June 2010: Nil).

The segmental result for other businesses included the fair value gain of approximately HK$140,365,000 (six months ended 30 June 2010: HK$214,000) which was recognised for the investment property under construction in Beijing.

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

DIVIDENDS

The board ("Board") of directors of the Company (the "Directors") does not normally recommend the payment of an interim dividend (six months ended 30 June 2010: nil). However, because of the substantial increase in the Company's equity the Directors have decided on this occasion to distribute a special dividend of 3.8 Hong Kong cents per ordinary share. The special dividend will be payable on or about 20 September 2011 to the Shareholders whose names appear on the register of members of the Company on 9 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 September 2011 to Friday, 9 September 2011, both dates inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the special dividend, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30pm, on Friday, 2 September 2011.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Deemed Disposal of Outdoor Media

On 29 May 2011, the controlling shareholders of Regal Fame Investments Limited, three People's Republic of China domestic independent investors, 27 employees of various members of the Phoenix Metropolis Media Holdings Limited and its subsidiaries, as well as Phoenix Metropolis Communication (Beijing) Co., Limited ("PMM Communication") entered into a capital increase agreement (the "Capital Increase Agreement") with Phoenix Metropolis Media (Beijing) Company Limited ("PMM Beijing"). Upon completion of the Capital Increase Agreement, the registered capital of PMM Beijing was increased from approximately HK$48,000,000 to RMB140,000,000 and the Company's indirect interest in PMM Beijing (through PMM Communication) was reduced from 75% to approximately 45.54%. Notwithstanding the Group owns less than half of the equity interest in PMM Beijing subsequent to the capital increase, the Group retains control over PMM Beijing as it has the ability to direct the relevant activities of PMM Beijing i.e. the activities that significantly affect PMM Group. The reduction of the Company's indirect interest in PMM Beijing constituted a deemed disposal of partial interest in PMM Beijing by the Company. Full details and explanations are given in note 24(b) of the notes to the condensed consolidated interim financial information.

Deemed Disposal of New Media

On 12 May 2011, PNM was listed on NYSE in the US by initial public offering of American depositary shares ("ADS(s)") comprising 11,500,000 ADSs (representing 92,000,000 new Class A Shares) by PNM and 1,267,500 ADSs (representing 10,140,000 existing Class A Shares) by Morningside China TMT Fund I, L.P., Intel Capital Corporation and Bertelsmann Asia Investments AG (the "Selling Shareholders") before the exercise of the over-allotment option and following the exercise of the over-allotment option, an aggregate of 13,415,125 ADSs (representing 107,321,000 new Class A Shares) was issued and sold by PNM, and 1,267,500 ADSs (representing 10,140,000 existing Class A Shares) was sold by the Selling Shareholders. As all preferred shares of PNM were converted at the time of listing, there will not be any non-cash fair value gain/loss and interest accretion in the future. According to the GAAP, these constituted a deemed disposal of interests in subsidiaries (Group's effective interest reduced to 51.2%) and PNM remains a non-wholly owned subsidiary of the Company and the financial results of PNM continue to be consolidated into the financial statements of the Group. Full details and explanations are given in note 24(a) of the notes to the condensed consolidated interim financial information.

Save as disclosed above, the Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the six months ended 30 June 2011.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2011 remained solid. The aggregate outstanding borrowings of the Group as at 30 June 2011 were approximately HK$311,207,000 (as at 31 December 2010: HK$664,478,000), representing amounts due to related companies which were unsecured and non-interest bearing and secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing. The decrease in the aggregate outstanding borrowings was due to the conversion of Preferred Shares issued by PNM at the time of separate listing on NYSE.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 39.9% as at 30 June 2011 (as at 31 December 2010: 62.0%). As a result of the spin-off of PNM, the net debt to equity ratio, based on total liabilities less cash and cash equivalents to equity attributable to owners of the Company, was 0.04% (as at 31 December 2010: 2.5%).

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

CHARGE ON ASSETS

As at 30 June 2011, deposits of approximately HK$3,224,000 (as at 31 December 2010: HK$3,146,000) were pledged with banks to secure banking guarantees given to the landlord of a subsidiary. The land in Chaoyang Park together with the development site, with carrying value of approximately HK$116,000,000, HK$123,000,000 and HK$563,000,000 (as at 31 December 2010: HK$115,000,000, HK$92,000,000 and HK$371,000,000) recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowing to fund the construction work on the Phoenix International Media Centre in Beijing.

Save as disclosed above, the Group did not have any other charges on its assets as at 30 June 2011 and 31 December 2010.

CAPITAL STRUCTURE

During the six months ended 30 June 2011, other than the exercise of share options granted, there was no change in the Company's share capital. As at 30 June 2011, the Group's operations were mainly financed by owners' equity and bank borrowings and banking facilities.

STAFF

As at 30 June 2011, the Group employed 2,225 full-time staff (31 December 2010: 1,897) at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the six months ended 30 June 2011 increased to approximately HK$432,772,000 (six month ended 30 June 2010: HK$253,304,000).

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to any disruption of normal business operations. The Directors consider the Group's relationship with its employees to be good.

SIGNIFICANT INVESTMENTS HELD

As at 30 June 2011, the Group invested in listed security investments with an estimated fair market value of approximately HK$23,521,000 (as at 31 December 2010: HK$24,330,000). Save as disclosed above, the Group has not held any other significant investment for the six months ended 30 June 2011.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses.

As at 30 June 2011, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

The Group received a correspondence from two associations proposing royalties of certain amount. The Group is recently under negotiation with one of the associations on the amount of royalties. The Group believes that the likelihood of a material outflow in settlement of the royalties may not be probable.

Save as disclosed above, the Group had no material contingent liabilities as at 30 June 2011 and 31 December 2010.

USE OF NON-GAAP FINANCIAL MEASURES

To supplement the condensed consolidated interim financial information presented in Hong Kong Financial Reporting Standards, the Group uses Non-GAAP profit attributable to owners of the Company by reflecting the gain on deemed disposal of partial interests in new media and outdoor media in the condensed consolidated income statement instead of in equity. The Group believes that inclusion of the gain in the condensed consolidated income statement adds clarity and enhances the overall understanding of the Group's financial performance. Non-GAAP financial measures are not expressively permitted under Hong Kong Financial Reporting Standards.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 June 2011, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executive were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

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

(A) Ordinary shares of the Company

	Number of ordinary shares held				
Name of Director	**Personal/ other interests**	**Corporate interests**	**Total number of shares**	**Position**	**Approximate shareholding percentage**
LIU Changle *(Note 2)*	–	1,854,000,000	1,854,000,000	Long	37.14%
LO Ka Shui *(Note 3)*	9,756,000	–	9,756,000	Long	0.20%

Notes:

1 As at 30 June 2011, the number of issued shares of the Company was 4,991,437,500.

2 As at 30 June 2011, Mr. LIU Changle was the beneficial owner of 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.14% of the issued share capital of the Company.

3 As at 30 June 2011, Dr. LO Ka Shui was the beneficial owner of 2,500,000 shares while 7,256,000 shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

(B) Share options granted to the Directors pursuant to the New Share Option Scheme adopted by the Company on 19 June 2009

Name of Director	Date of grant	Exercise period	Exercise price per share *(HK$)*	Underlying shares pursuant to the New Share Option Scheme as at 30 June 2011
LIU Changle	9 March 2011	9 March 2012 to 8 March 2021	2.92	4,900,000
CHUI Keung	9 March 2011	9 March 2012 to 8 March 2021	2.92	3,900,000
WANG Ji Yan	9 March 2011	9 March 2012 to 8 March 2021	2.92	3,900,000

(II) Long Position in the Shares and underlying Shares of an associated corporation of the Company

Phoenix New Media Limited ("PNM")

Name of Directors	Number of class A ordinary shares held in PNM			Position	Approximate shareholding Percentage
	Personal/ Other interest	Corporate interest	Total interest		
LIU Changle *(Note 3)*	–	1,483,200	1,483,200	Long	0.49%
LO Ka Shui	727,800	–	727,800	Long	0.24%

Notes:

1 As at 30 June 2011, the number of issued Class A ordinary shares of PNM was 302,501,077.

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

3 As at 30 June 2011, Mr. LIU Changle was the beneficial owner of 93.3% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.49% of the issued class A ordinary shares of PNM.

Save as disclosed above, so far as the Directors were aware, as at 30 June 2011, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

(I) Share option schemes of the Company

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

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

(1) Post-IPO Share Option Scheme

The details of share options granted by the Company under the Post-IPO Share Option Scheme to the employees of the Group to acquire shares were as follows:

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share *(HK$)*	Balance as at 1 January 2011	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
1 employee	15 February 2001	15 February 2001 to 14 February 2005	15 February 2002 to 14 February 2011	1.99	500,000	(500,000)	–	–
7 employees	10 August 2001	10 August 2001 to 9 August 2005	10 August 2002 to 9 August 2011	1.13	3,800,000	–	(902,000)	2,898,000
1 employee	20 December 2002	20 December 2002 to 19 December 2006	20 December 2003 to 19 December 2012	0.79	600,000	–	–	600,000
18 employees	26 March 2007	26 March 2007 to 25 March 2011	26 March 2008 to 25 March 2017	1.45	9,044,500	(66,500)	(2,508,000)	6,470,000
Total: 27 employees					13,944,500	(566,500)	(3,410,000)	9,968,000

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

During the six months ended 30 June 2011, no option was granted to the Directors, chief executive or substantial shareholders, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Post-IPO Share Option Scheme.

(2) New Share Option Scheme

The details of share options granted by the Company under the New Share Option Scheme to the employees of the Group to acquire shares were as follows:

					Number of share options				
Type and number of remaining grantees	**Date of grant**	**Vesting period**	**Exercise period**	**Exercise price per share** *(HK$)*	**Balance as at 1 January 2011**	**Granted during the period**	**Lapsed during the period**	**Exercised during the period**	**Balance as at 30 June 2011**
3 employees	22 July 2009	22 July 2009 to 21 July 2013	22 July 2010 to 21 July 2019	1.17	5,044,000	–	–	(996,000)	4,048,000
3 Executive Directors									
LIU Changle	9 March 2011	9 March 2011 to 8 March 2015	9 March 2012 to 8 March 2021	2.92	–	4,900,000	–	–	4,900,000
CHUI Keung	9 March 2011	9 March 2011 to 8 March 2015	9 March 2012 to 8 March 2021	2.92	–	3,900,000	–	–	3,900,000
WANG Ji Yan	9 March 2011	9 March 2011 to 8 March 2015	9 March 2012 to 8 March 2021	2.92	–	3,900,000	–	–	3,900,000
595 employees	9 March 2011	9 March 2011 to 8 March 2015	9 March 2012 to 8 March 2021	2.92	–	92,120,000	(80,000)	–	92,040,000
6 employees	28 June 2011	28 June 2011 to 27 June 2015	28 June 2012 to 27 June 2021	3.06	–	2,790,000	–	–	2,790,000
					5,044,000	107,610,000	(80,000)	(996,000)	111,578,000

Save as disclosed above, no option was granted, lapsed, exercised or cancelled under the New Share Option Scheme.

