THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Phoenix Media Investment (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

(1) VERY SUBSTANTIAL DISPOSAL DISPOSAL OF THE UPDATED SALE SHARES BY THE GROUP; (2) PROPOSED RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF THE 2019 SECOND EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Tuesday, 22 October 2019, at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof.

4 October 2019

CONTENTS

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

"Additional Shares"	additional ordinary shares of Cayman Company to be issued for the purpose of the ESOP
"Announcements"	the announcements of the Company dated 27 February 2019, 25 March 2019, 30 May 2019, 28 June 2019, and 25 July 2019 respectively, in relation to the Disposal and its updates
"Articles of Association" or "Articles"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Beijing Subsidiary B"	Beijing Yidian Wangju 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
"Branch Share Registrar"	Hong Kong Registrars Limited, the branch share registrar of the Company in Hong Kong
"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
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"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"	the completion of the transfer of the Offshore Sale Shares under the Share Purchase Agreement, which shall be superseded by the Updated Completion upon the effectiveness of the Supplemental Agreement
"Condition(s)"	the condition(s) precedent to parties' obligations in respect of the Offshore Sale Shares under the Share Purchase Agreement, the satisfaction of all of which were confirmed by PNM by a completion confirmation on 31 May 2019
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration for the sale and purchase of the Updated Sale Shares payable by the Purchaser to PNM under the Supplemental Agreement, comprising of (i) US$448 million (approximately HK$3,494.4 million) in respect of the Updated Offshore Sale Shares and (ii) RMB3,719,167 (approximately HK$4,351,000) in respect of the Onshore Sale Shares
"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, a personalized news and life-style information application, under the Disposal Group
"Deposit"	the deposit in the sum of US$100 million (approximately HK$780 million) paid by the Purchaser in cash pursuant to the terms of the Letter of Intent
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal by PNM of the Updated Sale Shares to the Purchaser pursuant to the terms and conditions of the Supplemental Agreement
"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)

"EGM"	the 2019 second extraordinary general meeting of the Company to be convened and held at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Tuesday, 22 October 2019 to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the paragraph headed "Additional Shares to be Issued by Cayman Company under the ESOP" in the section headed "Letter from the Board" of this circular)
"ESOP"	the existing employee share option plan of Cayman Company
"First Circular"	the circular of the Company dated 14 May 2019 in relation to the Disposal
"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 enquires, independent of the Company and its connected persons
"Latest Practicable Date"	30 September 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Letter of Intent"	the binding letter of intent entered into between PNM and the Purchaser regarding the proposed disposal of the Offshore Sale Shares in Cayman Company, which was superseded by the Share Purchase Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum"	the memorandum of association of the Company, as amended from time to time

"Mr. Chen"	Mr. Chen Ming (陳明), a nominee to hold approximately 43.75% of the entire equity interest in Yidian Technology (representing RMB4,378,000 of the registered share capital in Yidian Technology) according to the Contractual Arrangements as of the date of signing the Share Purchase Agreement. Mr. Chen is a director of Beijing Youjiuzhou Technology Co., Ltd.* (北京遊九州技術有限公司), Beijing Fengming Jiutian Network Technology Co. Ltd.* (北京鳳鳴九天網絡技術有限公司), Beijing Fenghuang Tianbo Network Technology Co., Ltd.* (北京鳳凰天博網絡技術有限公司) and Shanghai Yixi Network Technology Co. Ltd.* (上海億息網絡技術有限公司), each a subsidiary of the Group. Based on such companies' latest financials, they are insignificant subsidiaries of the Company on an aggregated basis for the purposes of Rule 14A.09 of the Listing Rules and Mr. Chen is therefore not a connected person of the Company
"normal commercial terms"	has the meaning ascribed to it under the Listing Rules
"Offshore Sale Shares"	32% of the equity interest on an as-if converted basis held by PNM in Cayman Company under the Share Purchase Agreement, which shall be superseded by the Updated Offshore Sale Shares upon the effectiveness of the Supplemental Agreement
"Onshore Sale Shares"	approximately 37.169% of the equity interest held by Mr. Chen in Yidian Technology, representing the registered share capital of RMB3,719,167 in Yidian Technology
"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 depositary shares on the New York Stock Exchange in the United States
"PNM Group"	PNM and its subsidiaries
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan

"Purchaser"	Run Liang Tai Management Limited, a company with limited liability incorporated in Hong Kong on 27 April 2016
"Sale Shares"	the Offshore Sale Shares and the Onshore Sale Shares under the Share Purchase Agreement, which shall be superseded by the Updated Sale Shares upon the effectiveness of the Supplemental Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"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 Purchase Agreement"	the share purchase agreement entered into between PNM and the Purchaser regarding the Disposal dated 22 March 2019, which superseded the Letter of Intent and became effective on the same date with the binding effect on the successor, transferee and designee of the respective parties, subject to the prior consent from other party
"Share(s)"	ordinary share(s) of HK$0.10 each in the Company
"Shareholder(s)"	holder(s) of Shares
"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
"Updated Completion"	the completion of the transfer of the Updated Offshore Sale Shares under the Supplemental Agreement as summarized in the paragraph headed "Updated Completion" in the section headed "Letter from the Board" of this circular
"Updated Condition"	the condition precedent to parties' obligation under the Supplemental Agreement as summarized in the paragraph headed "Updated Condition" in the section headed "Letter from the Board" of this circular

"Updated Offshore Sale Shares"	an aggregate of 212,358,165 shares of Cayman Company (including 27,639,580 series B preferred shares, 183,767,856 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company), representing approximately 34.00% equity interest on an as-if converted basis as of the Latest Practicable Date
"Updated Sale Shares"	the Updated Offshore Sale Shares and the Onshore Sale Shares
"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
"WFOE" or "Beijing Subsidiary A"	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
"Yidian Technology"	Beijing Yidianwangju 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 circular, unless otherwise specified, (i) conversions of RMB into Hong Kong dollars are based on the approximate exchange rates of RMB1.00 to HK$1.17 and (ii) conversions of the US dollars into Hong Kong dollars are based on the approximate exchange rates of US$1.00 to HK$7.8. 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.

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)

Executive Directors:
LIU Changle *(Chairman)*
CHUI Keung
WANG Ji Yan

Non-executive Directors:
JIAN Qin
ZHANG Dong
GONG Jianzhong
SUN Qiang Chang

Independent non-executive Directors:
LEUNG Hok Lim
Thaddeus Thomas BECZAK
FANG Fenglei
HE Di

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business:
No. 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

4 October 2019

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF THE UPDATED SALE SHARES BY THE GROUP;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF THE 2019 SECOND EXTRAORDINARY GENERAL MEETING

INTRODUCTION

References are made to (i) the Announcements and the First Circular regarding the Disposal; (ii) the announcement of the Company dated 6 June 2019 regarding the appointment of Mr. ZHANG Dong as a non-executive Director; and (iii) the announcement of the Company dated 16 August 2019 regarding the appointment of Mr. SUN Qiang Chang as a non-executive Director.

The purpose of this circular is to provide the Shareholders with, among other matters, (i) further details of the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the paragraph headed "Additional Shares to be Issued by Cayman Company under the ESOP" below), (ii) the proposed re-election of the Directors and (iii) a notice of the EGM to the Shareholders to approve the resolutions proposed at the EGM.

BACKGROUND OF THE SUPPLEMENTAL AGREEMENT

As disclosed in the announcement of the Company dated 28 June 2019, PNM sent a completion confirmation letter to the Purchaser on 31 May 2019 to confirm the satisfaction of all of the Conditions under the Share Purchase Agreement. The Purchaser, however, disputed the satisfaction of certain Conditions. Regardless of the above event, after further arm's length commercial negotiations, the parties conditionally agreed on the terms of the Supplemental Agreement with a view to proceeding with the Disposal and the transactions thereunder.

On 23 July 2019 (after trading hours), PNM, a subsidiary of the Company, entered into the Supplemental Agreement with the Purchaser in respect of the Share Purchase Agreement. Pursuant to the Supplemental Agreement, the parties conditionally agreed that, among others, they shall carry out the Updated Completion in accordance with the paragraph headed "Updated Completion" below, regardless of whether any dispute is raised by any party in respect of satisfaction of the Conditions under the Share Purchase Agreement.

The Supplemental Agreement has become effective upon the full payment of the First Installment of the First Consideration (as defined below) under paragraph (1)(i) of the paragraph headed "Consideration" below made by the Purchaser or its designee(s) to PNM before 23 July 2019. As of the Latest Practicable Date, the First Consideration was received in full by PNM. Upon its effectiveness, the Supplemental Agreement has formed an integral part of the Share Purchase Agreement and the principal terms of the Supplemental Agreement set out under the paragraph headed "The Supplemental Agreement" below shall supersede those under the Share Purchase Agreement.

As one or more of the applicable percentage ratios in respect of the entering into of the Supplemental Agreement as calculated under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14.06(4) of the Listing Rules, and is subject to the announcement and Shareholders' approval requirements under the Listing Rules.

THE SUPPLEMENTAL AGREEMENT

The following summarizes the principal terms of the Supplemental Agreement.

Date:

23 July 2019

Parties:

Vendor: Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Company; and

Purchaser: Run Liang Tai Management Limited, a company with limited liability incorporated under the laws of Hong Kong on 27 April 2016, with principal business in investment holding.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner, Mr. YANG Yuxiang, is an independent third party.

Assets to be disposed of

(1) The Updated Offshore Sale Shares, comprising an aggregate of 212,358,165 shares of Cayman Company (including 27,639,580 series B preferred shares, 183,767,856 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company), representing approximately 34.00% equity interest on an as-if converted basis as of the Latest Practicable Date (the "**Offshore Sale Shares Adjustment**"); and

(2) the Onshore Sale Shares, being approximately 37.169% of the equity interest held by Mr. Chen in Yidian Technology.

The Updated Offshore Sale Shares are recognized as financial assets at fair value through profit or loss in the Group's accounts. Immediately following the Updated Completion under the paragraph headed "Updated Completion" below, PNM will hold a total of 22,693,362 shares (being 22,693,362 series D1 preferred shares) in Cayman Company (the "Residual Offshore Shares"), representing approximately 3.63% of the equity interest on an as-if converted basis in Cayman Company as of the Latest Practicable Date.

The major differences among series B preferred shares, series C preferred shares and series D1 preferred shares of Cayman Company include: (i) different priorities of liquidation preference right (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares); (ii) different events that could trigger redemption right; and (iii) different orders of redemption (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares).

Deposit

As of the Latest Practicable Date, PNM has received the Deposit in the sum of US$100 million (approximately HK$780 million) in cash.

Consideration

The Consideration payable in cash by the Purchaser comprises (i) US$448 million (approximately HK$3,494.4 million) in respect of the Updated Offshore Sale Shares and (ii) RMB3,719,167 (approximately HK$4,351,000) in respect of the Onshore Sale Shares.

The following summarizes the payment terms of the Consideration in respect of the Updated Sale Shares under the Supplemental Agreement.

(1) First Consideration

The first part of the Consideration (the "**First Consideration**") in the sum of US$100 million (approximately HK$780 million) shall be payable in cash by the Purchaser or its designee(s) to PNM by depositing the same amount into the account designated by PNM before 10 August 2019. As of the Latest Practicable Date, the First Consideration was received by PNM in full. The payment schedule of the First Consideration is set out below:

(i) US$20 million (approximately HK$156 million) (the "**First Installment of the First Consideration**") shall be payable no later than 23 July 2019 upon signing the Supplemental Agreement;

(ii) US$20 million (approximately HK$156 million) shall be payable on or before 30 July 2019; and

(iii) US$60 million (approximately HK$468 million) shall be payable on or before 10 August 2019.

Upon the full payment of the First Consideration and the Residual Consideration Deposit (as define below) made by the Purchaser, the Deposit in the amount of US$100 million (approximately HK$780 million) shall form a part of the Consideration on the First Completion Date (as defined below). The interest from the Deposit accrued from the date of receipt and up to 10 August 2019 based on the applicable interest rate under the Share Purchase Agreement in the amount of US$714,413 (approximately HK$5,572,421) (the "**Deposit Interest**") shall form a part of the Consideration on the Second Completion Date (as defined below).

The Matters (as defined below) are subject to approval by the Shareholders at the EGM. In the event that the Shareholders approve the Matters, a deposit in respect of the residual of the Consideration in the amount of US$50 million (approximately HK$390 million) (the "**Residual Consideration Deposit**") shall be payable in cash by the Purchaser or its designee(s) to PNM by depositing the same amount into the account designated by PNM within two business days following the date of the Company's announcement in respect of the poll results of such general meeting (the "**Poll Results Date**"). The Purchaser or its designee(s) shall provide a bank transfer voucher to PNM prior to such period. The Residual Consideration Deposit and any interest accrued from the Residual Consideration Deposit (the "**Residual Consideration Deposit Interest**") shall form a part of the Consideration on the Second Completion Date.

In the event that the Shareholders do not approve the Matters at the EGM (due to causes beyond the control of PNM or its related party), PNM shall fully refund the First Consideration and any accrued interest therefrom to the Purchaser or its designee(s) within two business days following the Poll Results Date. For the avoidance of doubt, in such event, the Deposit shall not be refunded. PNM shall provide a bank transfer voucher to the Purchaser or its designee(s) prior to such period. PNM and the Purchaser shall continue to negotiate in such event. If the negotiation is not successful, the parties shall carry out their respective obligations in accordance with the terms under the Share Purchase Agreement.

(2) Residual Consideration

The residual amount of the Consideration (being the residual amount of the Consideration of US$448 million less the First Consideration, less the Deposit and the Deposit Interest and less the Residual Consideration Deposit and the Residual Consideration Deposit Interest, the "**Residual Consideration**") shall be payable in cash by way of wire transfer by the Purchaser or its designee(s) to PNM by depositing the same amount into the account designated by PNM on or before 10 August 2020 or within a period otherwise mutually agreed by the parties.

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$1,318 million, taking into account various factors including:

(a) the estimated valuation of the Disposal Group at approximately US$955 million as inferred from the consideration agreed for Cayman Company's latest round of capital fundraising in 2017 where independent third parties subscribed for interests in Cayman Company;

(b) the approximately 47.8% increase in the Disposal Group's unaudited net advertising sales in 2018 as compared to that in 2017, as applied to the estimated valuation of the Disposal Group in (a) above;

(c) the price to sales ratio of listed market comparables, including A-share listed People.cn (人民網) and Xinhuanet (新華網) and NASDAQ listed Qutoutiao Inc. (趣頭條), which are all PRC internet companies principally engaged in the provision of contents and whose principal businesses are similar to that of the Disposal Group;

(d) the valuation of the Disposal Group as estimated by research analysts of major investment banks at US$1,500 million in November 2018 and US$1,300 million in August 2018, respectively; and

(e) after further arm's length commercial negotiations the parties agreed on the terms of the Supplemental Agreement with a view to proceeding with the Disposal and the transactions contemplated thereunder.

Updated Condition

Pursuant to the Supplemental Agreement, the performance of the Updated Completion is subject to and conditional upon the satisfaction of the following Updated Condition: the approval by the Shareholders at the EGM of the Supplemental Agreement and the transactions contemplated thereunder (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the paragraph headed "Additional Shares to be Issued by Cayman Company under the ESOP" below (collectively, the "**Matters**")).

In the event that the Matters are not approved by the Shareholders at the EGM, the Supplemental Agreement shall lapse and the parties shall follow the terms under the Share Purchase Agreement.

Termination

The Supplemental Agreement may be terminated if PNM and the Purchaser mutually agree in writing to terminate the Supplemental Agreement.

In addition, in the event that the relevant shareholders of Cayman Company claim the relevant rights of shareholders in respect of the Offshore Sale Shares Adjustment, which constitutes a material effect on the performance of the Supplemental Agreement, including but not limited to affecting the Updated Offshore Sale Shares, Residual Offshore Shares and the Consideration in respect of the Offshore Sale Shares under the Share Purchase Agreement, the parties shall use respective commercially reasonable efforts to negotiate in accordance with the agreed principles under the Supplemental Agreement. In the event that the parties fail to agree on a solution before 10 October 2019 or before a period otherwise mutually agreed by the parties in writing, PNM is entitled to immediately terminate the Supplemental Agreement and shall not bear any default obligation under the Supplemental Agreement due to the aforesaid event. Upon such termination, the Purchaser shall immediately take all measures to collaborate with Cayman Company to cancel the transfer of the relevant Offshore Sale Shares already under the name of the Purchaser (if applicable). At the same time, upon such termination and subject to the completion of the aforesaid re-registration of the relevant Offshore Sale Shares under PNM's name, the Purchaser is entitled to request PNM to refund the money (other than the Deposit and the Deposit Interest) already made by the Purchaser or its designee(s).

On 5 August 2019, Long De Cheng Zhang Culture Communication (Tianjin) Co., Ltd. (龍德成長文化傳播(天津)有限公司) and Long De Holdings (Hong Kong) Co., Limited (collectively, the "**Long De Entities**") sent a joint notice to PNM purporting to exercise their co-sale right under the Eighth Amended and Restated Shareholders Agreement of the Cayman Company dated 8 August 2018 (the "**Shareholders Agreement**"). The Long De Entities are independent third parties of the Company and PNM, while the Long De Entities and PNM are both shareholders of the Cayman Company.

Pursuant to the terms of the Shareholders Agreement and the articles of association of the Cayman Company, when PNM as an existing shareholder of the Cayman Company seeks to transfer its interest in the Cayman Company to a third party, the Long De Entities as existing shareholders of the Cayman Company have a right to demand a co-sale of their interest in the Cayman Company to such extent based on a pre-determined formula such that the number of Cayman Company shares to be sold by PNM shall be reduced correspondingly. Any such co-sale notice shall set out the amount of co-sale securities and be delivered to PNM and the Cayman Company within the specified period, as accompanied by transfer documents duly executed by the Long De Entities together with relevant certificates.

