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 2009

CHAIRMAN'S STATEMENT

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2009 was 9.9% higher than the previous year, reaching approximately HK$1,530,505,000.

- The profit attributable to equity holders increased to approximately HK$299,746,000, which was a 4.5% improvement over the profit achieved in 2008.

- The Board recommended a final dividend of HK$0.02 per share.

RESULTS

The Group's revenue for the year ended 31 December 2009 was approximately HK$1,530,505,000, which represented a 9.9% increase over the revenue earned in 2008. The two main drivers behind this result were the growth in both broadcasting and outdoor advertising revenue. Total operating costs increased by 8.4% to approximately HK$1,205,395,000. The upward movement in operating costs was mainly due to the expansion of outdoor media business and increase in staff, depreciation and programming costs.

The Group's operating profit for the year ended 31 December 2009 was approximately HK$325,110,000, which represented an increase of 16.1% over same period in the previous year. Profit attributable to equity holders of the Company was approximately HK$299,746,000, which was an increase of 4.5% compared with the same period last year. The operating profit was mainly generated by the increase in broadcasting and outdoor advertising revenue. Other income during 2009 mainly comprised a fair value gain of approximately HK$37,176,000 which was recognized for the investment property under construction.

The chart presented below compares the Group's performance for the year ended 31 December 2009 with that for the 2008 financial year in order to give a clearer picture of the overall trend of the Group's operations.

	Year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Phoenix Chinese Channel	**988,822**	896,788
Phoenix InfoNews Channel	**233,825**	270,040
Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel & others	**109,242**	115,849
New media	**70,438**	50,697
Outdoor media	**72,066**	11,096
Other businesses	**56,112**	47,589
Group's total revenue	**1,530,505**	1,392,059
Operating costs	**(1,205,395)**	(1,112,051)
Profit from operations	**325,110**	280,008
Other income – net	**54,367**	54,607
Profit before share of results of jointly controlled entities and an associate, income tax and minority interests	**379,477**	334,615
Share of losses of jointly controlled entities and an associate	**(755)**	(1,432)
Income tax expense	**(76,735)**	(57,594)
Minority interests	**(2,241)**	11,235
Profit attributable to equity holders of the Company	**299,746**	286,824
Basic earnings per share, Hong Kong cents	**6.05**	5.79

BUSINESS OVERVIEW AND PROSPECTS

During the 2009 financial year the Group was operating in an economic environment that was seriously affected by the global financial crisis. While the mainland economy avoided going into recession, it nonetheless was negatively influenced by international economic trends, which also had a negative impact on the Hong Kong economy. But despite the serious challenges presented by the global financial crisis, the Group's income continued to grow, expanding by 9.9% over that of the previous year, with profit increasing by some 4.5%. The Group's performance over this twelve-month period showed once again that even in the face of extremely challenging economic circumstances the Phoenix model is commercially viable.

Much of this success is a consequence of the fact that the main Phoenix channels deliver programming that has great appeal to the Chinese television audience, combining modern and innovative entertainment with comprehensive and objective news about international political and economic developments. The income of Phoenix Chinese Channel increased considerably, which reflected the continuing popularity of its hallmark entertainment and talk show programs, such as A Date With Lu Yu. During 2009 Phoenix resumed holding the Miss Chinese Cosmos Pageant, which had been suspended the previous year because of the tragic Sichuan earthquakes, and this typified the high-end and fashionable entertainment offered by the Phoenix Chinese Channel.

While InfoNews's income was reduced after the significant increase in income it achieved in the previous year, this negative trend coincided with the growing impact of the global financial crisis. InfoNews still made a profit, however, and continued to provide unique Mandarin Chinese coverage of major international news stories. These included the cancellation of the ASEAN Regional Forum in Thailand following clashes between the Thai military and the "Red Shirt" protesters, the protests in Tehran following disputed Iranian elections, the violence in northern Burma that drove a large number of refugees into southern China, the violent demonstrations in Xinjiang, the trial of the former Taiwan President, Chen Shui-bian, and the twentieth anniversary of the fall of the Berlin Wall. InfoNews also gave extended coverage of President Obama's visit to China, and broadcast live his discussion with students in Shanghai. InfoNews' real-time coverage of these key international events consolidates Phoenix's reputation as an authoritative and objective source of news about international events, and as the international economy recovers momentum InfoNews's income should also recover.

The Group's US and UK-based channels also turned in an improved performance, for while their gross income was slightly reduced compared to the same period last year, their losses were reduced by over half, which clearly indicates that these components of the core television broadcasting business are moving towards a point where they can make a positive financial contribution to the Group's performance.

Not only has the Group's core television business remained healthy, but the effort that the Group has made in recent years to expand its commercial base to include new media and outdoor advertising has begun to generate significant additional income, which helps to give the Group a broader commercial foundation. The new media business increased its income by almost 40%, while the outdoor advertising LED business increased its income almost 6 times. Phoenix New Media Limited also successfully completed the sale of its convertible series A preferred shares at an aggregate subscription price of US$25,000,000 which was received upon closing of the transaction in November 2009. At present management is exploring the best use of the funds derived from the transaction with a view to determining how these funds can contribute most effectively to the expansion of the Group's business.

