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 2012

CHAIRMAN'S STATEMENT

Financial Summary

- Revenue for the year ended 31 December 2012 was approximately HK$4,336,360,000, which represented an increase of 19.1% over the previous year.

- Operating profit for the year ended 31 December 2012 was approximately HK$1,098,061,000, which represented an increase of 20.4% over the previous year.

- Profit attributable to owners of the Company was approximately HK$833,367,000.

- 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 ("Group" or "Phoenix") for the year ended 31 December 2012 was approximately HK$4,336,360,000, which represented a 19.1% growth over the previous year. Operating costs increased by 18.7% to approximately HK$3,238,299,000. 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 2012 was approximately HK$1,098,061,000, which represented an increase of 20.4% over the previous year. The main driver behind this result was the growth in the television broadcasting business.

Fair value gains of approximately HK$43,703,000 (year ended 31 December 2011: HK$127,488,000) and HK$104,000 (year ended 31 December 2011: Nil) 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$833,367,000 (year ended 31 December 2011: the loss attributable to owners of the Company after charging the non-cash fair value loss and interest accretion of the preferred shares issued by Phoenix New Media Limited was approximately HK$66,885,000).

The chart below summarises the performance of the Group for the year ended 31 December 2012 and the year ended 31 December 2011 respectively.

	Year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Television broadcasting	**2,373,509**	2,072,307
New media	**1,382,433**	1,113,711
Outdoor media	**512,362**	386,559
Real estate	**929**	–
Other businesses	**67,127**	66,868
Group's total revenue	**4,336,360**	3,639,445
Operating costs	**(3,238,299)**	(2,727,096)
Operating profit	**1,098,061**	912,349
Non-cash fair value loss and interest accretion of Preferred Shares	**–**	(964,713)
Fair value gains on investment properties	**43,807**	127,488
Other income, net	**49,814**	84,664
Profit before share of results of jointly controlled entities and an associate, income tax and non-controlling interests	**1,191,682**	159,788
Share of results of jointly controlled entities and an associate	**3,659**	(3,791)
Income tax expense	**(248,056)**	(229,460)
Profit/(loss) for the year	**947,285**	(73,463)
Non-controlling interests	**(113,918)**	6,578
Profit/(loss) attributable to owners of the Company	**833,367**	(66,885)
Basic earnings/(losses) per share, Hong Kong cents	**16.69**	(1.34)

BUSINESS OVERVIEW AND PROSPECTS

The Group performed well over the 2012 financial year, with results that represented a significant improvement over the previous year. This underscores that the Group's business strategy has the capacity to operate very effectively in the current economic environment, and develop new areas of business such as new media and outdoor media while continuing to maintain a very effective and profitable television broadcasting business which remains the Group's fundamental component.

While this year has not seen the dramatic political developments that made last year's reporting of international political events so spectacular, with first-hand coverage of the collapse of Mubarak's government in Egypt and the civil war in Libya, Phoenix has continued to provide viewers with a detailed account of international developments. While Phoenix has been unable to secure access for its reporters to enter Syrian territory and report on the continuing violence there, it has continued to monitor and report on developments there from neighbouring countries.

Phoenix has also followed the rising regional tensions between China and Japan over the Diaoyudao islands. Phoenix reporting team has also followed developments in the immediate vicinity of the islands themselves, and was the only media organization that reported first-hand on the journey to the Diaoyudao islands by a Hong Kong fishing vessel.

Phoenix has also provided extensive coverage of the presidential elections in Taiwan, Russia and the United States, as well as the process of selecting the new Chief Executive in the Hong Kong SAR.

Besides its comprehensive coverage of international developments, the Group's television channels have continued to provide a steady stream of entertainment programmes, interviews with a wide range of celebrities and other prominent figures, and features on art, cooking and fashion.

