PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

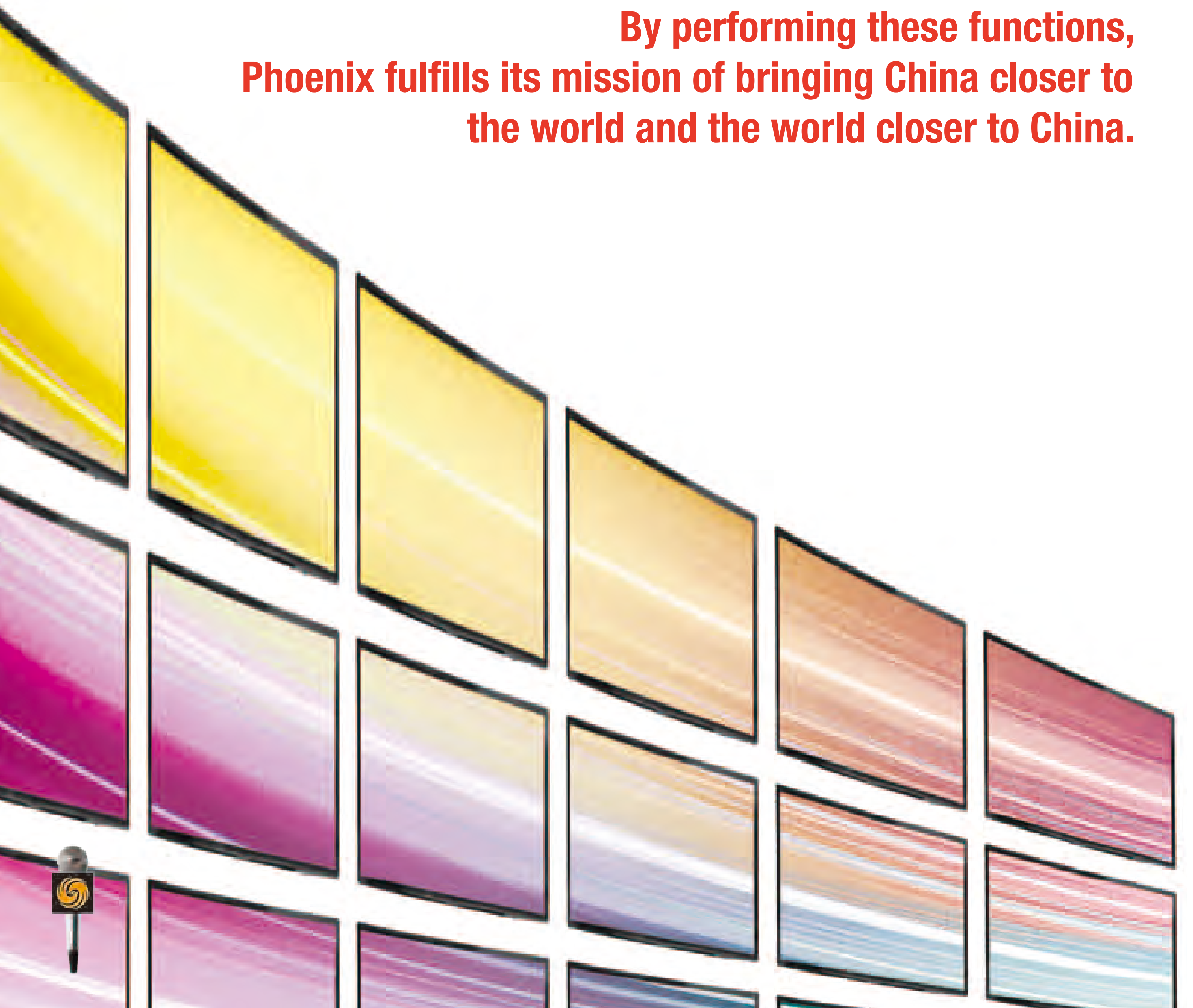
Stock Code : 02008

ANNUAL REPORT 2013

Mission Statement

Pursuing the vision of being the "Chinese connection", both among Chinese communities and between Chinese communities and the rest of the world, Phoenix seeks to provide Chinese everywhere with a continuous stream of Chinese-language programming, ranging from entertainment, talk shows and Asian and Western movies through to balanced, accurate and up-to-the-minute news and information about political and economic developments around the globe.

By performing these functions, Phoenix fulfills its mission of bringing China closer to the world and the world closer to China.



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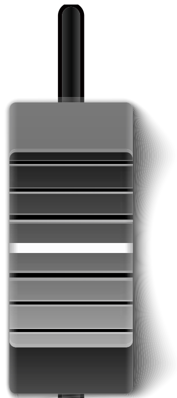
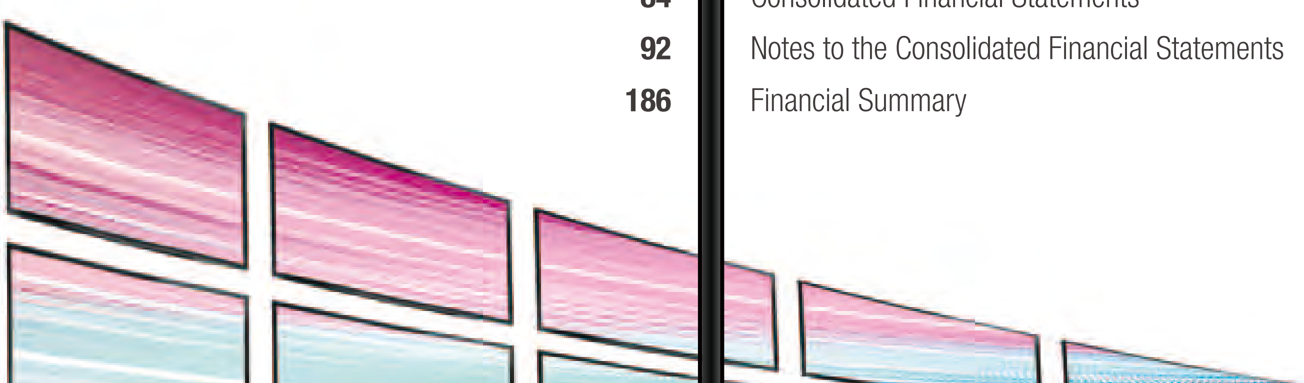
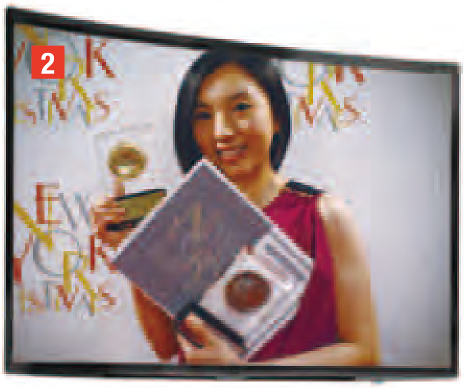




2013 Annual Highlights



January

1 30 January

Phoenix entered into agreements with a major television operator in Macau to make Phoenix programmes available to Macau viewers in hotels, commercial premises and in their homes

April

2 9 April

At the New York Festivals – World's Best TV and Films Competition which was held in Las Vegas, a Phoenix documentary was awarded both the Gold World Medal for the Best Investigative Report and the Silver World Medal for the Social Issues Documentary/Information Program as well as a finalist certificate in the Best Public Affairs Program Category

23 April

At the Chicago International Film Festival, two Phoenix documentaries won the Gold and the Silver Plaques respectively in the Investigative Reporting and News Documentary Category; and another documentary won the Silver Plaque in the Public Affairs/Video News Release Category

September

3 28 September

The World Brand Laboratory named Phoenix as one of the 500 most influential brands in Asia for the eighth year in succession. On this occasion Phoenix's rating increased by 12 places. The World Brand Laboratory also rated Phoenix as one of the four most influential television media companies in Asia. The Executive Vice President of Phoenix, Mr. YEUNG Ka Keung, personally received the award from Nobel Prize-winning economist Mr. Robert Mundell and Yale University Professor Ravi Dhar


4

October

4 **26 October**

Phoenix held the 2013 Miss Chinese Cosmos Pageant in the seaside resort area of Zhuhai. The twelve finalists competed before the panel of judges by answering questions, dancing and performing. Miss Wang Jinyao from Beijing won the first prize, and the second and third prizes went to Miss Mou Guanhong from the United States and Miss Zeng Yue from Hubei


5

December

5 **5 December**

The International Council for Caring Communities held its second conference and musical event in the Great Hall of the United Nations Headquarters in New York. Over 200 guests from around the world attended and the Caring Citizens of Humanity Award was presented to the head of Phoenix's North Asia Bureau, Mr. Tu Tu, who was the first Chinese citizen to receive this award

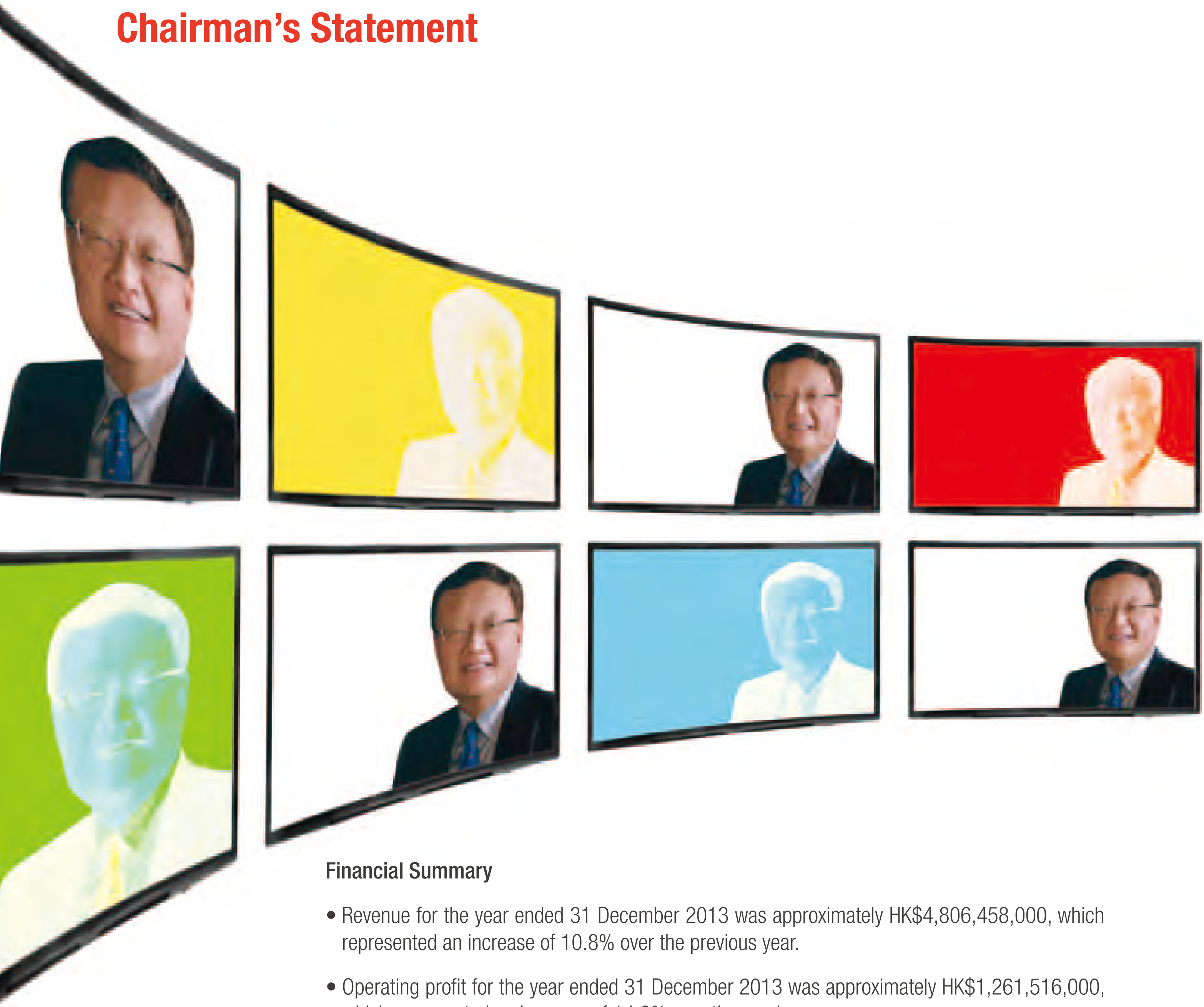
6

December

6 **25 December**

The “500 Strongest World Media Companies”, produced by the World Media Lab, listed Phoenix as one of the five strongest television media companies in China

Chairman's Statement



Financial Summary

- Revenue for the year ended 31 December 2013 was approximately HK$4,806,458,000, which represented an increase of 10.8% over the previous year.
- Operating profit for the year ended 31 December 2013 was approximately HK$1,261,516,000, which represented an increase of 14.9% over the previous year.
- Profit attributable to owners of the Company was approximately HK$932,394,000, which represented an increase of 11.9% over the previous year.
- The Board recommended a final dividend of 5.1 Hong Kong cents per share.

The Group's revenue and operating profit for the year ended 31 December 2013 were approximately HK$4,806,458,000 and HK$1,261,516,000 respectively, which represented an increase of respectively 10.8% and 14.9% over the previous year.

Results

The revenue of Phoenix Satellite Television Holdings Limited ("Company") and its subsidiaries (the "Group" or "Phoenix") for the year ended 31 December 2013 was approximately HK$4,806,458,000, which represented a 10.8% growth over the previous year. Operating costs increased by 9.5% to approximately HK$3,544,942,000. The upward movement in operating costs was mainly due to the expansion of the new media and the outdoor media businesses.

The operating profit of the Group for the year ended 31 December 2013 was approximately HK$1,261,516,000, which represented an increase of 14.9% over the previous year. The main driver behind this result was the growth in the new media business.

Fair value gains of approximately HK$104,199,000 (year ended 31 December 2012: HK$43,703,000) and HK$95,000 (year ended 31 December 2012: HK$104,000) were recognised for the investment property under construction in Beijing and the investment property in London respectively.

The profit attributable to owners of the Company was approximately HK$932,394,000 (year ended 31 December 2012: HK$833,367,000), which represented an increase of 11.9% over the previous year.

Chairman's Statement

The chart below summarises the performance of the Group for the year ended 31 December 2013 and the year ended 31 December 2012 respectively.

	Year ended 31 December	
	2013	2012
	HK$'000	HK$'000
Television broadcasting	**2,373,975**	2,373,509
New media	**1,751,100**	1,382,433
Outdoor media	**612,823**	512,362
Real estate	**1,157**	929
Other businesses	**67,403**	67,127
Group's total revenue	**4,806,458**	4,336,360
Operating costs	**(3,544,942)**	(3,238,299)
Operating profit	**1,261,516**	1,098,061
Fair value gains on investment properties	**104,294**	43,807
Other income, net	**84,291**	49,814
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	**1,450,101**	1,191,682
Share of results of joint ventures and associates	**6,318**	3,659
Income tax expense	**(293,391)**	(248,056)
Profit for the year	**1,163,028**	947,285
Non-controlling interests	**(230,634)**	(113,918)
Profit attributable to owners of the Company	**932,394**	833,367
Basic earnings per share, Hong Kong cents	**18.66**	16.69

BUSINESS OVERVIEW AND PROSPECTS

The year 2013 has been a good year in comparison to the previous year in terms of business performance, particularly the performance of the new media business. The rate of revenue increase from television broadcasting in 2013 dampened as compared to that of the previous year. This was expected because it is not uncommon to see the rate of revenue increase from television advertising slowing after several years of rapid growth, with a large number of advertising clients generously placing commercials in entertainment programmes. Hence the Group has planned to bring in other revenue drivers to sustain the momentum of expansion.

For example, Phoenix entered into agreements with a major television operator in Macau to make Phoenix programmes available to Macau viewers in hotels, commercial premises, and in their homes. Phoenix also authorised this television operator to be its agent in conducting sales promotions to individuals and businesses, as well as in hotels. This reflected that Phoenix was actively seeking cooperation opportunities with strategic partners.

For the year 2013, Phoenix achieved flying colours in breaking news reporting and won numerous international awards for news reporting. For instance, the reporting team stationed in Japan successfully conducted exclusive interviews with key politicians in Tokyo. The coverage was widely quoted by other media in mainland China, Japan and rest of the world and aroused heated discussion. The Beijing team also interviewed senior government officials, including the Premier and Vice Premier, about the interpretation of China's latest foreign policy developments. With regard to Cross-Strait relations, Phoenix continued to secure exclusive interviews with key politicians and influential business leaders.

After Kim Jong-un came to power, Phoenix sent reporters to Pyongyang, Seoul, Japan and the China–North Korea border to obtain first-hand news.

On the North American front, the reporting team stationed in Washington D.C. exclusively reported the latest news and updates made by the United States Department of State and The Pentagon. Phoenix's reports were always extensively quoted by other international media. All of these reflected the prominent status of Phoenix that it enjoyed as a major global media player.

Farther ashore, Phoenix reporters provided prominent coverage of news from different continents. Phoenix's productions were well recognised by the industry worldwide as they promote a free flow of information among the global Chinese community. In 2013, Phoenix was awarded the Gold World Medal in Best Investigative Report, a Silver World Medal in Social Issues Documentary/Information Program as well as a finalist certificate in Best Public Affairs Program at the New York Festivals – World's Best TV & Films Competition. Furthermore, Phoenix has also obtained recognition at The Chicago International Film Festival 2013, with both the Gold and Silver Plaque in Investigative Reporting/News Documentary category; and a Silver Plaque in Public Affairs/Video News Release as well. *The Economic Observer* also crowned Phoenix as one of "The Most Respected Companies" in 2012-2013.

On the new media front, Phoenix achieved double-digit growth. Given the prevalent use of portable electronic devices nowadays such as smart phones, the future focus has therefore been targeted at mobile devices. The Group will also be developing crossmedia programmes, embracing television, radio, mobile devices and magazines. The aim is not just to achieve multimedia operations, but a holistic media presence.

The strategy of diversification was based on the visionary insight of going beyond the core business of television broadcasting and developing a more balanced and comprehensive business model. Hence, expanding its commercial base from the core television business to the new media platform, in an attempt to keep up with global trends, has been a vital element of the Group's long-term strategy. On 22 January 2013, Phoenix won the Bronze Award (Television Category) in the Media Convergence Awards in Hong Kong, hosted by the Hong Kong Association of Interactive Marketing. This underscored the fact that that the strategic expansion to the new media field is both well based and widely recognised.

As for outdoor media, the revenue and profit met our expectation despite escalating market competition. Our outdoor media business passed the scrutiny of China Securities Regulatory Commission and entered the preparatory and line-up stage for public listing.

At the management level, the aim of the Company is to empower colleagues who have professional knowledge, passion and loyalty to the Company and its business, to take the Company to even greater heights. The recent promotion of our vice president Mr. LIU Shuang as Chief Operating Officer to oversee and allocate resources of the Group is with a view to accelerate the convergence strategy of combining television broadcasting, Internet and mobile platforms of the Group and to achieve greater cost synergies.

2014 will be a turbulent year on the global scene and consequently global news coverage will be assuming even greater importance in the public eye. Meanwhile, in line with global trends, the new media initiatives will be launched at an even faster pace. On the China front, the Group operates on the strategy of flexibility, in tune with China's development on the social, economic, and political fronts. At the same time Phoenix is continuing to extend its wings outside Chinese territory, further consolidating its identity as an international media entity.

A Global Media Organisation

Asia Pacific

As a satellite broadcaster Phoenix is primarily distributed by AsiaSat 7, which has a footprint covering the Asia-Pacific region. On the Chinese mainland, Phoenix is downlinked to many regional cable networks by Sinosat, and in Hong Kong it is on all major distribution systems. In many other countries and regions Phoenix is also carried by local operators.

Malaysia

Phoenix is distributed by ASTRO, the major DTH operator, in Malaysia.

Singapore

Phoenix is carried by StarHub and SingTel in Singapore.

Indonesia

Phoenix is carried by First Media, Skyndo and PT Mega Media in Indonesia.

Thailand

Phoenix is carried by True Visions.

Philippines

Phoenix is carried by SKY Cable.

Japan

Phoenix is carried by Daifu in Japan.

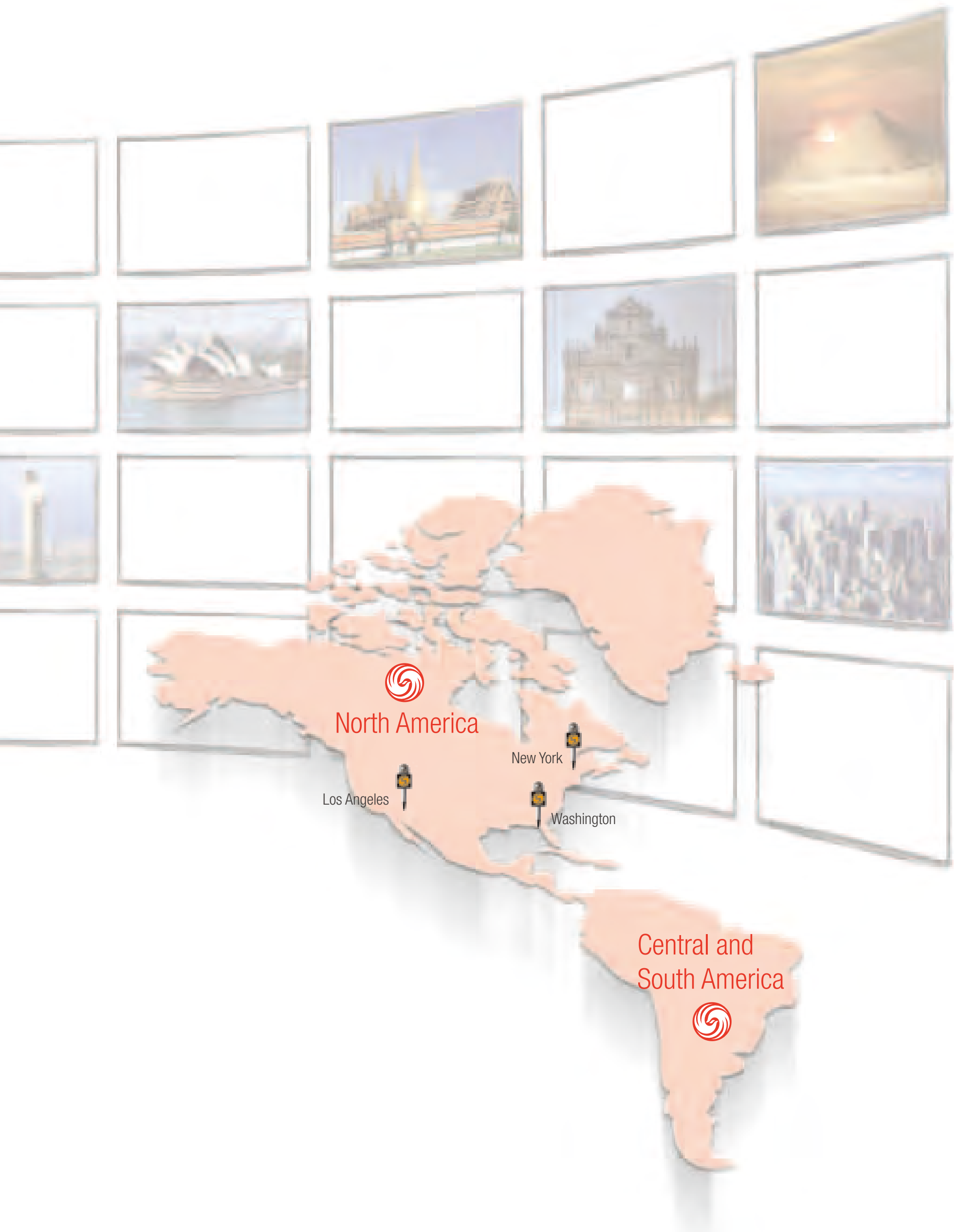
Australia

Phoenix is carried by the Jade Interactive system and is also available from AsiaSat 7.

New Zealand

Phoenix is carried by WorldTV in New Zealand.

- Phoenix Chinese Channel
- 資訊台 Phoenix InfoNews Channel
- Phoenix Movies Channel
- Phoenix NA Chinese Channel
- Phoenix CNE Channel
- Phoenix Hong Kong Channel



Phoenix global reach

Phoenix news bureaux. Phoenix also uses materials from foreign independent bureaux based in Brazil, Canada, Mexico, Germany, Hungary, Pakistan and Spain.

Africa

Phoenix is carried by the TELSTAR-12 satellite.

South Africa

Phoenix is now carried on the SATMEX-6 satellite.

North America

Phoenix North America Chinese Channel and Phoenix InfoNews Channel are carried on satellite by DirecTV and EchoStar and are also on the biggest IPTV platform Kylin. PNACC is also available on cable from Time Warner in New York, Comcast in San Francisco, Charter in Los Angeles, Rogers in the Toronto area and Shaw and NOVAS in the Vancouver area.

Europe

Phoenix Chinese News and Entertainment Channel is carried by Sky Digital, Eurobird 6 and a number of other national cable systems in Europe.

Central and South America

Phoenix is now available on cable from Columbus in Jamaica.


PRESS

Global Outlook

Phoenix has a global vision and has consistently provided the Chinese-speaking audiences with instant news and information about key developments in the Greater China Region and the world at large. In 2013 the professional teams of Phoenix, stationed in different parts of the world, have adhered to the journalistic principle of “being at the scene of major events”, and have reported to Chinese-speaking audiences the world over on the major international events – sometimes with exclusive coverage. These events included the passing of Venezuelan President Hugo Rafael Chavez Frias and the general election in that country; the “besiege China” strategy of Japanese Prime Minister Abe Shinzo; the impasse in the Sino-Japanese relationship triggered by the dispute over the Diaoyu Islands; the dishonouring of the “Peninsular Armistice” by North Korea, leading to both North Korea and South Korea entering Class One war readiness and the tension in the Korean Peninsula. Phoenix’s professional reporting teams also produced in-depth coverage of major international events such as the prolonged civil war in Syria, the destruction of chemical weapons, the chaotic paralysis of Bangkok caused by the anti-government protestors, the dissolution of the parliament by the Prime Minister of Thailand, the terrorist explosion at the Boston Marathon, the magnitude 7 earthquake in Ya’an Lushan in Sichuan Province, the killing of fishermen by the Philippine coast guards, and the death of former South African President Nelson Mandela and the national funeral in his honour.

A Global Team

The Mainland

To fulfill its role as a global broadcaster, Phoenix has a team of presenters and reporters drawn from mainland China, Taiwan, and Hong Kong as well as from the global Chinese community.


Bai Yan Qin


Chen Lu Yu


Dong Jia Yao


Chen Xiao Nan


Dou Wen Tao


Huang Cheng Zi


An Dong

Liang Yin

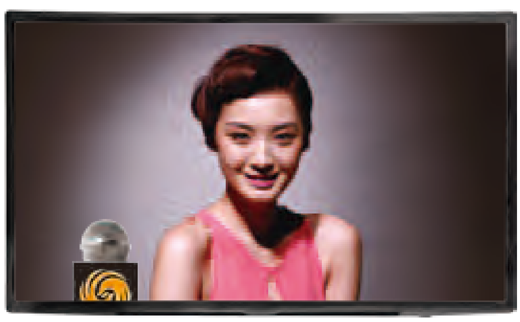
Li Hui

Lu Chen

Nicolas Li

Ren Ren

Ma Bin



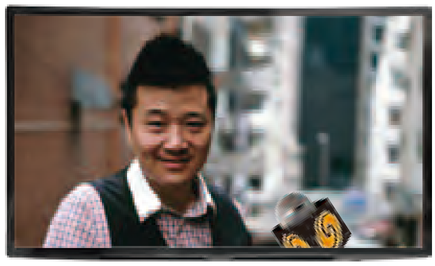
Lany Tian

The core of the Phoenix team is drawn from the four corners of the Chinese mainland, from regional centres such as Shaanxi, Yunnan, Anhui, Hebei, Hunan and Fujian, as well as from major cities like Beijing, Shanghai, and Guangzhou.

A Global Team

The Mainland

Wang Lu Xiang

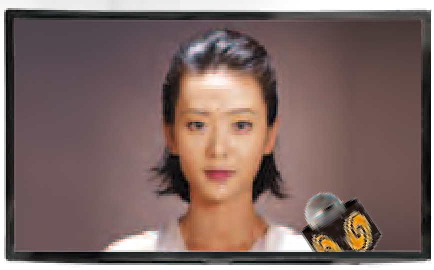


Jay Wan

Yang Shu

Yang Juan

Olivia Xu



Yang Shuang

Yuchi Linjia

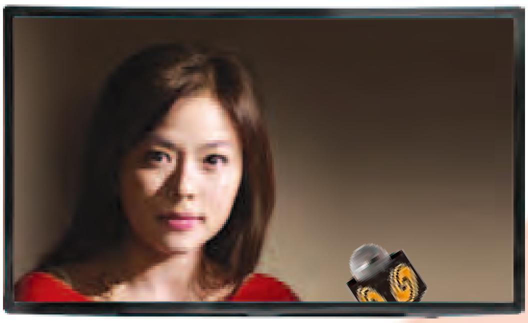
Rachel Zhao

A Global Team

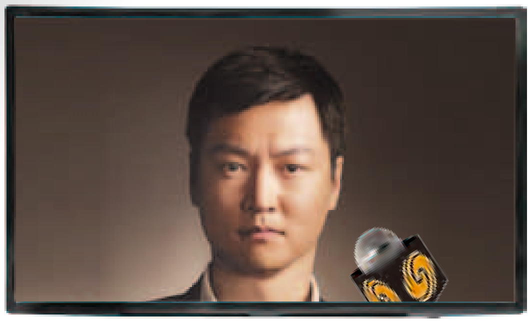
Taiwan

Some of the most popular Phoenix presenters come from Taiwan, bringing a distinctive style that appeals to the mainland Chinese audience.

Chiang Sheng Yang



Avon Hsieh



Jason Chien

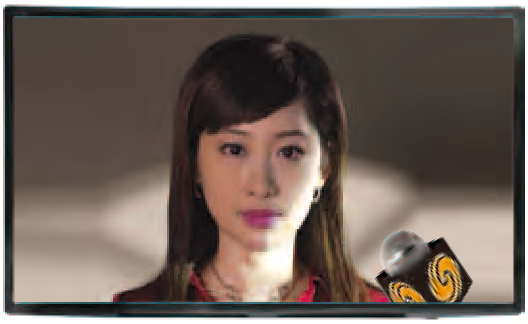
CoCo Chen

Ivy Chu

A Global Team

Taiwan

Tiger Hu



Shannon Liu

Jade Lin

Shih Chi Ping

Vie Tseng

Sally Wu

A Global Team

Hong Kong and rest of the World

With its headquarters in Hong Kong, Phoenix has a strong contingent of reporters, presenters and cameramen who originate from Hong Kong, and who bring a high level of professional and technical competence of Phoenix.

