

Report of Directors

The Directors submit their report together with the audited consolidated financial statements of Phoenix Satellite Television Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2012.

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 20 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 79.

The Directors recommend the payment of a final dividend of 5.1 Hong Kong cents per ordinary share, totaling approximately HK\$254,698,000 to be payable to Shareholders whose names appear on the register of members of the Company on 14 June 2013. Subject to the passing of the relevant resolution at the AGM, the final dividend will be payable on or around 28 June 2013.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 3 June 2013 to Thursday, 6 June 2013 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all share transfers must be lodged with the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 31 May 2013.

The register of members of the Company will be also closed from Thursday, 13 June 2013 to Friday, 14 June 2013 (both dates inclusive), during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to Shareholders’ approval at the AGM), all share transfers must be lodged with the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30p.m. on Tuesday, 11 June 2013.

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 34 to the consolidated financial statements.

Donations

Charitable donations made by the Group during the year amounted to HK\$6,009,000 (2011: HK\$38,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 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 16 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 2012, calculated under the Companies Law (Revised) of the Cayman Islands, amounted to approximately HK\$760,745,000 (2011: HK\$974,234,000).

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 166.

Purchase, Sale or Redemption of Securities

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

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 Company, 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 9.87% 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 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 a committee and will be no less than the highest of (a) the closing price of the Shares as stated in the daily quotations sheet from 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 sheet 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:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options			Balance as at 31 December 2012
					Balance as at 1 January 2012	Lapsed during the year	Exercised during the year	
1 employee	2002.12.20	2002.12.20 to 2006.12.19	2003.12.20 to 2012.12.19	0.79	600,000	–	(600,000)	–
20 employees	2007.03.26	2007.03.26 to 2011.03.25	2008.03.26 to 2017.03.25	1.45	6,470,000	–	–	6,470,000
Total:					7,070,000	–	(600,000)	6,470,000

During the year ended 31 December 2012, 600,000 options granted to an employee were exercised. At the date before the options were exercised, the weighted average market price was HK\$2.88.

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

During the year ended 31 December 2012, no option was granted to the Directors, chief executive 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 (the "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 Company or any subsidiary, including any director of the Company or any subsidiary, 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 9.92% 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 share of the Company 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%

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 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.

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

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.

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:

Type and number of remaining grantees	Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options				Balance as at 31 December 2012
					Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Exercised during the year	
3 employees	2009.07.22	2009.07.22 to 2013.07.21	2010.07.22 to 2019.07.21	1.17	4,048,000	-	-	-	4,048,000
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
554 employees	2011.03.09	2011.03.09 to 2015.03.08	2012.03.09 to 2021.03.08	2.92	90,000,000	-	(1,140,000)	-	88,860,000
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:					109,538,000	-	(1,140,000)	-	108,398,000

During the year ended 31 December 2012, 1,140,000 options granted to 20 employees were lapsed when they ceased employment with the Company. Save as disclosed above, no option was granted, exercised, lapsed or cancelled during the year. No option was granted to the Directors, chief executive 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) Summary of PNM Share Option Scheme

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

Purpose of the scheme

The purpose 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 for so long as PNM remains a subsidiary of the Company, subject also to the Listing Rules, 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 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 shares of PNM in issue on 20 June 2008, being the effective date of the 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 shares of PNM, representing 10% of Class A ordinary shares of PNM in issue ("PNM Shares") on 8 June 2012.

The maximum number of PNM Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the PNM Share Option Scheme and any other share option schemes of PNM shall not exceed 30% of the PNM Shares in issue from time to time.

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.

Share Option Schemes (Continued)

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

(1) Summary of PNM Share Option Scheme (Continued)

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 5:00p.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.

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 2012, no options had been granted to eligible persons consisting of staff of Fenghuang On-line (Beijing) Information Technology Company Limited ("Fenghuang On-line"), a wholly-owned subsidiary of PNM, under the PNM Share Option Scheme.

During the year ended 31 December 2012, 4,887,757 options granted to 87 employees were exercised at US\$0.03215 per share. At the date before the options were exercised, the weighted average market price was US\$0.67.

Share Option Schemes (Continued)

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

(1) Summary of PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

During the year ended 31 December 2012, 456,870 options granted to 15 employees were lapsed and cancelled. Details of the options granted under the PNM Share Option Scheme to the employees of the Group are as follows:

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share (US\$)	Number of share options				Balance as at 31 December 2012
				Balance as at 1 January 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	
Employees	2008.07.04	2008.07.04-2018.05.25	\$0.03215	11,357,425	-	-	(3,186,975)	8,170,450
	2008.07.04	2008.07.09-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2008.07.24-2018.05.25	\$0.03215	30,000	-	-	(6,000)	24,000
	2008.07.04	2008.07.31-2018.05.25	\$0.03215	1,200	-	-	-	1,200
	2008.07.04	2008.08.13-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2008.08.20-2018.05.25	\$0.03215	17,625	-	-	(11,625)	6,000
	2008.07.04	2008.08.28-2018.05.25	\$0.03215	3,375	-	-	-	3,375
	2008.07.04	2008.09.03-2018.05.25	\$0.03215	15,000	-	-	-	15,000
	2008.07.04	2008.09.04-2018.05.25	\$0.03215	32,000	-	-	(32,000)	-
	2008.07.04	2008.09.06-2018.05.25	\$0.03215	3,600	-	-	(3,600)	-
	2008.07.04	2008.09.13-2018.05.25	\$0.03215	3,375	-	-	(3,375)	-
	2008.07.04	2008.09.17-2018.05.25	\$0.03215	39,000	-	-	(22,500)	16,500
	2008.07.04	2008.09.24-2018.05.25	\$0.03215	24,000	-	-	(24,000)	-
	2008.07.04	2008.10.08-2018.05.25	\$0.03215	20,000	-	-	(8,000)	12,000
	2008.07.04	2008.10.10-2018.05.25	\$0.03215	4,500	-	-	-	4,500
	2008.07.04	2008.10.22-2018.05.25	\$0.03215	24,000	-	-	-	24,000
	2008.07.04	2008.10.23-2018.05.25	\$0.03215	12,375	-	-	(5,625)	6,750
	2008.07.04	2008.10.24-2018.05.25	\$0.03215	24,000	-	-	-	24,000
	2008.07.04	2008.11.19-2018.05.25	\$0.03215	30,000	-	-	(30,000)	-
	2008.07.04	2008.12.03-2018.05.25	\$0.03215	22,000	-	-	(22,000)	-
	2008.07.04	2008.12.12-2018.05.25	\$0.03215	6,000	-	-	-	6,000
	2008.07.04	2008.12.17-2018.05.25	\$0.03215	12,000	-	-	-	12,000
	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	16,687	-	-	-	16,687
	2008.07.04	2008.12.29-2018.05.25	\$0.03215	150,000	-	-	-	150,000
	2008.07.04	2009.01.02-2018.05.25	\$0.03215	87,500	-	-	(87,500)	-
	2008.07.04	2009.01.15-2018.05.25	\$0.03215	439,504	-	-	-	439,504
	2008.07.04	2009.02.14-2018.05.25	\$0.03215	94,250	-	-	(94,250)	-
	2008.07.04	2009.02.15-2018.05.25	\$0.03215	19,500	-	-	(19,500)	-
	2008.07.04	2009.02.25-2018.05.25	\$0.03215	9,000	-	-	(6,000)	3,000
	2008.07.04	2009.02.26-2018.05.25	\$0.03215	9,375	-	-	(6,000)	3,375

