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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2014 was approximately HK$4,618,365,000, which represented a decrease of 3.9% in comparison with the previous year. The decline in television advertising revenue was almost compensated by the increase in new media business.

- Operating profit for the year ended 31 December 2014 was approximately HK$901,781,000, which represented a decrease of 28.5% in comparison with the previous year as the profit margin of the television broadcasting business was much higher and more stable than those of the Group's other areas of business, including the new media business.

- Profit attributable to owners of the Company was approximately HK$663,710,000, which represented a decrease of 28.8% in comparison with the previous year.

- The Board recommended a final dividend of 4 Hong Kong cents per ordinary share of the Company.

RESULTS

The revenue of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (the "Group" or "Phoenix") for the year ended 31 December 2014 was approximately HK$4,618,365,000 (year ended 31 December 2013: HK$4,806,458,000), which represented a 3.9% decrease in comparison with the same period of the previous year.

The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The operating costs have increased by 4.8% to approximately HK$3,716,584,000 (year ended 31 December 2013: HK$3,544,942,000). The upward movement in operating costs was mainly due to the expansion of the new media business.

The operating profit of the Group for the year ended 31 December 2014 was approximately HK$901,781,000 (year ended 31 December 2013: HK$1,261,516,000), which represented a decrease of 28.5% compared to the same period of the previous year.

Fair value gain of approximately HK$173,400,000 (year ended 31 December 2013: HK$104,199,000) was recognised for the investment property in Beijing and fair value gain of approximately HK$2,377,000 (year ended 31 December 2013: HK$95,000) was recognised for the investment property in London.

The net exchange loss of the Group for the year ended 31 December 2014 was approximately HK$14,325,000 (year ended 31 December 2013: net exchange gain of HK$43,088,000) resulting from the depreciation of Renminbi.

The profit attributable to owners of the Company was approximately HK$663,710,000 (year ended 31 December 2013: HK$932,394,000), which represented a decrease of 28.8% compared to the same period of the previous year.

The chart below summarises the performance of the Group for the year ended 31 December 2014 and the year ended 31 December 2013 respectively.

	Year ended 31 December	
	2014	2013
	HK$'000	*HK$'000*
Television broadcasting	**1,997,976**	2,374,864
New media	**1,989,680**	1,751,100
Outdoor media	**553,604**	612,823
Real estate	**3,713**	1,157
Other businesses	**73,392**	66,514
Group's total revenue	**4,618,365**	4,806,458
Operating costs	**(3,716,584)**	(3,544,942)
Operating profit	**901,781**	1,261,516
Fair value gain on investment properties	**175,777**	104,294
Fair value gain on derivative financial instruments	**37,801**	–
Exchange (loss)/gain, net	**(14,325)**	43,088
Other income, net	**81,974**	41,203
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	**1,183,008**	1,450,101
Share of results of joint ventures and associates	**(21,226)**	6,318
Income tax expense	**(251,322)**	(293,391)
Profit for the year	**910,460**	1,163,028
Non-controlling interests	**(246,750)**	(230,634)
Profit attributable to owners of the Company	**663,710**	932,394
Basic earnings per share, Hong Kong cents	**13.28**	18.66

BUSINESS OVERVIEW AND PROSPECTS

The year 2014 saw a downward trend in the Chinese consumer economy, and the significant diminution in the demand for luxury items, which in turn has led to a considerable reduction in advertising income. This downward trend has been influenced by the Chinese government's campaign to counter corruption, and also by the stagnation of the property market. The Chinese government is also working to encourage businesses to meet the needs of China's expanding urban population and middle class, which in turn will generate renewed consumer demand. Economic analysts assess that over the next three years the most productive sectors in China will be food and beverage, entertainment, logistics and healthcare, and each of these sectors will see an increase in advertising. In short, the economic trends of the last financial year do not foreshadow long-term challenges to the Group.

Another challenge that the Chinese television business has been facing is the dramatic growth in the internet-based media technologies which has been driven to a large extent by the availability of modern mobile phone technology in China. Having anticipated the emergence of this challenge, the Group has been preparing for this development for some years, and with the establishment of the Group's Phoenix New Media, it is well placed to generate considerable income from the rapid expansion of the social media world in China. The establishment of the Group's new media business has required considerable investment, but the income that the Group derives from this line of business will hopefully no longer be seriously reduced by development expenditure in the longer term.

Over recent years there has also been a considerable increase in the number of entertainment programmes provided by local television stations and satellite television channels in China. These channels gain a certain amount of television ratings, but none of them have the capacity to compete with the Group in terms of national and international news, and commentary programs that analyse current issues in a serious and yet at the same time highly accessible manner.

