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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)

**POTENTIAL VERY SUBSTANTIAL DISPOSAL
REGARDING
THE POTENTIAL DISPOSAL OF
THE SALE SHARES IN CAYMAN COMPANY
AND
PROFIT ALERT
AND
RESUMPTION OF TRADING**

POTENTIAL DISPOSAL OF THE SALE SHARES IN CAYMAN COMPANY BY THE GROUP

PNM (an indirect non-wholly owned subsidiary of the Company) entered into the Letter of Intent with the Purchaser (an independent third party) regarding the potential Disposal which became effective on 25 February 2019. The potential Disposal is subject to the signing of the formal agreement.

LISTING RULES IMPLICATIONS

PNM and the Purchaser continue to negotiate with a view to signing the formal agreement for the Disposal. In the event the formal agreement is entered into, it is expected that one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules will exceed 75%, rendering the Disposal a very substantial disposal for the Company under Chapter 14 of the Listing Rules subject to the announcement and Shareholders' approval requirements under the Listing Rules.

The formal agreement may or may not be entered into by the parties and the Disposal contemplated under the Letter of Intent may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PROFIT ALERT

Based on the preliminary unaudited consolidated management accounts of the Group for 2018, assuming without considering the net gain or loss and interest income on internet media investment, the Group is expected to record a loss as compared to a profit for the year ended 31 December 2017.

The Valuation may or may not have an impact on the consolidated results of the Group for 2018 and the potential Gain on Disposal.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 10:09 a.m. on 25 February 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28 February 2019.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PNM entered into the Letter of Intent with an independent third party (the “**Purchaser**”) which became effective on 25 February 2019 regarding the potential Disposal, subject to the parties entering into the formal agreement.

The Letter of Intent

Assets to be disposed of

The Sale Shares, being the 32% equity interest on an as-if converted basis held by PNM in Cayman Company, comprised an aggregate of 199,866,509 shares of Cayman Company.

Subject to the signing of the formal agreement, immediately following Completion, the equity interest held by PNM in Cayman Company will represent approximately 5.63% of the entire equity interest on an as-if converted basis in Cayman Company.

Deposit

On 25 February 2019, the Purchaser paid PNM RMB100 million by way of earnest money (the “**Earnest Money**”) whereby the Letter of Intent became effective.

According to the Letter of Intent, the Purchaser shall pay a deposit in the sum of US\$100 million (approximately HK\$785 million, the “**Deposit**”) to PNM in the following manner:

- (i) a payment of no less than US\$50 million (approximately HK\$392 million) as an initial

deposit shall be payable within four (4) business days from the signing of the Letter of Intent; and

- (ii) the remaining balance of the Deposit shall be payable within seven (7) business days from the signing of the Letter of Intent.

PNM and the Purchaser are expected to enter into the formal agreement within one (1) month from the signing of the Letter of Intent or such other date as such parties may agree.

PNM shall refund the Earnest Money to the Purchaser within one (1) business day after the receipt of the first installment of the Deposit, but will be entitled to terminate the Letter of Intent and retain the Earnest Money or the first installment of the Deposit as applicable if the first or second installment of the Deposit is not paid on time.

Save as the following situations, the Deposit paid by the Purchaser and any of its accrued interest shall not be refundable and the Deposit together with accrued interest will be applied to and counted as part of the Consideration payable by the Purchaser:

- (a) if PNM unilaterally terminates the proposed transaction after the receipt of the Deposit, PNM shall refund such Deposit to the Purchaser and pay the Purchaser a penalty; or
- (b) if the formal agreement is not entered into by the due date set out above due to reasons not attributable to the Purchaser, or if the Completion does not take place due to the conditions not been satisfied by the due date set out under the heading “Conditions precedent” below after the receipt of the Deposit by PNM, PNM shall refund the Deposit and any of its accrued interest.

Consideration

Subject to the signing of the formal agreement, the Consideration payable by the Purchaser for the Sale Shares is US\$448 million (approximately HK\$3,516 million) in cash.

Subject to the signing of the formal agreement, the Consideration is payable within 15 business days from the satisfaction of all the Conditions under the heading “Conditions precedent” below. If the Purchaser fails to pay the Consideration by the due date, the Purchaser shall pay a late payment fee at the rate set out in the formal agreement.