The international recognition of the quality of the programmes that the Group has produced has been underscored by a series of awards that Phoenix documentaries have received at the New York Film Festival, the Chicago International Film Festival, and the Telly Awards. The Group's international status was also demonstrated in April when it acted as the host for the International Academy Day, an annual event that the International Academy of Television Arts and Sciences holds in a different global city each year. On this occasion 65 television, film and media executives from the Americas, Europe, Africa, the Middle East and the Asia-Pacific made a four-day tour of Hong Kong and Shenzhen that was organized by Phoenix, and which featured tours of scenic locations and meetings with senior officials in both Hong Kong and Shenzhen.

The Group's television business has also benefited from the rapid growth in the audience that has been developed by the new media business, which provides wide-spread access to much Phoenix television programming and at the same time attracts many viewers as a consequence of its own distinctive material. The Group's outdoor media enterprise is also beginning to perform well as economic growth in China's major cities increases the requirement for large-scale outdoor advertising.

As the Group has become more widely known the headquarters in Taipo have received a steady stream of VIP visitors from mainland China, Taiwan, Hong Kong as well as from Western countries including the United States, Britain, Australia and other regional countries. The company has established a small but efficient guest reception office that guides visitors on a tour of the headquarters, explains the Group's operations to visitors and ensures that they gain a clear understanding of the significance of the Phoenix brand.

Phoenix is also placing an increasing emphasis on corporate social responsibility. The Group's management believes that as a successful enterprise the Group must fulfill its social responsibilities and make a contribution to society. The Group's involvement in charity has consequently developed significantly, and it now raises money for the care of ill and disadvantaged children and makes documentaries about health and social problems people can encounter and the environmental problems that China in particular is facing.

The Group's performance in 2012 has been very encouraging, and generates a strong sense of confidence that these positive trends will continue well into the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2012		2011	
	Revenue	**Segment result**	Revenue	Segment result
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**2,373,509**	**1,239,016**	2,072,307	1,026,351
New media	**1,382,433**	**143,911**	1,113,711	(818,111)*
Outdoor media	**512,362**	**110,854**	386,559	85,177
Real estate	**929**	**28,583**	–	118,662
Other businesses	**67,127**	**(27,862)**	66,868	7,186
Group's total revenue and segment results	**4,336,360**	**1,494,502**	3,639,445	419,265
Unallocated income		**17,770**		35,565
Unallocated expenses		**(320,590)**		(295,042)
Profit before share of results of jointly controlled entities and an associate, income tax and non-controlling interests		**1,191,682**		159,788

* *The segmental loss of new media for the year ended 31 December 2011 was a consequence of the deduction of interest accretion and changes in fair value of the preference share liability of approximately HK$964,713,000.*

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 54.7% of the total revenue of the Group for the year ended 31 December 2012, increased by 14.5% to approximately HK$2,373,509,000 (year ended 31 December 2011: HK$2,072,307,000). The segmental result for television broadcasting recorded a profit of approximately HK$1,239,016,000 for the year ended 31 December 2012 (year ended 31 December 2011: HK$1,026,351,000).

Phoenix Chinese Channel and Phoenix InfoNews Channel accounted for 50.2% of the total revenue of the Group for the year ended 31 December 2012 and showed an increase of 14.9% to approximately HK$2,177,873,000 (year ended 31 December 2011: HK$1,896,099,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, increased by 11.0% as compared to the previous year to approximately HK$195,636,000 (year ended 31 December 2011: HK$176,208,000).

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 2012 increased by 24.1% to HK$1,382,433,000 (year ended 31 December 2011: HK$1,113,711,000). The segmental profit was HK$143,911,000 (year ended 31 December 2011 after deduction of interest accretion and changes in fair value of the preference share liability: loss of HK$818,111,000). The operating profit, which represents profit before tax, other income and expenses decreased to HK$101,136,000 was primarily due to the increase in operating cost which include staff-related costs, sales and marketing promotions expenses and office rental fees (year ended 31 December 2011: HK$105,290,000). 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 32.5% to approximately HK$512,362,000 (year ended 31 December 2011: HK$386,559,000). The segmental profit of outdoor media business was approximately HK$110,854,000 (year ended 31 December 2011: HK$85,177,000 after deduction of share-based compensation expenses of approximately HK$25,714,000).

The segmental result for real estate included the fair value gains of approximately HK$43,807,000 (year ended 31 December 2011: HK$127,488,000) which were recognised for the investment properties.

