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 2017

The board of directors (the "**Board**" or "**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 2017.

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2017 was approximately HK$3,957,487,000, which represented an increase of 4.2% over the previous year.

- Profit attributable to owners of the Company was approximately HK$286,248,000, which represented an increase of 24.2% over the previous year.

- The Board recommended a final dividend of 1 Hong Kong cent per ordinary share of the Company ("**Share(s)**").

RESULTS

The revenue of the Group for the year ended 31 December 2017 was approximately HK$3,957,487,000 (year ended 31 December 2016: HK$3,798,273,000), which represented a 4.2% increase over the previous year. Although traditional media trading environment is still critical, revenue from both outdoor media business and internet media business were increased. The operating costs have increased by 5.9% to approximately HK$3,829,558,000 (year ended 31 December 2016: HK$3,617,143,000) compared to the previous year. Increase in operating costs was primarily due to increase in advertising and promotion cost of internet media business.

The operating profit of the Group for the year ended 31 December 2017 was approximately HK$127,929,000 (year ended 31 December 2016: HK$181,130,000), which represented a decrease of 29.4% compared to the previous year.

Fair value gain on derivative financial instruments related to subsequent measurement of internet media's investment in Particle Inc. for the year ended 31 December 2017 was approximately HK$285,352,000 (year ended 31 December 2016: HK$182,050,000).

Fair value gain of approximately HK$44,868,000 (year ended 31 December 2016: HK$21,127,000) was recognized for the investment properties in Beijing and London.

The net exchange gain of the Group for the year ended 31 December 2017 was approximately HK$8,083,000 (year ended 31 December 2016: loss HK$55,812,000) mainly resulting from the appreciation of the Renminbi.

The profit attributable to owners of the Company was approximately HK$286,248,000 (year ended 31 December 2016: HK$230,515,000), which represented an increase of 24.2% compared to the previous year.

The chart below summarises the performance of the Group for the year ended 31 December 2017 and the year ended 31 December 2016 respectively.

	Year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Television broadcasting	**1,336,615**	1,430,947
Internet media	**1,733,094**	1,629,661
Outdoor media	**721,436**	610,295
Real estate	**29,464**	27,606
Other businesses	**136,878**	99,764
Group's total revenue	**3,957,487**	3,798,273
Operating costs	**(3,829,558)**	(3,617,143)
Operating profit	**127,929**	181,130
Fair value gain on investment properties	**44,868**	21,127
Net gain on internet media investment		
Fair value gain on derivative financial instruments	**285,352**	182,050
Interest income	**136,124**	101,611
Exchange gain/(loss), net	**8,083**	(55,812)
Gain on deemed disposal of a subsidiary	**5,007**	49,344
Other income, net	**16,812**	18,225
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	**624,175**	497,675
Share of results of joint ventures and associates	**(13,743)**	(17,852)
Income tax expense	**(89,579)**	(81,809)
Profit for the year	**520,853**	398,014
Non-controlling interests	**(234,605)**	(167,499)
Profit attributable to owners of the Company	**286,248**	230,515
Basic earnings per share, Hong Kong cents	**5.73**	4.61

BUSINESS OVERVIEW AND PROSPECTS

Phoenix experienced steady growth in 2017 with its omni-media business structure continuously becoming more integrated and innovative. Determined to upgrade its strategies, the Group has been spawning budding businesses in emerging industries. Continuously receiving awards including "China's 500 Most Valuable Brands", "Asia's 500 Most Influential Brands", "The World's 500 Largest Media Companies", the "Phoenix TV" brand retains its credibility and wide influence, with the Chinese language media across the globe.

On 7 March 2018, "Phoenix Satellite Television Holdings Limited" was renamed to be "Phoenix Media Investment (Holdings) Limited", to reflect the Group's decades of media experience, its adherence to the totemic brand spirit of "Phoenix TV", and its proactive responsiveness to the Group's reform of strategies, tactics and management mechanism for future development.

Basing in Hong Kong with nearly 60 news bureaux worldwide, Phoenix TV delivers first-hand news to the Chinese audience globally and adheres to the integrated news reporting standards of "Chinese perspective", "patriotic sentiment", "live-broadcasting as a priority" and "exclusivity and uniqueness". In 2017, our global Phoenix TV team witnessed and reported world events such as China's Great Power Diplomacy, the 19th National Congress of the Communist Party of China, the 20th anniversary of Hong Kong's return to China, the United States President Donald Trump's visit to China, Korean Peninsula nuclear issue, etc., drawing widespread attention and applause from Chinese communities.

The Group's television broadcasting business, following the philosophy of "omni-media distribution service", is now innovating creative content production and restructuring the programme presentation. The Group also seeks to provide customized programme content and services for its clients and has established strategic partnership with a number of leading companies in China. Meanwhile, the Group has expanded its global distribution channels to reach audience worldwide through satellite, cable networks, mobile internet, over-the-top platforms and social media, satisfying the demands from groups using distinct devices. Built on the Phoenix TV brand and taking advantage of its international reputation, the "Phoenix Global Brand Project" assists our strategic partners to explore global markets and build world known brands.

The Group takes "ifeng.com" as its core internet media platform and strengthens its mobile strategies to enhance its influence and its ability to monetize mobile traffic. The flagship product "ifeng News APP" has become one of the most popular news apps in China. At the same time, while exploring media patterns based on big data, artificial intelligence and cloud computing, the Group strategically invested in Yidianzixun, an information platform featuring individual customized, information and news feed functions. In October 2017, Yidianzixun was the first media platform to obtain the Internet News Information Service Licence, enabling it to reproduce online news on its app, website and we-media platforms. Yidianzixun has now been developed as a highly competitive media platform.

Through continuous efforts in the past 10 years, the Group's outdoor media platform "Phoenix Metropolis Media" has grown into the largest and most influential outdoor LED media operator in mainland China emphasizing on innovation and development, and achieved significant growth in both revenue and profits in 2017. Following the launch of the Phoenix LED Alliance, the naked-eye 3D big screen video advertising and mobile marketing system have been well-received by customers and have maintained its leading position in the industry.

On the basis of continuing to adhere to and maintain its role as a leading Chinese media content provider, the Group relies on the Phoenix brand and high-end contents and leverages on forefront digital technology to incubate and continuously invest in projects that are valuable and based on sustainable business models. The Group now has a diversified portfolio of business covering animated comics, games, digital technologies, creative culture, cloud technology services, education, exhibitions and other fields.