Share Option Schemes (Continued)

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

(1) Summary of PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share (US\$)	Number of share options				
				Balance as at 1 January 2012	Granted during the year	Lapsed/ cancelled during the year	Exercised during the year	Balance as at 31 December 2012
	2008.07.04	2009.02.29-2018.05.25	\$0.03215	2,625	-	-	(2,625)	-
	2008.07.04	2009.03.03-2018.05.25	\$0.03215	3,375	-	-	(3,375)	-
	2008.07.04	2009.03.10-2018.05.25	\$0.03215	47,743	-	-	(27,650)	20,093
	2008.07.04	2009.03.17-2018.05.25	\$0.03215	12,225	-	-	(9,750)	2,475
	2008.07.04	2009.03.19-2018.05.25	\$0.03215	28,000	-	-	(28,000)	-
	2008.07.04	2009.03.21-2018.05.25	\$0.03215	12,376	-	-	(376)	12,000
	2008.07.04	2009.03.24-2018.05.25	\$0.03215	22,625	-	-	(2,625)	20,000
	2008.07.04	2009.03.25-2018.05.25	\$0.03215	13,750	-	-	-	13,750
	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	2009.04.15-2018.05.25	\$0.03215	4,000	-	-	-	4,000
	2008.07.04	2009.04.21-2018.05.25	\$0.03215	1,200	-	(150)	(1,050)	-
	2008.07.04	2009.04.23-2018.05.25	\$0.03215	4,875	-	-	(4,875)	-
	2008.07.04	2009.04.28-2018.05.25	\$0.03215	6,000	-	-	(6,000)	-
	2008.07.04	2009.05.04-2018.05.25	\$0.03215	7,562	-	-	(7,562)	-
	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	21,563	-	-	(4,875)	16,688
	2008.07.04	2009.05.23-2018.05.25	\$0.03215	3,000	-	-	-	3,000
	2008.07.04	2009.05.26-2018.05.25	\$0.03215	347,987	-	-	(150,000)	197,987
	2008.11.26	2009.11.26-2018.05.25	\$0.03215	400,000	-	(100,000)	(300,000)	-
	2009.07.31	2009.07.31-2018.05.25	\$0.03215	55,200	-	(18,750)	(36,000)	450
	2009.07.31	2010.01.04-2018.05.25	\$0.03215	781,250	-	-	-	781,250
	2009.07.31	2010.02.11-2018.05.25	\$0.03215	32,000	-	(6,000)	(26,000)	-
	2009.07.31	2010.02.13-2018.05.25	\$0.03215	32,000	-	-	-	32,000
	2009.07.31	2010.02.16-2018.05.25	\$0.03215	100,000	-	-	-	100,000
	2009.07.31	2010.03.11-2018.05.25	\$0.03215	32,000	-	(6,000)	-	26,000
	2009.07.31	2010.03.16-2018.05.25	\$0.03215	16,000	-	-	-	16,000
	2009.07.31	2010.03.17-2018.05.25	\$0.03215	32,000	-	-	-	32,000
	2009.07.31	2010.04.27-2018.05.25	\$0.03215	5,250	-	-	-	5,250
	2009.07.31	2010.05.08-2018.05.25	\$0.03215	50,312	-	(10,938)	(24,062)	15,312
	2009.07.31	2010.05.18-2018.05.25	\$0.03215	100,625	-	-	-	100,625

Share Option Schemes (Continued)

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

(1) Summary of PNM Share Option Scheme (Continued)

The remaining life of the scheme (Continued)

Type of remaining grantees	Date of grant	Exercise period	Exercise price per share (US\$)	Number of share options			Balance as at 31 December 2012	
				Balance as at 1 January 2012	Granted during the year	Lapsed/ cancelled during the year		Exercised during the year
	2009.07.31	2010.05.25-2018.05.25	\$0.03215	19,687	-	-	(19,687)	-
	2009.07.31	2010.06.22-2018.05.25	\$0.03215	168,000	-	-	-	168,000
	2009.07.31	2010.07.01-2018.05.25	\$0.03215	9,000	-	-	-	9,000
	2009.07.31	2010.07.10-2018.05.25	\$0.03215	165,600	-	-	-	165,600
	2009.07.31	2010.07.15-2018.05.25	\$0.03215	402,500	-	(125,782)	(276,718)	-
	2009.07.31	2010.07.25-2018.05.25	\$0.03215	24,000	-	(9,000)	(15,000)	-
	2009.09.15	2010.09.15-2018.05.25	\$0.03215	2,069,100	-	(155,250)	(347,577)	1,566,273
	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	175,000	-	-	-	175,000
	2010.07.01	2008.03.17-2018.05.25	\$0.03215	100,000	-	-	-	100,000
	2010.07.01	2009.09.22-2018.05.25	\$0.03215	30,000	-	-	-	30,000
	2010.07.01	2010.06.22-2018.05.25	\$0.03215	10,000	-	(2,500)	(7,500)	-
	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	300,000	-	-	-	300,000
	2010.07.01	2011.06.07-2018.05.25	\$0.03215	93,750	-	-	-	93,750
	2010.07.01	2011.07.01-2018.05.25	\$0.03215	921,875	-	(22,500)	(17,500)	881,875
Total:				19,341,696	-	(456,870)	(4,887,757)	13,997,069

(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 or restricted shares to the executives, employees or directors of PNM or its affiliates, provided that the number of restricted share units or restricted shares 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 restricted shares and 10,050,958 restricted share units under the PNM March 2011 Scheme to its employees.