The Phoenix team also includes key players who have close ties with the rest of the world, having worked, studied or acquired citizenship in many countries, including Australia, Canada and the United States.

Chan Wing Luk

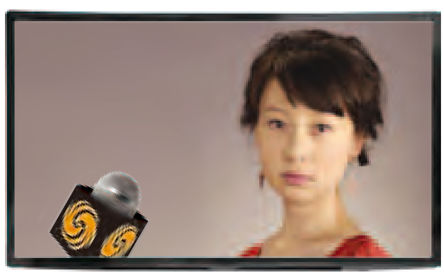
Angela Chow

Cheng Kai Nam

Sammy Chin

Du Ping

Lawrence Ho



Ada Lau

A Global Team

Hong Kong and rest of the World

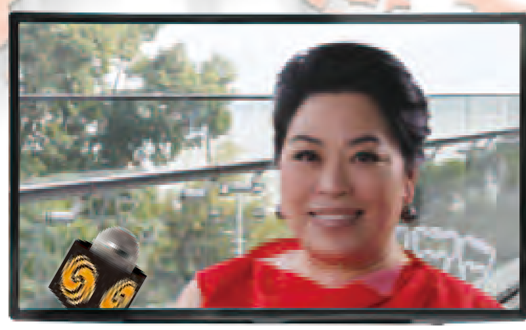
Li Wei

Leung Man Tao

Law Chen Pang

Rose Luqiu

Ma Ding Shing

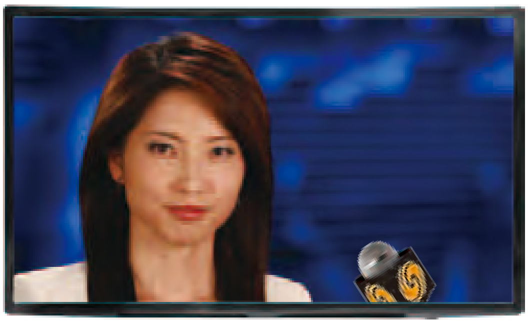


Michelle Lo

Ma Ka Fai

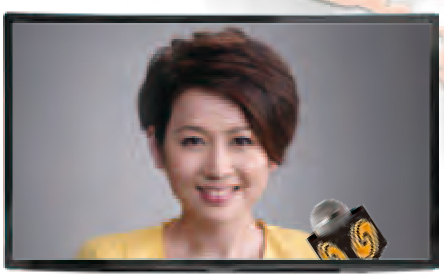
Vienna Cheuk

Qiu Zhen Hai



Ngai Yee Shan

Lily Siu



Toni Wong

Anthony Yuen

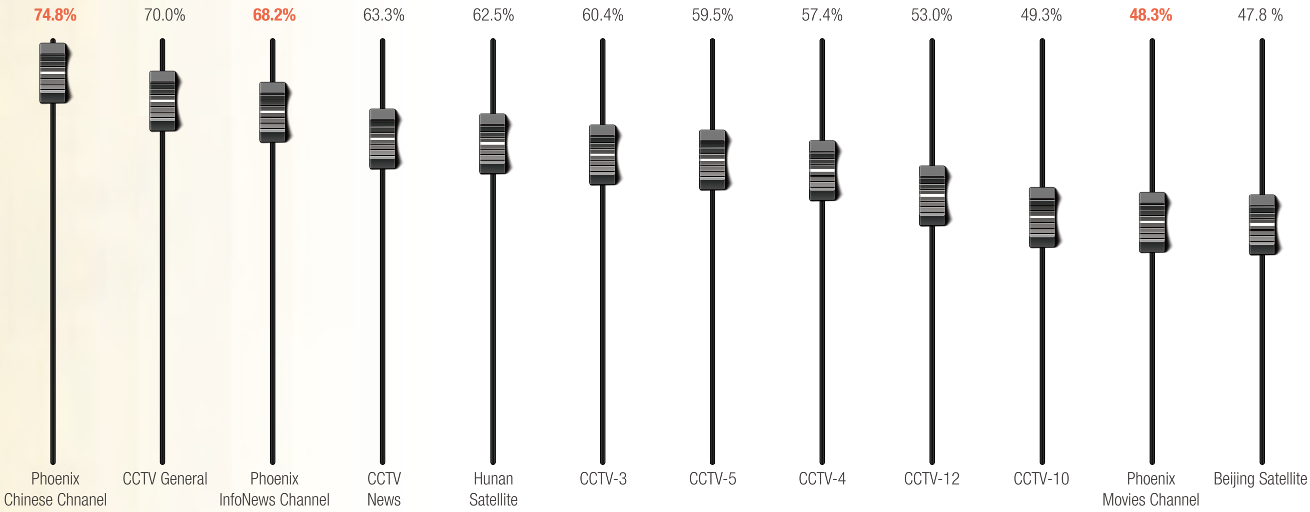
Zheng Hao

Zhu Wen Hui

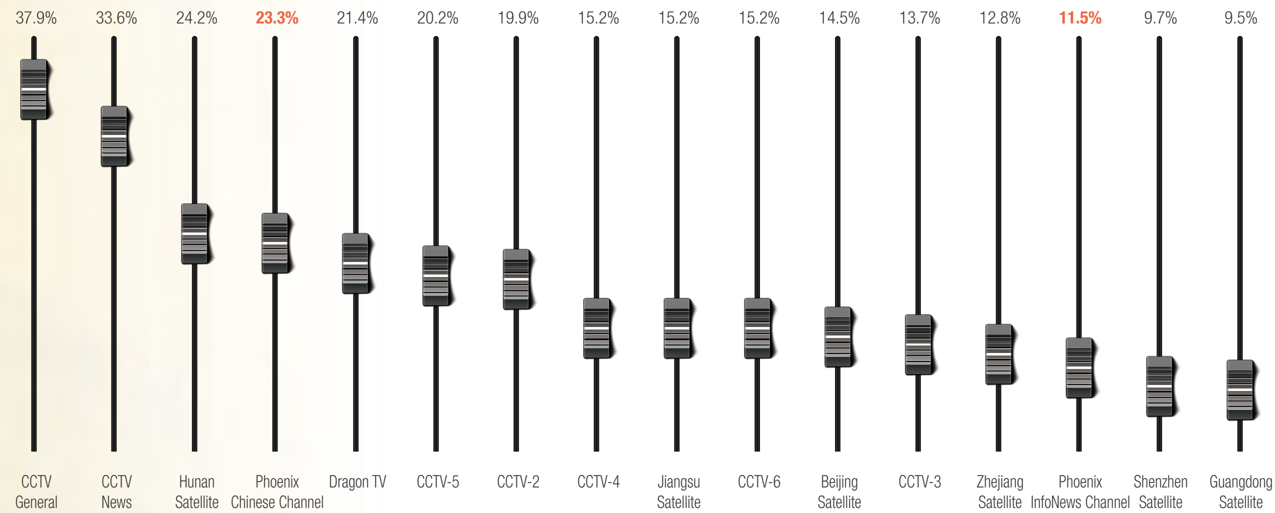
The Chinese Gateway

- According to the 2013 Q3-Q4 “Phoenix Audience Appreciation Survey” conducted by CTR Market Research, Phoenix Chinese Channel continued to surpass other satellite channels in China by securing the No.1 position in the Audience Satisfaction Index. Since 2004, this is the twentieth time in which Phoenix Chinese Channel has ranked at the top of the Audience Satisfaction chart.
- Phoenix Chinese Channel and Phoenix InfoNews Channel achieve a very high level of audience attention in offices or hotels. This high level of attention shows that Phoenix has a clear position among office staff, and also demonstrates that the information and news content of Phoenix satisfies the tastes and interests of this group of viewers.
- In 2013, Phoenix Chinese Channel’s daily viewing among business executives saw 3% year-on-year growth and maintained at No.4 nationwide channel. Phoenix InfoNews Channel’s daily viewing among business executives rose 5% when comparing to the previous year. These figures clearly demonstrate the extensive influence that Phoenix enjoys among Chinese business executives.

Audience Satisfaction

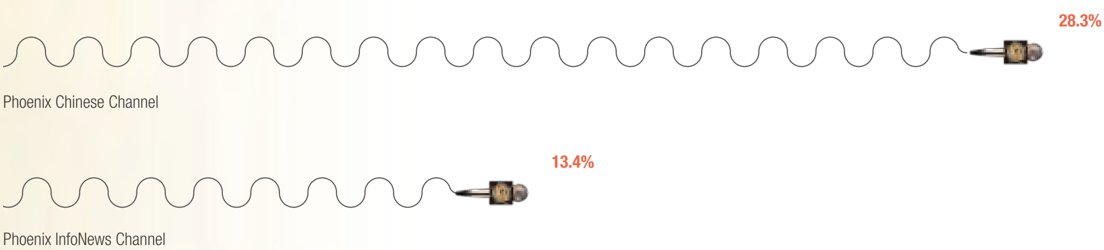


Phoenix Chinese Channel is the fourth most popular channel* among business executives



* Nationwide Channel

Phoenix Chinese Channel receives high attention in offices or hotels



Corporate Information

BOARD OF DIRECTORS

Executive Directors
LIU Changle *(Chairman and CEO)*
CHUI Keung
WANG Ji Yan

Non-executive Directors
SHA Yuejia
GAO Nianshu
GONG Jianzhong
SUN Yanjun

Independent Non-executive Directors
LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK
FANG Fenglei

Alternate Director
LAU Wai Kei, Ricky

COMPLIANCE OFFICER

CHUI Keung

COMPANY SECRETARY

YEUNG Ka Keung, A.C.A.

CAYMAN ISLANDS ASSISTANT SECRETARY

Codan Trust Company (Cayman) Limited

QUALIFIED ACCOUNTANT

YEUNG Ka Keung, A.C.A.

AUDIT COMMITTEE

Thaddeus Thomas BECZAK *(Chairman)*
LEUNG Hok Lim
GONG Jianzhong

NOMINATION COMMITTEE

Thaddeus Thomas BECZAK *(Chairman)*
LEUNG Hok Lim
CHUI Keung

REMUNERATION COMMITTEE

Thaddeus Thomas BECZAK
LO Ka Shui
LEUNG Hok Lim
GAO Nianshu

AUDITOR

PricewaterhouseCoopers

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

No. 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po, New Territories
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of Communications
CITIC Bank International Limited
China Merchant Bank

WEBSITES

www.ifeng.com
www.irasia.com/listco/hk/phoenixtv

STOCK CODE

02008

Management Discussion and Analysis

COMMENTS ON SEGMENTAL INFORMATION

	Year ended 31 December			
	2013		2012	
	Revenue HK$'000	**Segment result HK$'000**	Revenue HK$'000	Segment result HK$'000
Television broadcasting	**2,373,975**	**1,175,548**	2,373,509	1,239,016
New media	**1,751,100**	**392,946**	1,382,433	143,911
Outdoor media	**612,823**	**98,689**	512,362	110,854
Real estate	**1,157**	**89,977**	929	28,583
Other businesses	**67,403**	**(36,022)**	67,127	(27,862)
Group's total revenue and segment results	**4,806,458**	**1,721,138**	4,336,360	1,494,502
Unallocated income		**31,753**		17,770
Unallocated expenses		**(302,790)**		(320,590)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		**1,450,101**		1,191,682

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 49.4% of the total revenue of the Group for the year ended 31 December 2013, was approximately HK$2,373,975,000 (year ended 31 December 2012: HK$2,373,509,000). The segmental result for television broadcasting recorded a profit of approximately HK$1,175,548,000 for the year ended 31 December 2013 (year ended 31 December 2012: HK$1,239,016,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 45.9% of the total revenue of the Group for the year ended 31 December 2013, was approximately HK$2,207,217,000 (year ended 31 December 2012: HK$2,177,873,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased by 14.8% as compared to the previous year to approximately HK$166,758,000 (year ended 31 December 2012: HK$195,636,000).

The new media operations, which make Phoenix programming available on the Internet and on a number of mobile telecommunication networks, contributed to raising the profile of the Group as a television broadcaster. The revenue of the new media business for the year ended 31 December 2013 increased by 26.7% to HK$1,751,100,000 (year ended 31 December 2012: HK$1,382,433,000). The segmental profit was HK$392,946,000 (year ended 31 December 2012: HK$143,911,000). Phoenix New Media has been continuously investing in content, staff and marketing to further strengthen the vertical channels of ifeng.com, in order to further drive traffic growth, particularly increasing user loyalty, growing the number of daily unique visitors and diversifying the brand's image.

The revenue of the outdoor media business increased by 19.6% to approximately HK$612,823,000 (year ended 31 December 2012: HK$512,362,000). The segmental profit of outdoor media business decreased to approximately HK$98,689,000 (year ended 31 December 2012: HK$110,854,000). It was primarily due to the increase in operating costs for the expansion of business.

Management Discussion and Analysis

The segmental result for real estate included the fair value gains of approximately HK$104,294,000 (year ended 31 December 2012: HK$43,807,000) which were recognised for the investment properties.

Please refer to Note 5 to the consolidated financial statements for a detailed analysis of segmental information and the Business Overview and Prospects in the Chairman's Statement for commentary 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 (the "Directors" or the "Board") recommend the payment of a final dividend of 5.1 Hong Kong cents per ordinary share of the Company ("Share") (final dividend for 2012 of 5.1 Hong Kong cents), totalling approximately HK$254,857,000 to be payable to shareholders whose names appear on the register of members of the Company on 13 June 2014, Friday. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or around 27 June 2014, Friday.

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 2014, Thursday at 3:00 p.m.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 June 2014, Tuesday to 5 June 2014, Thursday (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 30 May 2014, Friday.

The register of members of the Company will be also closed from 12 June 2014, Thursday to 13 June 2014, Friday (both dates inclusive), during which period no Share transfers 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 11 June 2014, Wednesday.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition and disposal of subsidiaries and affiliated companies during the year ended 31 December 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2013 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 31 December 2013, the Group had cash and cash deposits totalling about HK$3,662,582,000 (as at 31 December 2012: HK$3,113,751,000). The aggregate outstanding borrowings of the Group were approximately HK$745,227,000 (as at 31 December 2012: HK$631,352,000), representing amounts due to related companies which were unsecured and non-interest bearing, unsecured and non-interest bearing loans from non-controlling shareholders of a subsidiary and secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 37.8% as at 31 December 2013 (as at 31 December 2012: 37.2%). The net cash and bank deposits balance after deduction of the total liabilities was HK$1,793,025,000 as at 31 December 2013 (as at 31 December 2012: HK$1,537,279,000).

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

CHARGE ON ASSETS

As at 31 December 2013, the land in Chaoyang Park, Beijing, together with the development site, with carrying value of approximately HK$125,000,000, HK$415,000,000 and HK$1,163,000,000 (as at 31 December 2012: HK$116,000,000, HK$315,000,000 and HK$889,000,000) recorded in lease premium for land, construction in progress and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the construction work on the Phoenix International Media Centre in Beijing.

Save as disclosed above, the Group did not have any other charges on its assets as at 31 December 2013 and 31 December 2012.

CAPITAL STRUCTURE

During the year ended 31 December 2013, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 31 December 2013, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of a subsidiary and banking facilities.

STAFF

As at 31 December 2013, the Group employed 3,033 full-time staff (as at 31 December 2012: 2,799) at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2013 increased to approximately HK$1,136,789,000 (year ended 31 December 2012: HK$961,970,000).

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.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2013, the Group invested in listed security investments with an estimated fair market value of approximately HK$25,689,000 (as at 31 December 2012: HK$24,819,000). Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2013.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Company has been approved by the Stock Exchange of Hong Kong Limited ("Stock Exchange") to proceed with the proposed spin-off of 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.

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 2013, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any Shares during the year ended 31 December 2013. Neither the Company nor any of its subsidiaries had purchased or sold any of the Shares during the year ended 31 December 2013.

Directors and Senior Management Profile

DIRECTORS

Executive Directors

Mr. LIU Changle, aged 62, was appointed the chairman and chief executive officer of the Company on 2 February 2000. He founded Phoenix Satellite Television Company Limited ("Phoenix HK") in 1996, and it is now a globally renowned transnational multimedia group and a company listed on the Stock Exchange. Phoenix now operates six satellite TV channels and has expanded into other areas of business, including new media, outdoor LED advertising, weekly magazine, publishing, radio broadcasting and education.

Mr. LIU gained widespread recognition both locally and overseas for his enthusiasm for and achievements in the media industry. Mr. LIU is the recipient of numerous titles and awards, among which include "Wiseman of the Media Industry", "Leader of Global Mandarin TV Program Providers", "the Most Innovative Chinese Business Leaders in the Asia Pacific Region", "Chinese Business Leader with the Utmost Social Responsibility in the Asia Pacific Region", "Outstanding Figure in Media Branding", "Top 10 Most Entrepreneurial Chinese Business Leaders", "Top 10 Most Innovative Media Entrepreneurs in Mainland China", "Person of the Chinese Charity" and "Ten Most Successful Men in China". Mr. LIU has also been awarded the "Robert Mundell Successful World CEO Award", the "Media Entrepreneur Award" in "Ernst & Young's China Entrepreneur Award" and the "Man of Year for Asia Brand Innovation Award". He is also the recipient of the "Top 10 Figures in 2009–2010 Media Convergence in China" award, the "Outstanding Media Management Award of the Chinese Society" in the Truth, Virtue and Beauty Media Award initiated by Buddhist Master Hsing Yun, the "Person of the Year" award of the Chinese Business Leaders Annual Meeting, and the "2001–2010 Outstanding Contributor to the Chinese Media" by the China Media Annual Meeting and the "Business Person of the Year Award" by the DHL/SCMP Hong Kong Business Awards 2012.

Since 2005, Mr. LIU has been the chairman of the iEMMYs Festival, which is run by the International Academy of Television Arts & Sciences. In November 2008, Mr. LIU received the International Emmy® Directorate Award.

Mr. LIU is a visiting professor at a number of universities. He has been appointed to the board of directors of Nanjing University, Tongji University and Huaqiao University. He was also conferred an honorary doctoral degree in literature by the City University of Hong Kong and was appointed the Chairman of the College International Advisory Board by the College of Business of the City University of Hong Kong.

Mr. LIU was appointed as honorary chairman of "World Chinese-language Media Co-operation Alliance" in 2009 and appointed as special consultant to the 8th Council of the Buddhist Association of China in 2010.

Mr. LIU has been appointed a Justice of the Peace by the government of the Hong Kong Special Administrative Region ("Hong Kong"). He is a member of the National Committee of the Chinese People's Political Consultative Conference, and the vice chairman of the Subcommittee on Education, Science, Culture, Health and Sports of the Eleventh National Committee of the Chinese People's Political Consultative Conference. He is a Standing Committee member of the Twelfth National Committee of the Chinese People's Political Consultative Conference.

In July 2010, Mr. LIU was awarded the Silver Bauhinia Star by the government of Hong Kong. In 2011, Mr. LIU was appointed as an independent non-executive director of China Southern Airlines Company Limited. Mr. LIU is also a shareholder and director of Today's Asia Limited, a substantial shareholder of the Company.

Directors and Senior Management Profile

Mr. CHUI Keung, aged 62, appointed on 5 June 2000, is the executive Director and deputy chief executive officer of the Company. He is also a member of the Nomination Committee of the Company. Mr. CHUI graduated from the department of journalism of Fudan University in Shanghai and served in the China Central People's Radio Station for over 10 years. Since the establishment of Phoenix HK on 31 March 1996, he has been in charge of the overall daily operations, the public relations and promotion strategies of Phoenix HK, and the coordination of the relationships with PRC government entities. He also assists in establishing and implementing the corporate development strategies of the Company.

Throughout the term of office with Phoenix, Mr. CHUI has been instrumental in Phoenix's PRC domestic business development, programme production, advertising operation, marketing network and public relations. In 1996, he was in charge of the production of "Flying over the Yellow River", a major television programme of Phoenix HK, which achieved popular success and heightened the popularity of Phoenix in the PRC and overseas Chinese communities.

Prior to joining Phoenix, Mr. CHUI was a director and the general manager of Tianhua International Culture and Art Company Limited in Beijing focusing on developing various cultural, arts and publication businesses.

Mr. WANG Ji Yan, aged 65, appointed on 29 September 2006 as executive Director of the Company. Mr. WANG joined Phoenix HK in March 1996 and taught in Beijing Broadcasting Institute (now known as the Communication University of China) for more than twenty years.

Mr. WANG is one of the leading television programme producers in China and participated in the direction and production of a number of television programmes in early years. His television programme productions have won numerous domestic and overseas awards.

Mr. WANG is also a scholar in the television industry and has been the panelist of various international television festivals. He is also a renowned media educator and has a professor title. During the two decades of teaching in the Beijing Broadcasting Institute, he was the head of the television department for over ten years and was the deputy dean of the Beijing Broadcasting Institute for six years. Currently, he is also the PhD supervisor in Communication University of China (formerly known as Beijing Broadcasting Institute).

Non-executive Directors

Mr. SHA Yuejia, aged 56, appointed on 19 August 2010 as non-executive Director of the Company, is also an executive director and vice president of China Mobile Limited ("China Mobile"), the ordinary shares of which are listed on the Main Board of the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange, is principally in charge of marketing, data business and corporate customer management matters. Mr. SHA has been serving on the board of directors of China Mobile since March 2006 and is a vice president of China Mobile Communications Corporation, a director of China Mobile Communication Co., Ltd and a non-executive director of Shanghai Pudong Development Bank Co., Ltd. Mr. SHA previously served as director of the Engineering Construction Department IV Division of Beijing Telecommunications Administration, president of Beijing Telecommunications Planning Design Institute, deputy director general of Beijing Telecommunications Administration, vice president of Beijing Mobile Communications Company, director and vice president, chairman and president of China Mobile Group Beijing Company Limited. Mr. SHA graduated from Beijing University of Posts and Telecommunications, received a Master's Degree from the Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications and a doctoral degree in business administration from The Hong Kong Polytechnic University. He is a professor-level senior engineer with over 31 years of experience in the telecommunications industry.

Mr. GAO Nianshu, aged 50, appointed on 29 September 2006 as non-executive Director of the Company, is also a member of the Remuneration Committee and a director of Phoenix HK. Mr. GAO is currently the general manager of marketing department of China Mobile Communications Corporation. Mr. GAO previously served as general manager of data service department of China Mobile Communications Corporation, assistant to president of Beijing Mobile Communication Company Limited, deputy general manager and general manager of business supporting system department and deputy general manager of marketing department of Beijing Mobile Communication Company Limited.

Mr. GAO graduated from Jilin University and received a Master's degree in engineering from Institute of Computing Technology, Chinese Academy of Science and an EMBA degree from Peking University. Mr. GAO has many years of experience in the telecommunications industry.

Mr. GONG Jianzhong, aged 51, appointed on 12 January 2007 as non-executive Director, is also a member of the Audit Committee of the Company, is also a director of certain subsidiaries of the Company. Mr. GONG is currently a director and chief executive officer of Bank of China Group Investment Limited ("BOCGI") and a director of a number of companies controlled by BOCGI or in which BOCGI has an interest.

From 2002 to 2005, Mr. GONG was an alternate director and deputy chief executive officer of BOCGI. From 2001 to 2007, Mr. GONG was a non-executive director of China Merchants China Direct Investments Limited. Mr. GONG has over 17 years of experience in banking, administration and management. He graduated from Dongbei University of Finance and Economics in the PRC in April 1991 with a master degree in economics.

Mr. SUN Yanjun, aged 44, appointed as a non-executive Director of the Company on 5 November 2013, is a partner and managing director at TPG. Prior to joining TPG, Mr. SUN was a managing director in the Principal Investment Area (PIA) of Goldman Sachs Group, Inc. ("Goldman Sachs") and focused on private equity investment in the Greater China region from 2006 to early 2011. Before joining Goldman Sachs, Mr. SUN was a vice president at Morgan Stanley in Hong Kong from 2004 to 2006. Prior to that, he worked for General Electric and Citigroup Inc. in the United States. Mr. Sun currently serves as a non-executive director on the board of Xinyuan Real Estate Co., Ltd., a company listed on the New York Stock Exchange.

Mr. SUN obtained a Bachelor of Economics degree from Renmin University of China and a Master of Business Administration with high distinction from the University of Michigan.

Independent Non-executive Directors

Dr. LO Ka Shui, aged 67, appointed on 5 June 2000 as independent non-executive Director, is also a member of the Remuneration Committee of the Company. Dr. LO is the chairman and managing director of Great Eagle Holdings Limited, the chairman and non-executive director of Eagle Asset Management (CP) Limited (Manager of the publicly listed Champion Real Estate Investment Trust) and LHIL Manager Limited (as Trustee-Manager of Langham Hospitality Investments). He is also an independent non-executive director of Shanghai Industrial Holdings Limited, China Mobile Limited and City e-Solutions Limited. Dr. LO is a vice president of The Real Estate Developers Association of Hong Kong, a trustee of the Hong Kong Centre for Economic Research, a member of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority and the vice chairman of The Chamber of Hong Kong Listed Companies. He graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has more than 30 years' experience in property and hotel development and investment both in Hong Kong and overseas.

Directors and Senior Management Profile

Mr. LEUNG Hok Lim, aged 78, appointed on 21 January 2005 as independent non-executive Director, is also a member respectively of Audit, Nomination and Remuneration Committees of the Company. Mr. LEUNG is a fellow member of CPA Australia, a member of the Macau Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Taxation Institute of Hong Kong. Mr. LEUNG is the founding and senior partner of PKF, Accountants and Business Advisers. Mr. LEUNG is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited, and the independent non-executive director of a number of listed companies namely Yangtzekiang Garment Limited, YGM Trading Limited, S E A Holdings Limited, Fujian Holdings Limited and High Fashion International Limited.

Mr. Thaddeus Thomas BECZAK, aged 63, is an independent non-executive Director and a member of the Audit Committee of the Company since 11 March 2005. He is also a member respectively of the Nomination and Remuneration Committees of the Company. Mr. BECZAK is currently the vice chairman of China Renaissance Holdings Limited and chairman of China Renaissance Securities (Hong Kong) Limited. He is also involved in a number of private companies, including the position of the non-executive chairman of ACR Capital Holdings Pte. Ltd, an Asian reinsurance company and the non-executive chairman of Artisan Du Luxe Holding Limited. Mr. BECZAK is also an independent non-executive director of a number of listed companies, including Singapore Exchange Limited and Pacific Online Limited.

Prior to joining China Renaissance group, he had been vice chairman of Cowen and Company, LLC. From April 2005 to March 2008, Mr. BECZAK was a senior advisor to Nomura International (Hong Kong) Limited and non-executive chairman of Nomura Asia Holding N.V.. From September 1997 until December 2003, Mr. BECZAK was a director of Kerry Holdings Limited. During this time he also held various board and operating positions within the group. Most recently, he was deputy chairman of SCMP Holdings Limited and publisher of South China Morning Post Publishers Limited. Previously, he had been deputy chairman of Shangri-La Asia Limited, deputy chairman of Kuok Philippines Properties, a director of China World Trade Center Limited and a director of Kerry Properties Limited.

From November 1997 until December 2002, Mr. BECZAK was chairman of the Listing Committee of the Stock Exchange (and a member of the Stock Exchange) and a member of board of directors of the Stock Exchange from 1998 until 2001. From June 2001 until May 2007, he was a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong. Currently, he is a member of the International Advisory Committee of the China Securities Regulatory Commission (CSRC).

Prior to joining the Kerry group, Mr. BECZAK was a managing director of J.P. Morgan Inc., president of J.P. Morgan Inc. and president of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, he was a director of the Bank of the Philippine Islands and a committee member of the Hong Kong Association of Banks. He joined J.P. Morgan in 1974. Mr. BECZAK has over 27 years of experience in Asia.

Mr. BECZAK is a graduate of Georgetown University (B.S.F.S.) and Columbia University (M.B.A.). He is a member of the Board of Advisors of the School of Foreign Service at Georgetown. Mr. BECZAK is currently an adjunct professor of the MBA program of the Hong Kong University of Science and Technology.

Mr. FANG Fenglei, aged 62, appointed on 13 March 2013 as an independent non-executive Director of the Company, is currently chairman of HOPU Investment Management Co., Ltd. and chairman of Goldman Sachs Gaohua Securities Company Limited. Mr. FANG previously served as a deputy chief executive officer of China International Capital Corporation Limited and chief executive officer of both BOC International Holdings Limited and ICEA Finance Holdings Limited. Mr. FANG was also a non-executive director of China Mengniu Dairy Company Limited and an independent non-executive director of Central China Real Estate Limited. Mr. FANG holds a Bachelor of Arts degree from Sun Yat-sen University.

Alternate Director

Mr. LAU Wai Kei, Ricky, aged 43, appointed on 5 November 2013 as an alternate Director to Mr. SUN Yanjun, a non-executive Director of the Company, is a partner of TPG where he has over 20 years of investment experience. Mr. LAU also serves as a director of China Grand Auto Service Co. Ltd. and Ingham Holdings I. Pty Limited and an alternate director of Daphne International Holdings Limited. Before joining TPG, Mr. LAU was responsible for the corporate and project finance division of Hopewell Holdings Limited ("Hopewell"), a regional infrastructure project developer. He joined Hopewell in 1993 and spearheaded the development and financing of several power and transportation projects in China, India and Thailand. Mr. LAU obtained an Executive MBA from Kellogg-HKUST and graduated from the University of British Columbia and he is a CFA charterholder.

Senior Management

Mr. LIU Shuang, aged 44, appointed as the chief operating officer of the Company on 17 February 2014. He is currently the chief executive officer ("CEO") of the Phoenix New Media Limited ("PNM"), a non-wholly owned subsidiary of the Company, whose shares are listed by way of American Depository Shares on the New York Stock Exchange in the United States.

Mr. LIU has served as a director and CEO of PNM since its inception in year 2007. Mr. LIU also has served for the Company from 2001 to the present in various managing positions, including chief director of business development and vice president in charge of investment, finance, investor relationships, legal affairs, public affairs and development of the finance channel. Before joining the Company, Mr. LIU worked at Simpson Thacher & Bartlett LLP, Milbank, Tweed, Hadley & McCloy LLP and Morrison & Foerster LLP from 1996 to 2001. Mr. LIU received a J.D. degree from Duke University Law School, and a Bachelor's degree from University of International Business & Economic.

Mr. YEUNG Ka Keung, aged 54, is the executive vice president and chief financial officer of Phoenix HK and the Company. He is also the qualified accountant and company secretary of the Company. Mr. YEUNG joined Phoenix in March 1996 and is in charge of all of Phoenix's internal and external financial management and arrangements as well as the supervision of administration and personnel matters.