The Group's reporting covered in detail the crash of two Malaysian Airlines aircraft, both of which occurred in mysterious circumstances, the anti-government demonstrations in Thailand which eventually led to a military coup that ousted Prime Minister Yingluck Shinawatra, and the election of Narendra Modi as Indian Prime Minister, and his more active approach to developing relations with China than any of his predecessors. The Group has also provided extensive coverage of developments in the Middle East and Europe, including the civil war in Syria, the rise of ISIS, the diplomatic negotiations over the Iranian nuclear program, and the often violent territorial tensions between Ukraine and Russia.

The Group's reporting has also covered developments in the Asian region, including the continuing tensions between China and Japan over the Diaoyutai Islands and the Japanese Prime Minister's ambiguous approach to Japan's military aggression in the first half of the Twentieth Century, and the still unresolved border issues in the South China Sea involving China, Vietnam and the Philippines. The Group has also continued to produce insightful and objective documentaries on developments in North Korea. The Group provided extensive coverage of the APEC meeting that was held in Beijing, which was attended by many leaders of the Asia-Pacific region, including President Obama.

The management of the Group is also conscious that Phoenix has now been operating for almost twenty years, and that many of its founding executives who made a major contribution to the Group's successful establishment and development have now reached retirement age. As these company elders have moved out of their original roles, the door has been opened for a range of new and innovative managers and executives to enter the top ranks of the Group, and bring a very modern and innovative perspective to the strategy that the company should adopt to ensure its development over the coming years. In short, the Group is well placed to respond effectively to the economic challenges it currently faces and the development of the new and extremely popular new media world.

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2014		2013	
	Revenue	**Segment result**	Revenue	Segment result
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**1,997,976**	**883,658**	2,374,864	1,173,549
New media	**1,989,680**	**453,100**	1,751,100	392,946
Outdoor media	**553,604**	**42,410**	612,823	98,689
Real estate	**3,713**	**164,561**	1,157	89,977
Other businesses	**73,392**	**(52,031)**	66,514	(34,023)
Group's total revenue and segment results	**4,618,365**	**1,491,698**	4,806,458	1,721,138
Unallocated income		**27,219**		31,753
Unallocated expenses		**(335,909)**		(302,790)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		**1,183,008**		1,450,101

Revenue from television broadcasting, comprising of advertising, subscription and other revenue sources, which accounted for 43.3% of the total revenue of the Group for the year ended 31 December 2014, decreased by 15.9% to approximately HK$1,997,976,000 (year ended 31 December 2013: HK$2,374,864,000). The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The segmental result for the television broadcasting business recorded a profit of approximately HK$883,658,000 for the year ended 31 December 2014 (year ended 31 December 2013: HK$1,173,549,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 39.4% of the total revenue of the Group for the year ended 31 December 2014, decreased by 17.5% to approximately HK$1,821,051,000 (year ended 31 December 2013: HK$2,207,217,000).

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 5.5% as compared to the previous year to approximately HK$176,925,000 (year ended 31 December 2013: HK$167,647,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunication networks, contributed to enhancing the profile of the Group as a television broadcaster. The revenue of the new media business for the year ended 31 December 2014 increased by 13.6% to approximately HK$1,989,680,000 (year ended 31 December 2013: HK$1,751,100,000). The segmental profit for the year ended 31 December 2014 increased by 15.3% to approximately HK$453,100,000 (year ended 31 December 2013: HK$392,946,000). Phoenix new media has been continuously investing in the enrichment of contents, human resources and marketing activities to further strengthen the vertical channels of ifeng.com, with a general aim to foster further traffic growth, in particular to achieve a higher level of user loyalty, to increase the number of daily visitors and to enhance the brand's image.

The revenue of outdoor media business for the year ended 31 December 2014 decreased by 9.7% to approximately HK$553,604,000 (year ended 31 December 2013: HK$612,823,000). The segmental profit of outdoor media business for the year ended 31 December 2014 decreased by 57.0% to approximately HK$42,410,000 (year ended 31 December 2013: HK$98,689,000).

The segmental profit for real estate for the year ended 31 December 2014 was approximately HK$164,561,000 (year ended 31 December 2013: HK$89,977,000), which included the net fair value gain of approximately HK$175,777,000 (year ended 31 December 2013: HK$104,294,000) recognised for the investment properties.

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

Dividends

After considering the sustainable profitability of the Group's core television broadcasting business, the board of directors of the Company (the "Directors" or the "Board") recommend the payment of a final dividend of 4 Hong Kong cents per ordinary share of the Company ("Share(s)") (final dividend for 2013 of 5.1 Hong Kong cents), totaling approximately HK$199,908,000, equivalent to approximately 30.1% of profit attributable to owners of the Company, to be payable to shareholders whose names appear on the register of members of the Company on 15 June 2015, Monday. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or around 30 June 2015, Tuesday.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of the Company will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on 5 June 2015, Friday at 3:00 p.m.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 June 2015, Wednesday to 5 June 2015, Friday (both dates inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, 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 4:30 p.m. on 2 June 2015, Tuesday.