During the six months ended 30 June 2011, save as disclosed above, no option was granted to the Directors, chief executive or substantial shareholders, or their respective associates, or to the suppliers of goods or services under the New Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the New Share Option Scheme.

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

(1) PHOENIXi Plan

On 7 June 2000, PHOENIXi Investment Limited ("PHOENIXi"), a member of the Group, adopted the PHOENIXi 2000 Stock Incentive Plan (the "PHOENIXi Plan").

As at 30 June 2011, no option was granted under the PHOENIXi Plan. PHOENIXi is currently undergoing a liquidation process.

(2) PNM Share Option Scheme

On 20 June 2008, the Shareholders approved the share option scheme of Phoenix New Media Limited ("PNM Share Option Scheme"), an indirectly-owned subsidiary of the Company.

The movement of the PNM Share Option Scheme during the period is as follows:

				Number of share options				
Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Liu Shuang *(Note)*	2008.07.04	2008.07.04-2018.05.25	0.03215	–	–	–	–	–
	2010.01.08	2010.09.15-2018.05.25	0.03215	2,178,000	–	(2,178,000)	–	–
Li Ya *(Note)*	2008.07.04	2008.07.04-2018.05.25	0.03215	–	–	–	–	–
	2009.09.15	2010.09.15-2018.05.25	0.03215	2,117,500	–	(2,117,500)	–	–
Liu Kexin (Note)	2008.07.04	2008.07.04-2018.05.25	0.03215	–	–	–	–	–
	2010.01.08	2010.09.15-2018.05.25	0.03215	825,000	–	(825,000)	–	–
Other staff of Fenghuang (Beijing) Information Technology Company Limited ("Fenghuang On-Line")	2008.07.04	2008.07.04-2018.05.25	0.03215	13,837,500	–	(3,025)	–	13,834,475
	2008.07.04	2008.07.09-2018.05.25	0.03215	6,000	–	–	–	6,000

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2008.07.04	2008.07.24-2018.05.25	0.03215	30,000	–	–	–	30,000
	2008.07.04	2008.07.31-2018.05.25	0.03215	1,200	–	–	–	1,200
	2008.07.04	2008.08.02-2018.05.25	0.03215	13,000	–	–	–	13,000
	2008.07.04	2008.08.13-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.08.20-2018.05.25	0.03215	18,000	–	(375)	–	17,625
	2008.07.04	2008.08.28-2018.05.25	0.03215	3,375	–	–	–	3,375
	2008.07.04	2008.09.03-2018.05.25	0.03215	18,400	–	(3,400)	–	15,000
	2008.07.04	2008.09.04-2018.05.25	0.03215	32,000	–	–	–	32,000
	2008.07.04	2008.09.06-2018.05.25	0.03215	3,600	–	–	–	3,600
	2008.07.04	2008.09.10-2018.05.25	0.03215	450,000	–	(450,000)	–	–
	2008.07.04	2008.09.13-2018.05.25	0.03215	3,375	–	–	–	3,375
	2008.07.04	2008.09.17-2018.05.25	0.03215	39,000	–	–	–	39,000
	2008.07.04	2008.09.20-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2008.09.24-2018.05.25	0.03215	24,000	–	–	–	24,000

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2008.07.04	2008.09.27-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.10.08-2018.05.25	0.03215	20,000	–	–	–	20,000
	2008.07.04	2008.10.10-2018.05.25	0.03215	6,000	–	(1,500)	–	4,500
	2008.07.04	2008.10.22-2018.05.25	0.03215	24,000	–	–	–	24,000
	2008.07.04	2008.10.23-2018.05.25	0.03215	12,750	–	–	–	12,750
	2008.07.04	2008.10.24-2018.05.25	0.03215	24,000	–	–	–	24,000
	2008.07.04	2008.10.29-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.10.31-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2008.11.19-2018.05.25	0.03215	32,000	–	–	–	32,000
	2008.07.04	2008.12.03-2018.05.25	0.03215	62,000	–	(40,000)	–	22,000
	2008.07.04	2008.12.10-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2008.12.12-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.12.17-2018.05.25	0.03215	12,000	–	–	–	12,000
	2008.07.04	2008.12.24-2018.05.25	0.03215	3,750	–	–	–	3,750

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2008.07.04	2008.12.26-2018.05.25	0.03215	16,687	–	–	–	16,687
	2008.07.04	2008.12.29-2018.05.25	0.03215	150,000	–	–	–	150,000
	2008.07.04	2009.01.02-2018.05.25	0.03215	100,000	–	–	–	100,000
	2008.07.04	2009.01.15-2018.05.25	0.03215	620,000	–	–	–	620,000
	2008.07.04	2009.01.28-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2009.02.14-2018.05.25	0.03215	206,250	–	–	–	206,250
	2008.07.04	2009.02.15-2018.05.25	0.03215	24,000	–	(4,500)	–	19,500
	2008.07.04	2009.02.25-2018.05.25	0.03215	9,000	–	–	–	9,000
	2008.07.04	2009.02.26-2018.05.25	0.03215	9,375	–	–	–	9,375
	2008.07.04	2009.02.27-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2009.02.28-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.03.03-2018.05.25	0.03215	3,375	–	–	–	3,375
	2008.07.04	2009.03.10-2018.05.25	0.03215	48,493	–	–	–	48,493
	2008.07.04	2009.03.12-2018.05.25	0.03215	–	–	–	–	–

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2008.07.04	2009.03.17-2018.05.25	0.03215	15,600	–	(1,125)	–	14,475
	2008.07.04	2009.03.19-2018.05.25	0.03215	32,000	–	–	–	32,000
	2008.07.04	2009.03.21-2018.05.25	0.03215	15,000	–	–	–	15,000
	2008.07.04	2009.03.24-2018.05.25	0.03215	23,000	–	–	–	23,000
	2008.07.04	2009.03.25-2018.05.25	0.03215	20,000	–	(6,250)	–	13,750
	2008.07.04	2009.03.31-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.01-2018.05.25	0.03215	450	–	–	–	450
	2008.07.04	2009.04.02-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.07-2018.05.25	0.03215	6,750	–	–	–	6,750
	2008.07.04	2009.04.09-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.14-2018.05.25	0.03215	1,650	–	–	–	1,650
	2008.07.04	2009.04.15-2018.05.25	0.03215	4,000	–	–	–	4,000
	2008.07.04	2009.04.21-2018.05.25	0.03215	1,200	–	–	–	1,200
	2008.07.04	2009.04.23-2018.05.25	0.03215	6,000	–	–	–	6,000

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2008.07.04	2009.04.28-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2009.05.04-2018.05.25	0.03215	11,000	–	(3,438)	–	7,562
	2008.07.04	2009.05.06-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2009.05.12-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.05.19-2018.05.25	0.03215	22,688	–	–	–	22,688
	2008.07.04	2009.05.22-2018.05.25	0.03215	–	–	–	–	–
	2008.07.04	2009.05.23-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.05.26-2018.05.25	0.03215	405,587	–	(50,000)	–	355,587
	2008.11.05	2009.11.05-2018.05.25	0.03215	–	–	–	–	–
	2008.11.18	2009.11.18-2018.05.25	0.03215	–	–	–	–	–
	2008.11.26	2009.11.26-2018.05.25	0.03215	400,000	–	–	–	400,000
	2009.07.31	2009.07.31-2018.05.25	0.03215	148,000	–	–	–	148,000
	2009.07.31	2010.01.04-2018.05.25	0.03215	781,250	–	–	–	781,250
	2009.07.31	2010.01.12-2018.05.25	0.03215	145,800	–	(145,800)	–	–

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share *(US$)*	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2009.07.31	2010.02.09-2018.05.25	0.03215	900,000	–	(900,000)	–	–
	2009.07.31	2010.02.11-2018.05.25	0.03215	32,000	–	–	–	32,000
	2009.07.31	2010.02.13-2018.05.25	0.03215	32,000	–	–	–	32,000
	2009.07.31	2010.02.16-2018.05.25	0.03215	100,000	–	–	–	100,000
	2009.07.31	2010.03.06-2018.05.25	0.03215	145,800	–	(145,800)	–	–
	2009.07.31	2010.03.11-2018.05.25	0.03215	32,000	–	–	–	32,000
	2009.07.31	2010.03.16-2018.05.25	0.03215	1,928,500	–	(1,912,500)	–	16,000
	2009.07.31	2010.03.17-2018.05.25	0.03215	32,000	–	–	–	32,000
	2009.07.31	2010.04.01-2018.05.25	0.03215	94,500	–	–	–	94,500
	2009.07.31	2010.04.07-2018.05.25	0.03215	14,000	–	–	–	14,000
	2009.07.31	2010.04.12-2018.05.25	0.03215	–	–	–	–	–
	2009.07.31	2010.04.27-2018.05.25	0.03215	14,000	–	(8,750)	–	5,250
	2009.07.31	2010.05.08-2018.05.25	0.03215	70,000	–	(19,688)	–	50,312
	2009.07.31	2010.05.18-2018.05.25	0.03215	100,625	–	–	–	100,625

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share (US$)	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2009.07.31	2010.05.25-2018.05.25	0.03215	35,000	–	–	–	35,000
	2009.07.31	2010.06.22-2018.05.25	0.03215	168,000	–	–	–	168,000
	2009.07.31	2010.07.01-2018.05.25	0.03215	24,000	–	(15,000)	–	9,000
	2009.07.31	2010.07.10-2018.05.25	0.03215	165,600	–	–	–	165,600
	2009.07.31	2010.07.15-2018.05.25	0.03215	402,500	–	–	–	402,500
	2009.07.31	2010.07.25-2018.05.25	0.03215	24,000	–	–	–	24,000
	2009.07.31	2010.07.29-2018.05.25	0.03215	–	–	–	–	–
	2009.09.15	2010.09.15-2018.05.25	0.03215	4,036,400	–	(1,655,000)	–	2,381,400
	2010.01.08	2011.01.08-2018.05.25	0.03215	189,900	–	–	–	189,900
	2010.07.01	2008.03.05-2018.05.25	0.03215	175,000	–	–	–	175,000
	2010.07.01	2008.03.17-2018.05.25	0.03215	100,000	–	–	–	100,000
	2010.07.01	2008.06.18-2018.05.25	0.03215	3,100	–	(3,100)	–	–
	2010.07.01	2009.09.22-2018.05.25	0.03215	30,000	–	–	–	30,000
	2010.07.01	2010.06.22-2018.05.25	0.03215	10,000	–	–	–	10,000

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share (US$)	Number of share options: Balance as at 1 January 2011	Granted during the period	Lapsed during the period	Exercised during the period	Balance as at 30 June 2011
Other staff of Fenghuang On-line	2010.07.01	2010.09.15-2018.05.25	0.03215	1,300,350	–	(1,274,350)	–	26,000
	2010.07.01	2010.10.09-2018.05.25	0.03215	10,000	–	–	–	10,000
	2010.07.01	2011.01.18-2018.05.25	0.03215	240,925	–	–	–	240,925
	2010.07.01	2011.02.20-2018.05.25	0.03215	40,000	–	(40,000)	–	–
	2010.07.01	2011.02.21-2018.05.25	0.03215	2,100,000	–	(1,800,000)	–	300,000
	2010.07.01	2011.06.07-2018.05.25	0.03215	150,000	–	–	–	150,000
	2010.07.01	2011.07.01-2018.05.25	0.03215	6,450,000	–	(5,500,000)	–	950,000
				42,221,805	–	(19,104,101)	–	23,117,704

Note: The options granted in excess of the individual limit were approved by the Shareholders on 20 June 2008.