Please refer to Note 5 to the consolidated financial information for a detailed analysis of segmental information and the "Business Overview and Prospects" in this report 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"), representing an increase of 21.4% as compared to the final dividend for 2011 of 4.2 Hong Kong cents, totaling approximately HK$254,698,000 to be payable to shareholders whose names appear on the register of members of the Company on 14 June 2013. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or around 28 June 2013.

There was an aggregate distribution of 8 Hong Kong cents per Share for the year of 2011, including special dividend and final dividend of 3.8 Hong Kong cents and 4.2 Hong Kong cents per Share respectively.

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 6 June 2013 (Thursday) at 3:00 p.m.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 June 2013 to Thursday, 6 June 2013 (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, 31 May 2013.

The register of members of the Company will be also closed from Thursday, 13 June 2013 to Friday, 14 June 2013 (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 Tuesday, 11 June 2013.

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 2012.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2012 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 31 December 2012, the Group had cash and cash deposits totaling about HK$3,113,751,000 (as at 31 December 2011: HK$2,624,482,000). The aggregate outstanding borrowings of the Group were approximately HK$631,352,000 (as at 31 December 2011: HK$480,117,000), representing amounts due to related companies which were unsecured and non-interest bearing, unsecured and non-interesting 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 37.2% as at 31 December 2012 (as at 31 December 2011: 36.6%). The net cash and cash equivalents balance after deduction of the total liabilities was HK$1,133,996,000 as at 31 December 2012 (as at 31 December 2011: HK$239,540,000).

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 2012, the land in Chaoyang Park, Beijing, together with the development site, with carrying value of approximately HK$116,000,000, HK$315,000,000 and HK$889,000,000 (as at 31 December 2011: HK$117,000,000, HK$203,000,000 and HK$676,000,000) 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. As at 31 December 2011, deposits of approximately HK$3,124,000 were pledged with banks to secure banking guarantees given to the landlord of a subsidiary.

Save as disclosed above, the Group did not have any other charges on its assets as at 31 December 2012 and 31 December 2011.

CAPITAL STRUCTURE

During the year ended 31 December 2012, other than the exercise of share options granted, there was no change in the share capital of the Company. As at 31 December 2012, 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 2012, the Group employed 2,799 full-time staff (as at 31 December 2011: 2,529) 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 2012 increased to approximately HK$961,970,000 (year ended 31 December 2011: HK$865,439,000).

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 2012, the Group invested in listed security investments with an estimated fair market value of approximately HK$24,819,000 (as at 31 December 2011: HK$18,011,000). Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2012.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group is currently considering a possible spin-off and separate listing of Phoenix Metropolis Media Technology Company Limited (formerly know as Phoenix Metropolis Media (Beijing) Company Limited), a subsidiary engaged in the outdoor media business in China. For details, please refer to the announcement of the Company published on 1 November 2011.

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 2012, 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 2012.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any Shares during the year ended 31 December 2012. Neither the Company nor any of its subsidiaries had purchased or sold any of the Shares during the year ended 31 December 2012.

AUDIT COMMITTEE

The audit committee has reviewed the Group's annual results for the year ended 31 December 2012 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the preliminary announcement of the Group's consolidated balance sheet, consolidated statement of comprehensive income, consolidated income statement and related note, thereto the year ended 31 December 2012 as set out in the preliminary announcement were in agreement with 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 of Hong Kong Limited (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.

For the purpose of complying the revised Listing Rules on 1 January 2012 and 1 April 2012 and the changes of the Code on 1 April 2012 (the "Revised Code"), the Company had amended its own CG Code in accordance with the Revised Code and adopted its revised CG Code on 1 April 2012.

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 2012, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code Provision

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

Deviation and its Reasons

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

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

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

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

Appointments, Re-election and Removal

Code Provision

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

Deviation and its Reason

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, the Directors complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the year ended 31 December 2012.

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 2012 annual report of the Company will be dispatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2013.

