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鳳凰衛視

**PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED**

**鳳凰衛視投資(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 02008)**

**CONTINUING CONNECTED TRANSACTION  
ADVERTISING CONTRACT IN RELATION TO SALE OF ADVERTISING  
AIRTIME AT THE GROUP'S CHANNELS**

**INTRODUCTION**

On 30 November 2018, Shenzhou, acting as the PRC advertising agent of Phoenix HK and CNHK Media, have entered into the 2019 Contract respectively for the ultimate benefits of the Group and CMCC Group.

Pursuant to the 2019 Contract, CNHK Media agreed to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel for the period from 1 January 2019 to 31 December 2019 for the sum not exceeding RMB40,000,000 (equivalent to approximately HK\$45,248,000) for promoting the CMCC Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CNHK Media has entered into a contract with a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime from Phoenix HK on behalf of CMCC Group from 1 April 2018 to 31 March 2019 ("**CNHK-CMCC 2018/19 Contract**") for the benefits of the CMCC Group; and after the expiry of the CNHK-CMCC 2018/19 Contract, the aforesaid parties will enter into a similar contractual arrangement for the period covering 1 April 2019 to 31 March 2020 ("**CNHK-CMCC 2019/20 Contract**"). As such, the entering of the 2018 Contract as well as the 2019 Contract by CNHK Media is for the ultimate benefits of the CMCC Group.

**IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company because (i) CNHK Media has entered into a transaction with the Group, namely the 2019 Contract, and (ii) with respect to the transaction CNHK Media has entered into the CNHK-CMCC 2018/19 Contract and proposes to enter into the CNHK-CMCC 2019/20 Contract with a subsidiary of CMCC in the PRC which is a connected person of the Company under the Listing Rules.

As CMHK Media is considered a deemed connected person of the Company, the New Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the annual cap for the New Transactions are more than 0.1% but less than 5%, the New Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **2019 CONTRACT**

Reference is made to the announcement of the Company dated 2 February 2018 relating to the 2018 Contract. As the transactions contemplated under the 2018 Contract will expire on 31 December 2018 and CNHK Media would like to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel operated by the Group for the period from 1 January 2019 to 31 December 2019, Shenzhou, acting as the PRC advertising agent of Phoenix HK has entered into the 2019 Contract with CNHK Media on 30 November 2018 for the ultimate benefits of the Group.

Pursuant to the 2019 Contract, CNHK Media agreed to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel for the period from 1 January 2019 to 31 December 2019 for the sum not exceeding RMB40,000,000 (equivalent to approximately HK\$45,248,000) for promoting the CMCC Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CNHK Media has entered into the CNHK-CMCC 2018/19 Contract for the benefits of the CMCC Group; and after the expiry of the CNHK-CMCC 2018/19 Contract, the aforesaid parties will enter into the CNHK-CMCC 2019/20 Contract. As such, the entering of the 2018 Contract as well as the 2019 Contract by CNHK Media is for the ultimate benefits of the CMCC Group.

Pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company because (i) CNHK Media has entered into a transaction with the Group, namely the 2019 Contract, and (ii) with respect to the transaction CNHK Media has entered into the CNHK-CMCC 2018/19 Contract and proposes to enter into the CNHK-CMCC 2019/20 Contract with a subsidiary of CMCC in the PRC which is a connected person of the Company under the Listing Rules.

The 2019 Contract was entered into by the parties after arm's length negotiation such that the advertising airtime provided by Phoenix HK or Shenzhou to other customers will be at rates no less favourable than that of the 2019 Contract. The rates to be charged under the 2019 Contract will be set with reference to the rate card published by Phoenix HK from time to time which contains the pricing structure for the sale of advertising airtime on its satellite television channels.

Under the 2019 Contract, for any New Transactions with broadcasting period of 31 days or less, CNHK Media shall pay the advertising cost in full upon signing the individual contracts. For any New Transactions placed by CNHK Media with broadcasting period exceeding 31 days, CNHK Media shall pay for the advertising costs for each individual contract in accordance with the following manners: (a) for advertisements with Lead Time exceeding 30 days, CNHK Media shall pay 10% of the advertising costs as deposit within 7 days after the signing of the individual contracts, the first instalment of not less than 25% of the advertising costs shall be paid by CNHK Media at least 15 days prior to the commencement of the broadcasting period and the balance of the advertising costs shall be paid in accordance with the payment term to be agreed by Shenzhou and CNHK Media under the individual contract; (b) for advertisements with Lead Time of more than 7 days but not more than 30 days, CNHK Media shall pay 10% of the advertising costs as deposit upon signing of the individual contract, the first instalment of not less than 25% of the advertising costs shall be paid by CNHK Media at least 7 days prior to the commencement of the broadcasting period and the balance of the advertising costs shall be paid in accordance with the payment term to be agreed by Shenzhou and CNHK Media under individual contract; (c) for advertisements with Lead Time of 7 days or less, CNHK Media shall pay 10% of the advertising costs as deposit together with a first instalment of not less than 25% of the advertising costs upon signing of the individual contract, and the balance of the advertising costs shall be paid in accordance with the payment term to be agreed by Shenzhou and CNHK Media under the individual contract.

Shenzhou and CNHK Media, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties which are (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not connected person(s) of the Company.