The digital technology business of Phoenix commits to represent the beauty of Chinese culture and art with the rest of the world by combining cutting-edge digital technology and culture. The Group achieved strategic cooperation with the Palace Museum, through which both parties will jointly hold a virtual-reality tour of the scene depicted in the painting "Along the River during the Qingming Festival" ("清明上河圖") in 2018. An indoor "LEJOY" theme park focusing on children education and "the Experience Hall of Virtual Reality Arena" positioned on e-sports, are already in operation.

"Phoenix Entertainment", a platform focused on the animated comics and games business, has obtained the copyrights to adapt the martial arts novels written by Mr. Jin Yong into comic format. We cooperated with "Tencent Comic" (騰訊動漫), the largest animated comics platform in China, to jointly launch three adapted comics – *Demi-Gods and Semi-Devils* (《天龍八部》), *The Smiling, Proud Wanderer* (《笑傲江湖》), and *Fox Volant of the Snowy Mountain* (《雪山飛狐》). With this foundation, our objective is to establish an all-rounded business surrounding the animated comics IP. In addition, a few mobile game products will be launched as well in 2018.

Other business segments of the Group have also been growing. iFeng Yun, a high-speed document transfer internet product developed by our cloud technology business unit, has a promising future in the film and television industry. The creative culture business unit is on the right track to expand in arts (USALT APP platform), performance and culture tourism fields. Our educational business unit is working with hundreds of universities to offer digital technology-based distance learning courses; our exhibition unit has held exhibitions to promote domestic companies in the overseas, with the International Chinese Medicine Cultural Festival as an iconic project. Align with the urbanization trend in China, the Group is exploring some scaled creative cultural pilot projects with brand effects such as "cultural towns" and "cultural and creative bases". The Group has also achieved progress in the areas of internet finance and publishing.

In the post-information era driven by the internet technology, Phoenix is well positioned to embrace technology advances, reformation and the future; and to accelerate changes in our strategies, business models, mechanism and products. Also, to highly value the in-depth integration of capital market and business development by establishing a Phoenix Cultural Media Industrial Fund to support the strategic enhancement.

In face of dramatic changes, being innovative is the only way for Phoenix to achieve continuous success and new momentum of glory. The Group will as always continue to adhere to the competitiveness of its brand and content, espouse professional journalism, and ultimately maximize the value of the Group for our shareholders and faithful audience.

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2017		2016	
	Revenue	**Segment result**	Revenue	Segment result
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**1,336,615**	**316,022**	1,430,947	417,619
Internet media	**1,733,094**	**453,583**	1,629,661	389,113
Outdoor media	**721,436**	**119,524**	610,295	67,283
Real estate	**29,464**	**(6,818)**	27,606	(47,251)
Other businesses	**136,878**	**(33,490)**	99,764	(7,442)
Group's total revenue and segment results	**3,957,487**	**848,821**	3,798,273	819,322
Unallocated income		**62,143**		28,080
Unallocated expenses		**(286,789)**		(349,727)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		**624,175**		497,675

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 33.8% of the total revenue of the Group for the year ended 31 December 2017, decreased 6.6% to approximately HK$1,336,615,000 (year ended 31 December 2016: HK$1,430,947,000). The critical traditional media trading environment has led to a decrease in the advertising income of the television broadcasting business. As the cost structure is relatively fixed, the segmental profit for the television broadcasting business reduced to approximately HK$316,022,000 for the year ended 31 December 2017(year ended 31 December 2016: HK$417,619,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 30.7% of the total revenue of the Group for the year ended 31 December 2017, decreased 7.2% to approximately HK$1,216,859,000 (year ended 31 December 2016: HK$1,310,632,000).

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 0.5% as compared to the previous year to approximately HK$119,756,000 (year ended 31 December 2016: HK$120,315,000).

The revenue of the internet media business for the year ended 31 December 2017 increased 6.3% to approximately HK$1,733,094,000 (year ended 31 December 2016: HK$1,629,661,000). Although there was a decrease in PC platform advertising revenues, mobile platform advertising revenues recorded a significant increase. The segmental profit of internet media business for the year ended 31 December 2017 increased 16.6% to approximately HK$453,583,000 (year ended 31 December 2016: HK$389,113,000). The increase in net gain related to subsequent measurement of the investment in Particle Inc. was partially set off by the increase in advertising and promotion cost.

The revenue of outdoor media business for the year ended 31 December 2017 increased 18.2% to approximately HK$721,436,000 (year ended 31 December 2016: HK$610,295,000). The segmental profit of outdoor media business for the year ended 31 December 2017 increased 77.6% to approximately HK$119,524,000 (year ended 31 December 2016: HK$67,283,000) over the previous year.

The segmental loss for real estate business for the year ended 31 December 2017 was approximately HK$6,818,000 (year ended 31 December 2016: HK$47,251,000), which mainly comprises depreciation and interest expenses.

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

DIVIDENDS

The Board recommended the payment of a final dividend of 1 Hong Kong cent per Share (final dividend for 2016: 1 Hong Kong cent), totaling approximately HK$49,935,000, equivalent to approximately 17.4% of profit attributable to owners of the Company, to be payable to shareholders whose names appear on the register of members of the Company on 15 June 2018, Friday. Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company ("**AGM**"), the final dividend will be payable on or around 22 June 2018, Friday.

ANNUAL GENERAL MEETING

The AGM will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on 6 June 2018, Wednesday at 3:00 p.m.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 June 2018, Friday to 6 June 2018, Wednesday (both dates inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the forthcoming 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 31 May 2018, Thursday.

The register of members of the Company will also be closed from 12 June 2018, Tuesday to 14 June 2018, Thursday (both dates inclusive), during which period no share transfer will be effected. In order to qualify for the proposed final dividend (subject to shareholders' approval at the forthcoming 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 2018, Monday.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

As at 31 December 2017, as a result of the exercise of share options by the option holders, the Group's equity interest in Phoenix New Media Limited ("**PNM**") was decreased from 55.45% to 54.96%.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2017 remained solid. As at 31 December 2017, the Group had cash and current bank deposits totaling about HK$2,690,998,000 (as at 31 December 2016: HK$2,678,656,000). The aggregated outstanding borrowings of the Group were approximately HK$1,239,544,000 (as at 31 December 2016: HK$1,272,144,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of subsidiaries, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings. The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 54.6% as at 31 December 2017 (as at 31 December 2016: 52.5%).

