A N N U A L   R E P O R T   2 0 1 5

PHOENIX

SATELLITE TELEVISION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 02008

CONTENTS

MISSION STATEMENT

Pursuing the vision of being the "Chinese connection", both among Chinese communities and between Chinese communities and the rest of the world, Phoenix seeks to provide Chinese everywhere with a continuous stream of Chinese-language programming, ranging from entertainment, talk shows and Asian and Western movies through to balanced, accurate and up-to-the-minute news and information about political and economic developments around the globe.

By performing these functions, Phoenix fulfills its mission of bringing China closer to the world and the world closer to China.

2015 Annual Highlights

January 12

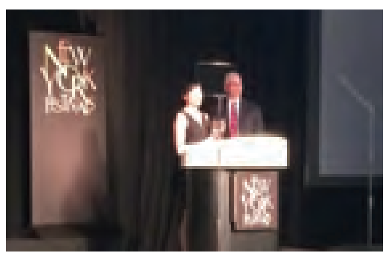
Phoenix Satellite Television worked together with the China Strategic Culture Promotion Association and the Shenzhen and Hong Kong Investment Alliance to hold the 2015 Shenzhen and Hong Kong Innovation Forum in Shenzhen. The Forum attracted over 400 government officials, commercial leaders and university scholars to attend and to discuss the opportunities for Hong Kong and Shenzhen to create a new wave of commerce with the international world on the innovation front. The Chairman of the Chinese Association of Hong Kong and Macau Studies, Mr. Chen Zuoer, the Secretary of the Shenzhen Municipal Committee, Mr. Wang Rong, and the Chairman of the Shenzhen Chamber of Investment, Mr. Hou Weigui, spoke at the opening ceremony or made major presentations during the Forum. Mr. Liu Changle J.P., the Chairman and Executive President of Phoenix Satellite Television and Senior Adviser to the China Strategic Culture Promotion Association made a major address to the Forum and also made the concluding address.

March 17

The Hong Kong office of Sina Weibo held the "Weibo Ten Most Influential Awards Ceremony of 2014", which identified the most influential enterprises, media groups and the most popular topics in Hong Kong. Phoenix relied on its active presence on Weibo, its power of communication, and overall coverage to once again win the award for being the number one of the "Top Ten Weibo Most Influential Hong Kong Media in 2014". The Vice President for International Operations, Mr. Liu Qingdong, accepted the award.

April 14

The New York Festivals World's Best TV and Film 2015 Gala was held in Las Vegas. On this occasion, there were film and television companies from over 50 countries, and Phoenix Satellite Television'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 the News Promotion Category. Besides Phoenix, other television companies that won awards included America's CNN and ESPN, the United Kingdom's BBC and Hong Kong's TVB, RTHK and Cable TV.



2015 Annual Highlights

21 September

At the tenth "500 Strongest Brands in Asia" in 2015, 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. Phoenix Executive Vice President and Chief Financial Officer, Mr. Yeung Ka Keung, received the awards from Professor Stephen Woolgar of the Said Business School of Oxford University and Professor Ravi Dhar of the Yale School of Management.

17 October

The final gala event of the 2015 Miss Chinese Cosmos Pageant was held in the International Circus City at the Chimelong International Ocean Resort in Hengqi, Zhuhai. The final twelve contestants held a question and answer session with the judges, and performed dances and other forms of entertainment. Miss Guo Yangzi from Shaanxi won the first prize, Miss Wu Weiting from Taiwan won the second prize, and Miss Li Luya from Guangdong won the third prize, and also won the Most Beautiful Woman on the Internet Award. During the Miss Chinese Cosmos contestants international travel program, the New Zealand contestant, Miss Jiang Ruijia, won the Miss Friendship Award at an event in Georgia.

8 November

The President of Syria, Bashar al-Assad, met with the Chairman and Executive President of Phoenix Television, Mr. Liu Changle J.P., at the Presidential Palace in Damascus, and discussed the protection of the cultural heritage items in the war-torn regions of Syria and the Middle East and other issues including the process of reconstruction of the region after the conflict is over.

2 December

At the 2015 Asian Television Awards event, which was held at Suntec City in Singapore, the Chairman and Executive President of Phoenix Television, Mr. Liu Changle J.P., received the Outstanding Contribution to Asian Television Award, which confirmed that he has made many contributions to the Asian television industry and is a leader in the media world.

Chairman's Statement

The Group's revenue and operating profit for the year ended 31 December 2015 were approximately HK$4,200,895,000 and HK$314,470,000 respectively, which represented a decrease of 9.0% and 65.1% respectively compared to the previous year.

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.

Chairman's Statement

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** HK$'000	2014 HK$'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.

Chairman's Statement

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 conducted an exclusive interview with Abe Shinzo, the Prime Minister of Japan, being his first exclusive interview with a Chinese reporter. 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.

A Global Media Organisation

Phoenix Chinese Channel
Phoenix InfoNews Channel
Phoenix Hong Kong Channel
Phoenix NA Chinese Channel
Phoenix CNE Channel
Phoenix Movies Channel

Phoenix global reach

Phoenix news bureaux. Phoenix also uses materials from foreign independent bureaux based in Brazil, Canada, Mexico, Germany, Hungary, Pakistan and Spain.

A Global Media Organisation

Asia Pacific

As a satellite broadcaster, Phoenix is primarily distributed by AsiaSat 7, which has a footprint covering the Asia-Pacific region. In the Mainland China, Phoenix is downlinked to many regional cable networks by APSTAR-6, and in Hong Kong it is on all major distribution systems. In many other countries and regions Phoenix is also carried by local operators.

Malaysia

Phoenix is carried by Astro, the major DTH operator.

Singapore

Phoenix is carried by StarHub and SingTel.

Indonesia

Phoenix is carried by First Media, Topas TV, Skynindo and Big TV.

Thailand

Phoenix is carried by True Visions.

Philippines

Phoenix is carried by SKY Cable.

Japan

Phoenix is carried by Daifu.

Australia

Phoenix is carried by the Jade Interactive system and is also available from AsiaSat 7.

New Zealand

Phoenix is carried by World TV.

Africa

Phoenix Chinese News and Entertainment Channel ("Phoenix CNE Channel") is distributed through MIH platform to 38 countries in Africa, and is also transmitted over terrestrial TV network of StarTimes, covering 11 African countries including South Africa. Phoenix InfoNews Channel is distributed through ZTE platform to the whole Africa.

North America

Phoenix North America Chinese Channel ("Phoenix NA Chinese Channel"), Phoenix InfoNews Channel and Phoenix Hong Kong Channel are carried on satellite by Galaxy 3C, Anik F3, DirecTV and EchoStar and are also on the biggest IPTV platform Kylin. Phoenix NA Chinese Channel is also available on cable from Time Warner in New York, Comcast in San Francisco, Charter in Los Angeles, Rogers in the Toronto area and Shaw and NOVAS in the Vancouver area.

Europe

Phoenix CNE Channel is carried by Sky Digital, Astra 2G, Eutelsat 36B and other cable and IPTV systems in Europe.

Global Outlook

Being a Chinese language media organisation with global coverage, Phoenix is characterised by its global vision and its commitment to providing Chinese-speaking audiences with real-time world news and information, the Greater China region in particular.

In 2015, Phoenix covered many major news stories across the globe, including but not limited to the following events:-

1. On 10 October 2015, North Korea held its largest military parade in decades and demonstrated its unpredictability. After almost 10 hours of waiting, the overwhelmingly reported parade finally began. Despite the fact that North Korea is changing, the focal point of the parade is still the old-school horde tactics.

2. At midnight on 14 November 2015, a series of terror attacks broke out in Paris. This terrorist incident led to 130 victims from 26 countries. During this event, the audience at Bataclan Theatre was held hostage by the terrorists, resulting in 89 deaths. The French Government followed up by tracking down those involved in the attacks and their accomplices.

3. On 7 November 2015, the leaders of Mainland China and Taiwan met for the first time for over 60 years in Singapore. Phoenix sent four teams of reporters including Chief Reporter, Zhang Lingyun, together with senior commentator and former deputy secretary general of the Straits Exchange Foundation, Shih Chi Ping, to Singapore to cover this historic moment and produced a four-hour non-stop live broadcast for the Chinese communities around the world.

4. In November 2015, Myanmar held its first general election in 25 years. The Company despatched Alice Lau, the deputy director of InfoNews Channel, together with her team to provide first-hand coverage of the entire voting process from the setting up of the polling stations to vote counting and interviewed some people of high importance such as the honorary president of the National League for Democracy, the special envoy from China, the head of the United Nations Observer Mission and the chairman of Union Election Commission.

5. In the devastating earthquake that struck Nepal in April 2015, Phoenix provided continuous coverage in the earthquake areas for one week and successfully carried out exclusive interviews with Nepal's Prime Minister, Minister of Finance, Minister of Home Affairs and Chief Secretary.

6. In June 2016, Li Miao had the first exclusive interview with Abe Shinzo, the Prime Minister of Japan, by a Chinese media representative in seven years. Abe mentioned his "persistence of no more war" and hoped to maintain "a friendly relationship between Japan and China", drawing high attention and re-posts from mainland and overseas Chinese media, Japanese media and mainstream foreign media. As a Japanese media put it, "Abe showed positive gesture to China in a rare occasion", and this demonstrated Phoenix's significant and irreplaceable value as a media body in the Sino-Japanese relationship.

7. On 4 February 2015, the crash of a TransAsia Airways' plane near downtown Taipei resulted in 43 casualties and 15 injuries, most of whom were mainland passengers. Upon receiving the news at noon on the same day, our Taipei station immediately sent two teams to the scene of the accident and the hospitals where the injured were sent to provide live coverage . Over the next three days, our Taipei station deployed all of its reporters and photographers to a number of sites to provide full coverage of the incident.

A Global Team

MAINLAND CHINA

To fulfill its role as a global broadcaster, Phoenix has a team of presenters and reporters drawn from Mainland China, Taiwan, and Hong Kong as well as from the global Chinese community.

The core of the Phoenix team is drawn from various provinces and regions of the Mainland China, from regional centres such as Shaanxi, Yunnan, Anhui, Hebei, Hunan and Fujian, as well as from major cities like Beijing, Shanghai, and Guangzhou.

BAI YAN QIN

CHEN LU YU

DONG JIA YAO

CHEN XIAO NAN

AN DONG

JAY WAN

A Global Team


JIANG NAN


HUANG CHENG ZI


DOU WEN TAO


LI HUI


NICOLAS LI


LIANG YIN


LU CHEN

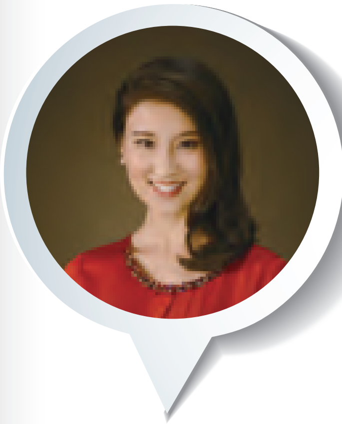

WANG FENG


REN REN

A Global Team

MAINLAND CHINA

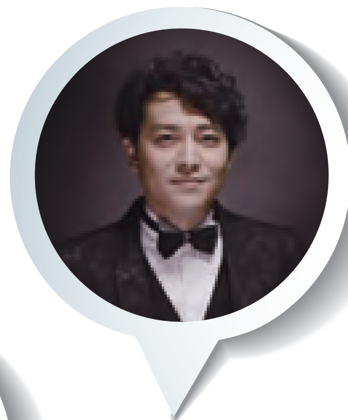
AI CHUYI



WU CHEN CEN

LIU RUI

GENG XIN



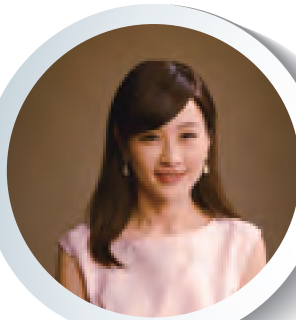
YUCHI LINJIA

YANG SHU

A Global Team

LANY TIAN

WANG LU XIANG



YANG JUAN

OLIVIA XU

CHEUNG HELIN

TIAN TONG

RACHEL ZHAO

WANG YING

WANG QING

A Global Team

TAIWAN

Some of the most popular Phoenix presenters come from Taiwan, bringing a distinctive style that appeals to the audiences from Mainland China.

CHIANG SHENG YANG

AVON HSIEH

JASON CHIEN

IVY CHU

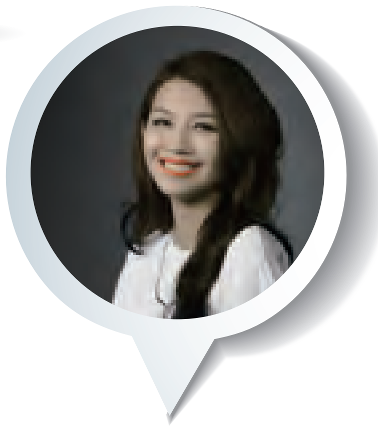
COCO CHEN

GRACE LI

SHANNON LIU

TIGER HU

SHIH CHI PING



JADE LIN

SALLY WU

VIE TSENG

LIN HUIU CHIN

A Global Team

HONG KONG AND REST OF THE WORLD

With its headquarters in Hong Kong, Phoenix has a strong contingent of reporters, presenters and cameramen who originate from Hong Kong, and who bring a high level of professional and technical competence of Phoenix.

The Phoenix team also includes key players who have close ties with the rest of the world, having worked, studied or acquired citizenship in many countries, including Australia, Canada and the United States.

ANGELA CHOW

DU PING

CHENG KAI NAM

ADA LAU

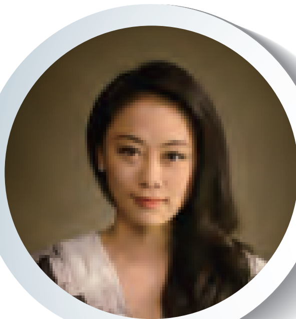
SAMMY CHIN

LI WEI

VIENNA CHEUK

A Global Team


LAWRENCE HO


FU XIAO TIAN


LU NINGSI (OLIVER)


MA DING SHING


LILY SIU

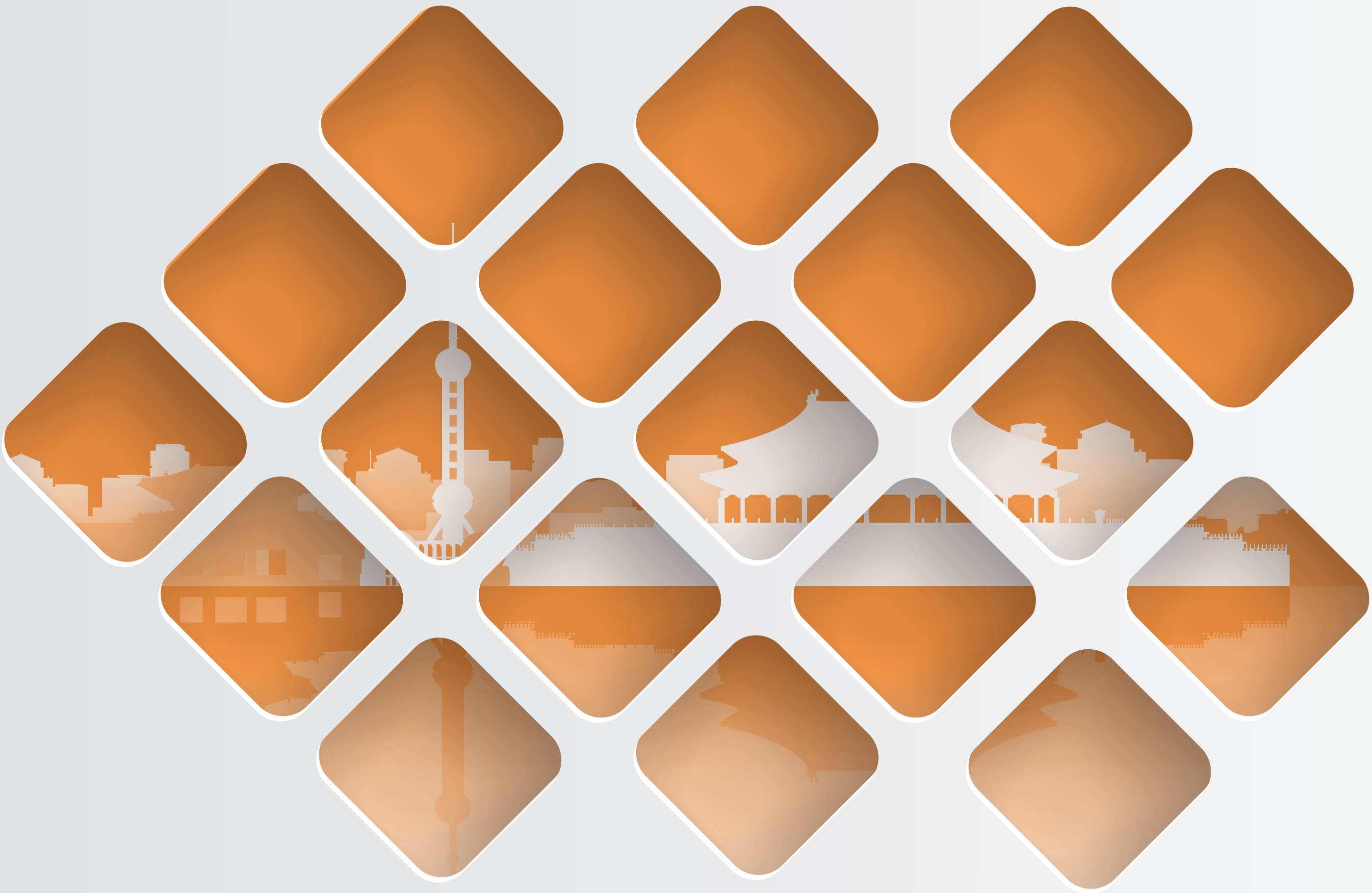

QIU ZHEN HAI


ZHU WEN HUI


ZHENG HAO


ANTHONY YUEN

The Chinese Gateway

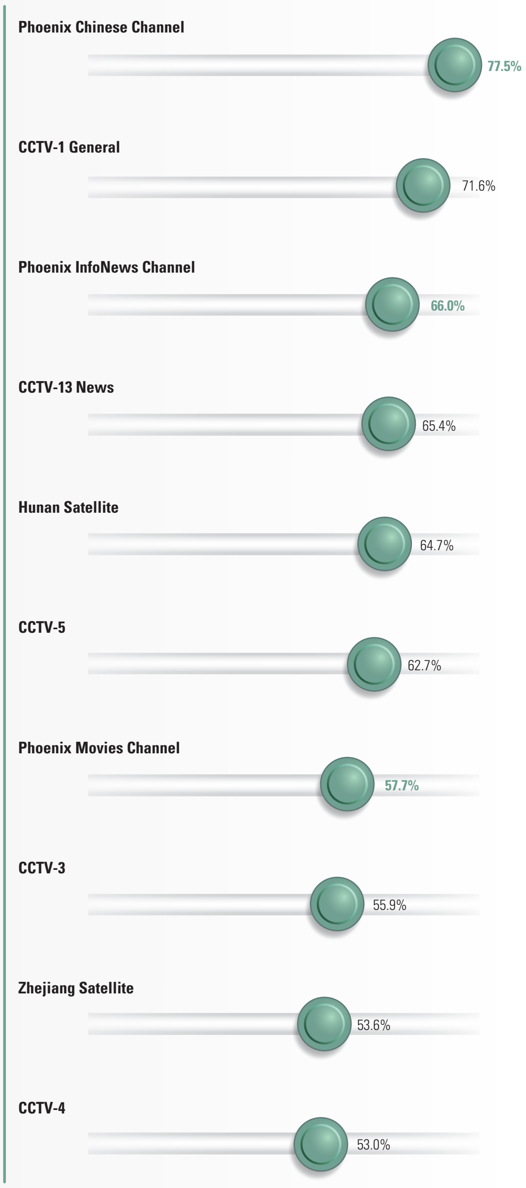


According to the "Phoenix Audience Appreciation Survey" for the second half of 2015 conducted by CTR Market Research, Phoenix Chinese Channel continued to surpass other satellite channels in China by securing the No.1 position in the Audience Satisfaction Index. Since 2004, this is the twenty-fourth time in which Phoenix Chinese Channel has ranked at the top of the Audience Satisfaction chart.

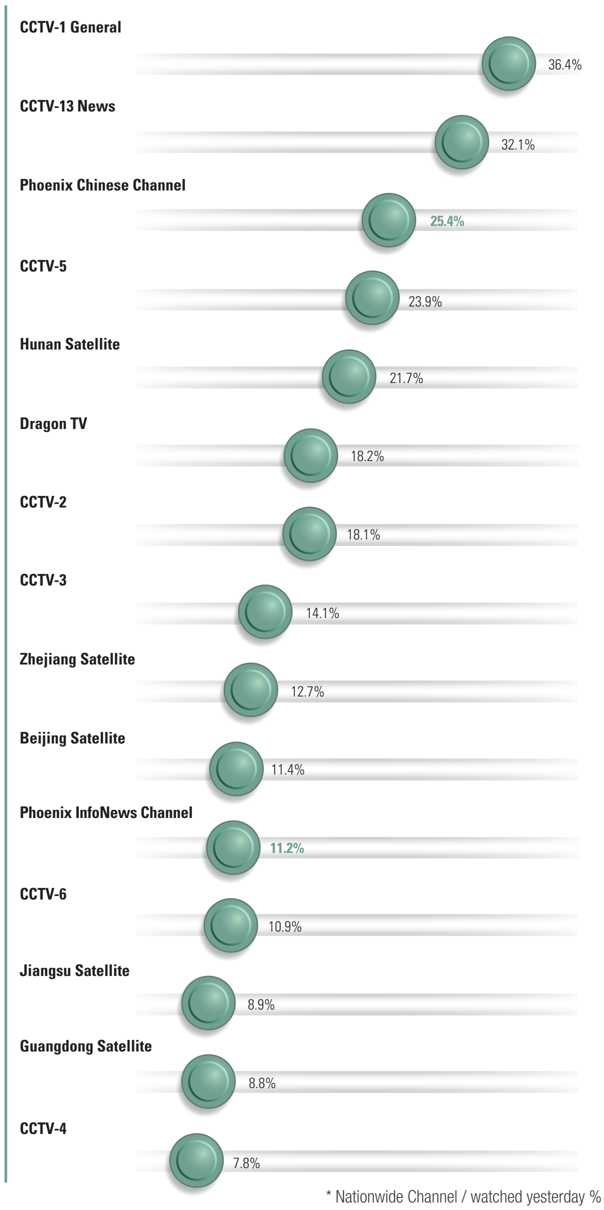
Phoenix Chinese Channel and Phoenix InfoNews Channel achieve a high level of audience attention in offices or hotels. This high level of attention shows that Phoenix Satellite Television has a clear position among office staff, and also demonstrates that the information and news content of Phoenix Satellite Television satisfies the tastes and interests of this group of viewers.

In 2015, Phoenix Chinese Channel's daily viewing among business executives gained 2% year-on-year growth, and maintained the No.3 nationwide channel position. Phoenix InfoNews Channel's watched yesterday% among business executives ranked at no. 11 nationwide channel position. These figures clearly demonstrate the extensive influence that Phoenix Satellite Television enjoys among Chinese business executives.

Audience Satisfaction

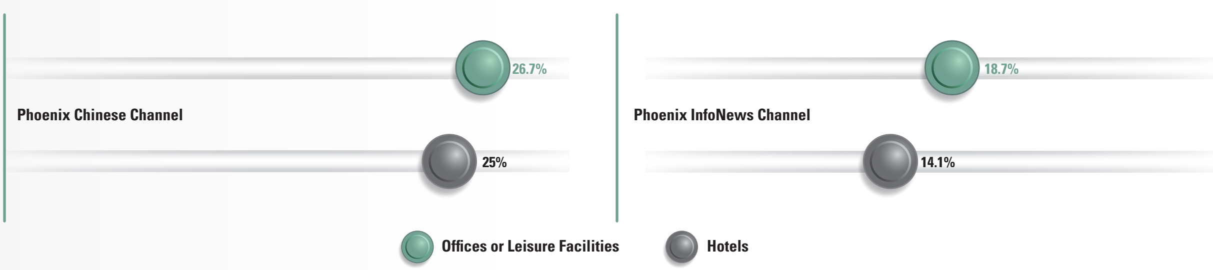


Phoenix Chinese Channel is the third most popular channel* among Business Executives



* Nationwide Channel / watched yesterday %

Phoenix Chinese Channel receives high attention in offices, leisure facilities or hotels



Corporate Information

BOARD OF DIRECTORS

Executive Directors
LIU Changle *(Chairman and CEO)*
CHUI Keung *(Deputy CEO)*
WANG Ji Yan

Non-executive Directors
SHA Yuejia
GAO Nianshu
GONG Jianzhong
SUN Yanjun

Independent Non-executive Directors
LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK
FANG Fenglei

Alternate Director
LAU Wai Kei, Ricky

COMPLIANCE OFFICER
CHUI Keung

COMPANY SECRETARY
YEUNG Ka Keung, A.C.A.

CAYMAN ISLANDS ASSISTANT SECRETARY
Codan Trust Company (Cayman) Limited

QUALIFIED ACCOUNTANT
YEUNG Ka Keung, A.C.A.

AUDIT COMMITTEE
Thaddeus Thomas BECZAK *(Chairman)*
LEUNG Hok Lim
GONG Jianzhong

NOMINATION COMMITTEE
Thaddeus Thomas BECZAK *(Chairman)*
LEUNG Hok Lim
CHUI Keung

REMUNERATION COMMITTEE
Thaddeus Thomas BECZAK
LO Ka Shui
LEUNG Hok Lim
GAO Nianshu

RISK MANAGEMENT COMMITTEE
CHUI Keung *(Chairman)*
Thaddeus Thomas BECZAK
LEUNG Hok Lim
GONG Jianzhong
YEUNG Ka Keung
HE Daguang
SHI Ningning

AUDITOR
PricewaterhouseCoopers

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
No. 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po, New Territories
Hong Kong

REGISTERED OFFICE
Cricket Square, Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR
Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Bank of Communications
CITIC Bank International Limited
China Merchant Bank

WEBSITES
www.ifeng.com
www.irasia.com/listco/hk/phoenixtv

STOCK CODE
02008

Comments on Segmental Information

	Year ended 31 December			
	2015		2014	
	Revenue HK$'000	**Segment result HK$'000**	Revenue HK$'000	Segment result HK$'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).

Management Discussion and Analysis

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 report for commentary on the core business of the Group.

Dividends

After considering the sustainable profitability of the Group's core television broadcasting business, the Board recommends 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), totalling approximately HK$50,010,000, equivalent to approximately 45.3% of profit attributable to owners of the Company, to be payable to shareholders of the Company (the "Shareholder(s)") 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 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 forthcoming annual general meeting, 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 forthcoming annual general meeting), 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, in February 2015, PNM entered into an agreement with the founders of Particle to purchase 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$30,000,000. On the same date, PNM also entered into another agreement to purchase a number of 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$27,547,000, 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. Upon completion of the aforesaid transactions on 29 April 2015, PNM owned approximately 49.02% equity interests in Particle on an as-if converted basis. For details, please refer to Note 43 to the consolidated financial statements.

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).

The Group determines the remuneration packages of the employees with reference to the performance of the Group and individual employees. The Group also provides benefits to employees, such as insurance and share option schemes, to attract and retain competent employees.

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, including but not limited to exploring the possibility to expand its television business in Hong Kong.

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.

Other Important Events and Subsequent Event

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 digital sound broadcasting licence.

Continuing Connected Transactions with China Mobile Communications Corporation and its associates

On 31 October 2015, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granted to the Company a waiver from strict compliance with the requirement under Rules 14A.34 and 14A.51 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") to enter into a framework agreement with CMCC Group at the outset covering all of the expected continuing connected transactions ("New Media CCT") in relation to provision of website portal, value-added telecommunications, promotional and ancillary services between PNM and its subsidiaries ("collectively PNM Group") and China Mobile Communications Corporation ("CMCC") and its subsidiaries (collectively, "CMCC Group") 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 ("Independent Shareholders") 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.

Continuing Connected Transactions in respect of an advertising contract in relation to sale of advertising airtime at the Group's channels

On 28 December 2015, Phoenix Satellite Television Company Limited ("Phoenix HK"), through 神州電視有限公司 (Shenzhou Television Company Limited, "Shenzhou"), entered into an advertising contract (the "2016 Phoenix HK Contract") with CNHK Media Limited relating to the purchase of advertising airtime at the Phoenix Chinese Channel and Phoenix InfoNews Channel for the period from 1 January 2016 to 31 December 2016 for the sum not exceeding RMB30,000,000 (equivalent to approximately HK$36,351,000) for promoting the CMCC Group.

Since the CMCC Group are connected persons of the Company, the transactions under the 2016 Contract constituted continuing connected transaction of the Company under the Listing Rules. For details, please refer to the announcement of the Company dated 28 December 2015.

DIRECTORS

Executive Directors

Mr. LIU Changle, aged 64, is the chairman and chief executive officer of Phoenix Satellite Television Holdings Limited since 2 February 2000. He founded Phoenix HK in 1996, and the Company is now a globally renowned trans-national multimedia group and a listed company on the Stock Exchange. Phoenix now operates six satellite TV channels and has expanded into other areas of business, including new media, outdoor LED, weekly magazine, publishing, radio broadcasting and education.

Mr. LIU Changle gained widespread recognition both locally and overseas for his enthusiasm for and achievements in the media industry. Mr. LIU is the recipient of numerous titles and awards, among which include "Wiseman of the Media Industry", "Leader of Global Mandarin TV Program Providers", "the Most Innovative Chinese Business Leaders in the Asia Pacific Region", "Chinese Business Leader with the Utmost Social Responsibility in the Asia Pacific Region", "Outstanding Figure in Media Branding", "Top 10 Most Entrepreneurial Chinese Business Leaders", "Top 10 Most Innovative Media Entrepreneurs in Mainland China", "Person of the Chinese Charity" and "Ten Most Successful Men in China". Mr. LIU has also been awarded the "Robert Mundell Successful World CEO Award", the "Media Entrepreneur Award" in "Ernst & Young's China Entrepreneur Award" and the "Man of Year for Asia Brand Innovation Award". He is also the recipient of the "Top 10 Figures in 2009-2010 Media Convergence in China" award, the "Outstanding Media Management Award of the Chinese Society" in the Truth, Virtue and Beauty Media Award initiated by Buddhist Master Hsing Yun, the "Person of the Year" award of the Chinese Business Leaders Annual Meeting, the "2001-2010 Outstanding Contributor to the Chinese Media" by the China Media Annual Meeting and the "Business Person of the Year Award" by the DHL/SCMP Hong Kong Business Awards 2012 and the "Outstanding Contribution to Asian Television Award" by the Asian Television Awards 2015.

Since 2005, Mr. LIU has been the Chairman of the iEMMYs Festival, which is run by the International Academy of Television Arts & Sciences. In November 2008, Mr. LIU received the International Emmy® Directorate Award.