The register of members of the Company will be also closed from 11 June 2015, Thursday to 15 June 2015, Monday (both dates inclusive), during which period no share transfer will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the AGM), 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 4:30 p.m. on 10 June 2015, Wednesday.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

In March 2014, IDG-Accel China Growth Fund III L.P. and IDG-Accel China III Investors L.P. ("IDG-Accel Funds") acquired US$3,000,000 convertible preferred shares of Phoenix FM Limited, previously a subsidiary of the Company, to accelerate development of the new media's ifeng FM application business. Despite the holding of 100% of Phoenix FM Limited's ordinary shares, the Company accounts for its investment in Phoenix FM Limited as an investment in a joint venture since the Company lost unilateral control of Phoenix FM Limited due to substantive participating rights that have been provided to IDG-Accel Funds. A gain on disposal of a subsidiary of approximately HK$22,676,000 (US$2,929,000) was recognised for the year ended 31 December 2014.

In November 2014, Phoenix New Media Limited ("PNM") entered into an agreement with the founders and non-founders of Particle Inc. to purchase a number of ordinary shares of Particle Inc. for a consideration of US$8.5 million (consists of US$5 million in cash and a number of restricted Class A ordinary shares of PNM valued at US$3.5 million). This transaction was completed on 23 December 2014. The fair value of the restricted Class A ordinary shares of PNM issued as of 23 December 2014 was determined to be US$2.8 million. Subsequent to this investment in Particle Inc., considering PNM has significant influence over certain operating and financial decisions of Particle Inc., the investment is treated as an associate of the Group.

The investment in ordinary shares of US$7.8 million (approximately HK$60.9 million) (being the cash paid and fair value of shares issued) has been included in "investments in an associates" in the consolidated balance sheet.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and affiliated companies during the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2014 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 31 December 2014, the Group had cash and cash equivalents and current bank deposits totaling approximately HK$3,701,792,000 (as at 31 December 2013: HK$3,662,582,000). The aggregate outstanding borrowings of the Group were approximately HK$1,131,366,000 (as at 31 December 2013: HK$745,227,000), representing non-interest bearing loans from non-controlling shareholders of a subsidiary, secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 49.0% as at 31 December 2014 (as at 31 December 2013: 37.8%). The net cash and bank deposits balance after deduction of the total liabilities was HK$1,131,718,000 as at 31 December 2014 (as at 31 December 2013: HK$1,793,025,000).

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

CHARGE ON ASSETS

As at 31 December 2014, the land in Chaoyang Park, Beijing, together with the development site, with carrying value of approximately HK$121,000,000, HK$547,000,000 and HK$1,504,000,000 (as at 31 December 2013: HK$125,000,000, HK$415,000,000 and HK$1,163,000,000) recorded in lease premium for land, property, plant and equipment (as at 31 December 2013: construction in progress) and investment properties respectively were pledged with a bank to secure bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing. A long-term bank deposit of approximately HK$283,006,000 (as at 31 December 2013: Nil) was pledged with a bank to secure a bank borrowing to optimise return through interest differential. The property in the United States with carrying value of approximately HK$2,851,000 (as at 31 December 2013: HK$2,890,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$1,603,000 were pledged with banks to secure banking guarantees given to third parties (as at 31 December 2013: HK$1,003,000).

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

CAPITAL STRUCTURE

During the year ended 31 December 2014, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 31 December 2014, the operations of the Group were mainly financed by owners' equity, bank borrowings, loan from non-controlling shareholders of a subsidiary and banking facilities.

STAFF

As at 31 December 2014, the Group employed 3,352 full-time staff (as at 31 December 2013: 3,033) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2014 increased to approximately HK$1,263,057,000 (year ended 31 December 2013: HK$1,136,789,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2014, the Group invested in listed security investments and unlisted preferred shares recognised as "available-for-sale financial asset" and "derivative financial instruments" with estimated fair market value of approximately HK$22,590,000 (as at 31 December 2013: HK$25,689,000) and HK$88,875,000 (as at 31 December 2013: Nil) respectively. Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2014.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Company has been approved by The Stock Exchange of Hong Kong Limited ("Stock Exchange") to proceed with the proposed spin-off of Phoenix Metropolis Media Technology Company Limited ("PMM Beijing"), a subsidiary engaged in the outdoor media business in China, for listing on the main board of the Shanghai Stock Exchange ("Proposed Listing").