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

CHARGE ON ASSETS

As at 31 December 2017, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$103,000,000, HK$412,000,000 and HK$1,555,000,000 (as at 31 December 2016: HK$102,000,000, HK$425,000,000 and HK$1,452,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$781,666,000 (as at 31 December 2016: HK$807,162,000) was pledged with a bank to secure a bank borrowing to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,751,000 (as at 31 December 2016: HK$2,774,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$352,000 (as at 31 December 2016: HK$322,000) were pledged with a bank to secure banking guarantee 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 2017 and 31 December 2016.

CAPITAL STRUCTURE AND SHARE OPTIONS

As at 31 December 2017, the authorized share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each, of which 4,993,469,500 Shares (as at 31 December 2016: 5,000,999,500 Shares) had been issued and fully paid.

There was no option exercised under the Company's share option scheme during the year.

As at 31 December 2017, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

STAFF

As at 31 December 2017, the Group employed 2,881 full-time staff (as at 31 December 2016: 2,872) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2017 increased to approximately HK$1,277,283,000 (year ended 31 December 2016: HK$1,185,144,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2017, the Group invested in listed security investments with estimated fair market value of approximately HK$24,406,000 (as at 31 December 2016: HK$19,003,000) recognized as "financial assets at fair value through profit and loss" and unlisted preferred shares of Particle Inc. recognized as "available-for-sale financial assets" and "derivative financial instruments" with estimated fair market value of approximately HK$705,712,000 (as at 31 December 2016: HK$605,849,000) and HK$721,002,000 (as at 31 December 2016: HK$440,261,000) respectively. Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

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

CONTINGENT LIABILITIES

Various companies in the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2017, the Company has bought back 3,478,000 Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for a total consideration of HK$4,511,820. The buy-backs were made for the benefit of the Company and its shareholders as a whole by enhancing the earnings per share of the Company.

Details of the share buy-backs are disclosed as follows:

Trading Date	No. of Shares	Total Consideration	Price per Share Highest	Price per Share Lowest
		HK$	*HK$*	*HK$*
January 2017				
4	182,000	238,380	1.31	1.30
6	300,000	393,000	1.31	–
16	34,000	44,880	1.32	–
	516,000	676,260		
February 2017				
6	470,000	615,880	1.32	1.29
7	1,000,000	1,297,920	1.30	1.29
13	500,000	643,500	1.29	1.28
14	992,000	1,278,260	1.29	1.28
	2,962,000	3,835,560		
	3,478,000	4,511,820		

The above 3,478,000 Shares repurchased during the year were cancelled on 2 March 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its securities during the year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2017 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, consolidated income statement and related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company adopted its own code on corporate governance which combined its existing principles and practices with most of the code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 14 to 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 the Company's own standards and experience, while respecting the benchmarks set in the Code.

The Company has an in-house audit function to assist the Board in monitoring and advising on the effectiveness of the Group's governance, risk management and internal control processes. The risk management committee of the Company had monitored the progress on corporate governance practices, risk management and internal control systems of the Company throughout the year under review. The following summarises the corporate governance practices of the Company and explanations of deviations from the Code.

Save as disclosed below, the Company has, throughout the year ended 31 December 2017, complied with the Code.

(1) Distinctive Roles of Chairman and Chief Executive Officer

Code Provision

Under code provision A.2.1, 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 to the Board 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 (the "**Non-Competition Deed**") in favour of the Company which took effect on 5 December 2008 in order to manage any potential competing interest with the Group. Details of the Non-Competition Deed are set out in the announcement of the Company dated 26 November 2008.

Mr. LIU 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 Board committees, balance of power and authority can be ensured and therefore, there is no imminent need to change the arrangement.

(2) Appointments, Re-election and Removal

Code Provision

Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election and all directors appointed to fill casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific terms, should be subject to retirement by rotation at least once every three years.

Deviation and its Reason

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

(3) Effective Communications

Code Provision

Under code provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Deviation and its Reason

The chairman of the Board, Mr. LIU Changle was absent from the AGM held on 6 June 2017 due to conflicting business schedule, and he had invited Mr. CHUI Keung, executive director and the chairman of the risk management committee of the Company, to chair the AGM on his behalf. Mr. LIU had also invited Mr. Thaddeus Thomas BECZAK, the chairman of the audit and nomination committees of the Company to attend the AGM.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, it was confirmed that the Directors have complied with the above-mentioned required standards of dealings regarding Directors' securities transactions throughout the year ended 31 December 2017.

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

OTHER IMPORTANT EVENTS AND SUBSEQUENT EVENTS

Discloseable Transaction Regarding Provision of New Loan to Particle Inc. and Extensions

On 20 January 2017, PNM entered into a loan agreement with Particle Inc., pursuant to which PNM agreed to grant to Particle Inc. a loan in the principal amount of RMB74,000,000 bearing interest at a rate of 9% per annum for a period of one (1) year ("**January 2017 Loan**"). On 28 January 2016, 5 April 2016, 10 August 2016 and 2 November 2016, PNM granted the loans in the principal amounts of US$10,000,000, US$10,000,000, US$14,800,000 ("**August 2016 Loan**") and RMB46,000,000, respectively, to Particle Inc. The January 2017 Loan, when aggregated with the previous loans which were granted within a 12-month period before, resulted in certain applicable percentage ratios exceeding 5% but all applicable percentage ratios being less than 25%, therefore constituted a discloseable transaction of the Company. For details, please refer to the Company's announcement dated 20 January 2017.

On 9 August 2017, PNM extended the August 2016 Loan from twelve (12) months to eighteen (18) months, while the other terms and conditions remain the same. The August 2016 Loan with a principal amount of US$14,800,000 would mature in February 2018 after the extension. In connection with the extension of the August 2016 Loan, Particle Inc. extended PNM's right to convert, at PNM's option, all or a part of the August 2016 Loan (including principal and interests) into Series D1 preferred shares to be issued by Particle Inc. to 9 February, 2018 ("**Series D1 Conversion Right**").

On 22 January 2018, PNM extended the terms of (1) the August 2016 Loan for a further six (6) months term to August 2018, and (2) the January 2017 Loan to July 2018 after the extension. The expiration date of PNM's Series D1 Conversion Right was accordingly extended to 9 August 2018.