Mr. LIU is a visiting professor at a number of Mainland China universities and a PhD supervisor of the Communication University of China. He has been appointed to the board of directors of Nanjing University, Tongji University and Huaqiao University. He was also conferred an honorary doctoral degree in literature by the City University of Hong Kong and was appointed the Chairman of the College International Advisory Board by the College of Business of the City University of Hong Kong. In June 2015, Mr. LIU was appointed as honorary academician of United International College founded by Beijing Normal University and Hong Kong Baptist University.

Mr. LIU was also appointed as honorary chairman of "World Chinese-language Media Co-operation Alliance", honorable director of the Buddhist Association of China and deputy president of BLIA World Headquarters Board of Directors.

Mr. LIU has been appointed a Justice of the Peace by the government of the Hong Kong Special Administrative Region since 2004. In July 2010, Mr. LIU was awarded the Silver Bauhinia Star by the government of the Hong Kong Special Administrative Region.

In 2011, Mr. LIU was appointed as an independent non-executive director of China Southern Airlines Company Limited.

Mr. LIU is a Standing Committee Member of the Twelfth National Committee of the Chinese People's Political Consultative Conference. He was a member of the Tenth and the Eleventh National Committee of the Chinese People's Political Consultative Conference, the Vice Chairman of the Subcommittee on Education, Science, Culture, Health and Sports, of the Eleventh National Committee of the Chinese People's Political Consultative Conference.

Mr. CHUI Keung, aged 64, appointed on 5 June 2000, is the executive Director and deputy chief executive officer of the Company. He is also a member of the nomination committee and risk management committee of the Company. Mr. CHUI graduated from the department of journalism of Fudan University in Shanghai and served in the China Central People's Radio Station for over 10 years. Since the establishment of Phoenix HK on 31 March 1996, he has been in charge of the overall daily operations, the public relations and promotion strategies of Phoenix HK, and the coordination of the relationships with PRC government entities. He also assists in establishing and implementing the corporate development strategies of the Company.

Throughout the term of office with Phoenix, Mr. CHUI has been instrumental in Phoenix's PRC domestic business development, programme production, advertising operation, marketing network and public relations. In 1996, he was in charge of the production of "Flying over the Yellow River", a major television programme of Phoenix HK, which achieved popular success and heightened the popularity of Phoenix HK in the PRC and overseas Chinese communities.

Prior to joining Phoenix, Mr. CHUI was a director and the general manager of Tianhua International Culture and Art Company Limited in Beijing focusing on developing various cultural, arts and publication businesses.

Mr. WANG Ji Yan, aged 67, appointed on 29 September 2006, is the executive Director of the Company. Mr. WANG joined Phoenix HK in March 1996 and taught in Beijing Broadcasting Institute (now known as the Communication University of China) for more than twenty years.

Mr. WANG is one of the leading television programme producers in China and participated in the direction and production of a number of television programmes in early years. His television programme productions have won numerous domestic and overseas awards.

Mr. WANG is also a scholar in the television industry and has been the panelist of various international television festivals. He is also a renowned media educator and has a professor title. During the two decades of teaching in the Beijing Broadcasting Institute, he was the head of the television department for over ten years and was the deputy dean of the Beijing Broadcasting Institute for six years. Currently, he is also the PhD supervisor in Communication University of China (formerly known as Beijing Broadcasting Institute).

Non-executive Directors

Mr. SHA Yuejia, aged 58, appointed on 19 August 2010 as non-executive Director of the Company, is also an executive director and vice president of China Mobile Limited ("China Mobile"), the ordinary shares of which are listed on the Main Board of the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange. Mr. SHA is principally in charge of marketing, data business and corporate customer management matters of China Mobile. Mr. SHA has been serving on the board of directors of China Mobile since March 2006 and is a vice president of China Mobile Communications Corporation, a director of China Mobile Communication Co., Ltd and a non-executive director of Shanghai Pudong Development Bank Co., Ltd. Mr. SHA previously served as director of the Engineering Construction Department IV Division of Beijing Telecommunications Administration, president of Beijing Telecommunications Planning Design Institute, deputy director general of Beijing Telecommunications Administration, vice president of Beijing Mobile Communications Company, director and vice president, chairman and president of China Mobile Group Beijing Company Limited. Mr. SHA graduated from Beijing University of Posts and Telecommunications, received a Master's Degree from the Academy of Posts and Telecommunications of the Ministry of Posts and Telecommunications and a doctoral degree in business administration from The Hong Kong Polytechnic University. He is a professor-level senior engineer with over 33 years of experience in the telecommunications industry.

Mr. GAO Nianshu, aged 52, appointed on 29 September 2006 as non-executive Director of the Company, is also a member of the remuneration committee of the Company and a director of Phoenix HK. Mr. GAO is currently the general manager of marketing department of China Mobile Communications Corporation and a director and member of finance committee of True Corporation Public Company Limited, the securities of which is listed on The Stock Exchange of Thailand. Mr. GAO previously served as general manager of data service department of China Mobile Communications Corporation, assistant to president of Beijing Mobile Communication Company Limited, deputy general manager and general manager of business supporting system department and deputy general manager of marketing department of Beijing Mobile Communication Company Limited.

Mr. GAO graduated from Jilin University and received a Master's degree in engineering from Institute of Computing Technology, Chinese Academy of Science and an EMBA degree from Peking University. Mr. GAO has many years of experience in the telecommunications industry.

Mr. GONG Jianzhong, aged 53, appointed on 12 January 2007 as non-executive Director of the Company, is also a member of the audit committee and risk management committee of the Company, is also a director of certain subsidiaries of the Company. Mr. GONG is currently a director and chief executive officer of Bank of China Group Investment Limited ("BOCGI") and a director of a number of companies controlled by BOCGI or in which BOCGI has an interest.

From 2002 to 2005, Mr. GONG was an alternate director and deputy chief executive officer of BOCGI. From 2001 to 2007, Mr. GONG was a non-executive director of China Merchants China Direct Investments Limited. Mr. GONG has over 19 years of experiences in banking, administration and management. He graduated from Dongbei University of Finance and Economics in the PRC in April 1991 with a master degree in economics.

Directors and Senior Management Profile

Mr. SUN Yanjun, aged 46, appointed as non-executive Director of the Company on 5 November 2013, is an independent non-executive director and a member of the audit committee and strategic steering committee of China National Building Materials Company* (中國建材股份有限公司), the securities of which are listed on the main board of the Stock Exchange. He is also a partner and managing director at TPG. Prior to joining TPG, Mr. SUN was a managing director in the Principal Investment Area (PIA) of Goldman Sachs Group, Inc. ("Goldman Sachs") and focused on private equity investment in the Greater China region from 2006 to early 2011. Before joining Goldman Sachs, Mr. SUN was a vice president at Morgan Stanley in Hong Kong from 2004 to 2006. Prior to that, he worked for General Electric and Citigroup Inc. in the United States. Mr. SUN currently serves as a non-executive director on the board of Xinyuan Real Estate Co., Ltd., a company listed on the New York Stock Exchange.

Mr. SUN obtained a Bachelor of Economics degree from Renmin University of China and a Master of Business Administration with high distinction from the University of Michigan.

*   For identification only

Independent Non-executive Directors

Dr. LO Ka Shui, aged 69, was appointed on 5 June 2000 as independent non-executive Director, is also a member of the remuneration committee of the Company. Dr. LO is the chairman and managing director of Great Eagle Holdings Limited and the chairman and non-executive director of the Manager of the publicly listed trusts, Champion Real Estate Investment Trust and Langham Hospitality Investments. He is also an independent non-executive director of Shanghai Industrial Holdings Limited, China Mobile Limited and City e-Solutions Limited, all of which are companies whose shares are listed on the Stock Exchange. Dr. LO is a vice president of The Real Estate Developers Association of Hong Kong, a trustee of the Hong Kong Centre for Economic Research, a member of the Exchange Fund Advisory Committee of Hong Kong Monetary Authority and a vice chairman of The Chamber of Hong Kong Listed Companies. He graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has over three decades of experience in property and hotel development and investment both in Hong Kong and overseas.

Mr. LEUNG Hok Lim, aged 80, was appointed on 21 January 2005 as independent non-executive Director, is also a member of audit, nomination, remuneration and risk management committees of the Company. Mr. LEUNG is a fellow member of CPA Australia, a member of the Macau Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Taxation Institute of Hong Kong. Mr. LEUNG is the founding and senior partner of PKF, Accountants and Business Advisers. Mr. LEUNG is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited, and the independent non-executive director of a number of listed companies namely Yangtzekiang Garment Limited, YGM Trading Limited, S E A Holdings Limited, Fujian Holdings Limited and High Fashion International Limited.

Mr. Thaddeus Thomas BECZAK, aged 65, is an independent non-executive Director and a member of the audit committee of the Company since 11 March 2005. He is also a member of the nomination, remuneration and risk management committees of the Company. Mr. BECZAK is currently an independent non-executive director of Singapore Exchange Limited (also acted as member of its risk management committee and regulatory conflicts committee), Pacific Online Limited (also acted as member of its audit committee, nomination committee and remuneration committee) and China Minsheng Financial Holding Corporation Limited (also acted as member of its remuneration committee and nomination committee).

Mr. Beczak was previously the vice chairman of China Renaissance Holdings Limited and chairman of China Renaissance Securities (Hong Kong) Limited until June 2014. Mr. BECZAK was a senior advisor to Nomura International (Hong Kong) Limited and non-executive chairman of Nomura Asia Holding N.V. From September 1997 until December 2003, Mr. BECZAK was a director of Kerry Holdings Limited. During this period he also held various board and operating positions within the group including deputy chairman of SCMP Holdings Limited and publisher of South China Morning Post Publishers Limited, deputy chairman of Shangri-La Asia Limited, deputy chairman of Kuok Philippines Properties, a director of China World Trade Center Limited and a director of Kerry Properties Limited.

From November 1997 until December 2002, Mr. BECZAK was chairman of the Listing Committee of the Stock Exchange and a member of board of directors of the Stock Exchange from 1998 until 2001. From June 2001 until May 2007, he was a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong. Currently, he is a member of the international advisory committee of the China Securities Regulatory Commission (CSRC).

Prior to joining the Kerry group, Mr. BECZAK was a managing director of J.P. Morgan Inc. and president of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, he was a director of the Bank of the Philippine Islands and a committee member of the Hong Kong Association of Banks.

Mr. BECZAK is a graduate of Georgetown University (B.S.F.S.) and Columbia University (M.B.A.). He is a member of the Board of Advisors of the School of Foreign Service at Georgetown.

Mr. FANG Fenglei, aged 64, was appointed on 13 March 2013 as independent non-executive Director of the Company, is currently a non-executive and non-independent director and member of the Investment Committee of Global Logistic Properties Limited, the securities of which are listed on the Mainboard of Singapore Exchange Securities Trading Limited. Mr. FANG is also the chairman of HOPU Investment Management Co., Ltd. and chairman of Goldman Sachs Gaohua Securities Company Limited. Mr. FANG previously served as a deputy chief executive officer of China International Capital Corporation Limited and chief executive officer of both BOC International Holdings Limited and ICEA Finance Holdings Limited. Mr. FANG was also a non-executive director of China Mengniu Dairy Company Limited and an independent non-executive director of Central China Real Estate Limited. Mr. FANG holds a Bachelor of Arts degree from Sun Yat-sen University.

Directors and Senior Management Profile

Alternate Director

Mr. LAU Wai Kei, Ricky, aged 46, was appointed on 5 November 2013 as an alternate Director to Mr. SUN Yanjun, a non-executive Director of the Company, is a partner of TPG where he has over 20 years of investment experience. Mr. LAU also serves as a director of China Grand Automotive Service Co. Ltd. and Ingham Holdings I. Pty Limited. Mr. LAU was an alternate director of Daphne International Holdings Limited until 24 April 2015. Before joining TPG, Mr. LAU was responsible for the corporate and project finance division of Hopewell Holdings Limited ("Hopewell"), a regional infrastructure project developer. He joined Hopewell in 1993 and spearheaded the development and financing of several power and transportation projects in China, India and Thailand. Mr. LAU obtained an Executive MBA from Kellogg-HKUST and graduated from the University of British Columbia and he is a CFA charterholder.

Senior Management

Mr. LIU Shuang, aged 46, was appointed as the chief operating officer of the Company on 18 February 2014. He is currently the chief executive officer ("CEO") of the PNM, a non-wholly owned subsidiary of the Company, whose shares are listed by way of American Depository Shares on the New York Stock Exchange in the United States.

Mr. LIU has served as a director and CEO of PNM since its inception in 2007. Mr. LIU has also served the Company from 2001 to the present in various management positions, including chief operating officer, vice president and director of business development in charge of new media investment, investment, finance, investor relationships, legal affairs, public affairs and development of the finance channel. Before joining the Company, Mr. LIU worked at Simpson Thacher & Bartlett LLP, Milbank, Tweed, Hadley & McCloy LLP and Morrison & Foerster LLP from 1996 to 2001. Mr. LIU received a J.D. degree from Duke University Law School, and a Bachelor's degree from University of International Business & Economic.

Mr. YEUNG Ka Keung, aged 56, is the executive vice president and chief financial officer of Phoenix HK and the Company. He is also the qualified accountant, company secretary and a member of the risk management committee of the Company. Mr. YEUNG joined Phoenix in March 1996 and is in charge of all of Phoenix's internal and external financial management and arrangements as well as the supervision of administration and personnel matters.

Mr. YEUNG graduated from the University of Birmingham and remained in the United Kingdom until 1992 after obtaining his qualification as a chartered accountant. Upon returning to Hong Kong, he worked at Hutchison Telecommunications and Star Television Limited in the fields of finance and business development.

Mr. CHAU Kwan, aged 60, is the executive vice president of Phoenix HK and the Company. He graduated from the Beijing Broadcasting Institute in July 1990 with a major in Editing Studies in School of Television.

Mr. CHAU joined Phoenix in 1998. He was the head of Phoenix Movies Channel, director of programming of Phoenix HK, general manager of Phoenix Film and Television (Shenzhen) Co. Limited (鳳凰影視（深圳）有限公司) and deputy vice president of Phoenix HK. He has held the current positions since 2002. Mr. CHAU has also taken up the position of vice president of Phoenix's Shenzhen management office since 2005, and is responsible for managing the advertising operation and business of the Group.

Mr. HE Daguang, aged 58, was appointed as the executive vice president of Phoenix HK and the Company on 10 October 2015. Mr. HE is also a member of the risk management committee of the Company. Mr. HE joined Phoenix in 2001, since then he served as the chief financial officer (mainland China) and vice president of the Company. He is currently responsible for the administration, personnel and financial matters of the Company, and assists on the Group's departmental coordination, management of daily affairs and operation. Mr. HE graduated from Shaanxi Institute of Finance and Economics in 1983. Since his graduation, Mr. HE worked for China International Water & Electric Corporation as the deputy chief accountant and the managing director subsequently. During such period, Mr. HE was mainly responsible for business and financial management in respect of investment and development projects in collaboration with various international financial institutions.

The Company is committed to ensuring high standards of corporate governance in the interests of the Shareholders and devotes considerable effort to identify and formalise best practices.

Corporate Governance Practices

The Company adopted its own code on corporate governance (the "CG Code") 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 Listing Rules – 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 annual general meeting 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 (the "Model Code") 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.

Board of Directors

Responsibilities

The Board is responsible for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs.

Board of Directors (Continued)

Composition

As at 31 December 2015 and as at the date of this report, the Board comprises three executive Directors, four non-executive Directors and four independent non-executive Directors, which has complied with the requirement set out in Rule 3.10A of the Listing Rules, where the number of independent non-executive Directors represented more than one-third of the Board.

The brief biographical details of each of the Directors and senior management are set out on page 31 to page 36 of this annual report.

The Company considers that all of the independent non-executive Directors are independent and has received from each of the independent non-executive Directors their confirmation of independence pursuant to the guidelines set out in Rule 3.13 of the Listing Rules.

Board meetings and general meetings

The Board meets at least four times a year to review the financial and operating performance of the Group. The Company held four Board meetings ("BMs"), one annual general meeting ("AGM") and one extraordinary general meeting ("EGM") in the financial year ended 31 December 2015.

Details of individual Director's attendance at the BMs, the AGM and the EGM are as follows:

	Attended or eligible to attend		
Name of Directors	**BMs**	**AGM**	**EGM**
Executive Directors			
Mr. LIU Changle (Chairman and CEO)	4/4	0/1	0/1
Mr. CHUI Keung (Deputy CEO)	4/4	1/1	1/1
Mr. WANG Ji Yan	3/4	0/1	0/1
Non-executive Directors			
Mr. SHA Yuejia	1/4	0/1	0/1
Mr. GAO Nianshu	2/4	0/1	0/1
Mr. GONG Jianzhong	4/4	0/1	0/1
Mr. SUN Yanjun	4/4	0/1	1/1
Independent non-executive Directors			
Dr. LO Ka Shui	4/4	0/1	0/1
Mr. LEUNG Hok Lim	4/4	1/1	0/1
Mr. Thaddeus Thomas BECZAK	4/4	1/1	1/1
Mr. FANG Fenglei	2/4	0/1	0/1
Alternate Director			
Mr. LAU Wai Kei, Ricky (alternate to Mr. SUN Yanjun)	n/a	n/a	n/a

Board of Directors (Continued)

Board meetings and general meetings (Continued)

During the regular Board meetings held on 17 March 2015, 27 May 2015, 19 August 2015 and 19 November 2015, the Directors discussed and formulated the overall strategies of the Group, reviewed and monitored the business and financial performances and discussed the half-yearly and annual results, as well as discussed and decided on other significant matters.

The management is responsible for the day-to-day operations of the Group. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

Liability insurance for Directors and senior management officers of the Company is maintained by the Company with appropriate coverage for liabilities which may arise in the course of performing their duties.

Directors' training and professional development

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, the Company collaborated with The Hong Kong Institute of Directors to provide an in-house training for Directors on the topic of "Risk Management Strategy". In addition, reference materials on changes to the relevant laws and Listing Rules were from time to time provided to Directors. At the end of each financial year, each Director is required to provide the Company his training records for the year under review. As at the date of this report, all Directors have submitted their training records to the Company.

Board of Directors (Continued)

Directors' training and professional development (Continued)

During the year under review, the Directors had participated in the following continuous professional development to develop and refresh their knowledge and skills:

Name of Directors	Attended trainings conducted by professional parties	Reading materials relevant to the Company's business or director's duties and responsibilities	Attended in-house seminar conducted by the Company
Executive Directors			
Mr. LIU Changle (Chairman and CEO)		√	√
Mr. CHUI Keung (Deputy CEO)		√	√
Mr. WANG Ji Yan		√	√
Non-executive Directors			
Mr. SHA Yuejia		√	
Mr. GAO Nianshu		√	
Mr. GONG Jianzhong		√	√
Mr. SUN Yanjun		√	
Independent non-executive Directors			
Dr. LO Ka Shui		√	
Mr. LEUNG Hok Lim	√	√	√
Mr. Thaddeus Thomas BECZAK	√	√	
Mr. FANG Fenglei		√	
Alternate Director			
Mr. LAU Wai Kei, Ricky		√	

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for the following corporate governance functions:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

(e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report;

(f) to review the effectiveness of the risk management and internal control systems; and

(g) to prepare the Company's accounts and consolidated financial statements.

The Board has reviewed the policy and practices in accordance with the Code and its own CG Code.

It should be noted that the Company's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Board Diversity Policy

The Board has adopted a Board Diversity Policy on 1 September 2013 which aims to set out the approach to achieve board diversity on the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background or professional experience. The Company will also take into account of factors based on its own business model and specific needs from time to time.

In addition, Board appointments will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background or professional experience. The ultimate decision will be based on merit and contribution that the selected candidate(s) will bring to the Board.

The nomination committee of the Company (the "Nomination Committee") was delegated with the responsibility to review at least annually on the Board's composition under diversified perspectives and monitor the implementation of this policy. Please also refer to the section titled "Nomination Committee" in this Corporate Governance Report.

Board Committees

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference based upon the guideline recommended by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code.

The primary duties of the Audit Committee are to review the Company's annual report and accounts and half-year report and to provide advices and comments thereon to the Board. The Audit Committee meets at least twice a year with the Company's management to review the accounting principles and practices adopted by the Group and to discuss auditing, risk management and internal control and financial reporting matters. The terms of reference of the Audit Committee was published on both the websites of the Company and the Stock Exchange.

The Audit Committee currently comprises one non-executive Director, namely Mr. GONG Jianzhong and two independent non-executive Directors, namely Mr. Thaddeus Thomas BECZAK (Chairman) and Mr. LEUNG Hok Lim.

During the year under review, the Audit Committee had held two meetings. Details of the attendance record of the Audit Committee meetings are as follows:

Name of Directors	Attended/Eligible to attend
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK (Chairman)	2/2
Mr. LEUNG Hok Lim	2/2
Non-executive Director	
Mr. GONG Jianzhong	0/2

The Audit Committee reviewed the Group's interim and annual results in year 2015 with management and the Company's external auditor and recommended their adoption to the Board. They had also discussed key risk and internal control and risk management matters, reviewed the audit plans, internal control performance, effectiveness of the internal control system as well as the formation of a separate risk management committee.

Remuneration Committee

The Company established the remuneration committee (the "Remuneration Committee") with written terms of reference in alignment with the code provisions set out in the Code.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and members of senior management of the Company with reference to salaries paid by comparable companies, the Board's corporate goals and objectives, time commitment and responsibilities of each Director.

Board Committees (Continued)

Remuneration Committee (Continued)

The Remuneration Committee currently comprised of one non-executive Director, namely Mr. GAO Nianshu and three independent non-executive Directors, namely Dr. LO Ka Shui, Mr. LEUNG Hok Lim and Mr. Thaddeus Thomas BECZAK.

During the year under review, one meeting of the Remuneration Committee was held and was attended by the following members:

Name of Directors	Attended/Eligible to attend
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK	1/1
Dr. LO Ka Shui	1/1
Mr. LEUNG Hok Lim	1/1
Non-executive Director	
Mr. GAO Nianshu	1/1

During the year under review, the Remuneration Committee had recommended new service contracts of two executive Directors, Mr. LIU Changle and Mr. CHUI Keung to the Board for approval and had reviewed and recommended to the Board bonus payments for year 2015 and the increment in salary for year 2016 for the executive Directors and the senior management staff of the Company.

The terms of reference of the Remuneration Committee include the adoption of a model where Remuneration Committee will play an advisory role whilst the Board retains full authority on all issues proposed. The terms of reference of the Remuneration Committee was published on the websites of both the Company and the Stock Exchange.

Nomination Committee

The Company established the nomination committee (the "Nomination Committee") with its written terms of reference in alignment with the code provisions as set in the Code.

The primary functions of the Nomination Committee are to review the structure, size and diversity of the Board annually, to access the independence of independent non-executive Directors, to review the proposed appointment of new director(s) and to make recommendations to the Board when necessary. The terms of reference of the Nomination Committee was published on the websites of both the Company and the Stock Exchange.

The Nomination Committee comprised of one executive Director namely Mr. CHUI Keung and two independent non-executive Directors namely, Mr. Thaddeus Thomas BECZAK (Chairman) and Mr. LEUNG Hok Lim.

Board Committees (Continued)

Nomination Committee (Continued)

During the year under review, one meeting of the Nomination Committee was held and was attended by the following members:

Name of Directors	Attended/Eligible to attend
Independent non-executive Directors	
Mr. Thaddeus Thomas BECZAK (Chairman)	1/1
Mr. LEUNG Hok Lim	1/1
Executive Director	
Mr. CHUI Keung	1/1

The Nomination Committee had reviewed the structure, size, composition and diversity of the Board, in accordance with the Board Diversity Policy, which considered a number of factors including age, cultural, education background and professional expertise, and found that for the year under review, the Board's composition was adequately diversified.

The Nomination Committee had also reviewed the independence of independent non-executive Directors and considered and determined the reasons for the independence if serving more than nine years and recommended to the Board the retiring Directors standing for re-election at the forthcoming AGM.

Risk Management Committee

The Company established the risk management committee (the "Risk Management Committee") on 30 November 2015 with its written terms of reference in alignment with the code provisions as set in the revised Code which took effect for the accounting periods beginning on or after 1 January 2016, requiring the Board to review the effectiveness of the risk management and internal control systems after 1 January 2016. The first meeting of the Risk Management Committee was held on 10 March 2016.

The primary functions of the Risk Management Committee are:

(a) to review the Company's risk management policies and guidelines and monitor the implementation and development of the risk management system of the Company;

(b) to conduct assessment of the strategic, financial, operational, compliance and other risks of the Company;

(c) to make recommendation to the Board for the determination of acceptable levels of risk for the Company regarding major decisions;

(d) to consider and adjust the Company's risk management strategies in accordance with the acceptable level of risk considered and approved by the Board;

Board Committees (Continued)

Risk Management Committee (Continued)

(e) to review at least once per annum the effectiveness of the risk management internal control systems of the Company, and to consider, in particular, the following matters in the annual review under the risk management system:

  (i) the changes, since the last annual review, in the nature and the extent of significant risks and the Company's ability to respond to changes in its business and external environment;

  (ii) the scope and quality of the management's ongoing monitoring of the risks and the internal control system, and where applicable, the work of its internal audit function and other assurance providers;

  (iii) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables the Risk Management Committee to assess control of the Company and the effectiveness of risk management;

  (iv) significant control failures or weakness that have been identified during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition; and

  (v) the effectiveness of the Company's procedures on financial reporting and the compliance of the Listing Rules.

(f) to review the effectiveness of the Company's risk management and internal control systems should cover all material controls, including financial, operational and compliance controls.

The terms of reference of the Risk Management Committee was published on the websites of both the Company and the Stock Exchange.

The Risk Management Committee comprised of one executive Director, namely Mr. CHUI Keung (Chairman), one non-executive Director, namely Mr. GONG Jianzhong, two independent non-executive Directors, namely Mr. Thaddeus Thomas BECZAK and Mr. LEUNG Hok Lim, two executive vice presidents, namely Mr. YEUNG Ka Keung and Mr. HE Daguang and the vice president of the Group, namely Mr. SHI Ningning.

Ad Hoc Committee

The Company adopted the terms of reference of the ad hoc committee to deal with ad hoc matters, which set out detailed directions as to the powers delegated to the ad hoc committee. Any two Directors shall form a quorum for the transaction of business.

Directors' and Auditor's Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group.

The Directors' responsibilities in the preparation of the financial statements and the independent auditor's responsibilities are set out in the Independent Auditor's Report on pages 89 to 90 of this annual report.

Risk Management and Internal Controls

The Board has overall responsibility for the establishment and maintenance of a sound and effective system of risk management and internal control for the Group to safeguard Shareholders' investment and the Group's assets.

To strengthen the Board's oversight of the Group's risk management process, the Company established the Risk Management Committee on 30 November 2015. The Risk Management Committee is mandated by the Board to review the effectiveness of the Company's and its subsidiaries' risk management and internal control systems. The primary functions and composition of the Risk Management Committee are set out in the "Board Committees" section on pages 45 to 46 of this Corporate Governance Report.

To assist the Board in monitoring the risk management and internal control function, the Group has an internal audit department ("Internal Audit") in place to provide an independent and objective appraisal and assurance in areas of governance, risk management and control processes for the Group.

The Internal Audit reports functionally to the Audit Committee on risk and internal control matters to preserve its independence. The Internal Audit Charter and the annual internal audit plan were duly approved by the Board. Internal Audit delivers to the Audit Committee comprehensive internal audit reports on a periodic basis.

The Internal Audit evaluates the adequacy and effectiveness of the Group's system of risk management and internal control by adopting a risk-based internal auditing approach: to determine audit scoping covering major processes, activities and changes which are quantitatively or qualitatively significant to the Group, identify and assess risks and then revisit whether internal controls are sufficient to address the key risks. Internal Audit provides practical and value added recommendations on the identified internal control failings and weaknesses, among which the major audit issues would be timely reported to management and the Audit Committee for assessment and rectification.

To bring more value to the Board, the scope of the Internal Audit has been expanding from providing assurance over reporting, compliance and operational efficiency issues to assisting management and the Audit Committee members in identifying and deepening their understanding on business strategies, emerging risks and corporate governance.

In 2015, the Board, through the Audit Committee and the Risk Management Committee together with the assistance of the Internal Audit, has conducted a review of the effectiveness of the Group's system of risk management and internal control for the year ended 31 December 2015, covering all material operational, financial and compliance controls and risk management functions, and considers that the system of risk management and internal control is appropriately designed and effective.

The Audit Committee has also assessed in the aforementioned review the adequacy of resources, qualifications, experience, training programmes and budget of staff of the Group's accounting and financial reporting function and considers that they are adequate.

External Auditor

PricewaterhouseCoopers ("PwC") has been appointed as the external auditor of the Company by Shareholders at the AGM held on 5 June 2015. The remuneration in respect of services provided by PwC for the Group is analysed as follows:

	31 December 2015 HK$	31 December 2014 HK$
Audit Service	**13,288,000**	11,084,000
Non-audit Service	**530,000**	568,000
Tax Service	**670,000**	458,000
Total	**14,488,000**	12,110,000

Company Secretary

Mr. YEUNG Ka Keung was appointed as the Company Secretary of the Company on 25 April 2000. Mr. YEUNG confirmed to the Company that he had complied with Rule 3.29 of the Listing Rules in relation to professional training during the 2015 financial year.

Articles of Association

The Company did not amend its articles of association ("Articles of Association") during the year under review.

Shareholders' Rights

Procedures for Shareholder(s) to propose the convening of extraordinary general meeting(s)

Pursuant to article 58 of the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholder(s) to propose a person for election as a Director

Pursuant to article 88 of the Articles of Association, no person other than a Director of the Company retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a Shareholder (other than he in person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Company's head office for a minimum period of seven (7) days. The minimum period of seven (7) days for lodgment of the aforementioned notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven (7) days prior to the date of such meeting.

Shareholders' Rights (Continued)

Procedures for Shareholder(s) to propose a person for election as a Director (Continued)

Accordingly, if a Shareholder wishes to propose a person other than a retiring Director for election as a director of the Company at the AGM, the following documents must be lodged at the registered office or head office of the Company to the attention of the Company Secretary for a minimum seven (7) day period commencing no earlier than the day after the dispatch of the notice of the meeting.

For further details of the procedures, please refer to the announcement published on the websites of both the Company and the Stock Exchange on 28 March 2012.

Communication with Shareholders and Investors Relations

The Board has a high regard for investor relationship in particular, fair disclosure, comprehensive and transparent reporting.

Shareholders are encouraged to attend the AGM of the Company and other general meetings and the Directors always make efforts to fully address any questions raised by the Shareholders at each AGM and general meeting.

A Shareholders' Communication Policy was adopted by the Board on 28 March 2012. It aims at setting out the objectives of ensuring the Shareholders, both individual and institutional, are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company. The policy will be under review from time to time in order to ensure its effectiveness.

On the other hand, the Company provides extensive information about the Company to the investors and potential investors through the Company's website www.ifeng.com. Hard copies of the annual report, half-year report and quarterly report (if any) are sent to all Shareholders, which are also available on the Company's website and the professional investor relation website on www.irasia.com/listco/hk/phoenixtv.