On 20 September 2019, the Long De Entities wrote to PNM stating that the total number of shares which they presently seek to co-sell shall be 16 million shares for a total consideration of approximately RMB240 million and that the number of their co-sale shares may change. Based on discussion with its legal advisers, PNM is of the view that the initial notice does not constitute a valid notice under the terms of the Shareholders Agreement, thus the co-sale right should not be considered as properly exercised within the exercise period specified in the Shareholders Agreement.

If the Long De Entities continue to assert their co-sale right and a settlement has not been reached between the parties, legal proceedings may take place to resolve the matter and the outcome of such proceedings may or may not be favorable to PNM. As far as the Disposal is concerned, it is possible that there may be a reduction in the number of the Updated Sale Shares to be sold by PNM and the corresponding amount to be received by PNM. If the Long De Entities are able to validly exercise their co-sale rights for the tentatively requested 16 million shares, PNM preliminarily estimates that the Updated Sale Shares to be sold by PNM will be reduced to approximately 196,358,165 shares in Cayman Company and the proceeds to PNM from the Disposal will be reduced to approximately USD414,245,706.

PNM will continue its discussions with the Long De Entities for an amicable resolution of the disagreement between the parties, and the Company will make a further announcement as and when appropriate in accordance with applicable requirements of the Listing Rules.

Updated Completion

Pursuant to the Supplemental Agreement, the parties agreed on the following Updated Completion:

(a) ***First Completion***

The amount of the consideration at First Completion is US$200 million (approximately HK$1,560 million).

Conditional upon the approval of the Matters by the Shareholders, the parties shall complete the sale of, and the purchase of, the corresponding part of the Updated Offshore Sale Shares (the "**First Completion Offshore Sale Shares**") in respect of the First Consideration and the Deposit by way of email confirmation within five (5) business days from the date of full payment of the First Consideration and the Residual Consideration Deposit made by the Purchaser or its designee(s) (the "**First Completion**", and the date of the First Completion, the "**First Completion Date**"). The First Completion Offshore Sale Shares comprise an aggregate of 94,802,752 shares of Cayman Company (including 27,639,580 series B preferred shares and 67,163,172 series C preferred shares of Cayman Company), representing approximately 15.18% of the equity interest on an as-if converted basis held by PNM in Cayman Company as of the Latest Practicable Date. Within ten (10) business days from the First Completion Date, the parties shall use commercially reasonable efforts to collaborate with and procure Cayman Company to provide the Purchaser an updated register of members of Cayman Company (the "**Register of Members**") and a share certificate of Cayman Company in respect of the First Completion.

Following the First Completion, if requested by the Purchaser, PNM shall procure its onshore nominee (as a registered shareholder of Yidian Technology, which is an onshore entity controlled through the Contractual Arrangements under the Disposal Group) to enter into a share transfer agreement to effectuate the transfer of the corresponding part of the Onshore Sale Shares to the Purchaser's designee within a reasonable period as notified by the Purchaser in writing and to perform and cooperate with the registration of the transfer of the Onshore Sale Shares or otherwise renounce the equity interest in Yidian Technology in manner mutually agreed by the Purchaser and PNM in accordance with the Share Purchase Agreement. Upon the completion of registration of the transfer of the Onshore Sale Shares, the designee(s) of the Purchaser shall pay the Consideration in respect of the Onshore Sale Shares to an account designated by PNM or otherwise mutually designated by parties in writing.

(b) Second Completion

The amount of the consideration at Second Completion is US$248 million (approximately HK$1,736 million).

Following the First Completion, the parties shall complete the sale of, and the purchase of, the residual part of the Updated Offshore Sale Shares (the "**Second Completion Offshore Sale Shares**") by way of email confirmation within five (5) business days from the date of full payment of the Residual Consideration made by the Purchaser or its designee(s) (the "**Second Completion**", and the date of the Second Completion, the "**Second Completion Date**"). The Second Completion Offshore Sale Shares comprise an aggregate of 117,555,413 shares of Cayman Company (including 116,604,684 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company), representing approximately 18.82% of the equity interest on an as-if converted basis held by PNM in Cayman Company as of the Latest Practicable Date. Within ten (10) business days from the Second Completion Date, the parties shall use commercially reasonable efforts to collaborate with and procure Cayman Company to provide the Purchaser an updated Register of Members and a share certificate of Cayman Company in respect of the Second Completion.

The parties shall perform in the matter as set out in the Share Purchase Agreement, in respect of (x) the completion of the sale of, and the purchase of, the residual part of the Onshore Sale Shares in accordance with the terms under the Share Purchase Agreement and (y) the resignation of the two PNM-appointed directors and the election of two Purchaser-appointed directors. For the avoidance of doubt, the Purchaser is entitled to elect two directors only after the completion of the First Completion and the Second Completion.

Default Arrangements

Default of the Purchaser

If the Purchaser fails to pay the Consideration in accordance with the paragraph headed "Updated Completion" above in respect of the First Consideration and the Residual Consideration and/or the Residual Consideration Deposit by respective due dates, the Purchaser shall pay a late payment fee at the rate of 15% per annum for the outstanding amount.

Without prejudice to any other obligation of the Purchaser under the Supplemental Agreement and applicable laws, in the event that:

(a) the Purchaser fails to pay the First Consideration, the Residual Consideration and/or the Residual Consideration Deposit based on the respective payment term(s) before the due date(s) according to the Supplemental Agreement set out in the paragraph headed "Consideration" above or a period otherwise agreed by the parties;

(b) the parties fail to agree such extension period for the outstanding Consideration and/or the Residual Consideration Deposit; or

(c) the Purchaser fails to perform the arrangements (including but not limited to the Concert Party Agreement (as defined below)) in accordance with the paragraph headed "Updated Transitional Arrangements" below,

(i) PNM is entitled to immediately terminate the Share Purchase Agreement, the Supplemental Agreement and the transactions thereunder. In addition, PNM shall not refund any of the First Consideration, the Deposit and the Deposit Interest and the Residual Consideration Deposit and the Residual Consideration Deposit Interest (if any) (collectively, the "**Payments**"). If the Payments fall short to cover PNM's loss resulting from the default of the Purchaser, the Purchaser shall fully indemnify PNM; and

(ii) the Authorization in respect of the consent, undertaking and authorization during the Transitional Period (as defined below) under the Share Purchase Agreement shall be automatically terminated; and PNM shall not bear any default liabilities.

Default of PNM

Without prejudice to any other obligation of PNM under the Supplemental Agreement and applicable laws, in the event that:

(a) PNM fails to refund the First Consideration and any interest accrued therefrom in the event that the Shareholders do not approve the Matters as set out in paragraph (1) under the paragraph headed "Consideration" above;

(b) the parties fail to complete the sale of, and the purchase of, the Updated Offshore Sale Shares in accordance with paragraphs (a) and (b) under the paragraph headed "Updated Completion" above due to the reasons of untimely confirmation on completion and notification or collaboration with Cayman Company to update the Register of Members which is caused by PNM;

(c) the Shareholders do not approve the Matters at the EGM due to causes that PNM or its related party has control over (for example, the EGM is not convened which is caused by PNM or its related party); or

(d) PNM fails to perform the relevant obligations in accordance with the paragraph headed "Updated Transitional Arrangements" below, the Purchaser is entitled to immediately terminate the Share Purchase Agreement, the Supplemental Agreement and the transactions thereunder. In addition, PNM shall undertake the following default liabilities: (x) to refund the First Consideration, the Residual Consideration, the Deposit and Deposit Interest, the Residual Consideration Deposit Interest and/or the Residual Consideration Deposit Interest already made by the Purchaser or its designee(s); (y) to pay the liquidated damages at the rate of 15% per annum for the amount already made by the Purchaser or its designee(s); and (z) to pay the liquidated damages equivalent to the Residual Consideration Deposit in the amount of US$50 million (approximately HK$390 million) (collectively, the "**Default Payments**"). In the event that the parties fail to complete the sale of, and the purchase of, the Second Completion Offshore Sale Shares in accordance with paragraph (b) under the paragraph headed "Updated Completion" above due to the reasons of untimely confirmation on completion and notification or collaboration with Cayman Company to update the Register of Members which is caused by PNM, PNM shall irrevocably authorize the Purchaser to exercise the rights, in accordance with the prescribed form set out in the Supplemental Agreement, in respect of the Second Completion Offshore Sale Shares, other than the economic part of rights of shareholders. Such authorization shall be effective up to the date of completion of the updated Register of Members in respect of the Second Completion. If the Default Payments fall short to cover the Purchaser's loss resulting from the default of PNM, PNM shall fully indemnify the Purchaser.

Additional Shares to be Issued by Cayman Company under the ESOP

Pursuant to the Supplemental Agreement, the parties shall use their respective commercially reasonable efforts (i) to procure Cayman Company to reserve the Additional Shares to be issued for the purpose of the ESOP and (ii) to procure the board and the shareholders of Cayman Company to approve the issuance of the Additional Shares under the ESOP, which, if effectuating, will cause further dilution in the equity interest of Cayman Company and the percentage of the equity interest in Cayman Company in respect of the Updated Offshore Sale Shares will be changed.

Updated Transitional Arrangements

Pursuant to the Supplemental Agreement, the parties agreed that the transitional arrangements in respect of the authorizing the exercise of the rights of shareholders and directors of the Disposal Group (the "**Authorization**") set out under the Share Purchase Agreement (the "**Original Transitional Arrangements**") shall remain effective during the period from the date of the Share Purchase Agreement up to the date of the Completion or the termination of the Share Purchase Agreement, whichever is the earlier (the "**Transitional Period**").

Under the Supplemental Agreement, the Authorization of the rights of shareholders in respect of the First Completion Offshore Sale Shares shall automatically lapse on the date of completion of the updated Register of Members in respect of the First Completion. In addition, the Authorization of the rights of shareholders in respect of the Second Completion Offshore Sale Shares shall automatically lapse on the date of completion of the updated Register of Members in respect of the Second Completion. Under the Supplemental Agreement, the Authorization in respect of rights of director of the Disposal Group shall automatically lapse on the date when the two Purchaser-appointed directors are elected.

During the period from the date of the Supplemental Agreement up to the date of any of the following events, whichever is the earlier, the Purchaser or its designee(s) shall notify PNM and reach a consensus before any exercise of the rights of shareholder or director and before any voting of the rights of shareholder under the Authorization. If the parties are unable to reach a consensus, PNM shall determine how to vote (collectively, the **Concert Party Agreement**").

(a) the Purchaser or its designee to pay the full Residual Consideration to PNM within three (3) months, no later than six (6) months, from the date of the payment of the First Consideration;

(b) Within two (2) months from the date of full payment of the First Consideration, the Purchaser or other investor to subscribe for the newly issued shares of Cayman Company at the consideration of no less than US$200 million, on the terms of the pre-investment valuation of no less than US$1,100 million, to sign a subscription agreement and to complete the payment of the same amount (the "**Issuance of New Shares**") within three (3) months from the date of full payment of the First Consideration; or

(c) the Purchaser or its designee to pay additional US$30 million (approximately HK$234 million) on top of the Residual Consideration Deposit in the amount of US$50 million (approximately HK$390 million).

If none of the above events takes place, the Concert Party Agreement shall remain effective. If any of the above events takes place, the Concert Party Agreement shall be terminated on the event date. From such event date, the Purchaser shall be entitled to the entire rights of shareholders and PNM shall perform the Authorization in respect of rights of shareholder and director in accordance with the Share Purchase Agreement.

Under the Supplemental Agreement, the Purchaser shall deliver to PNM a duly-executed authorization, in accordance with the prescribed form set out in the Supplemental Agreement, on the First Completion Date. In the event that the Purchaser fails to pay the Residual Consideration in accordance with the paragraph headed "Consideration" above, the Purchaser shall irrevocably authorize PNM to exercise the voting rights, in accordance with the prescribed form set out in the Supplemental Agreement, in respect of the First Completion Offshore Sale Shares, other than the economic part of rights of shareholders.

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 Latest Practicable Date, 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 INFORMATION RELATING TO THE DISPOSAL GROUP

The unaudited loss before and after taxation of the Disposal Group for the year ended 31 December 2017 was approximately RMB453,358,000 (approximately HK$529,794,000) and RMB453,358,000 (approximately HK$529,794,000), respectively. The unaudited loss before and after taxation of the Disposal Group for the year ended 31 December 2018 was approximately RMB487,886,000 (approximately HK$570,144,000) and RMB487,886,000 (approximately HK$570,144,000), respectively.

The unaudited carrying value of the investments in Cayman Company measured at fair value as at 30 June 2019 was approximately HK$2,592,665,000 based on an independent valuation as at 30 June 2019.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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.

PNM (NYSE: FENG) is a leading new media company providing premium content on an integrated Internet platform, including PC and mobile, in China. Having originated from a leading global Chinese language TV network based in Hong Kong, Phoenix TV, PNM enables consumers to access professional news and other quality information and share user-generated content on the Internet through their PCs and mobile devices. PNM's platform includes its PC channel, consisting of ifeng.com website, which comprises interest-based verticals and interactive services; its mobile channel, consisting of mobile news applications, mobile video application, digital reading applications and mobile Internet website; and its operations with the telecom operators that provides mobile value-added services.

Considering the future development plan of Yidian Technology, the Group's investment in Yidian Technology (through Cayman Company) could be subject to the PRC regulatory restrictions on shareholding and the Disposal will provide a great exit opportunity for the Group. The Directors also consider that the Disposal will allow the Company to realize a considerable gain in its investment in Cayman Company hence strengthening the cash position for its own growth and expanding its product line or content through strategic investment opportunities if and when attractive opportunities arise. In addition, the remaining 3.63% equity interest in Cayman Company will allow the Group to participate in the further growth of Yidian Technology. The Group does not have any present intention to dispose of any of the remaining 3.63% equity interests in Cayman Company in the near future.

Under the Supplemental Agreement, the valuation of the Disposal Group by PNM's management is approximately US$1,318 million as opposed to approximately US$1,400 million under the Share Purchase Agreement, and the Updated Completion arrangements involve a longer period than the original Completion. In this connection, the Directors noted that the above terms have been agreed between the parties after further arm's length commercial negotiations, in view of the fact that the Purchaser disputed the satisfaction of certain Conditions after PNM sent a completion confirmation letter under the Share Purchase Agreement. The Directors also noted that, after the First Completion, the parties are contractually bound to eventually proceed to the Second Completion in accordance with the terms of the Supplemental Agreement. If the Purchaser does not proceed to the Second Completion in accordance with the terms of the Supplemental Agreement, the Group (through PNM) will have received the Deposit, the Deposit Interest, the First Consideration, the Residual Consideration Deposit and the Residual Consideration Deposit Interest (if any) while having the contractual claim and corresponding legal remedies as regards the Second Completion, and contractually entitled to repossess and exercise all rights attaching to the Updated Offshore Sale Shares transferred to the Purchaser at the First Completion (other than economic rights). In view of the above, the Directors consider that the arrangements under the Supplemental Agreement, being the result of arm's length commercial negotiations and reflecting the parties' intention to proceed with the Disposal despite the above event, are in the interest of the Company and its shareholders as a whole and able to safeguard the Company's interest.

Accordingly, the Directors consider that the terms (including the Consideration) of the Supplemental Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The outstanding shares held by PNM in Cayman Company was previously recognized as "financial assets at fair value through profit or loss" with fair value of approximately HK$2,592,665,000 as at 30 June 2019 (as at 31 December 2018: approximately HK$2,235,585,000). Upon Updated Completion, the remaining 3.63% of the equity interest in Cayman Company held by PNM remains to be recorded as "financial assets at fair value through profit or loss".

Subject to and upon the Updated Completion, it is estimated that the Company will recognize an unaudited gain on the Disposal upon Updated Completion (before tax and expenses) of approximately HK$1,156 million for the two years ending 31 December 2020 (gain for years ending 31 December 2019 and 2020 will be allocated in accordance with the effects of the Supplemental Agreement), which was calculated with reference to the cost of the Updated Offshore Sale Shares of approximately HK$2,339 million (which was calculated with reference to the carrying value of the Company's investment in the Disposal Group as at 30 June 2019 and without taking into account any future changes in fair value of the Updated Offshore Sale Shares).

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 Updated Completion.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds of US$404 million (which was calculated based on the difference between the Consideration and the estimated transaction costs and the relevant income tax payable for the gain on the Disposal) derived from the Disposal will be held in cash, deposits or short-term investments, subject to the ongoing assessment of PNM's business development and funding requirements from time to time for future allocation of all or part of the proceeds to various potential uses, including but not limited to enhancing the operational capability of PNM's existing business, financing possible investment(s) and/or making dividend payment(s), if any.

FINANCIAL AND TRADING PROSPECTS

In line with its investment strategy and policy, the Group will continue to identify appropriate investment and divestment opportunities that fit the objective and investment criteria of the Group. It is expected that these investments will generate more consistent and stable (or less volatile) returns to the Group and, in turn, the Shareholders.

While the Group currently has sufficient financial resources for its future investment, it will continue to seek appropriate investment or divestment opportunities so as to bring positive impact on the operating and financial results of the Group in the foreseeable future.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the entering into of the Supplemental Agreement as calculated under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14.06(4) of the Listing Rules, and is subject to the announcement and Shareholders' approval requirements under the Listing Rules.

PROPOSED RE-ELECTION OF DIRECTORS

Reference is made to the announcement of the Company dated 6 June 2019 in relation to, among others, the appointment of Mr. ZHANG Dong as a non-executive Director. In accordance with article 86(3) of the Articles, Mr. ZHANG shall hold office only until the EGM. Mr. ZHANG being eligible, will offer himself for re-election at the EGM.

Reference is also made to the announcement of the Company dated 16 August 2019 in relation to, among others, the appointment of Mr. SUN Qiang Chang as a non-executive Director. In accordance with article 86(3) of the Articles, Mr. SUN shall hold office only until the EGM. Mr. SUN being eligible, will offer himself for re-election at the EGM.