The Group's reassuringly positive economic performance coincided with the relocation of the Group's headquarters from the Harbourfront complex in Hunghom to a large and totally renovated building in the Tai Po Industrial Estate in Hong Kong's New Territories. The new headquarters are a dedicated Phoenix building with state-of-the-art television equipment and many more studios than the previous headquarters, which were co-located with a number of other companies, including three television companies. The new headquarters have attracted a succession of VIP visitors from Hong Kong, the mainland, Taiwan, and overseas, including the Hong Kong Chief Executive Donald Tsang, three Vice Chairmen of the Chinese People's

Consultative Committee, Du Qinglin, Zheng Wantong and Sun Jiazheng, the head of the Cross Straits Relations Association Chen Yunlin, the Chinese Minister of Culture Cai Wu, the Lord Mayor of Taichung Jason Hu and the Taiwan-based Buddhist leader Master Hsing Yun, and the Secretary of Labor in the former United States administration, Ms. Elaine Chao. Numerous groups of television and news professionals have also visited the new headquarters.

The relocation of the Group's headquarters involved additional one-off expenditure, but in the long term this investment in new corporate headquarters will provide an extremely healthy commercial facility for the Group. As the Group has acquired a long-term lease on the new property which will not expire until June 2047 there will be no unexpected increases in accommodation costs for the next 37 years, which will minimize the risk of non-budgeted financial pressure on the Group.

The Group has thus been able to continue to make a profit and consolidate its physical base during one of the most serious economic crises the world has faced in the last five decades, and has also been able to maintain the level of operations it was undertaking before the economic crisis and to find the necessary funding to be able to move into a new state-of-the-art headquarters. In short, the Group's prospects are clearly very bright.

MANAGEMENT DISCUSSION & ANALYSIS

COMMENTS ON SEGMENTAL INFORMATION

	Year ended 31 December 2009				
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Inter-segment elimination** *HK$'000*	**Total revenue** *HK$'000*	**Segment results** *HK$'000*
Phoenix Chinese Channel	988,822	–	–	988,822	528,306
Phoenix InfoNews Channel	233,825	–	–	233,825	11,378
Other channels	109,242	299	(299)	109,242	(10,446)
Programme production and ancillary services	1,477	27,971	(27,971)	1,477	370
New media	70,438	–	–	70,438	21,317
Outdoor media	72,066	–	–	72,066	(34,451)
Real estate	–	–	–	–	30,833
Other businesses	54,635	–	–	54,635	7,784
Group's total revenue and segment results				1,530,505	555,091
Unallocated income					12,672
Unallocated expenses					(188,286)
Profit before share of results of jointly controlled entities and an associate, income tax and minority interests					379,477

Revenues from television broadcasting, comprising both advertising and subscription revenues, which accounted for 87.0% of the Group's total revenue for the year ended 31 December 2009, increased by 3.8% to approximately HK$1,331,889,000 (year ended 31 December 2008: HK$1,282,677,000). The segmental result for television broadcasting recorded a profit of approximately HK$529,238,000 for the year ended 31 December 2009 (year ended 31 December 2008: HK$473,443,000).

The Group's flagship channel, Phoenix Chinese Channel, accounted for 64.6% of the Group's total revenue for the year ended 31 December 2009 and showed an increase of 10.3% to approximately HK$988,822,000 (year ended 31 December 2008: HK$896,788,000). Phoenix InfoNews Channel's revenue accounted for 15.3% of the Group's total revenue for the year, and decreased by 13.4% to approximately HK$233,825,000 (year ended 31 December 2008: HK$270,040,000).

The cumulative revenues of Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others, decreased by 5.7% as compared to the year ended 31 December 2008 to approximately HK$109,242,000 (year ended 31 December 2008: HK$115,849,000).

The new media operations, which make Phoenix programming available on the internet and on a number of mobile telecommunications networks, contribute to raising the Group's profile as a television broadcaster. The income that Phoenix derives from the new media business takes the form of payment for contracted technical services that Phoenix currently provides to Beijing Tianying Jiuzhou Network Technology Co. Ltd. ("Tianying"). This revenue increased to approximately HK$70,438,000 for the year ended 31 December 2009 (year ended 31 December 2008: HK$50,697,000). As a consequence, the segmental result of the new media operations recorded a profit of approximately HK$21,317,000 for the year ended 31 December 2009, compared to HK$7,089,000 for the year ended 31 December 2008.

During the year ended 31 December 2009, the outdoor media business is still under development, and as a consequence, the segmental result of the outdoor media business recorded a loss of HK$34,451,000 (year ended 31 December 2008: HK$31,528,000).

Please refer to note 4 of the notes to the consolidated financial statements for a detailed analysis of segmental information and the "Business Overview and Prospects" in this announcement for commentary on our core business.