PNM currently owns approximately 41.82% of the total outstanding shares of Particle Inc. on an as-if converted basis.

Proposed Spin-off and Separate Listing of 鳳凰都市傳媒科技股份有限公司 (Phoenix Metropolis Media Technology Company Limited, "Phoenix Metropolis")

On 17 March 2017, the Company announced that the Board was considering the feasibility of a proposed spin-off and separate listing of Phoenix Metropolis, a subsidiary of the Company engaged in the outdoor media business in the PRC, on the Shenzhen Stock Exchange ("**Proposed Spin-off**"). The Proposed Spin-off is still at a preliminary stage. No application has been submitted to any PRC regulatory authorities or to the Stock Exchange pursuant to Practice Note 15 to the Listing Rules in relation to the Proposed Spin-off. No final decision has been made by the Board as to whether and when the Proposed Spin-off will proceed.

Withdrawal of Application for the Domestic Free Television Programme Service Licence in Hong Kong

On 18 August 2017, Phoenix Hong Kong Television Limited ("**Phoenix HKTL**"), an indirect wholly-owned subsidiary of the Company, has submitted a written notice to the Communication Authority to withdraw the application for a domestic free television programme service licence in Hong Kong with digital terrestrial transmission ("**Application**"). Phoenix HKTL submitted the Application on 6 May 2016, and the Board resolved to withdraw the Application in light of (i) the current unfavourable market condition for domestic free television programme service in Hong Kong and (ii) the change in business/investment direction of the Company. Please also refer to the Company's announcement dated 18 August 2017.

Yidian's Receipt of Licence for Internet News Information Services from CAC

On 31 October 2017, 北京一點網聚科技有限公司(Beijing Yidianwanju Technology Co. Ltd., "**Yidian**"), an affiliated consolidated entity of Particle Inc. (in which PNM currently owns approximately 41.82% of its total outstanding shares on an as-if converted basis) received the licence for internet news information service ("**Licence**") from the 國家互聯網信息辦公室 (Cyberspace Administration of China, "**CAC**"). This is the first licence issued by CAC since the new Provisions for the Administration of Internet News Information Services《互聯網新聞信息服務管理規定》went into effect on 1 June 2017. The Licence issued to Yidian is applicable to both PC and mobile news services. In addition to news services, this Licence also explicitly authorizes Yidian to operate「一點號」Yidianhao, Yidian's we-media platform, in China.

New Trademark Licence Agreements with PNM subsidiaries

On 8 December 2017, Phoenix Satellite Television Trademark Limited ("**Phoenix Trademark Co.**"), a wholly-owned subsidiary of the Company, entered into new trademark licence agreements ("**TM Agreements**") with two affiliated consolidated entities of PNM, being 怡豐聯合(北京)科技有限責任公司 and 北京天盈九州網路技術有限公司 (together as "**Licensees**"), to replace previous trademark licence agreements between the parties. Under the TM Agreements, the Company agreed to continue to licence to the Licensees certain double-phoenix and other trademarks owned by Phoenix Trademark Co. The annual licence fee payable by each of the Licensees will be the greater of 2% of the Licensee's annual revenue or US$100,000.

Fund Raising Exercise for Phoenix Entertainment and Game Company Limited (鳳凰娛樂遊戲有限公司) Group

In early 2018, Phoenix Entertainment and Game Company Limited (鳳凰娛樂遊戲有限公司) ("**Phoenix Games**"), a subsidiary of the Company, entered into a round of fund raising exercise seeking external funds to support its business plans in the comic and games industry. Based on the then valuation of Phoenix Games and its subsidiaries ("**Phoenix Games Group**"), the amount to be raised was in a total of RMB100 million in exchange for a total of 5% equity interests in Phoenix Games Group.

On 22 January 2018, Phoenix Games entered into a strategic investment agreement with 深圳市國宏嘉信信息科技有限公司 ("**GuoHong**"), its overseas investment arm China Prosperity Capital Alpha Limited and various parties. GuoHong invested a sum of RMB50 million in return for a 2.5% equity interest (on a diluted basis) in Phoenix Games Group and the transaction was completed on 2 February 2018 ("**GuoHong Transaction**"). GuoHong is a private investment fund specializing in the mobile internet and pan entertainment industries of the Greater China region.

On 26 February 2018, Phoenix Games entered into another strategic investment agreement with 西藏明溪安同創業投資有限公司 ("**MingXi**") and various parties, the terms of which were similar to those of the GuoHong Transaction. Pursuant to the agreement, MingXi would invest a sum of RMB30 million in return for a 1.5% equity interest (on a diluted basis) in Phoenix Games Group ("**MingXi Transaction**"). MingXi is a subsidiary in an investment fund focusing on high new technology and innovative enterprises with sustainable growth, high competitiveness and good corporate governance.

On 16 March 2018, Phoenix Games entered into another strategic investment agreement with 寧波信達華建投資有限公司 ("**XinDa**"), its overseas investment arm China Cinda (HK) Asset Management Co., Limited (中國信達(香港)資產管理有限公司) and various parties, the terms of which were similar to those of the GuoHong Transaction and the MingXi Transaction. Pursuant to the agreement, XinDa would invest a sum of RMB20 million in return for a 1% equity interest (on a diluted basis) in Phoenix Games Group. XinDa is a wholly-owned subsidiary of China Cinda Assets Management Co., Limited (中國信達資產管理股份有限公司), one of the most prestigious investment brands in China.

Change of Company Name of the Company

On 25 January 2018, the Company announced the proposal to change the English name from "Phoenix Satellite Television Holdings Limited" to "Phoenix Media Investment (Holdings) Limited" and to change the dual foreign name in Chinese from "鳳凰衛視控股有限公司" to "鳳凰衛視投資(控股)有限公司" in line with its business directions. The proposed change of company name is subject to: (i) approval by a special resolution of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting (the "**EGM**") to approve the proposed change of company name; and (ii) approval by the Registrar of Companies of the Cayman Islands by issuing a certificate of incorporation on change of name.

The EGM was held on 6 March 2018 and a special resolution of the Shareholders was obtained. The Company received the certificate of incorporation on change of name from the Registrar of Companies of the Cayman Islands and the change of name was made effective from 7 March 2018.