Particulars of Mr. ZHANG and Mr. SUN are set out in Appendix IV to this circular.

THE 2019 SECOND EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong on Tuesday, 22 October 2019 at 3:00 p.m. to consider and approve (i) the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the paragraph headed "Additional Shares to be Issued by Cayman Company under the ESOP" above) and (ii) the re-election of Directors. Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Any Shareholder with a material interest in the Disposal and his/her/its associate(s) are required to abstain from voting on the resolutions approving the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto and the re-election of Directors in accordance with the Listing Rules.

To the best of the Directors' knowledge, none of the Shareholders has a materially different interest in the Disposal contemplated under the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto nor the re-election of Directors. No Shareholder is required to abstain from voting in respect of the resolutions approving the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto and the re-election of Directors at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Branch Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the paragraph headed "Additional Shares to be Issued by Cayman Company under the ESOP" above) and the proposed re-election of Directors are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 17 October 2019 to Tuesday, 22 October 2019 (both days inclusive) during which period no transfer of Shares may be effected for the purpose of determining Shareholders who are entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificate(s) should be lodged for registration with the Branch Share Registrar by 4:30 p.m. on Wednesday, 16 October 2019.

GENERAL

Shareholders and potential investors of the Company should note that, the Updated Completion of the transactions contemplated under the Supplemental Agreement is subject to the satisfaction of the terms and conditions disclosed in this circular and may or may not materialize.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The Company's reporting accountant PricewaterhouseCoopers was engaged to review the historical financial information of the Group set out on pages I-2 to I-15 in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountant ("**HKICPA**")and with reference to Practice Note 750, *Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal* issued by HKICPA. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unmodified review report.

CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
Revenue	3,798,273	3,957,487	4,062,816	1,836,813	1,641,730
Operating expenses	(2,678,183)	(2,817,858)	(2,976,886)	(1,402,187)	(1,554,673)
Selling, general and administrative expenses	(938,960)	(1,011,700)	(1,152,628)	(547,821)	(564,474)
Other gains, net					
Fair value gain/(loss) on investment properties	21,127	44,868	7,533	59,400	(6,847)
Other operating gains, net	186,730	300,219	799,839	108,482	372,375
Interest income	149,859	195,465	61,422	39,240	24,936
Interest expense	(41,171)	(44,306)	(38,044)	(19,847)	(35,715)
Share of profits less losses of joint ventures	(4,906)	6,145	3,427	(5,001)	(3,947)
Share of profits less losses of associates	(12,946)	(19,888)	10,632	11,545	(1,318)
Profit/(loss) before income tax	479,823	610,432	778,111	80,624	(127,933)
Income tax expense	(81,809)	(89,579)	(216,768)	(34,825)	(53,155)
Profit/(loss) for the year/period	398,014	520,853	561,343	45,799	(181,088)
Profit/(loss) attributable to:					
Owners of the Company	230,515	286,248	243,790	(8,660)	(202,045)
Non-controlling interests	167,499	234,605	317,553	54,459	20,957
	398,014	520,853	561,343	45,799	(181,088)

CONSOLIDATED INCOME STATEMENTS *(CONTINUED)*

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company for the year/period					
Basic earnings/(loss) per share, Hong Kong cents	4.61	5.73	4.88	(0.17)	(4.05)
Diluted earnings/(loss) per share, Hong Kong cents	4.61	5.73	4.88	(0.17)	(4.05)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2016	2017	2018	2018	2019
Profit/(loss) for the year/period	398,014	520,853	561,343	45,799	(181,088)
Other comprehensive income/(expense):					
Items that have been reclassified/may be reclassified to profit or loss					
Currency translation differences	(266,683)	171,984	(183,006)	183,957	48,790
Fair value gain/(loss) on available-for-sale financial assets	11,650	(28,635)	—	—	—
Total comprehensive income/(expense) for the year/period	142,981	664,202	378,337	229,756	(132,298)
Attributable to:					
Owners of the Company	70,846	377,835	128,931	107,116	(172,287)
Non-controlling interests	72,135	286,367	249,406	122,640	39,989
	142,981	664,202	378,337	229,756	(132,298)

CONSOLIDATED BALANCE SHEETS

	At 31 December			At 30 June	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000* (unaudited)
ASSETS					
Non-current assets					
Purchased programme and film rights, net	14,886	11,800	10,772	8,916	13,941
Lease premium for land	210,179	208,619	198,636	210,468	—
Right-of-use assets	—	—	—	—	923,681
Property, plant and equipment, net	1,160,842	1,080,274	1,045,483	1,082,663	1,000,647
Investment properties	1,464,088	1,570,414	1,512,304	1,702,799	1,524,234
Intangible assets	25,872	26,960	190,471	26,758	212,402
Investments in joint ventures	24,159	40,027	56,723	37,064	37,998
Investments in associates	84,414	78,503	89,734	93,669	90,411
Available-for-sale financial assets	617,835	725,395	—	—	—
Financial assets at fair value through profit or loss	—	—	18,909	1,545,400	19,061
Conversion options for convertible redeemable preferred shares	440,261	721,002	—	—	—
Options for long-term investments	17,812	17,702	—	—	—
Other long-term assets	46,008	52,380	79,299	60,232	72,930
Deferred income tax assets	69,849	76,925	72,332	103,150	84,415
Pledged bank deposit	185,000	200,000	—	—	—
	4,361,205	4,810,001	3,274,663	4,871,119	3,979,720
Current assets					
Accounts receivable, net	721,566	940,240	919,122	824,917	1,013,944
Prepayments, deposits and other receivables	565,330	814,524	858,652	989,284	875,189
Inventories	8,456	7,493	10,114	6,149	9,554
Amounts due from related companies	261,774	333,610	90,834	239,678	73,359
Conversion options for convertible loans	10,860	19,513	—	—	—
Self-produced programmes	7,328	12,112	8,434	11,178	7,473
Purchased programme and film rights, net	231	147	163	80	108
Financial assets at fair value through profit or loss	19,003	24,406	3,285,594	748,007	3,151,228
Prepaid tax	11,355	8,971	13,662	8,743	13,662
Pledged bank deposits	622,162	581,666	734,745	814,020	235,440
Bank deposits	394,666	470,970	419,305	605,206	435,441
Restricted cash	548	587	226	603	268,637
Cash and cash equivalents	2,283,990	2,220,028	1,246,180	1,514,196	1,902,315
	4,907,269	5,434,267	7,587,031	5,762,061	7,986,350
Total assets	9,268,474	10,244,268	10,861,694	10,633,180	11,966,070

CONSOLIDATED BALANCE SHEETS *(CONTINUED)*

	At 31 December			At 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
EQUITY					
Equity attributable to owners of the Company					
Share capital	500,100	499,347	499,347	499,347	499,347
Reserves	4,525,371	4,876,121	4,979,582	4,958,434	4,610,122
	5,025,471	5,375,468	5,478,929	5,457,781	5,109,469
Non-controlling interests	1,603,304	1,937,120	2,257,223	2,030,703	2,196,165
Total equity	6,628,775	7,312,588	7,736,152	7,488,484	7,305,634
LIABILITIES					
Non-current liabilities					
Secured bank borrowings	349,464	329,215	92,221	131,414	64,649
Lease liabilities	—	—	—	—	555,786
Interest rate swap contracts	220	698	—	—	—
Financial liabilities at fair value through profit or loss	—	—	5,363	1,418	3,502
Other long-term liabilities	4,681	4,876	4,672	5,103	4,723
Loans from non-controlling shareholders of subsidiaries	266,430	251,252	235,428	325,721	233,907
Deferred income tax liabilities	167,980	185,976	337,183	207,681	375,732
	788,775	772,017	674,867	671,337	1,238,299
Current liabilities					
Accounts payable, other payables and accruals	1,057,099	1,336,620	1,324,125	1,219,571	2,162,676
Secured bank borrowings	632,295	596,507	732,967	809,177	257,055
Lease liabilities	—	—	—	—	208,646
Deferred income	88,209	109,029	192,436	314,040	561,444
Loans from non-controlling shareholders of a subsidiary	19,274	57,694	141,079	65,936	149,450
Current income tax liabilities	52,465	58,823	59,213	64,635	82,866
Interest rate swap contracts	1,582	990	—	—	—
Financial liabilities at fair value through profit or loss	—	—	855	—	—
	1,850,924	2,159,663	2,450,675	2,473,359	3,422,137
Total liabilities	2,639,699	2,931,680	3,125,542	3,144,696	4,660,436
Total equity and liabilities	9,268,474	10,244,268	10,861,694	10,633,180	11,966,070

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the owners of the Company										
	Share capital HK$'000	Treasury share reserve HK$'000	Share premium HK$'000	Statutory reserve HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Revaluation reserve HK$'000	Employee share-based payment reserve HK$'000	Retained earnings HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2016	500,099	—	49,619	131,854	1,505,548	20,616	10,249	155,694	2,640,681	1,530,008	6,544,368
Profit for the year	—	—	—	—	—	—	—	—	230,515	167,499	398,014
Other comprehensive (expense)/income											
Currency translation differences	—	—	—	—	—	(166,129)	—	—	—	(100,554)	(266,683)
Fair value gain on available-for-sale financial asset	—	—	—	—	—	—	6,460	—	—	5,190	11,650
Total comprehensive (expense)/income for the year	—	—	—	—	—	(166,129)	6,460	—	230,515	72,135	142,981
Transactions with owners											
Share option scheme											
— value of employee services	—	—	—	—	—	—	—	—	—	2,458	2,458
— recognition of shares issued on exercise of options	1	—	10	—	—	—	—	(2)	—	—	9
— lapse of share options	—	—	2,047	—	—	—	—	(2,047)	—	—	—
Repurchase of share	—	(5,042)	(18)	—	—	—	—	—	—	—	(5,060)
Dividends related to 2015	—	—	—	—	—	—	—	—	(50,010)	—	(50,010)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(15,046)	(15,046)
Allocation to statutory reserve	—	—	—	9,385	—	—	—	—	(9,385)	—	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	—	8,483	8,483
Deemed disposal of a subsidiary	—	—	—	—	—	—	—	—	—	(2,509)	(2,509)
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	—	(2,233)	—	—	(2,441)	—	7,775	3,101
Total transactions with owners	1	(5,042)	2,039	9,385	(2,233)	—	—	(4,490)	(59,395)	1,161	(58,574)
Balance at 31 December 2016	500,100	(5,042)	51,658	141,239	1,503,315	(145,513)	16,709	151,204	2,811,801	1,603,304	6,628,775

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to the owners of the Company										
	Share capital	Treasury share reserve	Share premium	Statutory reserve	Capital reserve	Exchange reserve	Revaluation reserve	Employee share-based payment reserve	Retained earnings	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2017	500,100	(5,042)	51,658	141,239	1,503,315	(145,513)	16,709	151,204	2,811,801	1,603,304	6,628,775
Profit for the year	—	—	—	—	—	—	—	—	286,248	234,605	520,853
Other comprehensive income/(expense)											
Currency translation differences	—	—	—	—	—	107,481	—	—	—	64,503	171,984
Fair value loss on available-for-sale financial asset	—	—	—	—	—	—	(15,894)	—	—	(12,741)	(28,635)
Total comprehensive income/(expense) for the year	—	—	—	—	—	107,481	(15,894)	—	286,248	286,367	664,202
Transactions with owners											
Share option scheme											
— value of employee services	—	—	—	—	—	—	—	31,648	—	23,828	55,476
— lapse of share options	—	—	106,328	—	—	—	—	(106,328)	—	—	—
Repurchase of share	—	(4,512)	(30)	—	—	—	—	—	—	—	(4,542)
Cancellation of repurchase share	(753)	9,554	(8,801)	—	—	—	—	—	—	—	—
Dividends related to 2016	—	—	—	—	—	—	—	—	(49,935)	—	(49,935)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(18,931)	(18,931)
Allocation to statutory reserve	—	—	—	3,454	—	—	—	—	(3,454)	—	—
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	407	407
Deemed disposal of partial interest in a subsidiary arising from issue of shares	—	—	—	—	7,090	—	—	—	—	15,525	22,615
Deemed disposal of a subsidiary	—	—	—	—	—	—	—	—	—	844	844
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	—	4,731	—	—	(16,830)	—	25,776	13,677
Total transactions with owners	(753)	5,042	97,497	3,454	11,821	—	—	(91,510)	(53,389)	47,449	19,611
Balance at 31 December 2017	499,347	—	149,155	144,693	1,515,136	(38,032)	815	59,694	3,044,660	1,937,120	7,312,588

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to the owners of the Company										
	Share capital	Treasury share reserve	Share premium	Statutory reserve	Capital reserve	Exchange reserve	Revaluation reserve	Employee share-based payment reserve	Retained earnings	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 31 December 2017	499,347	—	149,155	144,693	1,515,136	(38,032)	815	59,694	3,044,660	1,937,120	7,312,588
Change in accounting policy	—	—	—	—	—	—	(815)	—	815	—	—
Balance at 1 January 2018	499,347	—	149,155	144,693	1,515,136	(38,032)	—	59,694	3,045,475	1,937,120	7,312,588
Profit for the year	—	—	—	—	—	—	—	—	243,790	317,553	561,343
Other comprehensive expense											
Currency translation differences	—	—	—	—	—	(114,859)	—	—	—	(68,147)	(183,006)
Total comprehensive (expense)/income for the year	—	—	—	—	—	(114,859)	—	—	243,790	249,406	378,337
Transactions with owners											
Share option scheme											
— value of employee services	—	—	—	—	—	—	—	8,573	—	16,512	25,085
— lapse of share options	—	—	908	—	—	—	—	(908)	—	—	—
Dividends related to 2017	—	—	—	—	—	—	—	—	(49,935)	—	(49,935)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(52,044)	(52,044)
Allocation to statutory reserve	—	—	—	15,506	—	—	—	—	(15,506)	—	—
Acquisition of interest in a subsidiary	—	—	—	—	—	—	—	—	—	90,002	90,002
Deemed disposal of partial interest in a subsidiary arising from issue of shares	—	—	—	—	25,101	—	—	—	—	(314)	24,787
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	498	498
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	—	(4,966)	—	—	(4,243)	—	16,043	6,834
Total transactions with owners	—	—	908	15,506	20,135	—	—	3,422	(65,441)	70,697	45,227
Balance at 31 December 2018	499,347	—	150,063	160,199	1,535,271	(152,891)	—	63,116	3,223,824	2,257,223	7,736,152

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to the owners of the Company								
	Share capital	Share premium	Statutory reserve	Capital reserve	Exchange reserve	Employee share-based payment reserve	Retained earnings	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at 1 January 2018	499,347	149,155	144,693	1,515,136	(38,032)	59,694	3,045,475	1,937,120	7,312,588
(Loss)/profit for the period	—	—	—	—	—	—	(8,660)	54,459	45,799
Other comprehensive income									
Currency translation differences	—	—	—	—	115,776	—	—	68,181	183,957
Total comprehensive income/(expense) for the year	—	—	—	—	115,776	—	(8,660)	122,640	229,756
Transactions with owners									
Share option scheme									
— value of employee services	—	—	—	—	—	8,573	—	8,304	16,877
— lapse of share options	—	16	—	—	—	(16)	—	—	—
Dividends related to 2017	—	—	—	—	—	—	(49,935)	—	(49,935)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(52,044)	(52,044)
Allocation to statutory reserve	—	—	56	—	—	—	(56)	—	—
Deemed gain/(loss) on disposal of partial interest in a subsidiary arising from issue of shares	—	—	—	25,101	—	—	—	(314)	24,787
Disposal of interests in a subsidiary	—	—	—	—	—	—	—	498	498
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	(4,966)	—	(3,576)	—	14,499	5,957
Total transactions with owners	—	16	56	20,135	—	4,981	(49,991)	(29,057)	(53,860)
Balance at 30 June 2018	499,347	149,171	144,749	1,535,271	77,744	64,675	2,986,824	2,030,703	7,488,484

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(CONTINUED)*

	Attributable to the owners of the Company								
	Share capital HK$'000 (Unaudited)	Share premium HK$'000 (Unaudited)	Statutory reserve HK$'000 (Unaudited)	Capital reserve HK$'000 (Unaudited)	Exchange reserve HK$'000 (Unaudited)	Employee share-based Payment reserve HK$'000 (Unaudited)	Retained earnings HK$'000 (Unaudited)	Non-controlling interests HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
Balance at 31 December 2018	499,347	150,063	160,199	1,535,271	(152,891)	63,116	3,223,824	2,257,223	7,736,152
Change in accounting policy	—	—	—	—	—	—	(32,409)	(38,035)	(70,444)
Balance at 1 January 2019	499,347	150,063	160,199	1,535,271	(152,891)	63,116	3,191,415	2,219,188	7,665,708
(Loss)/profit for the period	—	—	—	—	—	—	(202,045)	20,957	(181,088)
Other comprehensive income									
Currency translation differences	—	—	—	—	29,758	—	—	19,032	48,790
Total comprehensive income/(expense) for the year	—	—	—	—	29,758	—	(202,045)	39,989	(132,298)
Transactions with owners									
Share option scheme									
— value of employee services	—	—	—	—	—	—	—	2,656	2,656
— lapse of share options	—	210	—	—	—	(210)	—	—	—
Acquisition of subsidiaries	—	—	—	(114,193)	—	—	—	(16,228)	(130,421)
Dividends related to 2018	—	—	—	—	—	—	(49,935)	—	(49,935)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	(53,203)	(53,203)
Allocation to statutory reserve	—	—	3	—	—	—	(3)	—	—
Deemed disposal of partial interest in a subsidiary arising from exercise of share options	—	—	—	(355)	—	(281)	—	3,763	3,127
Total transactions with owners	—	210	3	(114,548)	—	(491)	(49,938)	(63,012)	(227,776)
Balance at 30 June 2019	499,347	150,273	160,202	1,420,723	(123,133)	62,625	2,939,432	2,196,165	7,305,634