On behalf of the Board
LIU Changle
Chairman

13 March 2013

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 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

(Amounts expressed in Hong Kong dollars)

	Note	**2012** **\$'000**	2011 \$'000
Revenue	*3*	**4,336,360**	3,639,445
Operating expenses	*6*	**(2,589,236)**	(2,273,489)
Selling, general and administrative expenses	*6*	**(649,063)**	(453,607)
Other (losses)/gains			
Fair value loss on preference share liability – derivative component		**–**	(947,100)
Interest accretion for preference share liability – host debt		**–**	(17,613)
Fair value gain on investment properties		**43,807**	127,488
Interest income		**58,300**	21,896
Other (losses)/gains, net	*4*	**(8,486)**	62,768
Share of profits/(losses) of jointly controlled entities		**3,644**	(4,819)
Share of profit of an associate		**15**	1,028
Profit before income tax		**1,195,341**	155,997
Income tax expense	*7*	**(248,056)**	(229,460)
Profit/(loss) for the year		**947,285**	(73,463)
Attributable to:			
Owners of the Company		**833,367**	(66,885)
Non-controlling interests		**113,918**	(6,578)
		947,285	(73,463)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company during the year			
Basic earnings/(losses) per share, Hong Kong cents	*8*	**16.69**	(1.34)
Diluted earnings/(losses) per share, Hong Kong cents	*8*	**16.67**	(1.34)
Dividends & distributions	*9*	**254,698**	443,564

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012
(Amounts expressed in Hong Kong dollars)

	2012	2011
	$'000	*$'000*
Profit/(loss) for the year	**947,285**	(73,463)
Other comprehensive income		
Currency translation differences	**33,165**	58,572
Total comprehensive income/(loss) for the year	**980,450**	(14,891)
Attributable to:		
Owners of the Company	**851,686**	(35,626)
Non-controlling interests	**128,764**	20,735
	980,450	(14,891)

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

(Amounts expressed in Hong Kong dollars)

	Note	2012 $'000	2011 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**22,482**	23,731
Lease premium for land		**235,308**	239,323
Property, plant and equipment, net		**1,350,282**	1,150,440
Investment properties		**899,134**	685,391
Intangible assets		**15,830**	16,739
Investments in jointly controlled entities		**10,498**	6,854
Amount due from a jointly controlled entity		**15,150**	20,000
Investment in an associate		**5,779**	5,764
Available-for-sale financial assets		**962**	962
Other long-term assets		**53,782**	40,489
Deferred income tax assets		**34,623**	33,273
		2,643,830	2,222,966
Current assets			
Accounts receivable, net	*11*	**567,949**	447,111
Prepayments, deposits and other receivables		**749,416**	754,201
Inventories		**8,370**	7,803
Amounts due from related companies		**84,193**	93,466
Self-produced programmes		**1,836**	8,673
Purchased programme and film rights, net		**6,533**	9,092
Financial assets at fair value through profit or loss	*10*	**24,819**	18,011
Bank deposits		**403,283**	1,078,996
Restricted cash		**991**	3,124
Cash and cash equivalents		**2,710,468**	1,545,486
		4,557,858	3,965,963
Total assets		**7,201,688**	6,188,929

	Note	2012 $'000	2011 $'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**499,358**	499,298
Reserves			
Proposed final dividend	9	**254,698**	209,705
Others		**3,481,086**	2,856,466
		4,235,142	3,565,469
Non-controlling interests		**1,390,074**	1,317,514
Total equity		**5,625,216**	4,882,983
LIABILITIES			
Non-current liabilities			
Borrowings	13	**519,699**	–
Other long-term liabilities		**9,941**	6,743
Deferred income tax liabilities		**79,112**	76,453
		608,752	83,196
Current liabilities			
Accounts payable, other payables and accruals	12	**611,368**	507,638
Borrowings	13	**74,598**	478,480
Deferred income		**179,848**	181,398
Amounts due to related companies		**1,124**	1,637
Loan from non-controlling shareholders of a subsidiary	13	**35,931**	–
Current income tax liabilities		**64,851**	53,597
		967,720	1,222,750
Total liabilities		**1,576,472**	1,305,946
Total equity and liabilities		**7,201,688**	6,188,929
Net current assets		**3,590,138**	2,743,213
Total assets less current liabilities		**6,233,968**	4,966,179

