鳳凰衛視

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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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.

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.

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 at home. 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 cross-media 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December 2013 Revenue HK$'000	2013 Segment result HK$'000	2012 Revenue HK$'000	2012 Segment result HK$'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.

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 5 June 2014, Thursday. 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 37.7% 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.

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.

AUDIT COMMITTEE

The audit committee has reviewed the Group's annual results for the year ended 31 December 2013 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the preliminary announcement of the Group's results for the year have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance, which combined its existing principles and practices with most of the 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 Board monitored the progress on corporate governance practices of the Company throughout the year under review. The following summaries the corporate governance practices of the Company and explanations of deviations from the Code.

Unless otherwise disclosed herein, the Company has, throughout the year ended 31 December 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 chief executive officer of the Company since its incorporation. He is responsible for managing the Board and the business of the Group.

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

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

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

Appointments, Re-election and Removal

Code Provision

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

Deviation and its Reason

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Directors complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the year ended 31 December 2013.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's investor relations website at www.irasia.com/listco/hk/phoenixtv. The 2013 annual report of the Company will be dispatched to shareholders and published on the above-mentioned websites on or before 30 April 2014.

On behalf of the Board
LIU Changle
Chairman

13 March 2014

The directors (the "Directors") of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are pleased to announce the consolidated results of the Group for the year ended 31 December 2013 as follows:

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2013	2012
	$'000	*$'000*
Profit for the year	**1,163,028**	947,285
Other comprehensive income		
Items that may be 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

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		**17,148**	22,482
Lease premium for land		**241,081**	235,308
Property, plant and equipment, net		**1,404,283**	1,350,282
Investment properties		**1,173,009**	899,134
Intangible assets		**15,051**	15,830
Investments in joint ventures		**15,741**	10,498
Amounts due from joint ventures		**15,259**	15,150
Investments in associates		**23,186**	5,779
Available-for-sale financial assets		**962**	962
Other long-term assets		**61,956**	53,782
Deferred income tax assets		**31,428**	34,623
		2,999,104	2,643,830
Current assets			
Accounts receivable, net	*11*	**673,874**	567,949
Prepayments, deposits and other receivables		**896,680**	749,416
Inventories		**8,391**	8,370
Amounts due from related companies		**103,283**	84,193
Self-produced programmes		**14,848**	1,836
Purchased programme and film rights, net		**5,098**	6,533
Financial assets at fair value through profit or loss	*10*	**25,689**	24,819
Prepaid tax		**4,820**	–
Bank deposits		**329,506**	403,283
Restricted cash		**13,729**	991
Cash and cash equivalents		**3,333,076**	2,710,468
		5,408,994	4,557,858
Total assets		**8,408,098**	7,201,688

	Note	2013 $'000	2012 $'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**499,718**	499,358
Reserves			
Proposed final dividend	*9*	**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	*13(a)*	**69,993**	519,699
Other long-term liabilities		**15,566**	9,941
Loans from non-controlling shareholders of a subsidiary	*13(b)*	**129,121**	–
Deferred income tax liabilities		**105,126**	79,112
		319,806	608,752
Current liabilities			
Accounts payable, other payables and accruals	*12*	**809,129**	611,368
Secured bank borrowings	*13(a)*	**536,607**	74,598
Deferred income		**128,993**	179,848
Amounts due to related companies		**–**	1,124
Loans from non-controlling shareholders of a subsidiary	*13(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

NOTES

(Amounts expressed in Hong Kong dollars)

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). 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.

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

The following 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.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ending 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 14	Regulatory Deferral Accounts [(4)]
HKFRS 10, 12 and HKAS 27 (2011) Amendments	Investment Entities[(1)]
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 Derviatives and Continuation of Hedge Accounting[(1)]
HK (IFRIC)-Int 21	Levies[(1)]
HKFRSs Amendment	Annual Improvements 2012[(3)]
HKFRSs Amendment	Annual Improvements 2013[(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.

3. REVENUE

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

	2013	2012
	$'000	*$'000*
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 sales	**57,044**	57,157
Rental income	**946**	762
Others	**16,951**	33,120
	4,806,458	4,336,360

4. OTHER GAINS/(LOSSES), NET

	2013	2012
	$'000	*$'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)	**870**	6,808
Provision for impairment of amounts due from joint ventures	**(25,413)**	(28,895)
Provision for impairment of other long-term assets	**–**	(13,799)
Provision for impairment of an associate	**(4,913)**	–
Others, net	**11,449**	12,590
	26,218	(8,486)

5. SEGMENT INFORMATION

The Group has five main operating segments including:

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

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

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

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

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

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

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

	Year ended 31 December 2013								
	Television broadcasting								
	Primary channels	Others	Sub-total	New media	Outdoor media	Real estate	Other activities	Inter–segment elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 profits 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 due from an associate	**–**	**–**	**–**	**–**	**–**	**–**	**(4,913)**	**–**	**(4,913)**
Provision for impairment of other receivables	**–**	**(11,272)**	**(11,272)**	**–**	**–**	**–**	**–**	**–**	**(11,272)**

	Year ended 31 December 2012								
	Television broadcasting								
	Primary channels	Others	Sub-total	New media	Outdoor media	Real estate	Other activities	Inter-segment elimination	Group
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'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 profits 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:

(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	**Total assets**
	$'000	***$'000***
The People's Republic of China ("The PRC")	**4,659,797**	**5,505,725**
Hong Kong	**45,281**	**2,775,628**
Other currencies	**101,380**	**126,745**
	4,806,458	**8,408,098**

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

6. PROFIT BEFORE INCOME TAX

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

	2013	2012
	$'000	*$'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)	**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

7. 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	2012
	$'000	*$'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	**27,971**	302
	293,391	248,056

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

8. EARNINGS PER SHARE

(a) Basic

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

	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 for diluted earning per share *($'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

9. DIVIDENDS

	2013	2012
	$'000	*$'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 ("Board") recommend the payment of a final dividend of 5.1 Hong Kong cents per share, totalling 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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	$'000	*$'000*
Listed equity securities at fair value	**25,689**	24,819

The above investments were classified as fair value through profit or loss on initial recognition and current with a maturity less than one year of the inception date. Changes in fair values (realised and unrealised) of financial assets at fair value through profit or loss of HK$870,000 (2012: HK$6,808,000) are recognised in other gains, net in the consolidated income statement.

As at 31 December 2013, the financial assets at fair value through profit and loss represent the shares of HSBC Holdings PLC ("HSBC") of HK$25,689,000 (2012: HK$24,819,000).

11. ACCOUNTS RECEIVABLE, NET

	2013	2012
	$'000	*$'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. 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 aging analysis of the accounts receivable was as follows:

	2013	2012
	$'000	*$'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

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

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

12. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2013	2012
	$'000	*$'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

At 31 December 2013, the aging analysis of the accounts payable was as follows:

	2013	2012
	$'000	*$'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	2012
	$'000	*$'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

13. BORROWINGS

	2013	2012
	$'000	*$'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	2012
	$'000	*$'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

The secured bank borrowings are repayable as follows:

	2013	2012
	$'000	*$'000*
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 the 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.

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

	2013	2012
	$'000	*$'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	2012
	$'000	*$'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).

14. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Deemed disposal of partial interest in Phoenix New Media Limited ("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 restricted shares and restricted shares units, the exercise of share options by the option holders and the repurchase of ADSs, the Group's equity interest in PNM was increased from 51.87% to 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.

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

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

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

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

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