On 15 March 2011, PNM cancelled 18,778,200 unvested Share Options granted under the PNM Share Option Scheme.

(3) *PNM March 2011 Scheme*

On 15 March 2011, PNM adopted the Restricted Share Unit and Restricted Share Scheme (the "PNM March 2011 Scheme"), under which PNM may grant up to 29,059,158 restricted share units or restricted shares to the executives, employees or directors of PNM or its affiliates, provided that the number of restricted share units or restricted shares granted under the PNM March 2011 Scheme plus the number of share options granted and unvested under the PNM Share Option Scheme shall in no event exceed 96,000,000 shares.

On 17 March 2011, PNM granted 19,008,200 restricted shares and 10,050,958 restricted share units under the PNM March 2011 Scheme to its employees.

The particulars and movement of the restricted share units ("RSU") granted under the PNM March 2011 Scheme during the period are as follows:

Name or category of participants	Date of grant	Commencement of vesting period	No. of RSU Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Employees	2011.03.17	2009.04.01	5,213,108	(2,606,554)	(66,750)	2,539,804
	2011.03.17	2009.04.02	1,500	(750)	–	750
	2011.03.17	2009.04.03	1,500	(750)	–	750
	2011.03.17	2009.04.07	6,000	(3,000)	–	3,000
	2011.03.17	2009.04.10	1,000	(500)	–	500
	2011.03.17	2009.04.13	21,000	(10,500)	–	10,500
	2011.03.17	2009.04.17	41,600	(20,800)	–	20,800
	2011.03.17	2009.04.23	10,000	(5,000)	–	5,000
	2011.03.17	2009.04.24	11,500	(5,750)	–	5,750
	2011.03.17	2009.04.27	1,500	(750)	–	750
	2011.03.17	2009.05.04	6,500	(3,250)	–	3,250
	2011.03.17	2009.05.07	1,500	(750)	–	750
	2011.03.17	2009.05.08	66,500	(33,250)	–	33,250
	2011.03.17	2009.05.11	500	(250)	–	250
	2011.03.17	2009.05.15	51,500	(25,750)	–	25,750
	2011.03.17	2009.05.21	8,675	(4,337)	–	4,338
	2011.03.17	2009.05.22	17,500	(8,750)	–	8,750
	2011.03.17	2009.06.01	1,000	(500)	–	500
	2011.03.17	2009.06.02	1,000	(500)	–	500
	2011.03.17	2009.06.15	500	(250)	–	250
	2011.03.17	2009.06.18	1,500	(750)	–	750
	2011.03.17	2009.06.21	8,000	(4,000)	–	4,000
	2011.03.17	2009.06.22	30,000	(15,000)	–	15,000
	2011.03.17	2009.06.26	6,000	(3,000)	–	3,000
	2011.03.17	2009.06.29	10,000	(5,000)	–	5,000
	2011.03.17	2009.07.02	30,500	(11,437)	(313)	18,750
	2011.03.17	2009.07.03	1,500	(562)	–	938
	2011.03.17	2009.07.06	21,000	(7,875)	–	13,125
	2011.03.17	2009.07.07	1,500	(562)	–	938
	2011.03.17	2009.07.08	1,500	(562)	–	938
	2011.03.17	2009.07.10	5,000	(1,875)	–	3,125
	2011.03.17	2009.07.16	10,500	(3,937)	–	6,563
	2011.03.17	2009.07.20	500	(187)	–	313
	2011.03.17	2009.07.21	1,500	(562)	–	938
	2011.03.17	2009.07.23	50,000	(18,750)	–	31,250
	2011.03.17	2009.07.24	20,000	(7,500)	–	12,500

Name or category of participants	Date of grant	Commencement of vesting period	No. of RSU Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Employees (Continued)	2011.03.17	2009.07.27	500	(187)	–	313
	2011.03.17	2009.07.29	500	(187)	–	313
	2011.03.17	2009.08.03	1,000	(375)	–	625
	2011.03.17	2009.08.07	10,000	(3,750)	–	6,250
	2011.03.17	2009.08.10	1,500	(561)	–	939
	2011.03.17	2009.08.12	10,000	(3,750)	–	6,250
	2011.03.17	2009.08.14	3,000	(1,124)	(938)	938
	2011.03.17	2009.08.18	1,000	(375)	(625)	–
	2011.03.17	2009.08.21	1,500	(562)	–	938
	2011.03.17	2009.08.28	1,000	(375)	–	625
	2011.03.17	2009.08.31	20,000	(7,500)	–	12,500
	2011.03.17	2009.09.01	500	(187)	–	313
	2011.03.17	2009.09.04	16,000	(6,000)	–	10,000
	2011.03.17	2009.09.07	2,000	(750)	–	1,250
	2011.03.17	2009.09.08	50,000	(18,750)	–	31,250
	2011.03.17	2009.09.09	30,000	(11,250)	–	18,750
	2011.03.17	2009.09.18	21,500	(8,062)	–	13,438
	2011.03.17	2009.09.23	50,000	(18,750)	–	31,250
	2011.03.17	2009.10.09	41,500	(15,562)	–	25,938
	2011.03.17	2009.10.12	30,000	(11,250)	–	18,750
	2011.03.17	2009.10.23	100,000	(37,500)	–	62,500
	2011.03.17	2009.10.30	3,500	(1,311)	–	2,189
	2011.03.17	2009.11.02	52,000	(19,500)	–	32,500
	2011.03.17	2009.11.04	11,000	(4,125)	–	6,875
	2011.03.17	2009.11.06	5,500	(1,874)	(1,125)	2,501
	2011.03.17	2009.11.09	1,000	(375)	–	625
	2011.03.17	2009.11.11	10,000	(3,750)	–	6,250
	2011.03.17	2009.11.13	3,000	(1,124)	–	1,876
	2011.03.17	2009.11.15	500	(187)	–	313
	2011.03.17	2009.11.16	2,000	(749)	–	1,251
	2011.03.17	2009.11.20	5,000	(1,875)	–	3,125
	2011.03.17	2009.11.23	2,500	(937)	–	1,563
	2011.03.17	2009.11.24	18,500	(6,937)	(313)	11,250
	2011.03.17	2009.12.04	20,000	(7,500)	–	12,500
	2011.03.17	2009.12.07	1,000	(375)	–	625
	2011.03.17	2009.12.09	1,000	(375)	–	625
	2011.03.17	2009.12.11	40,000	(15,000)	–	25,000
	2011.03.17	2009.12.15	2,000	(687)	(375)	938
	2011.03.17	2009.12.18	10,000	(3,750)	–	6,250
	2011.03.17	2009.12.21	2,500	(937)	–	1,563
	2011.03.17	2009.12.28	10,500	(3,937)	–	6,563
	2011.03.17	2009.12.29	120,000	(45,000)	–	75,000

Name or category of participants	Date of grant	Commencement of vesting period	No. of RSU Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Employees (Continued)	2011.03.17	2009.12.30	500	(125)	(375)	–
	2011.03.17	2010.01.04	200,000	(50,000)	–	150,000
	2011.03.17	2010.01.07	50,000	(12,500)	–	37,500
	2011.03.17	2010.01.08	26,500	(6,625)	–	19,875
	2011.03.17	2010.01.12	50,000	(12,500)	–	37,500
	2011.03.17	2010.01.15	44,000	(11,000)	–	33,000
	2011.03.17	2010.01.18	110,075	(27,518)	–	82,557
	2011.03.17	2010.01.20	50,000	(12,500)	–	37,500
	2011.03.17	2010.01.21	2,000	(500)	–	1,500
	2011.03.17	2010.01.22	500	(125)	–	375
	2011.03.17	2010.01.27	10,000	(2,500)	–	7,500
	2011.03.17	2010.02.01	11,500	(2,875)	–	8,625
	2011.03.17	2010.02.02	500	(125)	(375)	–
	2011.03.17	2010.02.05	2,500	(625)	–	1,875
	2011.03.17	2010.02.11	1,000	(250)	–	750
	2011.03.17	2010.02.20	3,000	(750)	–	2,250
	2011.03.17	2010.02.21	500	(125)	–	375
	2011.03.17	2010.02.24	20,000	(5,000)	–	15,000
	2011.03.17	2010.02.25	2,000	(500)	–	1,500
	2011.03.17	2010.02.26	1,500	(375)	–	1,125
	2011.03.17	2010.03.01	61,000	(15,250)	–	45,750
	2011.03.17	2010.03.02	1,000	(250)	–	750
	2011.03.17	2010.03.03	50,000	(12,500)	–	37,500
	2011.03.17	2010.03.05	7,000	(1,750)	(750)	4,500
	2011.03.17	2010.03.08	100,000	(25,000)	–	75,000
	2011.03.17	2010.03.09	1,000	(250)	(750)	–
	2011.03.17	2010.03.10	51,000	(12,750)	–	38,250
	2011.03.17	2010.03.12	1,000	(250)	–	750
	2011.03.17	2010.03.15	1,500	(375)	–	1,125
	2011.03.17	2010.03.16	50,000	(12,500)	–	37,500
	2011.03.17	2010.03.18	3,000	(750)	–	2,250
	2011.03.17	2010.03.19	10,500	(2,625)	–	7,875
	2011.03.17	2010.03.21	500	(125)	–	375
	2011.03.17	2010.03.22	11,000	(2,750)	–	8,250
	2011.03.17	2010.03.23	101,000	(25,250)	–	75,750
	2011.03.17	2010.03.24	1,500	(375)	(1,125)	–
	2011.03.17	2010.03.26	15,500	(3,875)	–	11,625
	2011.03.17	2010.03.29	33,000	(8,250)	–	24,750
	2011.03.17	2010.03.30	1,500	(375)	–	1,125
	2011.03.17	2010.04.02	10,000	(2,500)	–	7,500
	2011.03.17	2010.04.06	6,000	(1,500)	–	4,500
	2011.03.17	2010.04.09	1,500	(375)	–	1,125