DIVIDEND

The board ("Board") of directors of the Company (the "Directors") has decided to recommend a final dividend of HK$0.02 per ordinary share for the year ended 31 December 2009 (2008: HK$0.019 per ordinary share). Upon approval by the shareholders at the forthcoming annual general meeting ("AGM"), the final dividend will be paid on or about 30 June 2010 to shareholders whose names appear on the register of members of the Company on 18 June 2010.

ANNUAL GENERAL MEETING

The AGM will be held on 18 June 2010. A circular containing a notice of the AGM will be dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 June 2010 to Friday, 18 June 2010, both dates inclusive, during which period no transfer of share will be effected. In order to qualify for the above final dividend, all transfer 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, not later than 4:30 p.m. on Friday, 11 June 2010.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 10 March 2009, Phoenix Satellite Television Company Limited ("Phoenix Hong Kong") entered into a transfer agreement ("Transfer Agreement") with Jiangsu Broadcasting Corporation ("JBC"), a company incorporated under the laws of the People's Republic of China ("PRC"). Pursuant to the Transfer Agreement, JBC agreed to transfer all its 40% interest in Jiangsu Phoenix Metropolis Media Company Limited ("Jiangsu JV") to Phoenix Hong Kong. As at 10 March 2009, Jiangsu JV is a limited liability company organized under the laws of the PRC, with 60% of its registered capital representing 60% of its equity interests from Phoenix Hong Kong; and the remaining 40% from JBC. Phoenix Hong Kong paid RMB9,000,000 for its 60% ownership of Jiangsu JV's registered capital; while JBC did not make any contribution for its 40%. Pursuant to the Transfer Agreement, JBC agreed to transfer its entire 40% interest in Jiangsu JV to Phoenix Hong Kong. Upon completion of the Transfer Agreement, Phoenix Hong Kong paid another RMB6,000,000 in cash into the registered capital of Jiangsu JV, and Jiangsu JV is now wholly owned by Phoenix Hong Kong. At the same time, Jiangsu JV ceased to be a Sino-foreign joint venture and the joint venture agreement was terminated.

On 9 November 2009, Phoenix New Media Limited ("Phoenix New Media"), a 99.27% indirectly-owned subsidiary of the Company, entered into a purchase agreement (the "Purchase Agreement") with Morningside China TMT Fund I, L.P., Intel Capital Corporation and Bertelsmann Asia Investments AG (together the "Investors"). Pursuant to the Purchase Agreement, the Investors will subscribe for and purchase, and Phoenix New Media will issue, 130,000,000 convertible Series A preferred shares ("Preferred Shares") of a par value of US$0.01 each for an aggregate subscription price of US$25,000,000 (approximately HK$195,000,000), payable in cash at closing. Upon closing on 24 November 2009, the shareholding of the Company in Phoenix New Media is diluted from approximately 99.27% to approximately 70.74%, and the Investors collectively hold approximately 28.74% of the issued share capital of Phoenix New Media as enlarged by the allotment and issue of the Preferred Shares, such dilution of approximately 28.53% constitutes a deemed disposal of interest in Phoenix New Media by the Company pursuant to Rule 14.29 of the Listing Rules.

For accounting purposes, prior to conversion into ordinary shares of Phoenix New Media, the Preferred Shares are treated as a compound financial instrument with a debt component, a derivative component and an equity component. Prior to conversion into ordinary shares of Phoenix New Media, interest and redemption premium expense related to the debt component will be accrued and the derivative component will be fair valued at each balance sheet date with the changes in fair value being reflected in the consolidated income statement of the Company. Upon conversion into ordinary shares of Phoenix New Media, any gain/loss on the dilution of the Company's equity interests in Phoenix New Media will be reflected in the consolidated income statement of the Company.

Phoenix New Media will continue to be a subsidiary of the Company after closing, and also upon full conversion of the Preferred Shares even with the performance valuation adjustment.

On 31 December 2009, the Company, through certain of its subsidiaries (Phoenix New Media and its subsidiaries, excluding PHOENIXi Investment Limited, PHOENIXi Inc. and Guofeng On-line (Beijing) Information Technology Co., Ltd. (國鳳在綫(北京)信息技術有限公司), collectively "Phoenix New Media Group"), entered into a series of contractual arrangements with Tianying and Yifeng Lianhe (Beijing) Technology Co. Ltd ("Yifeng") and their respective shareholders to enable the Phoenix New Media Group to enjoy the economic benefits of Tianying and Yifeng in satisfying the condition to the Purchase Agreement. As a result, Tianying and Yifeng are treated as indirect subsidiaries of the Company for accounting purposes.

