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 2015

FINANCIAL SUMMARY

- Revenue for the year ended 31 December 2015 was approximately HK$4,200,895,000, which represented a decrease of 9.0% over the previous year.

- Operating profit for the year ended 31 December 2015 was approximately HK$314,470,000, which represented a decrease of 65.1% over the previous year.

- Profit attributable to owners of the Company was approximately HK$110,349,000, which represented a decrease of 83.4% over the previous year.

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

RESULTS

The revenue of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries (the "Group" or "Phoenix") for the year ended 31 December 2015 was approximately HK$4,200,895,000 (year ended 31 December 2014: HK$4,618,365,000), which represented a decrease of 9.0% over the previous year. The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The operating costs have increased by 4.6% to approximately HK$3,886,425,000 (year ended 31 December 2014: HK$3,716,584,000). The upward movement in operating costs was mainly due to the expansion of the new media business and the depreciation of the Phoenix International Media Centre in Beijing.

The operating profit of the Group for the year ended 31 December 2015 was approximately HK$314,470,000 (year ended 31 December 2014: HK$901,781,000), which represented a decrease of 65.1% compared to the previous year.

Fair value gain of approximately HK$98,939,000 (year ended 31 December 2014: HK$175,777,000) was recognized for the investment properties in Beijing and London.

The net exchange loss of the Group for the year ended 31 December 2015 was approximately HK$57,213,000 (net exchange loss for the year ended 31 December 2014: HK$14,325,000) resulting from the depreciation of the Renminbi.

The profit attributable to owners of the Company was approximately HK$110,349,000 (year ended 31 December 2014: HK$663,710,000), which represented a decrease of 83.4% compared to the previous year.

The chart below summarises the performance of the Group for the year ended 31 December 2015 and the year ended 31 December 2014 respectively:

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Television broadcasting	**1,598,095**	1,997,976
New media	**1,920,708**	1,989,680
Outdoor media	**571,521**	553,604
Real estate	**14,650**	3,713
Other businesses	**95,921**	73,392
Group's total revenue	**4,200,895**	4,618,365
Operating costs	**(3,886,425)**	(3,716,584)
Operating profit	**314,470**	901,781
Fair value gain on investment properties	**98,939**	175,777
Fair value (loss)/gain on derivative financial instruments	**(46,787)**	37,801
Exchange loss, net	**(57,213)**	(14,325)
Other income, net	**19,841**	81,974
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	**329,250**	1,183,008
Share of results of joint ventures and associates	**(37,543)**	(21,226)
Income tax expense	**(139,876)**	(251,322)
Profit for the year	**151,831**	910,460
Non-controlling interests	**(41,482)**	(246,750)
Profit attributable to owners of the Company	**110,349**	663,710
Basic earnings per share, Hong Kong cents	**2.21**	13.28

BUSINESS OVERVIEW AND PROSPECTS

The Group has continued to face serious economic challenges that have been generated by the slow down in the Chinese economy, which in turn has been influenced by the downward movement of global economic trends. Chinese advertisers, who were a major source of revenue for the Group, have become more cautious in placing advertisements. In addition, the rapid growth of internet and new media platforms also posed challenges to the Group's traditional television business. As a result, while the Group's income is still sufficient to generate a profit over the last financial year, it is less than in previous years.

Despite the adverse economic environment and the advertisers adopting a more cautious approach in placing advertisements, the Phoenix Chinese Channel and Phoenix InfoNews Channel have continued to produce extremely high quality and professional programs as a commitment to the audiences. The Phoenix coverage of international events has been extremely timely and informative by world standards. The major international news stories Phoenix covered included the 70th anniversary celebrations of the victory over the fascist countries in 1945, the refugee crisis that has been developing in Europe as a consequence of the wide-spread violence and conflict in Syria, Iraq and other Middle Eastern countries, and the series of terrorist attacks that broke out in Paris and led to the death of 130 victims from 26 countries. Phoenix reported the first general election that has been held in Myanmar in 25 years, about which Phoenix provided first-hand coverage of the entire voting process from the setting up of the polling stations to vote counting. Phoenix reporting also covered the devastating earthquake that struck Nepal in April, providing continuous coverage in the earthquake areas for one week and conducting exclusive interviews with Nepal's Prime Minister, Minister of Finance, Minister of Home Affairs and Chief Secretary.

Phoenix also featured extensive coverage of developments related to Mainland China, including the spectacular victory day military parade on 3 September 2015 that celebrated the victory over Japan at the end of the Second World War. Another major event was the meeting that took place between President Xi Jinping and Taiwan's leader Ma Ying-jeou in Singapore, which was the first meeting between leaders of Mainland China and Taiwan in 60 years. Phoenix sent four teams of reporters to cover this historic event and produced a four-hour non-stop live broadcast for Chinese communities around the world.

Phoenix also featured extensive news coverage of developments in Taiwan, including the crash of a TransAsia Airways' plane near downtown Taipei, with the Phoenix Taipei station providing full coverage of the incident.

Phoenix has also conducted in-depth interviews with major international figures, including the United States Secretary of State John Kerry, the President of Syria Bashar al-Assad, the Prime Minister of Pakistan, the Austrian President, and the Foreign Ministers of Italy, Tajikistan, Ghana, and the former Japanese Prime Minister Fukuda Yasuo. In June, Phoenix featured the first exclusive interview by a Chinese reporter with Abe Shinzo, the Prime Minister of Japan. Abe mentioned his "persistence of no more war" and hoped to maintain "a friendly relationship between Japan and China", drawing high attention from Mainland and overseas Chinese media, Japanese media and mainstream foreign media. As a Japanese media entity put it, “Abe showed positive gesture to China in a rare occasion”, and this demonstrated Phoenix’s significant role and irreplaceable value as a media group in the Sino-Japanese relations.