Shareholders may at any time send their enquiries either by post, by facsimiles or by email, together with their contact details, such as postal address, email or fax, to the head office of the Company at the following address, facsimile number or via email:

No. 2-6 Dai King Street, Tai Po Industrial Estate Tai Po, New Territories, Hong Kong
Fax: (852) 2200 8340
Email: hkcss@phoenixtv.com

Conclusion

The Company strongly believes that good corporate governance can safeguard the effective allocation of resources and protect Shareholders' interest and the management tries to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

On behalf of the Board

LIU Changle
Chairman

17 March 2016

Corporate Social Responsibility Report

Mr. LIU Changle, Chairman of the Board and CEO of Phoenix Satellite Television Holdings Limited, said in his speech at a recent charity event, "As an enterprise develops, in addition to its economic value, it has to consider its value to society. Besides an enterprise's responsibility to deliver profits, the management should also consider its corporate social responsibilities. Phoenix has always followed such a spirit, not just giving importance to enhancing its brand influence but also highly focusing on the heavy social responsibilities we shoulder. Going forward, Phoenix will continue to take up social responsibilities as it has and put in more efforts to enhance its fulfilment of social responsibilities in the road ahead."

The management of the Group strongly believes that a successful enterprise must fulfil its social responsibilities and uphold its standard of morality and conscience. A truly outstanding enterprise is required not only to maintain good business results, but more importantly, it has to be able to gain the recognition and respect of the whole community. These are the values that Phoenix has been adhering to. In 2015, as in previous years, Phoenix contributed to the community through a series of practical actions in the areas of charity and public welfare, environmental protection and sustainability and the care of employees. Capitalising on its media strengths in particular, Phoenix has taken the initiative of social responsibilities as a media body and has produced and broadcast a number of objective, impartial and credible television programmes and news reports on public welfare, charity and social phenomenon as a result of corporate social responsibility concerns. The Group also carries out a series of online and offline public welfare activities through Phoenix New Media.

This report has recorded the Group's performance in the area of corporate social responsibility in 2015. It also serves as a platform for the Company to share with its Shareholders its philosophy, practices and achievements in relation to corporate social responsibilities.

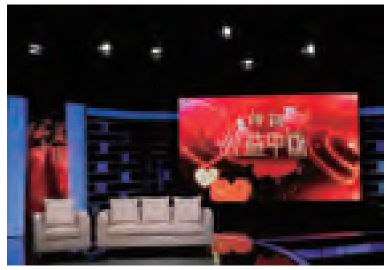
Community Involvement and Charity

In the areas of community involvement and charity, Phoenix emphasises caring for and supporting children living in poverty, airing concern about social phenomena. Leveraging its own media advantages, Phoenix produces and broadcasts television programmes and news reports to promote the spirit of community welfare.

In 2015, Phoenix continued its production of a large-scale television programme titled "Charity China". This programme broadcasts various community welfare issues, including the plight and suffering of people, environmental issues and cultural heritage. It reports on featured and influential charity campaigns across the Greater China region and introduces new philanthropy concepts to the public.

Phoenix attaches great concern to the health issues of the underprivileged children in China. The "ifeng.com's Forever Happiness 2015 • Xiamen • Charity Night" was held by Phoenix New Media and Phoenix as lead organisers and China Rural Children Serious Illness Medicare Charity Foundation, China Charities Aid Foundation for Children and China Xiamen International Buddhist Items & Crafts Fair as co-organisers in Xiamen, China in April 2015, inviting representatives from the government, business, cultural and sports sectors. An amount of approximately RMB4.90 million was raised for the charity event and was entirely donated to China Rural Children Serious Illness Medicare Charity Foundation.

The "ifeng.com's Forever Happiness 2015 • Hangzhou • Charity Night" was held by Phoenix New Media and Phoenix as lead organisers and the Shanghai Soong Ching Ling Foundation, the China Rural Children Serious Illness Medicare Charity Foundation, the China Charities Aid Foundation for Children and Metro Express as co-organisers in Hangzhou, China in July 2015. An amount of RMB8.17 million was raised by way of charity auction and designated donation. Of this total sum, RMB6.50 million was used for the development of the "Peasant Venture Relay Programme", a project under the Shanghai Soong Ching Ling Foundation and the remaining RMB1.67 million was allocated to the China Rural Children Serious Illness Medicare Charity Foundation for the rescue of sick children.



Corporate Social Responsibility Report

The "ifeng.com's Forever Happiness 2015 • Beijing • Charity Night" was held by Phoenix New Media and Phoenix as lead organisers and the China Charities Aid Foundation for Children as co-organiser in Beijing, China in October 2015. An amount of RMB19.40 million was raised, which was allocated to charity foundations including the 9958 rescue centre project, the Roundabout Special Fund and the China Rural Children Serious Illness Medicare Charity Foundation of China Charities Aid Foundation for Children and the "Show a little love; show your care" campaign of China Population Welfare Foundation, etc. In this regard, the three Forever Happiness charity nights throughout 2015 held in Xiamen, Hangzhou and Beijing raised a total of more than RMB32.75 million.

Since 2008, Phoenix and the National Centre for the Performing Arts have co-organised the yearly "Spring Festival Musical Gala For Chinese Around The World" to make the Chinese beautiful vision of social harmony known to the world. Each year, the ticket revenue will be donated to the "Phoenix Charity Caring Foundation" (founded in 2004) managed by the China Charity Federation for organising charitable and community welfare activities. In February 2015, the National Centre for the Performing Arts was entrusted by Phoenix to donate ticket revenue for the 2015 concert amounting to RMB260,000 (approximately HK$313,000) to the "Phoenix Charity Caring Foundation".

In November 2015, Phoenix made a donation to the Hong Kong Foundation as funding for the "Lifeline Express" eye-train hospital. The money raised by such exercises will be used for the provision of free surgical treatment to underprivileged cataract patients living in the remote areas.

In January 2015, Phoenix New Media made a donation to the Zhejiang Provincial Youth Development Foundation as a contribution to the Sunflower Children Medical Fund. This fund offers surgical treatments for the underprivileged children suffering from accidental injuries and other illnesses.

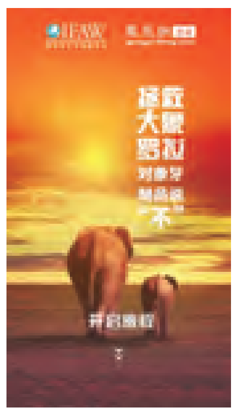
In addition, the Group also established a public welfare channel http://gongyi.ifeng.com on its official website ifeng.com. It provides instant news, updates and news from salons and seminars on public welfare and environmental protection. It also covers public welfare events held in the community, organised by enterprises and attended by celebrities.

Environment and Sustainability

Phoenix produces and broadcasts a television programme series called "Earth Report", which deals with natural ecology and the sustainable development of society. The series consists of short episodes telling a story on Earth each day, such as the ecological protection of the Amazon River, sustainability of the fishing industry, protection of wild animals and climate change studies. The series encourages people to think together about how different creatures should live with each other and how the human race can survive on Earth sustainably.

Phoenix and the United Nations Educational, Scientific and Cultural Organization ("UNESCO") entered into a five-year "Strategic Partnership for Culture of Peace Programme" on 9 December 2012. Under this agreement framework, Phoenix shall donate USD1 million to UNESCO within five years for cooperation on the Culture of Peace Programme. During this period of cooperation, Phoenix shall work with UNESCO extensively in areas including sustainable development of humanity and culture, cultural heritage protection in chaotic countries, poverty elimination, and global children education as well as ecological environmental protection with an aim of fulfilling social responsibilities on a worldwide level. In 2015, Phoenix made a fourth-year donation of USD200,000 (approximately HK$1.55 million) to the "UNESCO – Phoenix Strategy Foundation" set up by UNESCO.

In 2015, ifeng.com also worked with the International Fund for Animal Welfare ("IFAW") to promote the elephant protection programme "Save Elephant Laura" in China on its public welfare channel. In this connection, the channel built up the "Save Elephant Laura" campaign website and mobile app to disseminate the message of elephant ivory protection to raise the awareness of and increase the participation in the elephant saving campaigns.



Corporate Social Responsibility Report



The management of Phoenix is committed to cultivating a corporate culture of environmental awareness by implementing a series of environmental protection measures at the Phoenix Center in Hong Kong, the Group's headquarters, such as air conditioning and lighting system reengineering for higher energy efficiency, waste separation for recycling incentives, and the provision of electric vehicles charging devices in the car park to support low-carbon emission.

Employees Care

The Group adopts a people-oriented strategy and each employee is given a fair opportunity and competitive remuneration package. As to health and safety issues, Phoenix provides a safe workplace and purchases insurance policies for its employees. As to development and training, Phoenix has put in place vocational training and sponsorship programmes to subsidise employees taking courses relating to their work for the enhancement of their knowledge and skills. As to work environment, Phoenix Hong Kong Headquarters has extensive landscaping and sufficient recreational facilities to provide employees with a favourable work environment.

Looking Ahead

Looking ahead, the Group will continue to fulfil its corporate social responsibilities while pursuing better business performance and value maximisation for Shareholders. Capitalising on its media advantages, Phoenix will strive to exert its influence as a role model in society, better undertake its environmental protection responsibilities and create excellent media credibility through the care for humanity and social responsibilities.

This CSR Report was written with reference to the "Environmental, Social and Governance Reporting Guide" published by The Stock Exchange of Hong Kong Limited. The full text of the CSR Report has been verified by the Internal Audit department of the Group for the purpose of providing independent and objective assurance on the accuracy, reliability and completeness of the contents set out in the CSR Report. The Internal Audit department considers that the CSR Report reflects the performance of the Group in respect of corporate social responsibilities in a reliable and clear manner and the representations contained therein are true and accurate. Your feedback regarding this report is welcomed and could be sent to the Group's CSR communication channel at csr@phoenixtv.com.

The Directors submit their report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

Business Review

A review of the Group's business is set out on pages 7 to 9 of this report titled "Business Overview and Prospects" (the "Business Overview"). The Board are satisfied that the Business Overview together with the financial and non-financial information contained in this section is a fair description of the Group's business and the external environment in which the Group operates, consistent with the scope of the consolidated financial statements and dealing even-handedly with both the favourable and adverse factors. To summarise the Business Overview, the objectives, strategy and business model of the Group is to emphasise its two main areas of business, namely television broadcasting and the internet business based on ifeng.com. In the face of the continuing financial pressures generated by the decline in China's economic growth rate, the Company has sought to introduce policies that would reduce the operational expenditure and thus ensure that the Company remains profitable. This approach has led the Company to integrate a number of program production departments 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 cost of programming and broadcasting. Thus, while the Group will maintain its traditional business model, and will continue to generate new programs, it will attach a high priority to refining the Company's structure so that it can reduce the financial demands of the Group's major business activities.

The strength in the Group's brand and reputation together with quality intellectual property rights are the principal drivers of the Group's performance.

The "Comments on Segmental Information" set out on pages 25 to 26 and "Liquidity and Financial Resources" set out on page 28 of this report provided analysis of the amounts of revenue, result of business segments and gearing ratio of the Group. The operating margin of the Group, based on the profit from operations to revenue, was 7.5% as at 31 December 2015 (as at 31 December 2014: 19.5%). The current ratio of the Group, based on current assets to current liabilities, was 3.0 as at 31 December 2015 (as at 31 December 2014: 3.0). The Group's earnings before interest expenses, taxes, depreciation, and amortization (EBITDA) was HK$619,413,000 as at 31 December 2015 (as at 31 December 2014: HK$1,414,985,000).

The "Chinese Gateway" set out on pages 22 to 23 of this report also provided the audience satisfaction information of the television broadcasting business.

According to iResearch, in December 2015, the online daily unique visitors and monthly unique visitors of the new media business was 43.9 million and 291.1 million respectively and PNM have ranked third among all portals in China in terms of daily unique visitors. According to PNM internal data, the aggregated mobile daily unique visitors from mobile website i.ifeng.com and mobile applications reached 33.0 million in December 2015. PNM's v.ifeng.com vertical which offers video products and services, according to iResearch, the site received 55.6 million average daily page views and 12.7 million average daily unique visitors in December 2015. According to PNM internal data, v.ifeng.com site received 49.7 million average daily video views in December 2015.

Business Review (Continued)

There are a number of principal risks and uncertainties facing the Group as follows, among other things: (i) the PRC regulatory restrictions on the reception and rebroadcasting of foreign satellite television programmes; (ii) the PRC regulatory restrictions on content of television programmes; and (iii) the PRC regulatory prohibition against the variable interest entity structure in China through which Phoenix New Media Limited ("PNM") operates the internet business of the Group in China. Please refer to pages 87 of this report for the section about description of and the major risks associated with the variable interest entity contractual arrangements of PNM and its subsidiaries (collectively, the "PNM Group").

The Board closely monitors the above risks and uncertainties considering any adverse change of these risks and uncertainties that would have a material negative effect on the Group's business, financial condition and results of operations. The Group's business performance and business risks arising from the serious economic challenges caused by the downward movement in China economy as well as the changing China advertising market conditions and the emergence of the internet-based media technologies are discussed in the section of Business Overview on pages 7 to 9 of this report. Besides, the Group's day-to-day activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks and price risk), credit risk and liquidity risk. The Group's financial risk management and controls are set out in Note 3 to the consolidated financial statements on pages 122 to 135 of this report. The above is not intended to be an exhaustive list of all principal risks and uncertainties facing the Group. These may change over time as new risks and uncertainties emerge and others cease to be of concern. Discussion of the Group's system of risk management and internal controls is contained in the Corporate Governance Report on page 47 of this report.

Particulars of the major suppliers and customers of the Group are set out on page 80 of this report. Whereas, key performance indicators in relation to the audience satisfaction are set out on page 23 of this report.

Details of the Group's relationship with its staff are set out on page 29 of this report.

In respect of corporate social responsibility, the Group strongly believes that a successful enterprise should be able to gain recognition and respect of the whole community by contributing to the environment, which is the value that the Group has been adhering to. It is the Group's environmental policy to raise public awareness on environmental protection by capitalizing its media strengths in producing relevant television programmes and cooperating with international nature conservation or sustainability conscious organizations. In 2015, Phoenix TV produced and broadcasted a television programme series called "Earth Report", which deals with natural ecology and the sustainable development of society. The Group also worked with The United Nations Educational, Scientific and Cultural Organization extensively in areas including sustainable development of humanity, ecological environmental protection, etc., with an aim of fulfilling social responsibilities on a worldwide level. Internally the Group cultivates a corporate culture of environmental awareness by implementing a series of environmental protection measures at the Phoenix Center in Hong Kong, the Group's headquarters, such as air conditioning and lighting system reengineering for higher energy efficiency, waste separation for recycling incentives, and the provision of electric vehicle charging devices in the car park to support low-carbon emission. Detailed discussions on the Group's environmental policies, community involvement, workplace quality and other social responsibility activities are contained in the Corporate Social Responsibility Report on pages 50 to 54 of this report.

Business Review (Continued)

In addition to the compliance with the Listing Rules and the Code, the Company is committed to duly observe the Securities and Futures Ordinance (Cap.571) and the Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission. The Group has complied with the Broadcasting Ordinance (Cap.562), the Broadcasting (Miscellaneous Provisions) Ordinance (Cap. 391) and the related subsidiary legislation. The Group has also observed the terms of the Non-Domestic Television Programme Service License granted to Phoenix HK and the relevant sections of the Codes of Practice from time to time issued by the Communication Authority. Since the enactment of the Competition Ordinance (Cap. 619), the Group was mindful not to contravene the first conduct rule of the Competition Ordinance while continuously assessing its market power under the second conduct rule of the Competition Ordinance.

Particulars of important events affecting the Group that have occurred since the end of the financial period are set out on Note 47 to the consolidated financial statements.

Principal Activity and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 19 to the consolidated financial statements.

An analysis of the Group's performance for the year by reportable segments is set out in Note 5 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 91.

The Board recommends the payment of a final dividend of 1 Hong Kong cent per ordinary Share, totalling approximately HK$50,010,000 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 AGM, the final dividend will be payable on or around 30 June 2016, Thursday.

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 forthcoming AGM, all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 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 forthcoming AGM), all share transfers must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 June 2016, Friday.

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity. Movements in the reserves of the Company during the year are set out in Note 44 to the consolidated financial statements.

Donations

Charitable donations made by the Group during the year amounted to HK$1,955,000 (2014: HK$3,995,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

Investment Properties

Details of the movement in investment properties of the Group during the year are set out in Note 15 to the consolidated financial statements.

Share Capital and Share Options

Details of the movements in share capital and share options of the Company during the year are set out in Note 32 and Note 33, respectively, to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2015, calculated under the Companies Law (Revised) of the Cayman Islands, amounted to approximately HK$1,059,369,000 (2014: HK$252,239,000).

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 222.

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 Shares during the year.

Equity-linked Agreements

Details of the share options granted in prior years and current year of the Group are set out in Note 33 of the consolidated financial statements and "Share Option Schemes" section contained in this Report of Directors.

Share Option Schemes

(A) Share Option Schemes of the Company

(1) Summary of Post-IPO Share Option Scheme

Purpose of the scheme

The purpose of the Post-IPO Share Option Scheme is to retain and provide incentives to the employees of the Group to achieve its business objectives.

The participants of the scheme

Employees of any member of the Group, including any executive directors of any member of the Group, in full-time employment with the Company (or its subsidiaries) may take up options to subscribe for Shares.

The total number of securities available for issue

Shareholders' approval had been obtained on 6 August 2002 to refresh the 10% limit. The Directors might grant options for subscription of up to 493,173,000 Shares (which do not include those options that are outstanding, cancelled or lapsed), representing 9.86% of the issued share capital as at the date of this report.

The maximum entitlement of each participant under the scheme

Unless approved by the Shareholders, the total number of securities issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of securities of the Company in issue.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(1) Summary of Post-IPO Share Option Scheme (Continued)

Time of exercise of option

An option may be exercised in accordance with the terms of the scheme at any time during the period commencing one year from the date of grant of the option and expiring ten years after the date of grant of the option in accordance with the following schedule:

Date of exercise of an option	Percentage of Shares comprised in an option which is vested and exercisable
Between the date of grant of an option and less than 12 months following the date of grant of an option	zero
Between the period falling 12 months or more but less than 24 months from the date of grant of an option	up to 25%
Between the period falling 24 months or more but less than 36 months from the date of grant of an option	up to 50%
Between the period falling 36 months or more but less than 48 months from the date of grant of an option	up to 75%
Any time falling 48 months from the date of grant of an option and thereafter	up to 100%

Minimum holding period

As stated above, no option can be exercised within the first twelve months following the date of grant of an option.

The amount payable on acceptance of the option

Upon acceptance of the option, the option holder shall pay HK$1.00 to the Company as consideration of the grant.

The basis of determining the exercise price

The subscription price for the Shares under the scheme shall be determined by the committee established for administration of the Post-IPO Share Option Scheme and will be no less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheets from the Stock Exchange on the date of grant which must be a business day, (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (c) the nominal value of the Shares.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(1) Summary of Post-IPO Share Option Scheme (Continued)

The remaining life of the scheme

The Post-IPO Share Option Scheme has no remaining life as no further options can be granted but the provisions of the scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Post-IPO Share Option Scheme may continue to be exercisable in accordance with the terms of issue.

The details of share options granted by the Company under the Post-IPO Share Option Scheme to the employees of the Group to acquire Shares were as follows:

					Number of share options			
Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK$	Balance as at 1 January 2015	Lapsed during the year	Exercised during the year	Balance as at 31 December 2015
14 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	4,756,000	–	(306,000)	4,450,000

During the year ended 31 December 2015, 306,000 options granted to employees of the Group were exercised. At the date before the options were exercised, the weighted average market price was HK$2.97.

Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the year.

During the year ended 31 December 2015, no option was granted to the Directors, chief executives or substantial Shareholders, or their respective associates, or to the suppliers of goods or services under the Post-IPO Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the Post-IPO Share Option Scheme.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme

On 19 June 2009, the Shareholders approved and adopted the New Share Option Scheme of the Company. The New Share Option Scheme is administered by a committee of four Directors ("New Share Option Scheme Committee").

Purpose of the scheme

The purpose of the scheme is to retain and provide incentive to the employees of the Group to achieve its business objectives.

The participants of the scheme

Any full-time employees of the Group, including any director of the Group, may take up options to subscribe for the Shares.

The total number of securities available for issue

The total number of the Shares in respect of which options are issuable under the scheme is 495,441,200 Shares, representing 9.91% of the issued share capital of the Company as at the date of this report.

The maximum entitlement of each participant under the scheme

No option may be granted to any eligible person which, if at the relevant time exercised in full, would result in the total number of the Shares are subject of such option, when added to the number of the Shares which may be subscribed by that eligible person under any outstanding options granted to that eligible person and to the number of the Shares previously subscribed by the eligible person under any options granted to the eligible person under the New Share Option Scheme exceeding 25% of the aggregate number of the Shares available for subscription under the scheme at that time.

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to any eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme (Continued)

Time of exercise of option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period commencing one year from the date of grant of the option and expiring ten years after the date of grant of the option in accordance with the following vesting schedule:

Date of exercise of an option	Percentage of Shares comprised in an option which is vested and exercisable
Between the date of grant of an option and less than 12 months following the date of grant of an option	zero
Between the period falling 12 months or more but less than 24 months from the date of grant of an option	up to 25%
Between the period falling 24 months or more but less than 36 months from the date of grant of an option	up to 50%
Between the period falling 36 months or more but less than 48 months from the date of grant of an option	up to 75%
Any time falling 48 months from the date of grant of an option and thereafter	up to 100%

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme (Continued)

Minimum holding period

As stated above, no option can be exercised within the first twelve months following the date of grant of an option.

The amount payable on acceptance of the option

Upon acceptance of the option, the option holder shall pay HK$1.00 to the Company as consideration of the grant.

The basis of determining the exercise price

The subscription price for the Shares under the scheme shall be determined by the New Share Option Scheme Committee and will be no less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day, (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant and (c) the nominal value of the Shares.

The remaining life of the scheme

The New Share Option Scheme will remain in force for a period of ten years commencing on the date of the adoption of the scheme. Upon termination, no further options may be granted under the scheme.

Share Option Schemes (Continued)

(A) Share Option Schemes of the Company (Continued)

(2) Summary of New Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

The details of share options granted by the Company under the New Share Option Scheme to the employees of the Group to acquire the Shares of the Company were as follows:

					Number of share options				
Type and Number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per Share HK$	Balance as at 1 January 2015	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2015
3 employees	2009.07.22	2009.07.22 to 2013.07.21	2010.07.22 to 2019.07.21	1.17	1,772,000	–	–	(1,522,000)	250,000
3 Executive Directors									
LIU Changle	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	4,900,000	–	–	–	4,900,000
CHUI Keung	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	–	3,900,000
WANG Ji Yan	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	3,900,000	–	–	–	3,900,000
478 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	85,360,000	–	(2,046,000)	(1,470,000)	81,844,000
6 employees	2011.06.28	2011.06.28 to 2015.06.27	2012.06.28 to 2021.06.27	3.06	2,790,000	–	–	–	2,790,000
Total:					102,622,000	–	(2,046,000)	(2,992,000)	97,584,000

During the year ended 31 December 2015, 2,046,000 options granted to 30 employees were lapsed when they ceased their employment with the Group.

During the year ended 31 December 2015, 2,992,000 options were exercised. At the date before the options were exercised, the weighted average market price was HK$3.02. Save as disclosed above, no options was granted, exercised, lapsed or cancelled during the year. No option was granted to the Directors, chief executives or substantial Shareholders, or their respective associates, or to the suppliers of goods or services under the New Share Option Scheme. No participant was granted any option in excess of the individual limit as set out under the New Share Option Scheme.

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company

(1) PNM Share Option Scheme

On 20 June 2008, the Shareholders approved the share option scheme ("PNM Share Option Scheme") of PNM, a subsidiary of the Company.

Summary of PNM Share Option Scheme

Purpose of the scheme

The purposes of the PNM Share Option Scheme is to recognise the contribution or potential contribution of the executives, employees, directors, consultants, advisers, agents, business partners, joint venture partners, service providers and contractors of PNM and/or its affiliates by granting options to them as incentives or rewards.

The participants of the scheme

Subject to the terms of the PNM Share Option Scheme and the Listing Rules and for so long as PNM remains a subsidiary of the Company, the board of directors of PNM ("PNM Board") may, at its absolute discretion (subject to any terms and conditions as it may think fit) during the scheme period, make offers to any eligible persons to take up options. The eligibility of the eligible persons is determined by the PNM Board with reference to their past and expected commitment and contribution to PNM and/or its affiliates.

The total number of securities available for issue

The total number of shares of PNM ("PNM Shares") available for issue under options which may be granted under the PNM Share Option Scheme and any other share option schemes of PNM shall not in aggregate exceed 10% of 320,000,000 of PNM Shares in issue on 20 June 2008, being the effective date of PNM Share Option Scheme.

On 8 June 2012, the Shareholders approved to refresh and renew the scheme mandate limit of the PNM Share Option Scheme and any other share option schemes of PNM to enable grant of further options to subscribe for up to 31,410,107 Class A ordinary of PNM Shares, representing 10% of Class A ordinary PNM Shares in issue on 8 June 2012.

On 5 June 2014, the EGM of the Company passed the refreshment of scheme mandate limit under the PNM Share Option Scheme. Based on 284,014,925 Class A ordinary PNM Shares in issue, the scheme mandate limit has been "refreshed" to enable grant of further options to subscribe for up to 28,401,492 Class A ordinary PNM Shares, representing 10% of the Class A ordinary PNM Shares in issue as at the date of the EGM.

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The maximum entitlement of each participant under the scheme

Unless approved by the Shareholders and shareholders of PNM ("PNM Shareholders") in the manner set out in the PNM Share Option Scheme, the total number of PNM Shares issued and to be issued upon the exercise of the options granted and to be granted to any eligible person (including both exercised and outstanding options) in any 12-month period up to and including the offer date shall not exceed 1% of the PNM Shares in issue as at the offer date.

Time of exercise of option

Pursuant to the PNM Share Option Scheme, options may be exercised with its terms at any time during a period as notified by the PNM Board to each eligible person in the offer, provided that such period shall not be longer than 10 years from the date of offer. The PNM Board may also impose restrictions on the exercise of an option during the period an option may be exercised.

The amount payable on acceptance of the option

Pursuant to the PNM Share Options Scheme, HK$1.00 (or foreign currency equivalent) is payable to PNM by the eligible persons by 5:00 p.m. on the date specified in the offer letter as the latest date for acceptance.

The basis of determining the exercise price

The option price shall be determined by the PNM Board on a fair and reasonable basis, taking into consideration the prevailing market condition, performance of PNM and after having assessed the efforts, performance and/or future potential contribution of the eligible person to the success of the business and operations of PNM (and its affiliates from time to time), which shall be no less than the nominal value of the PNM Shares on the date of offer.

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme

The PNM Share Option Scheme will remain valid for a period of 10 years commencing on 20 June 2008 save that PNM, by an ordinary resolution of PNM Shareholders and an ordinary resolution of the Shareholders (for so long as PNM remains a subsidiary of the Company) in general meetings may at any time terminate the operation of the PNM Share Option Scheme.

During the year ended 31 December 2015, 8,020,000 options were granted to eligible persons consisting of staff of Fenghuang On-line (Beijing) Information Technology Company Limited, a wholly-owned subsidiary of PNM, under the PNM Share Option Scheme all with an exercise price of US$0.91550 per share.

During the year ended 31 December 2015, 1,055,925 options granted to 22 employees were exercised at US$0.03215 per share.

During the year ended 31 December 2015, 2,394,652 options granted to 30 employees were exercised at US$0.44593 per share.

During the year ended 31 December 2015, 339,687 options granted to 3 employees were exercised at US$0.82490 per share.

The weighted average market price of the options exercised during the year ended 31 December 2015 was US$0.77 per share.

During the year ended 31 December 2015, 8,379,213 options granted to 42 employees lapsed and cancelled. Details of the options granted under the PNM Share Option Scheme to the employees of the Group are as follows:

				Number of share options				
Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Balance as at 1 January 2015	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2015
Employees	2008.07.04	2008.07.04-2018.05.25	0.03215	3,399,852	–	–	(610,175)	2,789,677
	2008.07.04	2008.07.09-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.08.28-2018.05.25	0.03215	3,375	–	–	–	3,375
	2008.07.04	2008.09.17-2018.05.25	0.03215	16,500	–	–	–	16,500
	2008.07.04	2008.10.10-2018.05.25	0.03215	4,500	–	–	–	4,500
	2008.07.04	2008.10.10-2018.05.25	0.03215	4,000	–	–	–	4,000

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

				Number of share options				
Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Balance as at 1 January 2015	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2015
	2008.07.04	2008.10.23-2018.05.25	0.03215	6,750	–	–	–	6,750
	2008.07.04	2008.12.17-2018.05.25	0.03215	6,000	–	–	–	6,000
	2008.07.04	2008.12.24-2018.05.25	0.03215	3,750	–	–	–	3,750
	2008.07.04	2008.12.26-2018.05.25	0.03215	6,000	–	–	(6,000)	–
	2008.07.04	2009.01.15-2018.05.25	0.03215	439,504	–	–	–	439,504
	2008.07.04	2009.02.25-2018.05.25	0.03215	3,000	–	–	(3,000)	–
	2008.07.04	2009.02.26-2018.05.25	0.03215	3,375	–	–	–	3,375
	2008.07.04	2009.03.10-2018.05.25	0.03215	11,500	–	–	–	11,500
	2008.07.04	2009.03.17-2018.05.25	0.03215	2,475	–	–	–	2,475
	2008.07.04	2009.03.21-2018.05.25	0.03215	12,000	–	–	(12,000)	–
	2008.07.04	2009.03.24-2018.05.25	0.03215	20,000	–	–	–	20,000
	2008.07.04	2009.03.31-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.04.01-2018.05.25	0.03215	450	–	–	–	450
	2008.07.04	2009.04.02-2018.05.25	0.03215	3,000	–	–	(3,000)	–
	2008.07.04	2009.04.07-2018.05.25	0.03215	6,750	–	–	–	6,750
	2008.07.04	2009.04.09-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.05.12-2018.05.25	0.03215	3,000	–	–	–	3,000
	2008.07.04	2009.05.19-2018.05.25	0.03215	10,688	–	–	–	10,688
	2008.07.04	2009.05.26-2018.05.25	0.03215	96,587	–	–	(28,500)	68,087
	2009.07.31	2009.07.31-2018.05.25	0.03215	450	–	(450)	–	–
	2009.07.31	2010.01.04-2018.05.25	0.03215	781,250	–	–	–	781,250
	2009.07.31	2010.02.16-2018.05.25	0.03215	100,000	–	–	–	100,000

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(1) PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

Type of remaining grantees	Date of grant	Exercise period	Exercise price per PNM share (US$)	Number of share options Balance as at 1 January 2015	Granted during the year	Lapsed during the year	Exercised during the year	Balance as at 31 December 2015
	2009.07.31	2010.04.27-2018.05.25	0.03215	5,250	–	–	–	5,250
	2009.07.31	2010.05.18-2018.05.25	0.03215	96,001	–	–	–	96,001
	2009.07.31	2010.07.10-2018.05.25	0.03215	61,600	–	–	–	61,600
	2009.09.15	2010.09.15-2018.05.25	0.03215	887,500	–	(1,200)	(88,000)	798,300
	2010.01.08	2011.01.08-2018.05.25	0.03215	104,400	–	–	–	104,400
	2010.07.01	2008.03.05-2018.05.25	0.03215	135,000	–	–	–	135,000
	2010.07.01	2010.09.15-2018.05.25	0.03215	26,000	–	–	–	26,000
	2010.07.01	2010.10.09-2018.05.25	0.03215	5,000	–	–	(5,000)	–
	2010.07.01	2011.02.21-2018.05.25	0.03215	220,000	–	–	–	220,000
	2010.07.01	2011.06.07-2018.05.25	0.03215	56,250	–	–	(56,250)	–
	2010.07.01	2011.07.01-2018.05.25	0.03215	460,000	–	–	(244,000)	216,000
	2013.03.15	2014.03.15-2023.03.14	0.44593	12,795,992	–	(2,157,500)	(2,394,652)	8,243,840
	2013.05.23	2014.05.23-2023.05.22	0.46565	2,900,000	–	–	–	2,900,000
	2013.10.01	2014.10.01-2023.09.30	0.78670	150,000	–	(93,750)	–	56,250
	2013.10.08	2014.10.08-2023.10.07	0.82490	5,769,500	–	(597,813)	(339,687)	4,832,000
	2013.12.10	2014.12.10-2023.12.09	1.08443	1,900,000	–	–	–	1,900,000
	2014.03.14	2015.03.14-2024.03.13	1.31000	980,000	–	(980,000)	–	–
	2014.06.04	2015.06.04-2024.06.03	1.27490	1,014,807	–	(75,000)	–	939,807
	2014.06.05	2015.06.05-2024.06.04	1.27490	800,000	–	(250,000)	–	550,000
	2014.07.11	2015.07.11-2024.07.10	1.30350	16,781,000	–	(3,863,500)	–	12,917,500
	2014.10.11	2015.10.11-2024.10.10	0.82490	161,951	–	–	–	161,951
	2015.07.16	2016.07.16-2025.07.15	0.91550	–	8,020,000	(360,000)	–	7,660,000
Total:				50,267,007	8,020,000	(8,379,213)	(3,790,264)	46,117,530

Share Option Schemes (Continued)

(B) Share Option Schemes of the Subsidiaries of the Company (Continued)

(2) PNM March 2011 Scheme

On 15 March 2011, PNM adopted the restricted share unit and restricted share scheme (the "PNM March 2011 Scheme"), under which PNM may grant up to 29,059,158 restricted share units ("RSU") or restricted shares ("RS") to the executives, employees or directors of PNM or its affiliates, provided that the number of RSU or RS granted under the PNM March 2011 Scheme plus the number of share options granted and unvested under the PNM Share Option Scheme shall in no event exceed 96,000,000 shares.