Name or category of participants	Date of grant	Commencement of vesting period	No. of RSU Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Employees (Continued)	2011.03.17	2010.04.12	3,500	(875)	–	2,625
	2011.03.17	2010.04.13	2,500	(625)	–	1,875
	2011.03.17	2010.04.16	15,500	(3,875)	(1,125)	10,500
	2011.03.17	2010.04.19	3,000	(750)	–	2,250
	2011.03.17	2010.04.21	2,000	(500)	–	1,500
	2011.03.17	2010.04.22	1,500	–	(1,500)	–
	2011.03.17	2010.04.23	10,000	(2,500)	–	7,500
	2011.03.17	2010.04.26	23,500	(5,875)	(750)	16,875
	2011.03.17	2010.04.28	1,500	(375)	–	1,125
	2011.03.17	2010.04.29	150,000	(37,500)	–	112,500
	2011.03.17	2010.05.04	26,500	(6,250)	(1,500)	18,750
	2011.03.17	2010.05.05	500	(125)	–	375
	2011.03.17	2010.05.10	30,000	(7,500)	–	22,500
	2011.03.17	2010.05.11	13,000	(3,250)	–	9,750
	2011.03.17	2010.05.12	1,500	–	(1,500)	–
	2011.03.17	2010.05.14	12,500	(3,125)	–	9,375
	2011.03.17	2010.05.17	1,000	(250)	(750)	–
	2011.03.17	2010.05.21	36,500	(9,125)	(750)	26,625
	2011.03.17	2010.05.24	53,500	(13,000)	(1,500)	39,000
	2011.03.17	2010.05.25	2,000	(500)	(375)	1,125
	2011.03.17	2010.05.26	500	(125)	–	375
	2011.03.17	2010.05.27	1,000	(250)	–	750
	2011.03.17	2010.05.28	31,500	(7,875)	–	23,625
	2011.03.17	2010.06.04	18,000	(2,000)	(10,000)	6,000
	2011.03.17	2010.06.07	1,500	(375)	–	1,125
	2011.03.17	2010.06.09	1,000	(250)	–	750
	2011.03.17	2010.06.18	23,500	(5,875)	–	17,625
	2011.03.17	2010.06.21	23,000	(5,625)	(875)	16,500
	2011.03.17	2010.06.25	16,000	(4,000)	–	12,000
	2011.03.17	2010.06.28	4,500	(1,125)	–	3,375
	2011.03.17	2010.07.01	50,000	–	–	50,000
	2011.03.17	2010.07.02	7,500	–	(2,000)	5,500
	2011.03.17	2010.07.05	4,000	–	–	4,000
	2011.03.17	2010.07.06	3,500	–	–	3,500
	2011.03.17	2010.07.12	8,000	–	–	8,000
	2011.03.17	2010.07.13	23,000	–	–	23,000
	2011.03.17	2010.07.15	1,500	–	–	1,500
	2011.03.17	2010.07.16	3,500	–	–	3,500
	2011.03.17	2010.07.19	11,500	–	–	11,500
	2011.03.17	2010.07.20	18,500	–	(1,500)	17,000
	2011.03.17	2010.07.21	1,000	–	–	1,000
	2011.03.17	2010.07.26	53,000	–	–	53,000
	2011.03.17	2010.07.28	1,500	–	–	1,500

Name or category of participants	Date of grant	Commencement of vesting period	No. of RSU Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Employees (Continued)	2011.03.17	2010.07.30	1,500	–	–	1,500
	2011.03.17	2010.08.02	500	–	–	500
	2011.03.17	2010.08.03	567,000	–	(1,000)	566,000
	2011.03.17	2010.08.10	13,000	–	(1,500)	11,500
	2011.03.17	2010.08.11	151,500	–	–	151,500
	2011.03.17	2010.08.16	1,500	–	–	1,500
	2011.03.17	2010.08.17	89,000	–	(1,000)	88,000
	2011.03.17	2010.08.23	2,500	–	–	2,500
	2011.03.17	2010.08.24	17,000	–	–	17,000
	2011.03.17	2010.08.25	1,500	–	(1,500)	–
	2011.03.17	2010.08.30	1,500	–	–	1,500
	2011.03.17	2010.08.31	13,000	–	–	13,000
	2011.03.17	2010.09.01	31,000	–	–	31,000
	2011.03.17	2010.09.06	50,000	–	(50,000)	–
	2011.03.17	2010.09.07	13,000	–	–	13,000
	2011.03.17	2010.09.08	2,000	–	–	2,000
	2011.03.17	2010.09.09	1,500	–	–	1,500
	2011.03.17	2010.09.10	1,500	–	–	1,500
	2011.03.17	2010.09.13	5,500	–	–	5,500
	2011.03.17	2010.09.14	22,000	–	–	22,000
	2011.03.17	2010.09.16	2,000	–	–	2,000
	2011.03.17	2010.09.20	5,500	–	–	5,500
	2011.03.17	2010.09.25	1,500	–	–	1,500
	2011.03.17	2010.09.28	500	–	–	500
	2011.03.17	2010.10.08	196,500	–	(1,000)	195,500
	2011.03.17	2010.10.09	25,000	–	–	25,000
	2011.03.17	2010.10.11	11,000	–	–	11,000
	2011.03.17	2010.10.13	1,000	–	–	1,000
	2011.03.17	2010.10.21	2,000	–	–	2,000
	2011.03.17	2010.11.21	1,000	–	–	1,000
	2011.03.17	2010.11.22	50,000	–	–	50,000
	2011.03.17	2010.11.30	150,000	–	–	150,000
	2011.03.17	2010.12.01	51,000	–	(1,000)	50,000
	2011.03.17	2010.12.03	500	–	(500)	–
	2011.03.17	2010.12.21	30,000	–	–	30,000
	2011.03.17	2011.01.04	100,000	–	–	100,000
	2011.03.17	2011.01.11	100,000	–	–	100,000
	2011.03.17	2011.02.14	60,000	–	–	60,000
	2011.03.17	2011.02.21	10,000	–	–	10,000
	2011.03.17	2011.03.01	90,000	–	–	90,000
Total:			10,050,958	(3,480,255)	(155,439)	6,415,264

The particulars and movements of restricted shares ("RS") granted under the PNM March 2011 Scheme during the period are as following:

Name or category of participants	Date of grant	Commencement of vesting period	No. of RS Granted during the period	Vested during the period	Lapsed during the period	Outstanding balance as at 30 June 2011
Liu Shuang *(Note 1)*	2011.03.17	2009.04.01	2,178,000	(1,089,000)	–	1,089,000
Li Ya *(Note 1)*	2011.03.17	2009.04.01	2,117,500	(1,058,750)	–	1,058,750
Employees	2011.03.17	2009.04.01	7,202,700	(3,601,347)	–	3,601,353
	2011.03.17	2010.02.20	60,000	(15,000)	–	45,000
	2011.03.17	2010.02.21	1,800,000	(450,000)	–	1,350,000
	2011.03.17	2010.10.08	400,000	–	–	400,000
	2011.03.17	2010.10.25	50,000	–	–	50,000
	2011.03.17	2010.12.01	4,300,000	–	–	4,300,000
	2011.03.17	2010.12.27	900,000	–	–	900,000
Total:			19,008,200	(6,214,097)	–	12,794,103

Note 1: LIU Shuang and LI Ya are currently the directors of PNM

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

DIRECTORS' INTERESTS IN CONTRACTS

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

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

As at 30 June 2011, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or entered in the register kept by the Company pursuant to 352 of the SFO, were as follows:

(1) Long positions of substantial shareholders in the ordinary shares of the Company

Name of substantial shareholders	Number of shares	Approximate shareholding percentage
Today's Asia Limited *(Note 2)*	1,854,000,000	37.14%
Extra Step Investments Limited *(Note 3)*	983,000,000	19.69%
Xing Kong Chuan Mei Group Co., Ltd. *(Note 4)*	871,000,000	17.45%

Notes:

1 As at 30 June 2011, the number of issued shares of the Company was 4,991,437,500.

2 Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee of 93.3% and 6.7% interests, respectively.

3 Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited which in turn is a subsidiary of China Mobile Communications Corporation ("CMCC"). By virtue of the SFO, CMCC and China Mobile (Hong Kong) Group Limited are deemed to be interested in the 983,000,000 shares held by Extra Step Investments Limited. Mr. GAO Nianshu and Mr. SHA Yuejia, both non-executive Directors of the Company, are respectively general manager of data services department of CMCC and executive Director and vice president of China Mobile Limited.

4 Xing Kong Chuan Mei Group Co., Ltd. is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty. Limited, News Cayman Holdings Limited and Star Group Limited are all deemed to be interested in the 871,000,000 shares held by Xing Kong Chuan Mei Group Co., Ltd.

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

Name of other person who has more than 5% interest	Number of shares	Approximate shareholding percentage
China Wise International Limited *(Note)*	412,000,000	8.25%

Notes:

1 As at 30 June 2011, the number of issued shares of the Company was 4,991,437,500.

2 China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijn Investment Limited. By virtue of the SFO, Central Huijn Investment Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 shares held by China Wise International Limited.

3 Mr. GONG Jianzhong, non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executive of the Company) known to the Directors or the chief executive of the Company, who, as at 30 June 2011, had an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

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

COMPETING BUSINESS

Star Group Limited and its subsidiaries ("STAR") engage in the development, production and broadcasting of television programming in Asia with India as the key market. STAR's programming is distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the following Chinese-language channels including Channel V Taiwan, Star Chinese Movies, Star Chinese Channel. Mr. KOEPPEN Jan and Mr. CHEUNG Chun On, Daniel, both non-executive Directors of the Company, and their alternate Directors, Ms. WONG Ella Betsy, and Dr GAO Jack Qunyao, are employees of News Corporation and its affiliates. Other than the Chinese-language channels offered by STAR above, News Corporation and its subsidiaries do not offer any other similar Chinese-language channels.

Save as disclosed above, as at 30 June 2011, none of the Directors or their respective associates (as defined under the Listing Rules) had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group during the period and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

ADVANCES TO AN ENTITY

Details of the relevant advance to an entity from the Group which exceeds 6.2% of the Group's total assets, as defined under Rules 14.07(1) of the Listing Rules, are set out in note 16 to the condensed consolidated interim financial information.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

Unless otherwise disclosed herein, the Company has, throughout the six months ended 30 June 2011, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code provisions

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

Deviation and its reasons

Mr. LIU Changle has been both the chairman and chief executive officer of the Company since its incorporation. He is responsible for managing the board of Directors (the "Board") and the businesses of the Group. 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 audit committee of the Company ("Audit Committee"), balance of power and authority can be ensured and there is no imminent need to change the arrangement.

Appointments, Re-election and Removal

Code provisions

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

Deviation and its reasons

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Directors have complied with the required standard of dealings regarding Directors' securities transactions throughout the six months ended 30 June 2011.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference based upon the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions of the Code. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-year reports and quarterly reports (if any) and to provide advice and comments thereon to the Board. The Audit Committee will meet at least twice a year with management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The Audit Committee currently comprises one non-executive Director, namely Mr. CHEUNG Chun On, Daniel and two independent non-executive Directors, namely Mr. LEUNG Hok Lim, and Mr. Thaddeus Thomas BECZAK (chairman of the Audit Committee).