The coverage of international news gives Phoenix a unique place in the Chinese media world, but Phoenix programs on culture, entertainment and the social problems faced by many poverty-stricken Chinese also attract a significant number of audiences and present a lot of very distinctive insights into the world outside international politics. In summary, the Group continues to produce highly attractive programming. The quality of Phoenix’s programming has been reflected in a number of awards that the Group received in 2015. For instance, Phoenix won the award for being the number one of the Top Ten Weibo Most Influential Hong Kong Media in 2014. At the New York Festivals World’s Best TV and Film 2015 Gala Phoenix’s “Somewhere Out There” won the Silver World Medal for Best Direction and Best Camerawork in the Music Video Category, and “Phoenix Afternoon Express” secured a Finalist Certificate in News Promotion.

While economic trends, both in China and the world at large, have posed serious problems for the Group’s business performance, Phoenix still remains one of the outstanding media entities in the Asian region, which is reflected in a number of awards it has received. At the tenth “500 Strongest Brands in Asia”, which was organized by the World Brand Laboratory and the World Executive Group, Phoenix was named for the tenth time as one of the “500 Strongest Brands in Asia”, with a ranking that was eleven places higher than last year. Phoenix was also named as one of the four most influential television media brands in Asia. At the 2015 Asian Television Awards event, which was held in Singapore, the Chairman and Chief Executive Officer of Phoenix Television, Mr. Liu Changle, received the Outstanding Contribution to Asian Television Award. The problems facing Phoenix are clearly not a consequence of any decline in the quality of Phoenix programming or reputation, but of broader economic trends.

In the face of the financial pressures generated by the decline in Chinese economic growth rate, the Company has sought to introduce policies that would reduce the operational costs and thus maintain the Company’s income while at the same time reducing expenditure. This approach has led the Company to integrate a number of television departments, including the Production Department, the Production Services Department, the Engineering Department, and the Image Design and Coordination Department, into a single management system that reports directly to the top channel management. This approach reduces the number of employees required by the Company and also reduces the expenditure required to maintain programming and broadcasting.

A further step the Group has taken to reduce operational losses was the decision in late 2015 to discontinue Phoenix U Radio’s digital audio broadcasting services. Initially opened in early 2012, Phoenix U Radio failed to develop sufficient audience to generate the necessary advertising income since Hong Kong has not caught on to the use of digital audio broadcast receivers (especially in motor vehicles), and also because of the financial challenges caused by the downward movement in the Chinese economy. As a result of these financial pressures, the management decided to safeguard the interest of the shareholders of the Company and cease the broadcasting of Phoenix U Radio.

Despite these challenges, the Group's long-term future is still considered to be optimistic. Phoenix will continue to produce extremely high quality programming and strive to maintain a high position in the Asian media world. Aside from traditional television business, the Group will continue to adopt the diversification strategy and actively explore opportunities in mobile and internet-related businesses with an attempt to strengthen its competitiveness and cater to the fast-growing mobile internet market. As a consequence of this well-based strategy, Phoenix believes that the Group could overcome any challenge to its long-term performance and viability.

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2015		2014	
	Revenue	**Segment result**	Revenue	Segment result
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Television broadcasting	**1,598,095**	**521,704**	1,997,976	883,658
New media	**1,920,708**	**153,634**	1,989,680	453,100
Outdoor media	**571,521**	**63,806**	553,604	42,410
Real estate	**14,650**	**1,106**	3,713	164,561
Other businesses	**95,921**	**(92,057)**	73,392	(52,031)
Group's total revenue and segment results	**4,200,895**	**648,193**	4,618,365	1,491,698
Unallocated income		**51,047**		27,219
Unallocated expenses		**(369,990)**		(335,909)
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		**329,250**		1,183,008

Revenue from television broadcasting, comprising of advertising, subscription and other revenue sources, which accounted for 38.0% of the total revenue of the Group for the year ended 31 December 2015, decreased by 20.0% to approximately HK$1,598,095,000 (year ended 31 December 2014: HK$1,997,976,000). The decline in the demand for luxury goods in China has led to a decrease in the advertising income of the television broadcasting business. The segmental result for the television broadcasting business recorded a profit of approximately HK$521,704,000 for the year ended 31 December 2015 (year ended 31 December 2014: HK$883,658,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 34.5% of the total revenue of the Group for the year ended 31 December 2015, decreased by 20.3% to approximately HK$1,451,302,000 (year ended 31 December 2014: HK$ 1,821,051,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others for the year ended 31 December 2015 decreased by 17.0% as compared to the previous year to approximately HK$146,793,000 (year ended 31 December 2014: HK$176,925,000).

Reduction in paid service revenues has led to a 3.5% decrease in the revenue of the new media business for the year ended 31 December 2015 to approximately HK$1,920,708,000 (year ended 31 December 2014: HK$1,989,680,000). The segmental profit for the year ended 31 December 2015 decreased by 66.1% to approximately HK$153,634,000 (year ended 31 December 2014: HK$453,100,000) due to increase in operating costs, primarily attributable to the increase in revenue sharing fees, expenses associated with mobile traffic acquisition and bad debt provision. Increase in impairment loss from available-for-sale financial assets and amounts due from joint ventures, decrease in net gain related to subsequent measurement of the investment in Particle Inc. and decrease in gain on disposal of subsidiaries also decreased the segmental profit of the new media businesses.

The revenue of outdoor media business for the year ended 31 December 2015 increased by 3.2% to approximately HK$571,521,000 (year ended 31 December 2014: HK$553,604,000). The segmental profit of outdoor media business for the year ended 31 December 2015 increased by 50.5% to approximately HK$63,806,000 (year ended 31 December 2014: HK$42,410,000).

The segmental profit for real estate business for the year ended 31 December 2015 was approximately HK$1,106,000 (year ended 31 December 2014: HK$164,561,000), which included the net fair value gain for the investment properties of approximately HK$98,939,000 (year ended 31 December 2014: HK$175,777,000), recognized during the year.