NOTES

(Amounts expressed in Hong Kong dollars)

1. GENERAL INFORMATION

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (collectively, 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, financial assets at fair value through profit or loss.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2012

HKFRS 7 (amendment)	Disclosures – Transfer of Financial Assets
HKAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets

Since the Group has rebutted the presumption that the investment properties are recovered through sale as introduced in HKAS 12 (amendment), deferred tax on the fair value changes on the investment properties has been provided for using the income tax rate. The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group.

(b) Standards and amendments to standards that have been issued but are not effective for the year ended 31 December 2012 and have not been early adopted by the Group

The HKICPA has issued the following new or revised standards and amendments to the standards which are not yet effective in 2012 but relevant to the Group and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (amendment)	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Associates and Joint Ventures	1 January 2013
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 1 Amendment	Government loans	1 January 2013
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9 Amendments	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013
HKFRS 10, 11, 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
HKFRSs Amendments	Annual Improvements 2009-2011 Cycle	1 January 2013

The Group will apply the above new standards and amendments to standards from 1 January 2013 or later periods. The Group has already commenced an assessment of related impact 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:

	2012	2011
	$'000	*$'000*
Advertising sales		
Television broadcasting	**2,256,962**	1,983,009
Internet	**757,226**	559,148
Outdoor media	**512,362**	386,559
Mobile, video and wireless value added services income	**625,207**	554,563
Subscription sales	**93,564**	85,273
Magazine advertising and subscription or circulation sales	**57,157**	57,717
Rental income	**762**	–
Others	**33,120**	13,176
	4,336,360	3,639,445

4. OTHER (LOSSES)/GAINS, NET

	2012	2011
	$'000	*$'000*
Exchange gain, net	**13,626**	55,961
Investment income	**1,184**	902
Fair value gain/(loss) on financial assets at fair value through profit or loss (realised and unrealised)	**6,808**	(6,319)
Provision for impairment of amounts due from jointly controlled entities	**(28,895)**	–
Provision for impairment of other long-term assets	**(13,799)**	–
Others, net	**12,590**	12,224
	(8,486)	62,768

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 Entertainment Channels 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 2011								
	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	1,896,099	176,208	2,072,307	1,113,711	386,559	–	66,868	–	3,639,445
Inter-segment sales *(Note c)*	–	6,948	6,948	5,901	–	–	41,442	(54,291)	–
Total revenue	1,896,099	183,156	2,079,255	1,119,612	386,559	–	108,310	(54,291)	3,639,445
Segment results	1,016,393	9,958	1,026,351	(818,111)	85,177	118,662	7,186	–	419,265
Unallocated income *(Note a)*									35,565
Unallocated expenses *(Note b)*									(295,042)
Profit before share of results of jointly controlled entities/an associate, income tax and non-controlling interests									159,788
Share of losses of jointly controlled entities									(4,819)
Share of profit of an associate									1,028
Income tax expense									(229,460)
Loss for the year									(73,463)
Non-controlling interests									6,578
Loss attributable to owners of the Company									(66,885)
Depreciation	(63,848)	(6,605)	(70,453)	(17,892)	(21,622)	(290)	(2,823)	–	(113,080)
Unallocated depreciation									(27,940)
									(141,020)

	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 jointly controlled entities/an associate, income tax and non-controlling interests									1,191,682
Share of profits of jointly controlled entities									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)

Note:

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

(b) Unallocated expenses represent primarily:

– corporate staff costs;
– office rental;
– general administrative expenses; and
– marketing and advertising expenses that relate to the Group as a whole.