Continuing Connected Transaction between 神州電視有限公司 (Shenzhou Television Company Ltd.) ("Shenzhou") and CNHK Media Limited (中港傳媒有限公司) ("CNHK Media")

On 2 February 2018, Shenzhou, acting as the PRC advertising agent of Phoenix Satellite Television Company Limited ("**Phoenix HK**") and CNHK Media, entered into an advertising contract relating to the purchase of advertising airtime by CNHK Media ("**2018 Contract**") respectively for the ultimate benefits of the Group and 中國移動通信集團有限公司 (China Mobile Communications Group Co., Ltd, "**CMCC**") and its associates (together "**CMCC Group**").

Pursuant to the 2018 Contract, CNHK Media agreed to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel for the period from 2 February 2018 to 31 December 2018 for a sum not exceeding RMB40,000,000 (equivalent to approximately HK$48,616,000) for promoting the CMCC Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CNHK Media has/will entered into contract(s) with a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime from Phoenix HK on behalf of CMCC Group covering the same period. As such, the entering of the 2018 Contract by CNHK Media is for the ultimate benefits of the CMCC Group. The Company considered CNHK Media a deemed connected person of the Company under the Listing Rules. As the transactions contemplated under the 2018 Contract constitute continuing connected transactions for the Company under the Listing Rules and all of the applicable percentage ratios in respect of the annual cap for the transactions are more than 0.1% but less than 5%, the transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcement dated 2 February 2018.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk, and the Company's investor relations website at www.irasia.com/listco/hk/phoenixtv. The 2017 annual report of the Company will be despatched to the Shareholders and published on the above-mentioned websites on or before 24 April 2018.

On behalf of the Board
LIU Changle
Chairman

Hong Kong, 16 March 2018

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

	Note	**2017**	2016
		$'000	*$'000*
Revenue	*3*	**3,957,487**	3,798,273
Operating expenses	*6*	**(2,817,858)**	(2,678,183)
Selling, general and administrative expenses	*6*	**(1,011,700)**	(938,960)
Other gains, net			
Fair value gain on investment properties		**44,868**	21,127
Other operating gains, net	*4*	**300,219**	186,730
Interest income		**195,465**	149,859
Interest expense		**(44,306)**	(41,171)
Share of profits less losses of joint ventures		**6,145**	(4,906)
Share of profits less losses of associates		**(19,888)**	(12,946)
Profit before income tax	*6*	**610,432**	479,823
Income tax expense	*7*	**(89,579)**	(81,809)
Profit for the year		**520,853**	398,014
Profit attributable to:			
Owners of the Company		**286,248**	230,515
Non-controlling interests		**234,605**	167,499
		520,853	398,014
Earnings per share for profit attributable to the owners of the Company for the year			
Basic earnings per share, Hong Kong cents	*8*	**5.73**	4.61
Diluted earnings per share, Hong Kong cents	*8*	**5.73**	4.61

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017
(Amounts expressed in Hong Kong dollars)

	2017	2016
	$'000	*$'000*
Profit for the year	**520,853**	398,014
Other comprehensive income:		
Items that have been reclassified/may be reclassified to profit or loss		
Currency translation differences	**171,984**	(266,683)
Fair value (loss)/gain on available-for-sale financial assets	**(28,635)**	11,650
Total comprehensive income for the year	**664,202**	142,981
Attributable to:		
Owners of the Company	**377,835**	70,846
Non-controlling interests	**286,367**	72,135
	664,202	142,981

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

(Amounts expressed in Hong Kong dollars)

	Note	**2017** **$'000**	2016 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**11,800**	14,886
Lease premium for land		**208,619**	210,179
Property, plant and equipment, net		**1,080,274**	1,160,842
Investment properties		**1,570,414**	1,464,088
Intangible assets		**26,960**	25,872
Investments in joint ventures		**40,027**	24,159
Investments in associates		**78,503**	84,414
Available-for-sale financial assets	*13*	**725,395**	617,835
Conversion options for convertible redeemable preferred shares	*14*	**721,002**	440,261
Options for long term investments	*14*	**17,702**	17,812
Other long-term assets		**52,380**	46,008
Deferred income tax assets		**76,925**	69,849
Pledged bank deposit		**200,000**	185,000
		4,810,001	4,361,205
Current assets			
Accounts receivable, net	*10*	**940,240**	721,566
Prepayments, deposits and other receivables		**814,524**	565,330
Inventories		**7,493**	8,456
Amounts due from related companies		**333,610**	261,774
Conversion options for convertible loans	*14*	**19,513**	10,860
Self-produced programmes		**12,112**	7,328
Purchased programme and film rights, net		**147**	231
Financial assets at fair value through profit or loss		**24,406**	19,003
Prepaid tax		**8,971**	11,355
Pledged bank deposits		**581,666**	622,162
Bank deposits		**470,970**	394,666
Restricted cash		**587**	548
Cash and cash equivalents		**2,220,028**	2,283,990
		5,434,267	4,907,269
Total assets		**10,244,268**	9,268,474

	Note	2017	2016
		$'000	*$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**499,347**	500,100
Reserves		**4,876,121**	4,525,371
		5,375,468	5,025,471
Non-controlling interests		**1,937,120**	1,603,304
Total equity		**7,312,588**	6,628,775
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	*12(a)*	**329,215**	349,464
Interest rate swap contracts	*14*	**698**	220
Other long-term liabilities		**4,876**	4,681
Loans from non-controlling shareholders of subsidiaries	*12(b)*	**251,252**	266,430
Deferred income tax liabilities		**185,976**	167,980
		772,017	788,775
Current liabilities			
Accounts payable, other payables and accruals	*11*	**1,336,620**	1,057,099
Secured bank borrowings	*12(a)*	**596,507**	632,295
Deferred income		**109,029**	88,209
Loans from non-controlling shareholders of a subsidiary	*12(b)*	**57,694**	19,274
Current income tax liabilities		**58,823**	52,465
Interest rate swap contracts	*14*	**990**	1,582
		2,159,663	1,850,924
Total liabilities		**2,931,680**	2,639,699
Total equity and liabilities		**10,244,268**	9,268,474

NOTES

(Amounts expressed in Hong Kong dollars)

1. GENERAL INFORMATION

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

The Company is a limited liability company incorporated in the Cayman Islands and domiciled in Hong Kong Special Administrative Region of the People's Republic of China ("PRC"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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

2. BASIS OF PREPARATION

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

(a) Effect of adopting amendments to standards effective in 2017

HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendments)	Disclosure of Interest in Other Entities

The adoption of the above amendments to standards does not have any significant impact to the results and financial position of the Group for the year ended 31 December 2017.