The Audit Committee has already reviewed the Group's unaudited interim results for the six months ended 30 June 2011.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENTS AND INTERIM REPORT

This interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk, the Company's website at www.ifeng.com and the professional investor relation website at www.irasia.com/listco/hk/phoenixtv. The 2011 interim report of the Company will be dispatched to Shareholders of the Company and published on the abovementioned websites on or before 30 September 2011.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 19 August 2011

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") have the pleasure of presenting the unaudited condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows and condensed consolidated statement of changes in equity of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2011 (the "period"), and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2011, together with the comparative figures for the corresponding period and relevant date in 2010.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED
FOR THE SIX MONTHS ENDED 30 JUNE 2011

		For the six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
			(Note 28)
Revenue	*5*	**1,562,341**	1,102,018
Operating expenses	*6*	**(1,089,125)**	(697,505)
Selling, general and administrative expenses	*6*	**(190,040)**	(139,003)
Other (expenses)/income			
Fair value loss on preference share liability – derivative component		**(947,100)**	(17,005)
Interest accretion for preference share liability – host debt		**(17,613)**	(19,671)
Fair value gain on an investment property under construction		**140,365**	214
Interest income		**5,949**	3,445
Other gains – net	*6*	**18,814**	1,138
Share of loss of an associate		**(1,055)**	(2,054)
Share of (loss)/profit of jointly controlled entities		**(982)**	1,354
(Loss)/profit before income tax		**(518,446)**	232,931
Income tax expense	*7*	**(112,269)**	(41,146)
(Loss)/profit for the period		**(630,715)**	191,785
(Loss)/profit attributable to:			
Owners of the Company		**(539,974)**	190,712
Non-controlling interests		**(90,741)**	1,073
		(630,715)	191,785

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

	Note	For the six months ended 30 June 2011 HK$'000	2010 HK$'000
(Losses)/earnings per share for (loss)/profit attributable to the owners of the Company			
Basic (losses)/earnings per share, Hong Kong cents	*9*	**(10.82)**	3.83
Diluted (losses)/earnings per share, Hong Kong cents	*9*	**(10.82)**	3.82
Dividends and distributions	*8*	**233,860**	–

The notes on pages 42 to 65 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 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(630,715)**	191,785
Other comprehensive income for the period, net of tax		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**26,788**	2,497
Total comprehensive (loss)/income for the period	**(603,927)**	194,282
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	**(513,186)**	193,209
Non-controlling interests	**(90,741)**	1,073
	(603,927)	194,282

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 JUNE 2011

	Note	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000 (Audited)
ASSETS			
Non-current assets			
Purchased programme and film rights, net	*10*	**27,310**	26,631
Lease premium for land	*11*	**239,560**	239,300
Property, plant and equipment, net	*12*	**1,082,277**	904,342
Investment properties under construction	*13*	**573,081**	371,138
Intangible assets	*14*	**17,615**	18,473
Investments in jointly controlled entities		**10,088**	10,846
Investment in an associate		**3,681**	4,736
Available-for-sale financial assets		**962**	962
Other long-term assets		**28,112**	30,672
Deferred income tax assets		**24,571**	13,225
		2,007,257	1,620,325
Current assets			
Accounts receivable, net	*15*	**297,602**	211,416
Prepayments, deposits and other receivables	*16*	**633,139**	471,555
Inventories		**7,298**	6,658
Amounts due from related companies	*27*	**114,428**	29,705
Self-produced programmes		**11,404**	8,253
Purchased programme and film rights, net	*10*	**5,615**	4,069
Financial assets at fair value through profit or loss	*17*	**23,521**	24,330
Bank deposits		**1,040,572**	113,280
Restricted cash		**4,597**	23,790
Cash and cash equivalents		**1,643,704**	1,312,502
		3,781,880	2,205,558
Total assets		**5,789,137**	3,825,883

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

	Note	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*23*	**499,144**	498,703
Reserves			
– Proposed special/final dividend		**189,733**	164,572
– Others		**2,552,601**	1,543,803
		3,241,478	2,207,078
Non-controlling interests		**1,254,569**	250,213
Total equity		**4,496,047**	2,457,291
LIABILITIES			
Non-current liabilities			
Borrowings	*20*	**299,600**	653,106
Investment deposits	*21*	**–**	52,520
Deferred income tax liabilities		**80,525**	47,699
		380,125	753,325
Current liabilities			
Accounts payable, other payables and accruals	*22*	**439,784**	410,570
Deferred income	*19*	**356,148**	141,789
Amounts due to related companies	*27*	**11,607**	11,372
Current income tax liabilities		**105,426**	51,536
		912,965	615,267
Total liabilities		**1,293,090**	1,368,592
Total equity and liabilities		**5,789,137**	3,825,883
Net current assets		**2,868,915**	1,590,291
Total assets less current liabilities		**4,876,172**	3,210,616

The notes on pages 42 to 65 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 2011

	Attributable to the Company's owners								
	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Employee share-based payment reserve *HK$'000*	Retained earnings *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2010	497,014	502,175	7,476	–	23,504	11,390	789,733	227,611	2,058,903
Profit for the period	–	–	–	–	–	–	190,712	1,073	191,785
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	–	–	–	2,497	–	–	–	2,497
Total comprehensive income for the period	–	–	–	–	2,497	–	190,712	1,073	194,282
Transactions with owners									
Share option scheme									
– value of employee services	–	–	–	–	–	3,719	–	–	3,719
– recognition of shares issued on exercise of options	1,512	14,870	–	–	–	(26)	–	–	16,356
Dividends related to 2009	–	(99,705)	–	–	–	–	–	–	(99,705)
Allocation to statutory reserve	–	–	(2,526)	–	–	–	–	–	(2,526)
Total transactions with owners	1,512	(84,835)	(2,526)	–	–	3,693	–	–	(82,156)
Balance at 30 June 2010	498,526	417,340	4,950	–	26,001	15,083	980,445	228,684	2,171,029

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

	Attributable to the Company's owners								
	Share capital	**Share premium**	**Statutory reserve**	**Capital reserve**	**Exchange reserve**	**Employee share-based payment reserve**	**Retained earnings**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2011	**498,703**	**420,066**	**9,899**	**–**	**43,004**	**26,274**	**1,209,132**	**250,213**	**2,457,291**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(539,974)**	**(90,741)**	**(630,715)**
Other comprehensive income									
Exchange differences arising on translation of the financial statements of foreign subsidiaries	**–**	**–**	**–**	**–**	**26,788**	**–**	**–**	**–**	**26,788**
Total comprehensive income/ (loss) for the period	**–**	**–**	**–**	**–**	**26,788**	**–**	**(539,974)**	**(90,741)**	**(603,927)**
Transactions with owners									
Share option scheme									
– value of employee services	**–**	**–**	**–**	**–**	**–**	**87,176**	**–**	**–**	**87,176**
– recognition of shares issued on exercise of options	**441**	**7,464**	**–**	**–**	**–**	**(2,082)**	**–**	**–**	**5,823**
Dividends related to 2010	**–**	**(164,717)**	**–**	**–**	**–**	**–**	**–**	**–**	**(164,717)**
Assured entitlement *(Note 8)*	**–**	**(44,127)**	**–**	**23,425**	**–**	**–**	**–**	**6,564**	**(14,138)**
Disposals of interests in subsidiaries without loss of control *(Note 24)*	**–**	**–**	**–**	**1,640,006**	**–**	**–**	**–**	**1,088,533**	**2,728,539**
Total transactions with owners	**441**	**(201,380)**	**–**	**1,663,431**	**–**	**85,094**	**–**	**1,095,097**	**2,642,683**
Balance at 30 June 2011	**499,144**	**218,686**	**9,899**	**1,663,431**	**69,792**	**111,368**	**669,158**	**1,254,569**	**4,496,047**

Note: The statutory reserve of the Group refers to the 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 42 to 65 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 2011

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Cash flow (used in)/generated from operating activities – net	**(553,123)**	505,371
Cash flow used in investing activities – net	**(294,195)**	(214,276)
Cash flow generated from financing activities – net	**1,166,854**	36,603
Net increase in cash and cash equivalents	**319,536**	327,698
Cash and cash equivalents at beginning of period	**1,312,502**	649,245
Exchange gains on cash and cash equivalents	**11,666**	1,763
Cash and cash equivalents at end of period	**1,643,704**	978,706

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION– UNAUDITED

1 GENERAL INFORMATION

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") engage in satellite television broadcasting activities.

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

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

The condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 19 August 2011.

This condensed consolidated interim financial information has not been audited.

Key events

On 12 May 2011, Phoenix New Media Limited ("PNM"), an indirectly owned subsidiary of the Company, completed its initial public offering (the "Offering") and was separately listed on the New York Stock Exchange. As a result of the Offering, the equity interest in PNM held by the Group was reduced by 32.03% to 51.63%. Further details are given in Note 24(a).

On 29 May 2011, Phoenix Metropolis Media (Beijing) Company Limited ("PMM Beijing"), an indirectly owned subsidiary of the Company, entered into a capital increase agreement with certain investors and employees to increase its registered capital from HK$48,000,000 to RMB140,000,000 (approximately HK$164,841,000). As a result of the subscription of the share capital (together with consideration in excess of the registered capital by these investors and employees), the equity interest in PMM Beijing held by the Group was reduced from 75% to 45.54%. Further details are given in Note 24(b).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2011 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 ("HKICPA") and applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange.

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 2010, 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 2010, as described in those annual financial statements.

(i) Amended standard adopted by the Group

The following amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(ii) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  (a) The name of the government and the nature of their relationship;

  (b) The nature and amount of any individually significant transactions; and

  (c) The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party.

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

  HK(IFRIC) – Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it currently has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to HKFRS (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 2(b)(i) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(iii) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The derecognition rules have been transferred from HKAS 39 'Financial instruments: Recognition and measurement' and have not been changed. The Group has not yet decided when to adopt HKFRS 9.

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

- HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

The Group has not early adopted the new HKFRS in this condensed consolidated interim financial information and will apply them in accordance with their respective effective dates. The Group is assessing the impact of the new HKFRS but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will result.

3 ESTIMATES AND JUDGEMENTS

The preparation of 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 2010, with the exception of changes in estimates that are required in determining the fair value of share options and restricted shares and the judgement applied in determining the control over PMM Beijing.

Upon completion of the Capital Increase Agreement, the Group's equity interest in PMM Beijing was reduced from 75% to 45.54%. Management has exercised its critical judgement when determining whether the Group has de facto control over PMM Beijing by considering the following, amongst others: (i) the Group has obtained effective control over majority of the board of PMM Beijing; and (ii) the Group has the ability to direct the relevant activities of PMM Beijing, i.e. the activities that significantly affect PMM Beijing.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

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

4.2 Liquidity risk

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

4.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011.

