

Corporate Governance Report

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

Corporate Governance Practices

The Company adopted its own code on corporate governance (the “CG Code”) which combined its existing principles and practices with most of the code provisions of the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules – all with the objective of taking forward a corporate governance structure which builds on Phoenix’s own standards and experience, whilst respecting the benchmarks set in the Code.

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

Save as disclosed below, the Company has, throughout the year ended 31 December 2015, complied with the Code.

Distinctive Roles of Chairman and Chief Executive Officer

Code Provision

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

Deviation and its Reasons

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

On 26 November 2008, Mr. LIU entered into a non-competition deed (the “Non-Competition Deed”) in favour of the Company which took effect on 5 December 2008 in order to manage any potential competing interest with the Group. Details of the Non-Competition Deed were set out in the announcement of the Company dated 26 November 2008.

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

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



Appointments, Re-election and Removal

Code Provision

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

Deviation and its Reason

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

Directors' Securities Transactions

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

Having made specific enquiry of all Directors, it was confirmed that the Directors have complied with the above-mentioned required standards of dealings regarding Directors' securities transactions throughout the year ended 31 December 2015.

The Company has also adopted a code of conduct governing securities transactions by the employees of the Group who may possess or have access to the inside information in relation to the Group or its securities.

Board of Directors

Responsibilities

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

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Board of Directors (Continued)

Composition

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

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

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

Board meetings and general meetings

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

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

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

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Board of Directors (Continued)

Board meetings and general meetings (Continued)

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

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

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

Directors' training and professional development

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

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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 Report



Corporate Governance Functions

The Board is responsible for the following corporate governance functions:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (e) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report;
- (f) to review the effectiveness of the risk management and internal control systems; and
- (g) to prepare the Company's accounts and consolidated financial statements.

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

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

Board Diversity Policy

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

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

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

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Board Committees

Audit Committee

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

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

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

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

Name of Directors	Attended/Eligible to attend
<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	0/2

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

Remuneration Committee

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

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



Board Committees (Continued)

Remuneration Committee (Continued)

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

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

Name of Directors	Attended/Eligible to attend
<i>Independent non-executive Directors</i>	
Mr. Thaddeus Thomas BECZAK	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 recommended new service contracts of two executive Directors, Mr. LIU Changle and Mr. CHUI Keung to the Board for approval and had reviewed and recommended to the Board bonus payments for year 2015 and the increment in salary for year 2016 for the executive Directors and the senior management staff of the Company.

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

Nomination Committee

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

The primary functions of the Nomination Committee are to review the structure, size and diversity of the Board annually, to 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 terms of reference of the Nomination Committee was published on the websites of both the Company and the Stock Exchange.

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

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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	1/1

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

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

Risk Management Committee

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

The primary functions of the Risk Management Committee are:

- (a) to review the Company's risk management policies and guidelines and monitor the implementation and development of the risk management system of the Company;
- (b) to conduct assessment of the strategic, financial, operational, compliance and other risks of the Company;
- (c) to make recommendation to the Board for the determination of acceptable levels of risk for the Company regarding major decisions;
- (d) to consider and adjust the Company's risk management strategies in accordance with the acceptable level of risk considered and approved by the Board;



Board Committees (Continued)

Risk Management Committee (Continued)

- (e) to review at least once per annum the effectiveness of the risk management internal control systems of the Company, and to consider, in particular, the following matters in the annual review under the risk management system:
 - (i) the changes, since the last annual review, in the nature and the extent of significant risks and the Company's ability to respond to changes in its business and external environment;
 - (ii) the scope and quality of the management's ongoing monitoring of the risks and the internal control system, and where applicable, the work of its internal audit function and other assurance providers;
 - (iii) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables the Risk Management Committee to assess control of the Company and the effectiveness of risk management;
 - (iv) significant control failures or weakness that have been identified during the period and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, may have or may in the future have, a material impact on the Company's financial performance or condition; and
 - (v) the effectiveness of the Company's procedures on financial reporting and the compliance of the Listing Rules.
- (f) to review the effectiveness of the Company's risk management and internal control systems should cover all material controls, including financial, operational and compliance controls.

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

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

Ad Hoc Committee

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

Directors' and Auditor's Responsibilities for the Financial Statements

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

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

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Risk Management and Internal Controls

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

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

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

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

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

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

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

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

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External Auditor

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

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

Company Secretary

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

Articles of Association

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

Shareholders' Rights

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

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

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

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

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Shareholders' Rights (Continued)

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

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

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

Communication with Shareholders and Investors Relations

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

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

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

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

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

No. 2-6 Dai King Street, Tai Po Industrial Estate Tai Po, New Territories, Hong Kong
Fax: (852) 2200 8340
Email: 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 2016