

# Corporate Governance Report

The Company is committed to ensuring high standards of corporate governance in the interests of the shareholders of the Company (“Shareholders”) and devotes considerable effort to identifying and formalising 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 of the Rules Governing the Listing of Securities on the Stock Exchange (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 summaries the corporate governance practices of the Company and explanations of deviations from the Code.

Unless otherwise disclosed herein, the Company has, throughout the year ended 31 December 2014, 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”) which took effect on 5 December 2008 in favour of the Company in order to manage any potential competing interest with the Group. Details were set out in the announcement of the Company dated 26 November 2008.

He has also unconditionally and irrevocably undertaken to the Company that he shall use his best endeavours to 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 there is no imminent need to change the arrangement.

## Appointments, Re-Election and Removal

### Code Provision

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

### Deviation and its Reason

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

### Directors' Securities Transactions

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

Having made specific enquiry of all Directors, it was confirmed that the Directors have complied with the above-mentioned required standards of dealings regarding Directors' securities transactions throughout the year ended 31 December 2014.

The Company has also adopted a code of conduct governing securities transactions by 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 affairs.

# Corporate Governance Report

## Board of Directors (Continued)

### Composition

The Board comprises three executive Directors, four non-executive Directors and four independent non-executive Directors as at 31 December 2014, which has complied with the standard as set 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 28 to page 33 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 as required by 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. There were four Board meetings and one AGM held in the financial year ended 31 December 2014.

Details of individual Director's attendance at board meetings ("BM") and the AGM as follows:

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

## **Board of Directors (Continued)**

### **Board meetings and general meetings (Continued)**

During the regular Board meetings held on 13 March, 15 May, 13 August and 11 November of year 2014, 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 had arranged an in-house training for Directors covering the topic entitled "Handling Investigations by the Securities and Futures Commission". In addition, reference materials were from time to time provided to Directors to update them with the relevant laws and Listing Rules. At the end of each financial year, each Director is required to provide a summary of training records to the Company. As at the date of this report, all Directors have submitted their training records to the Company.



# Corporate Governance Report

## 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
<i>Executive Directors</i>			
Mr. LIU Changle (Chairman and CEO)		√	√
Mr. CHUI Keung (Deputy CEO)		√	√
Mr. WANG Ji Yan		√	√
<i>Non-executive Directors</i>			
Mr. SHA Yuejia		√	
Mr. GAO Nianshu		√	
Mr. GONG Jianzhong		√	
Mr. SUN Yanjun		√	
<i>Independent non-executive Directors</i>			
Dr. LO Ka Shui		√	
Mr. LEUNG Hok Lim	√	√	
Mr. Thaddeus Thomas BECZAK	√	√	
Mr. FANG Fenglei		√	√
<i>Alternate Director</i>			
Mr. LAU Wai Kei, Ricky	√		

## 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; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance report.

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

## 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 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.

## 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.

# Corporate Governance Report

## Board Committees (Continued)

### Audit Committee (Continued)

The primary duties of the Audit Committee are to review the Company's annual report and accounts and half-yearly 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, 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
<i>Independent non-executive Directors</i>	
Mr. Thaddeus Thomas BECZAK (Chairman)	2/2
Mr. LEUNG Hok Lim	2/2
<i>Non-executive Director</i>	
Mr. GONG Jianzhong	1/2

The Audit Committee reviewed the Group's interim and annual results in year 2014 with management and the Company's external auditor and recommended their adoption to the Board. They had also discussed key risk and internal control matters, reviewed the audit plans, internal control performance as well as the effectiveness of the internal control system.

### 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.

The Remuneration Committee currently comprises 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.

## Board Committees (Continued)

### Remuneration Committee (Continued)

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
<i>Independent non-executive Directors</i>	
Mr. Thaddeus Thomas BECZAK (Chairman)	1/1
Dr. LO Ka Shui	1/1
Mr. LEUNG Hok Lim	1/1
<i>Non-executive Director</i>	
Mr. GAO Nianshu	1/1

During the year under review, the Remuneration Committee had reviewed and recommended to the Board the bonus payments for year 2014 and the increment in salary for year 2015 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 are available on both the websites of 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 the diversity of the Board annually, to assess 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 Nomination Committee comprises two independent non-executive Directors namely, Mr. Thaddeus Thomas BECZAK (Chairman) and Mr. LEUNG Hok Lim and one executive Director namely Mr. CHUI Keung.



# Corporate Governance Report

## 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
<i>Independent non-executive Directors</i>	
Mr. Thaddeus Thomas BECZAK (Chairman)	1/1
Mr. LEUNG Hok Lim	1/1
<i>Executive Director</i>	
Mr. CHUI Keung	0/1

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 and education background and professional expertise. 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.

### 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 87 to 88 of this annual report.

## Internal Controls

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

To assist the Board in monitoring the 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 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 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 controls are sufficient enough 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 escalated to management and the Audit Committee for assessment and rectifications.

In recent years, the Internal Audit's work responsibilities have been expanding from focusing purely on reporting, compliance and operational efficiency issues to assisting management and the Audit Committee members identify and deepen their understanding of business strategies, emerging risks and corporate governance.

In 2014, the Board, through the Audit Committee and with the assistance of the Internal Audit, has conducted a review of the effectiveness of the Group's system of internal control for the year ended 31 December 2014, covering all material operational, financial and compliance controls and risk management functions, and considers that the system of 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.



# Corporate Governance Report

## External Auditor

PricewaterhouseCoopers ("PwC") has been appointed as the external auditor of the Company by Shareholders at the AGM held on 5 June 2014. The remuneration in respect of services provided by PwC for the Group is analysed as follows:

	<b>31 December 2014</b>	31 December 2013
	<b>HK\$</b>	HK\$
Audit Service	<b>11,084,000</b>	11,236,000
Non-audit Service	<b>568,000</b>	519,000
Tax Service	<b>458,000</b>	1,440,000
Total	<b>12,110,000</b>	13,195,000

## Company Secretary

Mr. YEUNG Ka Keung was appointed as 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 2014 financial year.

## Shareholders' Rights

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

Pursuant to article 58 of the article of association of the Company, 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 extraordinary general meeting 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 of the Company, 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 dispatch 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 an announcement published on both the websites of the Company and the Stock Exchange on 28 March 2012.

### Communication with Shareholders and Investors Relations

The Board has a high regard on 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 Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with Company. The policy will be under review 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](http://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](http://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: [hkcass@phoenixtv.com](mailto:hkcass@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 2015