Save as disclosed above, the Group has not made any significant investment for the year ended 31 December 2009.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2009 remained solid. The aggregate outstanding borrowings of the Group as at 31 December 2009 were approximately HK$254,227,000 (as at 31 December 2008: HK$205,000), representing current accounts with related companies which were unsecured and non-interest bearing, secured and interest bearing bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing and preference share liability. During the year, the current accounts with related companies increased by RMB10,000,000 (approximately HK$11,372,000), which represented a loan by minority shareholder to a 75%-indirectly owned subsidiary of the Company, being pro rata share of an aggregate amount of RMB40,000,000 to be provided in aggregate by all the shareholders of the outdoor media business. Please refer to the announcement dated 20 October 2009 for details. During 2009, Phoenix New Media entered into a purchase agreement with the investors, under which the investors purchased the Preferred Shares for an aggregate subscription price of US$25,000,000 (approximately HK$195,000,000). For accounting purposes, prior to conversion into ordinary shares of Phoenix New Media, the Preferred Shares are treated as a compound financial instrument with a debt component and a derivative component. Such fluctuation was within the normal pattern of operations of the Group.

The gearing ratio of the Group, based on total liabilities to equity attributable to equity holders of the Company, was 35.9% as at 31 December 2009 (as at 31 December 2008: 17.6%).

Save as disclosed above, the financial position of the Group has remained liquid. As most of the Group's monetary assets 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 2009, deposits of approximately HK$3,269,000 (as at 31 December 2008: HK$3,020,000) were pledged with a bank to secure a guarantee given to the landlord of a subsidiary. The land in Chaoyang Park together with the development site, with carrying values of approximately HK$93,000,000, HK$26,000,000 and HK$218,000,000 recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

Other than the above, the Group did not have any other charge on its assets as at 31 December 2009 and 31 December 2008.

CAPITAL STRUCTURE

During the year ended 31 December 2009, other than the exercise of share options granted, there was no change in the Company's share capital. As at 31 December 2009, the Group's operations were mainly financed by equity holders' equity.

STAFF

As at 31 December 2009, the Group employed 1,498 full-time staff (31 December 2008: 1,298), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and an employee share option scheme. Staff costs for the year ended 31 December 2009 increased to approximately HK$376,440,000 (year ended 31 December 2008: HK$355,089,000).

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 2009 the Group invested in listed and unlisted security investments with an estimated fair market value of approximately HK$53,824,000 (as at 31 December 2008: HK$50,522,000). Save as disclosed above, the Group has not held any other significant investment for the year ended 31 December 2009.

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.

As at 31 December 2009, the Group was considering various investment projects and options but had not made any solid plan for pursuing the same.

CONTINGENT LIABILITIES

Banking facilities amounting to approximately HK$536,779,000 (2008: HK$11,061,000) represent utilities deposits and bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing. Deposits of approximately HK$3,269,000 (2008: HK$3,020,000) were pledged with a bank to secure a banking guarantee given to landlord of a subsidiary. The land in Chaoyang Park together with the development site, with carrying values of approximately HK$93,000,000, HK$26,000,000 and HK$218,000,000 recorded in lease premium for land, construction in progress and investment property under construction respectively were pledged with a bank to secure a bank borrowings to fund the construction work on the Phoenix International Media Centre in Beijing.

Save as disclosed above, the Group had no material contingent liabilities as at 31 December 2009 and 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

AUDIT COMMITTEE

The audit committee has reviewed the Group's annual results for the year ended 31 December 2009 and provided advice and comments thereon before such statements were presented to the Board for approval. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated accounts of the year. The work performed by PricewaterhouseCoopers in this preliminary announcement 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.

CODE ON 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 Code on Corporate Governance Practices (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.

Unless otherwise disclosed herein, the Company has, throughout the year ended 31 December 2009, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code Provisions

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 is both the chairman and chief executive officer of the Company since its incorporation. He is responsible for managing the Board and the businesses 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 procure 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 Provisions

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 Reasons

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 have complied with the above-mentioned required standards of dealings regarding directors' securities transactions throughout the year ended 31 December 2009.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk, the Company's website at www.ifeng.com and the professional investor relation website at www.irasia.com/listco/hk/phoenixtv. The 2009 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 2010.

On behalf of the Board
LIU Changle
Chairman

18 March 2010

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 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

(Amounts expressed in Hong Kong Dollars)

	Note	**2009**	2008
		$'000	*$'000*
Revenue	*3*	**1,530,505**	1,392,059
Operating expenses	*5*	**(1,003,012)**	(947,507)
Selling, general and administrative expenses	*5*	**(202,383)**	(164,544)
Other income			
Interest income	*3*	**1,362**	14,902
Other gains – net	*3*	**53,005**	39,705
Share of profit/(loss) of jointly controlled entities		**71**	(1,432)
Share of loss of an associate		**(826)**	–
Profit before income tax		**378,722**	333,183
Income tax expense	*6*	**(76,735)**	(57,594)
Profit for the year		**301,987**	275,589
Attributable to:			
Equity holders of the Company		**299,746**	286,824
Minority interests		**2,241**	(11,235)
		301,987	275,589
Earnings per share for profit attributable to the equity holders of the Company during the year			
Basic earnings per share, Hong Kong cents	*7*	**6.05**	5.79
Diluted earnings per share, Hong Kong cents	*7*	**6.04**	5.79
Dividends	*8*	**99,403**	94,134