PMM Beijing's application for the Proposed Listing has been formally accepted by the China Securities Regulatory Commission on 19 April 2013 with the issuance of an Acceptance Notice of Administrative Approval Application. For details, please refer to the announcement of the Company published on 19 April 2013.

The Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses. As at 31 December 2014, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any Shares during the year ended 31 December 2014. Neither the Company nor any of its subsidiaries had purchased or sold any of the Shares during the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2014 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the preliminary announcement of the Group's consolidated balance sheet, consolidated statement of comprehensive income, consolidated income statement and related notes, thereto the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

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

The Board monitored the progress on corporate governance practices of the Company throughout the year under review. The following summaries the corporate governance practices of the Company and explanations of deviations from the Code.

Unless otherwise disclosed herein, the Company has, throughout the year ended 31 December 2014, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code Provision

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

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

He has also unconditionally and irrevocably undertaken to the Company that he shall use his best endeavours to ensure that his associates and the respective employees of his associates (except for those within the Group) observe the restrictions and undertakings contained in the non-competition deed.

The Board considers that Mr. LIU's invaluable experience in the broadcasting industry is a great benefit to the Group. Through the supervision of the Board and the 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 Provision

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 election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Deviation and its Reason

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, it is confirmed that the Directors complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the year ended 31 December 2014.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk, the Company's investor relations website at www.irasia.com/listco/hk/phoenixtv. The 2014 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2015.

On behalf of the Board
LIU Changle
Chairman

17 March 2015

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are pleased to announce the consolidated results of the Group for the year ended 31 December 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014
(Amounts expressed in Hong Kong dollars)

	Note	**2014** **$'000**	2013 $'000
Revenue	3	**4,618,365**	4,806,458
Operating expenses	6	**(2,918,222)**	(2,849,913)
Selling, general and administrative expenses	6	**(798,362)**	(695,029)
Other gains, net			
Fair value gain on investment properties		**175,777**	104,294
Fair value gain on derivative financial instruments		**37,801**	–
Interest income		**84,275**	58,073
Interest expense		**(20,976)**	–
Other gains, net	4	**4,350**	26,218
Share of profits less losses of joint ventures		**(22,439)**	4,475
Share of profits less losses of associates		**1,213**	1,843
Profit before income tax		**1,161,782**	1,456,419
Income tax expense	7	**(251,322)**	(293,391)
Profit for the year		**910,460**	1,163,028
Profit attributable to:			
Owners of the Company		**663,710**	932,394
Non-controlling interests		**246,750**	230,634
		910,460	1,163,028
Earnings per share for profit attributable to the owners of the Company for the year			
Basic earnings per share, Hong Kong cents	8	**13.28**	18.66
Diluted earnings per share, Hong Kong cents	8	**13.27**	18.65
Dividends	9	**199,908**	254,857

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Amounts expressed in Hong Kong dollars)

	2014 *$'000*	2013 *$'000*
Profit for the year	**910,460**	1,163,028
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Currency translation differences	**(11,524)**	45,689
Fair value gain on available-for-sale financial asset	**3,332**	–
Total comprehensive income for the year	**902,268**	1,208,717
Attributable to:		
Owners of the Company	**659,458**	956,084
Non-controlling interests	**242,810**	252,633
	902,268	1,208,717

CONSOLIDATED BALANCE SHEET

As at 31 December 2014
(Amounts expressed in Hong Kong dollars)

	Note	**2014** **$'000**	2013 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**16,209**	17,148
Lease premium for land		**234,368**	241,081
Property, plant and equipment, net		**1,545,739**	1,404,283
Investment properties		**1,515,675**	1,173,009
Intangible assets		**18,090**	15,051
Investments in joint ventures		**42,318**	15,741
Amounts due from joint ventures		**9,976**	15,259
Investments in associates		**85,723**	23,186
Available-for-sale financial asset		**32,770**	962
Derivative financial instrument		**56,105**	–
Other long-term assets		**56,942**	61,956
Deferred income tax assets		**35,661**	31,428
Long-term bank deposit		**283,006**	–
		3,932,582	2,999,104
Current assets			
Accounts receivable, net	*11*	**815,571**	673,874
Prepayments, deposits and other receivables		**893,307**	896,680
Inventories		**8,117**	8,391
Amounts due from related companies		**148,509**	103,283
Self-produced programmes		**12,102**	14,848
Purchased programme and film rights, net		**1,141**	5,098
Financial assets at fair value through profit or loss	*10*	**22,590**	25,689
Prepaid tax		**3,510**	4,820
Bank deposits		**294,081**	329,506
Restricted cash		**1,603**	13,729
Cash and cash equivalents		**3,407,711**	3,333,076
		5,608,242	5,408,994
Total assets		**9,540,824**	8,408,098