	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Financial assets at fair value through profit or loss			
– trading equity securities	**23,521**	**–**	**23,521**
Liabilities			
Financial liabilities at fair value through profit or loss			
– derivative component of preference share liability	**–**	**–**	**–**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1	Level 2	Total
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Financial assets at fair value through profit or loss			
– trading equity securities	24,330	–	24,330
Liabilities			
Financial liabilities at fair value through profit or loss			
– derivative component of preference share liability	–	192,974	192,974

In 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2011, there were no reclassifications of financial assets.

5 SEGMENTAL INFORMATION

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

At 30 June 2011, the Group had four operating segments including:

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

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

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

(ii) New media – provision of website portal and value-added telecommunication services;

(iii) Outdoor media – provision of outdoor advertising services; and

(iv) Other activities – programme production and ancillary services merchandising services, magazine publication and distribution, and other related services.

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

	For the six months ended 30 June 2011							
	Television broadcasting							
	Primary channels	Others	Sub-total	New media	Outdoor media	Other activities	Inter–segment elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
External sales	**808,238**	**83,645**	**891,883**	**494,389**	**143,486**	**32,583**	**–**	**1,562,341**
Inter-segment sales	**–**	**3,792**	**3,792**	**5,901**	**–**	**19,432**	**(29,125)**	**–**
Total revenue	**808,238**	**87,437**	**895,675**	**500,290**	**143,486**	**52,015**	**(29,125)**	**1,562,341**
Segment results	**392,919**	**9,170**	**402,089**	**(940,081)**	**(2,359)**	**139,979**		**(400,372)**
Unallocated income *(Note a)*								**19,521**
Unallocated expenses *(Note b)*								**(135,558)**
Loss before share of results of jointly controlled entities, an associate, income tax and non-controlling interests								**(516,409)**
Share of loss of an associate								**(1,055)**
Share of loss of jointly controlled entities								**(982)**
Income tax expense								**(112,269)**
Loss for the period								**(630,715)**
Non-controlling interests								**90,741**
Loss attributable to owners of the Company								**(539,974)**

	For the six months ended 30 June 2010							
	Television broadcasting							
	Primary channels *HK$'000* *(Note 28)*	Others *HK$'000* *(Note 28)*	Sub-total *HK$'000*	New media *HK$'000*	Outdoor media *HK$'000*	Other activities *HK$'000*	Inter–segment elimination *HK$'000*	Group *HK$'000*
Revenue								
External sales	670,471	66,038	736,509	245,047	90,936	29,526	–	1,102,018
Inter-segment sales	–	2,532	2,532	3,656	–	18,368	(24,556)	–
Total revenue	670,471	68,570	739,041	248,703	90,936	47,894	(24,556)	1,102,018
Segment results	322,615	14,067	336,682	2,400	6,895	41	–	346,018
Unallocated income *(Note a)*								506
Unallocated expenses *(Note b)*								(112,893)
Profit before share of results of jointly controlled entities, an associate, income tax and non-controlling interests								233,631
Share of loss of an associate								(2,054)
Share of profit of jointly controlled entities								1,354
Income tax expense								(41,146)
Profit for the period								191,785
Non-controlling interests								(1,073)
Profit attributable to owners of the Company								190,712

Notes:

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

(b) Unallocated expenses represent primarily:

– corporate staff costs;

– office rental;

– general administrative expenses; and

– marketing and advertising expenses that relate to the Group as a whole.

6 (LOSS)/PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Crediting		
Investment income	**474**	426
Charging		
Production costs of self-produced programmes	**92,076**	59,963
Transponder rental	**14,368**	12,692
Provision for impairment of accounts receivable	**5,479**	309
Employee benefit expenses (including Directors' emoluments)	**432,772**	253,304
Operating lease rental in respect of		
– Directors' quarters	**1,015**	719
– Land and buildings of third parties	**17,062**	12,021
Fair value loss on financial assets at fair value through profit or loss (realised and unrealised), net	**809**	5,603
Amortisation of purchased programme and film rights	**10,981**	11,225
Amortisation of intangible assets	**858**	1,072
Amortisation of lease premium for land	**1,372**	1,372
Depreciation of property, plant and equipment	**64,121**	52,560
Loss on disposal of property, plant and equipment	**3**	167

7 INCOME TAX EXPENSE

Hong Kong and overseas profits tax has been provided at the rate of 16.5% (six months ended 30 June 2010: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

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

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**54,602**	40,803
– Overseas taxation	**27,036**	2,811
Deferred income tax	**30,631**	(2,468)
	112,269	41,146

8 DIVIDENDS AND DISTRIBUTIONS

A dividend that relates to the period to 31 December 2010 and that amounts to HK$164,717,000 was paid in June 2011 (six months ended 30 June 2010: HK$99,705,000).

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

Special dividend

However, the Directors decided to distribute a special dividend of 3.8 Hong Kong cents per ordinary share. The special dividend will be payable on or about 20 September 2011 to shareholders whose names appear on the register of members of the Company on 9 September 2011. The special dividend, amounting to HK$189,733,000 (based on 4,992,985,500 issued shares as at 19 August 2011) (six months ended 30 June 2010: Nil) has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in equity attributable to owners of the Company in the year ending 31 December 2011.

Assured entitlement

In giving due regard to the interests of the shareholders of the Company as required under Practice Note 15 of the Listing Rules, the Company had to make available to the qualifying shareholders an assured entitlement to the American depositary shares ("Distribution ADS") in connection with the Offering by PNM by means of a distribution-in-specie.

A total distribution-in-specie of HK$44,127,000 (representing 334,330 Distribution ADS of HK$29,989,000 and cash of HK$14,138,000) was recorded in this condensed consolidated interim financial information by payment of cash and the remaining as a transfer of share premium to non-controlling interests and capital reserve. On 31 May 2011, the Distributed ADS was distributed and the cash was paid to the qualifying shareholders.

9 (LOSSES)/EARNINGS PER SHARE

Basic

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

	For the six months ended 30 June	
	2011	2010
(Loss)/profit attributable to owners of the Company (HK$'000)	**(539,974)**	190,712
Weighted average number of ordinary shares in issue ('000)	**4,989,342**	4,984,240
Basic (losses)/earnings per share (Hong Kong cents)	**(10.82)**	3.83

Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary, restricted shares of a subsidiary and the conversion option of the preference shares issued by a subsidiary (six months ended 30 June 2010: share options of the Company and the conversion option of the preference shares issued by 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 and the conversion of the preference shares. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted earnings per share.

For the six months ended 30 June 2011, the share options issued by the Company and a subsidiary, restricted shares of a subsidiary and the conversion option of the preference shares issued by a subsidiary did not have a dilutive effect on the losses per share. The basic and the diluted losses per share are the same.

For the six months ended 30 June 2010, the conversion option of the preference shares issued by a subsidiary did not have a dilutive effect on the earnings per share.

	For the six months ended 30 June	
	2011	2010
(Loss)/profit attributable to owners of the Company used to determine diluted (losses)/earnings per share (HK$'000)	**(539,974)**	190,712
Weighted average number of ordinary shares in issue ('000)	**4,989,342**	4,984,240
Adjustment for share options ('000)	**–**	6,981
Weighted average number of ordinary shares for diluted (losses)/earnings per share ('000)	**4,989,342**	4,991,221
Diluted (losses)/earnings per share (Hong Kong cents)	**(10.82)**	3.82

10 PURCHASED PROGRAMME AND FILM RIGHTS, NET

	For the six months ended 30 June 2011 *HK$'000*	For the year ended 31 December 2010 *HK$'000* (Audited)
Balance, beginning of period/year	**30,700**	27,233
Additions	**14,154**	29,187
Amortisation	**(10,981)**	(23,150)
Others	**(948)**	(2,570)
Balance, end of period/year	**32,925**	30,700
Less: Purchased programme and film rights – current portion	**(5,615)**	(4,069)
	27,310	26,631

11 LEASE PREMIUM FOR LAND

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

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
In Hong Kong, held on:		
Leases between 10 to 50 years	**36,056**	36,557
Outside Hong Kong, held on:		
Leases between 10 to 50 years	**203,504**	202,743
	239,560	239,300

	For the six months ended 30 June 2011 *HK$'000*	For the year ended 31 December 2010 *HK$'000* (Audited)
Balance, beginning of period/year	**239,300**	220,236
Exchange differences	**3,251**	3,010
Additions	**–**	53,584
Transferred to investment property under construction *(Note a)*	**–**	(32,238)
Amortisation *(Note b)*	**(2,991)**	(5,292)
Balance, end of period/year *(Note c)*	**239,560**	239,300

Notes:

(a) On 9 April 2008, Phoenix Pictures Limited ("Phoenix Pictures"), an indirectly wholly owned subsidiary of the Company, acquired Phoenix Oriental (Beijing) Properties Company Limited 鳳凰東方(北京)置業有限公司 ("Phoenix Oriental"), which holds the land use rights for a piece of land in Chaoyang Park. The land use rights held by Phoenix Oriental have been consolidated into the financial statement of the Group since then. The land use term of the land is 50 years from 10 October 2001.

The land at the south western corner of Chaoyang Park in Beijing was valued by independent appraisers as at 8 April 2008, the acquisition date of Phoenix Oriental. The fair value of the land as at acquisition date was RMB209,273,000 (equivalent to approximately HK$237,625,000). Subsequent to the acquisition of Phoenix Oriental, an amount of RMB3,398,100 (equivalent to approximately HK$3,885,000) was paid for the title registration for the land use right which has been capitalised as part of the cost of the land use right.

The land and project transfer contract for the land was entered into by Phoenix Oriental in or around May 2006, before it became an indirectly owned subsidiary of the Company. So far as the Directors are aware, the terms of the land and project transfer contract were agreed at after arm's length negotiations between Phoenix Oriental and 北京朝陽公園開發經營公司 (Beijing Chaoyang Park Development and Management Co.) based on applicable rates promulgated by the PRC government. All land premium and taxes in relation to the land payable up to 31 March 2010 in the aggregate amount of RMB179,500,000 (HK$204,630,000) have been fully paid. In April 2010, Phoenix Oriental and 北京市國土資源局 (State-owned Assets Beijing Bureau) entered into a supplemental agreement to the land and project transfer contract to increase the total gross floor area to approximately 65,000 square metres and change the land use to mixed use and underground parking, for additional land premium in the amount of approximately RMB45,660,000 (HK$52,052,000). The additional land premium together with deed tax in the aggregate total amount of approximately RMB47,000,000 (HK$53,580,000) have been fully paid in May 2010. The additional land premium has been reflected in the lease premium for land and investment property under construction in accordance with the expected usage areas for the Group's operations and for rental income and capital appreciation.

The land, comprised of approximately 18,822 square metres and a permitted total gross floor area of approximately 65,000 square metres, in which above ground of approximately 35,000 square metre, is for cultural, entertainment and office uses. Management intends the land to be used for the development of the Phoenix International Media Centre which will contain theatres and television programme studios to be used by the Group.