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

After considering the sustainable profitability of the Group’s core television broadcasting business, the Board recommend the payment of a final dividend of 1 Hong Kong cent per ordinary share of the Company (final dividend for 2014: 4 Hong Kong cents), totaling approximately HK$50,010,000, equivalent to approximately 45.3% 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 2016, Wednesday. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the final dividend will be payable on or around 30 June 2016, Thursday.

ANNUAL GENERAL MEETING

The Annual General Meeting (“AGM”) of the Company will be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on 6 June 2016, Monday at 3:00 p.m.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2 June 2016, Thursday to 6 June 2016, Monday (both dates inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the AGM, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 1 June 2016, Wednesday.

The register of members of the Company will also be closed from 13 June 2016, Monday to 15 June 2016, Wednesday (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 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 10 June 2016, Friday.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Investments in Particle Inc.

Subsequent to the acquisition of shares of Particle Inc. ("Particle") by Phoenix New Media Limited ("PNM"), a non-wholly owned subsidiary of the Company, in November 2014, on 29 April 2015, PNM further acquired Series C preferred shares of Particle, representing approximately 21.98% of the total equity interests in Particle, on an as-if converted basis, for an aggregate purchase price of US$30 million. PNM also acquired ordinary shares and Class A ordinary shares of Particle, representing approximately 14.41% of the total equity interests in Particle, on an as-if converted basis, from certain existing shareholders for an aggregate purchase price of US$27.6 million, and each ordinary share and each Class A ordinary share held by PNM were repurchased by Particle, and one Series C preferred share for each such ordinary share or Class A ordinary share was issued to PNM. Following these transactions, PNM owned approximately 49.02% equity interests in Particle on an as-if converted basis.

Acquisition of 20% equity interest in Phoenix Oriental (Beijing) Properties Company Limited

On 19 August 2015, Phoenix Pictures Limited, a wholly owned subsidiary of the Company, entered into: (i) an equity transfer agreement with the then existing shareholders ("Vendors") of 鳳凰東方（北京）置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) ("Phoenix Oriental") in relation to the acquisition of 20% of equity interest in Phoenix Oriental for a cash consideration of RMB145,734,660; and (ii) a shareholders' loan agreement with Phoenix Oriental in relation to advance of a shareholders' loan in the amount of RMB99,665,340 to Phoenix Oriental, which shall be used by Phoenix Oriental solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans which had previously been advanced to Phoenix Oriental by the Vendors. Following these transactions, Phoenix Pictures Limited owned 70% equity interest in Phoenix Oriental. For details, please refer to the Company's announcement dated 19 August 2015.

Save as disclosed above, the Group had no material acquisition and disposal of subsidiaries and associated companies for the year ended 31 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 31 December 2015 remained solid as recurring cash flows from the businesses of the Group continued to remain steady and strong. As at 31 December 2015, the Group had cash and current bank deposits totalling approximately HK$3,004,839,000 (as at 31 December 2014: HK$3,701,792,000). The aggregate outstanding borrowings of the Group were approximately HK$1,513,826,000 (as at 31 December 2014: HK$1,131,366,000), comprising 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 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 60.2% as at 31 December 2015 (as at 31 December 2014: 49.0%).

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, in particular, the depreciation of RMB. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group may consider using forward currency contracts as a tool to manage and reduce such risks if and when the need arises. However, taking into account the Group's current operational and capital requirements, the directors of the Company (the "Director(s)") do not consider the Group is significantly exposed to any foreign currency exchange risk.

CHARGE ON ASSETS

As at 31 December 2015, the land in Chaoyang Park, Beijing, together with the building with carrying value of approximately HK$112,000,000, HK$487,000,000 and HK$1,534,000,000 (as at 31 December 2014: HK$121,000,000, HK$547,000,000 and HK$1,504,000,000) 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 the Phoenix International Media Centre in Beijing. Bank deposits of approximately HK$655,192,000 (as at 31 December 2014: HK$283,006,000) were pledged with banks to secure bank borrowings to optimize return through interest differential and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,810,000 (as at 31 December 2014: HK$2,851,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$1,505,000 were pledged with banks to secure banking guarantees given to the landlord of a subsidiary (as at 31 December 2014: HK$1,603,000).

Save as disclosed above, the Group did not have any other charges on its assets as at 31 December 2015 and 31 December 2014.

CAPITAL STRUCTURE

During the year ended 31 December 2015, other than the exercise of share options granted by the Company, there was no change in the share capital of the Company. As at 31 December 2015, 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 2015, the Group employed 3,033 full-time staff (as at 31 December 2014: 3,352) 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 2015 decreased to approximately HK$1,254,732,000 (year ended 31 December 2014: HK$1,263,057,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2015, the Group invested in listed security investments with estimated fair market value of approximately HK$18,896,000 (as at 31 December 2014: HK$22,590,000) recognised as "financial assets at fair value through profit and loss" and unlisted preferred shares of Particle recognised as "available-for-sale financial assets" and "derivate financial instruments" with estimated fair value of approximately HK$390,200,000 (as at 31 December 2014: HK$32,770,000) and HK$216,742,000 (as at 31 December 2014: HK$56,105,000) respectively. Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2015.

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

The Group had no material contingent liabilities as at 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company had not redeemed any shares of the Company (the "Share(s)") during the year ended 31 December 2015. Neither the Company nor any of its subsidiaries had purchased or sold any of the Shares during the year ended 31 December 2015.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's annual results for the year ended 31 December 2015 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 the year ended 31 December 2015 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 (the "Listing Rules") Governing the Listing of Securities 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.