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Cash flows from operating activities					
Cash generated from/(used in) operations	921,643	260,499	191,134	54,247	(214,180)
Interest received	68,835	51,153	57,033	32,569	5,661
Interest paid	(41,171)	(44,306)	(38,044)	(19,847)	(16,440)
Hong Kong taxation (paid)/refund	(35,767)	(22,155)	(11,031)	228	—
Overseas taxation paid	(78,763)	(52,574)	(55,906)	(40,601)	(5,874)
Net cash generated from/(used in) operating activities	834,777	192,617	143,186	26,596	(230,833)
Cash flows from investing activities					
Decrease/(increase) of restricted cash	957	—	361	—	(268,411)
(Increase)/decrease of pledged bank deposits	(151,970)	25,496	46,921	(32,354)	499,305
Decrease/(increase) in bank deposits	67,481	(76,304)	51,665	(134,236)	(16,136)
Purchase of intangible assets	(11,691)	(9,355)	(18,081)	(5)	(25,482)
Purchase of property, plant and equipment	(117,219)	(92,009)	(131,378)	(65,720)	(42,954)
Purchase of programme and film rights	(16,915)	(9,842)	(8,645)	(1,369)	(9,146)
Additions to the right-of-used assets	—	—	—	—	(82,786)
Net cash outflow from acquisition of a subsidiary	—	—	(70,056)	—	—
Net cash inflow from acquisition of subsidiaries	—	—	—	—	36,672
Net cash outflow from disposal of a subsidiary	(4,719)	(6,086)	—	—	—
Net cash inflow from deemed disposal of a subsidiary	—	—	—	25,285	—
Capital contribution to various investments	(221,120)	(35,607)	(19,647)	—	(4,987)
Loans to a related company	(166,833)	(83,835)	—	—	—
Repayment of loan and interest from a related company	—	—	102,362	—	—
Proceeds from disposal of property, plant and equipment	2,720	8,937	6,700	1,142	4,991
Disposal of financial assets at fair value through profit or loss	—	—	133,115	—	491,446
Deposit for disposal of financial assets at fair value through profit or loss	—	—	—	—	784,472
Deposit for contingent consideration	—	—	—	—	113,539
Investment income from financial assets at fair value through profit or loss	8,878	1,212	1,221	503	503
Investment income from pledged bank deposits	—	6,230	9,237	3,197	6,124
Purchase of financial assets at fair value through profit or loss	—	—	(1,025,818)	(598,069)	—
Capital return from an associate	—	13,927	—	—	—
Net cash (used in)/generated from investing activities	(610,431)	(257,236)	(922,043)	(801,626)	1,487,150

CONSOLIDATED STATEMENTS OF CASH FLOWS *(CONTINUED)*

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	(Unaudited)
Cash flows from financing activities					
Proceeds from exercise of share options of the Company	9	—	—	—	—
Dividends paid to owners of the Company	(50,010)	(49,935)	(49,935)	(49,935)	(49,935)
Proceeds from exercise of share options of a subsidiary	3,101	13,677	6,834	5,957	3,127
Drawdown of secured bank borrowings	406,548	604,116	509,590	509,590	—
Repayment of secured bank borrowings	(619,182)	(685,806)	(611,064)	(531,161)	(510,373)
Repayment of loans from non-controlling interest	(127,528)	—	—	—	—
Increase in lease liabilities	—	—	—	—	81,960
Principal elements of lease payments	—	—	—	—	(101,556)
Loans from non-controlling shareholders of subsidiaries	137,894	11,137	80,933	68,288	3,474
Capital contribution from non-controlling interest	8,483	407	—	—	—
Deemed disposal of partial interest in a subsidiary arising from issue of shares	—	22,615	25,285	—	—
Dividends paid to non-controlling interests	(15,046)	(18,931)	(52,044)	(52,044)	(53,203)
Payment for repurchase of shares	(5,060)	(4,542)	—	—	—
Repayment of other long-term liabilities	(72,793)	—	—	—	—
Net cash used in financing activities	(333,584)	(107,262)	(90,401)	(49,305)	(626,506)
Net (decrease)/increase in cash and cash equivalents	(109,238)	(171,881)	(869,258)	(824,335)	629,811
Cash and cash equivalents at beginning of year/period	2,542,692	2,283,990	2,220,028	2,220,028	1,246,180
Net exchange (losses)/gain on cash and cash equivalents	(149,464)	107,919	(104,590)	118,503	26,324
Cash and cash equivalents at end of year/period	2,283,990	2,220,028	1,246,180	1,514,196	1,902,315

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(B) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule"), and solely for the purposes of inclusion in this circular. It does not contain sufficient information to constitute a complete set of financial statements as described in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and should be read in connection with the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 and the interim reports of the Company for the periods ended 30 June 2018 and 2019 (the "Reporting Period").

The Historical Financial Information have been prepared in accordance with the relevant accounting policies adopted by the Group as set out in the respective annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 and the interim reports of the Company for the periods ended 30 June 2018 and 2019. Except for the new accounting standards, amendments to standards and interpretations which have been applied to the Historical Financial Information as and when they became effective, all the relevant accounting policies have been consistently applied to all the periods presented.

i) The following amended standards are mandatory for the Company's financial year beginning on 1 January 2018 and are applicable for the Group:

- Hong Kong Financial Reporting Standard 9, Financial Instruments ("HKFRS 9")

  The Group adopted HKFRS 9 using the simplified approach permitted by HKFRS 9,where the cumulative impact of the adoption was recognized in the opening balance of retained earnings as at 1 January 2018 and that comparatives had not been restated.

- Hong Kong Financial Reporting Standard 15, Revenue from Contracts with Customers ("HKFRS 15")

  The Group adopted HKFRS 15 using the modified retrospective approach for transition to HKFRS 15 where the cumulative impact of the adoption was recognized in the opening balance of retained earnings as at 1 January 2018 and that comparatives had not been restated.

ii) The following amended standard is mandatory for the Company's financial year beginning on 1 January 2019 and are applicable for the Group:

- Hong Kong Financial Reporting Standard 16, Leases ("HKFRS 16")

  The Group adopted HKFRS 16 using the modified retrospective approach where the cumulative impact of the adoption was recognized in the opening balance of retained earnings as at 1 January 2019 and that comparatives had not been restated.

2. DISPOSAL TRANSACTION AND EVENTS AFTER THE REPORTING PERIOD

On 22 March 2019, Phoenix New Media Limited ("**PNM**"), a subsidiary of the Company entered into a share purchase agreement (the "**SPA**") with Run Liang Tai Management Limited (the "**Purchaser**"), pursuant to which PNM conditionally agreed to sell the 32% equity interest in Particle Inc. (the "**Cayman Company**") on an as-if converted basis for a consideration of US$ 448 million. On 31 May 2019, PNM sent a completion confirmation letter to the Purchaser to confirm the satisfaction of all of the conditions as specified in the SPA. The Purchaser, however, disputed on the satisfaction of certain conditions. On 23 July 2019, PNM and the Purchaser entered into a supplemental agreement (the "**Supplemental Agreement**") to revise certain terms of the SPA. The key terms of the Supplemental Agreement, amongst other things, are: (i) to adjust the aggregate number of Series B, Series C and Series D1 convertible redeemable preferred shares ("**Preferred Shares**") of the Cayman Company to be disposed to the Purchaser from 199,866,509 Preferred Shares, representing approximately 32% of the equity interest on an as-if converted basis to 212,358,165 Preferred Shares, representing approximately 34% of the equity interest on as-if converted basis in Cayman Company; and (ii) to complete the transaction in two stages on or before 10 August 2020.

3. FINANCIAL INFORMATION OF INVESTMENTS IN CAYMAN COMPANY

The following results attributable to the investments in Cayman Company for each of the reporting period were included in the consolidated income statements of the Group:

	Consolidated income statement for the year ended 31 December			Consolidated income statement for the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other gains, net					
Other operating gains, net	185,275	277,374	802,877	66,286	351,740
Interest income	81,024	124,529	—	—	—

The following results attributable to the investments in Cayman Company for each of the reporting period were included in the consolidated statements of comprehensive income of the Group:

	Consolidated statement of comprehensive income for the year ended 31 December			Consolidated statement of comprehensive income for the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive income:					
Fair value gain/(loss) on available-for-sale financial assets	11,650	(28,635)	—	—	—

The following assets/liabilities attributable to the investments in Cayman Company at the end of each reporting period were included in the consolidated balance sheets of the Group:

	Consolidated Balance Sheet as at 31 December			Consolidated balance sheet as at 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets					
Available-for-sale financial assets	605,849	705,712	—	—	—
Conversion options for convertible redeemable preferred shares	440,261	721,002	—	—	—
Financial assets at fair value through profit or loss	—	—	—	1,501,118	—
Current assets					
Financial assets at fair value through profit or loss *(Note)*	—	—	2,235,585	—	2,592,665
Cash and cash equivalents	—	—	—	—	784,472
Current liabilities					
Accounts payable, other payables and accruals	—	—	—	—	784,472
Non-current liabilities					
Deferred income tax liabilities	—	—	149,300	—	184,480

Note: The balance consisted of Series B, C and D1 Preferred Shares of Cayman Company, and represented approximately 37.6% equity interest on an as-if converted basis at 31 December 2018 and 30 June 2019.

The following cash flows attributable to the investments in Cayman Company for each of the reporting period were included in the consolidated statements of cash flows of the Group:

	Consolidated statement of cash flows for the rear ended 31 December			Consolidated statement of cash flows for the six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities	—	—	—	—	—
Cash flows from investing activities					
Capital contribution to available-for-sale financial assets	(122,744)	—	—	—	—
Capital contribution to derivative financial instruments	(38,171)	—	—	—	—
Deposit for disposal of financial assets at fair value though profit or loss	—	—	—	—	784,472
Cash flows from financing activities	—	—	—	—	—

2. STATEMENT OF INDEBTEDNESS

Bank loans, other borrowings, mortgages and charges

As at the close of business on 31 July 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the aggregated outstanding borrowings of the Group comprised approximately HK$462 million secured and interest bearing bank borrowings and HK$381 million non-interest bearing loans from non-controlling shareholders of subsidiaries.

As at 31 July 2019, the land and property in Chaoyang Park, Beijing recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing of HK$120 million to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$391 million was pledged with a bank to secure bank borrowings of HK$341 million to optimize return through interest difference and arrangement of external security within the loan. The property in the United States was pledged with a bank to secure a bank borrowing of HK$2 million.

Lease liabilities

As at 31 July 2019, the Group, as a lessee, had outstanding unpaid contractual lease payments which represent undiscounted lease payments in relation to the remaining lease terms of certain lease contracts which are unsecured and unguaranteed. The Group has adopted Hong Kong Financial Reporting Standard 16 - Leases ("**HKFRS 16**") for accounting period beginning on or after 1 January 2019 using the simplified transition approach as permitted in HKFRS 16 without restating the comparative amounts for the year prior to first adoption. As such, leases have been recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in the Group's consolidated balance sheet for accounting period beginning on or after 1 January 2019. As at 31 July 2019, the Group had total lease liability amounting to HK$748 million.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 31 July 2019. The Directors have confirmed that there has been no material changes in the indebtedness or contingent liabilities of the Group since 31 July 2019 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group and the effect of the Disposal, the Directors are of the opinion that in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements that is for at least next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the Company's interim report dated 4 September 2019 for the six months ended 30 June 2019, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Company since 31 December 2018, the date to which the latest audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

The following discussion should be read in conjunction with the financial information of the Group and the historical financial information and operating data included in this circular. Set out below is the management discussion and analysis of the Group for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, respectively.

For the year ended 31 December 2016

Operating Results

Revenue from television broadcasting, comprising of advertising, subscription and other revenue sources, which accounted for 37.7% of the total revenue of the Group for the year ended 31 December 2016, decreased by 10.5% to approximately HK$1,430,947,000 (year ended 31 December 2015: HK$1,598,095,000). The decline in the demand for luxury goods in China had led to a decrease in the advertising income of the television broadcasting business. Due to the relatively fixed cost structure, the segmental profit for the television broadcasting business decreased to approximately HK$417,619,000 for the year ended 31 December 2016 (year ended 31 December 2015 HK$521,704,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 34.5% of the total revenue of the Group for the year ended 31 December 2016, decreased by 9.7% to approximately HK$1,310,632,000 (year ended 31 December 2015: HK$1,451,302,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased by 18% as compared to the previous year to approximately HK$120,315,000 (year ended 31 December 2015: HK$146,793,000).

The revenue of the new media business for the year ended 31 December 2016 decreased by 15.2% to approximately HK$1,629,661,000 (year ended 31 December 2015: HK$1,920,708,000) due to the decrease in mobile value-added services resulting from the decrease in user demands. The segmental profit of new media business for the year ended 31 December 2016 increased by 153.3% to approximately HK$389,113,000 (year ended 31 December 2015: HK$153,634,000). Increase in segmental profit was primarily due to increase in net gain related to subsequent measurement of the investment in Cayman Company (in which the Group's interest will after the Updated Completion decrease to approximately 3.63%) to HK$283,661,000 for the year ended 31 December 2016 from HK$11,348,000 for the year ended 31 December 2015.

The revenue of outdoor media business for the year ended 31 December 2016 increased by 6.8% to approximately HK$610,295,000 (year ended 31 December 2015: HK$571,521,000). The segmental profit of outdoor media business for the year ended 31 December 2016 increased by 5.5% to approximately HK$67,283,000 (year ended 31 December 2015: HK$63,806,000).

The segmental loss for real estate for the year ended 31 December 2016 was approximately HK$47,251,000 (year ended 31 December 2015: segmental profit of HK$1,106,000), which mainly comprised of depreciation and interest expenses. The segmental result for real estate had turned a profit into loss primarily due to a decrease of fair value gain for the investment properties to approximately HK$21,127,000 (year ended 31 December 2015: HK$98,939,000), recognized during the year.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 31 December 2016 remained solid despite recurring cash flows from the businesses of the Group were weakened as a result of decrease in revenue. As at 31 December 2016, the Group had cash and current bank deposits totaling about HK$2,678,656,000 (as at 31 December 2015: HK$3,004,839,000). The aggregate outstanding borrowings of the Group were approximately HK$1,272,144,000 (as at 31 December 2015: HK$1,513,826,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of a subsidiary, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 52.5% as at 31 December 2016 (as at 31 December 2015: 60.2%).

Save as disclosed above, the financial position of the Group remained liquid. Most of the Group's monetary assets, liabilities and transactions were denominated in Hong Kong dollars, US dollars and RMB, with minimal balances in Pound Sterling and New Taiwan dollars. The Group was therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to USD and RMB. The Group managed its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group would consider using forward currency contracts as a tool to manage and reduce such risks. However, taking into account the Group's current operational and capital requirements, the Directors did not consider the Group was significantly exposed to any foreign currency exchange risk.

Capital Structure

As at 31 December 2016, the authorized share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each, of which 5,000,999,500 Shares (as at 31 December 2015: 5,000,993,500 Shares) had been issued and fully paid.

6,000 new Shares were issued during the year ended 31 December 2016 as a result of the exercise of 6,000 share options of the Company under the Company's post-IPO share option scheme adopted on 7 June 2000.

As at 31 December 2016, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

Prospects

The Group's competitive edge and core abilities remained strong, signified by its continuing brand influence, premium content, credibility and cross-media convergence strategy. The Group responded to changes in audience viewing behavior and implemented a comprehensive mobile strategy, and developed and acquired mobile apps delivering serious journalism and personal interest-based information to high-end users and the mass market.

While actively developing the new media component, with a refined distribution channels strategy, the Group would continue to expand its television broadcasting presence, not only maintaining its traditional distribution through satellite and cable systems, but also reaching global audience by means of OTT (Over-The Top content) and IPTV.

At the same time, the Group, as part of its risk management strategy, also diversified its core media business into new businesses including entertainment, culture, exhibition and event management.

Phoenix Chinese Channel responded to the changing business environment by reviewing programs and seeking to meet the changing interests of the mass audience by introducing new material. This approach was conducted with a long-term view, and only led to the production of new programs after careful consideration of audience preferences. Phoenix had also increased the coordination between program production and advertising marketing in order to ensure that the programs that Phoenix would produce and broadcast all would have an appeal to potential advertisers. There had also been some reorganization of the advertising department in order to make it better equipped to meet the changing character of the advertising market. There had also been reports from global consultancy firms that indicate that the mainland luxury goods market began to recover, which suggested that in due course Phoenix would be able to benefit from growing consumer demand for luxury goods produced by companies that would need to advertise their products to attract Chinese buyers. Thus, while Phoenix faced a difficult economic environment at present, the long-term prospects for the Group looked promising.

Significant Investments Held

As at 31 December 2016, the Group invested in listed security investments with estimated fair market value of approximately HK$19,003,000 (as at 31 December 2015: HK$18,896,000) recognized as "financial assets at fair value through profit and loss" and unlisted preferred shares of Cayman Company recognized as "available-for-sale financial assets" and "derivative financial instruments" with estimated fair market value of approximately HK$605,849,000 (as at 31 December 2015: HK$390,200,000) and HK$440,261,000 (as at 31 December 2015: HK$216,742,000) respectively. Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2016. After the Updated Completion, the Group's interest in Cayman Company will decrease to approximately 3.63% and remain to be recorded as "financial assets at fair value through profit or loss".

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

*Capital Injection to 北京鳳凰理理它信息技術有限公司 (Beijing Phoenix Li Li Ta Information Technology Co, Ltd.) ("**LLT**")*

On 20 May 2016, Beijing Huibo Advertisement Media Limited Company (北京滙播廣告傳媒有限公司) ("**Huibo**"), an indirect wholly-owned subsidiary of the Company, Mr. He Xin, Mr. Zhang Zhen and LLT entered into an investment agreement, pursuant to which Huibo has conditionally agreed to make a capital contribution of RMB38,136,000 (equivalent to approximately HK$45,606,842) to subscribe for an additional of approximately 1.25% equity interest in LLT as enlarged by the capital increase in an aggregate amount of RMB203,136,000 (including approximately RMB652,456 as contribution to the registered capital and approximately RMB202,483,544 as payment for the premium).