Mr. YEUNG graduated from the University of Birmingham and remained in the United Kingdom until 1992 after obtaining his qualification as a chartered accountant. Upon returning to Hong Kong, he worked at Hutchison Telecommunications and Star Television Limited in the fields of finance and business development.

Mr. CHAU Kwan, aged 58, is the executive vice president of Phoenix HK and the Company. He graduated from the Beijing Broadcasting Institute in July 1990 with a major in Editing Studies in School of Television.

Mr. CHAU joined Phoenix in 1998. He was the head of Phoenix Movies Channel, director of programming of Phoenix HK, general manager of Phoenix Film and Television (Shenzhen) Co. Limited (鳳凰影視（深圳）有限公司) and deputy vice president of Phoenix HK. He has held the current positions since 2002. Mr. CHAU has also taken up the position of vice president of Phoenix's Shenzhen management office since 2005, and is responsible for managing the advertising operation and business of the Group.

Corporate Governance Report

The Company is committed to ensuring high standards of corporate governance in the interests of the shareholders of the Company ("Shareholders") and devotes considerable effort to identifying and formalising best practices.

CORPORATE GOVERNANCE PRACTICES

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

The Company has an in-house audit function to assist the Board in monitoring and advising on the effectiveness of the Group's governance, risk management and internal control processes. The Board had also monitored the progress on corporate governance practices of the Company throughout the 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 2013, 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 CEO of the Company since its incorporation. He is responsible for managing the Board and the business of the Group.

On 26 November 2008, Mr. LIU entered into a non-competition deed (the "Non-Competition Deed") 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 this associated and the respective employees of his associates (except for those within the Group) observe the restrictions and undertakings contained in the Non-Competition Deed.

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

APPOINTMENTS, RE-ELECTION AND REMOVAL

Code Provision

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

Deviation and its Reason

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 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 above-mentioned required standards of dealings regarding Directors' securities transactions throughout the year ended 31 December 2013.

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

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company affairs.

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

Composition

The Board comprises three executive Directors, four non-executive Directors and four independent non-executive Directors as at 31 December 2013, which has complied with the standard as set in Listing Rule 3.10A, where the number of independent non-executive Directors represented more than one-third of the Board.

The brief biographical details of each of the Directors are set out on page 27 to page 31 of this annual report.

The Company considers that all of the independent non-executive Directors are independent and has received from each of the independent non-executive Directors their confirmation of independence as required by the Listing Rules.

Board meetings and general meetings

The Board meets at least four times a year to review the financial and operating performance of the Group. There were four Board meetings and one AGM held in the financial year ended 31 December 2013.

Details of individual Director's attendance at board meetings ("BMs") and the AGM as follows:

Name of Directors	Attended or eligible to attend BMs	AGM
Executive Directors		
Mr. LIU Changle (Chairman and CEO)	2/4	0/1
Mr. CHUI Keung	4/4	1/1
Mr. WANG Ji Yan	3/4	0/1
Non-executive Directors		
Mr. SHA Yuejia	3/4	0/1
Mr. GAO Nianshu	3/4	0/1
Mr. GONG Jianzhong	3/4	0/1
Mr. Jan KOEPPEN (resigned on 5 November 2013)	1/3	0/1
Mr. CHEUNG Chun On, Daniel (resigned on 30 June 2013)	1/2	0/1
Mr. SUN Yanjun (appointed on 5 November 2013)	1/1	n/a
Independent non-executive Directors		
Dr. LO Ka Shui	3/4	0/1
Mr. LEUNG Hok Lim	4/4	0/1
Mr. Thaddeus Thomas BECZAK	4/4	1/1
Mr. FANG Fenglei (appointed on 13 March 2013)	3/3	0/1
Alternate Directors		
Dr. GAO Jack Qunyao (alternate to CHEUNG Chun On, Daniel) (resigned on 30 June 2013)	n/a	n/a
Ms. Ella Betsy WONG (alternate to Jan KOEPPEN) (resigned on 5 November 2013)	n/a	n/a
Mr. LAU Wai Kei, Ricky (alternate to SUN Yanjun) (appointed on 5 November 2013)	n/a	n/a

BOARD OF DIRECTORS (Continued)

Board meetings and general meetings (Continued)

During the regular Board meetings held on 13 March, 13 May, 14 August and 19 November of year 2013, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discussed the half-yearly and annual results, as well as discussed and decided on other significant matters.

The management is responsible for the day-to-day operations of the Group. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

Liability insurance for Directors and senior management officers of the Company is maintained by the Company with appropriate coverage for liabilities which may arise in the course of performing their duties.

Directors' training and professional development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, the Company had arranged an in-house training for Directors covering the topic entitled "Handling Investigations by the Securities and Futures Commission". In addition, reference materials were from time to time provided to Directors to update them with the relevant laws and Listing Rules. At the end of each financial year, each Director is required to provide a summary of training records to the Company. As at the date of this report, all Directors have submitted their training records to the Company.

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

Directors' training and professional development (Continued)

During the year under review, the Directors had participated in the following continuous professional development to develop and refresh their knowledge and skills:

Name of Directors	Attended trainings conducted by professional parties	Reading materials relevant to the Company's business or director's duties and responsibilities	Attended in-house seminar conducted by the Company
Executive Directors			
Mr. LIU Changle (Chairman and CEO)		√	√
Mr. CHUI Keung		√	√
Mr. WANG Ji Yan		√	√
Non-executive Directors			
Mr. SHA Yuejia		√	√
Mr. GAO Nianshu		√	√
Mr. GONG Jianzhong		√	√
Mr. Jan KOEPPEN (resigned on 5 November 2013)		√	
Mr. CHEUNG Chun On, Daniel (resigned on 30 June 2013)		√	
Mr. SUN Yanjun (appointed on 5 November 2013)		√	√
Independent non-executive Directors			
Dr. LO Ka Shui	√	√	
Mr. LEUNG Hok Lim	√	√	
Mr. Thaddeus Thomas BECZAK	√	√	
Mr. FANG Fenglei (appointed on 13 March 2013)		√	√
Alternate Directors			
Dr. GAO Jack Qunyao (resigned on 30 June 2013)		√	
Ms. Ella Betsy WONG (resigned on 5 November 2013)		√	
Mr. LAU Wai Kei, Ricky (appointed on 5 November 2013)	√	√	

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for the following corporate governance functions:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the code and disclosure in the Corporate Governance report.

The Board has reviewed the policy and practices in accordance with the Code and its own CG Code.

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy on 1 September 2013 which aims to set out the approach to achieve board diversity on the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background or professional experience. The Company will also take into account of factors based on its own business model and specific needs from time to time.

In addition, Board appointments will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background or professional experience. The ultimate decision will be based on merit and contribution that the selected candidate(s) will bring to the Board.

The nomination committee was delegated with the responsibility to review at least annually on the Board's composition under diversified perspectives and monitor the implementation of this policy.

BOARD COMMITTEES

Audit Committee

The Company has established an audit committee with written terms of reference based upon the guideline recommended by the Hong Kong Institute of Certified Public Accountants and the mandatory provisions set out in the Code (the "Audit Committee").

The primary duties of the Audit Committee are to review the Company's annual report and accounts and half-yearly report and to provide advices and comments thereon to the Board. The Audit Committee meets at least twice a year with the Company's management to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters. The terms of reference of the Audit Committee was published on both the websites of the Company and the Stock Exchange.

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

Corporate Governance Report

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

As at the date of this report, the Audit Committee had held two meetings. Details of the attendance record of the Audit Committee meetings are as follows:

Name of Directors	Attended/Eligible to attend
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK (Chairman)	2/2
Mr. LEUNG Hok Lim	2/2
Non-executive Directors	
Mr. CHEUNG Chun On, Daniel (resigned on 30 June 2013)	1/1
Mr. GONG Jianzhong (appointed on 30 June 2013)	0/1

The Audit Committee reviewed the Group's interim and annual results in year 2013 with management and the Company's external auditor and recommended their adoption to the Board. They had also reviewed the audit plans, internal control performance as well as the effectiveness of the internal control system.

Remuneration Committee

The Company established the remuneration committee with written terms of reference in alignment with the mandatory provisions set out in the Code (the "Remuneration Committee").

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management staff of the Company.

The Remuneration Committee currently comprises one non-executive Director, namely Mr. GAO Nianshu and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.

As at the date of this report, one meeting of the Remuneration Committee was held and was attended by the following members:

Name of Directors	Attended/Eligible to attend
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK (Chairman)	1/1
Dr. LO Ka Shui	1/1
Mr. LEUNG Hok Lim	1/1
Non-executive Director	
Mr. GAO Nianshu	1/1

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

During the year under review, the Remuneration Committee had reviewed and recommended to the Board the bonus payments for year 2013 and the increment in salary and housing allowance for year 2014 for the executive Directors and the senior staff of the Company.

The terms of reference of the Remuneration Committee include the adoption of a model where Remuneration Committee will play an advisory role whilst the Board retains full authority on all issues proposed. The terms of reference are available on both the websites of the Company and the Stock Exchange.

Nomination Committee

The Company established the nomination committee with its written terms of reference in alignment with the mandatory provisions as set in the Code (the "Nomination Committee").

The primary functions of the Nomination Committee are to review the structure, size and the diversity of the Board annually, to access the independence of independent non-executive Directors, to review the proposed appointment of new director(s) and to make recommendations to the Board when necessary.

The Nomination Committee comprises two independent non-executive Directors namely, Mr. Thaddeus Thomas BECZAK (Chairman) and Mr. LEUNG Hok Lim and one executive Director namely Mr. CHUI Keung.

As at the date of this report, one meeting of the Nomination Committee was held and was attended by the following members:

Name of Directors	**Attended/Eligible to attend**
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK (Chairman)	1/1
Mr. LEUNG Hok Lim	1/1
Executive Director	
Mr. CHUI Keung	0/1

The Nomination Committee had reviewed and recommended to the Board for approval on the appointments of Mr. SUN Yanjun as a non-executive Director and Mr. LAU Wai Kei, Ricky as an alternate Director during the year under review. Also, they had reviewed the structure, size and diversity of the Board, the independence of independent non-executive Directors and considered and recommended to the Board the retiring Directors standing for re-election at the forthcoming AGM.

Ad Hoc Committee

The Company adopted the terms of reference of the ad hoc committee to deal with ad hoc matters, which set out detailed directions as to the powers delegated to the ad hoc committee. Any two Directors shall form a quorum for the transaction of business.

Corporate Governance Report

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group.

The Directors' responsibilities in the preparation of the financial statements and the independent auditor's responsibilities are set out in the Independent Auditor's Report on pages 82 to 83 of this annual report.

INTERNAL CONTROLS

The Board has overall responsibility for the establishment and maintenance of a sound and effective system of internal controls for the Group to safeguard Shareholders' investment and the Group's assets.

To assist the Board in monitoring the internal control function, the Group has an internal audit department ("Internal Audit") in place to provide an independent and objective appraisal and assurance in areas of governance, risk management and internal control processes for the Group.

The Internal Audit reports functionally to the Audit Committee on significant risk and internal control matters to preserve its independence. The Internal Audit Charter and the annual internal audit plan were duly approved by the Board. The Internal Audit evaluates the adequacy and effectiveness of the Group's system of internal controls by adopting a risk-based audit approach, focusing on major processes and activities which are quantitatively or qualitatively significant to the Group. Internal Audit provides practical and value-added recommendations on the identified internal control failings and weaknesses, among which the major audit issues would be escalated timely to senior management and the Audit Committee for assessment and rectifications.

In 2013, the Board, through the Audit Committee and with the assistance of the Internal Audit, has conducted a review of the effectiveness of the Group's system of internal controls for the year ended 31 December 2013, covering all material operational, financial and compliance controls and risk management functions, and considers that the system of internal controls is appropriately designed and effective.

The Audit Committee has also assessed the adequacy of resources, qualifications, experience, training programmes and budget of staff of the Group's accounting and financial reporting function and considers that they are adequate.

EXTERNAL AUDITOR

PricewaterhouseCoopers ("PwC") has been appointed as the external auditor of the Company by Shareholders at the AGM.

The remuneration in respect of services provided by PwC for the Group is analysed as follows:

	31 December 2013 HK$	31 December 2012 HK$
Audit Service	**11,236,000**	11,586,000
Non-audit Service	**519,000**	1,387,000
Tax Service	**1,440,000**	448,000
Total	**13,195,000**	13,421,000

COMPANY SECRETARY

Mr. YEUNG Ka Keung was appointed as Company Secretary of the Company on 25 April 2000. Mr. YEUNG confirmed to the Company that he had complied with Rule 3.29 of the Listing Rules in relation to professional training during the year under review.

SHAREHOLDERS' RIGHTS

Procedures for Shareholder(s) to propose the convening of extraordinary general meeting(s)

Pursuant to article 58 of the article of association of the Company, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (Continued)

Procedures for Shareholder(s) to propose a person for election as a director

Pursuant to article 88 of the articles of association of the Company, no person other than a Director of the Company retiring a the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a Shareholder (other than he in person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's head office for a minimum period of seven (7) days. The minimum period of seven (7) days for lodgment of the aforementioned notice will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.

Accordingly, if a Shareholder wishes to propose a person other than a retiring Director for election as a director of the Company at the AGM, the following documents must be lodged at the registered office or head office of the Company to the attention of the Company Secretary for a minimum seven (7) day period commencing no earlier than the day after the dispatch of the notice of the meeting.

For further details of the procedures, please refer to an announcement published on both the websites of the Company and the Stock Exchange on 28 March 2012.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Board has a high regard on investor relationship in particular, fair disclosure, comprehensive and transparent reporting.

Shareholders are encouraged to attend the AGM of the Company and other general meetings and the Directors always make efforts to fully address any questions raised by the Shareholders at each AGM and general meeting.

A Shareholders' Communication Policy was adopted by the Board on 28 March 2012. It aims at setting out the objectives of ensuring the Shareholders, both individual and institutional, are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with Company. The policy will be under review in order to ensure its effectiveness.

On the other hand, the Company provides extensive information about the Company to the investors and potential investors through the Company's website www.ifeng.com. Hard copies of the annual report, half-year report and quarterly report (if any) are sent to all Shareholders, which are also available on the Company's website and the professional investor relation website on www.irasia.com/listco/hk/phoenixtv.

Shareholders may at any time send their enquiries either by post, by facsimiles or by email, together with their contact details, such as postal address, email or fax, to the head office of the Company at the following address, facsimile number or via email:

No. 2-6 Dai King Street, Tai Po Industrial Estate
Tai Po, New Territories, Hong Kong
Fax: (852) 2200 8340
Email: hkcss@phoenixtv.com

CONCLUSION

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect Shareholders' interest and the management tries to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

On behalf of the Board

LIU Changle
Chairman

13 March 2014

Corporate Social Responsibility Report

At a charity event in 2013, Mr. LIU Changle, chairman of the Board and CEO of the Company said in his speech, "As an enterprise develops, in addition to its economic value, it has to consider its value to society. Besides an enterprise's responsibility to deliver profits, the management should also consider its corporate social responsibilities. Adhering to this spirit over the last 17 years, Phoenix does not only work hard on enhancing its brand influence but also squarely face the grave social responsibilities we shoulder. Going forward, Phoenix will continue to take up social responsibilities as it has and put in more efforts to enhance its fulfilment of social responsibilities."

The management of the Group strongly believes that a successful enterprise must fulfil its social responsibilities and uphold its standard of morality and conscience. A truly outstanding enterprise is required not only to maintain good business performance, but more importantly, it has to be able to gain the recognition and respect of society. These are the values that Phoenix has been adhering to. In 2013, Phoenix contributed to the community through a series of substantive actions in the areas of charity and public welfare, environmental protection and sustainable development, cultural exchange and care for staff. Capitalising on its media strengths in particular, Phoenix has produced and broadcasted a number of television programmes and news reports on public welfare, charity and social phenomena out of corporate social responsibility concerns.

This is a report of what the Group did in the area of corporate social responsibilities in 2013. It also serves as a platform for the Company to share with its Shareholders its philosophy, practices and achievements in relation to corporate social responsibilities.

Charity and Community Involvement

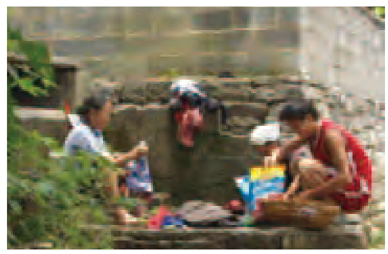
As to community involvement, Phoenix puts most of its efforts into caring for and supporting children living in poverty, airing concern about social phenomena. By capitalising on its own media strengths, Phoenix has been producing and broadcasting charity TV programmes to promote a spirit of charity.

In 2013, Phoenix produced a large-scale television programme titled "Charity China". This programme covers various public welfare issues, including the plight and suffering of people, environmental issues and cultural heritage. It reports on special and influential charity activities across the Greater China region and introduces new philanthropy concepts to the public. The programme has also worked with the China Foundation for Poverty Alleviation to produce and broadcast a charity programme called "Charity China • New Public Welfare Discovery" in which entries compete with each other to be selected.

Phoenix also worked with ifeng.com to launch the "In Pursuit of Dream" project in the TV programme "Walk Along with Dreams", in which a professional filming crew was dispatched to record how ordinary people realised their charity dreams in the form of documentaries. The activity aimed to encourage more people to have charity dreams and put them into action by finding ordinary people with such dreams and recording how they realised them.

A news feature programme produced by Phoenix, "News Zone: The Secret Truth of Hogwash Oil – Unravelling the Chain of Deception", revealed the publicly known "hidden rule" of trading hogwash oil in the black market in the catering industry. Our undercover reporters brought to light the black chain from hogwash oil collection, processing to coming back on the dining table. The regulatory loopholes and solutions to tackle the problem were discussed. At the same time, the programme called for society's regulation and awareness of such phenomenon. This feature story news programme won the Gold World Medal in the "Best Investigative Report" section of the News Programme category, the Silver World Medal in the "Social Issues" section of the Documentary Programme category, and a Finalist Certificate in the "Best Public Affairs" section of the News Programme category at the New York Festivals International TV Programs and Films Awards in April 2013.

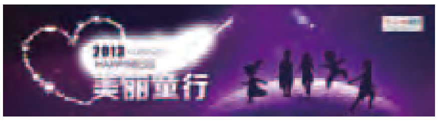
Another feature story news programme produced by Phoenix, "News Zone: Enhancing Rural Education in China", told the stories of how four young adults who graduated from top universities resolve to give up their well-paid jobs in large cities and become teachers in remote and backward villages. With their vision and enthusiasm for education, these young people strived to improve the quality of education there and narrow the gap between education in cities and in rural areas so as to help rural kids go to university. The programme won the Silver Plaque in the Investigative Reporting/ News Documentary category of the Chicago International Film Festival Television Awards in April 2013.



The news feature programme produced by Phoenix "News Zone: The Left-Behind Children in China" was an investigation of the left-behind children. With the rapid social, political and economic development in China, more and more young peasants are moving into cities, resulting in a special population of minors in vast rural areas called "left-behind rural children". To gain an in-depth understanding of the left-behind children, our reporters visited a number of villages in Hunan Province and walked into the lives of these left-behind children to learn more about them, in whom they found valuable qualities such as maturity, sensibility and sturdiness.

In addition to feature programmes, Phoenix also utilised its media capabilities to produce and broadcast numerous news reports on people's livelihood to draw people's attention to a series of social problems and to provoke thinking. For example, in the news report series on the issue of loss-of-single-child families, reporters conducted in-depth interviews with such families, social welfare organisations and academics so as to bring out suggestions about how institutions can be changed to prevent such tragedies. In the news report series on the elderly issue, through interviews with the public, domestic helpers, nursing homes and academics, it was found why it is difficult to solve the problem under the existing system, and the government was called on to establish a more equitable and sustainable social security system. In the news report series on doctor-patient disputes in the mainland, through interviews with patients, practitioners and government officials, the root cause of the conflict was explored, the existing problems were reflected on and recommendations were made.

Corporate Social Responsibility Report



Phoenix attaches great concerns to the education of poor children in China. In 2013, Phoenix New Media Limited organised the "Children Education Sponsorship Programme" for the fifth year in a row. This year, we visited primary schools in the poverty stricken areas such as Ya'an in Sichuan Province, Huangpi in Jiangxi Province and Anshun in Guizhou Province. Volunteers delivered electronic teaching devices and sports equipment to the students in those areas hoping to improve the teaching environment of the schools and to develop fundamental education in the poverty stricken areas.

In October 2013, Phoenix and ifeng.com co-organised the "2013 China Rural Kids Care Night" in Beijing, at which over RMB10 million was raised by means of a charity auction. The United Charity for Chinese Rural Children, being the beneficiary, has received the whole sum of the funds raised, which would be allocated to the children's safety, free lunch, serious illness medicare and warmth plans of the China Social Welfare Foundation, the China Charities Aid Foundation for Children and the China Social Assistance Foundation. ifeng.com successfully bidded a few pieces of artwork in the charity auction at RMB830,000 (approximately HK$1 million), which were donated to the three charity foundations above.

Phoenix, ifeng.com and Wanda Group jointly held an evening cocktail reception titled "Wealth Ethics and Rational Charity" in June 2013 in Chengdu, China, at which the following major issues were discussed: "How to enhance mutual trust and coordination between the government and NGOs for a better collaboration mechanism; and how enterprises can play its role more effectively in the rescue exercise after a disaster so as to fulfil their social responsibilities". About a hundred participants including business leaders of the World's Top 500 corporations, government officials and celebrities turned up at the event to explore how and why wealth and philanthropy go together.

鳳凰網 公益
gongyi.ifeng.com

In addition, Phoenix New Media Limited started a public welfare channel http://gongyi.ifeng.com on its portal website (www.ifeng.com). It provides instant news, updates, and news from salons and seminars on public welfare and environmental protection. It also covers public welfare events held in the community, organised by enterprises and attended by celebrities.

Environmental Protection and Sustainable Development

As people are getting more concerned about air quality, PM2.5 has become the latest standard of the mainland people in measuring air pollution. Directed by its sense of responsibility as a mass medium, Phoenix launched a large-scale news report series titled "Following up on the PM2.5 issue", in which Phoenix's local reporters in Beijing, Shenzhen, Hong Kong, Taiwan, Japan, India, France, the United Kingdom and the United States interviewed the public, academics, think tank experts and government officials to find out the causes of pollution, to learn about the experiences of how various countries and regions around the world had dealt with air pollution and the lessons to learn. Effective measures to solve the air pollution problem in China were explored from a global perspective and valuable suggestions were given. That news report series expanded the scope of reporting pollution problems in Chinese-language media reporting and had a positive effect guiding public discussions of the air pollution problem.

In addition to news reports, Phoenix also produces and broadcasts a television series called "Earth Report", which deals with nature and ecology and the sustainable development of society. The series consists of short episodes telling a story on Earth each day, such as the conflict between ghettos and environmental pollution, ecological refugees, reuse of energy in India, studies on climate change and alternative fuels. The series provokes people to think together how different creatures should live with each other and how the human race can survive on Earth sustainably.

In March 2013, Phoenix donated GBP85,000 (approximately HK$1 million) to The Prince's Foundation for Building Community, founded by The Prince of Wales, with the theme of urban environmental protection and society's sustainable development, hoping to improve the living environment and the quality of life, which have been affected by climate change and urbanisation.

Corporate Social Responsibility Report

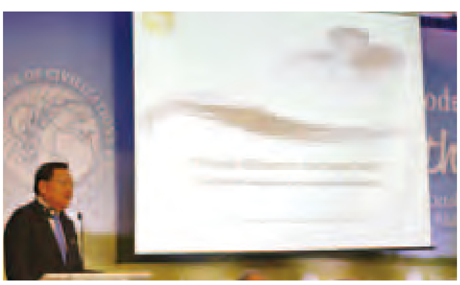
Culture Exchange and Heritage

In February 2013, Phoenix and the National Centre for the Performing Arts jointly organised "The Spring Festival Musical Gala For Chinese Around The World 2013". Top Chinese musicians from around the world were invited to share the stage at the concert. The ticketing revenue of Phoenix from the concert amounting to RMB401,000 (approximately HK$503,000) was donated to the "Phoenix Charity Caring Foundation" managed by the China Charity Federation for organising charitable and public welfare activities.

In 2012, Phoenix and the United Nations Educational, Scientific and Cultural Organisation ("UNESCO") entered into a 5-year "Strategic Partnership for Culture of Peace Programme" agreement. Under such agreed framework, Phoenix shall donate US$1 million to UNESCO within 5 years to the Culture of Peace Programme. In 2013, Phoenix donated US$200,000 (approximately HK$1.55 million) to UNESCO. During the cooperation period, Phoenix will work with UNESCO extensively in areas including sustainable development of humanity and culture, cultural heritage protection in chaotic countries, poverty elimination, global children education and ecological environmental protection with the aim of fulfiling social responsibilities on a worldwide level.

In 2013, in collaboration with UNESCO, Phoenix produced and broadcasted a television programme titled "After The War: Libya And Their Cultural Heritage". Through documenting damages suffered by the Lybia civilisation arising from warfare and postwar reconstruction in Libya, this programme appeals for deep reflection on the impact of war on civilisation. In addition, in October 2013, to commemorate the 10th anniversary of the passing of The Convention for the Safeguarding of Intangible Cultural Heritage by the UNESCO General Conference, Phoenix and UNESCO jointly organised a TV forum titled "Cultural Protection And Contemporary World". A series of events were also organised under the title of "China Day". There were folk performances and art exhibitions, which demonstrated how the intangible cultural heritage of Weinan, Shaanxi, China had influenced the preservation of intangible cultural heritage around the world and showed the importance of intangible cultural heritage to the preservation of the human cultural diversity and sustainable development.

In November 2013, when the management of Phoenix visited Kyrgyzstan, they studied a minority people, the Dungan, living in Kyrgyzstan. The Dungan are the descendants of the Hui people in Gansu and Shaanxi of China who moved to central Asia. They still practise the local customs of the Hui people of Shaanxi. However, due to the poor economic conditions of the area where the Dungan live, the traditional Dungan culture may cease and disappear. In order to help local Dungan people to learn Chinese to pass down Dungan culture, Phoenix donated US$20,000 (approximately HK$155,000) to Dungan Association in Kyrgyzstan in December 2013 to support the passing down and development of Dungan culture.



In October 2013, the 13th World Public Forum "Dialogue of Civilizations" was held in Rhodes, Greece. Mr. LIU Changle, Chairman of the Board of Directors and CEO of Phoenix, delivered a keynote speech at the forum on the relationship between traditional Chinese philosophy and religion and war and peace, in which he expressed his belief in how traditional Chinese philosophy and religion can prevent and resolve human contradictions and conflicts.

Workplace Quality

The Group adopts a people-oriented strategy and each employee is given a fair opportunity and competitive remuneration package. As to health and safety issues, Phoenix provides safe workplace and purchases insurance policies for its employees. As to development and training, Phoenix has put in place vocational training and sponsorship programmes to subsidise employees taking courses relating to their work for the enhancement of their knowledge and skills. As to work environment, Phoenix's Hong Kong headquarters has large-scale greening, landscaping and recreational facilities to provide employees with a favourable work environment. Besides, to promote environmental protection, Phoenix encourages employees to switch to environmental friendly electric cars by newly setting up the electric vehicle charging devices in the car park of the Hong Kong headquarters.

Looking Ahead

In August 2013, Phoenix was awarded the title of one of the "Most Respected Companies in China" jointly issued by Peking University Case Research Centre and The Economic Observer for 11 years in a row. It is the only media enterprise that is granted with such an honour consecutively since the launch of the award. Looking ahead, the Group will continue to fulfil its corporate social responsibilities while pursuing better business performance and value maximisation for the Shareholders. Capitalising on its media advantages, Phoenix will strive to exert its influence as a role model in society and create excellent media credibility through the care for humanity and social responsibilities.

This CSR Report was written with reference to the "Environmental, Social and Governance Reporting Guide" published by the Stock Exchange of Hong Kong Limited. The full text of the CSR Report has been verified by the Internal Audit department of the Group for the purpose of providing independent and objective assurance on the accuracy, reliability and completeness of the contents set out in the CSR Report. The Internal Audit department considers that the CSR Report reflects the performance of the Group in respect of corporate social responsibilities in a reliable and clear manner and the representations contained therein are true and accurate. Your feedback regarding this report is welcomed and could be sent to the Group's CSR communication channel at csr@phoenixtv.com.

Report of Directors

The Directors submit their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013.

Principal Activity and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 20 to the consolidated financial statements.

An analysis of the Group's performance for the year by reportable segments is set out in Note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 84.

The Board recommends the payment of a final dividend of 5.1 Hong Kong cents per ordinary Share, totalling approximately HK$254,857,000 to be payable to Shareholders whose names appear on the register of members of the Company on 13 June 2014. Subject to the passing of the relevant resolution at the forthcoming AGM, the final dividend will be payable on or around 27 June 2014.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 3 June 2014 to Thursday, 5 June 2014 (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 Friday, 30 May 2014.

The register of members of the Company will be also closed from Thursday, 12 June 2014 to Friday, 13 June 2014 (both dates inclusive), during which period no Share transfers 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 4:30p.m. on Wednesday, 11 June 2014.

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity. Movements in the reserves of the Company during the year are set out in Note 34 to the consolidated financial statements.

Donations

Charitable donations made by the Group during the year amounted to HK$4,282,000 (2012: HK$6,009,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

Investment Properties

Details of the movement in investment properties of the Group during the year are set out in Note 16 to the consolidated financial statements.

Share Capital and Share Options

Details of the movements in share capital and share options of the Company during the year are set out in Note 32 and Note 33, respectively, to the consolidated financial statements.

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.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2013, calculated under the Companies Law (Revised) of the Cayman Islands, amounted to approximately HK$508,803,000 (2012: HK$760,745,000).

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 186.

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its Shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares during the year.

Report of Directors

Share Option Schemes

(A) Share Option Schemes of the Company

(1) Summary of Post-IPO Share Option Scheme

Purpose of the scheme

The purpose of the Post-IPO Share Option Scheme is to retain and provide incentives to the employees of the Group to achieve its business objectives.

The participants of the scheme

Employees of any member of the Company, including any executive Directors of any member of the Group, in full-time employment with the Company (or its subsidiaries) may take up options to subscribe for Shares.

The total number of securities available for issue

Shareholders' approval had been obtained on 6 August 2002 to refresh the 10% limit. The Directors might grant options for subscription of up to 493,173,000 Shares (which do not include those options that are outstanding, cancelled or lapsed), representing 9.87% of the issued share capital as at the date of this report.