(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 2012	
	Revenue	**Total assets**
	$'000	***$'000***
The People's Republic of China	**4,166,720**	**4,619,764**
Hong Kong	**45,880**	**2,475,051**
Others	**123,760**	**106,873**
	4,336,360	**7,201,688**

	Year ended 31 December 2011	
	Revenue	Total assets
	$'000	*$'000*
The People's Republic of China	3,455,684	2,790,901
Hong Kong	65,529	3,300,513
Others	118,232	97,515
	3,639,445	6,188,929

6. PROFIT BEFORE INCOME TAX

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

	2012	2011
	$'000	*$'000*
Crediting		
Reversal of provision for impairment of accounts receivable	**359**	–
Charging		
Production costs of self-produced programmes	**185,543**	190,841
Commission expenses	**396,242**	321,472
Transponder rental	**30,653**	29,549
Provision for impairment of accounts receivable	**46,755**	16,740
Employee benefit expenses (including Directors' emoluments)	**961,970**	865,439
Operating lease rental in respect of		
– Directors' quarters	**2,059**	2,048
– Land and buildings of third parties	**63,961**	38,471
Loss on disposal of property, plant and equipment, net	**1,282**	355
Depreciation of property, plant and equipment	**169,433**	141,020
Amortisation of purchased programme and film rights	**29,916**	25,421
Amortisation of lease premium for land	**2,744**	2,744
Amortisation of intangible assets	**1,555**	1,734
Auditor's remuneration	**13,421**	9,152
Services charges paid to related parties	**19,139**	19,495
Outgoings for investment properties	**512**	–

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

	2012	2011
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**180,159**	143,229
– Overseas taxation	**57,770**	66,198
– Under provision of tax in the prior year	**9,825**	13,321
Deferred income tax	**302**	6,712
	248,056	229,460

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/(LOSSES) PER SHARE

Basic

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

	2012	2011
Profit/(loss) attributable to owners of the Company *($'000)*	**833,367**	(66,885)
Weighted average number of ordinary shares in issue *('000)*	**4,993,467**	4,991,068
Basic earnings/(losses) per share *(Hong Kong cents)*	**16.69**	(1.34)

Diluted

Diluted earnings/(losses) 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 and contingently issuable shares for former employees of subsidiaries (2011: share options of the Company and a subsidiary, restricted shares and restricted share units of subsidiaries and the conversion option of the preference shares issued by a subsidiary). A calculation is done to determine the number of the Company's shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options (2011: exercise of the share options and the conversion of the preference shares). Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted earnings/(losses) per share.

	2012	2011
Profit/(loss) attributable to owners of the Company for diluted earning/(losses) per share *($'000)*	**833,367**	(66,885)
Weighted average number of ordinary shares in issue *('000)*	**4,993,467**	4,991,068
Adjustment for share options of the Company *('000)*	**4,763**	–
Weighted average number of ordinary shares for diluted earnings/(losses) per share *('000)*	**4,998,230**	4,991,068
Diluted earnings/(losses) per share *(Hong Kong cents)*	**16.67**	(1.34)

9. DIVIDENDS AND DISTRIBUTIONS

	2012	2011
	$'000	*$'000*
Proposed final dividend of 5.1 Hong Kong cents (2011: 4.2 Hong Kong cents) per share *(Note a)*	**254,698**	209,705
Special dividend, paid, of nil Hong Kong cents (2011: 3.8 Hong Kong cents) per share	**–**	189,732
Assured entitlement, paid *(Note b)*	**–**	44,127
	254,698	443,564

(a) The 2011 final dividends paid during the year ended 31 December 2012 were approximately HK$209,731,000 (4.2 Hong Kong cents per share). The Directors recommend the payment of a final dividend of 5.1 Hong Kong cents per share, totalling HK$254,698,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 6 June 2013. These consolidated financial statements do not reflect this dividend payable.

(b) In giving due regard to the interests of the shareholders of the Company as required under Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange, the Company had to make available to the qualifying shareholders an assured entitlement to the American Depositary Shares ("ADSs") in connection with the initial public offering ("Offering") of Phoenix New Media Limited ("PNM") by means of a distribution-in-specie.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012	2011
	$'000	*$'000*
Investments at fair value	**24,819**	18,011

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 are recognised in other gains, net in the consolidated income statement.

As at 31 December 2012, the financial assets at fair value through profit and loss represent the shares of HSBC Holdings PLC ("HSBC") of HK$24,819,000 (2011: HK$18,011,000).