(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 ended 31 December 2017 and have not been early adopted by the Group:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions (1)
HKFRS 9	Financial Instruments (1)
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation (2)
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures (2)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (4)
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts (1)
HKFRS 17	Insurance Contracts (3)
HKFRS 15	Revenue from Contracts with Customers (1)
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 (1)
HKFRS 16	Leases (2)
HK (IFRIC) 22	Foreign Currency Transactions and Advance Consideration (1)
HK (IFRIC) 23	Uncertainty over Income Tax Treatments (2)
HKAS 40 (Amendments)	Transfers of Investment Property (1)
Annual Improvements to HKFRSs 2014-2016 Cycle (1)	
Annual Improvements to HKFRSs 2015-2017 Cycle (2)	

(1) Effective for the Group for annual period beginning on 1 January 2018
(2) Effective for the Group for annual period beginning on 1 January 2019
(3) Effective for the Group for annual period beginning on 1 January 2021
(4) Effective date to be determined

The Group will apply the above new standards, amendments to standards and interpretations from 1 January 2018 or later periods. The Group has already commenced an assessment of the likely impact of adopting the above new standards, amendments to standards and interpretations, for which the preliminary assessment of HKFRS 15 and HKFRS 9 is set out below.

HKFRS 15 Revenue from Contracts with Customers

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or modified retrospective approach for the adoption.

The Group has assessed the effects of applying the new standard on the consolidated financial statements and has not identified any material impact to the Group.

HKFRS 9 Financial Instruments

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group owns a number of convertible redeemable preferred shares ("**Preferred Shares**") issued by Particle Inc. The investments in the Preferred Shares were currently separated into debt component classified as available-for-sale financial assets and derivative component classified as conversion options for convertible redeemable preferred shares. Upon adoption of HKFRS 9, the entire investments in Preferred Shares will be accounted for as financial assets at fair value through profit or loss. HKFRS 9 does not require an entity to restate prior periods figures. However, the entity needs to apply this new standard retrospectively. Any difference between previous carrying amounts and those determined under HKFRS 9 at the date of initial application should be included in opening retained earnings (or other equivalent component of equity).

3. REVENUE

The Group is principally engaged in satellite television broadcasting and provision of internet media services. An analysis of the Group's revenue by nature is as follows:

	2017	2016
	$'000	*$'000*
Advertising sales		
Television broadcasting	**1,242,914**	1,340,271
Internet Media	**1,468,037**	1,362,129
Outdoor media	**710,921**	602,767
Mobile, video and wireless value added services income	**265,057**	267,532
Subscription sales	**73,664**	85,550
Magazine advertising and subscription or circulation	**37,797**	41,469
Rental income	**29,464**	27,606
Others	**129,633**	70,949
	3,957,487	3,798,273

4. OTHER OPERATING GAINS, NET

	2017	2016
	$'000	*$'000*
Exchange gain/(loss), net	**8,083**	(55,812)
Investment income	**7,442**	8,878
Gain on deemed disposal of a subsidiary	**5,007**	49,344
Fair value gain on financial assets at fair value through profit or loss	**5,403**	107
Net fair value gain on derivative financial instruments	**284,609**	183,005
(Provision for)/reversal of provision for impairment of amounts due from joint ventures	**(17,328)**	1,224
Provision for impairment of amount due from an associate	**(1,199)**	–
Others, net	**8,202**	(16)
	300,219	186,730

5. SEGMENT INFORMATION

	Year ended 31 December 2017								
	Television broadcasting								
	Primary channels *$'000*	Others *$'000*	Sub-total *$'000*	Internet media *$'000*	Outdoor media *$'000*	Real estate *$'000*	Other activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue									
External sales	1,216,859	119,756	1,336,615	1,733,094	721,436	29,464	136,878	–	3,957,487
Inter-segment sales *(Note c)*	–	39,199	39,199	6,160	–	9,685	5,927	(60,971)	–
Total revenue	1,216,859	158,955	1,375,814	1,739,254	721,436	39,149	142,805	(60,971)	3,957,487
Segment results	348,532	(32,510)	316,022	453,583	119,524	(6,818)	(33,490)	–	848,821
Unallocated income *(Note a)*									62,143
Unallocated expenses *(Note b)*									(286,789)
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									624,175
Share of profits less losses of joint ventures									6,145
Share of profits less losses of associates									(19,888)
Income tax expense									(89,579)
Profit for the year									520,853
Non-controlling interests									(234,605)
Profit attributable to owners of the Company									286,248
Depreciation	(24,810)	(15,882)	(40,692)	(40,839)	(31,279)	(36,286)	(3,548)	–	(152,644)
Unallocated depreciation									(41,822)
									(194,466)
Interest income	–	414	414	182,495	3,069	95	309	–	186,382
Unallocated interest income									9,083
									195,465
Interest expenses	–	(71)	(71)	(25,461)	–	(13,552)	–	–	(39,084)
Unallocated interest expenses									(5,222)
									(44,306)
Impairment of property, plant and equipment	–	–	–	–	(4,367)	–	–	–	(4,367)
Unallocated impairment of property, plant and equipment									–
									(4,367)
Reversal of provision for impairment of accounts receivable	–	–	–	32,691	876	–	–	–	33,567
Provision for impairment of accounts receivable	–	(176)	(176)	(22,195)	(1,974)	–	–	–	(24,345)
Provision for impairment of amount due from a joint venture	–	–	–	(17,328)	–	–	–	–	(17,328)
Provision for impairment of amount due from an associate	–	–	–	(1,199)	–	–	–	–	(1,199)