On 17 March 2011, PNM granted 19,008,200 RS and 10,050,958 RSU under the PNM March 2011 Scheme to its employees.

The particulars and movement of the RSU granted under the PNM March 2011 Scheme during the year are as follows:

			Number of RSU				
Type of remaining grantees	Date of grant	Vesting commence date	Balance as at 1 January 2015	Granted during the year	Lapsed during the year	Vested during the year	Balance as at 31 December 2015
Employees	2011.03.17	2011.01.11	12,500	–	–	(12,500)	–
	2011.03.17	2011.02.14	7,500	–	–	(7,500)	–
	2011.03.17	2011.02.21	1,250	–	–	(1,250)	–
	2011.03.17	2011.03.01	11,250	–	–	(11,250)	–
Total:			32,500	–	–	(32,500)	–

All RS granted under the PNM March 2011 Scheme had been fully vested in 2014, thus there are no RS movements during the year.

Save as disclosed above, no option was granted to the Directors, chief executives or substantial Shareholders of the Company, or their respective associates, or to the suppliers of goods or services under the PNM Share Option Scheme or the PNM March 2011 Scheme during the year.

Report of Directors

Directors

The Directors during the year and up to the date of this report are:

Executive Directors:
LIU Changle (alternate director to CHUI Keung)
CHUI Keung (alternate director to LIU Changle)
WANG Ji Yan (alternate director to LIU Changle and CHUI Keung)

Non-executive Directors:
SHA Yuejia
GAO Nianshu
GONG Jianzhong
SUN Yanjun

Independent Non-executive Directors:
LO Ka Shui
LEUNG Hok Lim
Thaddeus Thomas BECZAK
FANG Fenglei

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

In accordance with Article 87(1) & (2) of the Company's articles of association, Mr. CHUI Keung, Mr. LEUNG Hok Lim and Mr. FANG Fenglei shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming AGM of the Company.

Mr. LEUNG Hok Lim has served the Board as an Independent Non-executive Director for more than nine years and has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Notwithstanding the length of his tenure, the Board is satisfied that, as well proven by the valuable independent judgment, advice and objective views given by Mr. LEUNG over the years, he is of such character, integrity and experience commensurate with office of an Independent Non-executive Director. The Board is not aware of any circumstance that might influence Mr. LEUNG's independence.

Confirmation of Independence

The Company has received from each of Dr. LO Ka Shui, Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK and Mr. FANG Fenglei their respective annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules as at the date of this report and the Company considers them to be independent.

Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

Changes of Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Thaddeus Thomas BECZAK

New appointment

China Minsheng Financial Holding Corporation Limited* – independent non-executive director

* The company is listed on the Main Board of the Stock Exchange.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Directors' Service Contracts

On 1 July 2015, Mr. LIU Changle and Mr. CHUI Keung, the executive Directors, each entered into a service contract with the Company for a term of three years commencing from 1 July 2015 subject to termination by either party giving to the other not less than three months' written notice. None of the Directors proposed for re-election at the forthcoming AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation.

The terms of office of each of the executive Directors (other than the chairman of the board of Directors), non-executive Directors and independent non-executive Directors are subject to retirement by rotation in accordance with the Company's articles of association and the CG Code.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company, or any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Permitted Indemnity Provision

As permitted by the Company's Articles of Association, every Director is entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, provided that such indemnity do not extend to any matter in respect of any fraud or dishonesty by such Director. Such provision has been in force for the benefit of the Directors throughout the year and up to the date of this report.

The Company have taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover to the Directors.

Directors' and Chief Executives' Interests in Securities

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which such Directors or chief executives were taken or deemed to have under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(1) Long position in the Shares and underlying Shares of the Company

Ordinary shares of the Company

	Number of ordinary shares held				
Name	**Personal/ other interest**	**Corporate interest**	**Total interest**	**Position**	**Approximate shareholding percentage as at 31 December 2015**
LIU Changle (Note 2)	2,688,000	1,854,000,000	1,856,688,000	Long	37.13%
LO Ka Shui (Note 3)	6,244,000	–	6,244,000	Long	0.12%

Notes:

1. As at 31 December 2015, the number of the issued Shares of the Company was 5,000,993,500.

2. As at 31 December 2015, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 37.07% of the issued share capital of the Company.

3. As at 31 December 2015, Dr. LO Ka Shui was the beneficial owner of 1,536,000 Shares while 4,708,000 Shares were held by a discretionary trust of which Dr. LO Ka Shui was the founder.

Directors' and Chief Executives' Interests in Securities (Continued)

(2) Long position in the shares and underlying shares of an associated corporation of the Company

PNM

Name	Number of class A ordinary of PNM Shares: Personal/ other interest	Corporate interest	Total interest	Position	Approximate shareholding percentage as at 31 December 2015
LIU Changle (Note 3)	–	1,483,200	1,483,200	Long	0.58%
LO Ka Shui	727,800	–	727,800	Long	0.28%

Notes:

1. As at 31 December 2015, the number of the issued Class A ordinary PNM Shares was 256,335,266.

2. PNM is a non-wholly owned subsidiary of the Company.

3. As at 31 December 2015, Mr. LIU Changle was the beneficial owner of 93.30% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.58% of the issued class A ordinary of PNM Shares.

Directors' and Chief Executives' Interests in Securities (Continued)

(3) Share options

Name of Director	Date of grant	Exercise period	Exercise price per Share HK$	Underlying Shares pursuant to the share options as at 31 December 2015
LIU Changle	2011.03.09	2012.03.09 to 2021.03.08	2.92	4,900,000
CHUI Keung	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000
WANG Ji Yan	2011.03.09	2012.03.09 to 2021.03.08	2.92	3,900,000

Save as disclosed above, so far as the Directors are aware, as at 31 December 2015, none of the Directors and chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executives were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

Directors' Rights to Acquire Shares or Debentures

Under the terms of the Company's share option schemes approved by the Shareholders on 7 June 2000 and 19 June 2009, the relevant committee responsible to administer the share option schemes may, at their discretion, invite any employee of the Company or any of the Group companies, including any executive directors, to take up options to subscribe for Shares. The maximum number of Shares in respect of which options may be granted under the share option schemes must not exceed 10% of the issued share capital of the Company. However, the share option scheme approved by the Shareholders on 7 June 2000 has no remaining life and no further options can be granted under the scheme.

Save as disclosed herein, and other than those in connection with the Group reorganisation scheme prior to the Company's listing of Shares, at no time during the year was the Company or any of the companies comprising the Group a party to any arrangement to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2015, so far as is known to the Directors and the chief executive of the Company, the interest of the Shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO or entered in the register kept by the Company pursuant to Section 352 of the SFO, were as follows:

(1) Long positions of substantial Shareholders in the ordinary Shares of the Company

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage as at 31 December 2015
Today's Asia Limited (Note 2)	1,854,000,000	37.07%
Extra Step Investments Limited (Note 3)	983,000,000	19.66%
TPG China Media, L.P. (Note 4)	607,000,000	12.14%

Substantial Shareholders' Interests and Short Positions in the shares and underlying shares of the Company (Continued)

(1) Long positions of substantial Shareholders in the ordinary Shares of the Company (Continued)

Notes:

1. As at 31 December 2015, the number of issued Shares of the Company was 5,000,993,500.

2. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% respectively.

3. Extra Step Investments Limited is a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited ("CMHKG") which in turn is a subsidiary of China Mobile Communications Corporation ("CMCC"). By virtue of the SFO, CMCC and CMHKG are deemed to be interested in the 983,000,000 Shares held by Extra Step Investments Limited. Mr. SHA Yuejia and Mr. GAO Nianshu, both non-executive Directors of the Company, are respectively executive director and vice president of China Mobile Limited and general manager of the Department of Market Operation of CMCC. Dr. LO Ka Shui, an independent non-executive Director of the Company, is an independent non-executive director of China Mobile Limited.

4. TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P. Mr. SUN Yanjun and Mr. LAU Wai Kei Ricky, being the non-executive Director and alternate Director respectively, are both managing director and partner of TPG.

Substantial Shareholders' Interests and Short Positions in the shares and underlying shares of the Company (Continued)

(2) Long position of other person in the ordinary Shares of the Company

Name of other person who has more than 5% interest	Number of Shares	Approximate shareholding percentage as at 31 December 2015
China Wise International Limited (Note 2)	412,000,000	8.24%

Notes:

1. As at 31 December 2015, the number of issued Shares of the Company was 5,000,993,500.

2. China Wise International Limited is a wholly-owned subsidiary of Cultural Developments Limited, which in turn is a wholly-owned subsidiary of Bank of China Group Investment Limited. Bank of China Group Investment Limited is a wholly-owned subsidiary of Bank of China Limited, which in turn is a subsidiary of Central Huijin Investments Limited. By virtue of the SFO, Central Huijin Investments Limited, Bank of China Limited, Bank of China Group Investment Limited and Cultural Developments Limited are all deemed to be interested in the 412,000,000 Shares held by China Wise International Limited. Mr. GONG Jianzhong, non-executive Director of the Company, is a director and chief executive officer of Bank of China Group Investment Limited and a director of a number of companies controlled by Bank of China Group Investment Limited or in which Bank of China Group Investment Limited has an interest.

Save as disclosed above, there was no person (other than the Directors or the chief executives of the Company) known to the Directors or the chief executives of the Company, who, as at 31 December 2015, had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of programme purchases and sales for the year attributable to the Group's major suppliers and advertising end-customers are as follows:

	Year 2015	Year 2014
Programme purchases		
– the largest supplier	**10%**	9%
– five largest suppliers	**41%**	33%
Sales		
– the largest advertising end-customer	**2%**	2%
– five largest advertising end-customers	**7%**	6%

None of the Directors, the chief executives, or their close associates, or any Shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any beneficial interest in the major suppliers or customers mentioned above.

Connected Transactions and Continuing Connected Transactions

Certain related party transactions (as defined in HKAS 24–Related Party Disclosures) entered into by the Group during the year ended 31 December 2015, which also constituted connected transactions or continuing connected transactions under the Listing Rules, are disclosed in Note 42 to the consolidated financial statements. The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

Continuing Connected Transactions

1. On 25 October 2012, the Stock Exchange granted to the Company a waiver from strict compliance with the requirement under Rule 14A.35(1) of the then Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all of the expected New Media CCT in relation to provision of website portal, value-added telecommunications, promotional and ancillary services by and to PNM Group to and by CMCC Group for the three years from 1 January 2013 to 31 December 2015, subject to the conditions disclosed in the announcement published on 26 October 2012.

   On 5 December 2012, the Independent Shareholders approved and confirmed the New Media CCT for the three years from 1 January 2013 to 31 December 2015 and the relevant annual caps of RMB552,260,472, RMB622,489,019 and RMB729,455,470 for each of the three years ending 31 December 2013, 2014 and 2015 respectively at the EGM held on 5 December 2012.

   The aggregate service charges received/receivable by the PNM Group from the CMCC Group, and the aggregate service charges paid/payable by the PNM Group to the CMCC Group for the year ended 31 December 2015 amounted to approximately RMB161,750,000 (HK$199,842,000) and RMB46,557,000 (HK$57,521,000) respectively, whereas, for the year ended 31 December 2014, approximately RMB173,104,000 (HK$218,250,000) and RMB41,428,000 (HK$52,233,000) respectively.

Connected Transactions and Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

China Mobile (Hong Kong) Group Limited ("CMHKG"), a company incorporated in Hong Kong with limited liability and a subsidiary of CMCC, is a substantial shareholder of the Company holding approximately 19.66% of the issued share capital of the Company through its wholly-owned subsidiary Extra Step Investments Limited. Since the CMCC Group are connected persons of the Company, the New Media CCT constituted continuing connected transactions of the Company under the Listing Rules. For details, please refer to the Company's announcements dated 26 October 2012 and 5 December 2012, respectively and the circular dated 9 November 2012.

2. (a) On 18 August 2014, 鳳凰都市傳媒科技股份有限公司 (Phoenix Metropolis Media Technology Company Limited, formerly known as 鳳凰都市（北京）廣告傳播有限公司 (Phoenix Metropolis Media (Beijing) Company Limited)) ("PMM Beijing") entered into an outdoor advertising contract ("2014 PRC Outdoor Advertising Contract") with 中國移動通信有限公司 (China Mobile Communication Company Limited) ("CMC") relating to the placing of advertisement on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries in the PRC for the period from 18 August 2014 to 31 March 2015 for the maximum contract sum of RMB15,453,300 for promoting the CMCC Group.

   (b) On 9 October 2014, PMM Beijing entered into another outdoor advertising contract ("2014 CMGD Outdoor Advertising Contract") with 中國移動通信集團終端有限公司 (China Mobile Group Device Co., Ltd.) ("CMGD"), a subsidiary of CMC, relating to the purchase of advertising airtime by CMGD on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries in the PRC for the period from 9 October 2014 to 31 March 2015 for a maximum contract sum of no more than RMB2,500,000 for promoting the customised mobile phone devices business of the CMCC Group.

   (c) On 20 July 2015, PMM Beijing entered into another outdoor advertising contract ("2015 PRC Outdoor Advertising Contract") with CMC relating to the placing of advertisement on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries in the PRC for the period from 20 July 2015 to 31 March 2016 for the maximum contract sum of RMB15,180,000 for promoting the CMCC Group.

   (d) On 20 July 2015, PMM Beijing also entered into another outdoor advertising contract ("2015 CMGD Outdoor Advertising Contract") with CMGD relating to the purchase of advertising airtime by CMGD on the outdoor LED panels operated by or licensed to PMM Beijing and/or its subsidiaries in the PRC for the period from 20 July 2015 to 31 March 2016 for a maximum contract sum of no more than RMB7,360,000 for promoting the customised mobile phone devices business of the CMCC Group.

Connected Transactions and Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

For the year ended 31 December 2015, the advertising sales between PMM Beijing and the CMCC Group amounted to approximately HK$23,060,000 (2014: HK$11,817,000).

Since the CMCC Group are connected persons of the Company, the transactions under the 2014 PRC Outdoor Advertising Contract, 2014 CMGD Outdoor Advertising Contract, 2015 PRC Outdoor Advertising Contract and 2015 CMGD Outdoor Advertising Contract respectively constituted continuing connected transactions of the Company under the Listing Rules. For details, please refer to the Company's announcements dated 18 August 2014, 9 October 2014 and 20 July 2015, respectively.

3. On 20 July 2015, Phoenix HK, through its PRC advertising agent, Shenzhou entered into an advertising contract (the "2015 Phoenix HK Contract") with CNHK Media relating to the purchase of advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel respectively for the period from 20 July 2015 to 31 December 2015 for the maximum contract sum of RMB20,000,000 for promoting the CMCC Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CNHK Media has entered into a contract with a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel for the benefit and on behalf of the CMCC Group. As such, CNHK Media has entered into the 2015 Contract for the ultimate benefits of the CMCC Group.

   For the year ended 31 December 2015, the advertising sales from CNHK Media amounted to approximately RMB16,174,000 (HK$19,785,000).

   Since the CMCC Group are connected persons of the Company, the transactions under the 2015 Phoenix HK Contract constituted continuing connected transactions for the Company under the Listing Rules. For details, please refer to the Company's announcement dated 20 July 2015.

4. On 4 December 2015, 北京天盈九州網絡技術有限公司 (Beijing Tianying Jiuzhou Network Technology Co. Ltd., "Beijing Tianying"), a non wholly-owned subsidiary of the Company, entered into a framework agreement with 北京鳳凰理理它信息技術有限公司 (Beijing Phoenix Li Li Ta Information Technology Co, Ltd.)("LLT") (the "Framework Agreement"), pursuant to which LLT agreed to place, and Beijing Tianying agreed to launch, internet advertisements provided by LLT from time to time on (i) the websites operated by Beijing Tianying, including www.ifeng.com and wap.ifeng.com and (ii) the mobile apps operated by Beijing Tianying, including but not limited to ifeng news and v.ifeng.com, etc. with annual caps of HK$17,500,000, HK$38,000,000 and HK$57,000,000 for each of the years ending 31 December 2015, 2016 and 2017.

   For the year ended 31 December 2015, the aggregate transaction amount received/receivable form LLT was approximately RMB14,414,000 (HK$17,465,000).

   As Mr. He Xin, the controlling shareholder of LLT, is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and the Chief Executive Officer of the Company, LLT is therefore a connected person of the Company under the Listing Rules and accordingly the transaction under Framework Agreement constituted a continuing connected transaction for the Company under the Listing Rules. For details, please refer to the Company's announcement dated 4 December 2015.

Connected Transactions and Continuing Connected Transactions (Continued)

Connected Transactions

5. On 20 March 2015, Phoenix HK, through Shenzhou, entered into an advertising & sponsorship contract (the "Advertising & Sponsorship Contract") with LLT for the period from 30 March 2015 to 31 December 2015 (the "Sponsorship Period") to sponsor the television programme 《世界因你而美麗—影響世界華人盛典》. During the Sponsorship Period, LLT can place advertisements via Phoenix Chinese Channel, Phoenix InfoNews Channel and the on-the-ground advertisements for the said programme. The sponsorship amount is RMB6,550,000.

   As Mr. He Xin, the controlling shareholder of LLT, is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and the Chief Executive Officer of the Company, LLT is therefore a connected person of the Company under the Listing Rules and accordingly the transaction under the Advertising & Sponsorship Contract constituted a connected transaction for the Company under the Listing Rules. For details, please refer to the Company's announcement dated 20 March 2015.

6. On 19 August 2015, Phoenix Pictures Limited, a wholly-owned subsidiary of the Company ("Phoenix Pictures"), entered into (i) an equity transfer agreement ("Equity Transfer Agreement") with Mr. GU Deyu, Mr. TIAN Guoping, Mr. ZHAO Zhiqiang and 北京中視天地文化開發有限責任公司 (Beijing Chinese Television Tiandi Cultural Development Co. Ltd, ("Zhongshi") (collectively known as the "Vendors"), pursuant to which the Vendors conditionally agreed to sell and Phoenix Pictures conditionally agreed to purchase an additional 20% of equity interest in 鳳凰東方(北京)置業有限公司 (Phoenix Oriental (Beijing) Properties Company Limited) ("Phoenix Oriental") for a cash consideration of RMB145,734,660 (the "Acquisition") and (ii) a shareholders' loan agreement (the "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 completion of the Acquisition on 23 December 2015, Phoenix Pictures owned 70% equity interest in Phoenix Oriental.

   As one of the Vendors, Zhongshi, has more than 10% equity interests in the Phoenix Oriental, Zhongshi is a substantial shareholder of a subsidiary of the Company and therefore a connected person of the Company at the subsidiary level, and the aforesaid transactions under the Equity Transfer Agreement and the Loan Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

   For details, please refer to the Company's announcement dated 19 August 2015 and Note 40(b) to the consolidated financial statements.

Connected Transactions and Continuing Connected Transactions (Continued)

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the aforesaid continuing connected transactions and confirmed that:

1. the transactions were entered into by the relevant member of the Group in the ordinary and usual course of its business;

2. the transactions were entered into either on normal commercial terms or better, on an arm's length basis or terms no less favourable to the Group than terms available to or from independent third parties; and

3. the transactions were entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised)"Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter to the Board of Directors containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 81 to 84 of this report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Related Party Transactions

Details of the related party transactions as defined in HKAS 24 – Related Party Disclosures are set out in Note 42 to the consolidated financial statements. Unless otherwise stated in the Connected Transactions and Continuing Connected Transactions section on pages 81 to 85 of this report, none of the related party transactions falls under the scope of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules which is subject to the reporting, announcement or Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Contractual Arrangements of PNM Group

Foreign investment in the internet and mobile services industries is currently prohibited or restricted in China. The internet business of the Group in China is operated by PNM through contractual arrangements with the legal shareholders of its variable interest entities, among others, Beijing Tianying. The Group does not have equity interests in Beijing Tianying or its subsidiaries. However, as a result of a series of structured contracts (the "Structured Contracts") entered into on 31 December 2009 by a subsidiary of PNM, Fenghuang On-line (Beijing) Information Technology Company Limited ("Fenghuang On-line"), the Group has become the primary beneficiary of Beijing Tianying and its subsidiaries and account for them as its indirect subsidiaries under Hong Kong Financial Reporting Standards ("HKFRS"). As at the date of this report, Beijing Tianying is owned as to 51% by Mr. QIAO Haiyan and 49% by Mr. GAO Ximin respectively, and the permitted business items of Beijing Tianying includes: internet information services (excluding information on news, publishing, education, medical health, medicine, medical devices); internet advertising via www.ifeng.com; information services of category II value-added telecommunications services (excluding fixed line telephone information services and internet information services); production and publishing of animation, television entertainment, feature; distribution of published books and journals via internet (including mobile network), publishing of internet game and mobile game; performance agency; retail of books, newspaper, journals, electronic publications and audiovisual products. Whereas the general business items of Beijing Tianying includes: technology development, technology consulting; design, production, agent, publishing of advertisement; organizing cultural exchange activities; organizing exhibitions; enterprise planning; economy and trade consulting; lease of computer and communications equipment (excluding those items without the administrative licensing).

The Group has consolidated the financial results of Beijing Tianying and its subsidiaries in its consolidated financial statements in accordance with HKFRS. In 2015, Beijing Tianying and its subsidiaries accounted for 40% of the total revenues and 14.63% of the total assets of the Group.

The Group has evaluated the relationship among PNM, Fenghuang On-line and Beijing Tianying in accordance with HKFRS. Pursuant to the Voting Right Entrustment agreement, PNM has obtained power, as granted to the legal shareholders by the applicable PRC law and under the articles of association of Beijing Tianying, to direct all significant activities of Beijing Tianying, which include but not limited to budgeting, financing, and making other strategic and operational decisions, and will significantly impact Beijing Tianying's economic performance. Pursuant to the Exclusive Technical licensing and service agreements and other agreements, PNM has the right to receive benefits of Beijing Tianying in the form of technical service fees, which could potentially be significant to Beijing Tianying's net income. In addition, PNM has the right to receive all the residual assets of Beijing Tianying through exercise of the Exclusive Option agreement. As a result, the Group, through PNM and Fenghuang On-line, is considered the primary beneficiary of Beijing Tianying and therefore includes Beijing Tianying's assets, liabilities and operating results in its consolidated financial statements. With the contractual agreements with Beijing Tianying, the Group has the power to direct the activities of Beijing Tianying, and can freely have assets transferred out of Beijing Tianying's without any restrictions.

Details of the Structured Contracts and the related information were set out in the Company's announcement dated 9 November 2009 (the "Company's Announcement").

There were no material changes to the Structured Contracts and/or the circumstances under which they were adopted, nor was there any unwinding of them or of a failure to do the same due to the restrictions that led to their adoption being removed.

Contractual Arrangements of PNM Group (Continued)

The reasons for using the Structured Contracts were disclosed in the sub-section headed "Reasons for and benefits of the Acquisitions" under the section headed "Reasons For And Benefits Of The Transaction" of the Company's Announcement.

The major risks associated with them include, among others:

1. If the PRC government finds that the agreements that establish the structure for operating its businesses in China do not comply with PRC governmental restrictions on foreign investment in Internet businesses, or if these regulations or the interpretation of existing regulations change in the future, the Group would be subject to severe penalties or be forced to relinquish its interests in those operations.

2. The Group relies on contractual arrangements with Beijing Tianying in China, and their legal shareholders, for its business operations, which may not be as effective in providing operational control or enabling us to derive economic benefits as through ownership of controlling equity interest.

3. The legal shareholders of Beijing Tianying may have potential conflicts of interest with the Group.

   For details of the above-mentioned risks during the reporting period, please refer to "Item 3. Key Information – D. Risk Factors – Risks Relating to Our Corporate Structure" of the 2014 Annual Report of PNM disclosed on its website (ir.ifeng.com).

4. The Group also noted on 19 January 2015, the Ministry of Commerce of the PRC (the "MOFCOM") released on its Website for public comment a proposed PRC law (the "Draft FIE law") that appears to include variable interest entities within the scope of entities that could be considered to be foreign invested enterprises that would be subject to restrictions under existing PRC law on foreign investment in certain categories of industry. The Group is not aware of any progress of legislation of the Draft FIE law but will continuously closely monitor any progress.

Competing Business

As at the date of this report, none of the Directors nor their respective associates (as defined under the Listing Rules) had any interests in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group and which was required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Advances to an Entity

Details of the relevant advances to an entity from the Group are set out in Note 23 to the consolidated financial statements.

Corporate Governance

A report on the principal corporate governance practices adopted by the Company is set out on pages 37 to 49 of this report.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has, during the year and up to the date of this report, maintained a public float of not less than 25% of the total issued share capital of the Company as required under the Listing Rules.

Audit Committee

The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2015 and provided advice and comments thereon.

Auditor

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers who will retire, and being eligible, offer themselves for re-appointment at the forthcoming AGM.

On behalf of the Board

LIU Changle
Chairman

Hong Kong, 17 March 2016

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TO THE SHAREHOLDERS OF
PHOENIX SATELLITE TELEVISION HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Phoenix Satellite Television Holdings Limited (the "Company") and its subsidiaries set out on pages 91 to 221, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent Auditor's Report

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 April 2016

Consolidated Income Statement

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	Note	**2015 $'000**	2014 $'000
Revenue	5	**4,200,895**	4,618,365
Operating expenses	7	**(2,973,897)**	(2,918,222)
Selling, general and administrative expenses	7	**(912,528)**	(798,362)
Other (losses)/gains, net			
Fair value gain on investment properties	15	**98,939**	175,777
Other (losses)/gains, net	6	**(152,218)**	42,151
Interest income		**117,684**	84,275
Interest expense		**(49,625)**	(20,976)
Share of profits less losses of joint ventures	17	**(18,624)**	(22,439)
Share of profits less losses of associates	18	**(18,919)**	1,213
Profit before income tax		**291,707**	1,161,782
Income tax expense	9	**(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	10	**2.21**	13.28
Diluted earnings per share, Hong Kong cents	10	**2.21**	13.27

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	2015 $'000	2014 $'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

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
ASSETS			
Non-current assets			
Purchased programme and film rights, net	12	**15,395**	16,209
Lease premium for land	13	**223,338**	234,368
Property, plant and equipment, net	14	**1,340,438**	1,545,739
Investment properties	15	**1,547,854**	1,515,675
Intangible assets	16	**16,507**	18,090
Investments in joint ventures	17	**27,768**	42,318
Amounts due from joint ventures	17	**1,500**	9,976
Investments in associates	18	**21,918**	85,723
Available-for-sale financial assets	27	**391,412**	32,770
Derivative financial instruments	38	**216,742**	56,105
Other long-term assets	23	**50,557**	56,942
Deferred income tax assets	36	**50,634**	35,661
Pledged bank deposit	37	**220,866**	283,006
		4,124,929	3,932,582
Current assets			
Accounts receivable, net	22	**843,680**	815,571
Prepayments, deposits and other receivables	23	**976,783**	893,307
Inventories	24	**8,579**	8,117
Amounts due from related companies	25	**135,394**	148,509
Self-produced programmes		**8,866**	12,102
Purchased programme and film rights, net	12	**450**	1,141
Financial assets at fair value through profit or loss	26	**18,896**	22,590
Prepaid tax		**3,571**	3,510
Pledged bank deposits	37	**434,326**	–
Bank deposits	28	**462,147**	294,081
Restricted cash	29	**1,505**	1,603
Cash and cash equivalents	30	**2,542,692**	3,407,711
		5,436,889	5,608,242
Total assets		**9,561,818**	9,540,824

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	32	**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	35(a)	**782,469**	254,643
Derivative financial instrument	38	**1,793**	1,137
Other long-term liabilities		**77,474**	–
Loans from non-controlling shareholders of subsidiaries	35(b)	**176,789**	266,567
Deferred income tax liabilities	36	**163,598**	148,124
		1,202,123	670,471
Current liabilities			
Accounts payable, other payables and accruals	34	**1,168,993**	1,115,640
Secured bank borrowings	35(a)	**431,607**	600,702
Deferred income		**95,353**	112,913
Loans from non-controlling shareholders of a subsidiary	35(b)	**45,487**	9,454
Current income tax liabilities		**72,452**	60,894
Derivative financial instruments	38	**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

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 91 to 221 were approved by the Board of Directors on 17 March 2016 and were signed on its behalf

LIU Changle
Director

CHUI Keung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

		Attributable to owners of the Company									
	Note	Share capital $'000	Share premium $'000	Statutory reserve $'000 (Note)	Capital reserve $'000	Exchange reserve $'000	Revaluation reserve $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015		499,769	38,973	110,091	1,565,805	110,196	1,824	168,323	2,752,135	1,723,634	6,970,750
Profit for the year		–	–	–	–	–	–	–	110,349	41,482	151,831
Other comprehensive income											
Currency translation differences		–	–	–	–	(84,243)	–	–	–	(68,166)	(152,409)
Fair value gain on available-for-sale financial asset		–	–	–	–	–	8,425	–	–	6,691	15,116
Release of reserve upon disposal of a subsidiary and an associate		–	–	–	–	(5,337)	–	–	–	(476)	(5,813)
Total comprehensive income for the year		–	–	–	–	(89,580)	8,425	–	110,349	(20,469)	8,725
Total contributions by and distributions to owners of the Company recognised directly in equity											
Share option scheme											
– value of employee services		–	–	–	–	–	–	1,339	–	42,843	44,182
– recognition of shares issued on exercise of options		330	8,454	–	–	–	–	(2,213)	–	–	6,571
– lapse of share options		–	2,192	–	–	–	–	(2,192)	–	–	–
Dividends related to 2014	11	–	–	–	–	–	–	–	(200,040)	–	(200,040)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(41,552)	(41,552)
Allocation to statutory reserve		–	–	21,763	–	–	–	–	(21,763)	–	–
Total contributions by and distributions to owners of the Company		330	10,646	21,763	–	–	–	(3,066)	(221,803)	1,291	(190,839)
Acquisition of additional equity interests in a subsidiary	40(b)	–	–	–	(47,192)	–	–	–	–	(127,879)	(175,071)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	(778)	(778)
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	3,701	3,701
Deemed acquisition of partial interest in a subsidiary arising from exercise and vesting of share-based awards and repurchase of shares	40(a)	–	–	–	(13,065)	–	–	(9,563)	–	(49,492)	(72,120)
Total transactions with owners		330	10,646	21,763	(60,257)	–	–	(12,629)	(221,803)	(173,157)	(435,107)
Balance at 31 December 2015		500,099	49,619	131,854	1,505,548	20,616	10,249	155,694	2,640,681	1,530,008	6,544,368

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.