The shares of HSBC were acquired through the maturity of an equity-linked note on 5 December 2008. On the settlement date of the equity-linked note, the Group received 305,271 shares of HSBC instead of the principal of the investment from the issuer and any gain or loss on the fair value of the shares of HSBC recognised in the consolidated income statement since then. These shares are held for trading. As at 31 December 2012, the closing price of the shares of HSBC was HK$81.3 (2011: HK$59).

11. ACCOUNTS RECEIVABLE, NET

	2012	2011
	$'000	*$'000*
Accounts receivable	**611,141**	458,499
Less: Provision for impairment of receivables	**(43,192)**	(11,388)
	567,949	447,111

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 2012, the aging analysis of the accounts receivable was as follows:

	2012	2011
	$'000	*$'000*
0-30 days	**161,854**	144,204
31-60 days	**121,221**	84,116
61-90 days	**80,909**	62,237
91-120 days	**66,509**	70,463
Over 120 days	**180,648**	97,479
	611,141	458,499
Less: Provision for impairment of receivables	**(43,192)**	(11,388)
	567,949	447,111

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

	2012	2011
	$'000	*$'000*
RMB	**596,118**	443,098
US$	**9,802**	10,180
UK pound	**5,221**	5,221
	611,141	458,499

12. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2012	2011
	$'000	*$'000*
Accounts payable	**237,568**	180,724
Other payables and accruals	**373,800**	326,914
	611,368	507,638
Less: Non-financial liabilities	**(14,709)**	(7,404)
	596,659	500,234

At 31 December 2012, the aging analysis of the accounts payable was as follows:

	2012	2011
	$'000	*$'000*
0-30 days	**104,163**	44,239
31-60 days	**19,729**	43,268
61-90 days	**11,482**	13,385
91-120 days	**18,883**	19,613
Over 120 days	**83,311**	60,219
	237,568	180,724

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:

	2012	2011
	$'000	*$'000*
HK$	**132,886**	105,169
RMB	**453,537**	380,523
US$	**6,417**	10,929
UK pound	**3,135**	2,880
Others	**684**	733
	596,659	500,234

13. BORROWINGS

	2012	2011
	$'000	*$'000*
Secured bank borrowings *(Note a)*	**594,297**	478,480
Loans from non-controlling shareholders of a subsidiary *(Note b)*	**35,931**	–
	630,228	478,480

(a) Secured bank borrowings

	2012	2011
	$'000	*$'000*
Non-current		
Long-term secured bank borrowings	**522,186**	478,480
Less: Current portion of long-term secured bank borrowings	**(2,487)**	(478,480)
	519,699	–
Current		
Short-term secured bank borrowings	**72,111**	–
Current portion of long-term secured bank borrowings	**2,487**	478,480
	74,598	478,480
Total secured bank borrowings	**594,297**	478,480

The long-term secured bank borrowings are repayable as follows:

	2012	2011
	$'000	*$'000*
Within one year	**2,487**	478,480
More than one year but not exceeding two years	**519,699**	–
	522,186	478,480

Secured bank borrowings are denominated in RMB and bear interest at an average rate of 7.37% annually (2011: 6.79%).

Bank borrowings are secured by the land in Chaoyang Park with carrying values of approximately HK$116,000,000 (2011: HK$117,000,000), HK$315,000,000 (2011: HK$203,000,000) and HK$889,000,000 (2011: HK$676,000,000) recorded in lease premium for land, construction in progress and investment properties respectively as at 31 December 2012.

(b) The loans from non-controlling shareholders of a subsidiary are unsecured, interest-free and repayable on demand.

(c) Preference share liability

PNM entered into the preferred shares purchase agreement with three institutional investors, agreeing to issue 130,000,000 convertible Series A Preferred Shares ("Preferred Shares"), with par value of US$0.01 each, of PNM to the investors at a total consideration of US$25,000,000 (approximately HK$195,000,000).