Upon completion of the construction, approximately 25,400 square metres will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation.

(b) For the six months ended 30 June 2011, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$1,619,000 (six months ended 30 June 2010: HK$1,157,000).

(c) Included in the net book value as of 30 June 2011 is an amount of HK$16,162,000 which was paid by the Group pursuant to notification from the Shenzhen Municipal Bureau of Land Resources and Housing Management ("Shenzhen Land Bureau") to the Shenzhen Land Bureau to obtain a title certificate in the name of Phoenix Satellite Television Company Limited (the "Phoenix Subsidiary"), a wholly-owned subsidiary of the Group, for the Group's upper ground space entitlement of approximately 8,500 square metres. As of 30 June 2011, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate of the Shenzhen Building will be issued in the near future. As at 30 June 2011, the Group's entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas.

12 PROPERTY, PLANT AND EQUIPMENT, NET

	For the six months ended 30 June 2011	For the year ended 31 December 2010
	HK$'000	*HK$'000*
		(Audited)
Balance, beginning of period/year	**904,342**	760,243
Additions	**236,423**	246,611
Exchange differences	**10,273**	7,619
Disposals	**(4,640)**	(687)
Depreciation	**(64,121)**	(109,444)
Balance, end of period/year *(Note a)*	**1,082,277**	904,342

Note:

(a) The balance includes an amount of HK$30,848,000 (as at 31 December 2010: HK$30,848,000) which relates to the Group's entitlement to use 10,000 square metres in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease as at 30 June 2011. As at 30 June 2011, the cost of this capitalised finance lease was HK$30,848,000 (as at 31 December 2010: HK$30,848,000) with a net book value of HK$27,933,000 (as at 31 December 2010: HK$28,283,000). As at 30 June 2011, the Group was still in the process of obtaining the title certificate to the 8,500 square metres of the entitled areas through the payment of land premium and taxes (see Note 11(c)).

13 INVESTMENT PROPERTIES UNDER CONSTRUCTION

	For the six months ended 30 June 2011 *HK$'000*	For the year ended 31 December 2010 *HK$'000* (Audited)
Balance, beginning of period/year	**371,138**	217,657
Additions	**51,624**	92,100
Transferred from lease premium for land	**–**	32,238
Fair value gain	**140,365**	21,979
Exchange differences	**9,954**	7,164
Balance, end of period/year	**573,081**	371,138

The Group participated in the development of the Phoenix International Media Centre on land situated at the south-western corner of Chaoyang Park, Chaoyang District, Beijing. (See Note 11(a)).

The land, comprised of approximately 18,822 square metres and a permitted total gross floor area of approximately 65,000 square metres in which above ground of approximately 35,000 square metres, is for cultural, entertainment and office uses. Upon completion of the construction, approximately 25,400 square metres will be occupied by the Group for its operations in Beijing, with the rest being held for rental income or capital appreciation.

The Group applied the fair value model for the accounting of its investment property under construction and fair valued the portion of the construction in progress of the Phoenix International Media Centre which is expected to be held for rental income or capital appreciation. The investment property under construction was valued by an independent appraiser. The fair value of the investment property under construction as at 30 June 2011 was RMB469,800,000 (equivalent to approximately HK$563,000,000). A fair value gain of approximately HK$140,365,000 (six months ended 30 June 2010: HK$214,000) was recognised in the condensed consolidated income statement for the six months ended 30 June 2011.

14 INTANGIBLE ASSETS

	For the six months ended 30 June 2011 *HK$'000*	For the year ended 31 December 2010 *HK$'000* (Audited)
Balance, beginning of period/year	**18,473**	21,169
Additions	**–**	150
Disposals	**–**	(934)
Amortisation	**(858)**	(1,912)
Balance, end of period/year	**17,615**	18,473

(a) Goodwill arising from the acquisition of a subsidiary amounted to HK$8,733,000 (as at 31 December 2010: HK$8,733,000). There was no impairment charge recognised during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

15 ACCOUNTS RECEIVABLE, NET

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Accounts receivable	**304,494**	213,093
Less: Provision for impairment of receivables	**(6,892)**	(1,677)
	297,602	211,416

The carrying amounts of accounts receivable, net, approximate their fair values.

The Group has appointed an advertising agent in the PRC to promote the sales of the Group's advertising airtime and programme sponsorship and collect advertising revenues within the PRC on behalf of the Group (Note 16). The Group generally requires customers to pay in advance. Customers of other business segments are given credit terms of 30 to 90 days.

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
0-30 days	**110,914**	100,055
31-60 days	**50,533**	48,719
61-90 days	**59,790**	24,618
91-120 days	**29,124**	16,825
Over 120 days	**54,133**	22,876
	304,494	213,093
Less: Provision for impairment of receivables	**(6,892)**	(1,677)
	297,602	211,416

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

The Group has recognised a loss of HK$5,479,000 (six months ended 30 June 2010: HK$309,000) for the impairment of its accounts receivable during the six months ended 30 June 2011. The loss has been included in selling, general and administrative expenses in the condensed consolidated income statement. The Group has written off HK$271,000 (six months ended 30 June 2010: HK$550,000) of accounts receivable against the provision for impairment of receivables and there has been no reversal of the provision for impairment of receivables made in prior years during the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables is an amount of approximately HK$357,154,000 (as at 31 December 2010: HK$313,626,000) owing from an advertising agent, Shenzhou Television Company Limited ("Shenzhou"), in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group.

The Group has set up a commercial and trust arrangement with Shenzhou, details of which have been disclosed in the announcement made by the Company on 25 September 2002.

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

The management of the Group is of the opinion that the amount owing from Shenzhou of approximately HK$357,154,000 as at 30 June 2011 (as at 31 December 2010: HK$312,626,000) is fully recoverable and no provision is required. The balance is unsecured and bears interest at prevailing bank interest rates.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Unlisted investment at fair value	**23,521**	24,330

The above investment was designated as fair value through profit or loss on initial recognition. Investments with a maturity longer than one year at the inception date are classified as non-current. Changes in fair values (realised and unrealised) of financial assets at fair value through profit or loss are recognised in other income in the consolidated income statement.

As at 30 June 2011, the financial assets at fair value through profit and loss represent investments in shares of HSBC Holdings PLC ("HSBC").

The shares of HSBC were acquired through the maturity of an equity-linked note on 5 December 2008. On the settlement date of the equity-linked note, the Group received 305,271 shares of HSBC instead of the principal of the investment from the issuer and any gain or loss on the fair value of the shares of HSBC recognised in the consolidated income statement since then. These shares are held for trading. As at 30 June 2011, the closing price of the shares of HSBC was HK$77.05. If the price of the shares of HSBC increased/decreased by 50% with all other variables held constant, post-tax profit for the year would have been HK$11,761,000 higher/lower. The investment is managed and its performance evaluated on a fair value basis and information about the Company's investment in the shares is reported to management on that basis.

18 BANKING FACILITIES

On 27 July 2009, Phoenix Oriental obtained loan facilities amounting to approximately HK$599,200,000 from Bank of Beijing to fund the construction work on the Phoenix International Media Centre. As at 30 June 2011, loan facilities of approximately HK$299,600,000 (as at 31 December 2010: HK$338,459,000) was unutilised.

As at 30 June 2011, the Group had banking facilities amounting to approximately HK$18,224,000 (as at 31 December 2010: HK$18,146,000) of which approximately HK$14,090,000 (as at 31 December 2010: HK$13,658,000) was unutilised. The facilities are covered by counter indemnities from the Group. As at 30 June 2011, deposits of approximately HK$3,224,000 (31 December 2010: HK$3,146,000) were pledged with banks to secure banking guarantees given to the landlord of a subsidiary and the main contractor of Phoenix International Media Centre.

19 DEFERRED INCOME

Included in deferred income is an amount of approximately HK$32,534,000 (as at 31 December 2010: HK$32,534,000) of unutilised amount of airtime in relation to the strategic cooperation agreement (the "Strategic Cooperation Agreement") and a barter agreement (the "Barter Agreement") entered into between the Group and Mission Hills Group Limited ("Mission Hills") on 23 June 2006. According to the Strategic Cooperation Agreement, the Group would provide advertising airtime on its satellite television channels and assist Mission Hills in the planning and promotion of the corporate image and branding of Mission Hills by using the Group's resources and leading position in the media industry. The contract term of the Strategic Cooperation Agreement is five years from the date of the contract. On 23 December 2010 and at the request of Mission Hills, the Group and Mission Hills entered into the Supplementary Agreement, pursuant to which the parties agreed to amend the term of 5 years from 23 June 2006 of the Strategic Cooperation Agreement and Barter Agreement to 8 years.

Under the Barter Agreement, Mission Hills transferred the title, rights and interests of a villa in Mission Hills in Residence (the "Villa") to the Group at a price of approximately HK$98,000,000 and in exchange, the Group would provide: (1) airtime for advertisements for five years from the date of the Barter Agreement of an equivalent value based on charging rates that are at a discount to the Group's normal rate card charges and (2) services related to the planning and promotion of the corporate image and branding of Mission Hills and its projects. The Group took possession of the Villa in July 2006 and received title in February 2007.

For the six months ended 30 June 2011, the Group did not recognise any revenue for airtime utilised (six months ended 30 June 2010: HK$1,973,000).

20 BORROWINGS

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Secured bank borrowings *(Note a)*	**299,600**	245,091
Preference share liability *(Note b)*	**–**	408,015
	299,600	653,106

Notes:

(a) Secured bank borrowings

Secured bank borrowings, which are denominated in RMB, mature on 26 July 2012 and bear interest at an average rate of 6.3% annually (as at 31 December 2010: 5.4%).

Bank borrowings are secured by the land in Chaoyang Park together with the development site, with carrying values of approximately HK$116,000,000 (as at 31 December 2010: HK$115,000,000), HK$123,000,000 (as at 31 December 2010: HK$92,000,000) and HK$563,000,000 (as at 31 December 2010: HK$371,000,000) recorded in lease premium for land, construction in progress and investment property under construction respectively as at 30 June 2011.

(b) Preference share liability

PNM entered into the Preferred Shares Agreement ("Agreement") in 2009 with three institutional investors, agreeing to issue 130,000,000 convertible Series A Preferred Shares ("Preferred Shares"), with par value of US$0.01 each, of PNM to the investors at a total consideration of US$25,000,000 (approximately HK$195,000,000). Upon approval of the board of directors of PNM to declare dividends, the Preferred Shares will be entitled to receive in preference to any payment on the ordinary shares, preferential non-cumulative dividends at the rate of 8% of the issue price, on an annual basis. They are convertible into ordinary shares at any time or mandatorily on an initial public offering of PNM on the basis of 1:1 subject to certain adjustments as defined in the Agreement. They are redeemable at the option of the holder at any time after 31 December 2013 or earlier, on the occurrence of certain events as specified in the Agreement. On redemption, the preferred shareholders are entitled to receive the greater of: (a) the original issue price plus a redemption premium plus all declared but unpaid dividends; or (b) the fair market value of the Preferred Shares as determined by an independent appraiser.