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

The particulars and movement of the restricted share units ("RSU") granted under the PNM March 2011 Scheme during the year are as follows:

Type of remaining grantees	Date of grant	Vesting commence date	No. of RSU				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
Employees	2011.03.17	2009.04.01	1,826,035	—	(160,738)	(1,131,091)	534,206
	2011.03.17	2009.04.02	563	—	—	(375)	188
	2011.03.17	2009.04.03	563	—	(375)	(188)	—
	2011.03.17	2009.04.10	375	—	—	(250)	125
	2011.03.17	2009.04.13	375	—	—	(250)	125
	2011.03.17	2009.04.17	15,600	—	—	(10,400)	5,200
	2011.03.17	2009.04.23	3,750	—	—	(2,500)	1,250
	2011.03.17	2009.04.24	4,313	—	(375)	(2,688)	1,250
	2011.03.17	2009.04.27	563	—	(375)	(188)	—
	2011.03.17	2009.05.04	1,875	—	(1,250)	(625)	—
	2011.03.17	2009.05.07	563	—	(188)	(375)	—
	2011.03.17	2009.05.08	24,375	—	(18,125)	(6,250)	—
	2011.03.17	2009.05.15	563	—	(563)	—	—
	2011.03.17	2009.05.22	2,250	—	(1,500)	(750)	—
	2011.03.17	2009.06.01	375	—	(125)	(250)	—
	2011.03.17	2009.06.15	188	—	(188)	—	—
	2011.03.17	2009.06.21	3,000	—	—	(2,000)	1,000
	2011.03.17	2009.06.22	11,250	—	—	(7,500)	3,750
	2011.03.17	2009.06.26	2,250	—	(625)	(1,500)	125
	2011.03.17	2009.06.29	3,750	—	—	(2,500)	1,250
	2011.03.17	2009.07.02	10,000	—	—	(5,000)	5,000
	2011.03.17	2009.07.03	750	—	(563)	(187)	—
	2011.03.17	2009.07.06	500	—	(375)	(125)	—
	2011.03.17	2009.07.07	750	—	(375)	(375)	—
	2011.03.17	2009.07.10	2,500	—	(1,250)	(1,250)	—
	2011.03.17	2009.07.16	5,250	—	(2,688)	(2,562)	—
	2011.03.17	2009.07.20	250	—	—	(125)	125
	2011.03.17	2009.07.21	750	—	—	(375)	375
	2011.03.17	2009.07.23	25,000	—	—	(12,500)	12,500
	2011.03.17	2009.07.24	10,000	—	(7,500)	(2,500)	—
	2011.03.17	2009.07.27	250	—	—	(125)	125
	2011.03.17	2009.07.29	250	—	—	(125)	125
	2011.03.17	2009.08.03	500	—	—	(250)	250
	2011.03.17	2009.08.07	5,000	—	—	(2,500)	2,500

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	No. of RSU				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
	2011.03.17	2009.08.10	500	–	(376)	(124)	–
	2011.03.17	2009.08.12	5,000	–	–	(2,500)	2,500
	2011.03.17	2009.08.14	750	–	(563)	(187)	–
	2011.03.17	2009.08.21	750	–	–	(375)	375
	2011.03.17	2009.08.31	10,000	–	(7,500)	(2,500)	–
	2011.03.17	2009.09.01	250	–	–	(125)	125
	2011.03.17	2009.09.04	8,000	–	–	(4,000)	4,000
	2011.03.17	2009.09.07	1,000	–	(500)	(250)	250
	2011.03.17	2009.09.08	25,000	–	(18,750)	(6,250)	–
	2011.03.17	2009.09.09	15,000	–	(11,250)	(3,750)	–
	2011.03.17	2009.09.18	10,750	–	–	(5,375)	5,375
	2011.03.17	2009.09.23	25,000	–	–	(12,500)	12,500
	2011.03.17	2009.10.09	20,750	–	(10,000)	(10,375)	375
	2011.03.17	2009.10.12	15,000	–	(11,250)	(3,750)	–
	2011.03.17	2009.10.23	50,000	–	–	(25,000)	25,000
	2011.03.17	2009.10.30	1,750	–	(563)	(812)	375
	2011.03.17	2009.11.02	25,500	–	(500)	(12,500)	12,500
	2011.03.17	2009.11.04	5,500	–	–	(2,750)	2,750
	2011.03.17	2009.11.06	500	–	–	(250)	250
	2011.03.17	2009.11.09	500	–	–	(250)	250
	2011.03.17	2009.11.13	1,250	–	–	(625)	625
	2011.03.17	2009.11.15	250	–	–	(125)	125
	2011.03.17	2009.11.16	250	–	–	(125)	125
	2011.03.17	2009.11.20	2,500	–	–	(1,250)	1,250
	2011.03.17	2009.11.23	750	–	–	(375)	375
	2011.03.17	2009.11.24	9,000	–	–	(4,500)	4,500
	2011.03.17	2009.12.07	500	–	–	(250)	250
	2011.03.17	2009.12.09	500	–	–	(250)	250
	2011.03.17	2009.12.11	10,000	–	–	(5,000)	5,000
	2011.03.17	2009.12.21	1,250	–	(375)	(500)	375
	2011.03.17	2009.12.28	5,250	–	(250)	(2,500)	2,500
	2011.03.17	2009.12.29	60,000	–	(60,000)	–	–
	2011.03.17	2010.01.04	93,750	–	–	(37,500)	56,250
	2011.03.17	2010.01.07	31,250	–	(18,750)	(12,500)	–
	2011.03.17	2010.01.08	16,563	–	–	(6,625)	9,938
	2011.03.17	2010.01.15	26,563	–	(15,000)	(10,625)	938
	2011.03.17	2010.01.18	625	–	–	(250)	375