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

		Attributable to owners of the Company									
	Note	Share capital $'000	Share premium $'000	Statutory reserve $'000 (Note)	Capital reserve $'000	Exchange reserve $'000	Revaluation reserve $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		499,718	36,829	80,177	1,667,523	116,272	–	173,432	2,373,206	1,591,384	6,538,541
Profit for the year		–	–	–	–	–	–	–	663,710	246,750	910,460
Other comprehensive income											
Currency translation differences		–	–	–	–	(6,076)	–	–	–	(5,448)	(11,524)
Fair value gain on available-for-sale financial asset		–	–	–	–	–	1,824	–	–	1,508	3,332
Total comprehensive income for the year		–	–	–	–	(6,076)	1,824	–	663,710	242,810	902,268
Total contributions by and distributions to owners of the Company recognised directly in equity											
Share option scheme											
– value of employee services		–	–	–	–	–	–	8,475	–	66,896	75,371
– recognition of shares issued on exercise of options		51	858	–	–	–	–	(195)	–	–	714
– lapse of share options		–	1,286	–	–	–	–	(1,286)	–	–	–
Dividends related to 2013		–	–	–	–	–	–	–	(254,867)	–	(254,867)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	–	(16,068)	(16,068)
Allocation to statutory reserve		–	–	29,914	–	–	–	–	(29,914)	–	–
Total contributions by and distributions to owners of the Company		51	2,144	29,914	–	–	–	6,994	(284,781)	50,828	(194,850)
Disposal of subsidiaries		–	–	–	–	–	–	–	–	(3,653)	(3,653)
Deemed acquisition of partial interest in a subsidiary arising from exercise and vesting of share-based awards, repurchase of shares and issuance of shares of a subsidiary	40(a)	–	–	–	(101,718)	–	–	(12,103)	–	(157,735)	(271,556)
Total transactions with owners		51	2,144	29,914	(101,718)	–	–	(5,109)	(284,781)	(110,560)	(470,059)
Balance at 31 December 2014		499,769	38,973	110,091	1,565,805	110,196	1,824	168,323	2,752,135	1,723,634	6,970,750

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Cash generated from operations	39(a)	**515,472**	1,314,194
Interest received		**66,432**	84,275
Interest paid		**(49,625)**	(20,976)
Hong Kong taxation paid		**(62,814)**	(130,366)
Overseas taxation paid		**(58,417)**	(84,655)
Net cash generated from operating activities		**411,048**	1,162,472
Cash flows from investing activities			
Withdrawal of restricted cash		**–**	12,726
Placement of restricted cash		**–**	(600)
Placement of pledged bank deposit	37	**(372,329)**	(283,006)
(Increase)/decrease in bank deposits	28	**(168,066)**	35,425
Purchase of intangible assets	16	**–**	(4,520)
Purchase of property, plant and equipment	14	**(103,375)**	(356,278)
Purchase of programme and film rights	12	**(18,588)**	(16,803)
Net cash outflow from disposal of subsidiaries	39(b)	**(5,016)**	(17,887)
Capital contribution to joint ventures	17	**(7,928)**	(3,164)
Capital contribution to associates	18	**(12,045)**	(39,455)
Advance to joint ventures	17	**(15,000)**	(23,797)
Proceeds from disposal of property, plant and equipment		**65**	1,331
Additions to investment properties	15	**–**	(172,521)
Investment income from financial assets at fair value through profit or loss		**9,932**	4,225
Purchase of available-for-sale financial assets and derivative financial instrument	27	**(455,432)**	(46,605)
Dividend from an associate		**904**	–
Net cash used in investing activities		**(1,146,878)**	(910,929)

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015
(Unless otherwise specified, amounts expressed in Hong Kong dollars)

	Note	**2015 $'000**	2014 $'000
Cash flows from financing activities			
Proceeds from exercise of share options of the Company	32, 33	**6,571**	714
Dividends paid to owners of the Company	11	**(200,040)**	(254,867)
Proceeds from exercise of share options of a subsidiary		**9,508**	11,658
Drawdown of secured bank borrowings	35	**458,462**	254,643
Repayment of secured bank borrowings	35	**(67,805)**	(2,564)
Loans from non-controlling shareholders of subsidiaries	35	**41,375**	137,394
Capital contribution from non-controlling shareholders of subsidiaries		**3,701**	200
Dividends paid to non-controlling interests		**(41,552)**	(16,068)
Payment for repurchase of shares of a subsidiary	40(a)	**(81,629)**	(305,049)
Payment of acquisition of additional equity interests in a subsidiary	40(b)	**(175,071)**	–
Net cash used in financing activities		**(46,480)**	(173,939)
Net (decrease)/increase in cash and cash equivalents		**(782,310)**	77,604
Cash and cash equivalents at beginning of year		**3,407,711**	3,333,076
Net exchange losses on cash and cash equivalents		**(82,709)**	(2,969)
Cash and cash equivalents at end of year	30	**2,542,692**	3,407,711

The notes on pages 99 to 221 are an integral part of these consolidated financial statements.

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")

The financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements were approved for issue by the Board of Directors on 17 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("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.

The preparation of financial statements in conformity with HKFRS requires use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures

HKICPA has issued certain new and revised HKFRS that are first effective for the current accounting period of the Group.

(i) 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.

(ii) 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]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures (Continued)

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

(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.

(c) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries (Continued)

(i) Consolidation (Continued)

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Subsidiaries (Continued)

(i) Consolidation (Continued)

(a) Business combinations (Continued)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and other assets and liabilities are presented in the consolidated income statement within "Other (losses)/gains, net".

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated income statement, and other changes in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Foreign currency translation (Continued)

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

No depreciation is provided on assets under construction until they are completed and are available for use. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	2.05 – 3.33%
Leasehold improvements	shorter of 6.67%-33.3% or over the terms of the leases
Furniture and fixtures	15% – 20%
Broadcast operations and other equipment	10% – 33.3%
Motor vehicles	20% – 25%
LED panels	10% – 11.1%
Aircraft	7.1%

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(m)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains, net", in the consolidated income statement.

(i) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment property when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss in "Other (losses)/gains, net".

(j) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "intangible assets". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets (Continued)

(ii) Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of two to four years.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of two to four years.

(iii) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship of three years.

(iv) Club debentures

Acquired club debentures are intangible assets with an indefinite useful life. They are therefore shown at historical cost and are not amortised. Impairment assessments on club debentures are carried out by comparing their recoverable amounts with their carrying amounts annually and whenever there is an indication that the intangible assets maybe impaired.

(v) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Purchased programme and film rights

Purchased programme and film rights are recorded at cost less accumulated amortisation and any impairment losses. Cost of film rights is expensed in the consolidated income statement on the first and second showing and cost of purchased programme is expensed in the consolidated income statement by amortising the cost over the license period on a straight line basis.

Purchased programme with license period of 12 months or less and film rights with economic lives of 12 months or less are classified as current assets.

(l) Self-produced programmes

Self-produced programmes are stated at cost less any impairment losses. Cost comprises direct production expenditures and an appropriate portion of production overheads. Programmes in production that are abandoned are written off in the consolidated income statement immediately, or when the revenue to be generated by these programmes is determined to be lower than cost, the cost is written down to recoverable amount. Completed programmes will be broadcast over a short period of time and their costs are expensed in the consolidated income statement in accordance with a formula computed to write off the cost over the broadcast period.

(m) Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries, associates or joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary, associate or joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges (Note 2(p)). Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets. The Group's loans and receivables comprise bank deposits, accounts receivable, other receivables, amounts due from related companies, amounts due from joint ventures, restricted cash and cash and cash equivalents in the consolidated balance sheet (Notes 2(r) and 2(s)).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of reporting period. Available-for-sale financial assets represent unlisted securities of private issuers outside Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial assets (Continued)

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other (losses)/gains, net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available for sale, except for impairment losses and relevant foreign exchange gains and losses, are recognised in other comprehensive income and accumulated in "Revaluation reserve" within equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the consolidated income statement as part of "Interest income". Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of financial assets (Continued)

(ii) Assets classified as available for sale (Continued)

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(p) Derivative financial instruments

The Group's derivative financial instruments represent an interest rate swap contracts, currency swap contract and embedded derivative in certain convertible redeemable preferred shares held by the Group (Note 43). Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments. All derivatives are initially recognised in the consolidated statement of financial position at their fair value.

If the fair value of the derivatives at initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or based on valuation technique that uses only data from observable markets, such difference between fair value at initial recognition and the transaction price is deferred. After initial recognition, the Group recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the derivatives.

Embedded derivatives are derivatives embedded within other non-derivative host financial instruments to create hybrid instruments. Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host contract; the terms of the embedded derivative would meet the definition of a stand-alone derivative if they were contained in a separate contract; and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with changes therein recognised in the consolidated income statement.

All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Inventories

Inventories, comprising decoder devices and satellite receivers, are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(r) Accounts and other receivables

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(s) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(t) Deferred income

Deferred income represents advertising revenue, subscription revenue and promotion service revenue received in advance from third party customers.

(u) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Accounts payable, other payables and accruals

Accounts payable, other payables and accruals are recognised initially at fair value and subsequently measured of amortised cost using effective interest method.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(x) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Employee benefits

(i) Pension obligations

The Group operates defined contribution retirement schemes for the Hong Kong employees based on local laws and regulations. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit schemes' costs expensed in the consolidated income statement represent contributions paid or payable by the Group to the funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group has no further payment obligations once the contributions have been paid.

Pursuant to the relevant local regulations of the countries where the overseas subsidiaries of the Group are located, these subsidiaries participate in respective government retirement benefit schemes and/or set up their own retirement benefit schemes (the "Schemes") whereby they are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contributions made to the Schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums for each employee with reference to a salary scale, as stipulated under the requirements in the respective countries. The Group has no further obligation beyond the required contributions. The contributions under the Schemes are expensed in the consolidated income statement as incurred.

(ii) Bonus plans

The expected bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Employee benefits (Continued)

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding credit to the employee share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

The cash paid to subscribe for the shares issued when the Company's options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. Cash paid to subscribe for the shares of subsidiaries of the Company, net of any directly attributable transaction costs, are reflected as increases to non-controlling interests in the consolidated balance sheet. On exercise of share options granted after 7 November 2002 and not vested as of 1 January 2005, the portion of the employee share-based payment reserve attributable to such options is transferred to share premium for the Company's share options or non-controlling interests for share options of the Company's subsidiaries.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(aa) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated for the sale net of value-added tax, related agency commission expenses and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Advertising revenue

Advertising revenue, net of agency deductions is recognised upon the broadcast of advertisements.

(ii) Mobile, video and wireless value added services income

Mobile, video and wireless value added services income are recognised in the period in which the services are performed or recognised evenly in the subscription period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Revenue recognition (Continued)

(iii) Subscription revenue

Subscription revenue received or receivable from the cable distributors or agents is amortised on a time proportion basis to the consolidated income statement. The unamortised portion is classified as deferred income.

(iv) Magazine advertising revenue

Magazine advertising revenue net of commission expense is recognised when the magazine is published.

(v) Magazine subscription/circulation revenue

Magazine subscription or circulation revenue represents subscription or circulation money received or receivable from customers and is recognised when the respective magazine is sold.

(vi) Sales of decoder devices and satellite receivers

Revenue from sales of decoder devices and satellite receivers is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(vii) Barter revenue

Barter revenue is recognised at the fair value of goods or services received or receivable in the transaction upon the broadcast of advertisements, the publishing of the magazine or the provision of promotion services to be provided by the Group in the barter transaction.

(viii) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(ix) Tuition revenue

Tuition revenue for educational programs and services is recognised when the services are rendered.

(x) Consultancy and advisory fees

Consultancy and advisory fees are recognised when the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

(ii) The Group as lessee

Payments made under operating leases (net of any incentives received from the lessor) including upfront payment made for lease premium for land, are charged to the consolidated income statement on a straight-line basis over the lease term.

(ac) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(ad) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is mainly carried out by the finance department (the "Finance Department") headed by the Chief Financial Officer ("CFO") of the Group. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units to cope with overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(i) Market risk

(a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Renminbi ("RMB") and US dollar ("US$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group engage in transactions mainly in HK$, RMB and US$ to the extent possible. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Finance Department is responsible for monitoring and managing the net position in each foreign currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's operations, such as those in the People's Republic of China (the "PRC"), the United Kingdom and the United States is managed primarily through operating liabilities denominated in the relevant foreign currencies.

If the functional currency of the group entities had weakened/strengthened by 5% (2014: 5%) against the foreign currency of the net monetary assets of corresponding group entities, with all other variables held constant, after-tax profit for the year would have been HK$56,179,000 (2014: HK$79,876,000) higher or lower.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(b) Price risk

The Group is exposed to listed securities price risk because certain investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group has investment in the equity of a publicly traded entity. For the further details of price risk exposed by the Group, please refer to Note 26.

(c) PRC regulations

The Group is exposed to certain macroeconomic and regulatory risks and uncertainties in the Chinese market. These uncertainties affect the ability of the Group to provide online advertising, mobile and Internet related services, and educational programs and services through contractual arrangements in the PRC since these industries remain highly regulated. The Chinese government may issue from time to time new laws or new interpretations on existing laws to regulate this industry. Regulatory risk also encompasses the interpretation by the tax authorities of current tax law, the status of properties leased for the Group's operations and legal structure and scope of operations in the PRC, which could be subject to further restrictions resulting in limitations on the Group's ability to conduct business in the PRC. The PRC government may also require the Group to restructure its operation entirely if it finds that the Group's contractual arrangements do not comply with applicable laws and regulation. It is unclear how a restructuring could impact the Group's business and operating results, as the PRC government has not yet found any such contractual arrangements to be in noncompliance. However, any such restructuring may cause significant disruption to the Group's business operations.

(d) Cash flow and fair value interest rate risks

As the Group has interest-bearing assets comprising cash and cash equivalents, bank deposits, restricted cash and amount due from Shenzhou (see Note 23) the Group's income and operating cash flows can be affected by changes in market interest rates.

The Group's cash flow and fair value interest-rate risks primarily arise from bank deposits and bank borrowings. Bank deposits placed and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk whereas bank deposits placed at fixed rates expose the Group to fair value interest-rate risk. The Finance Department's policy is to maintain an appropriate level between fixed-rate and floating-rate deposits and use interest rate swap contract to manage certain cash flow interest rate risks (Note 38).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(d) Cash flow and fair value interest rate risks (Continued)

At 31 December 2015, with all other variables held constant, if the interest rates interest-bearing assets had increased/decreased by 1%, after-tax profit for the year would have been HK$30,547,000 (2014: HK$19,028,000) higher or lower.

At 31 December 2015, with all other variables held constant, if the interest rates interest-bearing liabilities had increased/decreased by 1%, after-tax profit for the year would have been HK$12,141,000 (2014: HK$8,553,000) lower or higher.

(ii) Credit risk

The Group's credit risk arises from cash and cash equivalents, loans and receivables, deposits with banks and financial institutions, as well as credit exposures to advertising agents and customers, including outstanding receivables and committed transactions. The Group has a receivable from an advertising agent, Shenzhou, in the PRC amounting to HK$689,159,000 (2014: HK$620,303,000) representing approximately 7% (2014: 7%) of the total assets of the Group as of 31 December 2015. The Group manages its exposure to credit risk through continual monitoring of the credit quality of its customers and advertising agents, taking into account their financial position, collection history, past experience and other factors. For banks, financial institutions and issuers of derivative financial instruments, only reputable well established banks and financial institutions are accepted.

The Group has put in place policies to ensure that the sales are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

Most of the payment terms for advertising revenue will be agreed between the Group and the customers at the beginning of year. Customers will make payments in accordance with the contract terms. The Group generally requires its advertising customers in the television broadcasting segment to pay in advance. Customers of other business segments are given credit terms of 30 to 180 days.

See Note 21 for further disclosure on credit risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Finance Department aims to maintain flexibility in funding by keeping committed banking facilities available.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Finance Department aims to maintain flexibility in funding by keeping committed banking facilities available. Details of cash and cash equivalents and banking facilities are set out in Notes 30 and 31 respectively.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year $'000	More than one year but not exceeding two years $'000	More than two years but not exceeding five years $'000	More than five years $'000
Group				
At 31 December 2015				
Accounts payable, other payables and accruals	**1,162,106**	**–**	**–**	**–**
Secured bank borrowings	**472,839**	**267,569**	**260,965**	**458,602**
Loans from non-controlling shareholders of subsidiaries	**45,487**	**98,632**	**78,157**	**–**
At 31 December 2014				
Accounts payable, other payables and accruals	1,105,722	–	–	–
Secured bank borrowings	622,624	255,721	–	–
Loans from non-controlling shareholders of a subsidiary	9,454	–	266,567	–

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted pries included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Finance Department reviews the valuations of the Group's financial instruments. The Finance Department holds discussion with the independent valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting dates.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 December 2015. See Note 15 for disclosures of the investment properties that are measured at fair value.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss				
– Trading equity securities	**18,896**	**–**	**–**	**18,896**
Available-for-sale financial assets				
– Convertible redeemable preferred shares				
– debt component	**–**	**–**	**390,200**	**390,200**
– Equity securities	**–**	**–**	**1,212**	**1,212**
Derivative financial instrument				
– Convertible redeemable preferred shares				
– derivative component	**–**	**–**	**216,742**	**216,742**
	18,896	**–**	**608,154**	**627,050**
Liability				
Derivative financial instruments				
– Interest rate swap contracts	**–**	**(2,194)**	**–**	**(2,194)**
– Currency swap contract	**–**	**(1,034)**	**–**	**(1,034)**
	–	**(3,228)**	**–**	**(3,228)**

The following table presents the Group's financial assets that are measured at fair value at 31 December 2014.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through profit or loss				
– Trading equity securities	22,590	–	–	22,590
Available-for-sale financial asset				
– Convertible redeemable preferred shares				
– debt component	–	–	32,770	32,770
Derivative financial instrument				
– Convertible redeemable preferred shares				
– derivative component	–	–	56,105	56,105
	22,590	–	88,875	111,465
Liability				
Derivative financial instrument				
– Interest rate swap contracts	–	(1,137)	–	(1,137)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Same).

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. As at 31 December 2015, instruments included in level 1 comprise shares of HSBC Holdings PLC ("HSBC"), an entity listed on the Stock Exchange, of approximately HK$18,896,000 (2014: HK$22,590,000) (Note 26).

(ii) Financial instrument in level 2

The fair values of interest rate swap contracts and currency swap contract are determined by valuation techniques that use observable inputs such as interest rates, yield curves and foreign currency rates that are observable at commonly quoted intervals.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in level 3

(1) Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015 ($'000)	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	606,942	Discounted cash flow method	Discount rate	25.5%	The lower the discount rate, the higher the fair value
			Lack of marketability discount ("DLOM")	26%	The lower the DLOM, the higher the fair value
			Volatility	50.3%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	390,200	Discounted cash flow method with discounting the principal repayment at a risky discount rate	Discount rate – debt component	24.5%	The lower the discount rate – debt, component, the higher the fair value
Convertible redeemable preferred shares – derivative component	216,742	Difference between fair value of convertible redeemable preferred shares and fair value of its debt component	N/A	N/A	N/A

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in level 3 (Continued)

(1) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

Description	Fair value at 31 December 2014 ($'000)	Valuation technique(s)	Unobservable inputs	Value of unobservable inputs	Relationship of unobservable inputs to fair value
Convertible redeemable preferred shares	97,587	Discounted cash flow method	Discount rate	28%	The lower the discount rate, the higher the fair value
			DLOM	35%	The lower the DLOM, the higher the fair value
			Volatility	57.7%	The lower the volatility, the higher the fair value
Convertible redeemable preferred shares – debt component	32,770	Discounted cash flow method with discounting the principal repayment at a risky discount rate	Discount rate – debt component	27%	The lower the discount rate – debt, component, the higher the fair value
Convertible redeemable preferred shares – derivative component	64,817	Difference between fair value of convertible redeemable preferred shares and fair value of its debt component	N/A	N/A	N/A

The convertible redeemable preferred shares represent investments in Series B convertible redeemable preferred shares and Series C convertible redeemable preferred shares (as at 31 December 2014: Series B convertible redeemable preferred shares) of Particle Inc. by the Group (the "Preferred Shares") (see Note 43 for details).

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in level 3 (Continued)

(1) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

The equity value of Particle Inc. as at 31 December 2015 and 31 December 2014 was determined using discounted cash flow method. The fair values of the Preferred Shares were determined by means of equity allocation method, which allocates the equity value of among its common shares and preferred shares using option-pricing method. The fair value of the debt component of the Preferred Shares was determined using discounted cash flow method and the fair value of the derivative component was calculated as the difference between the fair value of the Preferred Shares and the fair value of the debt component of the Preferred Shares.

The following table presents the changes in the Preferred Shares during the year ended 31 December 2015. The carrying value of derivative component recognised in the consolidated balance sheet is net of deferred day one gain, which arose from the difference between its fair value at initial recognition and its transaction price. The deferred day one gain is amortised over the term of the Preferred Shares.

	Debt component	Derivative component			Total
		Gross	Deferred day one gain	Net	
	$'000	$'000	$'000	$'000	$'000
	(Note 27)			*(Note 38)*	
Opening balance on 1 January 2015	32,770	64,817	(8,712)	56,105	88,875
Purchase of Preferred Shares	291,426	205,563	–	205,563	496,989
Gains recognised in other comprehensive income	15,116	–	–	–	15,116
Gains and losses recognised in profit or loss	51,249	(46,931)	–	(46,931)	4,318
Amortisation of deferred day one gain in profit or loss	–	–	2,235	2,235	2,235
Currency translation differences	(361)	(230)	–	(230)	(591)
Closing balance on 31 December 2015	390,200	223,219	(6,477)	216,742	606,942
Changes in unrealised gains/(losses) for the year included in profit or loss at the end of the year	51,249	(46,931)	2,235	(44,696)	6,553
Changes in unrealised gains for the year included in other comprehensive income at the end of the year	15,116	–	–	–	15,116

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in level 3 (Continued)

(1) Quantitative information about fair value measurements using significant unobservable inputs (Level 3) (Continued)

	Debt component	Derivative component			Total
		Gross	Deferred day one gain	Net	
	$'000 *(Note 27)*	$'000	$'000	$'000 *(Note 38)*	$'000
Opening balance on 1 January 2014	–	–	–	–	–
Purchase of Preferred Shares	29,438	26,317	(9,150)	17,167	46,605
Gains and losses recognised in other comprehensive income	3,332	–	–	–	3,332
Gains and losses recognised in profit or loss	–	38,500	–	38,500	38,500
Amortisation of deferred day one gain in profit or loss	–	–	438	438	438
Closing balance on 31 December 2014	32,770	64,817	(8,712)	56,105	88,875
Changes in unrealised gains or losses for the year included in profit or loss at the end of the year	–	38,500	438	–	38,938
Changes in unrealised gains or losses for the year included in other comprehensive income at the end of the year	3,332	–	–	–	3,332

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

(iii) Financial instruments in level 3 (Continued)

(2) Quantitative sensitivity analysis

A quantitative sensitivity analysis is shown below:

Year ended 31 December 2015	**Discount rate**	**DLOM**	**Volatility**	**Discount rate – Debt component**
	3% increase or decrease $'000	**3% increase or decrease $'000**	**5% increase or decrease $'000**	**3% increase or decrease $'000**
Convertible redeemable preferred shares	**(90,075)/116,063**	**(22,111)/22,007**	**(24,218)/23,939**	**N/A**
Convertible redeemable preferred shares – debt component	**N/A**	**N/A**	**N/A**	**(38,238)/43,482**
Convertible redeemable preferred shares – derivative component	**N/A**	**N/A**	**N/A**	**38,238/(43,482)**

Year ended 31 December 2014	Discount rate	DLOM	Volatility	Discount rate – Debt component
	3% increase or decrease $'000	3% increase or decrease $'000	5% increase or decrease $'000	3% increase or decrease $'000
Convertible redeemable preferred shares	(15,466)/20,230	(4,504)/4,552	(7,520)/7,475	N/A
Convertible redeemable preferred shares – debt component	N/A	N/A	N/A	(2,818)/3,090
Convertible redeemable preferred shares – derivative component	N/A	N/A	N/A	2,818/(3,090)

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Offsetting financial assets and financial liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

As at 31 December 2015	**Gross amounts of recognised financial assets $'000**	**Gross amounts of recognised financial liabilities set off in the balance sheet $'000**	**Net amounts of financial assets presented in the balance sheet $'000**	**Related amounts not set off in the balance sheet — Cash collateral received $'000**	**Net amount $'000**
Accounts receivable, net					
– Subject to master netting arrangement (Note i)	**613,908**	**–**	**613,908**	**(17,002)**	**596,906**
– Not subject to master netting arrangement	**229,772**	**–**	**229,772**	**–**	**229,772**
	843,680	**–**	**843,680**	**(17,002)**	**826,678**
Amounts due from related companies					
– Subject to master netting arrangement (Note ii)	**–**	**–**	**–**	**–**	**–**
– Not subject to master netting arrangement	**135,394**	**–**	**135,394**	**–**	**135,394**
	135,394	**–**	**135,394**	**–**	**135,394**

As at 31 December 2014	Gross amounts of recognised financial assets $'000	Gross amounts of recognised financial liabilities set off in the balance sheet $'000	Net amounts of financial assets presented in the balance sheet $'000	Related amounts not set off in the balance sheet — Cash collateral received $'000	Net amount $'000
Accounts receivable, net					
– Subject to master netting arrangement (Note i)	627,324	–	627,324	(31,897)	595,427
– Not subject to master netting arrangement	188,247	–	188,247	–	188,247
	815,571	–	815,571	(31,897)	783,674
Amounts due from related companies					
– Subject to master netting arrangement (Note ii)	31,505	(1,802)	29,703	–	29,703
– Not subject to master netting arrangement	118,806	–	118,806	–	118,806
	150,311	(1,802)	148,509	–	148,509

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Offsetting financial assets and financial liabilities (Continued)

Notes:

(i) Internet advertising customers have provided cash collateral to the Group of HK$17,002,000 (2014: HK$31,897,000) as protection for payment and contractual obligations under the terms of advertising sale agreements. The Group has the right to invoke the collateral if a customer has failed to settle outstanding payments or full contractual obligations.

(ii) For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Provision for impairment of receivables

Significant judgement is exercised in the assessment of the collectability of accounts receivable, other receivables, amounts due from joint ventures and the receivable from an advertising agent, Shenzhou. In making such judgement, management considers a wide range of factors, including debtors' and Shenzhou's payment trends, subsequent payments and debtors' and Shenzhou's financial positions.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions, including Hong Kong and the PRC. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. For the Group's tax exposure in the PRC, please refer to Note 9.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(iii) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and function. It could change significantly as a result of changes in the Group's operations including any future relocation or renovation of the Group's facilities. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down non-strategic assets that have been abandoned or sold.

(iv) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 15.

(v) Revenue recognition

Revenue is recognised when persuasive evidence of an arrangement exists, the price is fixed or determinable, service is performed and collectability of the related fee is reasonably assured.

Part of the Group's advertising revenue arrangements involve multiple element deliverables, including placements of different advertisement formats on the Group's website over different periods of time. The Group breaks down the multiple element arrangements into single units of accounting when possible, and allocates total consideration to each single unit of accounting using the relative selling price method.

The Group recognises revenue on the elements delivered and defers the recognition of revenue for the fair value of the undelivered elements until the remaining obligations have been satisfied. Where all of the elements within an arrangement are delivered uniformly over the agreement period, the revenues are recognised on a straight line basis over the contract period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (Continued)

(vi) Recognition of share-based compensation expense

The Group's employees have participated in various share-based incentive schemes of the Company and its subsidiaries. Management of the Group has used the Black-Scholes model to determine the total fair value of the options granted. Significant estimates and assumptions are required to be made in determining the parameters for applying the Black-Scholes model, including estimates and assumptions regarding the risk-free interest rate, expected dividend yield and volatility of the underlying shares and the expected life of the share options. The fair values of restricted share units and restricted shares granted are measured on the grant date based on the fair value of the underlying shares of the subsidiaries. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group or, where applicable. if the performance conditions for vesting will be met at the end of the vesting period. The Group only recognises an expense for those options, restricted share units and restricted shares expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the options, restricted share units and restricted shares and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expense.

The fair value of options, restricted share units and restricted shares at the time of grant is to be expensed over the vesting period of these share-based awards based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense.

Based on the fair value of the share-based awards granted by the Company and its subsidiaries to the Group's employees, the expected turnover rate of grantees and the probability that the performance conditions for vesting are met the corresponding share-based compensation expense recognised by the Group in respect of their services rendered for the year ended 31 December 2015 was HK$44,182,000 (2014: HK$75,371,000) (Note 8).