Upon completion of the capital increase, the Company indirectly held an aggregate of approximately 10.63% equity interest in LLT (through Huibo as to approximately 5.94% as enlarged by the aforesaid capital increase, and through Beijing Tianying Jiuzhou Network Technology Company Limited* (北京天盈九州網絡技術有限公司) as to approximately 4.69% as diluted by the aforesaid capital increase).

In addition to the aforesaid capital injection, Huibo was granted (i) a call option, pursuant to which in the event that LLT cannot achieve any of the required transaction amount or revenue for the year ending 31 December 2016 or 2017, it shall be entitled to request Mr. He Xin and Mr. Zhang Zhen to transfer to Huibo part of their equity interest in LLT at the consideration of RMB1.00 for each actual amount of registered capital to be contributed without any premium; and (ii) a put option, pursuant to which in the event that LLT fails to list, or decides not to list, on a recognized stock exchange in or outside the PRC before 31 December 2020, Huibo shall be entitled to request LLT to repurchase those equity interest held by Huibo (save and except the initial equity interest of approximately 4.69%) at certain specified consideration on or before 31 January 2021.

Subsequent to the completion of the capital increase, considering the Group had the ability to exercise significant influence in LLT, the investment had been accounted for as an associate of the Group according to applicable accounting standards. The total investment costs in LLT had been separated into "investments in associates" and "derivative financial assets" for the call and put options.

*Deemed Disposal of 上海鳳凰衛視領客文化發展有限公司 (Shanghai Phoenix Link Culture Development Co. Ltd.) ("**Phoenix Link**")*

In June 2016, the Group's equity interest in Phoenix Link was reduced from 61.6% to 45% as a result of a capital contribution to Phoenix Link by new shareholders.

Staff

As at 31 December 2016, the Group employed 2,872 full-time staff (as at 31 December 2015: 3,033) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2016 increased to approximately HK$1,185,144,000 (year ended 31 December 2015: HK$1,254,732,000).

Charge on Assets

As at 31 December 2016, the land in Chaoyang Park, Beijing, together with the building, with carrying value of approximately HK$102,000,000, HK$425,000,000 and HK$1,452,000,000 (as at 31 December 2015: HK$112,000,000, HK$487,000,000 and HK$1,534,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$807,162,000 (as at 31 December 2015: HK$655,192,000) was pledged with banks to secure bank borrowings to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,774,000 (as at 31 December 2015: HK$2,810,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$322,000 were pledged with banks to secure banking guarantees given to the landlord of a subsidiary (as at 31 December 2015: HK$1,505,000).

Future Plans for Material Investments and Expected Source of Funding

The Group would continue to consolidate its existing businesses while exploring new business opportunities that would complement and enhance its existing businesses.

Contingent Liabilities

Various Group companies were involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors were of the opinion that adequate provisions have been made in the consolidated financial statements for the year ended 31 December 2016.

Other Important Events

Application for a Domestic Free Television Programme Service Licence in Hong Kong

On 6 May 2016, Phoenix Hong Kong Television Limited ("**Phoenix HK**"), which was an indirect wholly-owned subsidiary of the Company, submitted an application (the "**Application**") for a domestic free television programme service licence in Hong Kong with digital terrestrial transmission to the Communications Authority. As announced on 18 August 2017, Phoenix HK had withdrawn the Application.

For the year ended 31 December 2017

Operating Results

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 33.8% of the total revenue of the Group for the year ended 31 December 2017, decreased 6.6% to approximately HK$1,336,615,000 (year ended 31 December 2016: HK$1,430,947,000). The critical traditional media trading environment led to a decrease in the advertising income of the television broadcasting business. As the cost structure was relatively fixed, the segmental profit for the television broadcasting business reduced to approximately HK$316,022,000 for the year ended 31 December 2017 (year ended 31 December 2016: HK$417,619,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 30.7% of the total revenue of the Group for the year ended 31 December 2017, decreased 7.2% to approximately HK$1,216,859,000 (year ended 31 December 2016: HK$1,310,632,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased 0.5% to approximately HK$119,756,000 (year ended 31 December 2016: HK$120,315,000).

The revenue of the internet media business for the year ended 31 December 2017 increased 6.3% to approximately HK$1,733,094,000 (year ended 31 December 2016: HK$1,629,661,000). Although there was a decrease in PC platform advertising revenues, mobile platform advertising revenues recorded a significant increase. The segmental profit of the internet media business for the year ended 31 December 2017 increased 16.6% to approximately HK$453,583,000 (year ended 31 December 2016: HK$389,113,000). The increase in net gain related to the subsequent measurement of the investment in Cayman Company (in which the Group's interest will after the Updated Completion decrease to approximately 3.63%) was partially set off by the increase in advertising and promotion cost.

The revenue of the outdoor media business for the year ended 31 December 2017 increased 18.2% to approximately HK$721,436,000 (year ended 31 December 2016: HK$610,295,000). The segmental profit of the outdoor media business for the year ended 31 December 2017 increased 77.6% to approximately HK$119,524,000 (year ended 31 December 2016: HK$67,283,000).

The segmental loss for the real estate business for the year ended 31 December 2017 was approximately HK$6,818,000 (year ended 31 December 2016: HK$47,251,000), which mainly comprised depreciation and interest expenses.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 31 December 2017 remained solid. As at 31 December 2017, the Group had cash and current bank deposits totaling about HK$2,690,998,000 (as at 31 December 2016: HK$2,678,656,000). The aggregated outstanding borrowings of the Group were approximately HK$1,239,544,000 (as at 31 December 2016: HK$1,272,144,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of subsidiaries, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings.

The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 54.6% as at 31 December 2017 (as at 31 December 2016: 52.5%).

Save as disclosed above, the financial position of the Group remained liquid. Most of the Group's monetary assets, liabilities and transactions were denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in Pound Sterling and New Taiwan dollars. The Group was therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to USD and RMB. The Group managed its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group would consider using forward currency contracts as a tool to manage and reduce such risks. Taking into account the Group's current operational and capital requirements, the Directors did not consider the Group was significantly exposed to any foreign currency exchange risk.

Capital Structure

As at 31 December 2017, the authorized share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each, of which 4,993,469,500 Shares (as at 31 December 2016: 5,000,999,500 Shares) had been issued and fully paid.

There was no option exercised under the Company's share option scheme during the year ended 31 December 2017.

As at 31 December 2017, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

Prospects

In the post-information-age era driven by internet technology, especially as artificial intelligence took traditional media and new media into the "smart media era", Phoenix was strongly positioned to embrace technology advances, reformation and the future and accelerate innovation in our strategies, business models, mechanisms and products and would, in line with its emphasis on the in-depth integration of capital market and business development, build a Phoenix Cultural Media Pool Fund to support the Group's cross-sector development and strategic transformation.

In the face of these dramatic changes, being innovative was the only way for Phoenix to achieve continuous success and new momentum. The Group would as always continue to adhere to the competitiveness of its brand and content, espouse professional journalism, and ultimately maximize the value of the Group for the Shareholders and faithful audience.

Significant Investments Held

As at 31 December 2017, the Group invested in listed security investments with estimated fair market value of approximately HK$24,406,000 (as at 31 December 2016: HK$19,003,000) recognized as "financial assets at fair value through profit and loss" and unlisted preferred shares of Cayman Company recognized as "available-for-sale financial assets" and "derivative financial instruments" with estimated fair market value of approximately HK$705,712,000 (as at 31 December 2016: HK$605,849,000) and HK$721,002,000 (as at 31 December 2016: HK$440,261,000) respectively. Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2017. After the Updated Completion, the Group's interest in Cayman Company will decrease to approximately 3.63% and remain to be recorded as "financial assets at fair value through profit or loss".

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As at 31 December 2017, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM was decreased from 55.45% to 54.96%.

Staff

As at 31 December 2017, the Group employed 2,881 full-time staff (as at 31 December 2016: 2,872) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2017 increased to approximately HK$1,277,283,000 (year ended 31 December 2016: HK$1,185,144,000).

Charge on Assets

As at 31 December 2017, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$103,000,000, HK$412,000,000 and HK$1,555,000,000 (as at 31 December 2016: HK$102,000,000, HK$425,000,000 and HK$1,452,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$781,666,000 (as at 31 December 2016: HK$807,162,000) was pledged with a bank to secure a bank borrowing to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,751,000 (as at 31 December 2016: HK$2,774,000) was pledged with a bank to secure a bank borrowing. Deposits of approximately HK$352,000 (as at 31 December 2016: HK$322,000) were pledged with a bank to secure banking guarantee given to the landlord of a subsidiary.

Future Plans for Material Investments and Expected Source of Funding

The Group would continue to consolidate its existing businesses while exploring new business opportunities that would complement and enhance its existing businesses.

Contingent Liabilities

Various companies in the Group were involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors were of the opinion that adequate provisions had been made in the financial statements for the year ended 31 December 2017.

Other Important Events

Discloseable Transaction Regarding Provision of New Loan to Cayman Company and Extensions

On 20 January 2017, PNM entered into a loan agreement with Cayman Company, pursuant to which PNM agreed to grant to Cayman Company a loan in the principal amount of RMB74,000,000 bearing interest at a rate of 9% per annum for a period of one (1) year ("**January 2017 Loan**"). On 28 January 2016, 5 April 2016, 10 August 2016 and 2 November 2016, PNM granted the loans in the principal amounts of US$10,000,000, US$10,000,000, US$14,800,000 ("**August 2016 Loan**") and RMB46,000,000, respectively, to Cayman Company. The January 2017 Loan, when aggregated with the previous loans which were granted within a 12-month period before, resulted in certain applicable percentage ratios exceeding 5% but all applicable percentage ratios being less than 25%, therefore constituted a discloseable transaction of the Company. For details, please refer to the Company's announcement dated 20 January 2017.

On 9 August 2017, PNM extended the August 2016 Loan from twelve (12) months to eighteen (18) months, while the other terms and conditions remain the same. The August 2016 Loan with a principal amount of US$14,800,000 would mature in February 2018 after the extension. In connection with the extension of the August 2016 Loan, Cayman Company extended PNM's right to convert, at PNM's option, all or a part of the August 2016 Loan (including principal and interests) into Series D1 preferred shares to be issued by Cayman Company to 9 February, 2018 ("**Series D1 Conversion Right**").

On 22 January 2018, PNM extended the terms of (1) the August 2016 Loan for a further six (6) months term to August 2018, and (2) the January 2017 Loan to July 2018 after the extension. The expiration date of PNM's Series D1 Conversion Right was accordingly extended to 9 August 2018.

On 29 September 2017, PNM, Cayman Company and Long De Cheng Zhang Culture Communication (Tianjin) Co., Ltd. ("**Long De**") entered into an agreement pursuant to which PNM was expected to assign its rights under the August 2016 Loan to Long De or its affiliates amongst other matters (the "**Previous Agreement**"). Given the delay in completion of the transactions contemplated under the Previous Agreement, on 2 April 2018, the parties agreed to terminate the Previous Agreement and replace it with a loan assignment agreement, pursuant to which PNM will assign the August 2016 Loan to Long De or its affiliates with an assignment price of approximately US$17.0 million amongst other matters.

Taking account of the Updated Completion, the Group after the Disposal (through PNM) was interested in approximately 3.63% of the equity interest on an as-if converted basis in Cayman Company, which remained to be recorded as "financial assets at fair value through profit or loss".

*Proposed Spin-off and Separate Listing of 鳳凰都市傳媒科技股份有限公司 (Phoenix Metropolis Media Technology Company Limited, "**Phoenix Metropolis**")*

On 17 March 2017, the Company announced that the Board was considering the feasibility of a proposed spin-off and separate listing of Phoenix Metropolis, a subsidiary of the Company engaged in the outdoor media business in the PRC, on the Shenzhen Stock Exchange ("**Proposed Spin-off**"). The Proposed Spin-off is still at a preliminary stage. No application has been submitted to any PRC regulatory authorities or to the Stock Exchange pursuant to Practice Note 15 to the Listing Rules in relation to the Proposed Spin-off. No final decision had been made by the Board as to whether and when the Proposed Spin-off would proceed.

Yidian Technology's Receipt of Licence for Internet News Information Services from CAC

On 31 October 2017, Yidian Technology, an affiliated consolidated entity of Cayman Company (in which PNM currently owns approximately 41.82% of its total outstanding shares on an as-if converted basis) received the licence for internet news information service ("**Licence**") from the CAC. This was the first licence issued by CAC since the new Provisions for the Administration of Internet News Information Services (《互聯網新聞信息服務管理規定》) went into effect on 1 June 2017. The Licence issued to Yidian Technology was applicable to both PC and mobile news services. In addition to news services, this Licence also explicitly authorized Yidian Technology to operate Yidianhao (一點號), Yidian Technology's we-media platform, in China.

New Trademark Licence Agreements with PNM subsidiaries

On 8 December 2017, Phoenix Satellite Television Trademark Limited ("**Phoenix Trademark Co.**"), a wholly-owned subsidiary of the Company, entered into new trademark licence agreements ("**TM Agreements**") with two affiliated consolidated entities of PNM, being 怡豐聯合(北京)科技有限責任公司 and 北京天盈九州網路技術有限公司 (together as "**Licensees**"), to replace previous trademark licence agreements between the parties. Under the TM Agreements, the Company agreed to continue to license to the Licensees certain double-phoenix and other trademarks owned by Phoenix Trademark Co. The annual licence fee payable by each of the Licensees would be the greater of 2% of the Licensee's annual revenue or US$100,000.

For the year ended 31 December 2018

Operating Results

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 31.6% of the total revenue of the Group for the year ended 31 December 2018, decreased 3.9% to approximately HK$1,284,068,000 (year ended 31 December 2017: HK$1,336,615,000). The critical traditional media trading environment led to a decrease in the advertising income of the television broadcasting business. As the cost structure was relatively fixed, the segmental profit for the television broadcasting business reduced to approximately HK$254,096,000 for the year ended 31 December 2018 (year ended 31 December 2017: HK$316,022,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 28.5% of the total revenue of the Group for the year ended 31 December 2018, decreased 4.7% to approximately HK$1,159,445,000 (year ended 31 December 2017: HK$1,216,859,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others increased 4.1% to approximately HK$124,623,000 (year ended 31 December 2017: HK$119,756,000).

The revenue of the internet media business for the year ended 31 December 2018 decreased 2.4% to approximately HK$1,690,804,000 (year ended 31 December 2017: HK$1,733,094,000). The segmental profit of internet media business for the year ended 31 December 2018 was approximately HK$726,798,000 (year ended 31 December 2017: HK$453,583,000) as a result of a significant increase in net gain related to subsequent measurement of the investment in Cayman Company (in which the Group's interest will after the Updated Completion decrease to approximately 3.63%).

The revenue of the outdoor media business for the year ended 31 December 2018 increased 14.1% to approximately HK$823,084,000 (year ended 31 December 2017: HK$721,436,000). The segmental profit of the outdoor media business for the year ended 31 December 2018 increased 19.6% to approximately HK$142,899,000 (year ended 31 December 2017: HK$119,524,000).

The segmental gain for real estate business for the year ended 31 December 2018 was approximately HK$36,193,000 (year ended 31 December 2017: segmental loss of HK$6,818,000), which included the net fair value gain of approximately HK$7,533,000, recognized for the investment properties.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 31 December 2018 remained solid. As at 31 December 2018, the Group had cash and current bank deposits totaling about HK$1,665,485,000 (as at 31 December 2017: HK$2,690,998,000), as well as structured deposits of approximately HK$1,030,227,000 (as at 31 December 2017: nil) which have been recorded as financial assets at fair value through profit or loss. The aggregated outstanding borrowings of the Group were approximately HK$1,206,367,000 (as at 31 December 2017: HK$1,239,544,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of subsidiaries, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings. The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 57.0% as at 31 December 2018 (as at 31 December 2017: 54.6%).

Save as disclosed above, the financial position of the Group remained liquid. Most of the Group's monetary assets, liabilities and transactions are denominated in Hong Kong dollars, US dollars ("**USD**") and Renminbi ("**RMB**"), with minimal balances in Pound Sterling and New Taiwan dollars. The Group is therefore exposed to foreign exchange risks arising from currency exposures, primarily with respect to USD and RMB. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group will consider using forward currency contracts as a tool to manage and reduce such risks. Taking into account the Group's current operational and capital requirements, the Directors do not consider the Group is significantly exposed to any foreign currency exchange risk.

Capital Structure and Share Options

As at 31 December 2018, the authorized share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 Shares of HK$0.10 each, of which 4,993,469,500 Shares (as at 31 December 2017: 4,993,469,500 Shares) had been issued and fully paid.

There was no option exercised under the Company's share option schemes during the year.

As at 31 December 2018, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

Prospects

The Group's television broadcasting business had further deepened the philosophy of "omni-media service" with constant innovation of its content production and strengthened customer demand orientation by promoting the evolution of the television station from an advertising and marketing organization into a media service center. Adhering to the idea of having content operations as its core, the Group promoted and launched trial runs of a business operation mode characterized by online and offline integration and platformization of a multi-adaptive omni-media product catalogue to continuously enrich and expand the industrial chain and value chain of the media industry. Phoenix would also continue to pilot the integration and innovation of technology and the media.

The newly launched program Phoenix Health had realized the interaction with artificial intelligence on the theme of medical science. Corresponding to the development trend of the media vehicle, the Group incubated Fengshows, an integrated media operating platform, on which it would develop various forms of content such as short videos, live streaming and an interactive community, in order to enhance the ability of Phoenix TV in monetizing the traffic of its contents.