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	No. of RSU				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
	2011.03.17	2010.01.20	31,250	–	–	(12,500)	18,750
	2011.03.17	2010.01.21	1,251	–	(250)	(438)	563
	2011.03.17	2010.01.22	313	–	(250)	(63)	–
	2011.03.17	2010.01.27	6,250	–	–	(2,500)	3,750
	2011.03.17	2010.02.01	6,250	–	–	(2,500)	3,750
	2011.03.17	2010.02.05	1,563	–	(750)	(438)	375
	2011.03.17	2010.02.11	625	–	–	(250)	375
	2011.03.17	2010.02.20	938	–	(250)	(313)	375
	2011.03.17	2010.02.21	313	–	(250)	(63)	–
	2011.03.17	2010.02.24	12,500	–	–	(5,000)	7,500
	2011.03.17	2010.02.25	938	–	–	(375)	563
	2011.03.17	2010.02.26	938	–	(750)	(188)	–
	2011.03.17	2010.03.01	6,875	–	(375)	(2,750)	3,750
	2011.03.17	2010.03.02	625	–	(625)	–	–
	2011.03.17	2010.03.03	31,250	–	(31,250)	–	–
	2011.03.17	2010.03.05	3,750	–	(3,750)	–	–
	2011.03.17	2010.03.08	62,500	–	–	(25,000)	37,500
	2011.03.17	2010.03.10	31,250	–	–	(12,500)	18,750
	2011.03.17	2010.03.12	625	–	–	(250)	375
	2011.03.17	2010.03.15	938	–	(563)	(375)	–
	2011.03.17	2010.03.18	1,876	–	–	(750)	1,126
	2011.03.17	2010.03.19	6,564	–	–	(2,625)	3,939
	2011.03.17	2010.03.21	313	–	–	(125)	188
	2011.03.17	2010.03.22	6,250	–	(5,000)	(1,250)	–
	2011.03.17	2010.03.23	31,875	–	(500)	(12,625)	18,750
	2011.03.17	2010.03.26	9,689	–	(1,688)	(3,313)	4,688
	2011.03.17	2010.03.29	19,688	–	(250)	(7,813)	11,625
	2011.03.17	2010.04.06	3,126	–	–	(1,250)	1,876
	2011.03.17	2010.04.12	1,251	–	–	(500)	751
	2011.03.17	2010.04.13	938	–	–	(375)	563
	2011.03.17	2010.04.16	2,501	–	–	(1,000)	1,501
	2011.03.17	2010.04.19	625	–	–	(250)	375
	2011.03.17	2010.04.21	1,251	–	–	(500)	751
	2011.03.17	2010.04.23	6,250	–	–	(2,500)	3,750
	2011.03.17	2010.04.26	14,064	–	–	(5,625)	8,439
	2011.03.17	2010.04.28	938	–	–	(375)	563
	2011.03.17	2010.04.29	93,750	–	–	(37,500)	56,250

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	No. of RSU				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
	2011.03.17	2010.05.04	8,752	–	(188)	(3,500)	5,064
	2011.03.17	2010.05.05	313	–	(188)	(125)	–
	2011.03.17	2010.05.10	18,750	–	(15,000)	(3,750)	–
	2011.03.17	2010.05.11	1,876	–	(938)	(375)	563
	2011.03.17	2010.05.14	7,813	–	(500)	(3,000)	4,313
	2011.03.17	2010.05.21	21,251	–	–	(8,500)	12,751
	2011.03.17	2010.05.24	626	–	–	(250)	376
	2011.03.17	2010.05.25	938	–	–	(375)	563
	2011.03.17	2010.05.26	313	–	–	(125)	188
	2011.03.17	2010.05.27	625	–	–	(250)	375
	2011.03.17	2010.05.28	19,688	–	(6,250)	(5,375)	8,063
	2011.03.17	2010.06.04	3,439	–	(2,626)	(438)	375
	2011.03.17	2010.06.07	625	–	–	(250)	375
	2011.03.17	2010.06.18	14,688	–	–	(5,875)	8,813
	2011.03.17	2010.06.21	13,754	–	(2,502)	(4,500)	6,752
	2011.03.17	2010.06.25	3,750	–	–	(1,500)	2,250
	2011.03.17	2010.06.28	2,189	–	(250)	(813)	1,126
	2011.03.17	2010.07.01	37,500	–	–	(12,500)	25,000
	2011.03.17	2010.07.02	4,125	–	(1,688)	(1,187)	1,250
	2011.03.17	2010.07.05	3,000	–	(2,439)	(561)	–
	2011.03.17	2010.07.06	2,625	–	(1,438)	(687)	500
	2011.03.17	2010.07.12	4,875	–	–	(1,625)	3,250
	2011.03.17	2010.07.13	16,500	–	(10,625)	(5,375)	500
	2011.03.17	2010.07.15	1,125	–	–	(375)	750
	2011.03.17	2010.07.16	1,125	–	–	(375)	750
	2011.03.17	2010.07.19	8,625	–	(938)	(2,687)	5,000
	2011.03.17	2010.07.20	10,875	–	(500)	(3,625)	6,750
	2011.03.17	2010.07.21	750	–	(625)	(125)	–
	2011.03.17	2010.07.26	2,250	–	–	(750)	1,500
	2011.03.17	2010.07.28	1,125	–	(938)	(187)	–
	2011.03.17	2010.07.30	1,125	–	–	(375)	750
	2011.03.17	2010.08.03	415,875	–	(250)	(138,875)	276,750
	2011.03.17	2010.08.10	7,500	–	(6,250)	(1,250)	–
	2011.03.17	2010.08.11	113,625	–	(938)	(37,687)	75,000
	2011.03.17	2010.08.16	1,125	–	–	(375)	750
	2011.03.17	2010.08.17	65,250	–	(6,250)	(20,500)	38,500
	2011.03.17	2010.08.23	1,875	–	(1,688)	(187)	–