	Year ended 31 December 2016								
	Television broadcasting								
	Primary channels *$'000*	Others *$'000*	Sub-total *$'000*	Internet media *$'000*	Outdoor media *$'000*	Real estate *$'000*	Other activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue									
External sales	1,310,632	120,315	1,430,947	1,629,661	610,295	27,606	99,764	–	3,798,273
Inter-segment sales *(Note c)*	–	42,377	42,377	–	–	7,295	77	(49,749)	–
Total revenue	1,310,632	162,692	1,473,324	1,629,661	610,295	34,901	99,841	(49,749)	3,798,273
Segment results	447,307	(29,688)	417,619	389,113	67,283	(47,251)	(7,442)	–	819,322
Unallocated income *(Note a)*									28,080
Unallocated expenses *(Note b)*									(349,727)
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									497,675
Share of profits less losses of joint ventures									(4,906)
Share of profits less losses of associates									(12,946)
Income tax expense									(81,809)
Profit for the year									398,014
Non-controlling interests									(167,499)
Profit attributable to owners of the Company									230,515
Depreciation	(32,384)	(19,129)	(51,513)	(49,227)	(33,796)	(36,251)	(5,542)	–	(176,329)
Unallocated depreciation									(43,785)
									(220,114)
Interest income	1	1,007	1,008	135,247	2,646	198	198	–	139,297
Unallocated interest income									10,562
									149,859
Interest expenses	–	(66)	(66)	(8,173)	–	(26,973)	–	–	(35,212)
Unallocated interest expenses									(5,959)
									(41,171)
Impairment of property, plant and equipment	–	–	–	(104)	(7,607)	–	–	–	(7,711)
Unallocated impairment of property, plant and equipment									(12,100)
									(19,811)
Reversal of provision for impairment of accounts receivable	–	–	–	8,103	–	–	–	–	8,103
Provision for impairment of accounts receivable	–	(11)	(11)	(63,275)	(2,674)	–	(627)	–	(66,587)
Reversal of provision for impairment of amounts due from joint ventures	–	–	–	1,224	–	–	–	–	1,224

Notes:

(a) Unallocated income represents exchange gain, interest income, investment income and other income.

(b) Unallocated expenses represent primarily:

- corporate staff costs;
- office rental;
- general administrative expenses;
- marketing and advertising expenses related to the Group as a whole; and
- exchange loss

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

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

	2017	2016
	$'000	*$'000*
The PRC	**3,819,941**	3,675,533
Hong Kong	**50,557**	28,136
Others	**86,989**	94,604
	3,957,487	3,798,273

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

	2017	2016
	$'000	*$'000*
The PRC	**2,351,641**	2,263,644
Hong Kong	**864,360**	893,035
Others	**52,976**	58,769
	3,268,977	3,215,448

6. PROFIT BEFORE INCOME TAX

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

	2017	2016
	$'000	*$'000*
Crediting		
Reversal of provision for impairment of accounts receivable	**(33,567)**	(8,103)
Gain on disposal of property, plant and equipment	**(5,517)**	(533)
Charging		
Production costs of self-produced programmes	**203,163**	195,913
Commission expenses	**370,055**	372,202
Bandwidth costs	**63,439**	75,056
Provision for impairment of accounts receivable	**24,345**	66,587
Employee benefit expenses (including Directors' emoluments)	**1,277,283**	1,185,144
Operating lease rental in respect of		
– Directors' quarters	**1,882**	1,893
– Land and buildings of third parties	**62,521**	70,374
– LED panels	**200,954**	195,659
Loss on disposal of property, plant and equipment	**4,905**	678
Depreciation of property, plant and equipment	**194,466**	220,114
Amortisation of purchased programme and film rights	**12,256**	16,358
Amortisation of lease premium for land	**5,725**	5,786
Amortisation of intangible assets	**9,073**	1,663
Impairment of property, plant and equipment	**4,367**	19,811
Auditor's remuneration		
– Audit services	**13,930**	13,512
– Non-audit services	**1,051**	1,736
Outgoings for investment properties	**5,604**	3,960

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. Taxation on PRC and overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2017	2016
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**26,071**	36,190
– PRC and overseas taxation	**57,568**	63,057
– Over provision of tax in the prior year	**(1,396)**	(8,321)
Deferred income tax	**7,336**	(9,117)
	89,579	81,809

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 an advertising agent, Shenzhou 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.

	2017	2016
	$'000	*$'000*
Profit attributable to owners of the Company *($'000)*	**286,248**	230,515
Weighted average number of ordinary shares in issue *('000)*	**4,993,803**	5,000,860
Basic earnings per share *(Hong Kong cents)*	**5.73**	4.61

(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 (2016: share options of the Company and 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.

	2017	2016
	$'000	*$'000*
Profit attributable to owners of the Company *($'000)*	**286,248**	230,515
Weighted average number of ordinary shares in issue *('000)*	**4,993,803**	5,000,860
Adjustment for share options of the Company *('000)*	**10**	589
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,993,813**	5,001,449
Diluted earnings per share *(Hong Kong cents)*	**5.73**	4.61

9. DIVIDENDS

	2017	2016
	$'000	*$'000*
Proposed final dividend of 1 Hong Kong cent (2016: 1 Hong Kong cent) per share	**49,935**	50,010

The 2016 final dividends paid during the year ended 31 December 2017 were approximately HK$49,935,000 (1 Hong Kong cent per share). The Board of Directors of the Company ("Board") recommend the payment of a final dividend for 2017 of 1 Hong Kong cent per share, totalling approximately HK$49,935,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 6 June 2018. These consolidated financial statements do not reflect this dividend payable.

10. ACCOUNTS RECEIVABLE, NET

	2017	2016
	$'000	*$'000*
Accounts receivable	**1,052,510**	857,487
Less: Provision for impairment	**(112,270)**	(135,921)
	940,240	721,566

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 2017, the ageing analysis of the accounts receivable from customers was as follows:

	2017	2016
	$'000	*$'000*
0-30 days	**316,041**	263,339
31-60 days	**199,573**	162,671
61-90 days	**131,337**	108,982
91-120 days	**85,604**	67,873
Over 120 days	**319,955**	254,622
	1,052,510	857,487
Less: Provision for impairment	**(112,270)**	(135,921)
	940,240	721,566

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

	2017	2016
	$'000	*$'000*
RMB	**1,031,560**	824,658
US$	**14,469**	28,995
UK pound	**4,940**	2,709
Other currencies	**1,541**	1,125
	1,052,510	857,487

11. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2017	2016
	$'000	*$'000*
Accounts payable	**380,722**	354,187
Other payables and accruals	**955,898**	702,912
	1,336,620	1,057,099
Less: Non-financial liabilities	**(13,996)**	(14,355)
	1,322,624	1,042,744

At 31 December 2017, the ageing analysis of the accounts payable was as follows:

	2017	2016
	$'000	*$'000*
0-30 days	**240,858**	216,751
31-60 days	**17,393**	12,838
61-90 days	**10,275**	7,072
91-120 days	**7,276**	15,333
Over 120 days	**104,920**	102,193
	380,722	354,187