The flagship product ifeng News APP under Phoenix New Media, the internet media platform of the Group, had always been one of the most popular news apps in China. The number of active users grew steadily on the Phoenix New Media portal, which enjoyed comprehensive developments in different areas including wemedia, live streaming and IP. The Group had constantly enhanced product experience in various fields including content censorship, users' portraits and customized recommendations by integrating computer algorithm with manual intervention. In 2018, the Group had strengthened its deployment in the area of payment for knowledge and strategically invested in the online reading product Tadu, which would effectively promote the influence of Phoenix in the field of online reading. The Group believed that it would bring significant investment returns to the Group as well as reflect the successful transformation of the Group after the strategic disposal of part of the investment subsequent to the reporting year ended 31 December 2018.

The Group's outdoor media platform, Phoenix Metropolis Media, had become a large and very influential outdoor LED media operator with high revenue and profits in Mainland China. Its LED media business was supplemented and upgraded by two business forms of the Group, namely, Phoenix LED Alliance which was based on the extensive media resources, and Phoenix Interaction which was based on leading digital marketing.

Various other business segments of the Group also maintained healthy development. With regard to education, Phoenix Education was expected to strengthen its fundamental business through the use of capital operations. Development and breakthroughs were achieved in terms of the Digital Media Production and Education Integration business, Adolescent Language Arts training and projects including International Education. Diversified business layout and development had laid a solid foundation for the Group's strategic transformation and upgrade.

With respect to cultural creativity, Phoenix Entertainment owned the copyright of the comics adapted from Jin Yong's novels, such as *Demi-Gods and Semi-Devils, The Smiling, Proud Wanderer* and *Legends of the Condor Heroes* which had accumulated a total of 702,000,000 views on Tencent Comics, the largest animation and comics platform in China. Phoenix Entertainment completed the first round of financing for a total of RMB90,000,000 in 2018, the proceeds from which were intended to be used for the improvement on the market influence of comic IP. After several years of business deployment, Phoenix Culture and Phoenix Art, both serving as the cultural creativity industry platforms of the Group, had formed a sustainable and viable business model in the fields of large-scale performing arts, cross-sector empowerment, cultural creativity towns and culture-tourism integration. On this basis, new business modes and new products were continuously explored and developed and the business would soon enter the growth stage.

With respect to technology, Phoenix Digital Technology was an important practice of the Group to represent years of refinement of Phoenix TV in the fields of humanities and arts. By utilizing digital technologies such as augmented reality (AR), virtual reality (VR) and mixed reality (MR), an immersive experience would come into being and attract a large audience. Phoenix Cloud, a platform of the Group's cloud technology business, was committed to transforming the media technologies and patents accumulated over the years into digital service products. iFeng Yun, a transmission tool for large files, Fengyun media asset management system and Oceans open cloud platform were expected to contribute significantly to our profit and revenue.

Significant Investments Held

As at 31 December 2018, the Group invested in listed securities investments with estimated fair market value of approximately HK$19,782,000 (as at 31 December 2017: HK$24,406,000) which was recognized as "financial assets at fair value through profit and loss", and the unlisted preferred shares of Cayman Company held by the Group were recognized as "financial assets at fair value through profit and loss" with estimated fair market value of approximately HK$2,235,585,000 (as at 31 December 2017 recognized as "available-for-sale financial assets": HK$705,712,000 and "derivative financial instruments": HK$721,002,000). Save as disclosed above, the Group had not held any other significant investment for the year ended 31 December 2018. After the Updated Completion, the Group's interest in Cayman Company will decrease to approximately 3.63% and remain to be recorded as "financial assets at fair value through profit or loss".

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As at 31 December 2018, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM decreased from 54.96% to 54.51% (as at 31 December 2017: the Group's equity interest in PNM decreased from 55.45% to 54.96%).

Staff

As at 31 December 2018, the Group employed 2,869 full-time staff (as at 31 December 2017: 2,881) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes and employee share option schemes. Staff costs for the year ended 31 December 2018 increased to approximately HK$1,286,214,000 (year ended 31 December 2017: HK$1,277,283,000).

Charge on Assets

As at 31 December 2018, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$96,000,000, HK$365,000,000 and HK$1,497,000,000 (as at 31 December 2017: HK$103,000,000, HK$412,000,000 and HK$1,555,000,000) recorded in lease premium for land, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$734,745,000 (as at 31 December 2017: HK$781,666,000) was pledged with a bank to secure a bank borrowing to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,720,000 (as at 31 December 2017: HK$2,751,000) was pledged with a bank to secure a bank borrowing. No deposits were pledged with a bank to secure banking guarantee given to the landlord of a subsidiary (as at 31 December 2017: HK$352,000).

Save as disclosed above, the Group did not have any other charges on its assets as at 31 December 2018 and 31 December 2017.

Future Plans for Material Investments and Expected Source of Funding

The Group would continue to consolidate its existing businesses while exploring new business opportunities that would complement and enhance its existing businesses.

Contingent Liabilities

Various companies in the Group were involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors were of the opinion that adequate provisions had been made in the audited consolidated financial information for the year. (Adequate provisions had also been made in the audited consolidated financial information for the year ended 31 December 2017).

Other Important Events

Assignment of Loans Granted to Cayman Company

On 28 January 2016, 5 April 2016, 10 August 2016, 2 November 2016 and 20 January 2017, PNM, a non-wholly owned subsidiary of the Company granted loans in the principal amounts of US$10,000,000, US$10,000,000, US$14,800,000 (the "**August 2016 Loan**"), RMB46,000,000 and RMB74,000,000 (the "**January 2017 Loan**") respectively to Cayman Company.

On 22 January 2018, PNM extended the terms of (i) the August 2016 Loan for a further six (6) months term to August 2018, and (ii) the January 2017 Loan to July 2018 after the extension. The expiration date of PNM's right to convert, at PNM's option, all or a part of the August 2016 Loan (including principal and interests) into Series D1 preferred shares to be issued by Cayman Company was accordingly extended to 9 August 2018.

On 29 September 2017, PNM, Cayman Company and Long De Cheng Zhang Culture Communication (Tianjin) Co., Ltd. ("**Long De**") entered into an agreement pursuant to which PNM was expected to assign its rights under the August 2016 Loan to Long De or its affiliates amongst other matters (the "**Previous Agreement**"). Given the delay in completion of the transactions contemplated under the Previous Agreement, on 2 April 2018, the parties agreed to terminate the Previous Agreement and replace it with a loan assignment agreement, pursuant to which PNM would assign the August 2016 Loan to Long De or its affiliates with an assignment price of approximately US$17,000,000 amongst other matters.

On 7 August 2018, Long De's designated affiliate paid the assignment price of approximately US$17,000,000 to PNM and the loan assignment was completed.

Taking account of the Updated Completion, the Group after the Disposal (through PNM) was interested in approximately 3.63% of the equity interest on an as-if converted basis in Cayman Company, which remained to be recorded as "financial assets at fair value through profit or loss".

Fund Raising Exercise for Phoenix Entertainment and Game Company Limited Group

In 2018, Phoenix Entertainment and Game Company Limited ("**Phoenix Games**"), a subsidiary of the Company, entered into a round of fund raising exercises seeking external funds to support its business plans in the comic and games industry. Based on the then valuation of Phoenix Games and its subsidiaries ("**Phoenix Games Group**"), the amount to be raised was in a total of RMB100,000,000 in exchange for a total of 5% equity interests in Phoenix Games Group.

On 22 January 2018, Phoenix Games entered into a strategic investment agreement with 深圳市國宏嘉信信息科技有限公司 ("**GuoHong**"), its overseas investment arm China Prosperity Capital Alpha Limited and various parties. GuoHong invested a sum of RMB50,000,000 in return for a 2.5% equity interest (on a diluted basis) in Phoenix Games Group and the transaction was completed on 2 February 2018 (the "**GuoHong Transaction**"). GuoHong is a private investment fund specializing in the mobile internet and pan entertainment industries of the Greater China region.

On 26 February 2018, Phoenix Games entered into another strategic investment agreement with 西藏明溪安同創業投資有限公司 ("**MingXi**") and various parties, the terms of which were similar to those of the GuoHong Transaction. Pursuant to the agreement, MingXi would invest a sum of RMB30,000,000 in return for a 1.5% equity interest (on a diluted basis) in Phoenix Games Group (the "**MingXi Transaction**"), and an injection of RMB20,000,000 had been completed by the end of 2018. MingXi is a subsidiary in an investment fund focusing on new technology and innovative enterprises with sustainable growth, high competitiveness and good corporate governance.

On 16 March 2018, Phoenix Games entered into another strategic investment agreement with 寧波信達華建投資有限公司 ("**XinDa**"), its overseas investment arm China Cinda (HK) Asset Management Co., Limited and various parties, the terms of which were similar to those of the GuoHong Transaction and the MingXi Transaction. Pursuant to the agreement, XinDa invested a sum of RMB20,000,000 in return for a 1% equity interest (on a diluted basis) in Phoenix Games Group and the transaction was completed on 18 April 2018. XinDa is a wholly-owned subsidiary of China Cinda Assets Management Co., Limited, one of the most prestigious investment brands in China.

Change of Company Name

On 25 January 2018, the Company announced the proposal to change the Company's English name from "Phoenix Satellite Television Holdings Limited" to "Phoenix Media Investment (Holdings) Limited" and to change the dual foreign name in Chinese from "鳳凰衛視控股有限公司" to "鳳凰衛視投資(控股)有限公司" in line with its business directions. The proposed change of company name was subject to: (i) approval by a special resolution of the shareholders at an extraordinary general meeting (the "**2018 EGM**") to approve the proposed change of company name; and (ii) approval by the Registrar of Companies of the Cayman Islands by issuing a certificate of incorporation on change of name.

The 2018 EGM was held on 6 March 2018 and a special resolution of the Shareholders was obtained. The Company received the certificate of incorporation on change of name from the Registrar of Companies of the Cayman Islands and the change of name was made effective from 7 March 2018. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by the Registrar of Companies in Hong Kong was also obtained on 19 March 2018. For details, please refer to the Company's announcement dated 21 March 2018.

Continuing Connected Transactions with CMCC Group

On 4 October 2018, the Stock Exchange granted to the Company a waiver from strict compliance with the requirement under Rules 14A.34 and 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all the transactions in relation to provision of website portal and value-added telecommunications services between PNM Group and CMCC Group (the "**New Media CCT**") for the three years from 1 January 2019 to 31 December 2021, subject to the conditions disclosed in the Company's announcement and the circular dated 16 November 2018 and 22 November 2018 respectively.

On 17 December 2018, the Shareholders other than China Mobile (Hong Kong) Group Limited and its associates approved and confirmed the New Media CCT and the relevant annual caps of RMB181,000,000, RMB200,000,000 and RMB216,000,000 for each year ending 31 December 2019, 2020 and 2021 respectively at the then extraordinary general meeting of the Company.

Strategic Cooperation Memorandum with 阿里巴巴(中國)有限公司 (Alibaba (China) Company Limited) ("**Alibaba**")*

On 16 November 2018, Phoenix TV, an indirect wholly-owned subsidiary of the Company, entered into a strategic cooperation memorandum (the "Memorandum") with Alibaba. Pursuant to the Memorandum, both parties expressed their intention to explore opportunities for possible cooperation in the areas of programme contents, products, platforms, internet technologies such as cloud computing and big data, as well as in fields such as cross-sector innovation, capital investment, middle-tier technology and data sharing, technological innovation transformation of Alibaba DAMO Academy and in the broadcast sector and to enter into binding strategic cooperation agreement(s) within the one-year validity of the Memorandum.

The Board was of the view that the possible cooperation with Alibaba would benefit the implementation of the Group's strategic goal of "leveraging the Company's brand influence and professionalism to build an internationally leading high-tech omni-media group focused on content operations and driven by cross-sector integration". For details, please refer to the Company's announcement dated 19 November 2018.

*Continuing Connected Transaction between 神州電視有限公司(Shenzhou Television Company Ltd.) ("**Shenzhou**") and CNHK Media Limited (中港傳媒有限公司) ("**CNHK Media**")*

On 30 November 2018, Shenzhou, acting as the PRC advertising agent of Phoenix Satellite Television Company Limited ("**Phoenix TV**"), and CNHK Media entered into an advertising contract relating to the purchase of advertising airtime by CNHK Media (the "**2019 Contract**") for the ultimate benefits of the Group and 中國移動通信集團有限公司 (China Mobile Communications Group Co., Ltd.*, "**CMCC**") and its associates (collectively "**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 for promoting the CMCC Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNHK Media entered into contract(s) with a subsidiary of CMCC in the PRC relating to and including the purchase of advertising airtime from Phoenix TV on behalf of CMCC Group covering the aforementioned period. As such, the entering of the 2019 Contract by CNHK Media was 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. As the transactions contemplated under the 2019 Contract constituted continuing connected transactions for the Company under the Listing Rules and all of the applicable percentage ratios in respect of the annual cap for the transactions were more than 0.1% but less than 5%, the transactions were subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules. For details, please refer to the Company's announcements dated 30 November 2018.

Discloseable Transaction regarding the Acquisition of Interest in 北京易天新動網絡科技有限公司 (Beijing Yitian Xindong Network Technology Co., Ltd.) ("**Yitian Xindong**")*

On 18 December 2018, 北京塵寰科技有限公司 (Beijing Chenhuan Technology Co., Ltd.*) ("**Chenhuan Technology**"), an indirect non-wholly owned subsidiary of the Company, entered into a share purchase and option agreement (the "**SP and Option Agreement**") with 天音通信有限公司 (Tianyin Telecommunication Co., Ltd.*) ("**Tianyin**") and 深圳市秉瑞信科技有限公司 (Bingruixin Technology Co., Ltd.*) ("**Bingruixin Technology**"). Pursuant to the SP and Option Agreement: (i) Tianyin agreed to sell and Chenhuan Technology agreed to purchase 25.5% of the equity interest in Yitian Xindong at a consideration of RMB144,100,000 (the "**Initial Acquisition**"); (ii) Tianyin provided certain undertakings on the operation and financial performance of the Yitian Xindong to Chenhuan Technology. Should Yitian Xindong's performance fail to meet any of the performance targets in either 2019 or 2020, Chenhuan Technology would be entitled to a refund of RMB85,300,000 (the "**Performance Target Undertakings**"). As security to the said refund, Tianyin would provide security fund or bank guarantee to Chenhuan Technology; (iii) Bingruixin Technology agreed to grant a call option to Chenhuan Technology to acquire a further 25.5% of the equity interest in Yitian Xindong at a consideration of RMB144,100,000 (the "**Call Option**").

For the six months ended 30 June 2019

Operating Results

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 24.1% of the total revenue of the Group for the six months ended 30 June 2019, decreased to approximately HK$395,711,000 (six months ended 30 June 2018: HK$550,993,000). The continued expansion of internet media has continued to pose a challenge to conventional media. As the cost structure is relatively fixed, the segmental loss for television broadcasting business was approximately HK$88,948,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: profit of HK$53,573,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 21.0% of the total revenue of the Group for the six months ended 30 June 2019, decreased 31.6% to approximately HK$344,214,000 (six months ended 30 June 2018: HK$503,174,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others increased 7.7% to approximately HK$51,497,000 (six months ended 30 June 2018: HK$47,819,000).

The revenue of the internet media business for the six months ended 30 June 2019 decreased 0.7% to approximately HK$813,727,000 (six months ended 30 June 2018: HK$819,416,000). The segmental profit of the internet media business for the six months ended 30 June 2019 was approximately HK$137,869,000 (six months ended 30 June 2018: HK$53,503,000) as a result of significant increase in net gain related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the six months ended 30 June 2019 decreased 9.6% to approximately HK$346,877,000 (six months ended 30 June 2018: HK$383,574,000). The segmental profit of outdoor media business for the six months ended 30 June 2019 was approximately HK$33,221,000 (six months ended 30 June 2018: HK$60,722,000).

The segmental loss in the real estate business for the six months ended 30 June 2019 was approximately HK$27,508,000 (six months ended 30 June 2018: gain of HK$43,694,000), which included the net fair value loss of approximately HK$6,847,000 (six months ended 30 June 2018: gain of HK$59,400,000), recognised for the investment properties.

Liquidity and Financial Resources

The liquidity and financial resources of the Group as at 30 June 2019 remained solid. As at 30 June 2019, the Group's total cash and current bank deposits were about HK$2,337,756,000 (as at 31 December 2018: HK$1,665,485,000), as well as structured deposits of approximately HK$538,781,000 (as at 31 December 2018: HK$1,030,227,000) which have been recorded as financial assets at fair value through profit or loss. The aggregate outstanding borrowings of the Group were approximately HK$709,580,000 (as at 31 December 2018: HK$1,206,367,000), representing non-interest bearing loans, non-interest bearing loans from non-controlling shareholders of subsidiaries, secured and interest bearing bank borrowings to fund the investment in Phoenix International Media Centre in Beijing and other secured and interest bearing bank borrowings. The gearing ratio of the Group, based on total liabilities to equity attributable to owners of the Company, was 89.2% as at 30 June 2019 (as at 31 December 2018: 57.0%). The increase in total liabilities was mainly contributed by lease liabilities of approximately HK$764,432,000 (as at 31 December 2018: Nil), which were recognized on adoption of HKFRS 16 Leases, and increase in accounts payable, other payables and accruals due to US$100,000,000 deposit received from the disposal of interest in Particle Inc.

Save as disclosed above, the financial position of the Group remained liquid. Most of the Group's monetary assets, liabilities and transactions are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in Pound Sterling and New Taiwan dollars. The Group is therefore exposed to foreign exchange risks arising from currency exposures, primarily with respect to USD and RMB. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposure. The Group will consider using forward currency contracts as a tool to manage and reduce such risks. Taking into account the Group's current operational and capital requirements, the Directors do not consider the Group is significantly exposed to any foreign currency exchange risk.

Capital Structure and Share Options

As at 30 June 2019, the authorized share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK$0.10 each, of which 4,993,469,500 shares (as at 31 December 2018: 4,993,469,500 shares) had been issued and fully paid.

There was no option exercised under the Company's share option schemes during the six months ended 30 June 2019.