The Company has an in-house audit function to assist the Board in monitoring and advising on the effectiveness of the Group's governance, risk management and internal control processes. The Board had also monitored the progress on corporate governance practices of the Company throughout the year under review. The following 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 2015, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code Provision

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

Deviation and its Reasons

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

On 26 November 2008, Mr. LIU entered into a non-competition deed (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 were set out in the announcement of the Company dated 26 November 2008.

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

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

Appointments, Re-election and Removal

Code Provision

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

Deviation and its Reason

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

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, 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 2015.

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

Cessation of operation of Phoenix U Radio Limited

On 6 November 2015, Phoenix U Radio Limited, in which the Group held 22.73% of equity interest as at 6 November 2015, ceased operation subsequent to the surrender of its digitial sound broadcasting licence.

Continuing Connected Transactions with China Mobile Communications Corporation and its associates ("the CMCC Group")

On 31 October 2015, the Stock Exchange granted to the Company a waiver from strict compliance with the requirement under Rules 14A.34 and 14A.51 of the Listing Rules to enter into a framework agreement with CMCC Group at the outset covering all of the expected continuing connected transactions between PNM and its subsidiaries ("PNM Group") and CMCC Group ("New Media CCT") for the three years ending 31 December 2018, subject to the conditions disclosed in the announcement and the circular of the Company dated 6 November 2015 and 17 November 2015 respectively.

On 4 December 2015, the independent shareholders of the Company approved and confirmed the New Media CCT between the PNM Group and the CMCC Group for the three years ending 31 December 2018 and the relevant annual caps of RMB260,000,000 (approximately HK$316,758,000), RMB286,000,000 (approximately HK$348,433,800) and RMB315,000,000 (approximately HK$383,764,500) for each year ending 31 December 2016, 2017 and 2018 respectively at the extraordinary general meeting of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk, and the Company's investor relations website at www.irasia.com/listco/hk/phoenixtv. The 2015 annual report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites on or before 30 April 2016.

On behalf of the Board
LIU Changle
Chairman

17 March 2016

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 2015 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015
(Amounts expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Revenue	3	**4,200,895**	4,618,365
Operating expenses	6	**(2,973,897)**	(2,918,222)
Selling, general and administrative expenses	6	**(912,528)**	(798,362)
Other (losses)/gains, net			
Fair value gain on investment properties		**98,939**	175,777
Other (losses)/gains, net	4	**(152,218)**	42,151
Interest income		**117,684**	84,275
Interest expense		**(49,625)**	(20,976)
Share of profits less losses of joint ventures		**(18,624)**	(22,439)
Share of profits less losses of associates		**(18,919)**	1,213
Profit before income tax		**291,707**	1,161,782
Income tax expense	7	**(139,876)**	(251,322)
Profit for the year		**151,831**	910,460
Profit attributable to:			
Owners of the Company		**110,349**	663,710
Non-controlling interests		**41,482**	246,750
		151,831	910,460
Earnings per share for profit attributable to the owners of the Company for the year			
Basic earnings per share, Hong Kong cents	8	**2.21**	13.28
Diluted earnings per share, Hong Kong cents	8	**2.21**	13.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015
(Amounts expressed in Hong Kong dollars)

	2015	2014
	$'000	*$'000*
Profit for the year	**151,831**	910,460
Other comprehensive income:		
Items that have been reclassified/may be reclassified to profit or loss		
Currency translation differences	**(152,409)**	(11,524)
Release of reserve upon disposal of a subsidiary and an associate	**(5,813)**	–
Fair value gain on available-for-sale financial assets	**15,116**	3,332
Total comprehensive income for the year	**8,725**	902,268
Attributable to:		
Owners of the Company	**29,194**	659,458
Non-controlling interests	**(20,469)**	242,810
	8,725	902,268

CONSOLIDATED BALANCE SHEET
As at 31 December 2015
(Amounts expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net		**15,395**	16,209
Lease premium for land		**223,338**	234,368
Property, plant and equipment, net		**1,340,438**	1,545,739
Investment properties		**1,547,854**	1,515,675
Intangible assets		**16,507**	18,090
Investments in joint ventures		**27,768**	42,318
Amounts due from joint ventures		**1,500**	9,976
Investments in associates		**21,918**	85,723
Available-for-sale financial assets	13	**391,412**	32,770
Derivative financial instruments	14	**216,742**	56,105
Other long-term assets		**50,557**	56,942
Deferred income tax assets		**50,634**	35,661
Pledged bank deposit		**220,866**	283,006
		4,124,929	3,932,582
Current assets			
Accounts receivable, net	10	**843,680**	815,571
Prepayments, deposits and other receivables		**976,783**	893,307
Inventories		**8,579**	8,117
Amounts due from related companies		**135,394**	148,509
Self-produced programmes		**8,866**	12,102
Purchased programme and film rights, net		**450**	1,141
Financial assets at fair value through profit or loss		**18,896**	22,590
Prepaid tax		**3,571**	3,510
Pledged bank deposits		**434,326**	–
Bank deposits		**462,147**	294,081
Restricted cash		**1,505**	1,603
Cash and cash equivalents		**2,542,692**	3,407,711
		5,436,889	5,608,242
Total assets		**9,561,818**	9,540,824

	Note	**2015**	2014
		$'000	*$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**500,099**	499,769
Reserves		**4,514,261**	4,747,347
		5,014,360	5,247,116
Non-controlling interests		**1,530,008**	1,723,634
Total equity		**6,544,368**	6,970,750
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	12(a)	**782,469**	254,643
Derivative financial instrument	14	**1,793**	1,137
Other long-term liabilities		**77,474**	–
Loans from non-controlling shareholders of subsidiaries	12(b)	**176,789**	266,567
Deferred income tax liabilities		**163,598**	148,124
		1,202,123	670,471
Current liabilities			
Accounts payable, other payables and accruals	11	**1,168,993**	1,115,640
Secured bank borrowings	12(a)	**431,607**	600,702
Deferred income		**95,353**	112,913
Loans from non-controlling shareholders of a subsidiary	12(b)	**45,487**	9,454
Current income tax liabilities		**72,452**	60,894
Derivative financial instruments	14	**1,435**	–
		1,815,327	1,899,603
Total liabilities		**3,017,450**	2,570,074
Total equity and liabilities		**9,561,818**	9,540,824

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 new 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. BASIC 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 ("HKICPA"). 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 new standards and amendments to standards

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2015.

HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions
HKFRSs Amendment 2012	Annual Improvements 2010-2012 Cycle
HKFRSs Amendment 2013	Annual Improvements 2011-2013 Cycle

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

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

The following new standards and amendments to standards that have been issued but are not effective for the financial year ended 31 December 2015 and have not been early adopted by the Group:

HKFRS 9	Financial Instruments [(3)]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) Amendment	Investment Entities: Applying the Consolidation Exception [(1)]
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an investor and its Associate or Joint Venture [(5)]
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations [(1)]
HKFRS 14	Regulatory Deferral Accounts [(1)]
HKFRS 15	Revenue from Contracts with Customers [(3)]
HKFRS 16	Leases [(4)]
HKAS 1 Amendment	Disclosure Initiative [(1)]
HKAS 7 (Amendments)	Disclosure Initiative [(2)]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses [(2)]
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation [(1)]
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants [(1)]
HKAS 27 Amendment	Equity Method in Separate Financial Statements [(1)]
HKFRSs Amendment 2014	Annual Improvements 2012-2014 Cycle [(1)]

[(1)] Effective for the Group for annual period beginning on 1 January 2016
[(2)] Effective for the Group for annual period beginning on 1 January 2017
[(3)] Effective for the Group for annual period beginning on 1 January 2018
[(4)] Effective for the Group for annual period beginning on 1 January 2019
[(5)] Effective date to be determined

The Group will apply the above new standards and amendments to standards from 1 January 2016 or later periods. The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state what impact they would have on the Group's results of operations and financial position.

3. REVENUE

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

	2015	2014
	$'000	*$'000*
Advertising sales		
Television broadcasting	**1,505,403**	1,893,186
New Media	**1,431,423**	1,421,272
Outdoor media	**567,028**	553,604
Mobile, video and wireless value added services income	**489,285**	568,408
Subscription sales	**91,514**	100,215
Magazine advertising and subscription or circulation	**46,413**	51,771
Rental income	**14,650**	3,472
Others	**55,179**	26,437
	4,200,895	4,618,365

4. OTHER (LOSSES)/GAINS, NET

	2015	2014
	$'000	*$'000*
Exchange loss, net	**(57,213)**	(14,325)
Investment income	**9,932**	4,225
Fair value loss on financial assets at fair value through profit or loss	**(3,694)**	(3,099)
Fair value (loss)/gain on derivative financial instruments	**(46,787)**	37,801
Gain on disposal of subsidiaries and associates	**5,214**	35,850
Provision for impairment of amounts due from joint ventures	**(39,285)**	(29,027)
Provision for impairment of investment in a joint venture	**(3,854)**	–
Reversal of provision for /(provision for) impairment of amount due from an associate	**301**	(4,838)
Provision for impairment of available-for-sale financial asset	**(7,805)**	(962)
Others, net	**(9,027)**	16,526
	(152,218)	42,151

5. SEGMENT INFORMATION

	Year ended 31 December 2015								
	Television broadcasting								
	Primary channels *$'000*	Others *$'000*	Sub-total *$'000*	New media *$'000*	Outdoor media *$'000*	Real estate *$'000*	Other activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue									
External sales	**1,451,302**	**146,793**	**1,598,095**	**1,920,708**	**571,521**	**14,650**	**95,921**	**–**	**4,200,895**
Inter-segment sales *(Note c)*	**–**	**44,515**	**44,515**	**–**	**67**	**3,208**	**77**	**(47,867)**	**–**
Total revenue	**1,451,302**	**191,308**	**1,642,610**	**1,920,708**	**571,588**	**17,858**	**95,998**	**(47,867)**	**4,200,895**
Segment results	**552,639**	**(30,935)**	**521,704**	**153,634**	**63,806**	**1,106**	**(92,057)**	**–**	**648,193**
Unallocated income *(Note a)*									**51,047**
Unallocated expenses *(Note b)*									**(369,990)**
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									**329,250**
Share of profits less losses of joint ventures									**(18,624)**
Share of profits less losses of associates									**(18,919)**
Income tax expense									**(139,876)**
Profit for the year									**151,831**
Non-controlling interests									**(41,482)**
Profit attributable to owners of the Company									**110,349**
Depreciation	**(56,927)**	**(27,376)**	**(84,303)**	**(56,192)**	**(36,114)**	**(38,783)**	**(10,607)**	**–**	**(225,999)**
Unallocated depreciation									**(25,544)**
									(251,543)
Impairment of property, plant and equipment	**–**	**–**	**–**	**(4,631)**	**(5,741)**	**–**	**–**	**–**	**(10,372)**
Provision for impairment of accounts receivable	**–**	**–**	**–**	**(59,691)**	**(9,205)**	**–**	**(6,062)**	**–**	**(74,958)**
Provision for impairment of amounts due from joint ventures	**–**	**–**	**–**	**(11,738)**	**–**	**–**	**(27,547)**	**–**	**(39,285)**
Provision for impairment of investment in a joint venture	**–**	**–**	**–**	**(3,854)**	**–**	**–**	**–**	**–**	**(3,854)**
Reversal of provision for impairment of amount from an associate	**–**	**–**	**–**	**–**	**–**	**–**	**301**	**–**	**301**
Provision for impairment of available-for-sale financial asset	**–**	**–**	**–**	**(7,805)**	**–**	**–**	**–**	**–**	**(7,805)**