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:

	2017	2016
	$'000	*$'000*
HK$	**247,478**	209,807
RMB	**1,063,799**	823,222
US$	**6,703**	7,194
UK pound	**3,912**	1,983
Other currencies	**732**	538
	1,322,624	1,042,744

12. BORROWINGS

	2017	2016
	$'000	*$'000*
Secured bank borrowings *(Note a)*	**925,722**	981,759
Loans from non-controlling shareholders of subsidiaries *(Note b)*	**308,946**	285,704
	1,234,668	1,267,463

(a) Secured bank borrowings

	2017	2016
	$'000	*$'000*
Non-current		
Long-term secured bank borrowings	**329,215**	349,464
Current		
Current portion of long-term secured bank borrowings	**596,507**	632,295
Total secured bank borrowings	**925,722**	981,759

	2017	2016
	$'000	*$'000*
The secured bank borrowings are repayable as follows:		
– Within one year	**596,507**	632,295
– More than one year but not exceeding two years	**233,015**	206,089
– More than two years but not exceeding five years	**94,248**	141,388
– More than five years	**1,952**	1,987
	925,722	981,759

(b) Loans from non-controlling shareholders of subsidiaries

	2017	2016
	$'000	*$'000*
Non-current		
Long-term loans from non-controlling shareholders of subsidiaries	**251,252**	266,430
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**57,694**	19,274
Total loans from non-controlling shareholders of subsidiaries	**308,946**	285,704

The loans from non-controlling shareholders of subsidiaries are repayable as follows:

	2017	2016
	$'000	*$'000*
– Within one year	**57,694**	19,274
– More than one year but not exceeding two years	**77,163**	89,922
– More than two years but not exceeding five years	**155,239**	158,410
– More than five years	**18,850**	18,098
	308,946	285,704

The loans from non-controlling shareholders of subsidiaries are denominated in RMB, unsecured and interest-free (2016: same).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	$'000	*$'000*
Balance, beginning of year	**617,835**	391,412
Additions	**7,068**	134,730
Transfer	**–**	(1,212)
Fair value (loss)/gain	**(28,635)**	11,650
Interest income	**124,529**	81,024
Currency translation differences	**4,598**	231
Balance, end of year	**725,395**	617,835

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		**Liabilities**	
	2017	2016	**2017**	2016
	$'000	*$'000*	***$'000***	*$'000*
Conversion options for convertible redeemable Preferred Shares *(Note 15)*	**721,002**	440,261	**–**	–
Conversion options for convertible loan *(Note 15)*	**19,513**	10,860	**–**	–
Options for long term investments	**17,702**	17,812	**–**	–
Interest rate swap contracts	**–**	–	**(1,688)**	(1,802)
Total	**758,217**	468,933	**(1,688)**	(1,802)

15. INVESTMENTS IN AND LOANS TO PARTICLE INC. ("PARTICLE")

In 2014, Phoenix New Media Limited ("PNM") invested in a number of Series B Preferred Shares of Particle. In 2016, PNM further invested approximately HK$496,989,000 in Series C Preferred Shares of Particle.

On 28 January 2016, the board of directors of PNM have authorised to provide short-term unsecured loans to Particle in an aggregate principal amount of up to US$20 million (approximately HK$155,138,000) (the "Loans") at an interest rate of 4.35% per annum with a term of twelve months and convertible options of which PNM may, at its option, convert all or a portion of the Loans together with any unpaid interest into Series D1 Preferred Shares ("Conversion Options") at any time prior to 31 December 2017, subject to the completion of issuance of Series D Preferred Shares by Particle. Particle has drawn down all of the US$20 million loans in April 2016.

On 30 December 2016, PNM exercised the Conversion Options to convert the Loans totalling US$20 million into 23.6 million of Series D1 Preferred Shares. Similar to Series B and C, the investment in D1 Preferred Shares have similar features and were separated into the debt component of HK$122,744,000 which were classified as "available-for-sale financial assets" ("AFS") and "derivative financial instruments" ("DFI") of HK$38,171,000 (for the conversion option). The investments in AFS and DFI were subsequently measured at fair value at each reporting period based on an external valuation report. Under HKAS 39, changes in fair value of the DFI are recognised in the consolidated income statement whereas all changes in fair value of AFS are recognised directly in other comprehensive income except for the interest portion of the AFS calculated using the effective interest method which is recognised in the consolidated income statement.

On 11 August 2016, PNM has provided a short-term unsecured loan to Particle of US$14.8 million (approximately HK$114,802,000) at an interest rate of 4.35% per annum with a term of six months and Conversion Options exercisable at any time on or before the maturity date of the loan. The loan represents compound financial instruments, which comprise (i) "loans and receivable" of HK$109,372,000 classified as "amounts due from related companies" and (ii) DFI of HK$5,430,000. The "loans and receivable" were carried at amortised cost and the DFI was subsequently measured at fair value at each reporting period. In August 2017, the term of the Convertible Loan was extended to eighteen months to February 2018. On 22 January 2018, the term of the Convertible Loan was further extended to August 2018.

On 2 November 2016, PNM provided another short-term unsecured loan to Particle of RMB46.0 million (approximately HK$52,031,000) at an interest rate of 9.00% per annum with a term of six months. In January 2017, the term of the loan was extended to twelve months to November 2017. In November 2017, the unsecured loan was repaid by Particle.

On 20 January 2017, PNM also provided a short-term unsecured loan to Particle of RMB74.0 million (approximately HK$83,835,000) at an interest rate of 9.00% per annum with a term of twelve months. On 22 January 2018, the term of the loan was extended to July 2018.

During the year ended 31 December 2017, the Group recognised interest income of HK$11,595,000 (2016: HK$20,588,000) from the loans to Particle.

16. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Deemed disposal of partial interest in PNM

During the year ended 31 December 2017, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM was decreased from 55.45% to 54.96%. The Group recognised a deemed net gain of approximately HK$4,731,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$25,776,000 for the year ended 31 December 2017.

During the year ended 31 December 2016, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM was decreased from 55.61% to 55.45%. The Group recognised a deemed net loss of approximately HK$2,233,000 in the equity attributable to owners of the Company and an increase in non-controlling interests of HK$7,775,000 for the year ended 31 December 2016.

As at the date of this announcement, the Board 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. XIA Bing, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors
Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di

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