As at 30 June 2019, the operations of the Group were mainly financed by owners' equity, bank borrowings, loans from non-controlling shareholders of subsidiaries and banking facilities.

Prospects

Phoenix TV is committed to leading the transformation and innovation of the media industry and promoting the capitalization of core media resources. In view of the new technological revolution and industrial transformation burgeoning around the world, Phoenix TV has set its goals to support the forerunners in the technological industry and help enhancing the brand competitiveness of the SMEs. The "Phoenix Innovation Industry Alliance", being ardently planned and established by Phoenix TV in coordination with influential investment banks, commercial banks, industry associations and academic institutions in the market, is going to construct a strategic incubation service platform to accelerate the growth of SMEs, with an aim to provide assistance through capital and industry chain supports for the innovation and development of the SMEs. In response to the needs of the SMEs in promoting their products and services, Phoenix TV will create new customized programme series for the enterprises.

In terms of strategic channel expansion, the Group has aggressively expanded its global distribution channels to reach audiences worldwide through satellite, cable networks, mobile internet, over-the-top (OTT) platforms, IPTV and social media, satisfying the demands of different devices as well as different user groups. In response to, in particular, the development trend of the internet media carrier, the Group is focusing on Fengshows app, an integrated media operating platform on which it develops various forms of contents such as short videos, live streaming and interactive communities, in order to enhance the ability of Phoenix TV in monetizing the traffic of its contents. Phoenix Zone, a video on-demand product of Phoenix TV's television programme contents, works with a number of companies on content cooperation over the overseas platform. Coverage of regions including Europe, North America, Asia and Oceania has been completed through the new media cooperation platform.

The Group's internet media segment, Phoenix New Media, has its flagship product ifeng News APP, which has always been one of the most popular mobile news apps in China. The news app comprehensively develops in different areas including self-media, live streaming and IP, and the number of its active users remains at a high level. Phoenix New Media has constantly enhanced product experience in areas such as customized contents feeding and users' portraits by integrating computer algorithm with manual intervention. Besides, Yidian Zixun, an algorithm-based news feed app in which the Group strategically invested through Phoenix New Media, has provided considerable valuation gain to the Group in recent years. In 2019, the Group strategically disposed of a portion of the investment in Yidian, which will bring considerable investment income to the Group.

The Group's outdoor media platform, Phoenix Metropolis Media, has become a large and very influential outdoor LED media operator with good revenue and profits in Mainland China. Two major business forms, namely Phoenix LED Alliance, built on the foundation of extensive LED media resources with alliance members, and Phoenix Interaction, applying leading digital interactive technology on outdoor advertising business, have become a supplement and upgrade to the LED media business. In the first half of 2019, LED media business remained strong in both revenue and profits. Its visual contents and innovative forms of outdoor advertising are highly recognized in the industry.

The Group has also maintained healthy development in other business segments.

With respect to technology area, Phoenix Digital Technology is an important establishment of the Group's technology innovation of contents, representing Phoenix's years of refinement in the fields of humanities and arts. By utilizing digital technologies such as augmented reality, virtual reality and mixed reality, an immersive experience comes into being for a large audience. The most iconic project was the high-tech interactive digital art exhibition Along the River during the Qingming Festival 3.0 at the Palace Museum, launched jointly by Phoenix Digital Technology and the Palace Museum in 2018. By means of a new media interactive artistic technique that integrated culture and technology, the scroll painting Along the River during the Qingming Festival has become a new type of exhibition-performance providing an immersive experience, and drawing extensive attention and recognition from all sectors of the society. In 2019, Along the River during the Qingming Festival 3.0 was brought to Hong Kong for exhibition at the Asia World-Expo from July to August. The project has become a highlight for the Group's business operations and innovations, and touring exhibitions will subsequently take place in Japan, the United Kingdom and other places around the world.

Phoenix Cloud, a platform of the Group's cloud technology business, is committed to transforming and marketising its media technologies and the patents accumulated over the years into digital service products, called the "Fengyun Media Asset" system, which enables Phoenix TV's reporters and editors to work together in collaboration on the "cloud". Embracing 5G technology, Phoenix Cloud has also made early progress in its technological deployment and promoted cinema cooperation projects. One of its self-developed products, Flying Fish, is a distribution transmission system developed for the distribution of digital copies of movies, which does not only improve the efficiency of film distribution through the network, but will also create various modes of distribution and bring promising market development prospects.

With respect to cultural creativity area, Phoenix Entertainment owns the copyrights of the comics adapted from the novels of the deceased Mr. Jin Yong, which include comic works such as Demi-Gods and Semi-Devils (《天龍八部》), The Smiling, Proud Wanderer (《笑傲江湖》) and Legends of the Condor Heroes (《射雕英雄傳》). The total number of views (hits) of these comics on Tencent Comics (騰訊動漫), the largest animation comic platform in China, has reached approximately 1.3 billion. The next step is to speed up the creation and incubation of IP and enhance the ability to monetize IP products. Besides, after several years of business deployment, Phoenix Culture, serving as the cultural creativity industry platform of the Group, has formed a sustainable business model in areas such as large-scale performing arts, art exhibition and cultural tourism. On this basis, new business modes, new products and businesses have been continuously explored and developed.

In regard to corporate social responsibilities, Phoenix TV has continued to cooperate with organizations under the United Nations ("**UN**"), helping the UN to promote and implement the objective of sustainable development, and contribute its knowledge to the world with an open and inclusive attitude in order to push forward the global development.

In an era of political and economic uncertainties around the world with drastic changes in the ecology of media and technology, Phoenix will as always safeguard the core competitiveness of its brand and contents and firmly adhere to journalistic professionalism. Meanwhile, it will continuously promote innovations, focusing on innovations in relation to new forms of programme designs, programme operation, differentiation of high-quality contents and omnimedia platform technology. Together with the Phoenix Innovation Industry Alliance being planned and the digital art exhibition Along the River during the Qingming Festival 3.0 in Hong Kong, Phoenix is steadily transforming and developing into a hi-tech omni-media group focused on synergetic investments and content operations, maximising the Group's value, and fulfilling the expectations of the capital market and the faithful audience of Phoenix TV.

Significant Investments Held

As at 30 June 2019, the Group invested in listed securities investments with estimated fair market value of approximately HK$19,782,000 (as at 31 December 2018: HK$19,782,000) which was recognised as "financial assets at fair value through profit or loss", and the unlisted preferred shares of Cayman Company was recognised as "financial assets at fair value through profit or loss" with estimated fair market value of approximately HK$2,592,665,000 (as at 31 December

2018: HK$2,235,585,000). Save as disclosed above, the Group had not held any other significant investment for the six months ended 30 June 2019. After the Updated Completion, the Group's interest in Cayman Company will decrease to approximately 3.63% and remain to be recorded as "financial assets at fair value through profit or loss".

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As at 30 June 2019, as a result of the exercise of share options by the option holders, the Group's equity interest in PNM decreased from 54.51% to 54.49% (as at 31 December 2018: the Group's equity interest in PNM decreased from 54.96% to 54.51%).

Staff

As at 30 June 2019, the Group employed 2,803 full-time staff (as at 31 December 2018: 2,869) at market remuneration supplemented with employee benefits such as comprehensive medical coverage, insurance plans, defined contribution pension schemes and employee share option schemes. Staff costs for the six months ended 30 June 2019 increased to approximately HK$691,907,000 (six months ended 30 June 2018: HK$638,491,000).

Charge on Assets

As at 30 June 2019, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$96,000,000, HK$354,000,000 and HK$1,506,000,000 (as at 31 December 2018: HK$96,000,000, HK$365,000,000 and HK$1,497,000,000) recorded in right-of-use assets, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing to fund the investment in Phoenix International Media Centre in Beijing. Bank deposit of approximately HK$235,440,000 (as at 31 December 2018: HK$734,745,000) was pledged with a bank to secure bank borrowing to optimize return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,707,000 (as at 31 December 2018: HK$2,720,000) was pledged with a bank to secure a bank borrowing.

Save as disclosed above, the Group did not have any other charges on its assets as at 30 June 2019 and 31 December 2018.

Future Plans for Material Investments and Expected Source of Funding

In view of the challenging environment ahead, the Group will continue to consolidate its existing businesses while exploring new business opportunities that will complement and enhance its existing businesses.

Contingent Liabilities

Various companies in the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that adequate provisions have been made in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019.

Other Important Events

Discloseable Transaction regarding the Acquisition of Interest in 北京易天新動網絡科技有限公司 (Beijing Yitian Xindong Network Technology Co., Ltd.) ("**Yitian Xindong**")*

On 1 March 2019, Chenhuan Technology exercised the Call Option and entered into a share purchase agreement with Tianyin, Bingruixin Technology and Yitian Xindong (the "**Share Purchase Agreement**"). Pursuant to the Share Purchase Agreement: (i) Bingruixin Technology agreed to sell and Chenhuan Technology agreed to purchase 25.5% of the equity interest in Yitian Xindong at a consideration of RMB144,100,000 (the "**Second Acquisition**"); and (ii) Tianyin provided undertakings identical to the Performance Target Undertakings for the Second Acquisition and will provide security fund or bank guarantee for the said refund.

Upon the completion of the Initial Acquisition, Chenhuan Technology obtained control over Yitian Xindong. Chenhuan Technology holds an aggregated 51% of the equity interest in Yitian Xindong after the Second Acquisition. Yitian Xindong owns and operates Tadu, a leading online reading mobile application in China that serves more than 1,000,000 daily active users, and it is expected that the acquisition of Tadu will provide synergy to the Group's business.

Very Substantial Disposal regarding the Disposal of Interest in Cayman Company

On 22 March 2019, PNM, an indirect non-wholly owned subsidiary of the Company, and the Purchaser, an independent third party, entered into the Share Purchase Agreement regarding the Disposal which superseded the letter of intent previously entered into by the parties. Pursuant to the Share Purchase Agreement, PNM agreed to sell the Sale Shares and the Purchaser agreed to purchase the Sale Shares under the Contractual Arrangements, at a consideration of US$448,000,000 and RMB3,719,167 in cash respectively.

On 31 May 2019, PNM sent a completion confirmation letter to the Purchaser to confirm the satisfaction of all of the Conditions under the Share Purchase Agreement. The Purchaser, however, disputed the satisfaction of certain Conditions.

On 23 July 2019, PNM and the Purchaser entered into the Supplemental Agreement.

For details of the Share Purchase Agreement, the Supplemental Agreement and the Disposal, please see this circular, the circular of the Company dated 14 May 2019 and the announcements of the Company dated 27 February 2019, 25 March 2019, 30 May 2019, 28 June 2019 and 25 July 2019, respectively.

** For identification purpose only*

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

General

In connection with the Disposal, the unaudited pro forma condensed consolidated financial information of the Group (the "**Unaudited Pro Forma Financial Information**") presented below is prepared to illustrate (a) the financial position of the Group as at 30 June 2019 as if the Disposal including both the First Completion and the Second Completion) had been completed on 30 June 2019; and (b) the results and cash flows of the Group as if the Disposal (including both the First Completion and the Second Completion) had been completed on 1 January 2019.

The Unaudited Pro Forma Financial Information is prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below by the Directors for illustrative purpose only.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Group had the Disposal been completed as of the specified dates or any other dates.

The Unaudited Pro Forma Financial Information is based upon the unaudited condensed consolidated balance sheet of the Group as at 30 June 2019, the unaudited condensed consolidated income statement, the unaudited condensed consolidated statement of comprehensive income and unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019 extracted from the interim report of the Group dated 4 September 2019 after giving effect to the pro forma adjustments described in the accompanying notes and was prepared in accordance with Rules 4.29 and 14.68(2)(a)(ii) of the Listing Rules. Narrative descriptions of the Unaudited Pro Forma Financial Information that are directly attributable to the Disposal and factually supportable are summarized in the accompanying notes to the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in the circular.

(i) Unaudited pro forma condensed consolidated balance sheet of the Group as at 30 June 2019

	Unaudited condensed consolidated balance sheet of the Group as at 30 June 2019	Pro forma adjustments				**Unaudited pro forma condensed consolidated balance sheet of the Group as at 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(b)*	*Note 2(b)*	
ASSETS						
Non-current assets						
Purchased programme and film rights, net	13,941					13,941
Right-of-use assets	923,681					923,681
Property, plant and equipment, net	1,000,647					1,000,647
Investment properties	1,524,234					1,524,234
Intangible assets	212,402					212,402
Investments in joint ventures	37,998					37,998
Investments in associates	90,411					90,411
Financial assets at fair value through profit or loss	19,061					19,061
Other long-term assets	72,930					72,930
Deferred income tax assets	84,415					84,415
	3,979,720					3,979,720
Current assets						
Accounts receivable, net	1,013,944					1,013,944
Prepayments, deposits and other receivables	875,189					875,189
Inventories	9,554					9,554
Amounts due from related companies	73,359					73,359
Self-produced programmes	7,473					7,473
Purchased programme and film rights, net	108					108
Financial assets at fair value through profit or loss	3,151,228	(2,338,781)				812,447
Prepaid tax	13,662					13,662
Pledged bank deposits	235,440					235,440
Bank deposits	435,441					435,441
Restricted cash	268,637					268,637
Cash and cash equivalents	1,902,315		2,731,104	(13,734)	(333,834)	4,285,851
	7,986,350					8,031,105
Total assets	11,966,070					12,010,825

	Unaudited condensed consolidated balance sheet of the Group as at 30 June 2019	Pro forma adjustments				**Unaudited pro forma condensed consolidated balance sheet of the Group as at 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2(a)*	*Note 2(b)*	*Note 2(b)*	*Note 2(b)*	
EQUITY						
Equity attributable to owners of the Company						
Share capital	499,347					499,347
Reserves	4,610,122		548,563			5,158,685
	5,109,469					5,658,032
Non-controlling interests	2,196,165		458,160			2,654,325
Total equity	7,305,634					8,312,357
LIABILITIES						
Non-current liabilities						
Secured bank borrowings	64,649					64,649
Lease liabilities	555,786					555,786
Financial liabilities at fair value through profit or loss	3,502					3,502
Other long-term liabilities	4,723					4,723
Loans from non-controlling shareholders of subsidiaries	233,907					233,907
Deferred income tax liabilities	375,732				(177,168)	198,564
	1,238,299					1,061,131
Current liabilities						
Accounts payable, other payables and accruals	2,162,676		(784,800)			1,377,876
Secured bank borrowings	257,055					257,055
Lease liabilities	208,646					208,646
Deferred income	561,444					561,444
Loans from non-controlling shareholders of a subsidiary	149,450					149,450
Current income tax liabilities	82,866					82,866
	3,422,137					2,637,337
Total liabilities	4,660,436					3,698,468
Total equity and liabilities	11,966,070					12,010,825

(ii) Unaudited pro forma condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2019

	Unaudited condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2019	**Pro forma adjustments**		**Unaudited pro forma condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3(a)*	*Note 3(c)*	
Revenue	1,641,730			1,641,730
Operating expenses	(1,554,673)			(1,554,673)
Selling, general and administrative expenses	(564,474)			(564,474)
Other gains, net				
Fair value loss on investment properties	(6,847)			(6,847)
Other operating gain, net	372,375	(365,618)	1,525,857	1,532,614
Interest Income	24,936			24,936
Interest expense	(35,715)			(35,715)
Share of profit less losses of associates	(1,318)			(1,318)
Share of profit less losses of joint ventures	(3,947)			(3,947)
(Loss)/Profit before income tax	(127,933)			1,032,306
Income tax expense	(53,155)	36,562	(192,822)	(209,415)
(Loss)/Profit for the period	(181,088)			822,891

	Unaudited condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2019	**Pro forma adjustments**		**Unaudited pro forma condensed consolidated income statement and statement of comprehensive income of the Group for the six months ended 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3(a)*	*Note 3(c)*	
(Loss)/Profit attributable to:				
Owners of the Company	(202,045)	(179,303)	726,637	345,289
Non-controlling interests	20,957	(149,753)	606,398	477,602
	(181,088)			822,891
COMPREHENSIVE INCOME				
(Loss)/profit for the period	(181,088)			822,891
Other comprehensive income for the period				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	48,790			48,790
Total comprehensive (expenses)/ income for the period	(132,298)			871,681
Total comprehensive (expenses)/ income for the period attributable to:				
Owners of the Company	(172,287)	(179,303)	726,637	375,047
Non-controlling interests	39,989	(149,753)	606,398	496,634
	(132,298)			871,681

(iii) Unaudited pro forma condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019

	Unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019	Pro forma adjustments			**Unaudited pro forma condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3(b)*	*Note 3(c)*	*Note 3(c)*	
Cash flows from operating activities					
Cash used in operations	(214,180)				(214,180)
Interest received	5,661				5,661
Interest paid	(16,440)				(16,440)
Overseas taxation paid	(5,874)		(333,081)		(338,955)
	(230,833)				(563,914)
Cash flows from investing activities					
Increase in restricted cash	(268,411)				(268,411)
Increase in bank deposits	(16,136)				(16,136)
Decrease in pledged bank deposits	499,305				499,305
Purchase of intangible assets	(25,482)				(25,482)
Purchase of property, plant and equipment	(42,954)				(42,954)
Purchase of programme and film rights	(9,146)				(9,146)
Additions to the right-of-use assets	(82,786)				(82,786)
Proceeds from disposal of property, plant and equipment	4,991				4,991
Investment income from financial assets at fair value through profit or loss	503				503
Investment income from bank deposits and pledged bank deposits	6,124				6,124
Capital contribution to various investments	(4,987)				(4,987)
Disposal of financial assets at fair value through profit or loss	491,446		(13,704)	3,507,975	3,985,717
Deposit for disposal of financial assets at fair value through profit or loss	784,472	(784,472)			—
Deposit for contingent consideration	113,539				113,539
Net cash inflows from acquisition of subsidiaries	36,672				36,672
	1,487,150				4,196,949

	Unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019	Pro forma adjustments			**Unaudited pro forma condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 3(b)*	*Note 3(c)*	*Note 3(c)*	
Cash flows from financing activities					
Dividends paid to owners of the Company	(49,935)				(49,935)
Proceeds from exercise of share options of a subsidiary	3,127				3,127
Repayment of secured bank borrowings	(510,373)				(510,373)
Increase in lease liabilities	81,960				81,960
Principal elements of lease payments	(101,556)				(101,556)
Loans from non-controlling shareholders of subsidiaries	3,474				3,474
Dividends paid to non-controlling interests	(53,203)				(53,203)
Net cash used in financing activities	(626,506)				(626,506)
Net increase in cash and cash equivalents	629,811				3,006,529
Cash and cash equivalents at beginning of period	1,246,180				1,246,180
Net exchange gains on cash and cash equivalents	26,324				26,324
Cash and cash equivalents at end of period	1,902,315				4,279,033

Notes to the Unaudited Pro Forma Financial Information

1. The amounts are extracted from the unaudited condensed consolidated balance sheet of the Group as at 30 June 2019, the unaudited condensed consolidated income statement, unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2019 as set out in Appendix I to this circular.