## **HISTORICAL FIGURES AND THE PROPOSED ANNUAL CAP**

	<b>Historical amounts for the year ended under the 2016 Contract</b>	<b>Historical amounts for the year ended under the 2017 Contract</b>	<b>Historical amounts for the period from 2 February 2018 to 30 November 2018 under the 2018 Contract</b>	<b>Proposed annual cap for the year ended under the 2019 Contract</b>
Provision of advertising airtime from Phoenix HK to CNHK Media through Shenzhou	16,549,581	16,999,562	10,436,272	40,000,000

*(Unit: RMB)*

The annual cap for the 2019 Contract was determined after considering the following factors: (i) the historical amounts of the advertising airtime provided from Phoenix HK to CNHK Media through Shenzhou; (ii) the expected number of the marketing and promotional activities of the CMCC Group for the tenure of the 2019 Contract; (iii) the anticipated rates for the sale of advertising airtime on the Phoenix HK's satellite television channels for the year 2019; and (iv) to provide Phoenix HK the necessary flexibility to seize business opportunities in the fast-paced media advertising industry.

## **REASONS FOR THE NEW TRANSACTIONS**

Phoenix HK sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of its turnover. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, Phoenix HK is able to generate more income for its operation and business.

The Directors, including the independent non-executive Directors, are of the view that the 2019 Contract was entered into in the ordinary and usual course of business of Phoenix HK and the terms thereof are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the material time, one Director and one former Director, namely Mr. XIA Bing and Mr. SHA Yuejia, have abstained from participating in the Board resolutions approving the New Transactions due to the fact that Mr. SHA Yuejia was and Mr. XIA Bing is Directors nominated by a member of CMCC Group. Subsequently, Mr. SHA Yuejia's resignation as a Director took effect after the Board resolutions were passed. Save as disclosed above, none of the Directors eligible to vote in the aforesaid Board resolutions has a material interest in the 2019 Contract.

## **IMPLICATIONS UNDER THE LISTING RULES**

As CMHKG is a substantial shareholder of the Company holding approximately 19.69% of the issued share capital of the Company through its wholly-owned subsidiary, namely Extra Step Investments Limited, CMCC, being the ultimate holding company of CMHKG, is a connected person of the Company under the Listing Rules. Pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company because (i) CNHK Media has entered into a transaction with the Group, namely the 2019 Contract, and (ii) with respect to the transaction CNHK Media has entered into the CNHK-CMCC 2018/19 Contract and proposes to enter into the CNHK-CMCC 2019/20 Contract with a subsidiary of CMCC which is a connected person of the Company under the Listing Rules.

As CNHK Media is considered a deemed connected person of the Company, the New Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the annual cap for the New Transactions are more than 0.1% but less than 5%, the New Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL

The Group is a satellite television operator and, through its subsidiaries, is a leading satellite television operator broadcasting in the PRC as well as worldwide. Apart from satellite television broadcasting, the Group now has a diversified business portfolio covering internet media, outdoor media, animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

CMHKG is the substantial shareholder of China Mobile Limited which is a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, autonomous regions and directly-administered municipalities and in the PRC and in Hong Kong. The ordinary shares of China Mobile Limited are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1312. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

## DEFINITIONS

“2018 Contract”	the advertising contract entered into between Shenzhou (acting as the advertising agent of Phoenix HK) and CNHK Media dated 2 February 2018 relating to the purchase of advertising airtime by CNHK Media for the period from 2 February 2018 to 31 December 2018, both dates inclusive
“2019 Contract”	the advertising contract entered into between Shenzhou (acting as the advertising agent of Phoenix HK) and CNHK Media dated 30 November 2018 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2019 to 31 December 2019, both dates inclusive
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“CMCC”	China Mobile Communications Corporation* (中國移動通信集團公司), a state-owned company established under the laws of the PRC
“CMCC Group”	CMCC and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司), a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“CNHK Media”	CNHK Media Limited (中港傳媒有限公司), a company incorporated in Hong Kong with limited liability

“CNHK-CMCC 2018/19 Contract”	A contract between CNHK Media and a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime from Phoenix HK on behalf of CMCC Group from 1 April 2018 to 31 March 2019
“CNHK-CMCC 2019/20 Contract”	A contract between CNHK Media and a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime from Phoenix HK on behalf of CMCC Group from 1 April 2019 to 31 March 2020
“Company”	Phoenix Media Investment (Holdings) Limited (鳳凰衛視投資(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company, including independent non-executive directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lead Time”	the period between the signing of an individual contract of the New Transactions and the commencement of the broadcasting period of the advertisement
“New Transactions”	the transactions contemplated under the 2019 Contract for the period from 1 January 2019 to 31 December 2019, both dates inclusive
“Phoenix HK”	Phoenix Satellite Television Company Limited (鳳凰衛視有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan



“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhen”	Shenzhen Television Company Ltd.*(神州電視有限公司), a company established under the laws of the PRC and the PRC advertising agent of Phoenix HK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**Phoenix Media Investment (Holdings) Limited**  
**LIU Changle**  
*Chairman*

Hong Kong, 30 November 2018

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

***Executive Directors***

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

***Non-executive Directors***

*Mr. JIAN Qin, Mr. XIA Bing, Mr. GONG Jianzhong and Mr. SUN Yanjun*

***Independent Non-executive Directors***

*Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di*

***Alternate Director***

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

*\* For identification purpose only*