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

Type of remaining grantees	Date of grant	Vesting commence date	No. of RSU				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
	2011.03.17	2010.08.24	4,125	–	(625)	(1,250)	2,250
	2011.03.17	2010.08.30	1,125	–	–	(375)	750
	2011.03.17	2010.08.31	8,625	–	–	(2,875)	5,750
	2011.03.17	2010.09.01	750	–	(500)	(250)	–
	2011.03.17	2010.09.07	9,750	–	(625)	(3,125)	6,000
	2011.03.17	2010.09.08	1,500	–	(938)	(312)	250
	2011.03.17	2010.09.09	1,125	–	(938)	(187)	–
	2011.03.17	2010.09.10	1,125	–	–	(375)	750
	2011.03.17	2010.09.13	3,375	–	(1,688)	(937)	750
	2011.03.17	2010.09.14	16,500	–	(625)	(5,375)	10,500
	2011.03.17	2010.09.16	1,500	–	(938)	(312)	250
	2011.03.17	2010.09.20	4,125	–	(2,813)	(562)	750
	2011.03.17	2010.09.28	375	–	–	(125)	250
	2011.03.17	2010.10.08	76,875	–	(1,563)	(25,312)	50,000
	2011.03.17	2010.10.09	18,750	–	(15,625)	(3,125)	–
	2011.03.17	2010.10.11	750	–	–	(250)	500
	2011.03.17	2010.10.13	750	–	–	(250)	500
	2011.03.17	2010.10.21	1,500	–	(750)	(250)	500
	2011.03.17	2010.11.21	750	–	–	(250)	500
	2011.03.17	2010.11.22	37,500	–	(37,500)	–	–
	2011.03.17	2010.12.01	37,500	–	–	(12,500)	25,000
	2011.03.17	2011.01.04	100,000	–	(75,000)	(25,000)	–
	2011.03.17	2011.01.11	100,000	–	–	(37,500)	62,500
	2011.03.17	2011.02.14	60,000	–	–	(22,500)	37,500
	2011.03.17	2011.02.21	10,000	–	–	(3,750)	6,250
	2011.03.17	2011.03.01	90,000	–	–	(33,750)	56,250
Total:			4,256,608	–	(602,443)	(1,966,987)	1,687,178

Share Option Schemes (Continued)

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

(2) PNM March 2011 Scheme (Continued)

The details and movements of the restricted shares ("RS") granted under the PNM March 2011 Scheme during the year are as follows:

Type of remaining grantees	Date of grant	Vesting commence date	No. of RS				Balance as at 31 December 2012
			Balance as at 1 January 2012	Granted during the year	Lapsed during the year	Vested during the year	
Liu Shuang (Note)	2011.03.17	2009.04.01	816,750	–	–	(544,500)	272,250
Li Ya (Note)	2011.03.17	2009.04.01	794,063	–	–	(529,375)	264,688
Employees	2011.03.17	2009.04.01	2,701,017	–	–	(1,800,675)	900,342
	2011.03.17	2010.02.20	37,500	–	–	(15,000)	22,500
	2011.03.17	2010.02.21	1,125,000	–	–	(450,000)	675,000
	2011.03.17	2010.10.08	300,000	–	(250,000)	(50,000)	–
	2011.03.17	2010.10.25	37,500	–	–	(12,500)	25,000
	2011.03.17	2010.12.01	3,225,000	–	–	(1,075,000)	2,150,000
	2011.03.17	2010.12.27	675,000	–	–	(225,000)	450,000
Total:			9,711,830	–	(250,000)	(4,702,050)	4,759,780

Note: LIU Shuang and LI Ya are currently the directors of PNM.

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

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
 Jan KOEPPEN
 CHEUNG Chun On, Daniel

Independent Non-executive Directors:

LO Ka Shui
 LEUNG Hok Lim
 Thaddeus Thomas BECZAK
 FANG Fenglei

Alternate Directors:

GAO Jack Qunyao	(alternate to CHEUNG Chun On, Daniel)
WONG Ella Betsy	(alternate to Jan KOEPPEN)

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

Mr. FANG Fenglei, who was appointed on 13 March 2013 as independent non-executive Director, will hold office until the next general meeting following his appointment according to the articles of association of the Company, and his re-election will also be considered at the forthcoming AGM.

Confirmation of Independence

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

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

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

LIU Changle

New appointments

A Standing Committee Member of the Twelfth National Committee of the Chinese People's Political Consultative Conference
Phoenix Culture Creation Industrial Investment Management Company Limited (Director)
Phoenix Culture Creation Management Company Limited (Director)
Phoenix Culture Creation Development Company Limited (Director)

Cessation of appointments

Phoenix Culture Creation Industrial Investment Management Company Limited (Director)
Phoenix Culture Creation Management Company Limited (Director)
Phoenix Culture Creation Development Company Limited (Director)
Hong Kong Phoenix Books Culture Publishing Company Limited (Director)

CHUI Keung

New appointments

Phoenix Culture Creation Industrial Investment Management Company Limited (Director)
Phoenix Culture Creation Management Company Limited (Director)
Phoenix Culture Creation Development Company Limited (Director)
鳳凰衛視文化產業發展(上海)有限公司(Director/Authorized Representative)

WANG Ji Yan

New appointments

Phoenix Culture Creation Industrial Investment Management Company Limited (Director)
Phoenix Culture Creation Management Company Limited (Director)
Phoenix Culture Creation Development Company Limited (Director)

Cessation of appointments

Phoenix Culture Creation Industrial Investment Management Company Limited (Director)
Phoenix Culture Creation Management Company Limited (Director)
Phoenix Culture Creation Development Company Limited (Director)
Hong Kong Phoenix Books Culture Publishing Company Limited (Director)

Jan KOEPPEN

New appointment

Huzur Radyo Tv Anonim Sirketi, (Fox Turkey) (Director & Chairman)

Thaddeus Thomas BECZAK

New appointments

China Renaissance Holdings Limited (Vice Chairman)
China Renaissance Securities (Hong Kong) Limited (Chairman)

Cessation of appointments

Advanced Semiconductor Manufacturing Corporation Limited (Director)
Cowen and Company (Asia) Limited (Chairman)
China Renaissance Securities Limited (Chairman)

LO Ka Shui

Cessation of appointment

Winsor Properties Holdings Limited (Independent non-executive Director)