	Note	2014 $'000	2013 $'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**499,769**	499,718
Reserves			
– Proposed final dividend	*9*	**199,908**	254,857
– Others		**4,547,439**	4,192,582
		5,247,116	4,947,157
Non-controlling interests		**1,723,634**	1,591,384
Total equity		**6,970,750**	6,538,541
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	*13(a)*	**254,643**	69,993
Derivative financial instrument		**1,137**	–
Other long-term liabilities		**–**	15,566
Loans from non-controlling shareholders of a subsidiary	*13(b)*	**266,567**	129,121
Deferred income tax liabilities		**148,124**	105,126
		670,471	319,806
Current liabilities			
Accounts payable, other payables and accruals	*12*	**1,115,640**	809,129
Secured bank borrowings	*13(a)*	**600,702**	536,607
Deferred income		**112,913**	128,993
Loans from non-controlling shareholders of a subsidiary	*13(b)*	**9,454**	9,506
Current income tax liabilities		**60,894**	65,516
		1,899,603	1,549,751
Total liabilities		**2,570,074**	1,869,557
Total equity and liabilities		**9,540,824**	8,408,098
Net current assets		**3,708,639**	3,859,243
Total assets less current liabilities		**7,641,221**	6,858,347

NOTES

(Amounts expressed in Hong Kong dollars)

1. GENERAL INFORMATION

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (together, the "Group") engage principally in satellite television broadcasting and provision of new media services.

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, Caymand Islands.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since December 2008 prior to which, it was listed on the Growth Enterprise Market of the Stock Exchange.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, derivative financial instruments, available-for-sale financial asset and financial assets at fair value through profit or loss.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2014.

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

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

(b) New standards, amendments to standards and interpretations not yet adopted by the Group

The following new standards, amendments to standards and interpretations that have been issued but are not effective for the financial year ended 31 December 2014 and have not been early adopted by the Group:

HKFRS 9	Financial Instruments[4]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendment	Investment Entities: Applying the Consolidation Exception[2]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[2]
HKFRS 11 Amendment	Accounting for Acquisition of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKAS 1 Amendment	Disclosure Initiative[2]
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants[2]
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 Amendment	Equity Method in Separate Financial Statements[2]
Annual Improvements 2012	Annual Improvements 2010-2012 Cycle[1]
Annual Improvements 2013	Annual Improvements 2011-2013 Cycle[1]
Annual Improvements 2014	Annual Improvements 2012-2014 Cycle[2]

(1) Effective for the Group for annual period beginning on 1 January 2015
(2) Effective for the Group for annual period beginning on 1 January 2016
(3) Effective for the Group for annual period beginning on 1 January 2017
(4) Effective for the Group for annual period beginning on 1 January 2018

The Group will apply the above new standards and amendments to standards from 1 January 2015 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state what impact they would have on the Group's results of operations and financial position.

3. REVENUE

The Group is principally engaged in satellite television broadcasting activities. An analysis of the Group's revenue by nature is as follows:

	2014	2013
	$'000	*$'000*
Advertising sales		
Television broadcasting	**1,893,186**	2,279,480
Internet	**1,421,272**	1,034,186
Outdoor media	**553,604**	612,823
Mobile, video and wireless value added services income	**568,408**	716,914
Subscription sales	**100,215**	88,114
Magazine advertising and subscription or circulation	**51,771**	57,044
Rental income	**3,472**	946
Others	**26,437**	16,951
	4,618,365	4,806,458

4. OTHER GAINS, NET

	2014	2013
	$'000	*$'000*
Exchange (loss)/gain, net	**(14,325)**	43,088
Investment income	**4,225**	1,137
Fair value (loss)/gain on financial assets at fair value through profit or loss (realised and unrealised) *(Note 10)*	**(3,099)**	870
Gain on disposal of subsidiaries	**35,850**	–
Provision for impairment of amounts due from joint ventures	**(29,027)**	(25,413)
Provision for impairment of available-for-sale financial asset	**(962)**	–
Provision for impairment of amount due from an associate	**(4,838)**	(4,913)
Others, net	**16,526**	11,449
	4,350	26,218

5. SEGMENT INFORMATION

The Group has five main operating segments including:

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

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

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

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

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

(iv) Real estate – property development and investment (mainly Phoenix International Media Centre in Beijing); and