	Year ended 31 December 2014								
	Television broadcasting								
	Primary channels *$'000*	Others *$'000*	Sub-total *$'000*	New media *$'000*	Outdoor media *$'000*	Real estate *$'000*	Other activities *$'000*	Inter-segment elimination *$'000*	Group *$'000*
Revenue									
External sales	1,821,051	176,925	1,997,976	1,989,680	553,604	3,713	73,392	–	4,618,365
Inter-segment sales *(Note c)*	–	50,484	50,484	–	–	3,464	77	(54,025)	–
Total revenue	1,821,051	227,409	2,048,460	1,989,680	553,604	7,177	73,469	(54,025)	4,618,365
Segment results	904,187	(20,529)	883,658	453,100	42,410	164,561	(52,031)	–	1,491,698
Unallocated income *(Note a)*									27,219
Unallocated expenses *(Note b)*									(335,909)
Profit before share of results of joint ventures/associates, income tax and non-controlling interests									1,183,008
Share of profits less losses of joint ventures									(22,439)
Share of profits less losses of associates									1,213
Income tax expense									(251,322)
Profit for the year									910,460
Non-controlling interests									(246,750)
Profit attributable to owners of the Company									663,710
Depreciation	(43,641)	(18,487)	(62,128)	(45,822)	(33,823)	(7,711)	(9,655)	–	(159,139)
Unallocated depreciation									(46,577)
									(205,716)
Impairment of property, plant and equipment	–	–	–	–	(145)	–	–	–	(145)
Provision for impairment of accounts receivable	(1,635)	(19)	(1,654)	(16,099)	(796)	–	–	–	(18,549)
Provision for impairment of amounts due from joint ventures	–	–	–	–	–	–	(29,027)	–	(29,027)
Provision for impairment of amount from an associate	–	–	–	–	–	–	(4,838)	–	(4,838)
Provision for impairment of available-for-sale financial asset	–	–	–	–	–	–	(962)	–	(962)

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 relate to the Group as a whole;
- exchange loss; and
- fair value loss on financial assets

(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:

	2015	2014
	$'000	*$'000*
The PRC	**4,049,267**	4,455,049
Hong Kong	**47,322**	50,624
Others	**104,306**	112,692
	4,200,895	4,618,365

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

	2015	2014
	$'000	*$'000*
The PRC	**2,401,164**	2,529,090
Hong Kong	**759,993**	889,968
Others	**82,618**	96,006
	3,243,775	3,515,064

6. PROFIT BEFORE INCOME TAX

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

	2015	2014
	$'000	*$'000*
Crediting		
Reversal of provision for impairment of accounts receivable	**–**	(4,534)
Gain on disposal of property, plant and equipment	**(39)**	(71)
Charging		
Production costs of self-produced programmes	**196,957**	188,176
Commission expenses	**396,436**	397,730
Bandwidth costs	**102,625**	104,960
Provision for impairment of accounts receivable	**74,958**	18,549
Employee benefit expenses (including Directors' emoluments)	**1,254,732**	1,263,057
Operating lease rental in respect of		
– Directors' quarters	**1,891**	2,015
– Land and buildings of third parties	**82,470**	75,028
– LED panels	**199,447**	195,679
Loss on disposal of property, plant and equipment	**952**	768
Depreciation of property, plant and equipment	**251,543**	205,716
Amortisation of purchased programme and film rights	**19,025**	20,920
Amortisation of lease premium for land	**5,949**	4,112
Amortisation of intangible assets	**1,564**	1,479
Impairment of property, plant and equipment	**10,372**	145
Auditor's remuneration		
– Audit services	**13,288**	11,084
– Non-audit services	**1,200**	1,026
Outgoings for investment properties	**1,495**	168

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

	2015	2014
	$'000	*$'000*
Current income tax		
– Hong Kong profits tax	**66,818**	140,052
– PRC and overseas taxation	**68,766**	70,114
– (Over)/under provision of tax in the prior year	**(1,194)**	936
Deferred income tax	**5,486**	40,220
	139,876	251,322

On 20 January 1998, the PRC State Administration of Taxation granted a Tax Ruling of Business Tax and Foreign Enterprise Income Tax on certain of the Group's advertising fees collected from Shenzhou in the PRC (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.

	2015	2014
Profit attributable to owners of the Company *($'000)*	**110,349**	663,710
Weighted average number of ordinary shares in issue *('000)*	**5,000,006**	4,997,405
Basic earnings per share *(Hong Kong cents)*	**2.21**	13.28

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has dilutive potential ordinary shares which comprise share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units of a subsidiary (2014: share options of the Company and a subsidiary, ordinary shares issuable upon the restricted share units and restricted shares of a subsidiary).

A calculation is done to determine the number of the Company's shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options of the Company. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Where the number of shares so calculated is smaller than the number of shares that would have been issued assuming the exercise of all the outstanding share options, the difference represents potential dilutive shares and is added to the weighted average number of ordinary shares in issue to arrive at the weighted average number of ordinary shares for diluted earnings per share. The impact of the dilutive instruments of the subsidiaries is not material to the Group's diluted earnings per share.

	2015	2014
Profit attributable to owners of the Company *($'000)*	**110,349**	663,710
Weighted average number of ordinary shares in issue *('000)*	**5,000,006**	4,997,405
Adjustment for share options of the Company *('000)*	**1,930**	3,334
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**5,001,936**	5,000,739
Diluted earnings per share *(Hong Kong cents)*	**2.21**	13.27

9. DIVIDENDS

	2015	2014
	$'000	*$'000*
Proposed final dividend of 1 Hong Kong cent (2014: 4 Hong Kong cents) per share	**50,010**	199,908

The 2014 final dividends paid during the year ended 31 December 2015 were approximately HK$200,040,000 (4 Hong Kong cents per share). The Board of Directors of the Company ("Board") recommend the payment of a final dividends of 1 Hong Kong cent per share, totalling approximately HK$50,010,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 6 June 2016. These consolidated financial statements do not reflect this dividend payable.