GAO Jack Qunyao

New appointment

Bona Film Group Limited (Director)

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 17 November 2009, each of Mr. LIU Changle and Mr. CHUI Keung, executive Directors entered into a service contract with the Company for a term of three years commencing from 1 July 2009. On 1 July 2012, the service contract respectively of Mr. LIU Changle and Mr. CHUI Keung expired and were renewed for a term of another three years commencing from 1 July 2012 subject to termination by either party giving to the other not less than three month's written notice. Except for Mr. CHUI Keung, none of the Director who is proposed for re-election at the forthcoming AGM has service contract with the Company which is not terminable within one year without payment of compensation other than statutory 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 Corporate Governance 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' and Chief Executives' Interests in Securities

As at 31 December 2012, the interests and short positions of the Directors and chief executive 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 executive was 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 for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (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

Name	Number of ordinary shares held			Position	Approximate shareholding percentage as at 31 December 2012
	Personal/ other interest	Corporate interest	Total interest		
LIU Changle (Note 2)	2,688,000	1,854,000,000	1,856,688,000	Long	37.18%
LO Ka Shui (Note 3)	9,756,000	—	9,756,000	Long	0.19%

Notes:

- As at 31 December 2012, the number of the issued shares of the Company was 4,993,585,500.
- As at 31 December 2012, 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 37.13% of the issued share capital of the Company.
- As at 31 December 2012, Dr. LO Ka Shui was the beneficial owner of 2,500,000 Shares while 7,256,000 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
Phoenix New Media Limited ("PNM")

Number of class A ordinary shares held in PNM

Name	Personal/ other interest	Corporate interest	Total interest	Position	Approximate shareholding percentage as at 31 December 2012
LIU Changle (Note 3)	–	1,483,200	1,483,200	Long	0.49%
LO Ka Shui	727,800	–	727,800	Long	0.24%

Notes:

- As at 31 December 2012, the number of the issued Class A ordinary shares of PNM was 300,352,317.
- PNM is a non-wholly owned subsidiary of the Company.
- As at 31 December 2012, 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 0.49% of the issued class A ordinary shares of PNM.

(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 2012
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 2012, 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' and Chief Executives' Interests in Securities *(Continued)*

(3) Share options *(Continued)*

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 Committee and the New Share Option Scheme Committee 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 schemes approved by the Shareholders on 7 June 2000 have no remaining life and no further options can be granted under the schemes.

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 Company's 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 2012, 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 2012
Today's Asia Limited (Note 2)	1,854,000,000	37.13%
Extra Step Investments Limited (Note 3)	983,000,000	19.69%
Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.) (Note 4)	871,000,000	17.44%

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 2012, the number of issued shares of the Company was 4,993,585,500.
2. Today's Asia Limited is beneficially owned by Mr. LIU Changle and Mr. CHAN Wing Kee as to 93.30% and 6.70% interests 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, 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, is an independent non-executive director of China Mobile Limited.
4. Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.) is a subsidiary of Star Group Limited. News Cayman Holdings Limited holds 100% of the ordinary voting shares of Star Group Limited. News Publishers Investments Pty. Limited holds 100% of the ordinary voting shares of News Cayman Holdings Limited. News Publishers Investments Pty. Limited is a wholly-owned subsidiary of STAR LLC Australia Pty Limited, which in turn is a wholly-owned subsidiary of New STAR US Holdings Subsidiary, LLC. New STAR US Holdings Subsidiary, LLC is a wholly-owned subsidiary of STAR US Holdings Subsidiary, LLC, which in turn is a direct wholly-owned subsidiary of STAR US Holdings, Inc.. STAR US Holdings, Inc. is an indirect wholly-owned subsidiary of News Publishing Australia Limited, which is an indirect wholly-owned subsidiary of News Corporation.

By virtue of the SFO, News Corporation, News Publishing Australia Limited, STAR US Holdings, Inc., STAR US Holdings Subsidiary, LLC, New STAR US Holdings Subsidiary, LLC, STAR LLC Australia Pty Limited, News Publishers Investments Pty. Limited, News Cayman Holdings Limited and Star Group Limited are all deemed to be interested in the 871,000,000 Shares held by Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.). Mr. Jan KOEPPEN and Mr. CHEUNG Chun On, Daniel, both non-executive Directors, and their respective alternate Directors, Ms. Ella Betsy WONG and Dr. GAO Jack Qunyao, are employees of News Corporation and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited.

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 2012
China Wise International Limited (Note 2)	412,000,000	8.25%

Notes:

1. As at 31 December 2012, the number of issued shares of the Company was 4,993,585,500.
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.
3. 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 executive of the Company) known to the Directors or the chief executive of the Company, who, as at 31 December 2012, 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 2012	Year 2011
Programme purchases		
– the largest supplier	14%	11%
– five largest suppliers	43%	38%
Sales		
– the largest advertising end-customer	2%	3%
– five largest advertising end-customers	7%	8%

The largest advertising end-customer during the year ended 31 December 2012 is represented by CMCC and its subsidiaries. Details of the transactions between the Group and the CMCC and its subsidiaries are set out in Note 41 to the consolidated financial statements. CMCC through a wholly-owned subsidiary of China Mobile (Hong Kong) Group Limited, owns 19.69% of the issued share capital of the Company.

In the opinion of the Directors, such transactions were carried out on terms not more favourable than terms available to independent third parties.

Save as disclosed above, none of the Directors, the chief executive, or their associates, or any shareholder (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/Continuing Connected Transactions

Certain related party transactions entered by the Group during the year ended 31 December 2012, which also constitute connected transactions/continuing connected transactions under the Listing Rules, are disclosed in Note 41 to the consolidated financial statements. The following transactions between certain connected parties (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

- On 2 July 2009, Phoenix HK entered into an agreement (the "2009 Agreement") with Satellite Television Asian Region Limited ("STARL") in respect of the provision of the technical and support services, subscription promotion services, purchase of decoders and viewing cards services and other specifically requested services by STARL to Phoenix HK for a term of three years commencing from 1 July 2009 and ending on 30 June 2012.

Upon expiry of the 2009 Agreement on 30 June 2012, Phoenix HK entered into two agreements with STARL on 16 July 2012 (the "2012 Services Agreement") and 1 August 2012 (the "2012 Channel Distribution Agreement") respectively for a term of three years commencing from 1 July 2012 and ending on 30 June 2015.