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

	Year ended 31 December 2014								
	Television broadcasting								
	Primary channels $'000	Others $'000	Sub-total $'000	New media $'000	Outdoor media $'000	Real estate $'000	Other activities $'000	Inter-segment elimination $'000	Group $'000
Revenue									
External sales	1,821,051	176,925	1,997,976	1,989,680	553,604	3,713	73,392	–	4,618,365
Inter-segment sales *(Note c)*	–	50,484	50,484	–	–	3,464	77	(54,025)	–
Total revenue	1,821,051	227,409	2,048,460	1,989,680	553,604	7,177	73,469	(54,025)	4,618,365
Segment results	904,187	(20,529)	883,658	453,100	42,410	164,561	(52,031)	–	1,491,698
Unallocated income *(Note a)*									27,219
Unallocated expenses *(Note b)*									(335,909)
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									1,183,008
Share of profits less losses of joint ventures									(22,439)
Share of profits less losses of associates									1,213
Income tax expense									(251,322)
Profit for the year									910,460
Non-controlling interests									(246,750)
Profit attributable to owners of the Company									663,710
Depreciation	(43,641)	(18,487)	(62,128)	(45,822)	(33,823)	(7,711)	(9,655)	–	(159,139)
Unallocated depreciation									(46,577)
									(205,716)
Impairment of property, plant and equipment	–	–	–	–	(145)	–	–	–	(145)
Provision for impairment of accounts receivable	(1,635)	(19)	(1,654)	(16,099)	(796)	–	–	–	(18,549)
Provision for impairment of amounts due from joint ventures	–	–	–	–	–	–	(29,027)	–	(29,027)
Provision for impairment of amount from an associate	–	–	–	–	–	–	(4,838)	–	(4,838)
Provision for impairment of available-for-sale financial asset	–	–	–	–	–	–	(962)	–	(962)

	Year ended 31 December 2013								
	Television broadcasting								
	Primary channels $'000	Others $'000 (Note 15)	Sub-total $'000	New media $'000	Outdoor media $'000	Real estate $'000	Other activities $'000 (Note 15)	Inter–segment elimination $'000	Group $'000
Revenue									
External sales	2,207,217	167,647	2,374,864	1,751,100	612,823	1,157	66,514	–	4,806,458
Inter-segment sales *(Note c)*	–	52,987	52,987	–	–	3,270	78	(56,335)	–
Total revenue	2,207,217	220,634	2,427,851	1,751,100	612,823	4,427	66,592	(56,335)	4,806,458
Segment results	1,217,535	(43,986)	1,173,549	392,946	98,689	89,977	(34,023)	–	1,721,138
Unallocated income *(Note a)*									31,753
Unallocated expenses *(Note b)*									(302,790)
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									1,450,101
Share of profits of joint ventures									4,475
Share of profits less losses of associates									1,843
Income tax expense									(293,391)
Profit for the year									1,163,028
Non-controlling interests									(230,634)
Profit attributable to owners of the Company									932,394
Depreciation	(78,314)	(16,124)	(94,438)	(39,623)	(29,020)	(4)	(7,504)	–	(170,589)
Unallocated depreciation									(29,323)
									(199,912)
Impairment of property, plant and equipment	–	–	–	–	(3,664)	–	–	–	(3,664)
Provision for impairment of accounts receivable	–	(3,142)	(3,142)	(3,141)	(9,554)	–	–	–	(15,837)
Provision for impairment of amounts due from joint ventures	–	–	–	–	–	–	(25,413)	–	(25,413)
Provision for impairment of amount from an associate	–	–	–	–	–	–	(4,913)	–	(4,913)
Provision for impairment of other receivables	–	(11,272)	(11,272)	–	–	–	–	–	(11,272)

Notes:

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

(b) Unallocated expenses represent primarily:

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

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

Revenue from external customers by country, based on the destination of the customer:

	2014	2013
	$'000	*$'000*
The People's Republic of China ("PRC")	**4,455,049**	4,659,797
Hong Kong	**50,624**	45,281
Others	**112,692**	101,380
	4,618,365	4,806,458

Non-current assets, other than financial instruments and deferred income tax assets, by country:

	2014	2013
	$'000	*$'000*
The PRC	**2,529,090**	2,359,148
Hong Kong	**889,968**	529,636
Others	**96,006**	62,671
	3,515,064	2,951,455

6. PROFIT BEFORE INCOME TAX

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

	2014	2013
	$'000	*$'000*
Crediting		
Reversal of provision for impairment of accounts receivable	**(4,534)**	–
Gain on disposal of property, plant and equipment	**(71)**	(742)
Charging		
Production costs of self-produced programmes	**188,176**	200,942
Commission expenses	**397,730**	455,365
Bandwidth costs	**104,960**	96,430
Provision for impairment of accounts receivable	**18,549**	15,837
Provision for impairment of other receivables	**–**	11,272
Employee benefit expenses (including Directors' emoluments)	**1,263,057**	1,136,789
Operating lease rental in respect of		
– Directors' quarters	**2,015**	2,524
– Land and buildings of third parties	**75,028**	75,483
– LED panels	**195,679**	166,400
Loss on disposal of property, plant and equipment	**768**	1,698
Depreciation of property, plant and equipment	**205,716**	199,912
Amortisation of purchased programme and film rights	**20,920**	25,664
Amortisation of lease premium for land	**4,112**	2,744
Amortisation of intangible assets	**1,479**	797
Impairment of property, plant and equipment	**145**	3,664
Auditor's remuneration	**12,110**	13,195
Services charges paid to related parties	**–**	13,354
Outgoings for investment properties	**168**	306