10. ACCOUNTS RECEIVABLE, NET

	2015	2014
	$'000	*$'000*
Accounts receivable	**947,212**	868,904
Less: Provision for impairment	**(103,532)**	(53,333)
	843,680	815,571

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 2015, the ageing analysis of the accounts receivable from customers was as follows:

	2015	2014
	$'000	*$'000*
0-30 days	**230,830**	210,666
31-60 days	**149,543**	163,925
61-90 days	**102,032**	124,380
91-120 days	**89,815**	119,636
Over 120 days	**374,992**	250,297
	947,212	868,904
Less: Provision for impairment	**(103,532)**	(53,333)
	843,680	815,571

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

	2015	2014
	$'000	*$'000*
RMB	**895,331**	840,680
US$	**46,274**	26,441
UK pound	**4,511**	1,750
Other currencies	**1,096**	33
	947,212	868,904

11. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2015	2014
	$'000	*$'000*
Accounts payable	**392,446**	410,601
Other payables and accruals	**776,547**	705,039
	1,168,993	1,115,640
Less: Non-financial liabilities	**(6,887)**	(9,918)
	1,162,106	1,105,722

At 31 December 2015, the ageing analysis of the accounts payable was as follows:

	2015	2014
	$'000	*$'000*
0-30 days	**202,278**	221,174
31-60 days	**22,216**	32,161
61-90 days	**18,362**	14,665
91-120 days	**19,842**	24,424
Over 120 days	**129,748**	118,177
	392,446	410,601

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:

	2015	2014
	$'000	*$'000*
HK$	**298,924**	150,923
RMB	**850,987**	935,612
US$	**7,928**	14,468
UK pound	**3,697**	4,102
Other currencies	**570**	617
	1,162,106	1,105,722

12. BORROWINGS

	2015	2014
	$'000	*$'000*
Secured bank borrowings *(Note a)*	**1,214,076**	855,345
Loans from non-controlling shareholders of subsidiaries *(Note b)*	**222,276**	276,021
	1,436,352	1,131,366

(a) Secured bank borrowings

	2015	2014
	$'000	*$'000*
Non-current		
Long-term secured bank borrowings	**1,214,076**	853,272
Less: Current portion of long-term secured bank borrowings	**(431,607)**	(598,629)
	782,469	254,643
Current		
Short-term secured bank borrowings	**–**	2,073
Current portion of long-term secured bank borrowings	**431,607**	598,629
	431,607	600,702
Total secured bank borrowings	**1,214,076**	855,345

	2015	2014
	$'000	*$'000*
The secured bank borrowings are repayable as follows:		
– Within one year	**431,607**	600,702
– More than one year but not exceeding two years	**229,118**	254,643
– More than two years but not exceeding five years	**163,580**	–
– More than five years	**389,771**	–
	1,214,076	855,345

(b) Loans from non-controlling shareholders of subsidiaries

	2015	2014
	$'000	*$'000*
Non-current		
Long-term loans from non-controlling shareholders of subsidiaries wholly repayable within 5 years	**176,789**	266,567
Current		
Short-term loans from non-controlling shareholders of a subsidiary	**45,487**	9,454
Total loans from non-controlling shareholders of subsidiaries	**222,276**	276,021

Balance of HK$77,474,000 included in loans from non-controlling shareholders of subsidiaries in 2014 has been classified as "Other long-term liabilities" in 2015. For details, please refer to Note 16(b).

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

	2015	2014
	$'000	*$'000*
– Within one year	**45,487**	9,454
– More than one year but not exceeding two years	**98,632**	–
– More than two years but not exceeding five years	**58,770**	266,567
– More than five years	**19,387**	–
	222,276	276,021

The loans from non-controlling shareholders of subsidiaries are denominated in RMB, unsecured and interest-free (2014: same).

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	$'000	*$'000*
Balance, beginning of year	**32,770**	962
Additions (Note 15(a), (c))	**300,443**	29,438
Provision for impairment	**(7,805)**	(962)
Fair value gain	**15,116**	3,332
Interest income	**51,249**	–
Currency translation differences	**(361)**	–
Balance, end of year	**391,412**	32,770

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2015	2014	**2015**	2014
	$'000	*$'000*	***$'000***	*$'000*
Convertible redeemable preferred shares ("Preferred Shares") – derivative component (Note 15(a), (c))	**216,742**	56,105	**–**	–
Interest rate swap contracts	**–**	–	**(2,194)**	(1,137)
Currency swap contract	**–**	–	**(1,034)**	–
Total	**216,742**	56,105	**(3,228)**	(1,137)
Balance, beginning of year	**56,105**	–	**(1,137)**	–
Additions	**205,563**	17,167	**–**	–
Fair value (loss)/gain, net	**(44,696)**	38,938	**(2,091)**	(1,137)
Currency translation differences	**(230)**	–	**–**	–
Balance, end of year	**216,742**	56,105	**(3,228)**	(1,137)

15. INVESTMENTS IN PARTICLE INC.

(a) In September 2014, PNM entered into an agreement (the "Agreement") to purchase a number of Series B Preferred Shares of Particle Inc. for a consideration of US$6,000,000 (approximately HK$46,605,000). This transaction was completed on 22 October 2014. Upon approval of the board of directors of Particle Inc. to declare dividends, the Series B 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. The Series B Preferred Shares are convertible into ordinary shares at the option of the holder at any time or on the occurrence of certain events as specified in the Agreement. The Series B Preferred Shares are redeemable on the occurrence of certain events as specified in the Agreement.