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

- A host debt component;

- An equity component; and

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

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

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

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

	2012	2011
	$'000	*$'000*
Preferred Shares – initial measurement of host debt	**–**	215,041
Currency translation differences	**–**	493
Add: Interest accretion during the year	**–**	17,613
Less: Conversion into PNM class A shares	**–**	(233,147)
	–	–
Derivative component – initial measurement	**–**	192,974
Currency translation differences	**–**	461
Add: Change in fair value during the year	**–**	947,100
Less: Conversion into PNM class A shares	**–**	(1,140,535)
	–	–
Preference share liability	**–**	–

14. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Disposal of partial interest in PNM and acquisition of additional interest in PNM

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

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

During the year ended 31 December 2012, PNM had repurchased an aggregate of 2,273,695 ADSs at an aggregate cost of approximately 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$155,000,000) of its outstanding ADSs for a period not exceeding twelve months since August 2012. PNM expects to continue to implement its share repurchase program in a manner consistent with market conditions and the interest of its shareholders, subject to the restrictions relating to volume, price and timing under applicable law.

During the year ended 31 December 2011, as a result of the grant of restricted shares and the Offering and the conversion of Preferred Shares, the Group's equity interest in PNM was reduced from 99.27% to 51.71%. As the Group retains control over PNM, the Group recognised a gain on deemed disposal of partial interest in PNM of approximately HK$1,563,711,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$867,836,000 during the year ended 31 December 2011.

During the year ended 31 December 2012, 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 51.71% to 51.87%. The Group recognised 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$46,913,000 for the year ended 31 December 2012.

(b) Disposal of partial interest in PMM Beijing

On 29 May 2011, Phoenix Metropolis Media Technology Co., Ltd. (formerly known as Phoenix Metropolis Media (Beijing) Company Limited) ("PMM Beijing") entered into a capital increase agreement (the "Capital Increase Agreement") with the two controlling shareholders of Regal Fame Investments Limited, three PRC domestic independent investors ("PRC investors"), certain employees of various members of the Phoenix Metropolis Media Holdings Limited and its subsidiaries, as well as Phoenix Metropolis Communication (Beijing) Co., Limited ("PMM Communication"). Upon completion of the Capital Increase Agreement, the registered capital of PMM Beijing was increased from approximately HK$48,000,000 to RMB140,000,000 (approximately HK$164,841,000). As a result of the subscription of the share capital (together with consideration in excess of the registered capital by these investors and employees), the Group's equity interest in PMM Beijing (through PMM Communication) was reduced from 75% to 45.54%. Notwithstanding the Group owns less than half of the equity interest in PMM Beijing subsequent to the capital increase, the Group retains control over PMM Beijing as it has the ability to direct the relevant activities of PMM Beijing i.e. the activities that significantly affect PMM Beijing. As a result of the capital increase, the Group recognised a gain on deemed disposal of partial interest in PMM Beijing of approximately HK$79,482,000 in the equity attributable to the owners of the Company and an increase in the non-controlling interests of HK$197,904,000 for the year ended 31 December 2011.

(c) Acquisitions of additional interests in PMM Guangzhou and PMM Shenzhen

In November 2011, the Group further acquired the remaining 25% and 20% equity interests of Phoenix Metropolis Media (Guangzhou) Co., Ltd. ("PMM Guangzhou") and Shenzhen Phoenix Metropolis Media Co., Ltd. ("PMM Shenzhen"), respectively, at a total consideration of RMB36,500,000 (approximately HK$44,593,000). The difference between total fair value of consideration paid and the total relevant share acquired of the carrying value of net assets of PMM Guangzhou and PMM Shenzhen of HK$11,922,000 was recognised in the equity attributable to the owners of the Company and a decrease of HK$32,671,000 was recognised in the non-controlling interests for the year ended 31 December 2011.

15. SUBSEQUENT EVENT

There have been no events subsequent to year end which require adjustment or disclosure in the financial statements in accordance with HKFRS.

As at the date of this announcement, the board of directors of the Company comprises:

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

Non-executive Directors
Mr. GAO Nianshu, Mr. SHA Yuejia, Mr. Jan KOEPPEN, Mr. CHEUNG Chun On, Daniel and Mr. GONG Jianzhong

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

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