The Consideration was determined based on normal commercial terms and after arm’s length negotiations between PNM and the Purchaser with reference to a preliminary valuation of the Disposal Group at approximately US\$1,400 million.

Conditions precedent

Subject to the signing of the formal agreement, the Completion is subject to and conditional upon satisfaction of certain Conditions such as approvals by the board and shareholders (if applicable) of the Purchaser, Cayman Company, the Company and PNM, related approval of

the Stock Exchange and the delivery of valuation result of an independent valuation firm in respect of the Disposal.

Completion

Subject to the signing of the formal agreement, the Completion is expected to take place on the date when the Consideration is paid by the Purchaser in full and the completion of the registration of the Purchaser as shareholders of Cayman Company.

INFORMATION ON THE DISPOSAL GROUP

The principal business activities of the Disposal Group are the operation of Yidian Zixun (一點資訊), or Yidian, a personalized news and life-style information application in China that allows users to define and explore desired content on their mobile devices. Cayman Company is an investment holding company incorporated in the Cayman Islands and indirectly holds the entire equity interest of WFOE. As of the date of this announcement, the issued share capital of Cayman Company comprised 624,582,842 shares. Yidian Technology is a limited company established in the PRC on 23 August 2013 and currently holds a license issued by the CAC for the operation of the Internet (PC and mobile) news information services and the operation of Yidianhao (一點號), Yidian's we-media platform, in China. Under the Contractual Arrangements, WFOE has acquired effective control over the financial and operational management and results of Yidian Technology and has become entitled to all the economic benefits generated by the business operated by Yidian Technology and its subsidiaries.

FINANCIAL EFFECTS OF THE POTENTIAL DISPOSAL

Subject to the signing of the formal agreement, by reference to the Consideration and carrying value of the investment in the Sale Shares as at 30 June 2018 of approximately HK\$1,276 million, it is estimated that the Company will recognize a substantial gain on the Disposal upon Completion (before tax and expenses) ("**Gain on Disposal**"). The Group has engaged an independent valuer to conduct a valuation on the Cayman Company as at 31 December 2018 (the "**Valuation**"). The result of the Valuation in turn will affect the net gain or loss on internet media investment in the consolidated results of the Group for the year ended 31 December 2018 and the Gain on Disposal in the consolidated results of the Group for the year ended 31 December 2019.

The actual gain (or loss) as a result of the Disposal to be recorded by the Company is subject to audit and will be assessed after the Completion.

IMPLICATIONS UNDER THE LISTING RULES

PNM and the Purchaser continue to negotiate with a view to signing the formal agreement for the Disposal. In the event the formal agreement is entered into, it is expected that one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules will exceed 75%, rendering the Disposal a very substantial disposal for

the Company under Chapter 14 of the Listing Rules subject to the announcement and Shareholders' approval requirements under the Listing Rules.

The formal agreement may or may not be entered into by the parties and the Disposal contemplated under the Letter of Intent may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

PROFIT ALERT

Based on the preliminary unaudited consolidated management accounts of the Group for 2018, assuming without considering the gain or loss and interest income on internet media investment, the Group is expected to record a loss as compared to a profit for the year ended 31 December 2017. The Board considers that the loss was mainly attributable to an increase in contribution to the strategic upgrade of the Group.

As at the date of this announcement, the Company does not possess sufficient information to assess whether and to what extent the Valuation may impact on the consolidated results of the Group for 2018 and the potential Gain on Disposal. The Valuation may have no impact, a positive impact or a negative impact on the Group's 2018 consolidated results.

The above information is only based on a preliminary assessment by the Group's management according to the latest information currently available and the unaudited management accounts of the Group, which are subject to review by the audit committee of the Company and audit by the auditor of the Company, hence may be subject to further adjustment. The Group's results for the year ended 31 December 2018 is expected to be published before the end of March 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 10:09 a.m. on 25 February 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 28 February 2019.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Beijing Subsidiary A” or “WFOE” Beijing Particle Information Technology Co., Ltd. (北京一點網聚信息技術有限公司), a limited company established in the PRC on 24 December 2013 and a member of the Disposal