Connected Transactions/Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

STARL is a subsidiary of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial shareholder of the Company. The transactions under the 2009 Agreement, the 2012 Services Agreement and the 2012 Channel Distribution Agreement constituted continuing connected transactions for the Company under the Listing Rules.

Details of the transactions are:

- (i) STARL provides technical and support services for the operations of Phoenix Chinese Channel, Phoenix Movies Channel and Phoenix InfoNews Channel (a) under the 2009 Agreement until 30 June 2012 and (b) thereafter under the 2012 Services Agreement respectively. For the year ended 31 December 2012, the service charges paid/payable to STARL amounted to approximately HK\$18,558,000 (2011: HK\$19,084,000).
 - (ii) STARL provides purchase of decoders and viewing cards service to Phoenix HK. For the year ended 31 December 2012, there were no payment for purchase of decoders and viewing cards (2011: Nil).
 - (iii) STARL acts as (a) a non-exclusive agent to promote international subscription of Phoenix Chinese Channel and Phoenix InfoNews Channel under the 2009 Agreement until 30 June 2012 and (b) thereafter a non-exclusive licensee to distribute any or all channels of the Group to any pay television operators under the 2012 Channel Distribution Agreement. For the year ended 31 December 2012, the commission paid/payable to STARL amounted to approximately HK\$4,386,000 (2011: HK\$4,470,000).
2. On 30 December 2011, Phoenix HK, through its PRC advertising agent, Shenzhou Television Company Limited (“Shenzhou”) entered into an advertising contract (the “2012 Contract”) with CNHK Media Limited (“CNHK Media”), the indirect PRC advertising agent of CMCC, relating to the purchase of advertising airtime and/or sponsoring programmes being broadcasted on Phoenix Chinese Channel and Phoenix InfoNews Channel respectively for the period from 1 January 2012 to 31 December 2012 for the sum not exceeding RMB50,000,000 (approximately HK\$61,265,000) for promoting CMCC and its associates (“CMCC Group”). For the year ended 31 December 2012, the advertising sales to CMCC Group amounted to approximately HK\$53,445,000 (2011: HK\$45,839,000).

China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of CMCC, is a substantial shareholder of the Company holding approximately 19.69% of the issued share capital of the Company through its wholly-owned subsidiary Extra Step Investments Limited. CMCC Group are connected persons of the Company. The transactions under the 2012 Contract constituted continuing connected transactions for the Company under the Listing Rules.

3. Provision of website portal, value-added telecommunications, promotional and ancillary services by and to the Company’s indirectly-owned subsidiary, Phoenix New Media Limited (“PNM”), and together with its subsidiaries, the “PNM Group”, to and by CMCC Group (“New Media CCT”).

On 22 April 2010, the Stock Exchange granted to the Company a waiver from strict compliance with the requirement under Rule 14A.35(1) to enter into a framework agreement with CMCC Group at the outset covering all of the expected New Media CCT for the three years ended 31 December 2010, 2011 and 2012, subject to the conditions disclosed in the announcement published on 25 October 2010.

On 9 December 2010, the independent shareholders of the Company (“Independent Shareholders”) approved, confirmed and ratified the New Media CCT between PNM Group and CMCC Group and the relevant annual caps for the three years from 1 January 2010 to 31 December 2012 at the extraordinary general meeting of the Company

The aggregate service charges received/receivable by the PNM Group from CMCC Group, and the aggregate service charges paid/payable by the PNM Group to the CMCC Group for the year ended 31 December 2012 amounted to approximately RMB155,730,000 (HK\$191,330,000) and RMB63,953,000 (HK\$78,573,000) respectively, whereas, for the year ended 31 December 2011, approximately RMB141,936,000 (HK\$170,463,000) and RMB68,543,000 (HK\$82,319,000) respectively.

Connected Transactions/Continuing Connected Transactions (Continued)

Continuing Connected Transactions (Continued)

China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of CMCC, is a substantial shareholder of the Company holding approximately 19.69% of the issued share capital of the Company through its wholly-owned subsidiary Extra Step Investments Limited. CMCC Group are connected persons of the Company. The New Media CCT constituted continuing connected transactions for the Company under the Listing Rules.

4. On 14 June 2011, Phoenix Metropolis Media Technology Company Limited (formerly known as Phoenix Metropolis Media (Beijing) Company Limited) ("PMM") entered into an outdoor advertising contract ("2011 Outdoor Advertising Contract") with 深圳市中港文化傳播有限責任公司 ("Shenzhen Media"), relating to placing advertisement for and on behalf of CMCC Group on LED Panels operated by PMM and/or its subsidiaries in the PRC for the period from 14 June 2011 to 31 March 2012 for the sum of no more than RMB18,000,000 (approximately HK\$21,571,000) for promoting CMCC Group.

On 3 August 2012, PMM entered into another outdoor advertising contract ("2012 Outdoor Advertising Contract") with Shenzhen Media, relating to placing advertisement for and on behalf of CMCC Group on LED Panels operated by PMM and/or its subsidiaries in the PRC for the period from 3 August 2012 to 30 June 2013 for the sum of no more than RMB9,500,000 (approximately HK\$11,590,000) for promoting CMCC Group.

For the year ended as 31 December 2012, the advertising sales to CMCC Group amounted to approximately HK\$3,865,000 (2011: HK\$3,845,000).

CMCC being the ultimate holding company of China Mobile (Hong Kong) Group Limited, a substantial shareholder of the Company holding approximately 19.69% of the issued share of the Company through its wholly-owned subsidiary Extra Step Investments Limited, is a connected person of the Company and the transactions under the 2011 Outdoor Advertising Contract and the 2012 Outdoor Advertising Contract respectively constituted continuing connected transactions for the Company under 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, on 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 of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "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 containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 71 to 73 of this report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Connected Transactions/Continuing Connected Transactions *(Continued)*

Connected Transactions

5. On 20 December 2011, Phoenix Satellite Television (US) Inc. entered into an agreement with Fox News International, Inc. ("Fox News") for the provision of a license to use the Edge (Fox News' services, access to the Edge Intranet website and feeds) from 1 January 2012 to 31 December 2014. The total consideration under the contract was US\$243,324 (approximately HK\$1,886,000) and was payable on monthly basis.