(vii) Fair values of available-for-sale financial assets and derivative financial instruments

The fair values of available-for-sale financial assets and derivative financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details, refer to Note 3 (c)(iii).

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical judgements in applying the Group's accounting policies

(i) Control over Phoenix Metropolis Media Technology Company Limited ("PMM Beijing")

Management considers that the Group has de facto control of PMM Beijing even though it has less than 50% of the voting rights. Management has exercised its critical judgement when determining whether the Group has de facto control over PMM Beijing by considering the following, amongst others: (i) the Group has obtained effective control over majority of the board of PMM Beijing; and (ii) the Group has the ability to direct the relevant activities of PMM Beijing, i.e. the activities that significantly affect PMM Beijing; and (iii) PMM Beijing and other shareholders highly rely on the Group's industry expertise, brand, network, and reputation.

5. REVENUE AND SEGMENT INFORMATION

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 **$'000**	2014 $'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

The operating segments have been based on the reports reviewed by executive directors that are used to make strategic decisions. The executive directors consider the business from a product perspective.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group has five main operating segments including:

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	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)
Interest income	3	1,338	1,341	88,605	4,881	203	6,382	–	101,412
Unallocated interest income									16,272
									117,684
Interest expenses	–	(73)	(73)	(2,858)	–	(41,287)	–	–	(44,218)
Unallocated interest expenses									(5,407)
									(49,625)
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)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

	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)
Interest income	3	1,326	1,329	58,650	4,614	488	5,494	–	70,575
Unallocated interest income									13,700
									84,275
Interest expenses	–	(75)	(75)	–	–	(18,872)	–	–	(18,947)
Unallocated interest expenses									(2,029)
									(20,976)
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)

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 $'000	2014 $'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 $'000	2014 $'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. OTHER (LOSSES)/GAINS, NET

	2015 $'000	2014 $'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 (Note 26)	**(3,694)**	(3,099)
Fair value (loss)/gain on derivative financial instruments (Note 38)	**(46,787)**	37,801
Gain on disposal of subsidiaries and associates	**5,214**	35,850
Provision for impairment of amounts due from joint ventures (Note 17(b), 25(b))	**(39,285)**	(29,027)
Provision for impairment of investment in a joint venture (Note 17)	**(3,854)**	–
Reversal of provision for/(provision for) impairment of amount due from an associate (Note 25 (c))	**301**	(4,838)
Provision for impairment of available-for-sale financial asset (Note 27)	**(7,805)**	(962)
Others, net	**(9,027)**	16,526
	(152,218)	42,151

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

7. PROFIT BEFORE INCOME TAX

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

	2015 **$'000**	2014 $'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) (Note 8)	**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

8. EMPLOYEE BENEFIT EXPENSES

	2015 $'000	2014 $'000
Wages, salaries and other allowances	**1,188,014**	1,163,570
Unutilised annual leave	**(38)**	692
Pension costs – defined contribution plan, net of forfeited contributions (Note a)	**22,574**	23,424
Share-based compensation expense (Note 33)	**44,182**	75,371
	1,254,732	1,263,057

(a) Pensions – defined contribution plans

The Group operates a number of defined contribution pension schemes in accordance with the respective subsidiaries' local practices and regulations. The Group is obligated to contribute funding to these plans based on various percentages of the employees' salaries or a fixed sum per employee with reference to their salary level. The assets of these schemes are generally held in separate trustee administered funds.

Employees in Hong Kong are provided with a defined contribution provident fund scheme and the Group is required to make monthly contribution to the scheme based on 10% of the employees' basic salaries. Forfeited contributions are used to offset the employer's future contributions. For the year ended 31 December 2015, the aggregate amount of the employer's contributions was approximately HK$20,110,000 (2014: HK$20,260,000) and the total amount of forfeited contributions was approximately HK$2,368,000 (2014: HK$1,532,000).

Since 1 December 2000, the employees in Hong Kong can elect to join the Mandatory Provident Fund Scheme (the "MPF Scheme"). The MPF Scheme was introduced pursuant to the Mandatory Provident Fund legislation introduced in 2000. Under the MPF Scheme, the Group and each of the employees make monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund legislation.

Both the employer's and the employees' contributions are subject to a cap of monthly relevant income of HK$25,000 from 1 January 2014 to 31 May 2014 and HK$30,000 from 1 June 2014 onwards for each employee. For those employees with monthly relevant income less than HK$7,100, since 1 November 2013, the employees' contributions are voluntary.

For the year ended 31 December 2015, the aggregate amount of employer's contributions made by the Group to the MPF Scheme was approximately HK$2,989,000 (2014: HK$3,302,000) and the forfeited contributions was HK$12,000 (2014: HK$36,000).

8. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals and senior managements' emoluments

The five highest paid individuals in the Group for the year ended 31 December 2015 included three Directors (2014: two) and one member of senior management (2014: two). The aggregate emoluments paid/payable to the five highest paid individuals during the year are as follows:

	2015 $'000	2014 $'000
Salaries	**20,149**	18,851
Discretionary bonus	**2,221**	10,991
Housing allowance	**4,664**	4,523
Pension costs	**1,191**	1,174
	28,225	35,539

The emoluments of the five highest paid individuals and three remaining members of senior management (2014: five highest paid individuals and one remaining member of senior management) fall within the following bands:

Emolument band	**Number of individuals 2015**	2014
HK$1,500,001 – HK$2,000,000	**1**	–
HK$3,500,001 – HK$4,000,000	**3**	–
HK$4,000,001 – HK$4,500,000	**1**	–
HK$4,500,001 – HK$5,000,000	**1**	2
HK$5,000,001 – HK$5,500,000	**–**	1
HK$5,500,001 – HK$6,000,000	**1**	1
HK$8,000,001 – HK$8,500,000	**–**	1
HK$9,500,001 – HK$10,000,000	**1**	–
HK$11,500,001 – HK$12,000,000	**–**	1
	8	6

During the year, no emoluments or incentive payments were paid or payable to the five highest paid individuals as an inducement to join the Group or as compensation for loss of office except as disclosed above (2014: Nil).

9. 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 (Note 36)	**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.

In the PRC, certain subsidiaries enjoy preferential tax rate of 15% (2014: 15%) respectively for being new technology enterprises and a subsidiary enjoys preferential tax rate of 12.5% (2014: income tax exemption) for being a software enterprise.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the location in which the Company operates as follows:

	2015	2014
	$'000	$'000
Profit before income tax	**291,707**	1,161,782
Calculated at a taxation rate of 16.5% (2014: 16.5%)	**48,132**	191,694
Income not subject to taxation	**(42,272)**	(35,871)
Expenses not deductible for taxation purposes	**88,252**	59,356
Tax losses not recognised	**28,701**	24,683
Effect of different tax rate in other countries	**23,199**	61,091
Effect of tax exemptions and concessions granted to PRC subsidiaries	**(4,727)**	(50,966)
Recognition of temporary differences not previously recognised	**842**	400
Utilisation of previously unrecognised tax losses	**(1,057)**	(1)
(Over)/under provision of tax in the prior year	**(1,194)**	936
Income tax expense	**139,876**	251,322

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

10. 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

11. DIVIDENDS

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

The 2014 final dividend 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 dividend 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.

12. PURCHASED PROGRAMME AND FILM RIGHTS, NET

	2015 $'000	2014 $'000
Balance, beginning of year	**17,350**	22,246
Additions	**18,588**	16,803
Amortisation	**(19,025)**	(20,920)
Others	**(1,068)**	(779)
Balance, end of year	**15,845**	17,350
Less: Purchased programme and film rights – current portion	**(450)**	(1,141)
	15,395	16,209

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

13. LEASE PREMIUM FOR LAND

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2015 **$'000**	2014 $'000
Balance, beginning of year	**234,368**	241,081
Amortisation (Note a)	**(5,949)**	(6,015)
Currency translation differences	**(5,081)**	(698)
Balance, end of year (Note a and Note b)	**223,338**	234,368

(a) For the year ended 31 December 2015, no amortisation of lease premium for land has been capitalised in construction in progress under property, plant and equipment (for the year ended 31 December 2014: HK$1,903,000).

(b) The construction of Phoenix International Media Centre was completed on 29 July 2014 ("Completion date"). Included in the net book value as of 31 December 2015 is an amount of HK$112,466,000 (2014: HK$120,751,000) which represents land use rights attributable to the gross floor areas of Phoenix International Media Centre occupied by the Group for its operation in Beijing.

(c) Included in the net book value as of 31 December 2015 is an amount of HK$14,340,000 (2014: HK$14,745,000) which was paid by the Group to the Shenzhen Municipal Bureau of Land Resources and Housing Management ("Land Bureau") pursuant to notification from the Land Bureau to obtain a title certificate in the name of Phoenix Satellite Television Company Limited (the "Phoenix Subsidiary"), a wholly-owned subsidiary of the Group, for the Group's upper ground space entitlement of approximately 8,500 square meters in the China Phoenix Building in Shenzhen ("Shenzhen Building"). As of 31 December 2015, the Group was still awaiting the issuance of the title certificate to the Phoenix Subsidiary by the Shenzhen Municipal Government. The Directors are of the opinion that the title certificate to its entitlement in the Shenzhen Building will be issued in the near future. As at 31 December 2015, the Group's entitlement to use of its entitled areas in the building continues to be accounted for as a finance lease as the Group had not yet obtained title to these entitled areas (Note 14(a)).

14. PROPERTY, PLANT AND EQUIPMENT, NET

	Freehold land $'000	Building $'000 (Note a)	Leasehold improve-ments $'000	Furniture and fixtures $'000	Broadcast operations and other equipment $'000	Motor vehicles $'000	LED panels $'000 (Note b)	Aircraft $'000 (Note c)	Construc-tion in progress $'000 (Note d)	Total $'000
Year ended 31 December 2015										
Opening net book amount	12,670	720,512	211,435	5,896	301,533	18,032	200,845	74,816	–	1,545,739
Additions	–	–	32,386	2,526	65,409	2,213	841	–	–	103,375
Disposals	–	–	(100)	(1)	(939)	(40)	–	–	–	(1,080)
Depreciation	–	(43,283)	(46,623)	(1,901)	(113,701)	(6,130)	(32,606)	(7,299)	–	(251,543)
Impairment	–	–	–	–	(4,631)	–	(5,741)	–	–	(10,372)
Transfers	–	–	–	–	–	–	–	–	–	–
Currency translation differences	(169)	(29,282)	(2,194)	(105)	(5,852)	(157)	(7,922)	–	–	(45,681)
Closing net book amount	12,501	647,947	194,904	6,415	241,819	13,918	155,417	67,517	–	1,340,438
At 31 December 2015										
Cost	12,501	725,191	462,735	25,112	854,739	47,593	311,536	100,971	–	2,540,378
Accumulated depreciation and impairment	–	(77,244)	(267,831)	(18,697)	(612,920)	(33,675)	(156,119)	(33,454)	–	(1,199,940)
Net book amount	12,501	647,947	194,904	6,415	241,819	13,918	155,417	67,517	–	1,340,438

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

14. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

	Freehold land $'000	Building $'000 (Note a)	Leasehold improve -ments $'000	Furniture and fixtures $'000	Broadcast operations and other equipment $'000	Motor vehicles $'000	LED panels $'000 (Note b)	Aircraft $'000 (Note c)	Construc-tion in progress $'000 (Note d)	Total $'000
Year ended 31 December 2014										
Opening net book amount	12,755	151,093	185,214	3,496	308,905	14,754	196,602	82,115	449,349	1,404,283
Additions	–	–	63,679	4,204	100,771	8,849	2,959	–	175,816	356,278
Disposals	–	–	(163)	(5)	(1,786)	(70)	(960)	–	–	(2,984)
Depreciation	–	(12,385)	(42,638)	(1,802)	(105,334)	(5,468)	(30,790)	(7,299)	–	(205,716)
Impairment	–	–	–	–	–	–	(145)	–	–	(145)
Transfers	–	582,962	5,521	–	–	–	34,427	–	(622,910)	–
Currency translation differences	(85)	(1,158)	(178)	3	(1,023)	(33)	(1,248)	–	(2,255)	(5,977)
Closing net book amount	12,670	720,512	211,435	5,896	301,533	18,032	200,845	74,816	–	1,545,739
At 31 December 2014										
Cost	12,670	755,910	437,422	22,317	828,868	47,417	330,508	100,971	–	2,536,083
Accumulated depreciation and impairment	–	(35,398)	(225,987)	(16,421)	(527,335)	(29,385)	(129,663)	(26,155)	–	(990,344)
Net book amount	12,670	720,512	211,435	5,896	301,533	18,032	200,845	74,816	–	1,545,739

Depreciation expense of approximately HK$153,607,000 (2014: HK$143,423,000) has been charged in "Operating expenses", and approximately HK$97,936,000 (2014: HK$62,293,000) in "Selling, general and administrative expenses".

(a) Included in the net book value as of 31 December 2015 is an amount of HK$24,784,000 (2014: HK$25,483,000) which relates to the Group's entitlement to use 10,000 square meters in the Shenzhen Building. The Group's entitlement to use was accounted for as a finance lease. As at 31 December 2015, the cost of this capitalised finance lease was HK$30,848,000 (2014: HK$30,848,000) with a net book value of HK$24,784,000 (2014: HK$25,483,000). As at 31 December 2015, the Group was still in the process of obtaining the title certificate to the 8,500 square meters of the entitled areas through the payment of land premium and taxes (See Note 13(c)).

(b) As of 31 December 2015, the Group was still in the process of renewing and obtaining certain licences of LED panels. The Directors are of the opinion that the licences will be obtained in the near future and the risk of noncompliance with laws and regulations is remote.

(c) Included in the net book value as of 31 December 2015 is an amount of HK$67,517,000 (2014: HK$74,816,000) which relates to the aircraft for operation use.

(d) No interest has been capitalised during the year (2014: HK$10,361,000 capitalised up to the Completion date).

15. INVESTMENT PROPERTIES

	2015 **$'000**	2014 $'000
Balance, beginning of year	**1,515,675**	1,173,009
Additions	**–**	172,521
Fair value gain	**98,939**	175,777
Currency translation differences	**(66,760)**	(5,632)
Balance, end of year	**1,547,854**	1,515,675

(a) Fair value measurement of investment properties

The Group applied the fair value model for the accounting of investment properties. Independent valuations of the investment properties were performed by the valuers, Vigers Appraisal and Consulting Limited and Lambert Smith Hampton, to determine the fair value of the properties as at 31 December 2015 (2014: Same). Fair value gain of approximately HK$98,939,000 (2014: HK$175,777,000) is included in the "Other (losses)/gains, net" in the consolidated income statement.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

15. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

(i) Fair value hierarchy

Description	**Fair value measurements at 31 December 2015 using significant unobservable inputs (Level 3) $'000**	Fair value measurements at 31 December 2014 using significant unobservable inputs (Level 3) $'000
Recurring fair value measurements		
Investment properties		
– Phoenix International Media Centre		
– The PRC	**1,534,012**	1,503,533
– Commercial – UK	**13,842**	12,142

(ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 (2014: Same), which was derived by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Finance Department, headed by CFO, reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the Finance Department and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the Finance Department:

- Verifies all majors inputs to the independent valuation reports;
- Assess property valuations movements when compared to the prior year valuation reports; and
- Holds discussions with the independent valuers.

15. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

(iii) Valuation techniques

For the investment property in UK with a carrying amount of HK$13,842,000 (2014: HK$12,142,000), the valuation of the investment property held directly by the Group is made on the basis of the "Market Value" adopted by The Royal Institution of Chartered Surveyors ("RICS"). It is performed in accordance with the RICS Valuation Standards on Properties published by RICS. The valuation is reviewed annually by a qualified valuer by considering the information from a variety of sources including (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of similar properties in less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those parties; and (iii) rental income derived from existing tenancies with due provision for reversionary income potential based on market conditions existing at the end of the reporting period.

These methodologies are based upon estimates of future results and a set of assumptions specific to the property to reflect its tenancy and cash flow profile. The fair value of the investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions including open market rents, appropriate capitalisation rate and reversionary income potential. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property.

In addition, for the investment property in the PRC, which represents gross floor area of Phoenix International Media Centre held for rental income, has a carrying value of HK$1,534,012,000 (as at 31 December 2014: HK$1,503,533,000). The fair value of this investment property is determined using the information from the valuation performed by external professional valuer using the direct comparison method. However, given the heterogeneous nature of this property, appropriate adjustments are made to allow for any qualitative differences that may affect the price likely to be achieved. There were no changes in valuation techniques during the year.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

15. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

(iv) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	**Fair value at 31 Dec 2015** ($'000)	**Valuation technique(s)**	**Unobservable inputs**	**Relationship of unobservable inputs to fair value**
Phoenix International Media Centre – The PRC	1,534,012	Direct comparison	Adjusted average price of HK$35,120 per square metre	The higher the adjusted average price per square metre, the higher the fair value
Commercial – UK	13,842	Discounted cash flow	Estimated rental value of HK$4,119 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield of 7.25%	The higher the reversionary yield, the lower the fair value

Description	Fair value at 31 Dec 2014 ($'000)	Valuation technique(s)	Unobservable inputs	Relationship of unobservable inputs to fair value
Phoenix International Media Centre – The PRC	1,503,533	Direct comparison	Adjusted average price of HK$34,422 per square metre	The higher the adjusted average price per square metre, the higher the fair value
Commercial – UK	12,142	Discounted cash flow	Estimated rental value of HK$4,029 per annum per square metre	The higher the rental value, the higher the fair value
			Reversionary yield of 8%	The higher the reversionary yield, the lower the fair value

15. INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value measurement of investment properties (Continued)

(v) Quantitative sensitivity analysis

The major sources of estimation uncertainty of investment properties are mainly contributed by the Phoenix International Media Centre and the quantitative sensitivity analysis is shown as below:

	Adjusted average price per square metre 5% increase of decrease $'000
At 31 December 2015	**76,701**
At 31 December 2014	75,177

(b) Borrowing cost

No interest has been capitalised during the year (2014: HK$15,542,000 capitalised up to the Completion date).

(c) Deferred tax

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 36).

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

16. INTANGIBLE ASSETS

	Goodwill $'000	Licenses $'000	Contractual customer relationship $'000	Club debentures $'000	Software $'000	Total $'000
Year ended 31 December 2015						
Opening net book amount	**8,733**	**–**	**–**	**2,705**	**6,652**	**18,090**
Amortisation	**–**	**–**	**–**	**–**	**(1,564)**	**(1,564)**
Currency translation differences	**–**	**–**	**–**	**–**	**(19)**	**(19)**
Closing net book amount	**8,733**	**–**	**–**	**2,705**	**5,069**	**16,507**
At 31 December 2015						
Cost	**8,733**	**2,401**	**1,924**	**2,705**	**9,686**	**25,449**
Accumulated amortisation and impairment	**–**	**(2,401)**	**(1,924)**	**–**	**(4,617)**	**(8,942)**
Net book amount	**8,733**	**–**	**–**	**2,705**	**5,069**	**16,507**
Year ended 31 December 2014						
Opening net book amount	8,733	–	–	2,705	3,613	15,051
Additions	–	–	–	–	4,520	4,520
Amortisation	–	–	–	–	(1,479)	(1,479)
Currency translation differences	–	–	–	–	(2)	(2)
Closing net book amount	8,733	–	–	2,705	6,652	18,090
At 31 December 2014						
Cost	8,733	2,401	1,924	2,705	9,710	25,473
Accumulated amortisation and impairment	–	(2,401)	(1,924)	–	(3,058)	(7,383)
Net book amount	8,733	–	–	2,705	6,652	18,090

16. INTANGIBLE ASSETS (CONTINUED)

Approximately amortisation of HK$1,564,000 (2014: HK$1,479,000) is included in "Selling, general and administrative expenses" during the year.

An impairment review of the carrying amount of goodwill at 31 December 2015 was performed and no impairment provision is required. For the purpose of impairment testing, goodwill acquired has been allocated to individual cash-generating units (CGUs) identified according to operating segment. The recoverable amount is based on a value in use calculation. There was no impairment charge recognised during the year (2014: Nil).

Certain of the Group's new media subsidiaries are in the process of applying for certain licenses for the operation of their businesses, including internet audio-visual program transmission license and internet news license.

17. INTERESTS IN JOINT VENTURES

	2015 **$'000**	2014 $'000
Unlisted investments, net	**27,768**	42,318
Amounts due from joint ventures (Note b)	**1,500**	9,976
	29,268	52,294

The Group's investments in joint ventures are analysed as follows:

	2015 **$'000**	2014 $'000
Unlisted investments, at cost	**69,575**	20,559
Fair value of non-controlling interests retained	**–**	45,852
Capital contribution	**7,928**	3,164
Less: Provision for impairment	**(4,326)**	(472)
Less: Share of profits less losses of joint ventures	**(45,409)**	(26,785)
Unlisted investments, net	**27,768**	42,318

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the joint ventures which are accounted for by the equity method of accounting as at 31 December 2015 were as follows:

Name	Place and date of incorporation	Place of Operation	Principal activity	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
China Global Television Limited	British Virgin Islands, 18 October 2001	British Virgin Islands	Dormant	50%	US$2
北京翡翠鳳凰文化投資諮詢有限公司	The PRC, 27 June 2003	The PRC	Dormant	40%	RMB1,250,000
北京同步廣告傳播有限公司 Beijing Simulcast Communication Co. Ltd. *	The PRC, 7 January 2005	The PRC	Advertising business in radio broadcasting, and media marketing industry in the PRC	45%	RMB30,000,000
深圳市優悦文化傳播有限公司	The PRC, 15 December 2010	The PRC	Radio Broadcasting in the PRC	50%	RMB 10,000,000
深圳鳳凰城市論壇有限公司 Shenzhen Phoenix City Forum Co., Ltd. *	The PRC, 15 August 2011	The PRC	Organising events and conferences	50%	RMB1,000,000
北京華寶鳳凰文化傳播有限公司 Huabao Phoenix Beijing Cultural Communication Co., Ltd.*	The PRC, 2 September 2013	The PRC	Provision of promotional related services	30%	RMB2,000,000
北京鳳凰天博網絡技術有限公司 Beijing Fenghuang Tianbo Network Technology Co., Ltd.*	The PRC, 31 May 2013	The PRC	New Media	27.8%	RMB1,960,000
北京鳳天優房地產經紀有限公司	The PRC, 4 March 2015	The PRC	New Media	27.8%	RMB500,000
鳳凰金房信息諮詢（北京）有限公司	The PRC, 15 June 2015	The PRC	New Media	27.8%	RMB1,000,000

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the joint ventures which are accounted for by the equity method of accounting as at 31 December 2015 were as follows: (Continued)

Name	Place and date of incorporation	Place of Operation	Principal activity	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix FM Limited	Cayman Islands, 29 August 2013	Cayman Islands	New Media	55.61%	US$560
Phoenix FM (Hong Kong) Company Limited	Hong Kong, 24 October 2013	Hong Kong	New Media	55.61%	HK$1
鳳凰愛聽（北京）信息技術有限公司 Phoenix FM (Beijing) Information Technology Co. Ltd. *	The PRC, 24 January 2014	The PRC	New Media	55.61%	US$1,700,000
北京鳳鳴九天網絡技術有限公司 Beijing Fengming Jiutian Network Technology Co. Ltd. *	The PRC, 28 February 2014	The PRC	New Media	55.61%	RMB1,000,000
深圳市鳳凰精彩網絡技術有限公司 Shenzhen Fenghuang Jingcai Network Technology Co. Ltd. *	The PRC, 1 April 2014	The PRC	New Media	25.06%	RMB50,000,000
塔美數據科技（上海）有限公司	The PRC, 30 March 2015	The PRC	Data technology	51%	RMB2,000,000
廣州華師鳳凰文化教育信息技術有限公司	The PRC, 30 October 2012	The PRC	Education	36%	RMB10,000,000

* *For identification only*

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

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

17. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) Amounts due from joint ventures

	2015 $'000	2014 $'000
Amounts due from joint ventures	**12,743**	83,797
Less: Provision for impairment	**(11,243)**	(73,821)
Amounts due from joint ventures, net	**1,500**	9,976

The carrying amounts of amounts due from joint ventures, net, approximate fair values, as the impact of discounting is not significant.

Amounts receivable (gross), which are not repayable within one year after the end of reporting period, are analysed as follows:

	2015 $'000	2014 $'000
Interest bearing and secured (i)	**–**	80,000
Non-interest bearing and unsecured (ii)	**12,743**	3,797
	12,743	83,797

(i) The balance as at 31 December 2014 represented amount due from a joint venture which carried interest at 2% plus the best lending rate per annum on HK$ quoted by the Hong Kong and Shanghai Banking Corporation Limited and secured by certain assets of this joint venture. During the year ended 31 December 2015, HK$15,000,000 was further drawn down by this joint venture with the aforementioned terms. The average effective interest rate was 7% (2014: 7%). The Group has recorded provision for impairment of HK$27,547,000 (2014: HK$25,231,000) included in "Other (losses)/gains, net" for the year ended 31 December 2015, after taking into account the present value of estimated future cash flows from this joint venture. Net amount due from this joint venture was settled upon the cessation of operation of U Radio (Note (a)) and the Group has written off amount due from U Radio of approximately HK$99,639,000 (2014: Nil) against the provision for impairment made in prior years during the year.

(ii) Included in amounts due from joint ventures under non-current assets as of 31 December 2015, there is a receivable amounting to HK$12,743,000 (2014: HK$3,797,000) due from a joint venture. The amount due from this joint venture is interest-free, unsecured and not repayable within one year after the end of reporting period of which HK$11,243,000 has been provided for impairment (2014: HK$1,729,000). Amount due from a joint venture of HK$9,514,000 and the related provision for impairment HK$9,514,000 as at 31 December 2014 has been reclassified from current asset to non-current asset as a result of renewal of loan agreement during the year ended 31 December 2015. Provision for the impairment for the year is Nil (2014: provision for impairment of HK$1,729,000 included in "Other (losses)/gains, net" after taking into account the present value of estimated future cash flows from this joint venture.

17. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) Amounts due from joint ventures (Continued)

The carrying amounts of the Group's amounts due from joint ventures are denominated in the following currencies:

	2015 **$'000**	2014 $'000
HK$	**–**	7,909
RMB	**1,500**	2,067
	1,500	9,976

(c) Aggregate information of joint ventures that are individually immaterial

The Group has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2015 **$'000**	2014 $'000
The Group's share of profits less losses and total comprehensive income	**(18,624)**	(22,439)
Aggregate carrying amount of the Group's interests in these joint ventures	**27,768**	42,318

(d) As at 31 December 2015, there are no commitments and contingent liabilities relating to the Group's interests in joint ventures (2014: Nil).

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

18. INVESTMENTS IN ASSOCIATES

The Group's investments in associates are analysed as follows:

	2015 $'000	2014 $'000
Unlisted investments, at cost	**82,452**	21,128
Acquisition of an associate (Note (a))	**–**	61,324
Capital contribution	**12,045**	–
Disposal of associates (Note (a))	**(56,027)**	–
Dividend from an associate	**(904)**	–
Share of profits less losses of associates	**(15,648)**	3,271
Unlisted investments, net	**21,918**	85,723

Details of the principal associates which are accounted for by the equity method of accounting as at 31 December 2015 are as follows:

Name	Place and date of incorporation	Place of Operation	Principal activity	Percentage of equity interest held by the Group	Issued and fully paid share capital/ Registered capital
匯川創業投資股份有限公司 SinoPlus Venture Capital Corp.	Taiwan, 11 September 2013	Taiwan	Cultural development	30%	NTD200,000,000
杭州奇客科技有限公司 Hangzhou Qike Technology Co., Ltd.*	The PRC, 13 February 2015	The PRC	Management consulting	25.02%	RMB10,000,000
傳大鳳凰（北京）教育科技有限公司	The PRC, 2 August 2012	The PRC	Education	30%	RMB6,000,000

* For identification only

(a) Subsequent to the purchase of certain Preferred Shares of Particle Inc. on 10 September 2014 (see Note 43(a)), on 7 November 2014, Phoenix New Media Limited ("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 restricted Class A 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 restricted Class A 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 in 2014.

In February 2015, PNM entered into an agreement with Particle Inc. to purchase a number of Series C redeemable preferred shares and 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.. 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 (the "Transactions"). Particle Inc. has ceased to be an associate upon completion of the Transactions (See Note 43(c)).

18. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Aggregate information of associates that are individually immaterial

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method.

	2015 $'000	2014 $'000
The Group's share of profits less losses and total comprehensive income	**(18,919)**	1,213
Aggregate carrying amount of the Group's interests (including goodwill) in these associates	**21,918**	85,723

(c) As at 31 December 2015, there are no commitments and contingent liabilities relating to the Group's interests in associates (2014: Nil).