The maximum entitlement of each participant under the scheme

Unless approved by the Shareholders, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of securities of the Company in issue.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(1) Summary of Post-IPO Share Option Scheme (Continued)

Time of exercise of option

An option may be exercised in accordance with the terms of the scheme at any time during the period commencing one year from the date of grant of the option and expiring ten years after the date of grant of the option in accordance with the following schedule:

Date of exercise of an option	Percentage of Shares comprised in an option which is vested and exercisable
Between the date of grant of an option and less than 12 months following the date of grant of an option	zero
Between the period falling 12 months or more but less than 24 months from the date of grant of an option	up to 25%
Between the period falling 24 months or more but less than 36 months from the date of grant of an option	up to 50%
Between the period falling 36 months or more but less than 48 months from the date of grant of an option	up to 75%
Any time falling 48 months from the date of grant of an option and thereafter	up to 100%

Minimum holding period

As stated above, no option can be exercised within the first twelve months following the date of grant of an option.

The amount payable on acceptance of the option

Upon acceptance of the option, the option holder shall pay HK$1 to the Company as consideration of the grant.

The basis of determining the exercise price

The subscription price for the Shares under the scheme shall be determined by the Committee and will be no less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheets from the Stock Exchange on the date of grant which must be a business day, (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (c) the nominal value of the Shares.

Report of Directors

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(1) Summary of Post-IPO Share Option Scheme (Continued)

The remaining life of the scheme

The Post-IPO Share Option Scheme has no remaining life as no further options can be granted but the provisions of the scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Post-IPO Share Option Scheme may continue to be exercisable in accordance with the terms of issue.

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**	**Balance as at 1 January 2013**	**Lapsed during the year**	**Exercised during the year**	**Balance as at 31 December 2013**
				HK$				
17 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	6,470,000	–	(1,288,000)	5,182,000

During the year ended 31 December 2013, 1,288,000 options granted to employees were exercised. At the date before the options were exercised, the weighted average market price was HK$3.03.

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

During the year ended 31 December 2013, no option was granted to the Directors, chief executives or substantial Shareholders, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Post-IPO Share Option Scheme.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme

On 19 June 2009, the Shareholders approved and adopted the New Share Option Scheme of the Company. The New Share Option Scheme is administered by a committee of four Directors (the "New Share Option Scheme Committee").

Purpose of the scheme

The purpose of the scheme is to retain and provide incentive to the employees of the Group to achieve its business objectives.

The participants of the scheme

Any full-time employees of the Company or any subsidiary, including any director of the Company or any subsidiary, may take up options to subscribe for the Shares.

The total number of securities available for issue

The total number of the Shares in respect of which options are issuable under the scheme is 495,441,200 Shares, representing 9.91% of the issued share capital of the Company as at the date of this report.

The maximum entitlement of each participant under the scheme

No option may be granted to any eligible person which, if at the relevant time exercised in full, would result in the total number of the Shares are subject of such option, when added to the number of the Shares which may be subscribed by that eligible person under any outstanding options granted to that eligible person and to the number of the Shares previously subscribed by the eligible person under any options granted to the eligible person under the New Share Option Scheme exceeding 25% of the aggregate number of the Shares available for subscription under the scheme at that time.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to any eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Share in issue.

Report of Directors

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme (Continued)

Time of exercise of option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period commencing one year from the date of grant of the option and expiring ten years after the date of grant of the option in accordance with the following vesting schedule:

Date of exercise of an option	Percentage of Shares comprised in an option which is vested and exercisable
Between the date of grant of an option and less than 12 months following the date of grant of an option	zero
Between the period falling 12 months or more but less than 24 months from the date of grant of an option	up to 25%
Between the period falling 24 months or more but less than 36 months from the date of grant of an option	up to 50%
Between the period falling 36 months or more but less than 48 months from the date of grant of an option	up to 75%
Any time falling 48 months from the date of grant of an option and thereafter	up to 100%

Minimum holding period

As stated above, no option can be exercised within the first twelve months following the date of grant of an option.

The amount payable on acceptance of the option

Upon acceptance of the option, the option holder shall pay HK$1 to the Company as consideration of the grant.

The basis of determining the exercise price

The subscription price for the Shares under the scheme shall be determined by the New Share Option Scheme Committee and will be no less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day, (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant and (c) the nominal value of the Shares.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme (Continued)

The remaining life of the scheme

The New Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption of the scheme. Upon termination, no further options may be granted under the scheme.

The details of share options granted by the Company under the New Share Option Scheme to the employees of the Group to acquire the Shares of the Company 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 2013	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2013
3 employees	2009.07.22	2009.07.22 to 2013.07.21	2010.07.22 to 2019.07.21	1.17	4,048,000	–	–	(2,194,000)	1,854,000
3 Executive Directors									
LIU Changle	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	4,900,000	–	–	–	4,900,000
CHUI Keung	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	–	3,900,000
WANG Ji Yan	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	–	3,900,000
534 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	88,860,000	–	(1,370,000)	(120,000)	87,370,000
6 employees	2011.06.28	2011.06.28 to 2015.06.27	2012.06.28 to 2021.06.27	3.06	2,790,000	–	–	–	2,790,000
Total:					108,398,000	–	(1,370,000)	(2,314,000)	104,714,000

During the year ended 31 December 2013, 1,370,000 options granted to 20 employees were lapsed when they ceased employment with the Company.

During the year ended 31 December 2013, 2,314,000 options were exercised. At the date before the options were exercised, the weighted average market price was HK$2.90. Save as disclosed above, no options was granted, exercised, lapsed or cancelled during the year. No option was granted to the Directors, chief executives or substantial Shareholders, or their respective associates, or to the suppliers of goods or services under the New Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the New Share Option Scheme.

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company

(1) PNM Share Option Scheme

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

Summary of PNM Share Option Scheme

Purpose of the scheme

The purposes of the PNM Share Option Scheme is to recognise the contribution or potential contribution of the executives, employees, directors, consultants, advisers, agents, business partners, joint venture partners, service providers and contractors of PNM and/or its affiliates by granting options to them as incentives or rewards.

The participants of the scheme

Subject to the terms of the PNM Share Option Scheme and for so long as PNM remains a subsidiary of the Company, subject also to the Listing Rules, the board of directors of PNM ("PNM Board") may, at its absolute discretion (subject to any terms and conditions as it may think fit) during the scheme period, make offers to any eligible persons to take up options. The eligibility of the eligible persons is determined by the PNM Board with reference to their past and expected commitment and contribution to PNM and/or its affiliates.

The total number of securities available for issue

The total number of shares of PNM ("PNM Shares") available for issue under options which may be granted under the PNM Share Option Scheme and any other share option schemes of PNM shall not in aggregate exceed 10% of 320,000,000 of PNM Shares in issue on 20 June 2008, being the effective date of PNM Share Option Scheme.

On 8 June 2012, the Shareholders approved to refresh and renew the scheme mandate limit of the PNM Share Option Scheme and any other share option schemes of PNM to enable grant of further options to subscribe for up to 31,410,107 Class A ordinary of PNM Shares, representing 10% of Class A ordinary PNM Shares in issue on 8 June 2012.

The maximum number of PNM Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the PNM Share Option Scheme and any other share option schemes of PNM shall not exceed 30% of the PNM Shares in issue from time to time.

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The maximum entitlement of each participant under the scheme

Unless approved by the Shareholders and shareholders of PNM ("PNM Shareholders") in the manner set out in the PNM Share Option Scheme, the total number of PNM Shares issued and to be issued upon the exercise of the options granted and to be granted to any eligible person (including both exercised and outstanding options) in any 12-month period up to and including the offer date shall not exceed 1% of the PNM Shares in issue as at the offer date.

Time of exercise of option

Pursuant to the PNM Share Option Scheme, options may be exercised with its terms at any time during a period as notified by the PNM Board to each eligible person in the offer, provided that such period shall not be longer than 10 years from the date of offer. The PNM Board may also impose restrictions on the exercise of an option during the period an option may be exercised.

The amount payable on acceptance of the option

Pursuant to the PNM Share Options Scheme, HK$1.00 (or foreign currency equivalent) is payable to PNM by the eligible persons by 5:00p.m. on the date specified in the offer letter as the latest date for acceptance.

The basis of determining the exercise price

The option price shall be determined by the PNM Board on a fair and reasonable basis, taking into consideration the prevailing market condition, performance of PNM and after having assessed the efforts, performance and/or future potential contribution of the eligible person to the success of the business and operations of PNM (and its affiliates from time to time), which shall be no less than the nominal value of the PNM Shares on the date of offer.

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme

The PNM Share Option Scheme will remain valid for a period of 10 years commencing on 20 June 2008 save that PNM, by an ordinary resolution of PNM Shareholders and an ordinary resolution of the Shareholders (for so long as PNM remains a subsidiary of the Company) in general meetings may at any time terminate the operation of the PNM Share Option Scheme.

During the year ended 31 December 2013, 30,732,900 options were granted to eligible persons consisting of staff of Fenghuang On-line (Beijing) Information Technology Company Limited, a wholly-owned subsidiary of PNM, under the PNM Share Option Scheme.

During the year ended 31 December 2013, 3,550,910 options granted to 53 employees were exercised at US$0.03215 per share. At the date before the options were exercised, the weighted average market price was US$1.05.

During the year ended 31 December 2013, 1,408,938 options granted to 10 employees lapsed and cancelled. Details of the options granted under the PNM Share Option Scheme to the employees of the Group are as follows:

				Number of share options				
Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2013
LIU Shuang (Note)	2013.05.23	2014.05.23-2023.05.22	$0.46565	–	2,900,000	–	–	2,900,000
LI Ya (Note)	2013.12.10	2014.12.10-2023.12.09	$1.08443	–	1,900,000	–	–	1,900,000
Employees	2008.07.04	2008.07.04-2018.05.25	$0.03215	8,170,450	–	–	(2,406,950)	5,763,500
	2008.07.04	2008.07.09-2018.05.25	$0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.07.24-2018.05.25	$0.03215	24,000	–	–	–	24,000
	2008.07.04	2008.07.31-2018.05.25	$0.03215	1,200	–	–	–	1,200
	2008.07.04	2008.08.13-2018.05.25	$0.03215	6,000	–	–	(6,000)	–
	2008.07.04	2008.08.20-2018.05.25	$0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.08.28-2018.05.25	$0.03215	3,375	–	–	–	3,375
	2008.07.04	2008.09.03-2018.05.25	$0.03215	15,000	–	–	(15,000)	–

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

				Number of share options				
Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2013
	2008.07.04	2008.09.17-2018.05.25	$0.03215	16,500	–	–	–	16,500
	2008.07.04	2008.10.08-2018.05.25	$0.03215	12,000	–	–	–	12,000
	2008.07.04	2008.10.10-2018.05.25	$0.03215	4,500	–	–	–	4,500
	2008.07.04	2008.10.22-2018.05.25	$0.03215	24,000	–	–	(8,000)	16,000
	2008.07.04	2008.10.23-2018.05.25	$0.03215	6,750	–	–	–	6,750
	2008.07.04	2008.10.24-2018.05.25	$0.03215	24,000	–	–	(24,000)	–
	2008.07.04	2008.12.12-2018.05.25	$0.03215	6,000	–	–	(6,000)	–
	2008.07.04	2008.12.17-2018.05.25	$0.03215	12,000	–	–	–	12,000
	2008.07.04	2008.12.24-2018.05.25	$0.03215	3,750	–	–	–	3,750
	2008.07.04	2008.12.26-2018.05.25	$0.03215	16,687	–	–	(10,687)	6,000
	2008.07.04	2008.12.29-2018.05.25	$0.03215	150,000	–	–	(150,000)	–
	2008.07.04	2009.01.15-2018.05.25	$0.03215	439,504	–	–	–	439,504
	2008.07.04	2009.02.25-2018.05.25	$0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.02.26-2018.05.25	$0.03215	3,375	–	–	–	3,375
	2008.07.04	2009.03.10-2018.05.25	$0.03215	20,093	–	–	–	20,093
	2008.07.04	2009.03.17-2018.05.25	$0.03215	2,475	–	–	–	2,475

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Number of share options: Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2013
	2008.07.04	2009.03.21-2018.05.25	$0.03215	12,000	–	–	–	12,000
	2008.07.04	2009.03.24-2018.05.25	$0.03215	20,000	–	–	–	20,000
	2008.07.04	2009.03.25-2018.05.25	$0.03215	13,750	–	–	(13,750)	–
	2008.07.04	2009.03.31-2018.05.25	$0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.01-2018.05.25	$0.03215	450	–	–	–	450
	2008.07.04	2009.04.02-2018.05.25	$0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.07-2018.05.25	$0.03215	6,750	–	–	–	6,750
	2008.07.04	2009.04.09-2018.05.25	$0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.15-2018.05.25	$0.03215	4,000	–	–	–	4,000
	2008.07.04	2009.05.12-2018.05.25	$0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.05.19-2018.05.25	$0.03215	16,688	–	–	–	16,688
	2008.07.04	2009.05.23-2018.05.25	$0.03215	3,000	–	–	(3,000)	–
	2008.07.04	2009.05.26-2018.05.25	$0.03215	197,987	–	–	(30,400)	167,587
	2009.07.31	2009.07.31-2018.05.25	$0.03215	450	–	–	–	450
	2009.07.31	2010.01.04-2018.05.25	$0.03215	781,250	–	–	–	781,250
	2009.07.31	2010.02.13-2018.05.25	$0.03215	32,000	–	–	–	32,000
	2009.07.31	2010.02.16-2018.05.25	$0.03215	100,000	–	–	–	100,000
	2009.07.31	2010.03.11-2018.05.25	$0.03215	26,000	–	–	–	26,000
	2009.07.31	2010.03.16-2018.05.25	$0.03215	16,000	–	–	(16,000)	–
	2009.07.31	2010.03.17-2018.05.25	$0.03215	32,000	–	–	–	32,000

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Number of share options: Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2013
	2009.07.31	2010.04.27-2018.05.25	$0.03215	5,250	–	–	–	5,250
	2009.07.31	2010.05.08-2018.05.25	$0.03215	15,312	–	–	(15,312)	–
	2009.07.31	2010.05.18-2018.05.25	$0.03215	100,625	–	–	–	100,625
	2009.07.31	2010.06.22-2018.05.25	$0.03215	168,000	–	–	(155,200)	12,800
	2009.07.31	2010.07.01-2018.05.25	$0.03215	9,000	–	–	(9,000)	–
	2009.07.31	2010.07.10-2018.05.25	$0.03215	165,600	–	–	(104,000)	61,600
	2009.09.15	2010.09.15-2018.05.25	$0.03215	1,566,273	–	(8,938)	(370,111)	1,187,224
	2010.01.08	2011.01.08-2018.05.25	$0.03215	104,400	–	–	–	104,400
	2010.07.01	2008.03.05-2018.05.25	$0.03215	175,000	–	–	(40,000)	135,000
	2010.07.01	2008.03.17-2018.05.25	$0.03215	100,000	–	–	(100,000)	–
	2010.07.01	2009.09.22-2018.05.25	$0.03215	30,000	–	–	(30,000)	–
	2010.07.01	2010.09.15-2018.05.25	$0.03215	26,000	–	–	–	26,000
	2010.07.01	2010.10.09-2018.05.25	$0.03215	5,000	–	–	–	5,000
	2010.07.01	2011.02.21-2018.05.25	$0.03215	300,000	–	–	–	300,000
	2010.07.01	2011.06.07-2018.05.25	$0.03215	93,750	–	–	(37,500)	56,250
	2010.07.01	2011.07.01-2018.05.25	$0.03215	881,875	–	–	–	881,875
	2013.03.15	2014.03.15-2023.03.14	$0.44593	–	18,708,400	(1,400,000)	–	17,308,400
	2013.10.01	2014.10.01-2023.09.30	$0.78670	–	150,000	–	–	150,000
	2013.10.08	2014.10.08-2023.10.07	$0.82490	–	6,174,500	–	–	6,174,500
	2013.12.10	2014.12.10-2023.12.09	$1.08443	–	900,000	–	–	900,000
Total:				13,997,069	30,732,900	(1,408,938)	(3,550,910)	39,770,121

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) 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 year are as follows:

			Number of RSU				
Type of remaining grantees	Date of grant	Vesting commence date	Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2013
Employees	2011.03.17	2009.04.01	534,206	–	(6,938)	(527,268)	–
	2011.03.17	2009.04.02	188	–	–	(188)	–
	2011.03.17	2009.04.10	125	–	–	(125)	–
	2011.03.17	2009.04.13	125	–	–	(125)	–
	2011.03.17	2009.04.17	5,200	–	–	(5,200)	–
	2011.03.17	2009.04.23	1,250	–	–	(1,250)	–
	2011.03.17	2009.04.24	1,250	–	–	(1,250)	–
	2011.03.17	2009.06.21	1,000	–	–	(1,000)	–
	2011.03.17	2009.06.22	3,750	–	–	(3,750)	–
	2011.03.17	2009.06.26	125	–	–	(125)	–
	2011.03.17	2009.06.29	1,250	–	–	(1,250)	–
	2011.03.17	2009.07.02	5,000	–	–	(5,000)	–
	2011.03.17	2009.07.20	125	–	–	(125)	–
	2011.03.17	2009.07.21	375	–	–	(375)	–
	2011.03.17	2009.07.23	12,500	–	–	(12,500)	–
	2011.03.17	2009.07.27	125	–	–	(125)	–
	2011.03.17	2009.07.29	125	–	–	(125)	–
	2011.03.17	2009.08.03	250	–	–	(250)	–
	2011.03.17	2009.08.07	2,500	–	–	(2,500)	–
	2011.03.17	2009.08.12	2,500	–	–	(2,500)	–
	2011.03.17	2009.08.21	375	–	–	(375)	–
	2011.03.17	2009.09.01	125	–	–	(125)	–
	2011.03.17	2009.09.04	4,000	–	–	(4,000)	–
	2011.03.17	2009.09.07	250	–	–	(250)	–

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) PNM March 2011 Scheme (Continued)

			Number of RSU				
Type of remaining grantees	Date of grant	Vesting commence date	Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2013
	2011.03.17	2009.09.18	5,375	–	–	(5,375)	–
	2011.03.17	2009.09.23	12,500	–	–	(12,500)	–
	2011.03.17	2009.10.09	375	–	–	(375)	–
	2011.03.17	2009.10.23	25,000	–	–	(25,000)	–
	2011.03.17	2009.10.30	375	–	(375)	–	–
	2011.03.17	2009.11.02	12,500	–	–	(12,500)	–
	2011.03.17	2009.11.04	2,750	–	–	(2,750)	–
	2011.03.17	2009.11.06	250	–	–	(250)	–
	2011.03.17	2009.11.09	250	–	(125)	(125)	–
	2011.03.17	2009.11.13	625	–	–	(625)	–
	2011.03.17	2009.11.15	125	–	–	(125)	–
	2011.03.17	2009.11.16	125	–	–	(125)	–
	2011.03.17	2009.11.20	1,250	–	–	(1,250)	–
	2011.03.17	2009.11.23	375	–	–	(375)	–
	2011.03.17	2009.11.24	4,500	–	–	(4,500)	–
	2011.03.17	2009.12.07	250	–	–	(250)	–
	2011.03.17	2009.12.09	250	–	–	(250)	–
	2011.03.17	2009.12.11	5,000	–	–	(5,000)	–
	2011.03.17	2009.12.21	375	–	–	(375)	–
	2011.03.17	2009.12.28	2,500	–	–	(2,500)	–
	2011.03.17	2010.01.04	56,250	–	–	(37,500)	18,750
	2011.03.17	2010.01.08	9,938	–	–	(6,625)	3,313
	2011.03.17	2010.01.15	938	–	(250)	(500)	188
	2011.03.17	2010.01.18	375	–	–	(250)	125
	2011.03.17	2010.01.20	18,750	–	–	(12,500)	6,250
	2011.03.17	2010.01.21	563	–	–	(375)	188
	2011.03.17	2010.01.27	3,750	–	–	(2,500)	1,250
	2011.03.17	2010.02.01	3,750	–	–	(2,500)	1,250
	2011.03.17	2010.02.05	375	–	–	(250)	125
	2011.03.17	2010.02.11	375	–	(125)	(250)	–
	2011.03.17	2010.02.20	375	–	–	(250)	125
	2011.03.17	2010.02.24	7,500	–	(5,000)	(2,500)	–
	2011.03.17	2010.02.25	563	–	(375)	(188)	–
	2011.03.17	2010.03.01	3,750	–	–	(2,500)	1,250
	2011.03.17	2010.03.08	37,500	–	–	(25,000)	12,500
	2011.03.17	2010.03.10	18,750	–	(12,500)	(6,250)	–

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	Number of RSU: Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2013
	2011.03.17	2010.03.12	375	–	(375)	–	–
	2011.03.17	2010.03.18	1,126	–	–	(750)	376
	2011.03.17	2010.03.19	3,939	–	(375)	(2,438)	1,126
	2011.03.17	2010.03.21	188	–	–	(125)	63
	2011.03.17	2010.03.23	18,750	–	–	(12,500)	6,250
	2011.03.17	2010.03.26	4,688	–	(2,875)	(1,688)	125
	2011.03.17	2010.03.29	11,625	–	(1,250)	(7,750)	2,625
	2011.03.17	2010.04.06	1,876	–	(625)	(938)	313
	2011.03.17	2010.04.12	751	–	(188)	(375)	188
	2011.03.17	2010.04.13	563	–	–	(375)	188
	2011.03.17	2010.04.16	1,501	–	(625)	(688)	188
	2011.03.17	2010.04.19	375	–	–	(250)	125
	2011.03.17	2010.04.21	751	–	–	(500)	251
	2011.03.17	2010.04.23	3,750	–	–	(2,500)	1,250
	2011.03.17	2010.04.26	8,439	–	(313)	(5,563)	2,563
	2011.03.17	2010.04.28	563	–	–	(375)	188
	2011.03.17	2010.04.29	56,250	–	–	(37,500)	18,750
	2011.03.17	2010.05.04	5,064	–	–	(3,375)	1,689
	2011.03.17	2010.05.11	563	–	–	(375)	188
	2011.03.17	2010.05.14	4,313	–	(563)	(2,500)	1,250
	2011.03.17	2010.05.21	12,751	–	(11,250)	(1,000)	501
	2011.03.17	2010.05.24	376	–	–	(250)	126
	2011.03.17	2010.05.25	563	–	–	(375)	188
	2011.03.17	2010.05.26	188	–	–	(125)	63
	2011.03.17	2010.05.27	375	–	–	(250)	125
	2011.03.17	2010.05.28	8,063	–	(3,750)	(2,875)	1,438
	2011.03.17	2010.06.04	375	–	(250)	(125)	–
	2011.03.17	2010.06.07	375	–	(125)	(250)	–
	2011.03.17	2010.06.18	8,813	–	(2,500)	(4,625)	1,688
	2011.03.17	2010.06.21	6,752	–	(3,938)	(1,875)	939
	2011.03.17	2010.06.25	2,250	–	–	(1,500)	750
	2011.03.17	2010.06.28	1,126	–	–	(750)	376
	2011.03.17	2010.07.01	25,000	–	–	(12,500)	12,500
	2011.03.17	2010.07.02	1,250	–	(375)	(625)	250
	2011.03.17	2010.07.06	500	–	–	(250)	250
	2011.03.17	2010.07.12	3,250	–	–	(1,625)	1,625

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	Number of RSU: Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2013
	2011.03.17	2010.07.13	500	–	(500)	–	–
	2011.03.17	2010.07.15	750	–	–	(375)	375
	2011.03.17	2010.07.16	750	–	–	(375)	375
	2011.03.17	2010.07.19	5,000	–	–	(2,500)	2,500
	2011.03.17	2010.07.20	6,750	–	(188)	(3,312)	3,250
	2011.03.17	2010.07.26	1,500	–	–	(750)	750
	2011.03.17	2010.07.30	750	–	–	(375)	375
	2011.03.17	2010.08.03	276,750	–	(375)	(138,375)	138,000
	2011.03.17	2010.08.11	75,000	–	–	(37,500)	37,500
	2011.03.17	2010.08.16	750	–	–	(375)	375
	2011.03.17	2010.08.17	38,500	–	(938)	(18,937)	18,625
	2011.03.17	2010.08.24	2,250	–	–	(1,125)	1,125
	2011.03.17	2010.08.30	750	–	–	(375)	375
	2011.03.17	2010.08.31	5,750	–	–	(2,875)	2,875
	2011.03.17	2010.09.07	6,000	–	(5,000)	(500)	500
	2011.03.17	2010.09.08	250	–	–	(125)	125
	2011.03.17	2010.09.10	750	–	–	(375)	375
	2011.03.17	2010.09.13	750	–	–	(375)	375
	2011.03.17	2010.09.14	10,500	–	(5,000)	(2,750)	2,750
	2011.03.17	2010.09.16	250	–	–	(125)	125
	2011.03.17	2010.09.20	750	–	(563)	(187)	–
	2011.03.17	2010.09.28	250	–	(188)	(62)	–
	2011.03.17	2010.10.08	50,000	–	(37,500)	(12,500)	–
	2011.03.17	2010.10.11	500	–	–	(250)	250
	2011.03.17	2010.10.13	500	–	–	(250)	250
	2011.03.17	2010.10.21	500	–	–	(250)	250
	2011.03.17	2010.11.21	500	–	–	(250)	250
	2011.03.17	2010.12.01	25,000	–	–	(12,500)	12,500
	2011.03.17	2011.01.11	62,500	–	–	(25,000)	37,500
	2011.03.17	2011.02.14	37,500	–	–	(15,000)	22,500
	2011.03.17	2011.02.21	6,250	–	–	(2,500)	3,750
	2011.03.17	2011.03.01	56,250	–	–	(22,500)	33,750
Total:			1,687,178	–	(105,317)	(1,156,282)	425,579

Report of Directors

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) PNM March 2011 Scheme (Continued)

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

			Number of RS				
Type of remaining grantees	Date of grant	Vesting commence date	Balance as at 1 January 2013	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2013
LIU Shuang (Note)	2011.03.17	2009.04.01	272,250	–	–	(272,250)	–
LI Ya (Note)	2011.03.17	2009.04.01	264,688	–	–	(264,688)	–
Employees	2011.03.17	2009.04.01	900,342	–	–	(900,342)	–
	2011.03.17	2010.02.20	22,500	–	–	(15,000)	7,500
	2011.03.17	2010.02.21	675,000	–	–	(450,000)	225,000
	2011.03.17	2010.10.25	25,000	–	–	(12,500)	12,500
	2011.03.17	2010.12.01	2,150,000	–	(1,050,000)	(725,000)	375,000
	2011.03.17	2010.12.27	450,000	–	–	(225,000)	225,000
Total:			4,759,780	–	(1,050,000)	(2,864,780)	845,000

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

Save as disclosed above, no option was granted to the Directors, chief executives 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 year.

Directors

The Directors during the year and up to the date of this report are:

Executive Directors:

LIU Changle	(alternate director to CHUI Keung)
CHUI Keung	(alternate director to LIU Changle)
WANG Ji Yan	(alternate director to LIU Changle and CHUI Keung)

Non-executive Directors:

SHA Yuejia	
GAO Nianshu	
GONG Jianzhong	
CHEUNG Chun On, Daniel	(resigned on 30 June 2013)
Jan KOEPPEN	(resigned on 5 November 2013)
SUN Yanjun	(appointed on 5 November 2013)

Independent Non-executive Directors:

LO Ka Shui	
LEUNG Hok Lim	
Thaddeus Thomas BECZAK	
FANG Fenglei	(appointed on 13 March 2013)

Alternate Directors:

GAO Jack Qunyao	(alternate to CHEUNG Chun On, Daniel; resigned on 30 June 2013)
Ella Betsy WONG	(alternate to Jan KOEPPEN; resigned on 5 November 2013)
LAU Wai Kei, Ricky	(alternate to SUN Yanjun; appointed on 5 November 2013)

In accordance with Article 87(1) & (2) of the Company's articles of association, Mr. WANG Ji Yan, Mr. Thaddeus Thomas BECZAK, Mr. SHA Yuejia retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

Mr. SUN Yanjun, who was appointed on 5 November 2013 as Non-executive Director, will hold office until the next general meeting following his appointment according to the Listing Rules, and his re-election will also be considered at the forthcoming AGM of the Company.

Confirmation of Independence

The Company has received from each of Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules as at the date of this report, the Company considers them to be independent.

Report of Directors

Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

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

LIU Changle

New appointments
Phoenix Education Development Company Limited (Director)
Phoenix Overseas InfoNews Company Limited (Director)

Cessation of appointment
Phoenix Overseas InfoNews Company Limited (Director)

CHUI Keung

New appointments
Phoenix Education Development Company Limited (Director)
Phoenix International Education Company Limited (Director)

WANG Ji Yan

New appointment

Phoenix Education Development Company Limited (Director)

SHA Yuejia

Cessation of appointment
Union Mobile Pay Limited (Chairman)

LAU Wai Kei, Ricky

Cessation of appointment
UT Capital Group Co., Ltd. (Director)

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Service Contracts

On 17 November 2009, each of Mr. LIU Changle and Mr. CHUI Keung, executive Directors entered into a service contract with the Company for a term of three years commencing from 1 July 2009. On 1 July 2012, the service contracts of both of Mr. LIU Changle and Mr. CHUI Keung expired and were renewed for a term of another three years commencing from 1 July 2012 subject to termination by either party giving to the other not less than three months' written notice. None of the Director who is proposed for re-election at the forthcoming annual general meeting has service contract with the Company.

The terms of office of each of the executive Directors (other than the chairman of the board of Directors), non-executive Directors and independent non-executive Directors are subject to retirement by rotation in accordance with the Company's articles of association and the CG Code.

Directors' Interests in Contracts

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

Directors' and Chief Executives' Interests in Securities

As at 31 December 2013, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executives were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

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

Ordinary shares of the Company

	Number of ordinary shares held				
Name	**Personal/ other interest**	**Corporate interest**	**Total interest**	**Position**	**Approximate shareholding percentage as at 31 December 2013**
LIU Changle (Note 2)	2,688,000	1,854,000,000	1,856,688,000	Long	37.15%
LO Ka Shui (Note 3)	9,756,000	–	9,756,000	Long	0.19%

Notes:

1. As at 31 December 2013, the number of the issued Shares of the Company was 4,997,187,500.
2. As at 31 December 2013, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.10% of the issued share capital of the Company.
3. As at 31 December 2013, Dr. LO Ka Shui was the beneficial owner of 2,500,000 Shares while 7,256,000 Shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

Report of Directors

Directors' and Chief Executives' Interests in Securities (Continued)

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

PNM

Name	Number of class A ordinary of PNM Shares — Personal/ other interest	Corporate interest	Total interest	Position	Approximate shareholding percentage as at 31 December 2013
LIU Changle (Note 3)	–	1,483,200	1,483,200	Long	0.52%
LO Ka Shui	727,800	–	727,800	Long	0.25%

Notes:

1. As at 31 December 2013, the number of the issued Class A ordinary PNM Shares was 284,014,925.
2. PNM is a non-wholly owned subsidiary of the Company.
3. As at 31 December 2013, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.52% of the issued class A ordinary of PNM Shares.