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on PRC and overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2014	2013
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**140,052**	174,127
– PRC and overseas taxation	**70,114**	88,803
– Under provision of tax in the prior year	**936**	2,490
Deferred income tax	**40,220**	27,971
	251,322	293,391

On 20 January 1998, the PRC State Administration of Taxation granted a Tax Ruling of Business Tax and Foreign Enterprise Income Tax on certain of the Group's advertising fees collected from Shenzhou Television Company Ltd. in the PRC (the "Ruling"). The Group has dealt with the aforementioned taxes according to the Ruling in the consolidated financial statements. However, PRC tax laws and regulations and the interpretations thereof may change in the future such that the Group would be subject to PRC taxation on certain income deemed to be sourced in the PRC other than Hong Kong. The Group will continue to monitor developments in the PRC tax regime in order to assess the ongoing applicability and validity of the Ruling.

8. EARNINGS PER SHARE

(a) Basic

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

	2014	2013
Profit attributable to owners of the Company *($'000)*	**663,710**	932,394
Weighted average number of ordinary shares in issue *('000)*	**4,997,405**	4,995,796
Basic earnings per share *(Hong Kong cents)*	**13.28**	18.66

(b) Diluted

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

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

	2014	2013
Profit attributable to owners of the Company *($'000)*	**663,710**	932,394
Weighted average number of ordinary shares in issue *('000)*	**4,997,405**	4,995,796
Adjustment for share options of the Company *('000)*	**3,334**	4,397
Weighted average number of ordinary shares for diluted earnings per share ('000)	**5,000,739**	5,000,193
Diluted earnings per share *(Hong Kong cents)*	**13.27**	18.65

9. DIVIDENDS

	2014	2013
	$'000	*$'000*
Proposed final dividend of 4 Hong Kong cents (2013: 5.1 Hong Kong cents) per share	**199,908**	254,857

The 2013 final dividends paid during the year ended 31 December 2014 were approximately HK$254,867,000 (5.1 Hong Kong cents per share). The Board of Directors of the Company ("Board") recommend the payment of a final dividend of 4 Hong Kong cents per share, totalling approximately HK$199,908,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 5 June 2015. These consolidated financial statements do not reflect this dividend payable.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	$'000	*$'000*
Trading equity securities	**22,590**	25,689

As at 31 December 2014, the financial assets at fair value through profit and loss represent the shares of HSBC of HK$22,590,000 (2013: HK$25,689,000).

Fair value loss on of financial assets at fair value through profit or loss of HK$3,099,000 (2013: fair value gain of HK$870,000) are recognised in "Other gains, net" in the consolidated income statement.

11. ACCOUNTS RECEIVABLE, NET

	2014	2013
	$'000	*$'000*
Accounts receivable	**868,904**	725,291
Less: Provision for impairment	**(53,333)**	(51,417)
	815,571	673,874

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. The Group generally requires its advertising customers to pay in advance. Customers of other business segments are given credit terms of 30 to 180 days.

At 31 December 2014, the ageing analysis of the accounts receivable from customers was as follows:

	2014	2013
	$'000	*$'000*
0-30 days	**210,666**	206,429
31-60 days	**163,925**	157,764
61-90 days	**124,380**	88,961
91-120 days	**119,636**	82,687
Over 120 days	**250,297**	189,450
	868,904	725,291
Less: Provision for impairment	**(53,333)**	(51,417)
	815,571	673,874

The carrying amounts of the Group's accounts receivable are denominated in the following currencies:

	2014	2013
	$'000	*$'000*
RMB	**840,680**	714,970
US$	**26,441**	7,808
UK pound	**1,750**	2,489
Other currencies	**33**	24
	868,904	725,291

12. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2014	2013
	$'000	*$'000*
Accounts payable	**410,601**	332,532
Other payables and accruals	**705,039**	476,597
	1,115,640	809,129
Less: Non-financial liabilities	**(9,918)**	(12,739)
	1,105,722	796,390

At 31 December 2014, the ageing analysis of the accounts payable was as follows:

	2014	2013
	$'000	*$'000*
0-30 days	**221,174**	168,498
31-60 days	**32,161**	44,126
61-90 days	**14,665**	14,227
91-120 days	**24,424**	21,509
Over 120 days	**118,177**	84,172
	410,601	332,532

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

The carrying amounts of accounts payable, other payables and accruals are denominated in the following currencies:

	2014	2013
	$'000	*$'000*
HK$	**150,923**	124,462
RMB	**935,612**	660,456
US$	**14,468**	5,657
UK pound	**4,102**	5,325
Other currencies	**617**	490
	1,105,722	796,390

13. BORROWINGS

	Group 2014	Group 2013
	2014	2013
	$'000	*$'000*
Secured bank borrowings *(Note a)*	**855,345**	606,600
Loans from non-controlling shareholders of a subsidiary *(Note b)*	**276,021**	138,627
	1,131,366	745,227

(a) Secured bank borrowings

	2014	2013
	$'000	*$'000*
Non-current		
Long-term secured bank borrowings	**853,272**	604,485
Less: Current portion of long-term secured bank borrowings	**(598,629)**	(534,492)
	254,643	69,993
Current		
Short-term secured bank borrowing	**2,073**	2,115
Current portion of long-term secured bank borrowings	**598,629**	534,492
	600,702	536,607
Total secured bank borrowings	**855,345**	606,600

	2014	2013
	$'000	*$'000*
The secured bank borrowings are repayable as follows:		
– Within one year	**600,702**	536,607
– More than one year but not exceeding two years	**254,643**	69,993
	855,345	606,600

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

	2014	2013
	$'000	*$'000*
Non-current		
Long-term loans from non-controlling shareholders of a subsidiary wholly repayable within 5 years	**266,567**	129,121
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**9,454**	9,506
Total loans from non-controlling shareholders of a subsidiary	**276,021**	138,627

	2014	2013
	$'000	*$'000*
The loans from non-controlling shareholders of a subsidiary are repayable as follows:		
– Within one year	**9,454**	9,506
– More than two years but not exceeding five years	**266,567**	129,121
	276,021	138,627

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

14. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Deemed disposal of partial interest in PNM and acquisition of additional interest in PNM

During the year ended 31 December 2014, PNM had repurchased an aggregate of 4,021,073 American Depository Shares ("ADSs") (2013: 2,524,574 ADSs) at an aggregate cost of approximately US$39,247,000 (HK$305,049,000) (2013: US$11,700,000 (HK$90,955,000)), on the open market. Under its ADS repurchase program, PNM has been authorised to repurchase up to US$50,000,000 (approximately HK$388,000,000) of its outstanding ADSs for a period not exceeding twelve months since May 2014. PNM expects to continue to implement its share repurchase program in a manner consistent with market conditions and the interest of its shareholders, subject to the restrictions relating to volume, price and timing under applicable law.

During the year ended 31 December 2014, as a result of the vesting of restricted shares and restricted share units, the exercise of share options by the option holders, the repurchase of ADSs and the issuance of restricted Class A ordinary shares in exchange for the interest in Particle Inc., an associate of the Group, the Group's equity interest in PNM was increased from 52.97% to 54.75%. The Group recognised a deemed net loss of approximately HK$101,718,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK$157,735,000 for the year ended 31 December 2014.

During the year ended 31 December 2013, as a result of the vesting of restricted shares and restricted share units, the exercise of share options by the option holders and the repurchase of ADSs, the Group's equity interest in PNM was increased from 51.87% to 52.97%. The Group recognised a deemed net loss of approximately HK$31,141,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK$50,470,000 for the year ended 31 December 2013.

(b) Deemed disposal of partial interest in Beijing Fenghuang Tianbo Network Technology Co., Ltd. ("Fenghuang Tianbo")

During the year ended 31 December 2013, two investors subscribed for 49% equity interest in Fenghuang Tianbo, a subsidiary of PNM, by contributing capital of RMB10,000,000 (HK$12,726,000). The Group's effective equity interest in Fenghuang Tianbo was decreased from 52.97% to 27.01%. The Group recognised a deemed net gain of HK$3,109,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$9,617,000 for the year ended 31 December 2013.

15. COMPARATIVE FIGURES

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

16. SUBSEQUENT EVENT

Subsequent to the year end, PNM entered into an agreement with Particle Inc., an associate of the Group, ("Share Subscription Agreement") to purchase a number of Series C redeemable preferred shares for a consideration of approximately US$30 million (approximately HK$232,608,000). Also, PNM entered into another agreement with certain existing shareholders of Particle Inc. to acquire a number of Series C redeemable preferred shares for a consideration of approximately US$27.6 million (approximately HK$213,999,000) and the closing of this transaction is conditional upon the closing of the Share Subscription Agreement.

As at the date of this announcement, the Board of the Company comprises:

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

Non-executive Directors
Mr. SHA Yuejia, Mr. GAO Nianshu, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors
Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei

Alternate Director
Mr. LAU Wai Kei, Ricky (alternate director to Mr. SUN Yanjun)