19. SUBSIDIARIES

(a) The following is a list of principal subsidiaries at 31 December 2015:

Name	**Place of incorporation and kind of legal entity**	**Place of operation**	**Principal activities**	**Percentage of equity interest held by the Group**	**Issued and fully paid share capital/ registered capital**
Phoenix Satellite Television Company Limited	Hong Kong, limited liability company	Hong Kong	Provision of management and related services	100%	HK$20
Phoenix Satellite Television (Chinese Channel) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
Phoenix Satellite Television (Movies) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
Phoenix Satellite Television Trademark Limited	British Virgin Islands, limited liability company	British Virgin Islands	Trademark holding	100%	US$1

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Chinese News & Entertainment Limited	The United Kingdom, limited liability company	The United Kingdom	Satellite television broadcasting	70%	£9,831,424
Phoenix Satellite Television Information Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	55.61%	US$1
Phoenix Satellite Television (B.V.I.) Holding Limited (Note a (i))	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1
Hong Kong Phoenix Weekly Magazine Limited	Hong Kong, limited liability company	Hong Kong	Publishing and distribution of periodicals	77%	HK$100
Phoenix Satellite Television (InfoNews) Limited	British Virgin Islands, limited liability company	Hong Kong	Satellite television broadcasting	100%	US$1
鳳凰影視(深圳)有限公司 Phoenix Film and Television (Shenzhen) Company Limited *	The PRC, limited liability company	The PRC	Ancillary services for programme production	60%	HK$10,000,000
Phoenix Satellite Television (U.S.), Inc.	The United States of America, limited liability company	The United States of America	Provision of management and promotional related services	100%	US$1
Phoenix Satellite Television (Taiwan) Limited	British Virgin Islands, limited liability company	Taiwan	Programme production	100%	US$1
Hong Kong Phoenix Satellite Television Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$2

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
鳳凰在線（北京）信息技術有限公司 Fenghuang On-line (Beijing) Information Technology Company Limited *	The PRC, limited liability company	The PRC	Technical consulting	55.61%	US$31,850,000
Hong Kong Phoenix Books Culture Publishing Company Limited (formerly known as Phoenix Publications (Hong Kong) Limited)	Hong Kong, limited liability company	The PRC	Publication	100%	HK$1
Phoenix Metropolis Media Holdings Limited (formerly known as Phoenix Metropolis Media Company Limited)	Hong Kong, limited liability company	The PRC	Outdoor media business	100%	HK$400
Phoenix New Media Limited	Cayman Islands, limited liability company	The PRC	Investment holding	55.61%	US$2,563,353 (Class A Ordinary shares) US$3,173,254 (Class B Ordinary shares)
Phoenix Pictures Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1

* *For identification only*

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Centre (Hong Kong) Limited	Hong Kong, limited liability company	Hong Kong	Property holding	100%	HK$1
Green Lagoon Investments Limited	British Virgin Islands, limited liability company	The PRC	Property holding	100%	US$1
鳳凰都市傳媒科技股份有限公司(前稱鳳凰都市(北京)廣告傳播有限公司) Phoenix Metropolis Media Technology Co. Ltd. (formerly known as Phoenix Metropolis Media (Beijing) Company Limited) * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB154,000,000
鳳凰衛視都市傳媒(上海)有限公司 Phoenix Metropolis Media (Shanghai) Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB22,072,992
鳳凰衛視都市傳媒(杭州)有限公司 Phoenix Metropolis Media (Hangzhou) Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB8,857,320

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
深圳鳳凰都市廣告傳播有限公司 Shenzhen Phoenix Metropolis Media Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB35,000,000
鳳凰都市傳媒（廣州）有限公司 Phoenix Metropolis Media (Guangzhou) Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB3,000,000
江蘇鳳凰都市傳媒有限公司 Jiangsu Phoenix Metropolis Media Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB15,000,000
鳳凰都市傳媒（四川）有限公司 Phoenix Metropolis Media (Sichuan) Company Limited * (Note c)	The PRC, limited liability company	The PRC	Outdoor media business	45.54%	RMB8,795,328
鳳凰東方（北京）置業有限公司 Phoenix Oriental (Beijing) Properties Company Limited * (Note d)	The PRC, limited liability company	The PRC	Property holding	70%	RMB300,000,000

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
PNACC Television (Canada) Inc.	Canada, limited liability company	Vancouver, British Columbia, Canada	Satellite television broadcasting	100%	CAD100
Phoenix Metropolis Media Co. Ltd.	Hong Kong, limited liability company	The PRC	Outdoor media business	100%	HK$10,000
Phoenix Radio Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix U Radio Limited	Hong Kong, limited liability company	Hong Kong	Radio Broadcasting	100%	HK$1,000 (A share) HK$100 (B share)
Phoenix Satellite Télévision (France) SAS	France, limited liability company	France	Satellite television broadcasting	100%	EUR500,000
北京天盈九州網絡技術有限公司 Beijing Tianying Jiuzhou Network Technology Co. Ltd.* (Note a(ii))	The PRC, limited liability company	The PRC	Advertising, mobile value-add service, games and others	55.61%	RMB10,000,000
怡豐聯合(北京)科技有限責任公司 Yifeng Lianhe (Beijing) Technology Co. Ltd.* (Note a(ii))	The PRC, limited liability company	The PRC	Mobile value-add services	55.61%	RMB10,000,000
北京天盈創智廣告有限公司 Beijing Tianying Changzhi Advertising. Co. Ltd. (Note a(ii))	The PRC, limited liability company	The PRC	Advertising	55.61%	RMB5,000,000

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
PSTV, LLC	The United States of America, limited liability company	The United States of America	Property holding	100%	US$5,000,000
鳳凰都市文化傳播（北京）有限公司 Phoenix Metropolis Communication (Beijing) Co., Ltd. *	The PRC, limited liability company	The PRC	Outdoor media business	100%	RMB76,922,334
鳳凰和信文化諮詢（北京）有限公司 Phoenix Cultural Consult (Beijing) Co., Ltd. *	The PRC, limited liability company	The PRC	Radio broadcasting	100%	RMB1,000,000
北京滙播廣告傳媒有限公司	The PRC, limited liability company	The PRC	Radio broadcasting	100%	RMB19,000,000
Phoenix (UK) Properties Company Limited	Hong Kong, limited liability company	Hong Kong	Properties holding	100%	HK$1
Phoenix Satellite Television (Hong Kong Channel) Limited	Hong Kong, limited liability company	Hong Kong	Television broadcasting	100%	HK$1
Phoenix New Media (Hong Kong) Company Limited	Hong Kong, limited liability company	Hong Kong	Advertising	55.61%	HK$1
Peak Apex Limited	British Virgin Islands, limited liability company	Hong Kong	Aircraft chartering services	100%	US$1

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
Phoenix Research & Development Limited	British Virgin Islands, limited liability company	Hong Kong	Research and development	100%	US$1
Phoenix Industrial Development Centre Limited	Hong Kong, limited liability company	Hong Kong	Research and development	100%	HK$1
Phoenix Research Institute Limited	Hong Kong, company limited by guarantee	Hong Kong	Research and development	100%	–
Phoenix Culture Industrial Development Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
Phoenix Culture Creation Development Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1
Phoenix Culture Creation Management Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1
Phoenix Culture Creation Industrial Investment Management Company Limited	Hong Kong, limited liability company	Hong Kong	Cultural development	100%	HK$1
北京鳳凰於天軟體技術有限公司 Beijing Fenghuang Yutian Software Technology Co., Ltd. *	The PRC, limited liability company	The PRC	Software development	55.61%	RMB5,000,000

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
北京鳳凰互動娛樂網絡技術有限公司 (formerly known as北京繼融文華文化傳播有限公司 Beijing Jirong Wenhua Culture Communication Co., Ltd.*) (Note a(ii))	The PRC, limited liability company	The PRC	Technical consulting	55.61%	RMB10,000,000
金華鳳凰互娛網絡技術有限公司 Jinhua Fenghuang Interactive Entertainment Network Technology Co., Ltd.*	The PRC, limited liability company	The PRC	Publishing	55.61%	RMB10,000,000
鳳凰衛視文化產業發展（上海）有限公司 Phoenix Culture Industrial Development (Shanghai) Co., Ltd.*	The PRC, limited liability company	The PRC	Cultural development	100%	RMB25,000,000
天津鳳凰銘道文化傳播有限公司 Tianjin Fenghuang Mingdao Culture Communication Co., Ltd. * (Note a(ii))	The PRC, limited liability company	The PRC	Advertising	55.61%	RMB2,000,000
上海億息網絡技術有限公司 Shanghai Yixi Network Technology Co., Ltd.* (Note a(ii))	The PRC, limited liability company	The PRC	Technical consulting	55.61%	RMB100,000,000
北京鳳凰融合投資有限公司 Beijing Fenghuang Convergence Investment Co. Ltd.* (Note a(ii))	The PRC, limited liability company	The PRC	Financial consulting services	55.61%	RMB400,000
上海喵球信息技術有限公司 Shanghai Miaoqiu Information Technology Co., Ltd.* (Note a(ii)) (Note c)	The PRC, limited liability company	The PRC	Technical consulting	41.71%	RMB1,000,000

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Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
成都歡遊天下網絡科技有限公司 Chengdu Huanyou Tianxia Network Technology Co., Ltd.* (Note a(ii))	The PRC, limited liability company	The PRC	Technical consulting	55.61%	RMB500,000
Phoenix Overseas Infonews Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰飛揚（北京）新媒體信息技術有限公司 Fenghuang Feiyang (Beijing) New Media Information Technology Co., Ltd.*	The PRC, limited liability company	The PRC	Advertising	55.61%	RMB100,000,000
Phoenix New Media (Hong Kong) Information Technology Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	55.61%	HK$1
Convergence Investment Co. Ltd	Cayman Islands, limited liability company	Cayman Islands	Investment consultancy	55.61%	US$0.01
フエニックス•インフォニュース•ジャパン株式会社 Phoenix InfoNews Japan Limited*	Japan, limited liability company	Japan	Satellite television broadcasting	100%	JPY 9,000,000
上海鳳凰衛視俊安藝術發展有限公司 Shanghai Phoenix General Nice Art Development Co. Ltd.*	The PRC, limited liability company	The PRC	Cultural development	100%	RMB100,000,000

* *For identification only*

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
上海鳳凰衛視領客文化發展有限公司 (Note c)	The PRC, limited liability company	The PRC	Cultural development	61.6%	RMB7,300,000
I Game Limited	Cayman Islands, exempted company	Cayman Islands	Investment holding	55.61%	US$0.01
I Game (Hong Kong) Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	55.61%	HK$1
北京塵寰科技有限公司 Beijing Chenhuan Technology Co., Ltd.*(Note a (ii))	The PRC, limited liability company	The PRC	Game	55.61%	RMB1,500,000
北京遊九州技術有限公司 Beijing Youjiuzhou Technology Co., Ltd.*(Note a (ii))	The PRC, limited liability company	The PRC	Game	55.61%	RMB1,500,000
北京歡遊天下科技有限公司 Beijing Huanyou Tianxia Technology Co., Ltd.* (Note a (ii))	The PRC, limited liability company	The PRC	Game	55.61%	RMB1,500,000
北京鳳凰博銳軟件技術有限責任公司 Beijing Fenghuang Borui Software Technology Co. Ltd.*	The PRC, limited liability company	The PRC	Software development	55.61%	US$1,000,000
愜意游(北京)信息技術有限公司 Qie Yi You (Beijing) Information Technology Co., Ltd.*	The PRC, limited liability company	The PRC	Game	55.61%	US$5,000,000

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Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
鳳凰教育發展有限公司 Phoenix Education Development Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰國際教育有限公司 Phoenix International Education Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	60%	HK$500,000
鳳翔(深圳)教育科技有限公司	The PRC, limited liability company	The PRC	Education	60%	RMB5,000,000
鳳凰新聯合(北京)教育科技有限公司 (Note a (ii))	The PRC, limited liability company	The PRC	Education	60%	RMB10,000,000
蘇州鳳凰新聯合科技有限公司 (Note a(ii))	The PRC, limited liability company	The PRC	Education	60%	RMB2,000,000
鳳凰置業投資控股有限公司 Phoenix Property Investment Holding Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	100%	US$1

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Name	Place of incorporation and kind of legal entity	Place of operation	Principal activities	Percentage of equity interest held by the Group	Issued and fully paid share capital/ registered capital
鳳凰置業發展有限公司 Phoenix Property Development Limited	Hong Kong, limited liability company	Hong Kong	Property development	100%	HK$1
鳳凰雲祥科技發展有限公司 Phoenix Cloud Technology Development Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰雲祥（北京）科技發展有限公司	The PRC, limited liability company	The PRC	Technical consulting	100%	RMB3,000,000
鳳凰娛樂遊戲有限公司 Phoenix Entertainment and Game Company Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰衛視投資有限公司 Phoenix Satellite Television Investment Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1
鳳凰新生活諮詢有限公司 Phoenix New Life Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	100%	HK$1

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(a) The following is a list of principal subsidiaries at 31 December 2015: (Continued)

Notes:

i. Phoenix Satellite Television (B.V.I.) Holding Limited is directly held by the Company, while all other subsidiaries are indirectly held by the Company through Phoenix Satellite Television (B.V.I.) Holding Limited.

ii. The Group does not have any equity interest in Beijing Tianying Jiuzhou Network Technology Co. Ltd., Yifeng Lianhe (Beijing) Technology Co. Ltd., Beijing Chenhuan Technology Co. Ltd., Beijing Youjiuzhou Technology Co. Ltd., Beijing Huanyou Tianxia Technology Co. Ltd. and 鳳凰新聯合（北京）教育科技有限公司 and their respective subsidiaries (collectively referred to as "VIE entities"). However, through entering various contractual arrangements with the registered equity holders of VIE entities, the Group has rights to variable returns from its involvement with these VIE entities and has the ability to affect those returns through its power over them and is considered to control them. Consequently, the Company regards VIE entities as indirect subsidiaries under HKFRS. The Group has included the financial position and results of these VIE entities in the consolidated financial statements from date of acquisition of control. The management of the Group is of the opinion that these contractual arrangements are in compliance with relevant PRC laws and regulations and are legally binding and enforceable.

(b) The Company has undertaken to provide the necessary financial resources to support the future operations of the subsidiaries within the Group. The Directors are of the opinion that the underlying value of the subsidiaries was not less than the carrying amount of the subsidiaries as at 31 December 2015.

(c) The Group has assessed the existence of control over these subsidiaries where it does not have more than 50% of the voting power but is able to govern the financial and operating policies of these subsidiaries by virtue of de-facto control.

(d) The Group has assessed the existence of control over this subsidiary as the Group is able to govern the financial and operation policies of this subsidiary through control of the board of directors of this subsidiary.

(e) Cash and short-term deposits of HK$1,863,416,000 (2014: HK$2,151,639,000) held in the PRC are subject to local exchange control regulations. These local exchange regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

19. SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests

The total non-controlling interests as at 31 December 2015 are HK$1,530,008,000 (2014: HK$1,723,634,000), of which HK$292,830,000 (2014: HK$326,798,000) is attributed to PMM Beijing and its subsidiaries (collectively referred to as "PMM Group"); HK$1,034,828,000 (2014: HK$1,025,617,000) is attributed to PNM and its subsidiaries (collectively referred to as "PNM Group"); and HK$202,230,000 (2014: HK$363,415,000) is attributed to Phoenix Oriental (Beijing) Properties Company Limited ("Phoenix Oriental"). The non-controlling interests in respect of other subsidiaries in which the Group holds less than 100% are not material.

Set out below are the summarised financial information for PMM Group, PNM Group and Phoenix Oriental that have non-controlling interests that are material to the Group. See Note 40 for transactions with non-controlling interests.

Summarised balance sheet

	PMM Group		PNM Group		Phoenix Oriental	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000 (Note 46)
Current assets	**395,761**	403,348	**2,278,848**	2,551,214	**38,532**	133,031
Current liabilities	**(190,835)**	(190,295)	**(907,293)**	(744,522)	**(199,010)**	(831,472)
Net current assets/(liabilities)	**204,926**	213,053	**1,371,555**	1,806,692	**(160,478)**	(698,441)
Non-current assets	**335,611**	389,860	**799,460**	356,292	**2,162,076**	2,177,077
Non-current liabilities	**–**	–	**(1,590)**	(1,699)	**(1,327,496)**	(737,925)
Net non-current assets	**335,611**	389,860	**797,870**	354,593	**834,580**	1,439,152
Net assets	**540,537**	602,913	**2,169,425**	2,161,285	**674,102**	740,711
Non-controlling interests within PMM Group/PNM Group/ Phoenix Oriental	**–**	–	**1,127**	–	**–**	–
Net assets attributable to owners of PMM Group/PNM Group/ Phoenix Oriental	**540,537**	602,913	**2,170,552**	2,161,285	**674,102**	740,711
Non-controlling interests	**292,830**	326,798	**1,034,828**	1,025,617	**202,230**	363,415

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

19. SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests (Continued)

Summarised income statement and statement of comprehensive income

	PMM Group		PNM Group		Phoenix Oriental	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**567,094**	553,604	**1,920,708**	1,989,680	**14,650**	2,431
Profit before income tax	**59,212**	42,050	**124,798**	429,801	**3,873**	163,819
Income tax expense	**(20,861)**	(17,635)	**(31,692)**	(60,915)	**(24,189)**	(43,350)
Profit/(loss) after income tax	**38,351**	24,415	**93,106**	368,886	**(20,316)**	120,469
Other comprehensive income	**–**	–	**–**	5,677	**–**	–
Profit/(loss) and total comprehensive income for the year	**38,351**	24,415	**93,106**	374,563	**(20,316)**	120,469
Total comprehensive income for the year attributable to non-controlling interests within PMM Group/PNM Group/Phoenix Oriental	**–**	–	**1,474**	(1,225)	**–**	–
Total comprehensive income for the year attributable to owners of PMM Group/PNM Group/Phoenix Oriental	**38,351**	24,415	**94,580**	373,338	**(20,316)**	120,469
Total comprehensive income allocated to non-controlling interests	**20,891**	13,115	**40,090**	172,481	**(10,158)**	60,234
Dividends paid to non-controlling interests	**41,552**	16,068	**–**	–	**–**	–

19. SUBSIDIARIES (CONTINUED)

(f) Material non-controlling interests (Continued)

Summarised cash flows

	PMM Group		PNM Group		Phoenix Oriental	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Cash flows from operating activities						
Cash generated from/(used in) operations	**59,765**	93,287	**330,496**	487,892	**(116,219)**	272,137
Income tax paid	**(10,518)**	(42,313)	**(47,610)**	(42,015)	**–**	–
Net cash generated from/(used in) operating activities	**49,247**	50,974	**282,886**	445,877	**(116,219)**	272,137
Net cash generated from/(used in) investing activities	**39,846**	(31,062)	**(905,658)**	(173,604)	**(24,275)**	(298,309)
Net cash (used in)/generated from financing activities	**(76,292)**	(29,501)	**92,400**	(293,390)	**49,051**	113,240
Net increase/(decrease) in cash and cash equivalents	**12,801**	(9,589)	**(530,372)**	(21,117)	**(91,443)**	87,068
Cash and cash equivalents at beginning of year	**164,645**	174,644	**1,640,025**	1,664,736	**122,021**	34,143
Net exchange (losses)/gains on cash and cash equivalents	**(7,495)**	(410)	**(57,806)**	(3,594)	**3,125**	810
Cash and cash equivalents at end of year	**169,951**	164,645	**1,051,847**	1,640,025	**33,703**	122,021

The information above is the amount before inter-company eliminations.

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

20. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Loans and receivables $'000	Financial assets at fair value through profit and loss $'000	Available-for-sale $'000	Total $'000
Assets as per consolidated balance sheet				
31 December 2015				
Available-for-sale financial assets (Note 27)	–	–	391,412	391,412
Derivative financial instruments (Note 38)	–	216,742	–	216,742
Financial assets at fair value through profit or loss (Note 26)	–	18,896	–	18,896
Bank deposits (Note 28)	462,147	–	–	462,147
Pledged bank deposits (Note 37)	655,192	–	–	655,192
Accounts receivable (Note 22)	843,680	–	–	843,680
Other receivables (Note 23)	841,470	–	–	841,470
Amounts due from related companies (Note 25)	135,394	–	–	135,394
Amounts due from joint ventures (Note 17)	1,500	–	–	1,500
Restricted cash (Note 29)	1,505	–	–	1,505
Cash and cash equivalents (Note 30)	2,542,692	–	–	2,542,692
Total	5,483,580	235,638	391,412	6,110,630

20. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables $'000	Financial assets at fair value through profit and loss $'000	Available-for-sale $'000	Total $'000
Assets as per consolidated balance sheet				
31 December 2014				
Available-for-sale financial assets (Note 27)	–	–	32,770	32,770
Derivative financial instrument (Note 38)	–	56,105	–	56,105
Financial assets at fair value through profit or loss (Note 26)	–	22,590	–	22,590
Bank deposits (Note 28)	294,081	–	–	294,081
Pledged bank deposit (Note 37)	283,006	–	–	283,006
Accounts receivable (Note 22)	815,571	–	–	815,571
Other receivables (Note 23)	773,345	–	–	773,345
Amounts due from related companies (Note 25)	148,509	–	–	148,509
Amounts due from joint ventures (Note 17)	9,976	–	–	9,976
Restricted cash (Note 29)	1,603	–	–	1,603
Cash and cash equivalents (Note 30)	3,407,711	–	–	3,407,711
Total	5,733,802	78,695	32,770	5,845,267

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

20. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Financial liability at fair value through profit or loss $'000	**Financial liabilities at amortised cost** $'000	**Total** $'000
Liabilities per consolidated balance sheet			
31 December 2015			
Derivative financial instruments (Note 38)	**3,228**	**–**	**3,228**
Accounts payable, other payables and accruals (Note 34)	**–**	**1,162,106**	**1,162,106**
Borrowings			
– Secured bank borrowings (Note 35(a))	**–**	**1,214,076**	**1,214,076**
– Loans from non-controlling shareholders of subsidiaries (Note 35(b))	**–**	**222,276**	**222,276**
Total	**3,228**	**2,598,458**	**2,601,686**
31 December 2014			
Derivative financial instrument (Note 38)	1,137	–	1,137
Accounts payable, other payables and accruals (Note 34)	–	1,105,722	1,105,722
Borrowings			
– Secured bank borrowings (Note 35(a))	–	855,345	855,345
– Loans from non-controlling shareholders of a subsidiary (Note 35(b))	–	276,021	276,021
Total	1,137	2,237,088	2,238,225

21. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets can be assessed by reference to external credit ratings or historical information about counterparty default rates.

Accounts receivable

	2015 $'000	2014 $'000
Counterparties without external credit rating		
Group 1	**46,660**	85,619
Group 2	**900,552**	783,285
	947,212	868,904

Other receivables

	2015 $'000	2014 $'000
Counterparties without external credit rating		
Group 1	**26,828**	49,164
Group 2	**814,642**	724,181
	841,470	773,345

Amounts due from related companies

	2015 $'000	2014 $'000
Counterparties without external credit rating		
Group 2	**135,394**	148,509

Group 1 – new customers/related parties (less than 6 months).

Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past.

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

21. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Cash and cash equivalents

Ratings by rating agencies of banks at which cash and deposits are held

	2015 $'000	2014 $'000
AA –	**460,953**	264,110
A+	**28**	720
A	**27,401**	44,994
A–	**1,477,570**	1,113,324
BBB+	**517,618**	1,804,961
BBB	**20,355**	78
Others (Note a)	**37,880**	178,539
	2,541,805	3,406,726

Note a: Others represented cash held at banks without credit rating. These banks are reputable banks with no defaults in the past.

Restricted cash

	2015 $'000	2014 $'000
AA–	**943**	979
A+	**–**	–
A	**562**	624
BBB+	**–**	–
	1,505	1,603

Available-for-sale financial assets

	2015 $'000	2014 $'000
Others (Note b)	**391,412**	32,770

Note b: Balance represents investments in debt and equity securities of private companies which credit ratings are not available.

21. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Bank deposits

	2015 $'000	2014 $'000
AA–	**37,535**	–
A–	**189,519**	–
BBB+	**193,193**	256,112
BBB	**16,569**	–
Others	**25,331**	37,969
	462,147	294,081

Pledged bank deposits

	2015 $'000	2014 $'000
AA–	**655,192**	283,006

Financial assets at fair value through profit or loss

	2015 $'000	2014 $'000
AA–	**18,896**	22,590

None of the financial assets that are fully performing has been renegotiated during the year (2014: Nil).

22. ACCOUNTS RECEIVABLE, NET

	2015 $'000	2014 $'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 (Note 23). 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.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

22. ACCOUNTS RECEIVABLE, NET (CONTINUED)

At 31 December 2015, the ageing analysis of the accounts receivable from customers was as follows:

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

Movements on the Group's provision for impairment of accounts receivable are as follows:

	2015 **$'000**	2014 $'000
At 1 January	**53,333**	51,417
Provision for impairment	**74,958**	18,549
Receivables written off during the year as uncollectible	**(21,996)**	(6,043)
Reversal of provision for impairment	**–**	(4,534)
Disposal of subsidiaries	**–**	(5,720)
Currency translation differences	**(2,763)**	(336)
At 31 December	**103,532**	53,333

22. ACCOUNTS RECEIVABLE, NET (CONTINUED)

The creation and release of provision for impaired accounts receivables have been included in "Selling, general and administrative expenses" in the consolidated income statement (Note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

There is no concentration of credit risk with respect to accounts receivable because the Group has a large number of customers.

The Group has recognised a loss of approximately HK$74,958,000 (2014: HK$18,549,000) for the impairment of its accounts receivable for the year ended 31 December 2015. The loss has been included in "Selling, general and administrative expenses" in the consolidated income statement. The Group has written off approximately HK$21,996,000 (2014: HK$6,043,000) of accounts receivable against the provision for impairment of accounts receivable made in prior years during the year.

As at 31 December 2015, accounts receivable of approximately HK$385,117,000 (2014: HK$279,847,000) were past due but not impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these accounts receivable is as follows:

	2015 $'000	2014 $'000
0-30 days	**80,165**	79,407
31-60 days	**43,729**	40,755
61-90 days	**48,597**	28,253
91-120 days	**43,649**	35,760
Over 120 days	**168,977**	95,672
	385,117	279,847

The maximum exposure to credit risk at the reporting date is the carrying value mentioned above. Refer to Note 3(d) for collaterals held by the Group.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 **$'000**	2014 $'000
Prepayment and deposits	**185,870**	176,904
Other receivables	**841,470**	773,345
	1,027,340	950,249
Less: Non-current portion	**(50,557)**	(56,942)
Current portion	**976,783**	893,307

Included in other receivables is an amount of approximately RMB568,728,000 (HK$689,159,000) (2014: RMB490,122,000 (HK$620,303,000)) owing from an advertising agent, Shenzhou, in the PRC. The amount represents advertising revenue collected, net of expenses incurred by Shenzhou on behalf of the Group. The balance is unsecured and bears interest at prevailing bank interest rates.

Pursuant to a service agreement signed between Shenzhou and the Group dated 12 March 2002, Shenzhou agreed to deposit the advertising revenue it had collected prior to the execution of that agreement and to be collected in the future in one or more than one specific trust bank accounts in the PRC, which together with any interest generated from such bank account(s) (based on prevailing commercial interest rates) would be held in trust on behalf of the Group and handled according to the Group's instructions. No additional interest will be charged by the Group on the balance.

The Trust Law in the PRC enacted in recent years has not laid out specific detailed implementation rules applicable to trust arrangements such as that of the Group with Shenzhou. Therefore the extent of the enforceability of the arrangement is still unclear. Although the management recognises that the present arrangement is the only legally viable arrangement, the management will continue to monitor and explore alternatives to improve the situation.

The management of the Group is of the opinion that the amount owing from Shenzhou of approximately RMB568,728,000 (HK$689,159,000) as at 31 December 2015 (2014: approximately RMB490,122,000 (HK$620,303,000)) is fully recoverable and no provision is required. The balance is repayable on demand and is not pledged.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2015, other receivables of HK$841,470,000 (2014: HK$773,345,000) were past due but not impaired. These relate to Shenzhou and a number of independent debtors for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	2015 **$'000**	2014 $'000
Up to 90 days	**383,923**	355,329
91 to 180 days	**329,029**	341,697
Over 180 days	**128,518**	76,319
	841,470	773,345

The carrying amounts of the Group's other receivables are denominated in the following currencies:

	2015 **$'000**	2014 $'000
RMB	**826,486**	714,619
US$	**726**	752
HK$	**10,679**	54,341
UK pound	**3,165**	3,616
Other currencies	**414**	17
	841,470	773,345

As at 31 December 2015, other receivables of HK$16,325,000 (2014: HK$30,904,000) were impaired. During the year ended 31 December 2015, the Group has written off approximately HK$13,798,000 (2014: Nil) of other receivables against the provision for impairment of other receivable made in prior years.

The maximum exposure to credit risk at the reporting date is the carrying value of the prepayment, deposits and other receivables mentioned above. The Group does not hold any collateral as security.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

24. INVENTORIES

	2015 $'000	2014 $'000
Decoder devices and satellite receivers	**3,009**	3,053
Merchandised goods	**5,570**	5,064
	8,579	8,117

The cost of inventories sold of approximately HK$695,000 (2014: HK$443,000) for the year ended 31 December 2015 is charged to the consolidated income statement.

25. AMOUNTS DUE FROM RELATED COMPANIES

	2015 $'000	2014 $'000
Amounts due from related companies		
– CMCC (Note a)	**78,594**	101,995
– Joint ventures (Note b)	**35,225**	44,339
– An associate (Note c)	**–**	2,137
– Other related companies	**21,575**	38
	135,394	148,509

At 31 December 2015, the ageing analysis of the amounts due from related companies, were as follows:

	2015 $'000	2014 $'000
Amounts due from related companies		
0 – 90 days	**64,435**	79,446
91 – 120 days	**7,275**	16,042
over 120 days	**63,684**	53,021
	135,394	148,509

25. AMOUNTS DUE FROM RELATED COMPANIES (CONTINUED)

As at 31 December 2015, amounts due from related companies of HK$62,315,000 (2014: HK$54,835,000) were past due but not impaired.

	2015 $'000	2014 $'000
Amounts due from related companies		
up to 90 days	**17,469**	28,926
91 to 180 days	**15,290**	7,216
over 180 days	**29,556**	18,693
	62,315	54,835

The carrying amounts of the Group's amounts due from related companies, are denominated in the following amounts

	2015 $'000	2014 $'000
Amounts due from related companies		
RMB	**135,394**	132,870
HK$	–	13,502
US$	–	2,137
	135,394	148,509

(a) As at 31 December 2015, amount due from China Mobile Communications Corporation ("CMCC") and its subsidiaries ("CMCC Group"), a substantial shareholder of the Company, is approximately HK$78,594,000 (2014: HK$101,995,000) (Note 42(i)(b)). Extra Step Investments Limited, a subsidiary of the CMCC Group, is a substantial shareholder of the Company.

(b) As at 31 December 2015, the gross amount due from joint ventures is HK$46,963,000 (2014: HK$53,853,000) and the provision for impairment is HK$11,738,000 (2014: HK$9,514,000). The Group recorded provision for impairment of HK$11,738,000 (2014: HK$2,067,000), included in "Other (losses)/gains, net" for the year, after taking into account the present value of the estimated cash flows from the joint ventures (see Note 17(b)(ii)).

(c) As at 31 December 2015, the gross amount due from an associate is Nil (2014: HK$11,888,000) and provision for impairment is Nil (2014: HK$9,751,000). The Group recorded a reversal of provision for impairment of HK$301,000 (2014: provision for impairment of HK$4,838,000), included in "Other (losses)/gains, net" for the year, after taking into account the present value of the estimated cash flows from the associate.

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

25. AMOUNTS DUE FROM RELATED COMPANIES (CONTINUED)

(d) The outstanding balances with related parties are unsecured, non-interest bearing and repayable on demand, except for trade receivables from related parties which are repayable in accordance with credit terms.

The carrying amounts of amounts due from related companies approximate their fair values as the impact of discounting is not significant.

The maximum exposure of amounts due from related companies to credit risk at the reporting date is the carrying value mentioned above.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 **$'000**	2014 $'000
Trading equity securities	**18,896**	22,590

As at 31 December 2015, the financial assets at fair value through profit and loss represent the shares of HSBC of HK$18,896,000 (2014: HK$22,590,000).

Fair value loss on financial assets at fair value through profit or loss of HK$3,694,000 (2014: fair value loss of HK$3,099,000) are recognised in "Other (losses)/gains, net" in the consolidated income statement (Note 6) and are presented within "operating activities" as part of changes in working capital in the consolidated statement of cash flows (Note 39).

These shares are held for trading. The fair value of these shares is based on the current bid prices in an active market. As at 31 December 2015, the closing price of the shares of HSBC listed in Hong Kong was HK$61.9 (2014: HK$74). If the price of the shares of HSBC increased/decreased by 20% with all other variables held constant, post-tax profit for the year would have been HK$3,779,000 (2014: HK$4,518,000) higher/lower.

27. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Balance, beginning of year	**32,770**	962
Additions (Note 43(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

Available-for-sale financial assets include the following:

	2015 HK$'000	2014 HK$'000
Unlisted securities:		
– Preferred Shares – debt component	**390,200**	32,770
– Equity securities	**1,212**	–
	391,412	32,770

(a) The carrying amounts of the Group's available-for-sale financial assets are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
RMB	**1,212**	–
US$	**390,200**	32,770
	391,412	32,770

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

28. BANK DEPOSITS

	2015 **$'000**	2014 $'000
Short-term deposits (Note a)	**462,147**	218,700
Structured deposits (Note b)	**–**	75,381
	462,147	294,081

(a) Short-term bank deposits represents bank deposits with a maturity date exceeding 90 days but not exceeding 1 year from the date of making the deposits. The carrying amounts of bank deposits are denominated in the following currencies:

	2015 **$'000**	2014 $'000
RMB	**308,400**	88,593
US$	**153,747**	205,488
	462,147	294,081

(b) As at 31 December 2014, structured deposits are currency linked deposits with maturity periods of 3 months from the date of making the deposits. On the maturity dates, the interest rates on the structured deposits are fixed at 1.2% per annum and the deposits are settled in RMB. The carrying amounts of structured deposits are denominated in US$.

29. RESTRICTED CASH

Restricted cash represents funds pledged to banks to secure banking guarantee and advance payment.

	2015 **$'000**	2014 $'000
RMB	**242**	253
UK pound	**943**	979
EURO	**320**	371
	1,505	1,603

30. CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash at bank and on hand	**1,294,537**	2,419,289
Short-term bank deposits	**1,248,155**	988,422
	2,542,692	3,407,711
Maximum exposure to credit risk	**2,541,805**	3,406,724
Denominated in:		
– HK$	**81,992**	102,584
– RMB	**1,711,931**	2,944,958
– US$	**737,029**	343,698
– Other currencies	**11,740**	16,471
	2,542,692	3,407,711

Cash and cash equivalents include cash at bank and on hand and short-term bank deposits with an original maturity of three months or less for the purpose of the consolidated statement of cash flows.

31. BANKING FACILITIES

As at 31 December 2015, the Group has undrawn banking facilities of HK$100,354,000 (2014: HK$224,688,000).

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

32. SHARE CAPITAL

	2015		2014	
	Number of shares	**Amount $'000**	Number of shares	Amount $'000
Authorised:				
Ordinary share of $0.1 each	**10,000,000,000**	**1,000,000**	10,000,000,000	1,000,000
Issued and fully paid:				
At 1 January	**4,997,695,500**	**499,769**	4,997,187,500	499,718
Exercise of share options	**3,298,000**	**330**	508,000	51
At 31 December	**5,000,993,500**	**500,099**	4,997,695,500	499,769

33. SHARE-BASED COMPENSATION

(a) Share options of the Company

The Company has several share option schemes under which it may grant options to employees of the Group (including executive Directors of the Company) to subscribe for shares of the Company. Options are granted and exercisable in accordance with the terms set out in the relevant schemes. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015		2014	
	Average exercise price in HK$ per share	**Options '000**	Average exercise price in HK$ per share	Options '000
At 1 January	**2.83**	**107,378**	2.82	109,896
Exercised	**1.98**	**(3,298)**	1.40	(508)
Lapsed	**2.92**	**(2,046)**	2.92	(2,010)
At 31 December	**2.86**	**102,034**	2.83	107,378

As at 31 December 2015, out of the 102,034,000 (2014: 107,378,000) outstanding options, 102,034,000 (2014: 82,165,500) were exercisable. Options exercised in 2015 resulted in 3,298,000 (2014: 508,000) shares being issued at an average exercise price HK$1.98 each (2014: HK$1.40). The related weighted average share price at the time of exercise was HK$3.02 (2014: HK$2.70) per share.

33. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share options of the Company (Continued)

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK$ per share	Share options 2015 '000	2014 '000
25 March 2017	1.45	**4,450**	4,756
21 July 2019	1.17	**250**	1,772
8 March 2021	2.92	**94,544**	98,060
27 June 2021	3.06	**2,790**	2,790
		102,034	107,378

(b) Share options of PNM

PNM has a share option scheme under which it may grant options to the executives, employees, directors, consultants, advisers, agents, business partners, joint venture partners, service providers and contractors of PNM and/or its affiliates ("PNM Share Option Scheme"). Options are granted and exercisable in accordance with terms set out in the PNM Share Option Scheme. PNM has no legal or constructive obligation to repurchase or settle the options in cash.

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2015 Average exercise price in US$ per share	**2015** Options '000	2014 Average exercise price in US$ per share	2014 Options '000
At 1 January	**0.79232**	**50,267**	0.44385	39,770
Granted	**0.91550**	**8,020**	1.29777	21,053
Lapsed	**1.02549**	**(8,379)**	0.90818	(4,014)
Exercised	**0.36462**	**(3,790)**	0.22940	(6,542)
At 31 December	**0.80647**	**46,118**	0.79232	50,267

As at 31 December 2015, out of the 46,118,000 (2014: 50,267,000) outstanding options, 19,685,000 (2014: 13,382,000) were exercisable. Options exercised in 2015 resulted in 3,790,000 (2014: 6,542,000) shares being issued at an average exercise price of US$0.36462 each (2014: US$0.22940). The related weighted average share price at the time of exercise was US$0.77 (2014: US$1.31) per share.

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(Unless otherwise specified, amounts expressed in Hong Kong dollars)

33. SHARE-BASED COMPENSATION (CONTINUED)

(b) Share options of PNM (Continued)

Management estimates the fair values of options at the grant dates. The fair values of the options were determined using the Black-Scholes model. The key assumptions used in the valuation of the fair value of the options granted on respective dates are set out in the below table.

Date of grant	Fair value of share options (US$)	Closing share price at grant date (US$)	Exercise price per share (US$)	Annual risk-free interest rate (%)	Expected life of options (years)	Expected volatility (%)
15 March 2013	0.29895	0.5125	0.44593	1.54%	6.16	58.10%
23 May 2013	0.37349	0.61125	0.46565	1.60%	6.16	57.60%
01 October 2013	0.9615	1.40625	0.7867	1.87%	6.16	58.20%
08 October 2013	1.0998	1.5775	0.8249	1.88%	6.16	58.20%
10 December 2013	0.6609	1.1575	1.08443	1.71%	6.16	58.40%
14 March 2014	0.8336	1.405	1.3100	1.88%	6.16	62.20%
4 June 2014	0.6626	1.230	1.2749	1.61%	6.16	56.98%
11 July 2014	0.6608	1.236	1.3035	1.60%	6.16	56.38%
11 October 2014	0.6608	1.093	0.8249	1.60%	5.81	56.13%
16 July 2015	0.4658	0.8825	0.9155	1.98%	6.16	54.32%

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in US$ per share	Share options 2015 '000	Share options 2014 '000
25 May 2018	0.03215	**5,956**	7,013
14 March 2023	0.44593	**8,244**	12,796
22 May 2023	0.46565	**2,900**	2,900
30 September 2023	0.78670	**56**	150
7 October 2023	0.82490	**4,832**	5,770
9 December 2023	1.08443	**1,900**	1,900
13 March 2024	1.31000	**–**	980
3 June 2024	1.27490	**940**	1,015
4 June 2024	1.27490	**550**	800
10 July 2024	1.30350	**12,918**	16,781
10 October 2024	0.82490	**162**	162
15 July 2025	0.91550	**7,660**	–
		46,118	50,267

33. SHARE-BASED COMPENSATION (CONTINUED)

(c) Restricted share units and restricted shares of PNM

On 15 March 2011, PNM adopted the restricted share unit ("RSU") and restricted share ("RS") scheme.

Movement in RSU during the year is as follows:

	2015 RSU '000	2014 RSU '000
At 1 January	**33**	426
Vested	**(33)**	(387)
Lapsed	**–**	(6)
At 31 December	**–**	33

Movement in RS during the year is as follows:

	2015 RS '000	2014 RS '000
At 1 January	**–**	845
Vested	**–**	(676)
Lapsed	**–**	(169)
At 31 December	**–**	–

34. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2015 $'000	2014 $'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 $'000	2014 $'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 $'000	2014 $'000
HK$	**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

35. BORROWINGS

	2015 $'000	2014 $'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 $'000	2014 $'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 $'000	2014 $'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

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

35. BORROWINGS (CONTINUED)

(a) Secured bank borrowings (Continued)

As at 31 December 2015, bank borrowings of HK$599,791,000 (2014: HK$598,629,000) are secured by the land in Chaoyang Park with carrying values of approximately HK$112,000,000 (2014: HK$121,000,000), HK$487,000,000 (2014: HK$547,000,000) and HK$1,534,000,000 (2014: HK$1,504,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively. These bank borrowings under current liabilities with original maturities in July 2015 have been refinanced during the year. HK$18,176,000 is repayable within one year and is classified under current liabilities and HK$581,615,000 is repayable more than 1 year and is classified under non-current liabilities as at 31 December 2015. These bank borrowings are denominated in RMB and bear interest at an average interest rate of 6.73% (2014: 7.44%) annually.

A bank borrowing of HK$2,027,000 (as at 31 December 2014: HK$2,073,000) is secured by a property in the United States with carrying value of approximately HK$2,810,000 (as at 31 December 2014: HK$2,851,000) recorded in property, plant and equipment as at 31 December 2015. The bank borrowing is denominated in US dollar ("US$") and bears interest at an average interest rate of 3.59% annually (as at 31 December 2014: 3.59%) annually.

Bank borrowings of HK$612,258,000 (as at 31 December 2014: HK$254,643,000) are secured by bank deposits of HK$655,192,000 (as at 31 December 2014: HK$283,006,000) as at 31 December 2015 (Note 37).

(b) Loans from non-controlling shareholders of subsidiaries

	2015 $'000	2014 $'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

35. BORROWINGS (CONTINUED)

(b) Loans from non-controlling shareholders of subsidiaries (Continued)

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" as at 31 December 2015. For details, please refer to Note 40(b).

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

	2015 **$'000**	2014 $'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).

(c) The carrying amounts and fair values of the borrowings are as follows:

	Group			
	Carrying amount		**Fair value**	
	2015 **$'000**	2014 $'000	**2015** **$'000**	2014 $'000
Secured bank borrowings	**1,214,076**	855,345	**1,214,076**	855,345
Loans from non-controlling shareholders of subsidiaries	**222,276**	276,021	**208,396**	214,015
	1,436,352	1,131,366	**1,422,472**	1,069,360

The fair values of floating rate borrowings approximate their carrying amounts. The fair values of fixed rate borrowings are based on cash flows discounted using a rate based on the borrowing rate of 6.48% (2014: 8.00%) and are within level 2 of the fair value hierarchy.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

36. DEFERRED INCOME TAX

Deferred income tax assets and deferred income tax liabilities on the consolidated balance sheet are analysed as follows:

	2015 **$'000**	2014 $'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**(6,058)**	(4,778)
– Deferred income tax assets to be recovered within 12 months	**(44,576)**	(30,883)
	(50,634)	(35,661)
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	**163,598**	148,124
Deferred income tax liabilities, net	**112,964**	112,463

The gross movements in the deferred income tax liabilities, net are as follows:

	2015 **$'000**	2014 $'000
At 1 January	**112,463**	73,698
Charged to the consolidated income statement (Note 9)	**5,486**	40,220
Currency translation differences	**(4,985)**	(1,455)
At 31 December	**112,964**	112,463

Deferred taxation for the year ended 31 December 2015 is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2014: 16.5%).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$166,113,000 (2014: HK$144,172,000) in respect of unrecognised tax losses of HK$1,006,744,000 as at 31 December 2015 (2014: HK$873,768,000) that can be carried forward against future taxable income. Approximately HK$985,610,000 (2014: HK$866,863,000) of the unrecognised tax losses have no expiry date and the remaining balance will expire at various dates up to and including 2028.

36. DEFERRED INCOME TAX (CONTINUED)

As at 31 December 2015, deferred income tax liabilities of HK$20,394,000 (2014: HK$14,993,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of HK$259,940,000 (2014: HK$232,962,000) of certain PRC subsidiaries. Since the Directors consider the timing for the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future, no withholding tax has been provided.

The movement in deferred tax income assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of assets		Total	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
At 1 January	**9,965**	15,084	**142,911**	98,746	**152,876**	113,830
(Credited)/charged to the consolidated income statement	**(5,637)**	(5,119)	**24,189**	45,764	**18,552**	40,645
Currency translation differences	**(71)**	–	**(6,577)**	(1,599)	**(6,648)**	(1,599)
At 31 December	**4,257**	9,965	**160,523**	142,911	**164,780**	152,876

Deferred income tax assets

	Tax losses		Provisions		Total	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
At 1 January	**(8,107)**	(9,934)	**(32,306)**	(30,198)	**(40,413)**	(40,132)
(Credited)/charged to the consolidated income statement	**(1,000)**	1,827	**(12,066)**	(2,252)	**(13,066)**	(425)
Currency translation differences	**–**	–	**1,663**	144	**1,663**	144
At 31 December	**(9,107)**	(8,107)	**(42,709)**	(32,306)	**(51,816)**	(40,413)

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

37. PLEDGED BANK DEPOSITS

As at 31 December 2015, US$ denominated bank deposits of approximately HK$503,730,000 (as at 31 December 2014: HK$283,006,000) bearing fixed interest rates ranging from 1.45% to 2.00% per annum, are pledged to a bank to secure US$ denominated bank borrowings of approximately HK$453,470,000 (as at 31 December 2014: HK$254,643,000) (Note 35(a)). The bank borrowings bear interests ranging from LIBOR plus 0.4% to 0.7% per annum. The Group has entered into two interest rate swap contracts with the same bank, with notional principals of the same amount of the borrowings, to swap its floating rate obligations under the borrowings for fixed rates obligation ranging from 1.39% to 1.55% per annum. The maturity dates of the borrowings are the same as the interest rate swap contracts. The Group did not elect to apply hedge accounting for the interest rate swap contracts. As at 31 December 2015, the fair values of the outstanding interest rate swap contracts of HK$1,793,000 and HK$401,000 (as at 31 December 2014: HK$1,137,000) have been recorded as derivative financial instruments under non-current liabilities and current liabilities respectively in the consolidated balance sheet (Note 38).

As at 31 December 2015, a RMB denominated short-term bank deposit of approximately HK$151,462,000 (as at 31 December 2014: Nil) bearing fixed interest rate of 3% per annum, is pledged to a bank to secure a RMB denominated short-term bank borrowing of approximately HK$158,788,000 (as at 31 December 2014: Nil) (Note 35(a)). The bank borrowing bears interest at LIBOR plus 1%.

The fair values of pledged bank deposits approximate their carrying amounts.

38. DERIVATIVE FINANCIAL INSTRUMENTS

	Asset		**Liability**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Convertible redeemable preferred shares ("Preferred Shares") – derivative component (Note 43)	**216,742**	56,105	**–**	–
Interest rate swap contracts (Note 37)	**–**	–	**(2,194)**	(1,137)
Currency swap contract	**–**	–	**(1,034)**	–
Total	**216,742**	56,105	**(3,228)**	(1,137)
Less: non-current portion				
– Preferred shares – derivative component	**(216,742)**	(56,105)	**–**	–
– Interest rate swap contracts	**–**	–	**1,793**	1,137
Current portion				
– Interest rate swap contract	**–**	–	**(401)**	–
– Currency swap contract	**–**	–	**(1,034)**	–
	–	–	**(1,435)**	–
Balance, beginning of year	**56,105**	–	**(1,137)**	–
Addition	**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)

39. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations

	2015 $'000	2014 $'000
Profit before income tax	**291,707**	1,161,782
Amortisation of lease premium for land	**5,949**	6,015
Depreciation of property, plant and equipment	**251,543**	205,716
Amortisation of purchased programme and film rights	**19,025**	20,920
Amortisation of intangible assets	**1,564**	1,479
Share-based compensation expense	**44,182**	75,371
Provision for impairment of accounts receivable	**74,958**	18,549
Reversal of provision for impairment of accounts receivable	**–**	(4,534)
Provision for impairment of available-for-sale asset	**7,805**	962
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
Loss on disposal of property, plant and equipment	**952**	768
Gain on disposal of property, plant and equipment	**(39)**	(71)
Gain on disposal of subsidiaries and associates	**(5,214)**	(35,850)
Share of profits less losses of joint ventures	**18,624**	22,439
Share of profits less losses of associates	**18,919**	(1,213)
Fair value gain on investment properties	**(98,939)**	(175,777)
Interest income	**(117,684)**	(84,275)
Interest expense	**49,625**	20,976
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)
Decrease in other long-term assets	**6,385**	5,014
Increase/(decrease) in other long-term liabilities	**77,474**	(15,566)
Impairment of property, plant and equipment	**10,372**	145
Increase in accounts receivable	**(103,067)**	(149,992)
(Increase)/decrease in prepayments, deposits and other receivables	**(92,616)**	3,373
(Increase)/decrease in inventories	**(462)**	274
Increase in amounts due from related companies	**(3,990)**	(50,064)
Decrease in self-produced programmes	**3,236**	2,746
(Decrease)/increase in accounts payable, other payables and accruals	**(10,664)**	306,149
Decrease in deferred income	**(17,560)**	(16,080)
Cash generated from operations	**515,472**	1,314,194

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

39. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries

During the year ended 31 December 2015, the Group disposed a subsidiary (the "Disposal").

Summary regarding the Disposal completed during the year ended 31 December 2015 is as follows:

	2015 $'000
Total consideration satisfied by: Cash received	5,470
Net assets disposed of	(10,864)
Release of exchange reserve upon disposal	5,813
Gain on disposal of a subsidiary recognised in profit and loss (Note 6)	419

Aggregate net cash outflows arising from the Disposals during the year ended 31 December 2015:

	2015 $'000
Cash consideration received	5,470
Bank balances and cash disposed of	(10,486)
	(5,016)

39. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

During the year ended 31 December 2014, the Group disposed three subsidiaries (the "Disposals"). Details of each disposal are as follows:

(i) IDG-Accel China Growth Fund III L.P. and IDG-Accel China III Investors L.P. (collectively referred to as "IDG-Accel Funds") acquired US$3,000,000 convertible preferred shares of Phoenix FM Limited ("Phoenix FM"), a former wholly owned subsidiary of PNM Group. Since the acquisition of Phoenix FM by IDG-Accel Funds, the unilateral control of Phoenix FM by PNM Group was lost and only joint control over Phoenix FM was retained despite the holding of 100% of Phoenix FM's ordinary shares by PNM Group.

(ii) In June 2014, Shikong Chuangyi (Beijing) Technology Culture Development Co. Ltd and an individual investor were introduced by issuing additional ordinary shares of Shenzhenshi Fenghuang Jingcai Network Technology Co. Ltd ("Fenghuang Jingcai"), a former wholly owned subsidiary of PNM Group (the "New Share Issuance). PNM Group's equity interest in Fenghuang Jingcai decreased from 100% to 45.06% as a result of the New Share Issuance.

(iii) In December 2014, PNM Group sold 1% of its equity interest in Beijing Fenghuang Tianbo Network Technology Co. Ltd. ("Fenghuang Tianbo") to the other shareholders for a consideration of RMB0.2 million ("Share Transfer"). PNM Group's interest in Fenghuang Tianbo decreased from 51% to 50% as a result of the Share Transfer. Since the Share Transfer, the unilateral control of Fenghuang Tianbo by PNM Group was lost and only joint control over Fenghuang Tianbo was retained.

Summary regarding the Disposals completed during the year ended 31 December 2014 is as follows:

	2014 $'000
Total consideration satisfied by:	
Cash received	258
Fair value of non-controlling interests retained (Note 17)	45,852
	46,110
Net assets disposed of	(10,260)
Gain on disposal of subsidiaries recognised in profit and loss (Note 6)	35,850

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

39. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Disposal of subsidiaries (Continued)

Aggregate net cash outflows arising from the Disposals during the year ended 31 December 2014:

	2014 $'000
Cash consideration received	258
Bank balances and cash disposed of	(18,145)
	(17,887)

40. 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 (HK$81,629,000) (2014: US$39,247,000 (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.

During the year ended 31 December 2015, as a result of the vesting of restricted shares 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.

40. TRANSACTIONS WITH NON-CONTROLLING INTERESTS (CONTINUED)

(b) Acquisition of additional equity interests 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 additional 20% equity interests in Phoenix Oriental for a cash consideration of RMB145,735,000 (equivalent to 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.

The Group recognised a decrease in non-controlling interests of HK$127,879,000 and a decrease in equity attributable to owners of the Company of HK$47,192,000. The effect of changes in the ownership interest of Phoenix Oriental on the equity attributable to owners of the Company during the year is summarised as follows:

	2015 **$'000**
Carrying amount of non-controlling interests acquired	**127,879**
Consideration paid to non-controlling interests	**(175,071)**
Excess of consideration paid recognised within equity	**(47,192)**

41. COMMITMENTS

(a) Service charges

As at 31 December 2015, the Group had committed service charges payable under various agreements as follows:

	2015 **$'000**	2014 $'000
Not later than one year	**19,568**	23,610
Later than one year and not later than five years	**71,646**	87,254
Later than five years	**–**	4,006
	91,214	114,870

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

41. COMMITMENTS (CONTINUED)

(b) Operating leases

As at 31 December 2015, the Group had rental commitments under various operating leases. Total future minimum lease payments payable under non-cancellable operating leases are as follows:

	2015 **$'000**	2014 $'000
Not later than one year	**174,566**	269,279
Later than one year and not later than five years	**360,649**	590,312
Later than five years	**95,758**	132,403
	630,973	991,994

(c) Capital commitments

As at 31 December 2015, the Group had capital commitments as follows:

	2015 **$'000**	2014 $'000
Contracted but not provided for	**16,386**	34,339

(d) Other commitments

As at 31 December 2015, the Group had other operating commitments under various agreements as follows:

	2015 **$'000**	2014 $'000
Not later than one year	**80,790**	186,150
Later than one year and not later than five years	**39,950**	52,585
	120,740	238,735

42. RELATED PARTY TRANSACTIONS

(i) In addition to those disclosed elsewhere in the financial statements, the Group had the following significant transactions with the related parties as defined in HKAS 24 – Related Party Disclosures:

	Note(s)	**2015 $'000**	2014 $'000
Service charges received/receivable from the "CMCC Group"	a, b	**199,842**	218,250
Service charges paid/payable to the CMCC Group	a, c	**57,521**	52,233
Advertising sales to the CMCC Group	a, d	**42,845**	56,731
License fee received/receivable from 北京鳳凰理理它信息技術有限公司 (Beijing Phoenix Li Li Ta Information Technology Co. Ltd.) ("LLT")	e, f	**3,822**	–
Advertising sales to LLT	e, g	**29,858**	–
Rental charge received from LLT	e, h	**121**	–
Key management compensation	iii	**45,116**	42,313

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) In addition to those disclosed elsewhere in the financial statements, the Group had the following significant transactions with the related parties as defined in HKAS 24 – Related Party Disclosures: (Continued)

Notes:

(a) The CMCC Group, through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.66% of the issued share capital of the Company.

(b) Service charges received/receivable from CMCC Group related to wireless income which are charged based on terms specified in the agreements.

(c) Service charges paid/payable to CMCC Group related to video cost which are charged based on terms specified in the agreements.

(d) Advertising sales to the CMCC Group are related to airtime advertising and programme sponsoring on channels and airtime advertising on giant sized light-emitting diode panels operated by the Group.

(e) The controlling shareholder of LLT is a close family member of the Chairman of the Board and the Chief Executive Officer of the Company.

(f) The license fee received/receivable from LLT related to grant of license of domain name to LLT is charged based on terms specified in the agreement.

(g) Advertising sales to LLT are related to airtime advertising and programme sponsoring on channels and internet advertising sales based on terms specified in the agreements.

(h) The rental charge received from LLT related to rental on part of the exhibition area used by PNM.

(ii) Year end balances arising from related party transactions as disclosed in Note 42(i) above were also disclosed in Note 25.

(iii) Key management compensation

	2015 $'000	2014 $'000
Salaries	**22,882**	21,081
Discretionary bonuses	**1,142**	9,141
Housing allowance	**7,500**	6,973
Pension costs	**1,745**	1,631
Share-based compensation expense	**11,847**	3,487
	45,116	42,313

43. 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 27)
- derivative component (recognised as derivative financial instrument) (Note 38)

(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 in 2014.

(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 (Note 6). 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.

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

44. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	2015 **$'000**	2014 $'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**117,072**	115,734
Current assets		
Cash and cash equivalents	**271**	2,442
Amounts due from subsidiaries, net	**1,923,769**	923,769
	1,924,040	926,211
Total assets	**2,041,112**	1,041,945
EQUITY		
Equity attributable to owner of the Company		
Share capital	**500,099**	499,769
Reserves (Note (a))	**1,165,925**	361,861
Total equity	**1,666,024**	861,630
LIABILITIES		
Current liabilities		
Other payables and accruals	**588**	585
Amounts due to subsidiary	**374,500**	179,730
Total liabilities	**375,088**	180,315
Total equity and liabilities	**2,041,112**	1,041,945

LIU Changle
Director

CHUI Keung
Director

44. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a)

Movement in the reserves of the Company during the year was as follows:

	Share premium $'000	Employee share-based payment reserve $'000	Retained earnings $'000	Total $'000
At 31 December 2013	36,829	102,628	471,974	611,431
Exercise of share options	858	(195)	–	663
Lapse of share options	1,286	(1,286)	–	–
Loss for the year	–	–	(3,841)	(3,841)
Dividends related to 2013	–	–	(254,867)	(254,867)
Share-based compensation expenses	–	8,475	–	8,475
At 31 December 2014	**38,973**	**109,622**	**213,266**	**361,861**
Exercise of share options	**8,454**	**(2,213)**	**–**	**6,241**
Lapse of share options	**2,192**	**(2,192)**	**–**	**–**
Profit for the year	**–**	**–**	**996,524**	**996,524**
Dividends related to 2014	**–**	**–**	**(200,040)**	**(200,040)**
Share-based compensation expenses	**–**	**1,339**	**–**	**1,339**
At 31 December 2015	**49,619**	**106,556**	**1,009,750**	**1,165,925**

45. BENEFITS AND INTEREST OF DIRECTORS

Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2015 is set out below:

		As director (note (i))							
	Name of Director	Fees $'000	Salaries $'000	Discretionary bonus $'000	Estimated money value of other benefits $'000	Housing allowance $'000	Employer contribution to a retirement benefit scheme $'000	As management (note (ii)) $'000	Total $'000
1.	LIU Changle (Chief Executive Officer)	–	–	–	–	–	–	9,645	9,645
2.	CHUI Keung	–	–	–	–	–	–	4,634	4,634
3.	WANG Ji Yan	–	–	–	–	–	–	3,971	3,971
4.	SHA Yuejia	–	–	–	–	–	–	–	–
5.	LO Ka Shui	250	–	–	–	–	–	–	250
6.	GAO Nianshu	–	–	–	–	–	–	–	–
7.	GONG Jianzhong	–	–	–	–	–	–	–	–
8.	LEUNG Hok Lim	250	–	–	–	–	–	–	250
9.	Thaddeus Thomas BECZAK	250	–	–	–	–	–	–	250
10.	FANG Fenglei	250	–	–	–	–	–	–	250
11.	SUN Yanjun	–	–	–	–	–	–	–	–
12.	LAU Wai Kei, Ricky	–	–	–	–	–	–	–	–

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

Notes to the Consolidated Financial Statements

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

45. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

The remuneration of every Director for the year ended 31 December 2014 is set out below (restated):

	Name of Director	As director (note (i)) Fees $'000	Salaries $'000	Discretionary bonus $'000	Estimated money value of other benefits $'000	Housing allowance $'000	Employer contribution to a retirement benefit scheme $'000	As management (note (ii)) $'000	Total $'000
1.	LIU Changle (Chief Executive Officer)	–	–	–	–	–	–	11,961	11,961
2.	CHUI Keung	–	–	–	–	–	–	6,107	6,107
3.	WANG Ji Yan	–	–	–	–	–	–	4,346	4,346
4.	SHA Yuejia	–	–	–	–	–	–	–	–
5.	LO Ka Shui	250	–	–	–	–	–	–	250
6.	GAO Nianshu	–	–	–	–	–	–	–	–
7.	GONG Jianzhong	–	–	–	–	–	–	–	–
8.	LEUNG Hok Lim	250	–	–	–	–	–	–	250
9.	Thaddeus Thomas BECZAK	250	–	–	–	–	–	–	250
10.	FANG Fenglei	250	–	–	–	–	–	–	250
11.	SUN Yanjun	–	–	–	–	–	–	–	–
12.	LAU Wai Kei, Ricky	–	–	–	–	–	–	–	–

As of 31 December 2015, Mr. LIU Changle had outstanding share options of the Company to purchase 4,900,000 (2014: 4,900,000) shares at HK$2.92 per share, Mr. CHUI Keung had outstanding share options of the Company to purchase 3,900,000 (2014: 3,900,000) shares at HK$2.92 per share and Mr. Wang Ji Yan had outstanding share options of the Company to purchase 3,900,000 (2014: 3,900,000) shares at HK$2.92 per share. No options were exercised during 2015.

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings.

(ii) The amounts represented emoluments paid or receivable in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included salaries, discretionary bonuses, employer's contributions to retirement benefit schemes, housing allowance and value of the share option. The value of the share options granted to the directors of the Company under the share option schemes of the Company represents the fair value of these options charged to the consolidated income statement for the year in accordance with HKFRS 2.

45. BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(iii) No director waived or agreed to waive any emoluments during the year.

During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2014: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2014: Nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2014: None).

46. COMPARATIVE FIGURES

Certain of the 2014 comparative figures of material non-controlling interests have been reclassified to conform to the current year's presentation.

47. 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. PNM has granted all of US$20 million to Particle Inc. subsequent to year end. Particle Inc. is required to use the proceeds of the loans for its ordinary course working capital requirements.

Financial Summary

(Unless otherwise specified, amounts expressed in Hong Kong dollars)

CONSOLIDATED RESULTS

	Year ended 31 December 2015 $'000	Year ended 31 December 2014 $'000	Year ended 31 December 2013 $'000	Year ended 31 December 2012 $'000	Year ended 31 December 2011 $'000
Revenue	**4,200,895**	4,618,365	4,806,458	4,336,360	3,639,445
Operating expenses	**(2,973,897)**	(2,918,222)	(2,849,913)	(2,589,236)	(2,273,489)
Selling, general and administrative expenses	**(912,528)**	(798,362)	(695,029)	(649,063)	(453,607)
Other gains/(losses) and share of results of joint ventures and associates	**(22,763)**	260,001	194,903	97,280	(756,352)
Profit before income tax and non-controlling interests	**291,707**	1,161,782	1,456,419	1,195,341	155,997
Income tax expense	**(139,876)**	(251,322)	(293,391)	(248,056)	(229,460)
Profit/(loss) before non-controlling interests	**151,831**	910,460	1,163,028	947,285	(73,463)
Non-controlling interests	**(41,482)**	(246,750)	(230,634)	(113,918)	6,578
Profit/(loss) attributable to owners of the Company	**110,349**	663,710	932,394	833,367	(66,885)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Total assets	**9,561,818**	9,540,824	8,408,098	7,201,688	6,188,929
Total liabilities	**(3,017,450)**	(2,570,074)	(1,869,557)	(1,576,472)	(1,305,946)
Non-controlling interests	**(1,530,008)**	(1,723,634)	(1,591,384)	(1,390,074)	(1,317,514)
Equity attributable to owners of the Company	**5,014,360**	5,247,116	4,947,157	4,235,142	3,565,469