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009
(Amounts expressed in Hong Kong dollars)

	2009	2008
	HK$'000	*HK$'000*
Profit for the year	**301,987**	275,589
Other comprehensive income		
Currency translation differences	**788**	10,022
Total comprehensive income for the year	**302,775**	285,611
Total comprehensive income attributable to:		
Equity holders of the Company	**300,534**	296,846
Minority interests	**2,241**	(11,235)
	302,775	285,611

CONSOLIDATED BALANCE SHEET
As at 31 December 2009
(Amounts expressed in Hong Kong dollars)

	Note	**2009**	2008
		$'000	*$'000*
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**23,099**	27,214
Lease premium for land		**220,236**	367,530
Property, plant and equipment, net		**760,243**	506,018
Investment property under construction		**217,657**	–
Intangible assets		**21,169**	4,225
Investments in jointly controlled entities		**6,922**	6,851
Investment in an associate		**4,738**	5,564
Available-for-sale financial assets		**962**	962
Financial assets at fair value through profit or loss	*9*	**–**	28,024
Other long-term assets		**23,810**	84,895
Deferred income tax assets		**13,432**	6,320
		1,292,268	1,037,603
Current assets			
Accounts receivable, net	*10*	**95,587**	24,462
Prepayments, deposits and other receivables		**452,360**	430,663
Inventories		**3,994**	4,908
Amounts due from related companies		**18,405**	10,817
Self-produced programmes		**2,254**	2,299
Purchased programme and film rights, net		**4,134**	3,639
Financial assets at fair value through profit or loss	*9*	**53,824**	22,498
Profit tax prepaid		**5,648**	–
Bank deposits		**117,616**	129,837
Restricted cash		**21,607**	21,377
Cash and cash equivalents		**649,245**	423,283
		1,424,674	1,073,783
Total assets		**2,716,942**	2,111,386

	Note	2009 $'000	2008 $'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**497,014**	495,441
Reserves			
Proposed final dividend		**99,403**	94,134
Others		**1,234,875**	1,016,040
		1,831,292	1,605,615
Minority interests		**227,611**	223,826
Total equity		**2,058,903**	1,829,441
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**242,826**	–
Provision for asset retirement reinstatement		**–**	5,145
Deferred income tax liabilities		**46,874**	16,387
		289,700	21,532
Current liabilities			
Accounts payable, other payables and accruals	*11*	**243,512**	144,889
Deferred income		**113,426**	106,882
Amounts due to related companies		**11,401**	205
Profits tax payable		**–**	8,437
		368,339	260,413
Total liabilities		**658,039**	281,945
Total equity and liabilities		**2,716,942**	2,111,386
Net current assets		**1,056,335**	813,370
Total assets less current liabilities		**2,348,603**	1,850,973

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009
(Amounts expressed in Hong Kong dollars)

		Attributable to the Company's equity holders							
	Note	Share capital *HK$'000*	Share premium *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Exchange reserve *HK$'000*	Employee share-based payment reserve *HK$'000*	Retained earnings *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2008		495,042	665,113	3,612	12,694	1,877	207,027	24,424	1,409,789
Comprehensive income									
Profit for the period		–	–	–	–	–	286,824	(11,235)	275,589
Other comprehensive income									
Currency translation differences		–	–	–	10,022	–	–	–	10,022
Total other comprehensive income		–	–	–	10,022	–	–	–	10,022
Total comprehensive income		–	–	–	10,022	–	286,824	(11,235)	285,611
Transactions with owners									
Employee share options scheme – value of employee services		–	–	–	–	8,305	–	–	8,305
– recognition of shares issued on exercise of options		399	3,910	–	–	–	–	–	4,309
Dividend related to 2007		–	(89,179)	–	–	–	–	–	(89,179)
Exercise of share options of a subsidiary		–	–	–	–	(31)	–	116	85
Contributions from minority shareholders		–	–	–	–	–	–	29,699	29,699
Minority interest arising from business combination		–	–	–	–	–	–	180,822	180,822
Allocation to statutory reserve		–	–	1,749	–	–	(1,749)	–	–
Total transactions with owners		399	(85,269)	1,749	–	8,274	(1,749)	210,637	134,041
Balance at 31 December 2008		495,441	579,844	5,361	22,716	10,151	492,102	223,826	1,829,441

	Note	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Exchange reserve HK$'000	Employee share-based payment reserve HK$'000	Retained earnings HK$'000	Minority interests HK$'000	Total equity HK$'000
		Attributable to the Company's equity holders							
Balance at 1 January 2009		495,441	579,844	5,361	22,716	10,151	492,102	223,826	1,829,441
Comprehensive income									
Profit for the period		–	–	–	–	–	299,746	2,241	301,987
Other comprehensive income									
Currency translation differences		–	–	–	788	–	–	–	788
Total other comprehensive income		–	–	–	788	–	–	–	788
Total comprehensive income		–	–	–	788	–	299,746	2,241	302,775
Transactions with owners									
Employee share options scheme									
– value of employee services		–	–	–	–	2,538	–	–	2,538
– recognition of shares issued on exercise of options		1,573	15,913	–	–	(552)	–	–	16,934
Dividend related to 2008	*8*	–	(94,134)	–	–	–	–	–	(94,134)
Exercise of share options of a subsidiary		–	–	–	–	(195)	–	694	499
Contributions from minority shareholders		–	–	–	–	–	–	850	850
Allocation to statutory reserve		–	–	2,115	–	–	(2,115)	–	–
Total transactions with owners		1,573	(78,221)	2,115	–	1,791	(2,115)	1,544	(73,313)
Balance at 31 December 2009		497,014	501,623	7,476	23,504	11,942	789,733	227,611	2,058,903