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

- debt component (recognised as available-for-sale financial assets) (Note 13)

- derivative component (recognised as derivative financial instrument) (Note 14)

(b) In November 2014, PNM entered into an agreement with the founders of Particle Inc. to purchase a number of ordinary shares of Particle Inc. for a consideration of US$8,500,000 (consists of US$5,000,000 in cash and a number of ordinary shares of PNM valued at US$3,500,000). This transaction was completed on 23 December 2014. PNM involved an independent valuation firm to assess the ordinary shares of PNM issued as of 23 December 2014 and the fair value of these shares was determined to be US$2,822,000. The investment in ordinary shares of Particle Inc. amounted to US$7,822,000 (approximately HK$61,324,000), being the cash paid and the fair value of shares issued, has been classified as investment in an associate in the consolidated balance sheet.

(c) In February 2015, PNM entered into an agreement to purchase a number of Series C Preferred Shares of Particle Inc. for a consideration of US$30,000,000 (approximately HK$232,722,000). The terms of Series C Preferred Shares are similar to that of Series B Preferred Shares except that Series C Preferred Shares will be entitled to receive in preference to any payment of dividend and distribution of assets or surplus funds upon liquidation over Series B Preferred Shares and ordinary shares. The Series C Preferred Shares have also been accounted for as a compound financial instrument in accordance with HKAS 39 (see Note (a)).

On the same date, PNM entered into another agreement (the "Purchase Agreement") with certain existing shareholders of Particle Inc. to purchase a number of ordinary shares and Class A ordinary shares of Particle Inc. for a consideration of US$27,547,000 (approximately HK$213,693,000). Both transactions were completed on 29 April 2015 (the "Closing Date").

According to the Purchase Agreement, Particle Inc. repurchased each ordinary share and each Class A ordinary share held by PNM and issued one Series C Preferred Share for each such ordinary share or Class A ordinary share on the Closing Date. As a result, the previously held ordinary shares by PNM, which were accounted for as investment in an associate (see Note (b)), were deemed as disposed and a gain of approximately HK$4,795,000 for these transactions was recorded in the consolidated income statement. Upon completion of these transactions, PNM holds approximately 49.02% of equity interests in Particle Inc. on an as-if converted basis. Under the Purchase Agreement, the voting agreement signed between PNM and certain ordinary shareholders of Particle Inc. will become effective, subject to Yidianzixun mobile application, a product of Particle Inc., meeting certain operating metrics and the completion of certain procedures, upon which the effective voting power of PNM in Particle Inc.'s board may be increased.

16. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(a) Deemed disposal of partial interest in PNM and acquisition of additional interest in PNM

During the year ended 31 December 2015, PNM had repurchased an aggregate of 1,347,071 American Depository Shares ("ADSs") (2014: 4,021,073 ADSs) at an aggregate cost of approximately US$10,753,000 (approximately HK$81,629,000) (2014:US$39,247,000 (approximately HK$305,049,000)), on the open market. Under its ADS repurchase program, PNM has been authorised to repurchase up to US$50,000,000 (approximately HK$388,000,000) of its outstanding ADSs for a period not exceeding twelve months since May 2014. PNM expects to continue to implement its share repurchase program in a manner consistent with marker conditions and the interest of its shareholders, subject to the restrictions relating to volume, price and timing under applicable law.

During the year ended 31 December 2015, as a result of the vesting of restricted share units, the exercise of share options by the option holder and the repurchase of ADSs, the Group's equity interest in PNM was increased from 54.75% to 55.61%. The Group recognised a deemed net loss of approximately HK$13,065,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK$49,492,000 for the year ended 31 December 2015.

During the year ended 31 December 2014, as a result of the vesting of restricted shares and restricted share units, the exercise of share options by the option holders, the repurchase of ADSs and the issuance of restricted Class A ordinary shares in exchange for the interest in Particle Inc., an associate of the Group, the Group's equity interest in PNM was increased from 52.97% to 54.75%. The Group recognised a deemed net loss of approximately HK$101,718,000 in the equity attributable to owners of the Company and a decrease in non-controlling interests of HK$157,735,000 for the year ended 31 December 2014.

(b) Acquisition of an additional equity interest in Phoenix Oriental (Beijing) Properties Company Limited

On 19 August 2015, Phoenix Pictures Limited ("Phoenix Pictures") entered into: (i) an equity transfer agreement with non-controlling shareholders of Phoenix Oriental (Beijing) Properties Company Limited ("Phoenix Oriental"), in relation to the acquisition of an additional 20% equity interests in Phoenix Oriental for a cash consideration of RMB145,735,000 (approximately HK$175,071,000) with reference to the appraised value of the Phoenix International Media Centre (the "Acquisition") and (ii) a shareholders' loan agreement with Phoenix Oriental in relation to advance of a shareholders' loan in the amount of RMB99,665,000 (approximately HK$120,764,000) to Phoenix Oriental, which shall be used by Phoenix Oriental solely for the purposes of repaying, on a pro-rata basis, the shareholders' loans which had previously been advanced to Phoenix Oriental by the non-controlling shareholders (the "Shareholders' loans"). Upon completion of the Acquisition on 23 December 2015, Phoenix Pictures increased its equity interest in Phoenix Oriental from 50% to 70%. The Shareholders' loans have not been repaid as at 31 December 2015 and a balance of HK$77,474,000 has been included in "Other long-term liabilities". The Shareholders' loans were subsequently repaid on 13 January 2016.

17. SUBSEQUENT EVENT

The board of directors of PNM has authorized PNM to grant unsecured term loans to Particle Inc. on or before 31 May 2016 in an aggregate principal amount of up to US$20 million at an interest rate of 4.35% per annum and with a term of twelve months. Pursuant to the board approval of PNM, PNM granted an initial US$10 million loan to Particle Inc. on 28 January 2016 and expects to grant additional loans to Particle Inc. subject to the limit set by the board of PNM.

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

Executive Directors

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

Non-executive Directors

Mr. SHA Yuejia, Mr. GAO Nianshu, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors

Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei

Alternate Director

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