Group

“Beijing Subsidiary B”	Beijing Yidian Wanju Interaction Technology Co., Ltd.* (北京一點網聚互動科技有限公司), a limited company established in the PRC on 5 May 2017 and a member of the Disposal Group
“Beijing Subsidiary C”	Beijing Yidian Shuyu Technology Co., Ltd.* (北京一點數娛科技有限公司), a limited company established in the PRC on 1 December 2017 and a member of the Disposal Group
“Board”	the board of Directors
“business day”	a day (other than Saturdays and Sundays) on which banks are open for business in Hong Kong
“CAC”	Cyberspace Administration of China (國家互聯網信息辦公室)
“Cayman Company”	Particle Inc., an exempted company incorporated in the Cayman Islands on 22 July 2013 and a member of the Disposal Group
“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
“Completion”	subject to the signing of the formal agreement, completion of the transactions contemplated under the Letter of Intent as summarized in “The Letter of Intent – Completion” in this announcement above
“Condition(s)”	the condition(s) precedent to completion of the Disposal contemplated under the Letter of Intent as summarized in “The Letter of Intent – Conditions precedent” in this announcement above (as superseded by the terms of the formal agreement expected to be entered into by the parties)
“Consideration”	subject to the signing of the formal agreement, the consideration for the sale and purchase of the Sale Shares payable by the Purchaser to PNM (that is, equivalent to US\$448 million (approximately HK\$3,516 million))
“Contractual Arrangements”	a series of contractual arrangements entered into on 2 August 2016 that were designed to provide Beijing Subsidiary A with effective control over the financial and operational policies of Yidian Technology (to the extent permitted by PRC laws and regulations), i.e. the exclusive option agreement, the power of attorney and the share pledge agreement for the purpose of the

	operation of Yidian Zixun under the Disposal Group
“Director(s)”	director(s) of the Company
“Disposal”	subject to the signing of the formal agreement, the potential disposal by PNM of the Sale Shares pursuant to the terms and conditions of the Letter of Intent (as superseded by the terms of the formal agreement expected to be entered into by the parties)
“Disposal Group”	Cayman Company and its subsidiaries and entities controlled through the Contractual Arrangements (including US Subsidiary, HK Subsidiary, Beijing Subsidiary A, Beijing Subsidiary B, Beijing Subsidiary C, Yidian Technology, Tianjin Subsidiary and Shandong Subsidiary)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Subsidiary”	Particle (HK) Limited, a limited company incorporated in Hong Kong on 30 July 2013 and a member of the Disposal Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“independent third party(ies)”	independent third party(ies) who is/are, to the best of the Directors’ knowledge , information and belief having made all reasonable enquiries, independent of the Company and its connected persons (as defined under the Listing Rules)
“Letter of Intent”	the binding letter of intent entered into between PNM and the Purchaser regarding the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms”	has the meaning ascribed to it under the Listing Rules
“percentage ratios”	the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
“PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, an indirectly-owned subsidiary of the Company whose shares are listed by way of American depository shares on the New York Stock Exchange in the United States

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	the 32% of the equity interest on an as-if converted basis held by PNM in Cayman Company
“Shandong Subsidiary”	Shandong Yidian Zhiyue Information Technology Co., Ltd.* (山東一點智越信息科技有限公司), a limited company established in the PRC on 20 December 2017 and a member of the Disposal Group
“Share(s)”	ordinary share(s) of HK\$0.10 each in the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Subsidiary”	Tianjin Yidian Xintong Technology Co., Ltd.* (天津一點信通科技有限公司), a limited company established in the PRC on 28 April 2018 and a member of the Disposal Group
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“US Subsidiary”	Particle Media Inc., a limited company incorporated in the State of Delaware on 2 September 2016 and a member of the Disposal Group
“Yidian Technology”	Beijing Yidianwanju Technology Co. Ltd. (北京一點網聚科技有限公司), a limited company established in the PRC on 23 August 2013 and a member of the Disposal Group
“%”	per cent.

** for identification purpose only*

For the purpose of this announcement, unless otherwise specified, (i) conversions of RMB into Hong Kong dollars are based on the approximate exchange rates of RMB1.00 to HK\$1.1686 and (ii) conversions of the US dollars into Hong Kong dollars are based on the approximate exchange rates of US\$1.00 to HK\$7.849. 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.

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

Hong Kong, 27 February 2019

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)