Note: The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve fund can be used to make up prior years' losses of the PRC subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Amounts expressed in Hong Kong dollars)

1. GENERAL INFORMATION

Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (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.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements were approved for issue by the Board of Directors on 18 March 2010.

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 property under construction, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The Hong Kong Institute of Certified Public Accountants has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group.

Standards, amendments and interpretations effective from 1 January 2009 adopted by the Group are as follows:

HKFRS 7 'Financial Instruments – Disclosures' (amendment)
HKAS 1 (revised). 'Presentation of financial statements'
HKFRS 8, "Operating segments"
HKAS 40 (Amendment), "Investment property"
HKAS 23 Borrowing costs

3. REVENUE AND OTHER GAINS

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

	2009 $'000	2008 $'000
Revenue		
Advertising sales	**1,337,449**	1,227,834
Subscription sales	**65,232**	62,975
Magazine advertising and subscription or circulation sales	**42,427**	33,184
Technical services income	**70,438**	50,697
Others	**14,959**	17,369
	1,530,505	1,392,059
Other income		
Interest income, net	**1,362**	14,902
Overprovision of reinstatement cost	**1,872**	–
Exchange (loss)/gain, net	**(357)**	26,376
Investment income	**2,100**	897
Fair value gain/(loss) on financial assets designated at fair value through profit or loss (realised and unrealised)	**3,302**	(10,541)
Gain on valuation of investment property under construction	**37,176**	–
Gain on the formation of a subsidiary	**–**	7,500
Gain on acquisition of a subsidiary	**2,371**	12,146
Loss on disposal of property, plant and equipment	**–**	(271)
Service charges received from a related party	**1,233**	1,128
Others, net	**5,308**	2,470
	54,367	54,607

4. SEGMENT INFORMATION

The Group has six main reportable 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 Channels.

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

(ii) Programme production and ancillary services;

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

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

(v) Real estate – construction of Phoenix International Media Centre in Beijing; and

(vi) Other activities – merchandising services, magazine publication and distribution, and other related services.

	Year ended 31 December 2009								
	Television broadcasting								
	Primary channels *$'000*	Others *$'000*	Programme production and ancillary services *$'000*	New media *$'000*	Outdoor media *$'000*	Real estate *$'000*	Others activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue									
External sales	**1,222,647**	**109,242**	**1,477**	**70,438**	**72,066**	**–**	**54,635**	**–**	**1,530,505**
Inter-segment sales	**–**	**299**	**27,971**	**–**	**–**	**–**	**–**	**(28,270)**	**–**
Total revenue	**1,222,647**	**109,541**	**29,448**	**70,438**	**72,066**	**–**	**54,635**	**(28,270)**	**1,530,505**
Segment results	**539,684**	**(10,446)**	**370**	**21,317**	**(34,451)**	**30,833**	**7,784**	**–**	**555,091**
Unallocated income *(Note a)*									**12,672**
Unallocated expenses *(Note b)*									**(188,286)**
Profit before share of results of jointly controlled entities and an associate, income tax and minority interests									**379,477**
Share of profit of jointly controlled entities									**71**
Share of loss of an associate									**(826)**
Income tax expense									**(76,735)**
Profit for the year									**301,987**
Minority interests									**(2,241)**
Profit attributable to equity holders of the Company									**299,746**
Depreciation	**(43,702)**	**(1,665)**	**(774)**	**(5,375)**	**(7,917)**	**(153)**	**(60)**	**–**	**(59,646)**
Unallocated depreciation									**(15,515)**
									(75,161)

	Year ended 31 December 2008								
	Television broadcasting								
	Primary channels $'000	Others $'000	Programme production and ancillary services $'000	New media $'000	Outdoor media $'000	Real estate $'000	Others activities $'000	Inter-segment elimination $'000	Group $'000
Revenue									
External sales	1,166,828	115,849	–	50,697	11,096	–	47,589	–	1,392,059
Inter-segment sales	–	–	27,048	–	–	–	–	(27,048)	–
Total revenue	1,166,828	115,849	27,048	50,697	11,096	–	47,589	(27,048)	1,392,059
Segment results	500,013	(26,570)	161	7,089	(31,528)	(2,537)	4,788	–	451,416
Unallocated income *(Note a)*									49,242
Unallocated expenses *(Note b)*									(166,043)
Profit before share of results of jointly controlled entities, income tax and minority interests									334,615
Share of loss of jointly controlled entities									(1,432)
Income tax expense									(57,594)
Profit for the year									275,589
Minority interests									11,235
Profit attributable to equity holders of the Company									286,824
Depreciation	(10,854)	(2,206)	(930)	(2,251)	(1,318)	(60)	(60)	–	(17,679)
Unallocated depreciation									(8,310)
									(25,989)

Notes:

(a) Unallocated income represents exchange gain, interest income, fair value gain/(loss) on financial assets and liabilities (realised and unrealised), investment income, gains on additional capital injection into a subsidiary and gain on the acquisition of a subsidiary.