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

- A host debt component;
- An equity component; and
- A compound embedded derivative component (representing the investor's option to require the Company to redeem the shares for cash at the predetermined amount and the investor's option to convert the preference shares into a variable number of PNM's ordinary shares and the mandatory conversion upon an initial public offering).

The fair value of the Preferred Shares at issuance (equal to their face value at issuance) is assigned to its respective debt, compound derivative and equity components based on the fair value of the debt and compound derivative components. The equity component is the remaining amount left after the fair value of the Preferred Shares has been allocated to the debt and compound derivative components and was nil. The host debt component is subsequently carried at amortised cost using the effective interest rate method. The derivative component is subsequently fair valued at each balance sheet date with changes in fair value being reflected in the consolidated income statement.

The Preferred Shares were mandatorily converted into PNM Class A Shares upon the Offering. The carrying values of both the host debt and derivative components were derecognised with a corresponding increase in equity to recognise the issue of PNM Class A Shares upon conversion.

The movements of the carrying values of the host debt and derivative components of the Preferred Shares are as follows:

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Preferred Shares – initial measurement of host debt	**215,041**	173,404
Exchange differences	**493**	60
Add: interest accretion during the period/year	**17,613**	41,577
Less: conversion into PNM Class A Shares	**(233,147)**	–
	–	215,041
Derivative component – initial measurement	**192,974**	23,934
Exchange differences	**461**	(47)
Add: change in fair value during the period/year	**947,100**	169,087
Less: conversion into PNM Class A Shares	**(1,140,535)**	–
	–	192,974
Preference share liability	**–**	408,015

The carrying amounts and fair value of the non-current borrowings are as follows:

	Group			
	Carrying amount		**Fair value**	
	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)	**As at 30 June 2011** *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Secured bank borrowings	**299,600**	245,091	**299,600**	245,091
Financial liability at amortised cost	**–**	215,041	**–**	215,041
Financial liability at fair value through profit and loss	**–**	192,974	**–**	192,974
	299,600	653,106	**299,600**	653,106

21 INVESTMENT DEPOSITS

During the year ended 31 December 2010, the Group entered into framework agreements with PRC investors in respect of their investment into PMM Beijing. Under the agreements, the PRC investors would contribute RMB194,000,000 into PMM Beijing in return for an approximately 28.6% interest in PMM Beijing. As at 31 December 2010, PMM Beijing had received approximately HK$53,000,000 from the PRC investors as investment deposits. During the six months ended 30 June 2011, the investment deposits were converted into the capital of PMM Beijing (Note 24(b)).

22 ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000 (Audited)
Accounts payable	**200,588**	144,272
Other payables and accruals	**239,196**	266,298
	439,784	410,570

An ageing analysis of accounts payable is set out below:

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000 (Audited)
0-30 days	**68,074**	52,252
31-60 days	**21,972**	13,964
61-90 days	**14,354**	8,011
91-120 days	**20,318**	5,558
Over 120 days	**75,870**	64,487
	200,588	144,272

The carrying amounts of accounts payable, other payables and accruals approximate their fair values.

23 SHARE CAPITAL

	Six months ended 30 June 2011		Year ended 31 December 2010	
	Number of shares	Amount HK$'000	Number of shares	Amount HK$'000 (Audited)
Authorised:				
Ordinary share of HK$0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
Beginning of period/year	**4,987,031,500**	**498,703**	4,970,142,000	497,014
Exercise of share options	**4,406,000**	**441**	16,889,500	1,689
End of period/year	**4,991,437,500**	**499,144**	4,987,031,500	498,703

24 DISPOSALS OF INTERESTS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(a) Disposal of partial interest in PNM

On 12 May 2011, PNM completed the Offering and it was separately listed on the New York Stock Exchange. Prior to the completion of the Offering, all of the ordinary shares of PNM held by the Company were re-designated as PNM Class B Shares (entitled to 1.3 votes for each share) and all other ordinary shares were re-designated as PNM Class A Shares (entitled to 1 vote for each share).

The Offering was comprised of 11,500,000 American depositary shares ("ADSs") (representing 92,000,000 new PNM Class A Shares) sold by PNM and 1,267,500 ADSs (representing 10,140,000 existing PNM Class A Shares) sold by Morningside China TMT Fund I, L.P., Intel Capital Corporation and Bertelsmann Asia Investments AG (the "Selling Shareholders") before the exercise of the over-allotment option and following the exercise of the over-allotment option, an aggregate of 13,415,125 ADSs (representing 107,321,000 new PNM Class A Shares) was issued and sold by PNM, and 1,267,500 ADSs (representing 10,140,000 existing Class A Shares) was sold by the Selling Shareholders. The final offer price of the ADSs was US$11 (approximately HK$85.8) per ADS.

As a result of the grant of restricted shares, exercise of share options by the option holders, the Offering and the conversion of Preferred Shares (Note 20(b)), the Group's equity interest in PNM was reduced from 99.27% to 51.63%. As the Group retains control over PNM, the Group recognised a gain on deemed disposal of partial interest in PNM of approximate HK$1,560,524,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$890,629,000 during the six months ended 30 June 2011.

(b) Disposal of partial interest in PMM Beijing

On 29 May 2011, PMM Beijing entered into a capital increase agreement (the "Capital Increase Agreement") with the two controlling shareholders of Regal Fame Investments Limited, three PRC domestic independent investors ("PRC investors"), certain employees of various members of the Phoenix Metropolis Media Holdings Limited and its subsidiaries, as well as Phoenix Metropolis Communication (Beijing) Co., Limited ("PMM Communication"). Upon completion of the Capital Increase Agreement, the registered capital of PMM Beijing was increased from approximately HK$48,000,000 to RMB140,000,000 (approximately HK$164,841,000). As a result of the subscription of the share capital (together with consideration in excess of the registered capital by these investors and employees), the Group's equity interest in PMM Beijing (through PMM Communication) was reduced from 75% to 45.54%.

Notwithstanding the Group owns less than half of the equity interest in PMM Beijing subsequent to the capital increase, the Group retains control over PMM Beijing as it has the ability to direct the relevant activities of PMM Beijing i.e. the activities that significantly affect PMM Beijing.

As a result of the capital increase, the Group recognised a gain on deemed disposal of partial interest in PMM Beijing of approximately HK$79,482,000 in the equity attributable to the owners of the Company and an increase in the non-controlling interests of HK$197,904,000 the six months ended 30 June 2011.

25 COMMITMENTS

As at 30 June 2011, the Group had capital commitments as follows:

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Contracted but not provided for:	**444,985**	487,220
Authorised but not contracted for	**55,481**	173,194
	500,466	660,414

26 CONTINGENT LIABILITIES

The Group received a correspondence from two associations proposing royalties of certain amount. The Group is recently under negotiation with one of the associations on the amount of royalties. The Group believes that the likelihood of a material outflow in settlement of the royalties may not be probable.

27 RELATED PARTY TRANSACTIONS

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

		For the six months ended 30 June	
	Notes	**2011** *HK$'000*	2010 *HK$'000*
Service charges paid/payable to Satellite Television Asian Region Limited ("STARL")	*a, b*	**9,216**	9,844
Commission for international subscription sales and marketing services paid/payable to STARL	*a, c*	**1,879**	2,301
Service charges received/receivable from Asia Television Limited ("ATV")	*d, e*	**–**	618
Service charges paid/payable to Fox News Network L.L.C. ("Fox")	*f, g*	**277**	266
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	*h, i*	**518**	496
Service charges received/receivable from China Mobile Communications Corporation and its subsidiaries ("the CMCC Group")	*j, k*	**71,250**	57,367
Service charges paid/payable to the CMCC Group	*j, l*	**26,004**	15,215
Advertising sales to the CMCC Group	*j, m*	**18,489**	26,419
Film licence fees paid to Fortune Star Entertainment HK Limited ("Fortune Star")	*f, o*	**1,456**	1,517
Key management compensation	*iii*	**9,955**	9,214

Notes:

(a) STARL, is a wholly-owned subsidiary of Star Group Limited, which owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(b) Service charges paid/payable to STARL cover a wide range of technical services provided to the Group are charged based on the terms of the service agreement dated 2 July 2009. The summary of the terms of the service agreement is set out in the announcement of the Company dated 3 July 2009. Either fixed fees or variable fees are charged depending on the type of services utilised.

(c) The commission for international subscription sales and marketing services paid/payable to STARL is based on 15% (2010: 15%) of the subscription fees generated and received by it on behalf of the Group.

(d) Mr. LIU Changle and Mr. CHAN Wing Kee beneficially owned 93.3% and 6.7% respectively of Today's Asia Limited, which indirectly ceased to own approximately 26.85% of ATV since 15 October 2010.

(e) Service charges received/receivable from ATV cover the following services provided to ATV which are charged based on terms specified in a service agreement:

– the use of floor area for the location of receivers;

– the use of master control room equipment and transmission equipment (including maintenance for daily wear and tear);

– fibre optic transmission; and

– video tapes administration and playout services.

(f) Fox and Fortune Star are associates of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(g) Service charges paid/payable to Fox cover the granting of non-exclusive and non-transferable licence to subscribe for Fox's news service provided to the Group which is charged based on the terms specified in a service agreement.

(h) BSkyB is 39.14% owned by News Corporation, which indirectly owns 100% of Xing Kong Chuan Mei Group Co., Ltd., a substantial equity holder of the Company.

(i) Service charges paid/payable to BSkyB for encoding and electronic programme guide services provided to the Group which are charged based on terms specified in the service agreements.

(j) 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.

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

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

(m) 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.

(n) Programme license fee to Fox International are charged on terms specified in a license agreement.

(o) The film licence fees are charged in accordance with a film rights acquisition agreement with Fortune Star.

(ii) Period/year end balances arising from related parties transactions as disclosed in Note 27(i) above were as follows:

	As at 30 June 2011 *HK$'000*	As at 31 December 2010 *HK$'000* (Audited)
Amounts due from related companies	**114,428**	29,705
Amounts due to related companies	**(11,607)**	(11,372)

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

(iii) Key management compensation

	For the six months ended 30 June	
	2011 *HK$'000*	2010 *HK$'000*
Salaries	**6,445**	6,129
Quarters and housing allowance	**2,865**	2,472
Pension fund	**645**	613
	9,955	9,214

28 COMPARATIVE FIGURES

Certain of the comparative figures have been restated to conform to the current period's presentation.

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

Non-executive Directors

Mr. GAO Nianshu; Mr. SHA Yuejia; Mr. Jan KOEPPEN; Mr. CHEUNG Chun On, Daniel; Mr. GONG Jianzhong

Independent Non-executive Directors

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

Alternate Directors

Ms. Ella Betsy WONG (alternate to Mr. Jan KOEPPEN); Dr. GAO Jack Qunyao (alternate to Mr. CHEUNG Chun On, Daniel)