(3) **Share options**

Name of Director	Date of grant	Exercise period	Exercise price per Share HK$	Underlying Shares pursuant to the share options as at 31 December 2013
LIU Changle	2011.03.09	2012.03.09 to 2021.03.08	2.92	4,900,000
CHUI Keung	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000
WANG Ji Yan	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000

Save as disclosed above, so far as the Directors are aware, as at 31 December 2013, none of the Directors and chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

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 Committee and the New Share Option Scheme Committee 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 year 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.

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

As at 31 December 2013, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

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

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage as at 31 December 2013
Today's Asia Limited (Note 2)	1,854,000,000	37.10%
Extra Step Investments Limited (Note 3)	983,000,000	19.67%
TPG China Media, L.P. (Note 4)	607,000,000	12.15%

Report of Directors

Substantial Shareholders' Interests and Short Positions in the shares and Underlying Shares of the Company (Continued)

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

Notes:

1. As at 31 December 2013, the number of issued Shares of the Company was 4,997,187,500.

2. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests respectively.

3. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited ("CMHKG") which in turn is a subsidiary of China Mobile Communications Corporation ("CMCC"). By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors, are respectively executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director, is an independent non-executive director of China Mobile Limited.

4. TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P. Mr. SUN Yanjun and Mr. LAU Wai Kei Ricky, being the non-executive Director and alternate Director, are both managing director and partner of TPG.

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

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage as at 31 December 2013
China Wise International Limited (Note 2)	412,000,000	8.24%

Notes:

1. As at 31 December 2013, the number of issued Shares of the Company was 4,997,187,500.

2. China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited. 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 executives of the Company) known to the Directors or the chief executives of the Company, who, as at 31 December 2013, had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of programme purchases and sales for the year attributable to the Group's major suppliers and advertising end-customers are as follows:

	Year 2013	Year 2012
Programme purchases		
– the largest supplier	**10%**	14%
– five largest suppliers	**37%**	43%
Sales		
– the largest advertising end-customer	**2%**	2%
– five largest advertising end-customers	**8%**	7%

The largest advertising end-customer during the year ended 31 December 2013 is represented by CMCC and its subsidiaries ("CMCC Group"). Details of the transactions between the Group and the CMCC Group are set out in Note 41 to the consolidated financial statements. CMCC through a wholly-owned subsidiary of CMHKG, owns 19.67% of the issued share capital of the Company.

In the opinion of the Directors, such transactions were carried out on terms no more favourable than terms available to independent third parties.

Save as disclosed above, none of the Directors, the chief executives, or their associates, or any Shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers mentioned above.

Report of Directors

Connected Transactions/Continuing Connected Transactions

Certain related party transactions entered into by the Group during the year ended 31 December 2013, which also constitute connected transactions/continuing connected transactions under the Listing Rules, are disclosed in Note 41 to the consolidated financial statements. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

Continuing Connected Transactions

1. (a) On 16 July 2012, Phoenix Satellite Television Company Limited ("Phoenix HK") entered into a services agreement (the "2012 Services Agreement") with Satellite Television Asian Region Limited ("STARL") in respect of the provision of the technical and support services for the operations of Phoenix Chinese Channel, Phoenix Movies Channel and Phoenix InfoNews Channel, purchase of decoders and viewing cards services and other specifically requested services by STARL to Phoenix HK for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. For the year ended 31 December 2013, the service charges paid/payable to STARL amounted to approximately HK$12,854,000 (2012: HK$18,558,000). There were no payment for purchase of decoders and viewing cards (2012: Nil).

   (b) On 1 August 2012, Phoenix HK entered into an agreement with STARL (the "2012 Channel Distribution Agreement") for STARL acting as a non-exclusive licensee to distribute any or all channels of the Group to any pay television operators for a term of three years commencing from 1 July 2012 and ending on 30 June 2015. For the year ended 31 December 2013, the commission paid/payable to STARL amounted to approximately HK$3,748,000 (2012: HK$4,386,000).

   STARL is a subsidiary of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.) ("Star Entertainment"), a substantial Shareholder of the Company until 5 November 2013 (Star Entertainment ceased to be a Shareholder of the Company since 5 November 2013). The transactions under the 2012 Services Agreement and the 2012 Channel Distribution Agreement constituted continuing connected transactions of the Company under the Listing Rules.

2. On 31 December 2012, Phoenix HK, through its PRC advertising agent Shenzhou Television Company Limited ("Shenzhou"), entered into an advertising contract (the "2013 Contract") with CNHK Media Limited ("CNHK Media"), the indirect PRC advertising agent of CMCC, relating to the purchase of advertising airtime and/or sponsoring programmes being broadcasted on Phoenix Chinese Channel and Phoenix InfoNews Channel respectively for the period from 1 January 2013 to 31 December 2013 for the sum not exceeding RMB60,000,000 (approximately HK$74,598,000) for promoting the CMCC Group. For the year ended 31 December 2013, the advertising sales to the CMCC Group amounted to approximately HK$65,140,000 (2012: HK$53,445,000).

   CMHKG, a company incorporated in Hong Kong with limited liability and a subsidiary of CMCC, is a substantial Shareholder of the Company holding approximately 19.67% of the issued share capital of the Company through its wholly-owned subsidiary Extra Step Investments Limited. The CMCC Group are connected persons of the Company. The transactions under the 2013 Contract constituted continuing connected transactions of the Company under the Listing Rules.

Connected Transactions/Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

3. Provision of website portal, value-added telecommunications, promotional and ancillary services by and to the Company's indirectly-owned subsidiary, PNM, and together with its subsidiaries (collectively, the "PNM Group") to and by the CMCC Group ("New Media CCT").

   On 25 October 2012, the Stock Exchange granted to the Company a waiver from strict compliance with the requirement under Rule 14A.35(1) to enter into a framework agreement with the CMCC Group at the outset covering all of the expected New Media CCT for the three years from 1 January 2013 to 31 December 2015, subject to the conditions disclosed in the announcement published on 26 October 2012.

   On 5 December 2012, the independent shareholders of the Company ("Independent Shareholders") approved and confirmed the New Media CCT between the PNM Group and the CMCC Group for the three years from 1 January 2013 to 31 December 2015 and the relevant annual caps of RMB552,260,472 (approximately HK$673,757,776), RMB622,489,019 (approximately HK$759,436,603) and RMB729,455,470 (approximately HK$889,935,673) for each of the three years ending 31 December 2013, 2014 and 2015 respectively at the extraordinary general meeting of the Company.

   The aggregate service charges received/receivable by the PNM Group from the CMCC Group, and the aggregate service charges paid/payable by the PNM Group to the CMCC Group for the year ended 31 December 2013 amounted to approximately RMB180,360,000 (HK$227,086,000) and RMB 72,647,000 (HK$91,468,000) respectively, whereas, for the year ended 31 December 2012, approximately RMB155,730,000 (HK$191,330,000) and RMB63,953,000) (HK$78,573,000) respectively.

   Since the CMCC Group are connected persons of the Company, the New Media CCT constituted continuing connected transactions of the Company under the Listing Rules.

4. (a) On 3 August 2012, Phoenix Metropolis Media Technology Company Limited (formerly known as Phoenix Metropolis Media (Beijing) Company Limited) ("PMM Beijing") entered into an outdoor advertising contract ("2012 Outdoor Advertising Contract") with 深圳市中港文化傳播有限責任公司 ("Shenzhen Media"), relating to placing advertisement for and on behalf of the CMCC Group on outdoor LED panels operated by PMM Beijing and/or its subsidiaries in the PRC for the period from 3 August 2012 to 30 June 2013 for the sum of no more than RMB9,500,000 (approximately HK$11,590,000) for promoting the CMCC Group.

   (b) On 18 June 2013, PMM Beijing entered into another outdoor advertising contract ("2013 Guangdong Outdoor Advertising Contract") with Shenzhen Media, relating to placing advertisement for and on behalf of the CMCC Group in Guangdong Province on outdoor LED panels operated by PMM Beijing and/or its subsidiaries for the period from 1 July 2013 to 31 December 2014 for the sum of no more than RMB10,000,000 (approximately HK$12,640,000) for promoting the CMCC Group.

Report of Directors

Connected Transactions/Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

(c) On 6 December 2013, PMM Beijing entered into an outdoor advertising contract ("2013 PRC Outdoor Advertising Contract") with 中國移動通信有限公司 (China Mobile Communication Company Limited) ("CMC"), an indirect subsidiary of CMHKG, relating to placing advertisement in the PRC on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries for the period from 6 December 2013 to 31 March 2014 for the sum of no more than RMB15,000,000 (approximately HK$19,089,000) for promoting the CMCC Group.

For the year ended as 31 December 2013, the advertising sales to the CMCC Group amounted to approximately HK$4,589,000 (2012: HK$3,865,000).

Since the CMCC Group are connected persons of the Company, the transactions under the 2012 Outdoor Advertising Contract, the 2013 Guangdong Outdoor Advertising Contract and the 2013 PRC Outdoor Advertising Contract respectively constituted continuing connected transactions of the Company under the Listing Rules.

The independent non-executive Directors have reviewed the aforesaid continuing connected transactions and confirmed that:

1. the transactions were entered into by the relevant member of the Group in the ordinary and usual course of its business;

2. the transactions were entered into either on normal commercial terms or, on terms no less favourable to the Group than terms available to or from independent third parties; and

3. the transactions were entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 76 to 78 of this report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions/Continuing Connected Transactions (Continued)

Connected Transactions

5. On 20 December 2011, Phoenix Satellite Television (US) Inc. entered into an agreement with Fox News International, Inc. ("Fox News") for the provision of a license to use the Edge (Fox News' services, access to the Edge Intranet website and feeds) from 1 January 2012 to 31 December 2014. The total consideration under the contract was US$243,324 (approximately HK$1,887,000) and was payable on monthly basis.

   As Fox News is an associate of Star Entertainment, a substantial Shareholder of the Company until 5 November 2013 (Star Entertainment ceased to be a Shareholder of the Company since 5 November 2013), it was a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under the Listing Rules.

6. On 13 July 2012, Phoenix HK entered into an agreement with Twentieth Century Fox International Television, Inc. ("Fox") for a license fee of US$5,000 (approximately HK$39,000) to broadcast one film on Phoenix Chinese Channel for a term of two years commencing from 15 July 2012.

   As Fox is an associate of Star Entertainment, a substantial Shareholder of the Company until 5 November 2013 (Star Entertainment ceased to be a Shareholder of the Company since 5 November 2013), it was a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under the Listing Rules.

7. (a) On 12 May 2010, Phoenix HK entered into an agreement with Fortune Star Entertainment (HK) Limited ("Fortune Star") for a license fee of US$195,000 (approximately HK$1,512,000) to broadcast 26 films on Phoenix Movies Channel for the period from 1 June 2010 to 31 May 2014.

   (b) On 27 January 2011, Phoenix HK entered into two agreements with Fortune Star Media Limited ("Fortune Star Media") for a total license fee of US$110,500 (approximately HK$858,000) to respectively broadcast (i) 7 films on Phoenix Chinese Channel during the period from 31 January 2011 to 30 January 2013 and (ii) 9 films on Phoenix Movies Channel for four years commencing from 1 May 2011.

   (c) On 23 December 2011, Phoenix HK entered into agreements with Fortune Star Media for a license fee of a total sum of US$210,500 (approximately HK$1,636,000) to broadcast 30 films on Phoenix Chinese Channel, Phoenix Hong Kong Channel and Phoenix Movies Channel during the period from 1 January 2012 to 30 April 2016.

   (d) On 29 June 2012, Phoenix HK entered into an agreement with Fortune Star Media for a license of fee of US$77,000 (approximately HK$597,000) to broadcast 11 films on Phoenix Hong Kong Channel for a term of one year commencing from 1 July 2012, 1 October 2012 and 1 December 2012.

   (e) On 28 December 2012, Phoenix HK entered into agreements with Fortune Star Media for a license fee of a total sum of US$145,000 (approximately HK$1,124,000) to broadcast 21 films on Phoenix Chinese Channel and Phoenix Hong Kong Channel during the period from 1 January 2013 to 31 January 2015.

   As Fortune Star and Fortune Star Media are associates of Star Entertainment, a substantial Shareholder of the Company until 5 November 2013 (Star Entertainment ceased to be a Shareholder of the Company since 5 November 2013), they were connected persons of the Company. Accordingly, the above transactions constituted connected transactions of the Company under the Listing Rules.

Report of Directors

Connected Transactions/Continuing Connected Transactions (Continued)

Connected Transactions (Continued)

8. On 28 December 2012, Phoenix HK entered into an agreement with NGC Network Asia, LLC ("NGC"), Taiwan branch for licensing the rights to NGC, Taiwan branch to broadcast one program of Phoenix Chinese Channel on National Geographic Channel Taiwan for a term of 30 months commencing from 1 February 2013 for a license fee of US$800 (approximately HK$6,000), net of all applicable taxes.

   As NGC is an associate of Star Entertainment, a substantial Shareholder of the Company until 5 November 2013 (Star Entertainment ceased to be a shareholder of the Company since 5 November 2013), it was a connected person of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules.

Competing Business

As at the Latest Practicable Date, none of the Directors nor 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 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 are set out in Note 24 to the consolidated financial statements.

Corporate Governance

A report on the principle corporate governance practices adopted by the Company is set out on pages 32 to 43 of this report.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has, during the year and up to the date of this report, maintained a public float of not less than 25% of the Company's issued Shares as required under the Listing Rules.

Audit Committee

The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2013 and provided advice and comments thereon.

Auditor

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who will retire, being eligible, offer themselves for re-appointment at the forthcoming AGM.

On behalf of the Board

LIU Changle
Chairman

Hong Kong, 13 March 2014

Independent Auditor's Report

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羅兵咸永道

TO THE SHAREHOLDERS OF
PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 84 to 185, which comprise the consolidated and company balance sheets as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

pwc

羅兵咸永道

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 April 2014

Consolidated Income Statement

For the year ended 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	**2013 $'000**	2012 $'000
Revenue	5	**4,806,458**	4,336,360
Operating expenses	7	**(2,849,913)**	(2,589,236)
Selling, general and administrative expenses	7	**(695,029)**	(649,063)
Other gains/(losses)			
Fair value gain on investment properties	16	**104,294**	43,807
Interest income		**58,073**	58,300
Other gains/(losses), net	6	**26,218**	(8,486)
Share of profits of joint ventures	18	**4,475**	3,644
Share of profits of associates	19	**1,843**	15
Profit before income tax		**1,456,419**	1,195,341
Income tax expense	9	**(293,391)**	(248,056)
Profit for the year		**1,163,028**	947,285
Profit attributable to:			
Owners of the Company		**932,394**	833,367
Non-controlling interests		**230,634**	113,918
		1,163,028	947,285
Earnings per share for profit attributable to the owners of the Company for the year			
Basic earnings per share, Hong Kong cents	10	**18.66**	16.69
Diluted earnings per share, Hong Kong cents	10	**18.65**	16.67
Dividends	11	**254,857**	254,698

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2013
(Amounts expressed in Hong Kong dollars)

	2013 $'000	2012 $'000
Profit for the year	**1,163,028**	947,285
Other comprehensive income		
Items that may be subsequently classified to profit or loss		
Currency translation differences	**45,689**	33,165
Total comprehensive income for the year	**1,208,717**	980,450
Attributable to:		
Owners of the Company	**956,084**	851,686
Non-controlling interests	**252,633**	128,764
	1,208,717	980,450

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	**2013 $'000**	2012 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net	13	**17,148**	22,482
Lease premium for land	14	**241,081**	235,308
Property, plant and equipment, net	15	**1,404,283**	1,350,282
Investment properties	16	**1,173,009**	899,134
Intangible assets	17	**15,051**	15,830
Investments in joint ventures	18	**15,741**	10,498
Amounts due from joint ventures	18	**15,259**	15,150
Investments in associates	19	**23,186**	5,779
Available-for-sale financial assets		**962**	962
Other long-term assets	24	**61,956**	53,782
Deferred income tax assets	37	**31,428**	34,623
		2,999,104	2,643,830
Current assets			
Accounts receivable, net	23	**673,874**	567,949
Prepayments, deposits and other receivables	24	**896,680**	749,416
Inventories	25	**8,391**	8,370
Amounts due from related companies	26	**103,283**	84,193
Self-produced programmes		**14,848**	1,836
Purchased programme and film rights, net	13	**5,098**	6,533
Financial assets at fair value through profit or loss	27	**25,689**	24,819
Prepaid tax		**4,820**	–
Bank deposits	28	**329,506**	403,283
Restricted cash	29	**13,729**	991
Cash and cash equivalents	30	**3,333,076**	2,710,468
		5,408,994	4,557,858
Total assets		**8,408,098**	7,201,688

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	32	**499,718**	499,358
Reserves			
– proposed final dividend	11	**254,857**	254,698
– others		**4,192,582**	3,481,086
		4,947,157	4,235,142
Non-controlling interests		**1,591,384**	1,390,074
Total equity		**6,538,541**	5,625,216
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	36(a)	**69,993**	519,699
Other long-term liabilities		**15,566**	9,941
Loans from non-controlling shareholders of a subsidiary	36(b)	**129,121**	–
Deferred income tax liabilities	37	**105,126**	79,112
		319,806	608,752
Current liabilities			
Accounts payable, other payables and accruals	35	**809,129**	611,368
Secured bank borrowings	36(a)	**536,607**	74,598
Deferred income		**128,993**	179,848
Amounts due to related companies	26	**–**	1,124
Loans from non-controlling shareholders of a subsidiary	36(b)	**9,506**	35,931
Current income tax liabilities		**65,516**	64,851
		1,549,751	967,720
Total liabilities		**1,869,557**	1,576,472
Total equity and liabilities		**8,408,098**	7,201,688
Net current assets		**3,859,243**	3,590,138
Total assets less current liabilities		**6,858,347**	6,233,968

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

The financial statements on pages 84 to 185 were approved by the Board of Directors on 13 March 2014 and signed on behalf of the Board by

LIU Changle
Director

CHUI Keung
Director

Balance Sheet

As at 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	2013 $'000	2012 $'000
ASSETS			
Non-current assets			
Interests in subsidiaries	20	**107,258**	88,640
Current assets			
Cash and cash equivalents	30	**1,722**	2,432
Amounts due from subsidiaries, net	20	**1,002,512**	1,255,441
		1,004,234	1,257,873
Total assets		**1,111,492**	1,346,513
EQUITY			
Equity attributable to owner of the Company			
Share capital	32	**499,718**	499,358
Reserves			
– proposed final dividend	11	**254,857**	254,698
– others		**356,574**	592,012
Total equity		**1,111,149**	1,346,068
LIABILITIES			
Current liabilities			
Other payables and accruals	35(b)	**343**	445
Total liabilities		**343**	445
Total equity and liabilities		**1,111,492**	1,346,513
Net current assets		**1,003,891**	1,257,428
Total assets less current liabilities		**1,111,149**	1,346,068

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

The financial statements on pages 84 to 185 were approved by the Board of Directors on 13 March 2014 and signed on behalf of the Board by

LIU Changle
Director

CHUI Keung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Amounts expressed in Hong Kong dollars)

		Attributable to owners of the Company								
	Note	Share capital $'000	Share premium $'000	Statutory reserve $'000 (Note)	Capital reserve $'000	Exchange reserve $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2013		499,358	30,449	45,934	1,695,555	92,582	141,416	1,729,848	1,390,074	5,625,216
Profit for the year		–	–	–	–	–	–	932,394	230,634	1,163,028
Other comprehensive income										
Currency translation differences		–	–	–	–	23,690	–	–	21,999	45,689
Total comprehensive income for the year		–	–	–	–	23,690	–	932,394	252,633	1,208,717
Total contributions by and distributions to owners of the Company recognised directly in equity										
Share option scheme										
– value of employee services		–	–	–	–	–	44,353	–	–	44,353
– recognition of shares issued on exercise of options		360	5,762	–	–	–	(1,337)	–	–	4,785
– lapse of share options		–	618	–	–	–	(618)	–	–	–
Dividends related to 2012	11	–	–	–	–	–	–	(254,793)	–	(254,793)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(10,470)	(10,470)
Allocation to statutory reserve		–	–	34,243	–	–	–	(34,243)	–	–
Total contributions by and distributions to owners of the Company		360	6,380	34,243	–	–	42,398	(289,036)	(10,470)	(216,125)
Deemed disposal of interest in a subsidiary arising from capital contribution from non-controlling shareholders	39(b)	–	–	–	3,109	–	–	–	9,617	12,726
Deemed acquisition of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares of a subsidiary	39(a)	–	–	–	(31,141)	–	(10,382)	–	(50,470)	(91,993)
Total transactions with owners		360	6,380	34,243	(28,032)	–	32,016	(289,036)	(51,323)	(295,392)
Balance at 31 December 2013		499,718	36,829	80,177	1,667,523	116,272	173,432	2,373,206	1,591,384	6,538,541

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 92 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	Attributable to owners of the Company								
		Share capital $'000	Share premium $'000	Statutory reserve $'000 (Note)	Capital reserve $'000	Exchange reserve $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2012		499,298	29,804	29,154	1,666,398	74,263	143,560	1,122,992	1,317,514	4,882,983
Profit for the year		–	–	–	–	–	–	833,367	113,918	947,285
Other comprehensive income										
Currency translation differences		–	–	–	–	18,319	–	–	14,846	33,165
Total comprehensive income for the year		–	–	–	–	18,319	–	833,367	128,764	980,450
Total contributions by and distributions to owners of the Company recognised directly in equity										
Share option scheme										
– value of employee services		–	–	–	–	–	45,392	–	–	45,392
– recognition of shares issued on exercise of options		60	414	–	–	–	–	–	–	474
– lapse of share options		–	231	–	–	–	(231)	–	–	–
Dividends related to 2011	11	–	–	–	–	–	–	(209,731)	–	(209,731)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(9,291)	(9,291)
Allocation to statutory reserve		–	–	16,780	–	–	–	(16,780)	–	–
Total contributions by and distributions to owners of the Company		60	645	16,780	–	–	45,161	(226,511)	(9,291)	(173,156)
Deemed acquisition of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares of a subsidiary	39(a)	–	–	–	29,157	–	(47,305)	–	(46,913)	(65,061)
Total transactions with owners		60	645	16,780	29,157	–	(2,144)	(226,511)	(56,204)	(238,217)
Balance at 31 December 2012		499,358	30,449	45,934	1,695,555	92,582	141,416	1,729,848	1,390,074	5,625,216

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013
(Amounts expressed in Hong Kong dollars)

	Note	**2013 $'000**	2012 $'000
Cash flows from operating activities			
Cash generated from operations	38	**1,611,356**	2,078,879
Interest received		**58,073**	58,300
Hong Kong taxation paid		**(206,493)**	(204,444)
Overseas taxation paid		**(58,432)**	(52,400)
Net cash generated from operating activities		**1,404,504**	1,880,335
Cash flows from investing activities			
Increase in other long-term assets		**(8,174)**	(27,092)
(Increase)/decrease in restricted cash		**(12,738)**	2,133
Purchase of intangible assets	17	**–**	(552)
Purchase of property, plant and equipment	15	**(250,282)**	(362,146)
Purchase of programme and film rights	13	**(21,138)**	(28,740)
Capital contribution to a joint venture	18	**(768)**	–
Capital contribution to an associate	19	**(15,564)**	–
Advance to joint ventures	19	**(25,522)**	(20,000)
Proceeds from disposal of property, plant and equipment		**9,655**	149
Additions to investment properties	16	**(147,384)**	(158,898)
Additions to lease premium for land	14	**(8,921)**	–
Investment in structured deposits	28	**(76,236)**	–
Investment income from financial assets at fair value through profit or loss		**1,137**	1,184
Net cash used in investing activities		**(555,935)**	(593,962)
Cash flows from financing activities			
Proceeds from exercise of share options of the Company	32, 34	**4,785**	474
Dividends paid to owners of the Company	11	**(254,793)**	(209,731)
Proceeds from exercise of share options of a subsidiary		**657**	1,290
Drawdown of secured bank borrowings	36	**74,899**	644,476
Repayment of secured bank borrowings	36	**(76,063)**	(536,800)
Loans from non-controlling shareholders of a subsidiary	36	**100,372**	36,308
Capital contribution from non-controlling shareholders of a subsidiary	39(b)	**12,726**	–
Dividends paid to non-controlling interest		**(10,470)**	(9,291)
Payment for repurchase of shares of a subsidiary	39(a)	**(90,955)**	(64,269)
Payment of cancellation fees of shares of a subsidiary		**(988)**	(890)
Net cash used in financing activities		**(239,830)**	(138,433)
Net increase in cash and cash equivalents		**608,739**	1,147,940
Cash and cash equivalents at beginning of year		**2,710,468**	1,545,486
Exchange gains on cash and cash equivalents		**13,869**	17,042
Cash and cash equivalents at end of year	30	**3,333,076**	2,710,468

The notes on pages 92 to 185 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

(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 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, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

The financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements were approved for issue by the Board of Directors on 13 March 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) 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 and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures

HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group.

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

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

HKFRS 1 Amendment	Government Loans
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, 11 and 12 Amendments	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRSs Amendments	Annual Improvements 2009-2011 Cycle

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

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures (Continued)

(ii) 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 2013 and have not been early adopted by the Group:

HKFRS 7 and 9 Amendments	Mandatory Effective Date and Transition Disclosures (2)
HKFRS 9	Financial Instruments (2)
HKFRS 10, 12 and HKAS 27 (2011) Amendments	Investment Entities (1)
HKFRS 14	Regulating Deferral Accounts (4)
HKAS 19 Amendment	Defined Benefit Plans: Employee Contributions (3)
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities(1)
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-financial Assets (1)
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting (1)
HK (IFRIC)-Int 21	Levies (1)
HKFRSs Amendment	Annual Improvements 2010-2012 cycle (3)
HKFRSs Amendment	Annual Improvements 2011-2013 cycle (3)

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

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

(3) Effective for the Group for annual period beginning on 1 July 2014

(4) Effective for the Group for annual period beginning on 1 January 2016

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

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries (Continued)

(i) Consolidation (Continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

(e) Joint Ventures

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2013. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and other assets and liabilities are presented in the consolidated income statement within "Other gains/(losses), net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

No depreciation is provided on assets under construction until they are completed and are available for use. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	2.05 – 3.33%
Leasehold improvements	shorter of 6.67% – 33.3% or over the terms of the leases
Furniture and fixtures	15% – 20%
Broadcast operations and other equipment	10% – 20%
Motor vehicles	20% – 25%
LED panels	10% – 11.1%
Aircraft	7.1%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(m)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net", in the consolidated income statement.

(i) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in "Other gains/(losses)".

(j) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(ii) Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of two to four years.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two to four years.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets (Continued)

(iii) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of three years.

(iv) Club debentures

Acquired club debentures are intangible assets with an indefinite useful life. They are therefore shown at historical cost and are not amortised. Impairment assessments on club debentures are carried out by comparing their recoverable amounts with their carrying amounts annually and whenever there is an indication that the intangible assets maybe impaired.

(v) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software product so that it will be available for use;

– management intends to complete the software product and use or sell it;

– there is an ability to use or sell the software product;

– it can be demonstrated how the software product will generate probable future economic benefits;

– adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

– the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Purchased programme and film rights

Purchased programme and film rights are recorded at cost less accumulated amortisation and any impairment losses. The cost of purchased programme and film rights is expensed in the consolidated income statement on the first and second showing of such purchased programme and film rights or amortised over the license period if the license allows multiple showings within the license period.

Purchased programme and film rights with a remaining license period of 12 months or less are classified as current assets.

(l) Self-produced programmes

Self-produced programmes are stated at cost less any impairment losses. Cost comprises direct production expenditures and an appropriate portion of production overheads. Programmes in production that are abandoned are written off in the consolidated income statement immediately, or when the revenue to be generated by these programmes is determined to be lower than cost, the cost is written down to recoverable amount. Completed programmes will be broadcast over a short period of time and their costs are expensed in the consolidated income statement in accordance with a formula computed to write off the cost over the broadcast period.

(m) Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, associates or joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associates or joint ventures in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets. The Group's loans and receivables comprise bank deposits, accounts receivable, other receivables, amounts due from related companies, amounts due from joint ventures, restricted cash and cash and cash equivalents in the consolidated balance sheet (Notes 2(p) and 2(r)).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of reporting period. Available-for-sale financial assets represent unlisted securities of private issuers outside Hong Kong.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets (Continued)

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at cost as these securities have no quoted market price in an active market and their fair values cannot be reliably measured. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other gains/(losses), net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(o) Inventories

Inventories, comprising decoder devices and satellite receivers, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(p) Accounts and other receivables

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. If reduction of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(r) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Deferred income

Deferred income represents advertising revenue, subscription revenue and promotion service revenue received in advance from third party customers.

(t) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Accounts payable, other payables and accruals

Accounts payable, other payables and accruals are recognised initially at fair value and subsequently measured of amortised cost using effective interest method.

(v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(w) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Current and deferred income tax (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(x) Employee benefits

(i) Pension obligations

The Group operates defined contribution retirement schemes for the Hong Kong employees based on local laws and regulations. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit schemes' costs expensed in the consolidated income statement represent contributions paid or payable by the Group to the funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

Pursuant to the relevant local regulations of the countries where the overseas subsidiaries of the Group are located, these subsidiaries participate in respective government retirement benefit schemes and/or set up their own retirement benefit schemes (the "Schemes") whereby they are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contributions made to the Schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums for each employee with reference to a salary scale, as stipulated under the requirements in the respective countries. The Group has no further obligation beyond the required contributions. The contributions under the Schemes are expensed in the consolidated income statement as incurred.

(ii) Bonus plans

The expected bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Employee benefits (Continued)

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding credit to the employee share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions.

Non-market conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The cash paid to subscribe for the shares issued when the Company's options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. Cash paid to subscribe for the shares of subsidiaries of the Company, net of any directly attributable transaction costs, are reflected as increases to non-controlling interests in the consolidated balance sheet. On exercise of share options granted after 7 November 2002 and not vested as of 1 January 2005, the portion of the employee share-based payment reserve attributable to such options is transferred to share premium for the Company's share options or non-controlling interests for share options of the Company's subsidiaries.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the consolidated income statement.

(z) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, related agency commission expenses and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Advertising revenue

Advertising revenue, net of agency commission expenses, is recognised upon the broadcast of advertisements.

(ii) Mobile, video and wireless value added services income

Mobile, video and wireless value added services income are recognised in the period in which the services are performed or recognised evenly in the subscription period.

(iii) Subscription revenue

Subscription revenue received or receivable from the cable distributors or agents is amortised on a time proportion basis to the consolidated income statement. The unamortised portion is classified as deferred income.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Revenue recognition (Continued)

(iv) Magazine advertising revenue

Magazine advertising revenue net of commission expense is recognised when the magazine is published.