(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.

5. PROFIT BEFORE INCOME TAX

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

	2009	2008
	$'000	*$'000*
Crediting		
Reversal of previously written-off accounts receivable	**441**	1,433
Reversal of provision for impairment of accounts receivable	**4,574**	5,792
Reversal of previously written-off prepayments, deposits and other receivables	**794**	1,417
Reversal of provision of internet service fee	**3,671**	–
Charging		
Amortisation of purchased programme and film rights	**29,546**	25,138
Production costs of self-produced programmes	**128,303**	134,676
Commission expenses	**245,945**	238,851
Transponder rental	**26,753**	30,118
Provision for impairment of accounts receivable	**2,899**	3,537
Employee benefit expenses (including Directors' emoluments)	**376,440**	355,089
Operating lease rental in respect of		
– Directors' quarters	**1,430**	1,358
– Land and buildings of third parties	**19,889**	23,352
Loss on disposal of property, plant and equipment	**206**	271
Depreciation expenses	**75,161**	25,989
Amortisation of lease premium for land	**2,494**	1,742
Auditor's remuneration	**3,040**	3,020
Services charges paid to related parties	**32,399**	55,301
Film licence fees paid to a related party	**–**	13,603

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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.

	2009	2008
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**48,133**	58,172
– Overseas taxation	**2,230**	298
– Under/(over) provision of Hong Kong profits tax in the prior year	**2,975**	(3,431)
Deferred income tax	**23,397**	2,555
	76,735	57,594

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.

7. EARNINGS PER SHARE

Basic

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

	2009	2008
Profit attributable to equity holders of the Company *($'000)*	**299,746**	286,824
Weighted average number of ordinary shares in issue *('000)*	**4,957,409**	4,954,316
Basic earnings per share *(Hong Kong cents)*	**6.05**	5.79

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 Company has one category of dilutive potential ordinary shares which is share options. A calculation is done to determine the number of 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. 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.

	2009	2008
Profit attributable to equity holders of the Company used to determine diluted earnings per share *($'000)*	**299,746**	286,824
Weighted average number of ordinary shares in issue *('000)*	**4,957,409**	4,954,316
Adjustment for share options *('000)*	**4,728**	261
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**4,962,137**	4,954,577
Diluted earnings per share *(Hong Kong cents)*	**6.04**	5.79

8. DIVIDENDS

The 2008 final dividends paid during the year ended 31 December 2009 were approximately HK$94,134,000 (HK$0.019 per share). The directors recommend the payment of a final dividend of HK$0.02 per ordinary share totalling HK$99,403,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 18 June 2010. These financial statements do not reflect this dividend payable.

	2009	2008
	$'000	*$'000*
Proposed final dividend of HK$0.02 (2008: HK$0.019) per share	**99,403**	94,134

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2009	2008
	$'000	$'000
Investments at fair value	**53,824**	50,522
Less: Non-current portion	**–**	(28,024)
	53,824	22,498

The above investments were classified as fair value through profit or loss on initial recognition and current with a maturity less than one year at the inception date. Changes in fair values (realised and unrealised) of financial assets at fair value through profit or loss are recognised in other income in the income statement.

As at 31 December 2009, the financial assets at fair value through profit and loss represent the shares of HSBC Holdings PLC ("HSBC") of HK$27,291,000 and a commodity index participation note of HK$26,533,000.

The commodity index participation note is not publicly traded and in the absence of readily available information to determine the fair values of these investments, the Group has adopted the indicative market value provided by the issuer as its best estimate of the fair value of this investment.

10. ACCOUNTS RECEIVABLE, NET

	2009	2008
	$'000	$'000
Accounts receivable	**98,746**	29,768
Less: Provision for impairment of receivables	**(3,159)**	(5,306)
	95,587	24,462

The carrying amounts of accounts receivable, net, approximate their fair value.

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.