As Fox News is an associate of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the above transaction constituted a connected transaction for the Company under the Listing Rules.

6. On 13 July 2012, Phoenix HK entered into an agreement with Twentieth Century Fox International Television, Inc. ("Fox") for a license fee of US\$5,000 (approximately HK\$39,000) to broadcast one film on Phoenix Chinese Channel for a term of two years commencing from 15 July 2012.

As Fox is an associate of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the above transaction constituted a connected transaction for the Company under the Listing Rules.

7. (a) On 12 May 2010, Phoenix HK entered into an agreement with Fortune Star Entertainment (HK) Limited ("Fortune Star") for a license fee of US\$195,000 (approximately HK\$1,512,000) to broadcast 26 films on Phoenix Movies Channel for the period from 1 June 2010 to 31 May 2014.
- (b) On 19 November 2010, Phoenix HK entered into an agreement with Fortune Star for a license fee of US\$8,000 (approximately HK\$62,000) to broadcast 2 films on Phoenix Chinese Channel for the period from 22 November 2010 to 21 November 2012.
- (c) On 27 January 2011, Phoenix HK entered into two agreements with Fortune Star Media Limited ("Fortune Star Media") for a total license fee of US\$110,500 (approximately HK\$858,000) to respectively broadcast (1) 7 films on Phoenix Chinese Channel during the period from 31 January 2011 to 30 January 2013 and (2) 9 films on Phoenix Movie Channel for four years commencing from 1 May 2011.
- (d) On 9 June 2011, Phoenix HK entered into an agreement with Fortune Star Media for a license fee of US\$77,000 (approximately HK\$598,000) to broadcast 11 films on Phoenix Hong Kong Channel during the period from 15 June 2011 to 1 January 2012.
- (e) On 23 December 2011, Phoenix HK entered into agreements with Fortune Star Media for a license fee of a total sum of US\$210,500 (approximately HK\$1,636,000) to broadcast 30 films on Phoenix Chinese Channel, Phoenix Hong Kong Channel and Phoenix Movies Channel during the period from 1 January 2012 to 30 April 2016.
- (f) On 29 June 2012, Phoenix HK entered into an agreement with Fortune Star Media for a license fee of US\$77,000 (approximately HK\$597,000) to broadcast 11 films on Phoenix Hong Kong Channel for a term of one year commencing from 1 July 2012, 1 October 2012 and 1 December 2012.
- (g) On 28 December 2012, Phoenix HK entered into agreements with Fortune Star Media for a license fee of a total sum of US\$145,000 (approximately HK\$1,124,000) to broadcast 21 films on Phoenix Chinese Channel and Phoenix Hong Kong Channel during the period from 1 January 2013 to 31 January 2015.

As Fortune Star and Fortune Star Media are associates of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial shareholder of the Company, they are connected persons of the Company. Accordingly, the above transactions constituted connected transactions of the Company under the Listing Rules.

Connected Transactions/Continuing Connected Transactions (Continued)

Connected Transactions (Continued)

8. (a) On 23 December 2011, Phoenix HK entered into an agreement with NGC Network Asia, LLC (“NGC”) for a license fee of not exceeding US\$150,800 (approximately HK\$1,172,000) to broadcast 52 blocks of contents from the National Geographic Channel on Phoenix Chinese Channel for a term of one year commencing from 1 January 2012.
- (b) On 28 December 2012, Phoenix HK entered into an agreement with NGC, Taiwan branch for licensing the rights to NGC, Taiwan branch to broadcast one program of Phoenix Chinese Channel on National Geographic Channel Taiwan for a term of 30 months commencing from 1 February 2013 for a license fee of US\$800 (approximately HK\$6,000), net of all applicable taxes.

As NGC is an associate of Star Entertainment Holdings Limited (formerly known as Xing Kong Chuan Mei Group Co., Ltd.), a substantial shareholder of the Company, it is a connected person of the Company. Accordingly, the above transactions constituted connected transactions of the Company under the Listing Rules.

Competing Business

As at the latest practicable date, Star Group Limited and its subsidiaries (“STAR”) engage in the development, production and broadcasting of television programming in Asia with India as the key market. STAR’s programming is distributed primarily via satellite to local cable and direct-to-home operators for distribution to their subscribers. STAR currently offers the Chinese language channels including Channel [V] Channels, Star Chinese Movies Channels and Star Chinese Channels. Mr. Jan KOEPPEN and Mr. CHEUNG Chun On, Daniel, both non-executive Directors, and their respective alternate Directors, Ms. Ella Betsy WONG and Dr. GAO Jack Qunyao, are employees of News Corporation, the ultimate holding company of STAR, and its affiliates. Ms. Ella Betsy WONG is a director of Star Group Limited. Other than the Chinese-language channels offered by STAR above, STAR do not offer any other similar Chinese-language channels.

Save as disclosed above, as at the latest practicable date, none of the Directors, or 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. Since the channels operated by STAR differ in nature from and do not directly compete with the channels operated by the Company, the Company is capable of carrying on its business independently.

Advances to an Entity

Details of the relevant advance to an entity from the Group which exceeds 8% of the Group’s total assets as at 31 December 2012, as defined under Rule 14.07(1) of the Listing Rules, are set out in Note 24 to the consolidated financial statements.

Corporate Governance

A report on the principle corporate governance practices adopted by the Company is set out on pages 32 to 40 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 Company’s issued shares as required under the Listing Rules.

Subsequent Events

On 28 February 2013, PNM obtained a short-term credit facility for working capital purposes of RMB30,000,000 (approximately HK\$37,299,000) from a bank. The facility will expire on 28 February 2014. As of 15 April 2013, the facility had not been utilised.

On 15 March 2013, PNM granted up to 18,708,400 options to its employees under the refreshed limit of the PNM Share Option Scheme approved on 20 June 2008. The exercise price is US\$0.4459 per share or US\$3.5674 per ADS.

Audit Committee

The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2012 and provided advice and comments thereon.

Auditor

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

On behalf of the Board

LIU Changle

Chairman

Hong Kong, 13 March 2013