(v) Magazine subscription/circulation revenue

Magazine subscription or circulation revenue represents subscription or circulation money received or receivable from customers and is recognised when the respective magazine is dispatched or sold.

(vi) Technical services income

Revenue from the provision of technical services is recognised when the value-added telecommunication services are provided/delivered to customers.

(vii) Sales of decoder devices and satellite receivers

Revenue from sales of decoder devices and satellite receivers is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(viii) Interest income

Interest income from bank deposits is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ix) Barter revenue

Barter revenue is recognised at the fair value of goods or services received or receivable in the transaction upon the broadcast of advertisements, the publishing of the magazine or the provision of promotion services to be provided by the Group in the barter transaction.

(x) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(ii) The Group as lessee

Payments made under operating leases (net of any incentives received from the lessor) including upfront payment made for lease premium for land, are charged to the consolidated income statement on a straight-line basis over the lease term.

(ab) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(ac) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is mainly carried out by the finance department (the "Finance Department") headed by the Chief Financial Officer ("CFO") of the Group. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units to cope with overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(i) Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and US dollar ("US$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group engage in transactions mainly in HK$, RMB and US$ to the extent possible. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Finance Department is responsible for monitoring and manageing the net position in each foreign currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's operations, such as those in the People's Republic of China (the "PRC"), the United Kingdom and the United States is managed primarily through operating liabilities denominated in the relevant foreign currencies.

At 31 December 2013, if HK$ had weakened/strengthened by 5% against the RMB, with all other variables held constant, after-tax profit for the year would have been HK$36,067,000 (2012: HK$28,789,000), higher or lower, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated accounts receivable and receivables from an advertising agent, Shenzhou Television Company Ltd. ("Shenzhou").

At 31 December 2013, certain of the assets of the Group are denominated in US$. The Group also had operations in the United States. Since HK$ is pegged to US$, foreign exchange exposure with respect to the US$ denominated assets or its operations in the United States is considered as minimal.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Price risk

The Group is exposed to listed securities price risk because certain investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group has investment in the equity of a publicly traded entity. For the further details of price risk exposed by the Group, please refer to Note 27.

(c) PRC regulations

The Chinese market in which the Group operates exposes the Group to certain macro-economic and regulatory risks and uncertainties. These uncertainties extend to the ability of the Group to provide online advertising, mobile and Internet related services, and outdoor advertising through contractual arrangements in the PRC since these industries remain highly regulated. The Chinese government may issue from time to time new laws or new interpretations on existing laws to regulate this industry. Regulatory risk also encompasses the interpretation by the tax authorities of current tax law, the status of properties leased for our operations and the Group's legal structure and scope of operations in the PRC, which could be subject to further restrictions resulting in limitations on the Group's ability to conduct business in the PRC. The PRC government may also require the Group to restructure its operation entirely if it finds that the Group's contractual arrangements do not comply with applicable laws and regulation. It is unclear how a restructuring could impact the Group's business and operating results, as the PRC government has not yet found any such contractual arrangements to be in noncompliance. However, any such restructuring may cause significant disruption to the Group's business operations.

(d) Cash flow and fair value interest rate risks

As the Group has interest-bearing assets comprising cash and cash equivalents, bank deposits, restricted cash and amount due from Shenzhou (see Note 24) the Group's income and operating cash flows can be affected by changes in market interest rates.

The Group's cash flow and fair value interest-rate risks primarily arise from bank deposits and bank borrowings. Bank deposits placed and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk whereas bank deposits placed at fixed rates expose the Group to fair value interest-rate risk. The Finance Department's policy is to maintain an appropriate level between fixed-rate and floating-rate deposits.

At 31 December 2013, with all other variables held constant, if the interest rates interest-bearing assets had increased/decreased by 1%, after-tax profit for the year would have been HK$28,143,000 (2012: HK$19,986,000) higher or lower. Borrowing costs on bank borrowings are capitalised under investment properties under construction and construction in progress and thus has no Impact on after-tax profit.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(ii) Credit risk

The Group's credit risk arises from cash and cash equivalents, loans and receivables, deposits with banks and financial institutions, as well as credit exposures to advertising agents and customers, including outstanding receivables and committed transactions. The Group has a receivable from an advertising agent, Shenzhou, in the PRC amounting to HK$591,578,000 (2012: HK$507,501,000) representing approximately 7% (2012: 7%) of the total assets of the Group as of 31 December 2013. The Group manages its exposure to credit risk through continual monitoring of the credit quality of its customers and advertising agents, taking into account their financial position, collection history, past experience and other factors. For banks, financial institutions and issuers of derivative financial instruments, only reputable well established banks and financial institutions are accepted.

The Group has put in place policies to ensure that the sales are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

Most of the payment terms for advertising revenue will be agreed between the Group and the customers at the beginning of year. Customers will make payments in accordance with the contract terms. The Group generally requires its advertising customers in the television broadcasting segment to pay in advance. Customers of other business segments are given credit terms of 30 to 180 days.

See Note 22 for further disclosure on credit risk.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Finance Department aims to maintain flexibility in funding by keeping committed banking facilities available. Details of cash and cash equivalents and banking facilities are set out in Notes 30 and 31 respectively.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**
Group			
At 31 December 2013			
Accounts payable, other payables and accruals	**796,390**	**–**	**–**
Amounts due to related companies	**–**	**–**	**–**
Secured bank borrowings	**555,030**	**77,252**	**–**
Loans from non-controlling shareholders of a subsidiary	**9,506**	**–**	**129,121**
At 31 December 2012			
Accounts payable, other payables and accruals	596,659	–	–
Amounts due to related companies	1,124	–	–
Secured bank borrowings	75,505	576,697	–
Loans from non-controlling shareholders of a subsidiary	35,931	–	–

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) 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).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2013. See Note 16 for disclosures of the investment properties that are measured at fair value.

	Level 1 $'000
Assets	
Financial assets at fair value through profit or loss	
Trading securities	
– Listed equity securities	**25,689**

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

	Level 1 $'000
Assets	
Financial assets at fair value through profit or loss	
Trading securities	
– Listed equity securities	24,819

There were no transfers between levels 1 and 2 during the year (2012: same).

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. As at 31 December 2013, instruments included in level 1 comprise shares of HSBC Holdings PLC ("HSBC") of approximately HK$25,689,000 (2012: HK$24,819,000) (Note 27).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2013	Gross amounts of recognised financial assets $'000	Gross amounts of recognised financial liabilities set off in the balance sheet $'000	Net amounts of financial assets presented in the balance sheet $'000	Related amounts not set off in the balance sheet: Cash collateral received $'000	Net amount $'000
Accounts receivable, net					
– Subject to master netting arrangement	**451,094**	**–**	**451,094**	**(18,890)**	**432,204**
– Not subject to master netting arrangement	**222,780**	**–**	**222,780**	**–**	**222,780**
	673,874	**–**	**673,874**	**(18,890)**	**654,984**

As at 31 December 2012	Gross amounts of recognised financial assets $'000	Gross amounts of recognised financial liabilities set off in the balance sheet $'000	Net amounts of financial assets presented in the balance sheet $'000	Related amounts not set off in the balance sheet: Cash collateral received $'000	Net amount $'000
Accounts receivable, net					
– Subject to master netting arrangement	349,918	–	349,918	(13,861)	336,057
– Not subject to master netting arrangement	218,031	–	218,031	–	218,031
	567,949	–	567,949	(13,861)	554,088

Internet advertising customers have provided cash collateral to the Group of HK$18,890,000 (2012: HK$13,861,000) as protection for payment and contractual obligations under the terms of advertising sale agreements. The Group has the right to invoke the collateral if a customer has failed to settle outstanding payments or full contractual obligations.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Provision for impairment of receivables

Significant judgement is exercised in the assessment of the collectibility of accounts receivable, other receivables and the receivable from an advertising agent, Shenzhou. In making such judgement, management considers a wide range of factors, including debtors' and Shenzhou's payment trends, subsequent payments and debtors' and Shenzhou's financial positions.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions, including Hong Kong and the PRC. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. For the Group's tax exposure in the PRC, please refer to Note 9.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions(Continued)

(iii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and function. It could change significantly as a result of changes in the Group's operations including any future relocation or renovation of the Group's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down non-strategic assets that have been abandoned or sold.

(iv) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 16.

(v) Revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, the price is fixed or determinable, service is performed and collectability of the related fee is reasonably assured.

Part of the Group's advertising revenue arrangements involve multiple element deliverables, including placements of different advertisement formats on the Group's website over different periods of time. The Group breaks down the multiple element arrangements into single units of accounting when possible, and allocates total consideration to each single unit of accounting using the relative selling price method.

The Group recognises revenue on the elements delivered and defers the recognition of revenue for the fair value of the undelivered elements until the remaining obligations have been satisfied. Where all of the elements within an arrangement are delivered uniformly over the agreement period, the revenues are recognised on a straight line basis over the contract period.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(vi) Recognition of share-based compensation expense

The Group's employees have participated in various share-based incentive schemes of the Company and its subsidiaries. Management of the Group have used the Black-Scholes model to determine the total fair value of the options granted. Significant estimates and assumptions are required to be made in determining the parameters for applying the Black-Scholes model, including estimates and assumptions regarding the risk-free interest rate, expected dividend yield and volatility of the underlying shares and the expected life of the share options. The fair values of restricted share units and restricted shares granted are measured on the grant date based on the fair value of the underlying shares of the subsidiaries. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group or, where applicable. if the performance conditions for vesting will be met at the end of the vesting period. The Group only recognises an expense for those options, restricted share units and restricted shares expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the options, restricted share units and restricted shares and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expense.

The fair value of options, restricted share units and restricted shares at the time of grant is to be expensed over the vesting period of these share-based awards based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense.

Based on the fair value of the share-based awards granted by the Company and its subsidiaries to the Group's employees, the expected turnover rate of grantees and the probability that the performance conditions for vesting are met the corresponding share-based compensation expense recognised by the Group in respect of their services rendered for the year ended 31 December 2013 was HK$44,353,000 (2012: HK$45,392,000) (Note 8).

(b) Critical judgements in applying the Group's accounting policies

(i) Control over Phoenix Metropolis Media Technology Company Limited ("PMM Beijing")

Management consider that the Group has de facto control of PMM Beijing even though it has less than 50% of the voting rights. 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; and (iii) PMM Beijing and other shareholders highly rely on the Group's industry expertise, brand, network, and reputation.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION

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

	2013 $'000	2012 $'000
Revenue		
Advertising sales		
Television broadcasting	**2,279,480**	2,256,962
Internet	**1,034,186**	757,226
Outdoor media	**612,823**	512,362
Mobile, video and wireless value added services income	**716,914**	625,207
Subscription sales	**88,114**	93,564
Magazine advertising and subscription or circulation	**57,044**	57,157
Rental income	**946**	762
Others	**16,951**	33,120
	4,806,458	4,336,360

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

The Group has five main operating segments including:

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2013								
	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	2,207,217	166,758	2,373,975	1,751,100	612,823	1,157	67,403	–	4,806,458
Inter-segment sales (Note c)	–	5,929	5,929	–	–	3,270	47,135	(56,334)	–
Total revenue	2,207,217	172,687	2,379,904	1,751,100	612,823	4,427	114,538	(56,334)	4,806,458
Segment results	1,217,535	(41,987)	1,175,548	392,946	98,689	89,977	(36,022)	–	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 profit of joint ventures									4,475
Share of profits 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 to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2012

	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	2,177,873	195,636	2,373,509	1,382,433	512,362	929	67,127	–	4,336,360
Inter-segment sales (Note c)	–	5,228	5,228	–	–	1,333	42,779	(49,340)	–
Total revenue	2,177,873	200,864	2,378,737	1,382,433	512,362	2,262	109,906	(49,340)	4,336,360
Segment results	1,227,461	11,555	1,239,016	143,911	110,854	28,583	(27,862)	–	1,494,502
Unallocated income (Note a)									17,770
Unallocated expenses (Note b)									(320,590)
Profit before share of results of joint ventures/an associate, income tax and non-controlling interests									1,191,682
Share of profit of joint ventures									3,644
Share of profit of an associate									15
Income tax expense									(248,056)
Profit for the year									947,285
Non-controlling interests									(113,918)
Profit attributable to owners of the Company									833,367
Depreciation	(69,959)	(11,944)	(81,903)	(25,963)	(24,645)	(111)	(6,312)	–	(138,934)
Unallocated depreciation									(30,499)
									(169,433)
Provision for impairment of accounts receivable	–	(294)	(294)	(38,163)	(8,298)	–	–	–	(46,755)
Provision for impairment of amounts due from joint ventures	–	–	–	–	–	–	(28,895)	–	(28,895)
Provision for impairment of other long-term assets	–	(13,799)	(13,799)	–	–	–	–	–	(13,799)

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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; and

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

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

The Company is domiciled in Hong Kong. The geographical distribution of its revenue from external customers and total assets by geographical location are as follows:

	Year ended 31 December 2013	
	Revenue $'000	**Total assets $'000**
The PRC	**4,659,797**	**5,505,725**
Hong Kong	**45,281**	**2,775,628**
Others	**101,380**	**126,745**
	4,806,458	**8,408,098**

	Year ended 31 December 2012	
	Revenue $'000	Total assets $'000
The PRC	4,166,720	4,619,764
Hong Kong	45,880	2,475,051
Others	123,760	106,873
	4,336,360	7,201,688

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

6. OTHER GAINS/(LOSSES), NET

	2013 $'000	2012 $'000
Exchange gain, net	**43,088**	13,626
Investment income	**1,137**	1,184
Fair value gain on financial assets at fair value through profit or loss (realised and unrealised) (Note 27)	**870**	6,808
Provision for impairment of amounts due from joint ventures (Note 18(c))	**(25,413)**	(28,895)
Provision for impairment of amount due from an associate (Note 26 (d))	**(4,913)**	–
Provision for impairment of other long-term assets (Note 24)	**–**	(13,799)
Others, net	**11,449**	12,590
	26,218	(8,486)

7. PROFIT BEFORE INCOME TAX

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

	2013 $'000	2012 $'000
Crediting		
Reversal of provision for impairment of accounts receivable	**–**	359
Charging		
Production costs of self-produced programmes	**200,942**	185,543
Commission expenses	**455,365**	396,242
Transponder rental	**29,121**	30,653
Provision for impairment of accounts receivable	**15,837**	46,755
Provision for impairment of other receivables	**11,272**	–
Employee benefit expenses (including Directors' emoluments) (Note 8)	**1,136,789**	961,970
Operating lease rental in respect of		
– Directors' quarters	**2,524**	2,059
– Land and buildings of third parties	**75,483**	63,961
Loss on disposal of property, plant and equipment, net	**956**	1,282
Depreciation of property, plant and equipment	**199,912**	169,433
Amortisation of purchased programme and film rights	**25,664**	29,916
Amortisation of lease premium for land	**2,744**	2,744
Amortisation of intangible assets	**797**	1,555
Impairment of property, plant and equipment	**3,664**	–
Auditor's remuneration	**13,195**	13,421
Services charges paid to related parties	**13,354**	19,139
Outgoings for investment properties	**306**	267

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 $'000	2012 $'000
Wages, salaries and other allowances	**1,068,568**	895,240
Unutilised annual leave	**1,410**	1,065
Pension costs – defined contribution plan, net of forfeited contributions (Note a)	**22,458**	20,273
Share-based compensation expense (Note 33)	**44,353**	45,392
	1,136,789	961,970

(a) Pensions – defined contribution plans

The Group operates a number of defined contribution pension schemes in accordance with the respective subsidiaries' local practices and regulations. The Group is obligated to contribute funding to these plans based on various percentages of the employees' salaries or a fixed sum per employee with reference to their salary level. The assets of these schemes are generally held in separate trustee administered funds.

Employees in Hong Kong are provided with a defined contribution provident fund scheme and the Group is required to make monthly contribution to the scheme based on 10% of the employees' basic salaries. Forfeited contributions are used to offset the employer's future contributions. For the year ended 31 December 2013, the aggregate amount of the employer's contributions was approximately HK$18,699,000 (2012: HK$17,740,000) and the total amount of forfeited contributions was approximately HK$926,000 (2012: HK$1,257,000).

Since 1 December 2000, the employees in Hong Kong can elect to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme was introduced pursuant to the Mandatory Provident Fund legislation introduced in 2000. Under the MPF Scheme, the Group and each of the employees make monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund legislation.

Both the employer's and the employees' contributions are subject to a cap of monthly relevant income of HK$25,000 for each employee. For those employees with monthly relevant income less than HK$7,100, since 1 November 2013, the employees' contributions are voluntary.

For the year ended 31 December 2013, the aggregate amount of employer's contributions made by the Group to the MPF Scheme was approximately HK$2,707,000 (2012: HK$2,330,000) and the forfeited contributions was HK$11,000 (2012: HK$58,000).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2013 is set out below:

Name of Director	Fees $'000	Salaries $'000	Discretionary bonus $'000	Housing allowance $'000	Pension costs $'000	Total $'000
1. LIU Changle (Chief Executive Officer)	–	6,796	2,334	1,821	627	11,578
2. CHUI Keung	–	2,781	1,346	1,372	256	5,755
3. WANG Ji Yan		2,426	1,077	1,198	224	4,925
4. SHA Yuejia	–	–	–	–	–	–
5. Ella Betsy WONG (resigned on 5 November 2013)	–	–	–	–	–	–
6. LO Ka Shui	250	–	–	–	–	250
7. GAO Nianshu	–	–	–	–	–	–
8. GONG Jianzhong	–	–	–	–	–	–
9. Jan KOEPPEN (resigned on 5 November 2013)	–	–	–	–	–	–
10. LEUNG Hok Lim	250	–	–	–	–	250
11. Thaddeus Thomas BECZAK	250	–	–	–	–	250
12. CHEUNG Chun On, Daniel (resigned on 30 June 2013)	–	–	–	–	–	–
13. GAO Jack Qunyao (resigned on 30 June 2013)	–	–	–	–	–	–
14. FANG Fenglei (appointed on 13 March 2013)	201	–	–	–	–	201
15. SUN Yanjun (appointed on 5 November 2013)	–	–	–	–	–	–
16. LAU Wai Kei, Ricky (appointed on 5 November 2013)	–	–	–	–	–	–

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Directors' and senior management's emoluments (Continued)

The remuneration of every Director for the year ended 31 December 2012 is set out below:

	Name of Director	Fees $'000	Salaries $'000	Discretionary bonus $'000	Housing allowance $'000	Pension costs $'000	Total $'000
1.	LIU Changle (Chief Executive Office)	–	6,257	3,235	1,716	577	11,785
2.	CHUI Keung	–	2,559	1,867	1,264	236	5,926
3.	WANG Ji Yan	–	2,233	1,493	1,103	206	5,035
4.	SHA Yuejia	–	–	–	–	–	–
5.	Ella Betsy WONG	–	–	–	–	–	–
6.	LO Ka Shui	250	–	–	–	–	250
7.	GAO Nianshu	–	–	–	–	–	–
8.	GONG Jianzhong	–	–	–	–	–	–
9.	Jan KOEPPEN	–	–	–	–	–	–
10.	LEUNG Hok Lim	250	–	–	–	–	250
11.	Thaddeus Thomas BECZAK	250	–	–	–	–	250
12.	CHEUNG Chun On, Daniel	–	–	–	–	–	–
13.	GAO Jack Qunyao	–	–	–	–	–	–

As of 31 December 2013, Mr. LIU Changle had outstanding share options to purchase 4,900,000 (2012: 4,900,000) shares at HK$2.92 per share, Mr. CHUI Keung had outstanding share options to purchase 3,900,000 (2012: 3,900,000) shares at HK$2.92 per share and Mr. Wang Jiyan had outstanding share options to purchase 3,900,000 (2012: 3,900,000) shares at HK$2.92 per share. No options were exercised during 2013. The fair values of these options have not been included in the directors' emoluments disclosed above.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2013 include three (2012: three) executive Directors whose emoluments are reflected in the analysis presented in (b) above. The emoluments paid/payable to the remaining two (2012: two) individuals during the year are as follows:

	2013 $'000	2012 $'000
Salaries	**4,529**	4,117
Discretionary bonus	**2,827**	3,920
Housing allowance	**2,238**	2,032
Pension costs	**418**	380
	10,012	10,449

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(c) Five highest paid individuals (Continued)

The emoluments of the remaining two (2012: two) individuals fell within the following bands:

	Number of individuals	
Emolument band	**2013**	2012
HK$4,500,001 – HK$5,000,000	**1**	1
HK$5,000,001 – HK$5,500,000	**1**	–
HK$5,500,001 – HK$6,000,000	**–**	1

During the year, no emoluments or incentive payments were paid or payable to the five highest paid individuals as an inducement to join the Group or as compensation for loss of office except as disclosed above (2012: Nil).

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on 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.

	2013 **$'000**	2012 $'000
Current income tax		
– Hong Kong profits tax	**174,127**	180,159
– Overseas taxation	**88,803**	57,770
– Under provision of tax in the prior year	**2,490**	9,825
Deferred income tax (Note 37)	**27,971**	302
	293,391	248,056

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

9. INCOME TAX EXPENSE (CONTINUED)

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 in the PRC (Note 24) (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.

In the PRC, certain subsidiaries enjoy preferential income tax rate of 15% (2012: 15%) respectively for being new technology enterprises and a subsidiary enjoys income tax exemption for being a software enterprise (2012: none).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the location in which the Company operates as follows:

	2013 **$'000**	2012 $'000
Profit before income tax	**1,456,419**	1,195,341
Calculated at a taxation rate of 16.5% (2012: 16.5%)	**240,309**	197,231
Income not subject to taxation	**(28,042)**	(26,010)
Expenses not deductible for taxation purposes	**56,909**	41,311
Tax losses not recognised	**25,953**	15,497
Effect of different tax rate in other countries	**44,630**	28,121
Effect of tax exemptions and concessions granted to PRC subsidiaries	**(48,158)**	(7,717)
Recognition of deductible temporary differences not previously recognised	**(252)**	(8,439)
Utilisation of previously unrecognised tax losses	**(448)**	(1,763)
Under provision of tax in the prior year	**2,490**	9,825
Income tax expense	**293,391**	248,056

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

10. 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.

	2013	2012
Profit attributable to owners of the Company ($'000)	**932,394**	833,367
Weighted average number of ordinary shares in issue ('000)	**4,995,796**	4,993,467
Basic earnings per share (Hong Kong cents)	**18.66**	16.69

(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.

	2013	2012
Profit attributable to owners of the Company ($'000)	**932,394**	833,367
Weighted average number of ordinary shares in issue ('000)	**4,995,796**	4,993,467
Adjustment for share options of the Company ('000)	**4,397**	4,763
Weighted average number of ordinary shares for diluted earnings per share ('000)	**5,000,193**	4,998,230
Diluted earnings per share (Hong Kong cents)	**18.65**	16.67

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

11. DIVIDENDS

	2013 $'000	2012 $'000
Proposed final dividend of 5.1 Hong Kong cents (2012: 5.1 Hong Kong cents) per share	**254,857**	254,698

The 2012 final dividends paid during the year ended 31 December 2013 were approximately HK$254,793,000 (5.1 Hong Kong cents per share). The Board of Directors of the Company recommend the payment of a final dividend of 5.1 Hong Kong cents per share, totalling approximately HK$254,857,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 5 June 2014. These consolidated financial statements do not reflect this dividend payable.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a loss of approximately HK$3,529,000 (2012: HK$4,403,000).

13. PURCHASED PROGRAMME AND FILM RIGHTS, NET

	2013 $'000	2012 $'000
Balance, beginning of year	**29,015**	32,823
Additions	**21,138**	28,740
Amortisation	**(25,664)**	(29,916)
Others	**(2,243)**	(2,632)
Balance, end of year	**22,246**	29,015
Less: Purchased programme and film rights – current portion	**(5,098)**	(6,533)
	17,148	22,482

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

14. 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:

	2013 $'000	2012 $'000
In Hong Kong, held on:		
Leases of between 10 to 50 years	**33,552**	34,553
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**207,529**	200,755
	241,081	235,308

	2013 $'000	2012 $'000
Balance, beginning of year	**235,308**	239,323
Addition	**8,921**	–
Currency translation differences	**2,766**	1,690
Amortisation (Note a)	**(5,914)**	(5,705)
Balance, end of year (Note b and Note c)	**241,081**	235,308

(a) For the year ended 31 December 2013, amortisation of lease premium for land capitalised in construction in progress under property, plant and equipment amounted to HK$3,170,000 (2012: HK$2,961,000).

(b) Included in the net book value as of 31 December 2013 is an amount of HK$124,720,000 (2012: HK$116,204,000) which represents land use rights held by the Group for a piece of land situated in Beijing for development of the Phoenix International Media Centre. The land comprises of approximately 18,822 square metres and an intended total gross floor area of approximately 72,400 square metres. Upon completion of construction, approximately 28,960 square metres are expected to be occupied by the Group for its operations in Beijing and 43,440 square metres to be held for rental income or capital appreciation.

(c) Included in the net book value as of 31 December 2013 is an amount of HK$15,150,000 (2012: HK$15,555,000) which was paid by the Group to the Shenzhen Municipal Bureau of Land Resources and Housing Management ("Land Bureau") pursuant to notification from the 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 meters in the China Phoenix Building in Shenzhen ("Shenzhen Building"). As of 31 December 2013, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate to its entitlement in the Shenzhen Building will be issued in the near future. As at 31 December 2013, the Group's entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas (Note 15(a)).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

15. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold land and building $'000 (Note a)	Leasehold improvements $'000	Furniture and fixtures $'000	Broadcast operations and other equipment $'000	Motor vehicles $'000	LED panels $'000 (Note b)	Aircraft $'000 (Note c)	Construction in progress $'000	Total $'000
Year ended 31 December 2012									
Opening net book amount	151,312	199,477	5,764	255,610	9,795	174,244	96,713	257,525	1,150,440
Currency translation differences	119	928	27	2,029	85	685	–	4,687	8,560
Additions	–	36,005	1,728	129,026	6,650	314	–	188,423	362,146
Disposals	–	–	(55)	(1,376)	–	–	–	–	(1,431)
Depreciation	(4,258)	(43,920)	(2,697)	(83,995)	(3,848)	(23,416)	(7,299)	–	(169,433)
Transfers	18,047	36,963	–	16,190	–	25,720	–	(96,920)	–
Closing net book amount	165,220	229,453	4,767	317,484	12,682	177,547	89,414	353,715	1,350,282
At 31 December 2012									
Cost	183,795	377,180	17,213	647,377	37,935	250,295	100,971	353,715	1,968,481
Accumulated depreciation and impairment	(18,575)	(147,727)	(12,446)	(329,893)	(25,253)	(72,748)	(11,557)	–	(618,199)
Net book amount	165,220	229,453	4,767	317,484	12,682	177,547	89,414	353,715	1,350,282
Year ended 31 December 2013									
Opening net book amount	165,220	229,453	4,767	317,484	12,682	177,547	89,414	353,715	1,350,282
Currency translation differences	176	791	10	2,721	129	4,381	–	9,698	17,906
Additions	2,893	9,860	1,208	94,322	6,149	6,090	–	129,760	250,282
Disposals	–	(7,700)	(37)	(1,491)	–	(1,383)	–	–	(10,611)
Depreciation	(4,441)	(47,190)	(2,452)	(106,800)	(4,206)	(27,524)	(7,299)	–	(199,912)
Impairment	–	–	–	–	–	(1,698)	–	(1,966)	(3,664)
Transfers	–	–	–	2,669	–	39,189	–	(41,858)	–
Closing net book amount	163,848	185,214	3,496	308,905	14,754	196,602	82,115	449,349	1,404,283
At 31 December 2013									
Cost	186,876	376,015	18,273	745,182	41,149	297,699	100,971	449,349	2,215,514
Accumulated depreciation and impairment	(23,028)	(190,801)	(14,777)	(436,277)	(26,395)	(101,097)	(18,856)	–	(811,231)
Net book amount	163,848	185,214	3,496	308,905	14,754	196,602	82,115	449,349	1,404,283

Depreciation expense of approximately HK$141,623,000 (2012: HK$114,710,000) has been charged in "Operating expenses", and approximately HK$58,289,000 (2012: HK$54,723,000) in "Selling, general and administrative expenses".

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

15. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

(a) Included in the net book value as of 31 December 2013 is an amount of HK$26,183,000 (2012: HK$26,883,000) which relates to the Group's entitlement to use 10,000 square meters in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease as at 31 December 2013. As at 31 December 2013, the cost of this capitalised finance lease was HK$30,848,000 (2012: HK$30,848,000) with a net book value of HK$26,183,000 (2012: HK$26,883,000). As at 31 December 2013, the Group was still in the process of obtaining the title certificate to the 8,500 square meters of the entitled areas through the payment of land premium and taxes (See Note 14(c)).

(b) As of 31 December 2013, the Group was still in the process of renewing and obtaining certain licences of LED panels. The Directors are of the opinion that the licences will be obtained in the near future and the risk of non-compliance with laws and regulations is remote.

(c) Included in the net book value as of 31 December 2013 is an amount of HK$82,115,000 (2012: HK$89,414,000) which relates to the aircraft for operation use.

16. INVESTMENT PROPERTIES

	2013 **$'000**	2012 $'000
Balance, beginning of year	**899,134**	685,391
Additions	**147,384**	158,898
Fair value gain	**104,294**	43,807
Currency translation differences	**22,197**	11,038
Balance, end of year	**1,173,009**	899,134

	2013 **$'000**	2012 $'000
Representing:		
Investment property under construction	**1,162,902**	889,208
Investment property	**10,107**	9,926
Balance, end of year	**1,173,009**	899,134

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

16. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties

The Group applied the fair value model, for the accounting of investment properties. Independent valuations of the construction in progress of the Phoenix International Media Centre in the PRC and the commercial property in United Kingdom ("UK") were performed by the valuers, Vigers Appraisal and Consulting Limited and Lambert Smith Hampton respectively, to determine the fair value of the properties as at 31 December 2013 and 31 December 2012. Fair value gains of approximately HK$104,294,000 (2012: HK$43,807,000) are included in the "Other gains/(losses), net" in the consolidated income statement.

(i) Fair value hierarchy

Description	Fair value measurements at 31 December 2013 using significant unobservable inputs (Level 3) $'000
Recurring fair value measurements	
Investment properties	
– Phoenix International Media Centre – The PRC (under construction)	1,162,902
– Commercial – UK	10,107

(ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Finance Department, headed by CFO, reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the Finance Department and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the Finance Department:

- Verifies all major inputs to the independent valuation reports;
- Assess property valuations movements when compared to the prior year valuation reports; and
- Holds discussions with the independent valuers.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

16. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

(iii) Valuation techniques

For the investment property in UK with a carrying amount of HK$10,107,000 (2012: HK$9,926,000), the valuation of the investment property held directly by the Group is made on the basis of the "Market Value" adopted by The Royal Institution of Chartered Surveyors ("RICS"). It is performed in accordance with the RICS Valuation Standards on Properties published by RICS. The valuation is reviewed annually by a qualified valuer by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of similar properties in less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those parties; and (iii) rental income derived from existing tenancies with due provision for reversionary income potential based on market conditions existing at the end of the reporting period.