At 31 December 2009 and 2008, the aging analysis of the accounts receivable from customers was as follows:

	2009	2008
	$'000	$'000
0-30 days	**47,024**	14,021
31-60 days	**15,983**	5,713
61-90 days	**17,903**	1,354
91-120 days	**5,536**	2,352
Over 120 days	**12,300**	6,328
	98,746	29,768
Less: Provision for impairment of receivables	**(3,159)**	(5,306)
	95,587	24,462

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

	2009	2008
	$'000	$'000
RMB	**83,110**	16,457
US$	**10,676**	8,974
UK pound	**4,960**	4,337
	98,746	29,768

11. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2009	2008
	$'000	$'000
Accounts payable	**86,692**	34,276
Other payables and accruals	**156,820**	110,613
	243,512	144,889
Less: non-financial liabilities	**(3,338)**	(6,624)
	240,174	138,265

At 31 December 2009 and 2008, the aging analysis of the accounts payable was as follows:

	2009	2008
	$'000	$'000
0-30 days	**40,186**	11,859
31-60 days	**9,812**	1,342
61-90 days	**861**	4,808
91-120 days	**2,262**	6,078
Over 120 days	**33,571**	10,189
	86,692	34,276

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

	2009	2008
	$'000	$'000
HK$	**93,858**	86,507
RMB	**139,659**	44,195
US$	**3,869**	3,497
UK pound	**2,285**	2,642
Others	**503**	1,424
	240,174	138,265

12. BORROWINGS

	2009	2008
	$'000	$'000
Secured bank borrowings *(Note a)*	**45,488**	–
Preference share liability *(Note b)*	**197,338**	–
	242,826	–

(a) Borrowings

Bank borrowings which are denominated in Renminbi ("RMB") mature until on 26 July 2012 and bear interest at an average rate of 5.4% annually (2008: nil).

Bank borrowings are secured by the land in Chaoyang Park together with the development site, with carrying values of approximately HK$93,000,000, HK$26,000,000 and HK$218,000,000 recorded in lease premium for land, construction in progress and investment property under construction respectively (2008: nil).

(b) Preference share liability

Phoneix New Media Limited ("PNM"), a 99.27% indirectly-owned subsidiary of the Company, entered into the Preferred Shares Purchase Agreement ("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). Upon approval of the board of directors of PNM to declare, the Preferred Shares will be entitled to receive in preference to any payment on the ordinary shares, preferential non-cumulative dividends at the rate of 8% of the issue price, on an annual basis. They are convertible into ordinary shares at any time or mandatorily on an initial public offering of PNM on the basis of 1:1 subject to certain adjustments as defined in the Agreement. They are redeemable at the option of the holder at any time after 31 December 2013 or earlier, on the occurrence of certain events as specified in the Agreement. On redemption, the preferred shareholders are entitled to receive the greater of: (a) the original issue price plus a redemption premium plus all declared but unpaid dividends; or (b) the fair market value of the Preferred Shares as determined by an independent appraiser.

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 an 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.

As at 31 December, 2009, the carrying values of the debt and derivative components of the Preferred Shares are as follows:

	2009
	$'000
Preferred Shares – initial measurement of host debt	**169,623**
Add: interest accretion during the year	**3,781**
Preferred Shares – 31 December	**173,404**
Derivative component – initial measurement	**23,934**
Add: change in fair value during the year	**–**
Preference share liability	**197,338**

13. ACQUISITIONS OF TIANYING AND YIFENG IN DECEMBER 2009

On 31 December 2009, PNM acquired effective control over Tianying and Yifeng through entering a series of contractual agreements with their equity holders that effectively allows PNM to exercise the rights of the equity holders and thus control the operating and financial policies of these entities so as to obtain benefits from their operations. These transactions were completed on 31 December 2009.

The assets and liabilities as of 31 December 2009 arising from the acquisitions are as follows:

	Tianying		**Yifeng**	
	Fair value	**Acquirees' carrying amount**	**Fair value**	**Acquirees' carrying amount**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	18,854	18,854	1,134	1,134
Intangible assets	4,864	933	393	–
Property, plant and equipment	7,139	7,139	2,435	2,435
Accounts receivable	49,961	49,961	2,086	2,086
Inventory	11	11	69	69
Prepayments, deposits and other receivables	25,030	25,030	500	500
Accounts payable, other payables and accruals	(92,116)	(92,116)	(3,978)	(3,978)
Net assets	13,743	9,812	2,639	2,246
Goodwill as recorded in intangible assets	–		8,733	
Gain on acquisition of a subsidiary *(Note 3)*	(2,371)		–	
Total purchase consideration	11,372		11,372	
Purchase consideration settled in cash		(11,372)		(11,372)
Cash and cash equivalents in subsidiaries acquired		18,854		1,134
Cash inflow/(outflow) on acquisitions		7,482		(10,238)

As at the date of this announcement, the board of directors of the Company comprises Mr. LIU Changle (Chairman), Mr. CHUI Keung and Mr. WANG Ji Yan as the Executive Directors; Mr. LU Xiangdong, Mr. GAO Nianshu, Mr. Jan KOEPPEN, Mr. CHEUNG Chun On, Daniel and Mr. GONG Jianzhong as the Non-executive Directors; Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK as the Independent Non-executive Directors; Ms. Ella Betsy WONG is the Alternate Director to Mr. Jan KOEPPEN and Dr. GAO Jack Qunyao is the Alternate Director to Mr. CHEUNG Chun On, Daniel.