These methodologies are based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cashflow profile. The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions including open market rents, appropriate capitalisation rate and reversionary income potential. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

In addition, the investment property in the PRC with a carrying value of HK$1,162,902,000 (2012: HK$889,208,000) was in the process of construction or development as of 31 December 2013. The fair value of this investment property under construction is determined using the information from the valuation performed by external professional valuer using the residual method of valuation. The residual method of valuation essentially involves the gross development value assessment of the hypothetical development to be erected on the investment property based on the latest development scheme. The estimated development costs for the hypothetical development including construction costs and professional fees together with allowances on interest payments and developer's profits are deducted from the established gross development value thereof. The resultant figure is then adjusted back to present value as at the valuation date to reflect the existing state of the investment property. The residual site value is then cross-checked with the actual sales or offerings of comparable properties by direct comparison method of valuation whereby comparable properties with similar character, location, sizes and so on are analysed and weighted against all respective advantages and disadvantages of the investment property in order to arrive at a fair comparison of value.

There were no changes in valuation techniques during the year ended 31 December 2013 (2012: none).

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(Amounts expressed in Hong Kong dollars)

16. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

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

Description	Fair value at 31 December 2013 ($'000)	Valuation technique(s)	Unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Phoenix International Media Centre – The PRC (under construction)	1,162,902	Residual method of valuation	Estimated gross development value	HK$31,605 per square metre	The higher the gross development value, the higher the fair value
			Discount rate	6.4%	The higher the discount rate, the lower the fair value
			Estimated legal and marketing expenses	3% on gross development value	The higher the legal and marketing expenses, the lower the fair value
Commercial – UK	10,107	Discounted cash flow	Estimated rental value	HK$3,469 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield	8%	The higher the reversionary yield, the lower the fair value

(v) Quantitative sensitivity analysis

A quantitative sensitivity analysis is shown below:

	Discount rate or reversionary yield 100 basis points higher or lower $'000	Estimated gross development value 5% increase or decrease $'000	Estimated legal and marketing expenses 200 basis points higher or lower on gross development value $'000	Estimated rental value 10% increase or decrease $'000
Phoenix International Media Centre – The PRC (under construction)	5,652	60,321	27,488	N/A
Commercial – UK	1,185	N/A	N/A	961

(b) Borrowing cost

Interest capitalised under the investment property under construction amounted to HK$75,926,000 (2012: HK$47,896,000).

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17. INTANGIBLE ASSETS

	Goodwill $'000	Licenses $'000	Contractual customer relationship $'000	Club debentures $'000	Software $'000	Total $'000
Year ended 31 December 2012						
Opening net book amount	8,733	958	599	2,705	3,744	16,739
Additions	–	–	–	–	552	552
Amortisation	–	(542)	(693)	–	(320)	(1,555)
Currency translation differences	–	–	94	–	–	94
Closing net book amount	8,733	416	–	2,705	3,976	15,830
At 31 December 2012						
Cost	8,733	2,401	1,924	2,705	5,175	20,938
Accumulated amortisation and impairment	–	(1,985)	(1,924)	–	(1,199)	(5,108)
Net book amount	8,733	416	–	2,705	3,976	15,830
Year ended 31 December 2013						
Opening net book amount	8,733	416	–	2,705	3,976	15,830
Amortisation	–	(416)	–	–	(381)	(797)
Currency translation differences	–	–	–	–	18	18
Closing net book amount	8,733	–	–	2,705	3,613	15,051
At 31 December 2013						
Cost	8,733	2,401	1,924	2,705	5,193	20,956
Accumulated amortisation and impairment	–	(2,401)	(1,924)	–	(1,580)	(5,905)
Net book amount	8,733	–	–	2,705	3,613	15,051

Amortisation of approximately HK$416,000 (2012: HK$1,235,000) is included in "Operating expenses", and approximately HK$381,000 (2012: HK$320,000) in "Selling, general and administrative expenses".

An impairment review of the carrying amount of goodwill at 31 December 2013 was performed and no impairment provision is required. For the purpose of impairment testing, goodwill acquired has been allocated to individual cash-generating units (CGUs) identified according to operating segment. The recoverable amount is based on a value in use calculation. There was no impairment charge recognised during the year (2012: Nil).

Certain of the Group's new media subsidiaries are in the process of applying for certain licenses for the operation of their businesses, including internet audio-visual program transmission license and internet news license.

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(Amounts expressed in Hong Kong dollars)

18. INTERESTS IN JOINT VENTURES

	2013 **$'000**	2012 $'000
Unlisted investments, net	**15,741**	10,498
Amounts due from joint ventures, net (Note c)	**15,259**	15,150
	31,000	25,648

The Group's investments in joint ventures are analysed as follows:

	2013 **$'000**	2012 $'000
Unlisted investments, at cost	**19,791**	19,791
Capital contribution	**768**	–
Less: Provision for impairment	**(472)**	(472)
Less: Share of losses of joint ventures	**(4,346)**	(8,821)
Unlisted investments, net	**15,741**	10,498

Details of the joint ventures as at 31 December 2013 were as follows:

Name	**Place and date of incorporation**	**Place of Operation**	**Principal activity**	**Percentage of equity interest held by the Group**	**Issued and fully paid share capital/ registered capital**
China Global Television Limited	British Virgin Islands, 18 October 2001	British Virgin Islands	Dormant	50%	US$2
北京翡翠鳳凰文化投資諮詢有限公司	The PRC, 27 June 2003	The PRC	Dormant	40%	RMB1,250,000
北京同步廣告傳播有限公司 Beijing Simulcast Communication Co. Ltd.* (Note a)	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting industry in the PRC	45%	RMB30,000,000
深圳市優悦文化傳播有限公司	The PRC, 15 December 2010	The PRC	Radio Broadcasting in PRC	50%	RMB 10,000,000
Phoenix U Radio Limited (Note b)	Hong Kong, 24 September 2010	Hong Kong	Radio Broadcasting	22.73%	HK$1,000 (A share) HK$100 (B share)

* *For identification only*

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18. INTERESTS IN JOINT VENTURES (CONTINUED)

Name	Place and date of incorporation	Place of Operation	Principal activity	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
深圳鳳凰城市論壇有限公司 Shenzhen Phoenix City Forum Co., Ltd.*	The PRC, 15 August 2011	The PRC	Organising events and conferences	50%	RMB1,000,000
北京華寶鳳凰文化傳播有限公司 Huabao Phoenix Beijing Cultural Communication Co., Ltd.*	The PRC, 2 September 2013	The PRC	Provision of promotional related services	30%	RMB2,000,000

(a) On 27 May 2008, Hong Kong Phoenix entered into an agreement with 北京廣播公司, 北京同步廣告傳播有限公司 and UPB International Media Limited. Pursuant to the new agreement, the registered capital of 北京同步廣告傳播有限公司 will be increased from RMB30,000,000 to RMB61,348,000. Hong Kong Phoenix shall additionally inject RMB12,000,000 and become owner of 41.57% of the registered capital of the joint venture.

During the year ended 31 December 2013, the agreement was terminated and the joint venture partners had been released from the rights and obligations to inject capital.

(b) On 24 September 2010, the Group set up Phoenix U Radio Limited, a joint venture with certain individuals.

The registered capital of Phoenix U Radio Limited is HK$1,000 for Type A shares and HK$100 for Type B shares. In a contractual arrangement between the Group and the venturers, joint control over the economic activity of the entity is established.

(c) Amounts due from joint ventures

	2013 **$'000**	2012 $'000
Amounts due from joint ventures	**69,567**	40,000
Less: Provision for impairment	**(54,308)**	(24,850)
Amounts due from joint ventures, net	**15,259**	15,150

The carrying amounts of amounts due from joint ventures, net, approximate fair values, as the impact of discounting is not significant.

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18. INTERESTS IN JOINT VENTURES (CONTINUED)

(c) Amounts due from joint ventures (Continued)

Included in the amounts due from joint ventures under non-current assets as of 31 December 2013 is an amount of HK$60,000,000 (2012: HK$40,000,000) receivable from a joint venture. The amount due from this joint venture is interest-bearing, secured by certain assets of this joint venture, and is not repayable within one year after the end of reporting period. The amount due from this joint venture bears interest at 2% plus the best lending rate per annum on HK$ quoted by The Hong Kong and Shanghai Banking Corporation Limited. The average effective interest rate was 7% (2012: 7%). The Group has recorded provision for impairment of HK$22,011,000 (2012: HK$24,850,000), included in "Other gains/(losses), net" for the year ended 31 December 2013, after taking into account the present value of estimated future cash flows from this joint venture.

Included in amounts due from joint ventures under non-current assets as of 31 December 2013 is an amount of HK$9,567,000 (2012: Nil) receivable from a joint venture. The amount due from this joint venture is interest-free, unsecured and not repayable within one year after the end of reporting period. The Group has recorded provision for impairment of HK$3,402,000 (2012: Nil), included in "Other gains/(losses), net" for the year ended 31 December 2013, after taking into account the present value of estimated future cash flows from the joint venture.

The carrying amounts of the Group's amounts due from joint ventures are denominated in the following currencies:

	2013	2012
	$'000	$'000
HK$	**60,000**	40,000
RMB	**9,567**	–
	69,567	40,000

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(Amounts expressed in Hong Kong dollars)

18. INTERESTS IN JOINT VENTURES (CONTINUED)

(d) Aggregate information of joint ventures that are individually immaterial

The Group has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2013 $'000	2012 $'000
The Group's share of profits and total comprehensive income	**4,475**	3,644
Aggregate carrying amount of the Group's interests in these joint ventures	**15,741**	10,498

(e) As at 31 December 2013, there are no commitments and contingent liabilities relating to the Group's interests in joint ventures (2012: RMB12,000,000 (Note a)).

19. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are analysed as follows:

	2013 $'000	2012 $'000
Unlisted investments, at cost	**5,564**	5,564
Capital contribution	**15,564**	–
Share of profits of associates	**2,058**	215
Unlisted investments, net	**23,186**	5,779

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19. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates as at 31 December 2013 are as follows:

Name	Place and date of incorporation	Place of Operation	Principal activity	Percentage of equity interest held by the Group	Registered capital
深圳市合眾傳媒有限公司	The PRC, 28 October 2008	The PRC	Advertising business	26.46%	RMB10,000,000
匯川創業投資股份有限公司 SinoPlus Venture Capital Corp. (Note a)	Taiwan, 11 September 2013	Taiwan	Cultural development	30%	NTD200,000,000

(a) On 11 September 2013, the Group set up SinoPlus Venture Capital Corp., an associate with certain individuals.

The registered capital of SinoPlus Venture Capital Corp. is NTD200,000,000. In a contractual arrangement between the Group and the venturer, significant influence over the economic activity of the entity is established.

(b) Aggregate information of associates that are individually immaterial

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2013 $'000	2012 $'000
The Group's share of profits and total comprehensive income	**1,843**	15
Aggregate carrying amount of the Group's interests in these associates	**23,186**	5,779

(c) As at 31 December 2013, there are no commitment and contingent liabilities relating to the Group's interests in associates (2012: Nil).

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES

	Company 2013 $'000	2012 $'000
Non-current		
Unlisted shares, at cost (Note a)	**–**	–
Deemed capital contributions arising from share-based compensation	**107,258**	88,640
	107,258	88,640
Current		
Amounts due from subsidiaries, net (Note b)	**1,002,512**	1,255,441

(a) The following is a list of the subsidiaries at 31 December 2013:

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Satellite Television Company Limited	Hong Kong, limited liability company	Hong Kong	Provision of management and related services	100%	HK$20
Phoenix Satellite Television (Chinese Channel) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
Phoenix Satellite Television (Movies) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
Phoenix Satellite Television Trademark Limited	British Virgin Islands, limited liability company	British Virgin Islands	Trademark holding	100%	US$1
Phoenix Satellite Television (Europe) Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
PCNE Holdings Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	70%	US$1,000
Phoenix Chinese News & Entertainment Limited	The United Kingdom, limited liability company	The United Kingdom	Satellite television broadcasting	70%	£9,831,424
Phoenix Satellite Television Information Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	52.97%	US$1

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Satellite Television (B.V.I.) Holding Limited (Note a (ii))	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Phoenix Weekly Magazine (BVI) Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Hong Kong Phoenix Weekly Magazine Limited	Hong Kong, limited liability company	Hong Kong	Publishing and distribution of periodicals	77%	HK$100
Phoenix Satellite Television (InfoNews) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
Phoenix Satellite Television Development (BVI) Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Phoenix Satellite Television Development Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$2
鳳凰影視(深圳)有限公司 Phoenix Film and Television (Shenzhen) Company Limited*	The PRC, limited liability company	The PRC	Ancillary services for programme production	60%	HK$10,000,000
Phoenix Satellite Television (Universal) Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Phoenix Satellite Television (U.S.), Inc.	The United States of America, limited liability company	The United States of America	Provision of management and promotional related services	100%	US$1
Phoenix Satellite Television (Taiwan) Limited	British Virgin Islands, limited liability company	Taiwan	Programme production	100%	US$1
Phoenix Satellite Television Investments (BVI) Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Hong Kong Phoenix Satellite Television Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$2

* *For identification only*

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Glow Limited	British Virgin Islands, limited liability company	British Virgin Islands	Provision of agency services	100%	US$1
深圳市梧桐山電視廣播有限公司 Shenzhen Wutong Shan Television Broadcasting Limited*	The PRC, limited liability company	The PRC	Programme production	54%	RMB5,000,000
Phoenix Global Television Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
鳳凰在線(北京)信息技術有限公司 Fenghuang On-line (Beijing) Information Technology Company Limited*	The PRC, limited liability company	The PRC	Internet services	52.97%	US$11,850,000
Phoenix Pictures Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix Media and Broadcast Sdn Bhd	Malaysia, limited liability company	Malaysia	Dormant	70%	RM1,000,000
Phoenix Centre (Hong Kong) Limited	Hong Kong, limited liability company	Hong Kong	Property holding	100%	HK$1
Green Lagoon Investments Limited	British Virgin Islands, limited liability company	The PRC	Property holding	100%	US$1
Hong Kong Phoenix Books Culture Publishing Company Limited (formerly known as Phoenix Publications (Hong Kong) Limited)	Hong Kong, limited liability company	The PRC	Publication	100%	HK$1

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Metropolis Media Holdings Limited (formerly known as Phoenix Metropolis Media Company Limited)	Hong Kong, limited liability company	The PRC	Outdoor media business	100%	HK$400
Phoenix Satellite Television Company Limited	British Virgin Islands, limited liability company	The PRC	Property holding	100%	US$1
Phoenix New Media Limited	Cayman Islands, limited liability company	The PRC	Investment holding	52.97%	US$2,840,149 (Class A Ordinary shares) US$3,173,254 (Class B Ordinary shares)
鳳凰都市傳媒科技股份有限公司(前稱鳳凰都市(北京)廣告傳播有限公司) Phoenix Metropolis Media Technology Co. Ltd. (formerly known as Phoenix Metropolis Media (Beijing) Company Limited)* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB154,000,000
鳳凰衛視都市傳媒(上海)有限公司 Phoenix Metropolis Media (Shanghai) Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB22,072,992
鳳凰衛視都市傳媒(杭州)有限公司 Phoenix Metropolis Media (Hangzhou) Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB8,857,320

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
深圳鳳凰都市廣告傳播有限公司 Shenzhen Phoenix Metropolis Media Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB35,000,000
鳳凰都市傳媒(廣州)有限公司 Phoenix Metropolis Media (Guangzhou) Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB3,000,000
江蘇鳳凰都市傳媒有限公司 Jiangsu Phoenix Metropolis Media Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB15,000,000
鳳凰都市傳媒(四川)有限公司 Phoenix Metropolis Media (Sichuan) Company Limited* (Note d)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB8,794,992
鳳凰東方(北京)置業有限公司 Phoenix Oriental (Beijing) Properties Company Limited*	The PRC, limited liability company	The PRC	Property holding	50%	RMB300,000,000
PNACC Television (Canada) Inc.	Canada, limited liability company	Vancouver, British Columbia, Canada	Dormant	100%	CAD100
Phoenix Metropolis Media Co. Ltd.	Hong Kong, limited liability company	The PRC	Outdoor media business	100%	HK$10,000

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Radio Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix Satellite Télévision (France) SAS	France, limited liability company	France	Satellite television broadcasting	100%	EUR250,000
北京天盈九州網絡技術有限公司 Beijing Tianying Jiuzhou Network Technology Co. Ltd.* (Note a(iii))	The PRC, limited liability company	The PRC	Internet contents provision	52.97%	RMB10,000,000
怡豐聯合(北京)科技有限責任公司 Yifeng Lianhe (Beijing) Technology Co. Ltd.* (Note a(iii))	The PRC, limited liability company	The PRC	Tele-communications business contents provision	52.97%	RMB10,000,000
北京天盈創智廣告有限公司 Beijing Tianying Changzhi Advertising Co. Ltd.*	The PRC, limited liability company	The PRC	Internet contents provision	52.97%	RMB5,000,000
PSTV, LLC	The United States of America. limited liability company	The United States of America	Property holding	100%	US$5,000,000
鳳凰都市文化傳播(北京)有限公司 Phoenix Metropolis Communication (Beijing) Co., Ltd*	The PRC, limited liability company	The PRC	Outdoor media business	100%	RMB76,922,334
鳳凰和信文化諮詢(北京)有限公司 Phoenix Cultural Consult (Beijing) Co., Ltd*	The PRC, limited liability company	The PRC	Radio boardcasting	100%	RMB1,000,000

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
北京滙播廣告傳媒有限公司	The PRC, limited liability company	The PRC	Radio Boardcasting	100%	RMB19,000,000
Feng Huang Air Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix (UK) Properties Company Limited	Hong Kong, limited liability company	Hong Kong	Properties holding	100%	HK$1
Phoenix Satellite Television (Hong Kong Channel) Limited	Hong Kong, limited liability company	Hong Kong	Television broadcasting	100%	HK$1
Phoenix New Media (Hong Kong) Company Limited	Hong Kong, limited liability company	Hong Kong	New media	52.97%	HK$1
Peak Apex Limited	British Virgin Islands, limited liability company	Hong Kong	Aircraft chartering services	100%	US$1
Wei Fu Investments Limited	British Virgin Islands, limited liability company	Hong Kong	Investment holding	100%	US$1
Phoenix Research & Development Limited	British Virgin Islands, limited liability company	Hong Kong	Research and development	100%	US$1
Phoenix Industrial Development Centre Limited	Hong Kong, limited liability company	Hong Kong	Research and development	100%	HK$1
Phoenix Research Institute Limited	Hong Kong, company limited by guarantee	Hong Kong	Research and development	100%	–
Phoenix Culture Industrial Development Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix Culture Creation Development Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1

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20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Culture Creation Management Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1
Phoenix Culture Creation Industrial Investment Management Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1
北京鳳凰于天軟件技術有限公司 Beijing Fenghuang Yutian Software Technology Co., Ltd.*	The PRC, limited liability company	The PRC	New Media	52.97%	RMB5,000,000
北京繼融文華文化傳播有限公司 Beijing Jirong Wenhua Culture Communication Co., Ltd.*	The PRC, limited liability company	The PRC	New Media	52.97%	RMB5,000,000
鳳凰衛視文化產業發展(上海)有限公司	The PRC, limited liability company	The PRC	Cultural development	100%	RMB25,000,000
天津鳳凰銘道文化傳播有限公司 Tianjin Fenghuang Mingdao Culture Communication Co., Ltd.*	The PRC, limited liability company	The PRC	New Media	52.97%	RMB2,000,000
北京鳳凰天博網絡技術有限公司 Beijing Fenghuang Tianbo Network Technology Co., Ltd.* (Note 39(b))	The PRC, limited liability company	The PRC	New Media	27.01%	RMB1,960,000
北京天盈創展文化傳播有限公司 Beijing Tianying Chuangzhan Culture Communication Co., Ltd.*	The PRC, limited liability company	The PRC	New Media	52.97%	RMB5,000,000
Phoenix FM Limited	Cayman Islands, limited liability company	Cayman Islands	New Media	52.97%	US$0.01

* *For identification only*

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(a) The following is a list of the subsidiaries at 31 December 2013: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix FM (Hong Kong) Company Limited	Hong Kong, limited liability company	Hong Kong	New Media	52.97%	HK$1
Phoenix International Education Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	60%	HK$500,000
Phoenix Education Development Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix Overseas Infonews Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰飛揚(北京)新媒體信息技術有限公司 Fenghuang Feiyang (Beijing) New Media Information Technology Co., Ltd*	The PRC, limited liability company	The PRC	New Media	52.97%	RMB10,000

Notes:

i. Feng Huang Air, LLC was cancelled on 9 March 2012.

ii. Phoenix Satellite Television (B.V.I.) Holding Limited is directly held by the Company, while all other subsidiaries are indirectly held by the Company through Phoenix Satellite Television (B.V.I.) Holding Limited.

iii. Through entering various contractual arrangements with the registered equity holders of Beijing Tianying Jiuzhou Network Technology Co. Ltd ("Tianying") and Yifeng Lianhe (Beijing) Technology Co. Ltd. ("Yifeng"), the Group has acquired control over Tianying and Yifeng effective 31 December 2009. Accordingly, Tianying and Yifeng are accounted for as subsidiaries of the Group and are consolidated from 31 December 2009, date of acquisition of control.

(b) Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand. The carrying amounts of amounts due from subsidiaries approximate their fair values as the impact of discounting is not significant.

(c) The Company has undertaken to provide the necessary financial resources to support the future operations of the subsidiaries within the Group. The Directors are of the opinion that the underlying value of the subsidiaries was not less than the carrying amount of the subsidiaries as at 31 December 2013.

(d) The Group has assessed the existence of control over these subsidiaries where it does not have more than 50% of the voting power but is able to govern the financial and operating policies of these subsidiaries by virtue of de-facto control.

(e) Cash and short-term deposits of HK$1,294,264,000 (2012: HK$736,649,000) held in the PRC are subject to local exchange control regulations. These local exchange regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

* *For identification only*

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests

The total non-controlling interests as at 31 December 2013 are HK$1,591,384,000 (2012: HK$1,390,074,000), of which HK$331,431,000 (2012: HK$299,833,000) is attributed to PMM Beijing and its subsidiaries (collectively referred to as "PMM Group"); HK$941,615,000 (2012: HK$814,594,000) is attributed to Phoenix New Media Limited ("PNM") and its subsidiaries (collectively referred to as "PNM Group"); and HK$304,882,000 (2012: HK$263,795,000) is attributed to Phoenix Oriental (Beijing) Properties Company Limited ("Phoenix Oriental"). The non-controlling interests in respect of other subsidiaries in which the Group holds less than 100% are not material.

Set out below are the summarised financial information for PMM Group, PNM Group and Phoenix Oriental that have non-controlling interests that are material to the Group. See Note 39 for transactions with non-controlling interests.

Summarised balance sheet

	PMM Group		PNM Group		Phoenix Oriental	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current assets	**438,793**	437,472	**2,417,874**	1,916,153	**32,637**	143,960
Current liabilities	**(225,546)**	(98,660)	**(578,283)**	(400,221)	**(843,694)**	(366,900)
Net current assets	**213,247**	338,812	**1,839,591**	1,515,932	**(811,057)**	(222,940)
Non-current assets	**395,330**	211,744	**184,989**	186,496	**1,703,085**	1,320,636
Non-current liabilities	**–**	–	**(15,566)**	(9,941)	**(282,264)**	(570,106)
Net non-current assets	**395,330**	211,744	**169,423**	176,555	**1,420,821**	750,530
Net assets	**608,577**	550,556	**2,009,014**	1,692,487	**609,764**	527,590
Non-controlling interests within PMM Group/PNM Group/ Phoenix Oriental	**–**	–	**(6,856)**	–	**–**	–
Net assets attributable to owners of PMM Group/PNM Group/ Phoenix Oriental	**608,577**	550,556	**2,002,158**	1,692,487	**609,764**	527,590
Non-controlling interests (54.46% (2012: 54.46%); 47.03% (2012: 48.13%); 50.00% (2012: 50.00%))	**331,431**	299,833	**941,615**	814,594	**304,882**	263,795

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

20. INTERESTS IN AND AMOUNTS DUE FROM SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests (Continued)

Summarised income statement and statement of comprehensive income

	PMM Group		PNM Group		Phoenix Oriental	
	2013	2012	**2013**	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**612,823**	512,362	**1,751,100**	1,382,433	**–**	–
Profit before income tax	**100,006**	111,567	**419,851**	148,376	**91,638**	31,546
Income tax expense	**(35,845)**	(33,141)	**(47,520)**	(20,947)	**(26,050)**	(10,926)
Profit after income tax	**64,161**	78,426	**372,331**	127,429	**65,588**	20,620
Other comprehensive loss	**–**	–	**(29,185)**	(2,431)	**–**	–
Profit and total comprehensive income for the year	**64,161**	78,426	**343,146**	124,998	**65,588**	20,620
Total comprehensive income for the year attributable to non-controlling interests within PMM Group/PNM Group/ Phoenix Oriental	**–**	–	**(20)**	–	**–**	–
Total comprehensive income for the year attributable to owners of PMM Group/ PNM Group/Phoenix Oriental	**64,161**	78,426	**343,126**	124,998	**65,588**	20,620
Total comprehensive income allocated to non-controlling interests	**34,942**	42,711	**162,024**	60,924	**32,794**	10,310
Dividends paid to non-controlling interests	**10,470**	9,291	**–**	–	**–**	–

Summarised cash flows

	PMM Group	PNM Group	Phoenix Oriental
	2013	**2013**	**2013**
	$'000	**$'000**	**$'000**
Cash flows from operating activities			
Cash generated from operations	133,392	467,553	13,260
Income tax paid	(33,081)	(24,940)	–
Net cash generated from operating activities	100,311	442,613	13,260
Net cash (used in)/generated from investing activities	(57,597)	142,104	(233,702)
Net cash (used in)/generated from financing activities	(19,598)	(81,909)	104,419
Net increase/(decrease) in cash and cash equivalents	23,116	502,808	(116,023)
Cash and cash equivalents at beginning of year	151,528	1,165,917	150,166
Exchange losses on cash and cash equivalents	–	(3,989)	–
Cash and cash equivalents at end of year	174,644	1,664,736	34,143

The information above is the amount before inter-company eliminations.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

21. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group

	Loans and receivables $'000	Financial assets at fair value through profit and loss $'000	Available-for-sale $'000	Total $'000
Assets as per consolidated balance sheet				
31 December 2013				
Available-for-sale financial assets	–	–	962	962
Financial assets at fair value through profit or loss (Note 27)	–	25,689	–	25,689
Bank deposits (Note 28)	329,506	–	–	329,506
Accounts receivable (Note 23)	673,874	–	–	673,874
Other receivables (Note 24)	759,815	–	–	759,815
Amounts due from related companies (Note 26)	103,283	–	–	103,283
Amounts due from joint ventures (Note 18)	15,259	–	–	15,259
Restricted cash (Note 29)	13,729	–	–	13,729
Cash and cash equivalents (Note 30)	3,333,076	–	–	3,333,076
Total	5,228,542	25,689	962	5,255,193
31 December 2012				
Available-for-sale financial assets	–	–	962	962
Financial assets at fair value through profit or loss (Note 27)	–	24,819	–	24,819
Bank deposits (Note 28)	403,283	–	–	403,283
Accounts receivable (Note 23)	567,949	–	–	567,949
Other receivables (Note 24)	661,683	–	–	661,683
Amounts due from related companies (Note 26)	84,193	–	–	84,193
Amount due from a joint venture (Note 18)	15,150	–	–	15,150
Restricted cash (Note 29)	991	–	–	991
Cash and cash equivalents (Note 30)	2,710,468	–	–	2,710,468
Total	4,443,717	24,819	962	4,469,498

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

21. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial liabilities at amortised cost $'000
Liabilities as per consolidated balance sheet	
31 December 2013	
Accounts payable, other payables and accruals (Note 35)	796,390
Amounts due to related companies (Note 26)	–
Borrowings	
– Secured bank borrowings (Note 36(a))	606,600
– Loans from non-controlling shareholders of a subsidiary (Note 36(b))	138,627
Total	1,541,617
31 December 2012	
Accounts payable, other payables and accruals (Note 35)	596,659
Amounts due to related companies (Note 26)	1,124
Borrowings	
– Secured bank borrowings (Note 36(a))	594,297
– Loans from non-controlling shareholders of a subsidiary (Note 36 (b))	35,931
Total	1,228,011

Company

	Loans and receivables $'000
Assets as per balance sheet	
31 December 2013	
Cash and cash equivalents (Note 30)	1,722
Amounts due from a subsidiaries, net (Note 20)	1,002,512
	1,004,234
31 December 2012	
Cash and cash equivalents (Note 30)	2,432
Amounts due from a subsidiaries, net (Note 20)	1,255,441
	1,257,873

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

21. FINANCIAL INSTRUMENTS BY CATEGORIES (CONTINUED)

	Financial liabilities at amortised cost $'000
Liabilities as per balance sheet	
31 December 2013	
Other payables and accruals (Note 35(b))	343
31 December 2012	
Other payables and accruals (Note 35(b))	445

22. CREDIT QUALITY OF FINANCIAL ASSETS

Group

The credit quality of financial assets can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Accounts receivable

	2013 $'000	2012 $'000
Counterparties without external credit rating		
Group 1	**54,799**	67,437
Group 2	**670,492**	543,704
	725,291	611,141

Other receivables

	2013 $'000	2012 $'000
Counterparties without external credit rating		
Group 1	**6,626**	2,535
Group 2	**753,189**	659,148
	759,815	661,683

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

22. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Amounts due from related companies

	2013 **$'000**	2012 $'000
Counterparties without external credit rating		
Group 2	**103,283**	84,193

Group 1 – new customers (less than 6 months) with no business relationships in the past.

Group 2 – existing customers with no defaults in the past.

Cash and cash equivalents

Ratings by rating agencies of banks at which cash and deposits are held

	Group		**Company**	
	2013 **$'000**	2012 $'000	**2013** **$'000**	2012 $'000
AA –	**13**	40	**–**	–
A+	**574,064**	594,800	**1,667**	2,378
A	**10,961**	92,818	**55**	54
A–	**918,912**	572,984	**–**	–
BBB+	**1,666,808**	1,183,397	**–**	–
BBB	**82**	1,612	**–**	–
Others (Note a)	**161,225**	263,657	**–**	–
	3,332,065	2,709,308	**1,722**	2,432

Note a: Others represented cash held at banks without credit rating. These banks are reputable banks with no defaults in the past.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

22. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Restricted cash

	2013 $'000	2012 $'000
A+	**748**	743
A	**255**	248
BBB+	**12,726**	–
	13,729	991

Available-for-sale financial assets

	2013 $'000	2012 $'000
Others	**962**	962

Bank deposits

	2013 $'000	2012 $'000
A+	**25,412**	–
A	**5,727**	–
BBB+	**298,367**	403,283
	329,506	403,283

Financial assets at fair value through profit or loss

	2013 $'000	2012 $'000
A+	**25,689**	24,819

None of the financial assets that are fully performing has been renegotiated during the year (2012: Nil).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

23. ACCOUNTS RECEIVABLE, NET

	2013 $'000	2012 $'000
Accounts receivable	**725,291**	611,141
Less: Provision for impairment	**(51,417)**	(43,192)
	673,874	567,949

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 24). 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 2013, the ageing analysis of the accounts receivable from customers was as follows:

	2013 $'000	2012 $'000
0-30 days	**206,429**	161,854
31-60 days	**157,764**	121,221
61-90 days	**88,961**	80,909
91-120 days	**82,687**	66,509
Over 120 days	**189,450**	180,648
	725,291	611,141
Less: Provision for impairment	**(51,417)**	(43,192)
	673,874	567,949

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

23. ACCOUNTS RECEIVABLE, NET (CONTINUED)

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

	2013 **$'000**	2012 $'000
RMB	**714,970**	596,118
US$	**7,808**	9,802
UK pound	**2,489**	5,221
Other currencies	**24**	–
	725,291	611,141

Movements on the Group's provision for impairment of accounts receivable are as follows:

	2013 **$'000**	2012 $'000
At 1 January	**43,192**	11,388
Provision for impairment	**15,837**	46,755
Receivables written off during the year as uncollectible	**(8,916)**	(14,963)
Reversal of provision for impairment	**–**	(359)
Currency translation differences	**1,304**	371
At 31 December	**51,417**	43,192

The creation and release of provision for impaired accounts receivables have been included in "Selling, general and administrative expenses" in the consolidated income statement (Note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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 approximately HK$15,837,000 (2012: HK$46,755,000) for the impairment of its accounts receivable for the year ended 31 December 2013. The loss has been included in "Selling, general and administrative expenses" in the consolidated income statement. The Group has written off approximately HK$8,916,000 (2012: HK$14,963,000) of accounts receivable against the provision for impairment of accounts receivable made in prior years during the year.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

23. ACCOUNTS RECEIVABLE, NET (CONTINUED)

As at 31 December 2013, accounts receivable of approximately HK$182,032,000 (2012: HK$227,134,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	2013 **$'000**	2012 $'000
0-30 days	**62,295**	83,329
31-60 days	**33,572**	40,247
61 – 90 days	**20,216**	17,561
91-120 days	**15,000**	22,616
Over 120 days	**50,949**	63,381
	182,032	227,134

The maximum exposure to credit risk at the reporting date is the carrying value mentioned above. Refer to Note 3(d) for collaterals held by the Group.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013 **$'000**	2012 $'000
Prepayment and deposits	**198,821**	141,515
Other receivables	**759,815**	661,683
	958,636	803,198
Less: Non-current portion	**(61,956)**	(53,782)
Current portion	**896,680**	749,416

Included in other receivables is an amount of approximately RMB464,858,000 (HK$591,578,000) (2012: RMB408,189,000 (HK$507,501,000)) owing from an advertising agent, Shenzhou, in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group. The balance is unsecured and bears interest at prevailing bank interest rates.

Pursuant to a service agreement signed between Shenzhou and the Group dated 12 March 2002, Shenzhou agreed to deposit the advertising revenue it had collected prior to the execution of that agreement and to be collected in the future in one or more than one specific trust bank accounts in the PRC, which together with any interest generated from such bank account(s) (based on prevailing commercial interest rates) would be held in trust on behalf of the Group and handled according to the Group's instructions. No additional interest will be charged by the Group on the balance.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

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 RMB464,858,000 (HK$591,578,000) as at 31 December 2013 (2012: approximately RMB408,189,000 (HK$507,501,000)) is fully recoverable and no provision is required. The balance is repayable on demand and is not pledged.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

As at 31 December 2013, other receivables of HK$759,815,000 (2012: HK$661,683,000) were past due but not impaired. These relate to Shenzhou and a number of independent debtors for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	2013 **$'000**	2012 $'000
Up to 90 days	**643,548**	573,711
91 to 180 days	**30,168**	25,427
Over 180 days	**86,099**	62,545
	759,815	661,683

The carrying amounts of the Group's other receivables are denominated in the following currencies:

	2013 **$'000**	2012 $'000
RMB	**721,981**	564,434
US$	**698**	34,958
HK$	**34,098**	59,752
UK pound	**3,003**	1,926
Other currencies	**35**	613
	759,815	661,683

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2013, other receivables of HK$25,071,000 (2012: HK$13,799,000) were impaired. The Group has recorded provision for impairment of HK$11,272,000 (2012: HK$13,799,000) included in "Operating expenses" (2012: "Other (losses)/gains, net") for the year, after taking into account the present value of the estimated future cash flows from these receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of the prepayments, deposits and other receivables mentioned above. The Group does not hold any collateral as security.

25. INVENTORIES

	2013 **$'000**	2012 $'000
Decoder devices and satellite receivers	**3,200**	3,618
Premium	**5,191**	4,752
	8,391	8,370

The cost of inventories sold of approximately HK$1,782,000 for the year ended 31 December 2013 (2012: HK$3,524,000) is charged to the consolidated income statement.

26. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2013 **$'000**	2012 $'000
Amounts due from related companies		
– CMCC (Note a)	**92,945**	67,753
– STARL (Note b)	**–**	10,523
– Joint ventures (Note c)	**3,017**	5,879
– An associate (Note d)	**7,283**	–
– Other related companies	**38**	38
	103,283	84,193
Amounts due to related companies	**–**	1,124

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

26. AMOUNTS DUE FROM/TO RELATED COMPANIES (CONTINUED)

At 31 December 2013, the ageing analysis of the amounts due from/to related companies, were as follows:

	2013	2012
	$'000	$'000
Amounts due from related companies		
0 – 90 days	**57,428**	40,196
91 – 120 days	**7,588**	24,194
over 120 days	**38,267**	19,803
	103,283	84,193
Amounts due to related companies		
0 – 90 days	**–**	1,124

The carrying amounts of the Group's amounts due from/to related companies, are denominated in the following amounts

	2013	2012
	$'000	$'000
Amounts due from related companies		
RMB	**94,116**	71,739
HK$	**1,884**	1,931
US$	**7,283**	10,523
	103,283	84,193
Amounts due to related companies		
US$	**–**	1,124

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

26. AMOUNTS DUE FROM/TO RELATED COMPANIES (CONTINUED)

(a) As at 31 December 2013, amount due from China Mobile Communications Corporation ("CMCC") and its subsidiaries ("CMCC Group"), a substantial shareholder of the Company, is approximately HK$92,945,000 (2012: HK$67,753,000) (Note 41 (i)(j)). Extra Step Investments Limited, a subsidiary of the CMCC Group, is a substantial shareholder of the Company.

(b) As at 31 December 2012, amount due from Satellite Televisions Asia Region Limited ("STARL") was HK$10,523,000. STARL is a subsidiary of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.) ("Star Entertainment"), a former substantial shareholder of the Company (Note 41 (i)(a)).

(c) Included in amounts due from joint ventures as of 31 December 2012 was a receivable HK$6,860,000 from a joint venture. The Group recorded provision for impairment of HK$4,045,000, included in "Other gains/(losses), net", for the year ended 31 December 2012, after taking into account the present value of estimated future cash flows from the joint venture.

(d) As at 31 December 2013, the gross amount due from the associate is HK$12,196,000 (2012: Nil). The Group recorded provision for impairment of HK$4,913,000 (2012: Nil), included in "Other gains/(losses), net" for the year, after taking into account the present value of the estimated cash flows from the associate.

(e) The outstanding balances with related companies are aged less than one year and are unsecured, non-interest bearing and repayable on demand (2012: same).

The carrying amounts of amounts due from/to related companies approximate their fair values as the impact of discounting is not significant.

The maximum exposure of amounts due from related companies to credit risk at the reporting date is the carrying value mentioned above.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 **$'000**	2012 $'000
Trading securities		
– Listed equity securities	**25,689**	24,819

As at 31 December 2013, the financial assets at fair value through profit and loss represent the shares of HSBC of HK$25,689,000 (2012: HK$24,819,000).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Changes in fair values of financial assets at fair value through profit or loss of HK$870,000 (2012: HK$ 6,808,000) are recognised in "Other gains/(losses), net" in the consolidated income statement (Note 6).

These shares are held for trading. The fair value of these shares is based on the current bid prices in an active market. As at 31 December 2013, the closing price of the shares of HSBC was HK$84.15 (2012: HK$81.3). 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$12,844,000 (2012: HK12,409,000) higher/lower.

28. BANK DEPOSITS

	2013	2012
	$'000	$'000
Short-term deposits (Note a)	**253,270**	403,283
Structured deposits (Note b)	**76,236**	–
	329,506	403,283

(a) Short-term bank deposits represents bank deposits with a maturity date exceeding 90 days but not exceeding 1 year from the date of making the deposit. The carrying amounts of bank deposits are denominated in the following currencies:

	2013	2012
	$'000	$'000
RMB	**146,857**	292,175
US$	**182,649**	111,108
	329,506	403,283

(b) Structured deposits are currency linked deposits with maturity dates ranging from 3 to 6 months from the date of making the deposits. On the maturity dates, the interest rates on the structured deposits range from 0% to 6% per annum depending on the exchanges rates between RMB and US$. The carrying amounts of structured deposits are denominated in RMB.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

29. RESTRICTED CASH

Restricted cash represents funds pledged to banks to secure banking guarantee and advance payment.

	Group	
	2013	2012
	$'000	$'000
RMB	**12,981**	249
UK pound	**748**	742
	13,729	991

30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**1,439,910**	1,622,645	**1,722**	2,432
Short-term bank deposits	**1,893,166**	1,087,823	**–**	–
	3,333,076	2,710,468	**1,722**	2,432
Maximum exposure to credit risk	**3,332,065**	2,709,308	**1,722**	2,432
Denominated in:				
– HK$	**60,234**	109,189	**1,599**	2,309
– RMB	**2,118,190**	1,580,489	**–**	–
– US$	**1,144,762**	1,008,303	**123**	123
– Other currencies	**9,890**	12,487	**–**	–
	3,333,076	2,710,468	**1,722**	2,432

Cash and cash equivalents include cash at bank and on hand and short-term bank deposits with an original maturity of three months or less for the purpose of the consolidated statement of cash flows.

31. BANKING FACILITIES

As at 31 December 2013, the Group has undrawn banking facilities of HK$115,898,000 (2012: HK$14,090,000).

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

32. SHARE CAPITAL

	2013 Number of shares	2013 Amount $'000	2012 Number of shares	2012 Amount $'000
Authorised:				
Ordinary share of $0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
At 1 January	**4,993,585,500**	**499,358**	4,992,985,500	499,298
Exercise of share options	**3,602,000**	**360**	600,000	60
At 31 December	**4,997,187,500**	**499,718**	4,993,585,500	499,358

33. SHARE-BASED COMPENSATION

(a) Share options of the Company

The Company has several share option schemes under which it may grant options to employees of the Group (including executive Directors of the Company) to subscribe for shares of the Company. Options are granted and exercisable in accordance with the terms set out in the relevant schemes. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013 Average exercise price in HK$ per share	2013 Options '000	2012 Average exercise price in HK$ per share	2012 Options '000
At 1 January	**2.78**	**114,868**	2.77	116,608
Exercised	**1.33**	**(3,602)**	0.79	(600)
Lapsed	**2.92**	**(1,370)**	2.92	(1,140)
At 31 December	**2.82**	**109,896**	2.78	114,868

As at 31 December 2013, out of the 109,896,000 (2012: 114,868,000) outstanding options, 58,466,000 (2012: 35,593,500) were exercisable. Options exercised in 2013 resulted in 3,602,000 (2012: 600,000) shares being issued at HK$1.33 each (2012: HK$0.79). The related weighted average share price at the time of exercise was HK$2.90 (2012: HK$2.96) per share.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

33. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Share options 2013 '000	2012 '000
25 March 2017	1.45	**5,182**	6,470
21 July 2019	1.17	**1,854**	4,048
8 March 2021	2.92	**100,070**	101,560
27 June 2021	3.06	**2,790**	2,790
		109,896	114,868

(b) Share options of PNM

PNM has a share option scheme under which it may grant options to the executives, employees, directors, consultants, advisers, agents, business partners, joint venture partners, service providers and contractors of PNM and/or its affiliates ("PNM Share Option Scheme"). Options are granted and exercisable in accordance with terms set out in the PNM Share Option Scheme. PNM has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2013		2012	
	Average exercise price in US$ per share	**Options '000**	Average exercise price in US$ per share	Options '000
At 1 January	**0.03215**	**13,997**	0.03215	19,342
Granted	**0.58377**	**30,733**	–	–
Lapsed	**0.44330**	**(1,409)**	0.03215	(457)
Exercised	**0.03215**	**(3,551)**	0.03215	(4,888)
At 31 December	**0.44385**	**39,770**	0.03215	13,997

As at 31 December 2013, out of the 39,770,000 (2012: 13,997,000) outstanding options, 10,223,000 (2012: 13,017,000) were exercisable. Options exercised in 2013 resulted in 3,551,000 (2012: 4,888,000) shares being issued at US$0.03215 each (2012: US$0.03215). The related weighted average share price at the time of exercise was US$1.06 (2012: US$0.67) per share.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

33. SHARE-BASED COMPENSATION (CONTINUED)

(b) Share options of PNM (Continued)

Management estimate the fair values of options at the grant dates. The fair values of the options were determined using the Black-Scholes model. The key assumptions used in the valuation of the fair value of the options granted on respective dates are set out in the below table.

Date of grant	15 March 2013	23 May 2013	1 October 2013	8 October 2013	10 December 2013
Fair value of share options (US$)	0.29895	0.37349	0.96150	1.09980	0.66090
Closing share price at grant date (US$)	0.51250	0.61125	1.40625	1.57750	1.15750
Exercise price per share (US$)	0.44593	0.46565	0.78670	0.82490	1.08443
Annual risk-free interest rate (%)	1.54%	1.60%	1.87%	1.88%	1.71%
Expected life of options (years)	6.16	6.16	6.16	6.16	6.16
Expected volatility (%)	58.1%	57.6%	58.2%	58.2%	58.4%

Share options outstanding at the end of the year have the following expiry dates and exercise prices.

Expiry date	Exercise price in US$ per share	Share options 2013 '000	Share options 2012 '000
25 May 2018	0.03215	**10,437**	13,997
14 March 2023	0.44593	**17,308**	–
22 May 2023	0.46565	**4,800**	–
30 September 2023	0.78670	**150**	–
7 October 2023	0.82490	**6,175**	–
9 December 2023	1.08443	**900**	–
		39,770	13,997

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

33. SHARE-BASED COMPENSATION (CONTINUED)

(c) Restricted share units and restricted shares of PNM

On 15 March 2011, PNM adopted the restricted share unit ("RSU") and restricted share ("RS") scheme.

Movement in RSU during the year is as follows:

	2013 RSU '000	2012 RSU '000
At 1 January	**1,687**	4,257
Vested	**(1,156)**	(1,967)
Lapsed	**(105)**	(603)
At 31 December	**426**	1,687

Movement in RS during the year is as follows:

	2013 RS '000	2012 RS '000
At 1 January	**4,760**	9,712
Vested	**(2,865)**	(4,702)
Lapsed	**(1,050)**	(250)
At 31 December	**845**	4,760

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

34. RESERVES

Movement in the reserves of the Company during the year was as follows:

	Share premium $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Total $'000
At 31 December 2011	29,804	49,808	944,430	1,024,042
Exercise of share options	414	–	–	414
Lapse of share options	231	(231)	–	–
Loss for the year	–	–	(4,403)	(4,403)
Dividends related to 2011	–	–	(209,731)	(209,731)
Share-based compensation expenses	–	36,388	–	36,388
At 31 December 2012	**30,449**	**85,965**	**730,296**	**846,710**
Exercise of share options	5,762	(1,337)	–	4,425
Lapse of share options	618	(618)	–	–
Loss for the year	–	–	(3,529)	(3,529)
Dividends related to 2012	–	–	(254,793)	(254,793)
Share-based compensation expenses	–	18,618	–	18,618
At 31 December 2013	**36,829**	**102,628**	**471,974**	**611,431**

35. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

(a) Group

	2013 $'000	2012 $'000
Accounts payable	**332,532**	237,568
Other payables and accruals	**476,597**	373,800
	809,129	611,368
Less: Non-financial liabilities	**(12,739)**	(14,709)
	796,390	596,659

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

35. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Group (Continued)

At 31 December 2013, the ageing analysis of the accounts payable was as follows:

	2013 **$'000**	2012 $'000
0-30 days	**168,498**	104,163
31-60 days	**44,126**	19,729
61-90 days	**14,227**	11,482
91-120 days	**21,509**	18,883
Over 120 days	**84,172**	83,311
	332,532	237,568

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:

	2013 **$'000**	2012 $'000
HK$	**124,462**	132,886
RMB	**660,456**	453,537
US$	**5,657**	6,417
UK pound	**5,325**	3,135
Other currencies	**490**	684
	796,390	596,659

(b) Company

The amount represents accruals for administrative expenses of HK$343,000 (2012: HK$445,000). The carrying amount approximates its fair value and is denominated in HK$.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

36. BORROWINGS

	Group 2013 $'000	2012 $'000
Secured bank borrowings (Note a)	**606,600**	594,297
Loans from non-controlling shareholders of a subsidiary (Note b)	**138,627**	35,931
	745,227	630,228

(a) Secured bank borrowings

	2013 $'000	2012 $'000
Non-current		
Long-term secured bank borrowings	**604,485**	522,186
Less: Current portion of long-term secured bank borrowings	**(534,492)**	(2,487)
	69,993	519,699
Current		
Short-term secured bank borrowings	**2,115**	72,111
Current portion of long-term secured bank borrowings	**534,492**	2,487
	536,607	74,598
Total secured bank borrowings	**606,600**	594,297

	2013 $'000	2012 $'000
The secured bank borrowings are repayable as follows:		
– Within one year	**536,607**	74,598
– More than one year but not exceeding two years	**69,993**	519,699
	606,600	594,297

Secured bank borrowings are denominated in RMB and bear interest at an average rate of 7.43% annually (2012: 7.37%).

Bank borrowings are secured by the land in Chaoyang Park Beijing together with development site with carrying values of approximately HK$125,000,000 (2012: HK$116,000,000), HK$415,000,000 (2012: HK$315,000,000) and HK$1,163,000,000 (2012: HK$889,000,000) recorded in lease premium for land, construction in progress and investment properties respectively as at 31 December 2013.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

36. BORROWINGS (CONTINUED)

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

	2013 $'000	2012 $'000
Non-current		
Long-term loans from non-controlling shareholders of a subsidiary wholly repayable within 5 years	**129,121**	–
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**9,506**	35,931
Total loans from non-controlling shareholders of a subsidiary	**138,627**	35,931

	2013 $'000	2012 $'000
The loans from non-controlling shareholders are repayable as follows:		
– Repayable on demand	**–**	35,931
– Within one year	**9,506**	–
– More than two years not exceeding five years	**129,121**	–
	138,627	35,931

The loans from non-controlling shareholders of a subsidiary are denominated in RMB, unsecured and interest-free (2012: same).

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

	Group			
	Carrying amount		Fair value	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Secured bank borrowings	**606,600**	594,297	**606,600**	594,297
Loans from non-controlling shareholders of a subsidiary	**138,627**	35,931	**107,863**	35,931
	745,227	630,228	**714,463**	630,228

The fair values are based on cash flows discounted using a rate based on the borrowing rate ranges from 7.43% to 8.00% (2012: 7.37%) and are within level 2 of the fair value hierarchy.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

37 DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax liabilities on the consolidated balance sheet are analysed as follows:

	2013 $'000	2012 $'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	(3,359)	(13,244)
– Deferred income tax assets to be recovered within 12 months	(28,069)	(21,379)
	(31,428)	(34,623)
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	105,126	79,112
Deferred income tax liabilities, net	73,698	44,489

The gross movements in the deferred income tax liabilities, net are as follows:

	2013 $'000	2012 $'000
At 1 January	44,489	43,180
Charged to the consolidated income statement (Note 9)	27,971	302
Currency translation differences	1,238	1,007
At 31 December	73,698	44,489

Deferred taxation for the year ended 31 December 2013 is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2012: 16.5%).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$681,264,000 as at 31 December 2013 (2012: HK$526,686,000) to carry forward against future taxable income. Approximately HK$677,639,000 (2012: HK$521,411,000) of the unrecognised tax losses have no expiry date and the remaining balance will expire at various dates up to and including 2028.

Deferred income tax liabilities have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain PRC subsidiaries. Since the Directors consider the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future, no withholding tax has been provided.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

37. DEFERRED INCOME TAX (CONTINUED)

The movement in deferred tax income assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of investment properties		Total	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
At 1 January	**12,307**	17,396	**70,864**	59,057	**83,171**	76,453
Charged/(credited) to the consolidated income statement	**2,777**	(5,560)	**26,050**	10,926	**28,827**	5,366
Currency translation differences	**–**	471	**1,832**	881	**1,832**	1,352
At 31 December	**15,084**	12,307	**98,746**	70,864	**113,830**	83,171

Deferred income tax assets

	Tax losses		Decelerated tax depreciation		Provisions		Total	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
At 1 January	**(16,920)**	(17,891)	**–**	(584)	**(21,762)**	(14,798)	**(38,682)**	(33,273)
(Credited)/charged to the consolidated income statement	**6,986**	971	**–**	584	**(7,842)**	(6,619)	**(856)**	(5,064)
Currency translation differences	**–**	–	**–**	–	**(594)**	(345)	**(594)**	(345)
At 31 December	**(9,934)**	(16,920)	**–**	–	**(30,198)**	(21,762)	**(40,132)**	(38,682)

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

38. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations

	2013 $'000	2012 $'000
Profit before income tax	**1,456,419**	1,195,341
Amortisation of lease premium for land	**5,914**	5,705
Depreciation of property, plant and equipment	**199,912**	169,433
Amortisation of purchased programme and film rights and other charges	**25,664**	29,916
Amortisation of intangible assets	**797**	1,555
Share-based compensation expense	**44,353**	45,392
Provision for impairment of accounts receivable	**15,837**	46,755
Provision for impairment of other receivables	**11,272**	–
Reversal of provision for accounts receivable	**–**	(359)
Provision for impairment of other long-term assets	**–**	13,799
Provision for amounts due from joint ventures	**25,413**	28,895
Provision of impairment of amount due from an associate	**4,913**	–
Loss on disposal of property, plant and equipment	**956**	1,282
Share of profits of joint ventures	**(4,475)**	(3,644)
Share of profits of associates	**(1,843)**	(15)
Fair value gain on investment properties	**(104,294)**	(43,807)
Interest income	**(58,073)**	(58,300)
Investment income	**(1,137)**	(1,184)
Fair value gain on financial assets at fair value through profit or loss	**(870)**	(6,808)
Impairment of property, plant and equipment	**3,664**	–
Increase in accounts receivable	**(121,762)**	(167,234)
(Increase)/decrease in prepayments, deposits and other receivables	**(152,171)**	12,236
Increase in inventories	**(21)**	(567)
(Increase)/decrease in amounts due from related companies	**(24,003)**	5,228
(Increase)/decrease in self-produced programmes	**(13,012)**	6,837
Decrease in short-term deposits	**150,013**	675,713
Increase in accounts payable, other payables and accruals	**199,869**	124,773
Decrease in deferred income	**(50,855)**	(1,550)
Decrease in amounts due to related companies	**(1,124)**	(513)
Cash generated from operations	**1,611,356**	2,078,879

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

39. TRANSACTION WITH NON-CONTROLLING INTEREST

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

During the year ended 31 December 2013, PNM had repurchased an aggregate of 2,524,574 American Depository Shares ("ADSs") (2012: 2,273,695 ADSs) at an aggregate cost of approximately US$11.7 million (HK$90,955,000) (2012: US$8.3 million (HK$64,269,000)), on the open market. Under its ADS repurchase program, PNM has been authorised to repurchase up to US$20.0 million (approximately HK$155,224,000) of its outstanding ADSs for a period not exceeding twelve months since August 2012.

During the year ended 31 December 2013, as a result of the vesting of RS and RSU, 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% (2012: from 51.71% to 51.87%). The Group recognised a deemed net loss of approximately HK$31,141,000 (2012: a deemed net gain of approximately HK$29,157,000) in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK$50,470,000 (2012: HK$46,913,000) 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.

40. COMMITMENTS

(a) Service charges

As at 31 December 2013, the Group had committed service charges payable under various agreements as follows:

	2013	2012
	$'000	$'000
Not later than one year	**29,273**	16,322
Later than one year and not later than five years	**86,805**	22,300
Later than five years	**28,035**	–
	144,113	38,622

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

40. COMMITMENTS (CONTINUED)

(b) Operating lease

As at 31 December 2013, the Group had rental commitments under various operating leases. Total future minimum lease payments payable under non-cancellable operating leases are as follows:

	2013 **$'000**	2012 $'000
Not later than one year	**234,299**	143,835
Later than one year and not later than five years	**637,460**	437,116
Later than five years	**128,044**	143,045
	999,803	723,996

(c) Capital commitments

As at 31 December 2013, the Group had capital commitments as follows:

	2013 **$'000**	2012 $'000
Authorised but not contracted for	**39,482**	215,265
Contracted but not provided for	**141,343**	129,787
	180,825	345,052

(d) Other commitments

As at 31 December 2013, the Group had other operating commitments under various agreements as follows:

	2013 **$'000**	2012 $'000
Not later than one year	**161,357**	85,859
Later than one year and not later than five years	**71,308**	91,552
Later than five years	**–**	3,111
	232,665	180,522

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

41. RELATED PARTY TRANSACTIONS

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

	Note(s)	**2013 $'000**	2012 $'000
Service charges paid/payable STARL	a, b	**12,854**	18,558
Commission for international subscription sales and marketing services paid/payable to STARL	a, c	**3,748**	4,386
Film license fees paid/payable to Fortune Star and Fortune Star Media	d, e	**–**	1,721
Licence fee paid/payable to NGC	d, e	**476**	585
Service charges paid/payable to Fox News	d, f	**500**	581
Service charges paid/payable to British Sky Broadcasting Limited ("BSkyB")	g, h	**1,006**	1,017
Service charges received/receivable from CMCC Group	i, j	**227,086**	191,330
Service charges paid/payable to the CMCC Group	i, k	**91,468**	78,573
Advertising sales to the CMCC Group	i, l	**69,729**	57,310
Key management compensation	iii	**32,269**	33,195

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) (Continued)

Notes:

(a) STARL is a wholly-owned subsidiaries of STAR Group Limited, which owns 100% of Star Entertainment (formerly known as Xing Kong Chuan Mei Group Co., Ltd.). Star Entertainment has ceased to be a shareholder of the Company after Star Entertainment had entered into an agreement with TPG China Media L.P. pursuant to which Star Entertainment agreed to sell and TPG China Media L.P. agreed to purchase 607,000,000 shares held by Star Entertainment on 18 October 2013.

(b) Service charges paid/payable to STARL, a former related party, cover a wide range of technical services provided to the Group. Either fixed fees or variable fees are charged depending on the type of services utilised.

(c) The commission for international subscription sales and marketing services paid/payable to STARL, a former related party, is based on 15% (2012: 15%) of the subscription fees generated and received by it on behalf of the Group.

(d) Fox News, Fortune Star, Fortune Star Media and NGC are associates of Star Entertainment (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a former substantial holder of the Company.

(e) The license fees are charged in accordance with the agreements with Fortune Star, Fortune Star Media and NGC regarding right for films and contents respectively.

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

(g) BSkyB is 39.14% owned by News Corporation, which indirectly owns 100% of Star Entertainment (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a former substantial shareholder of the Company.

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

(i) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.67% of the issued share capital of the Company.

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

(k) Service charges paid/payable to CMCC Group related to wireless cost and video cost which are charged on terms specified in the agreement.

(l) Advertising sales to the CMCC Group are related to airtime advertising, programme sponsoring on channels and airtime advertising on giant-sized light-emitting diode panels operated by the Group.

Notes to the Consolidated Financial Statements

(Amounts expressed in Hong Kong dollars)

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Year end balances arising from related party transactions as disclosed in Note 41(i) above were also disclosed in Note 26.

(iii) Key management compensation

	2013	2012
	$'000	$'000
Salaries	**16,531**	15,166
Discretionary bonuses	**7,584**	10,515
Housing allowance	**6,629**	6,115
Pension costs	**1,525**	1,399
	32,269	33,195

Financial Summary

(Amounts expressed in Hong Kong dollars)

CONSOLIDATED RESULTS

	Year ended 31 December 2013 $'000	Year ended 31 December 2012 $'000	Year ended 31 December 2011 $'000	Year ended 31 December 2010 $'000	Year ended 31 December 2009 $'000
Revenue	**4,806,458**	4,336,360	3,639,445	2,565,390	1,519,648
Operating expenses	**(2,849,913)**	(2,589,236)	(2,273,489)	(1,527,189)	(992,155)
Selling, general and administrative expenses	**(695,029)**	(649,063)	(453,607)	(315,245)	(202,383)
Other gains/(losses) and share of results of joint ventures and associates	**194,903**	97,280	(756,352)	(170,042)	53,612
Profit before income tax and non-controlling interests	**1,456,419**	1,195,341	155,997	552,914	378,722
Income tax expense	**(293,391)**	(248,056)	(229,460)	(108,490)	(76,735)
Profit/(loss) before non-controlling interests	**1,163,028**	947,285	(73,463)	444,424	301,987
Non-controlling interests	**(230,634)**	(113,918)	6,578	(22,602)	(2,241)
Profit/(loss) attributable to owners of the Company	**932,394**	833,367	(66,885)	421,822	299,746

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2013 $'000	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Total assets	**8,408,098**	7,201,688	6,188,929	3,825,883	2,716,942
Total liabilities	**(1,869,557)**	(1,576,472)	(1,305,946)	(1,368,592)	(658,039)
Non-controlling interests	**(1,591,384)**	(1,390,074)	(1,317,514)	(250,213)	(227,611)
Equity attributable to owners of the Company	**4,947,157**	4,235,142	3,565,469	2,207,078	1,831,292