2. The following pro forma adjustments have been made to the unaudited pro forma condensed consolidated balance sheet of the Group, assuming the Disposal had taken place on 30 June 2019:

   (a) The adjustment represents the de-recognition of financial asset at fair value through profit or loss in relation to the 34% equity interest on an as-if converted basis of Disposal Group as at 30 June 2019, assuming the Disposal had taken place on 30 June 2019, which is recalculated from Historical Financial Information of the Group as set out in Appendix I to this Circular based on equity interest and types of preferred shares to be disposed of.

(b) The adjustments represent the estimated net gain on the Disposal and estimated proceeds assuming the Disposal had taken place on 30 June 2019 and is calculated as follows:

		HK$'000
Consideration	*Note (i)*	3,515,904
Less: Carrying value of financial assets at fair value through profit or loss as at 30 June 2019	*Note (ii)*	(2,338,781)
		1,177,123
Less: Estimated transaction costs attributable to the Disposal	*Note (iii)*	(13,734)
Estimated gain on the Disposal		1,163,389
Less: Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate	*Note (iv)*	(156,666)
Estimated net gain on the Disposal		1,006,723
Estimated net gain on the Disposal attributable to the Company	*Note (v)*	548,563
Estimated net gain on the Disposal attributable to non-controlling interests of the Company	*Note (vi)*	458,160
		1,006,723

		HK$'000
Consideration	*Note (i)*	3,515,904
Less: Deposit received	*Note (vii)*	(784,800)
Net proceeds received from the Disposal		2,731,104
Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate (see above)	*Note (iv)*	156,666
Deferred income tax liabilities arising from fair value gain of the 34% equity interest on an as-if converted basis of the Disposal Group previously provided	*Note (viii)*	177,168
Total estimated tax payments		333,834

Notes:

(i) There is no adjustment to the Consideration (United States Dollar ("**USD**") 448 million) as mentioned in the section Consideration in this Circular. For the purpose of the unaudited pro forma condensed consolidated balance sheet, the amount denominated in USD have been translated into HKD at USD1=HKD7.848, being the exchange rates prevailing as at 30 June 2019. For the purpose of the unaudited pro forma condensed consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, the amount denominated in USD have been translated into HKD at USD1=HKD7.83, being the exchange rates prevailing as at 1 January 2019.

(ii) The amount represents the carrying value of financial assets at fair value through profit or loss in relation to 34% equity interest on an as-if converted basis of the Disposal Group which is recalculated from Historical Financial Information of the Group as set out in Appendix I to this Circular.

(iii) The transaction costs directly incurred for the Disposal amounting to USD1,750,000 will be borne by the Group and are assumed to be settled in cash. For the purpose of the unaudited pro forma condensed consolidated balance sheet, the amount denominated in USD have been translated into HKD at USD1=HKD7.848, being the exchange rates prevailing as at 30 June 2019. For the purpose of the unaudited pro forma condensed consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, the amount denominated in USD have been translated into HKD at USD1=HKD7.83, being the exchange rates prevailing as at 1 January 2019.

(iv) Estimated tax expenses in relation to the gain arising from the Disposal represents income tax, which is calculated based on a tax rate of 10% and estimated taxable disposal gain arising from the Disposal.

(v) Estimated net gain on Disposal attributable to owners of the Company is calculated based on the estimated net gain on the Disposal and equity interest held by the Company.

(vi) Estimated net gain on Disposal attributable to non-controlling interests of the Company is calculated based on the estimated net gain on the Disposal and equity interest held by the non-controlling interests of the Company.

(vii) Deposit received represents the deposit paid by the Purchaser in cash pursuant to the terms of the Letter of Intent.

(viii) The deferred income tax liabilities are recalculated from Historical Financial Information of the Group as set out in Appendix I to this Circular.

(c) Apart from the above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2019 for the purpose of preparation of the unaudited pro forma condensed consolidated balance sheet of the Group.

3. The following pro forma adjustment have been made to the unaudited pro forma condensed consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group, assuming the Disposal had taken place on 1 January 2019:

(a) The adjustments represent the reversal of fair value gain on financial assets at fair value through profit or loss and deferred income tax in relation to the 34% equity interest on an as-if converted basis of Disposal Group which have been recognised in the six months ended 30 June 2019. The adjustments are recalculated from Historical Financial Information of the Group as set out in Appendix I to this Circular based on equity interest held by the Company and non-controlling interests and types of preferred shares to be disposed of.

(b) The adjustments represent the de-recognition of Deposit received of approximately HK$784,472,000 extracted from Historical Financial Information of the Group as set out in Appendix I to this Circular.

(c) The adjustments represent the estimated net gain on the Disposal assuming the Disposal had taken place on 1 January 2019 and is calculated as follows:

		HK$'000
Consideration	*Note 2(b)(i)*	3,507,975
Less: Carrying value of financial assets at fair value through profit or loss as at 1 January 2019	*Note 2(b)(ii)*	(1,968,414)
		1,539,561
Less: Estimated transaction costs	*Note 2(b)(iii)*	(13,704)
Estimated gain on the Disposal		1,525,857
Less: Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate	*Note 2(b)(iv)*	(192,822)
Estimated net gain on the Disposal		1,333,035
Estimated net gain on the Disposal attributable to the Company	*Note 2(b)(v)*	726,637
Estimated net gain on the Disposal attributable to non-controlling interests of the Company	*Note 2(b)(vi)*	606,398
		1,333,035
Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate (see above)	*Note 2(b)(iv)*	192,822
Deferred income tax liabilities arising from fair value gain of 34% equity interest on an as-if converted basis of the Disposal Group previously provided	*Note 2(b)(viii)*	140,259
Total estimated tax payments		333,081

(d) Apart from the above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2019 for the purpose of preparation of the unaudited pro forma condensed consolidated income statement, the unaudited pro forma condensed consolidated statement of comprehensive income and the unaudited pro forma condensed consolidated statement of cash flows of the Group.

(e) The above adjustments are not expected to have a continuing effect on the unaudited pro forma condensed consolidated statement of comprehensive income and unaudited pro forma condensed consolidated statement of cash flows of the Group.

4. Since the carrying value of the 34% equity interest on an as-if converted basis of the Disposal Group at the date of Updated Completion may be different from the amounts used in the Unaudited Pro Forma Financial Information of the Group, the estimated net gain on the Disposal may be different from the amounts presented above.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

pwc

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Phoenix Media Investment (Holdings) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Phoenix Media Investment (Holdings) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") excluding the 34% equity interest on as-if converted basis in Particle Inc. (the "**Disposal Share**") (collectively the "**Remaining Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated balance sheet as at 30 June 2019, the unaudited pro forma condensed consolidated income statement for the six months ended 30 June 2019, the unaudited pro forma condensed consolidated statement of comprehensive income for the six months ended 30 June 2019 and the unaudited pro forma condensed consolidated statement of cash flows for the six months ended 30 June 2019, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-12 of the Company's circular dated 4 October 2019 (the "**Circular**"), in connection with the proposed disposal of the Disposal Share (the "**Transaction**") by the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-12 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 30 June 2019 and the Group's financial performance and cash flows for the six months ended 30 June 2019 as if the Transaction had taken place at 30 June 2019 and 1 January 2019 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the directors from the Group's condensed consolidated financial information for the six months ended 30 June 2019, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any Historical Financial Information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2019 and 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 4 October 2019

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DIRECTORS' INTERESTS

Interests in securities

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) 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 Director or chief executive was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(I) Long position in the Shares and underlying Shares of the Company

(A) Ordinary Shares of the Company

	Number of ordinary Shares held				
Name of Director	**Personal/other interest**	**Corporate interest**	**Total interest**	**Position**	**Approximate shareholding percentage as at the Latest Practicable Date**
LIU Changle *(Note 2)*	2,688,000	1,854,000,000	1,856,688,000	Long	37.18%

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.

2. As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% 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.

(B) Share options granted to the Directors pursuant to the share option scheme adopted by the Company on 2 February 2017:

Name of Director	Date of grant	Exercise period	Exercise price per Share *(HK$)*	Underlying Shares pursuant to the share options as at the Latest Practicable Date
LIU Changle	2017.03.21	2018.03.21 to 2027.03.20	1.41	4,900,000
CHUI Keung	2017.03.21	2018.03.21 to 2027.03.20	1.41	3,900,000
WANG Ji Yan	2017.03.21	2018.03.21 to 2027.03.20	1.41	3,900,000

(II) Long position in the shares and underlying shares of an associated corporation of the Company

(A) Class A ordinary shares of PNM

	Number of class A ordinary shares of PNM held				
Name of Director	Personal/other interest	Corporate interest	Total interest	Position	Approximate shareholding percentage as at the Latest Practicable Date
LIU Changle *(Note 3)*	—	1,483,200	1,483,200	Long	0.56%

Notes:

1. As at the Latest Practicable Date, the number of the issued class A ordinary shares of PNM was 265,935,266.

2. PNM is a non-wholly owned subsidiary of the Company.

3. As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% of the issued share capital of Today's Asia Limited, which in turn had an interest in approximately 0.56% of the issued class A ordinary shares of PNM.

(B) *As at the Latest Practicable Date, no share option was granted to the Directors pursuant to the 2018 share option scheme adopted by PNM on 6 June 2018.*

Save as disclosed above, so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) 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 the chief executives were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company other than contracts expiring or terminable by the Group within a year without payment of any compensation (other than statutory compensation).

Interests in assets and contracts

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER PART XV OF THE SFO

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the interest of the Shareholders (not being Directors and chief executives 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:

(I) Long positions of substantial Shareholders in the ordinary Shares of the Company

Name of substantial Shareholders	Number of Shares	Approximate shareholding percentage as at the Latest Practicable Date
Today's Asia Limited *(Note 2)*	1,854,000,000	37.13%
Extra Step Investments Limited *(Note 3)*	983,000,000	19.69%
TPG China Media, L.P. *(Note 4)*	607,000,000	12.16%

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.

2. As at the Latest Practicable Date, Mr. LIU Changle was the beneficial owner of 100% of the issued share capital of Today's Asia Limited.

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 Group Co., Ltd. ("**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. JIAN Qin and Mr. ZHANG Dong, both non-executive Directors, are respectively vice president of CMCC and director and deputy general manager of China Mobile Communication Company Limited, and general manager of department of market operation of CMCC.

4. TPG China Media, L.P. is controlled by TPG Asia Advisors VI DE, Inc., which in turn is ultimately controlled by Mr. David BONDERMAN and Mr. James G. COULTER. By virtue of the SFO, TPG Asia Advisors VI DE, Inc., Mr. David BONDERMAN and Mr. James G. COULTER are all deemed to be interested in the 607,000,000 Shares held by TPG China Media, L.P.. Mr. SUN Qiang Chang, being the non-executive Director, is the managing partner of TPG Capital in China.

(II) 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 the Latest Practicable Date
China Wise International Limited *(Note 2)*	412,000,000	8.25%

Notes:

1. As at the Latest Practicable Date, the number of issued Shares of the Company was 4,993,469,500.

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. Mr. GONG Jianzhong, a non-executive Director, is a chairman of the board, executive 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 executives of the Company) known to the Directors or the chief executives of the Company, who, as at Latest Practicable Date, 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.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, or their respective close associates 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.

LITIGATION

Save as disclosed in this circular, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the share purchase agreement dated 1 March 2019 entered into between Beijing Chenhuan Technology Co., Ltd.* (北京塵寰科技有限公司) (an indirect non wholly-owned subsidiary of the Company, as purchaser), Tianyin Telecommunication Co. Ltd.* (天音通信有限公司), Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) and Bingruixin Technology Co., Ltd.* (深圳市秉瑞信科技有限公司) (as vendor) in relation to the proposed acquisition of 25.5% of the equity interest in Beijing Yitian Xindong Network Technology Co., Ltd.* (北京易天新動網絡科技有限公司) at a consideration of RMB144,100,000; and

(b) the Share Purchase Agreement; and

(c) the Supplemental Agreement.

EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion contained in this circular:

Name	**Qualification**
PricewaterhouseCoopers (“**PwC**”)	Certified Public Accountants

PwC has given and has not withdrawn its written consent to the issue of this circular with the inclusion of independent reporting accountant’s assurance report on the compilation of unaudited proforma financial information dated 4 October 2019 and/or the reference to its name in the form and context in which they appear. As at the Latest Practicable Date, PwC was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2018, the date to which the latest published, audited and consolidated financial statements of the Group were made up, acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

MISCELLANEOUS

(a) Save as disclosed in the interim results announcement of the Company for the six months ended 30 June 2019 dated 16 August 2019, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published, audited and consolidated financial statements of the Group were made up.

(b) As at the Latest Practicable Date, none of the Directors was materially interested in any contracts or arrangements subsisting at the date of this circular which are significant in relation to the business of the Group.

(c) The company secretary of the Company is Mr. YEUNG Ka Keung, a qualified chartered accountant.

(d) The principal share registrar of the Company is SMP Partners (Cayman) Limited, whose registered office is at 3rd Floor, Royal Bank House, 24 Shedden Road, P.O. Box 1586, Grand Cayman KY1-1110, Cayman Islands and the Hong Kong branch share registrar of the Company is Hong Kong Registrars Limited, whose registered office is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the Company's principal place of business in Hong Kong from the date of this circular up to and including the date of EGM:

(a) the Memorandum and the Articles of Association;

(b) the annual reports of the Company for each of the three financial years ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019;

(c) the written consent referred to in the paragraph headed "Expert Qualification and Consent" in this appendix;

(d) independent reporting accountant's report on the compilation of the unaudited pro forma consolidated financial information on the Group after the Disposal set out in the Appendix II to this circular;

(e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(f) the First Circular and this circular.

Details of the non-executive Directors proposed to be re-elected at the EGM are set out as follows:

Mr. ZHANG Dong

Mr. ZHANG Dong ("**Mr. ZHANG**") has been appointed as a non-executive director and member of the remuneration committee of the Company with effect from 6 June 2019. The biographical details of Mr. ZHANG are as follows:

Mr. ZHANG, aged 50, is currently the general manager of department of market operation of China Mobile Communications Group Co., Ltd. Mr. ZHANG previously served as the deputy general manager of China Mobile Group Jiangsu Company Limited and China Mobile Group Hainan Company Limited, general manager of the human resources department of Jiangsu Mobile Communication Company Limited ("**Jiangsu Mobile**"), general manager of Jiangsu Mobile Lianyungang branch and deputy general manager (presiding) in Jiangsu Mobile Xuzhou branch.

Mr. ZHANG graduated from Nanjing University of Posts and Telecommunications with bachelor degree of wireless communication, and received a MBA from Nanjing University. Mr. ZHANG has more than 20 years of experience in the telecommunication industry.

Save as disclosed above, (i) Mr. ZHANG has not previously held and is not holding any other position with the Company or its subsidiaries; (ii) Mr. ZHANG did not hold any other directorships in any listed companies in Hong Kong or overseas in the last three years; and (iii) Mr. ZHANG does not have any other major appointments and professional qualifications. Mr. ZHANG does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company for the purpose of the Listing Rules. As at the date of this circular, Mr. ZHANG does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Pursuant to article 86(3) of the Articles of Association, Mr. ZHANG shall hold office only until the next following general meeting of the Company after his appointment and shall then be eligible for re-election at that general meeting. According to the letter of appointment between Mr. ZHANG and the Company, he has been appointed for a term of three years starting from 6 June 2019, and is subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. ZHANG will not receive any director's emoluments from the Company for his position as a non-executive director which is on the same basis with the other current non-executive directors.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Mr. ZHANG as a non-executive director of the Company that need to be brought to the attention of the holder of securities of the Company, and there is no information relating to Mr. ZHANG that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. SUN Qiang Chang

Mr. SUN Qiang Chang ("**Mr. SUN**") has been appointed as a non-executive director of the Company with effect from 16 August 2019. The biographical details of Mr. SUN are as follows:

Mr. SUN Qiang Chang, aged 63, is the Managing Partner for China at TPG, a leading global alternative asset firm. Prior to joining TPG, he founded and was the Chairman of Black Soil Group Ltd., an agriculture impact investing company. Before founding Black Soil, he was the Chairman, Asia Pacific at Warburg Pincus, a global private equity firm. Prior to joining Warburg Pincus, he was the Executive Director of Asia Investment Banking Department at Goldman Sachs Hong Kong. Mr. SUN has extensive experience in private equity investments for 28 years.

Mr. SUN obtained his Bachelor of Arts degree from the Beijing Foreign Studies University and completed a post-graduate program offered by the United Nations, where he worked as a staff translator in New York for three years. Mr. SUN earned a joint degree of MA/MBA from the Joseph H. Lauder Institute of Management & International Studies and the Wharton School of the University of Pennsylvania.

Mr. SUN is the founder and current honorary chairman of the China Venture Capital and Private Equity Association (CVCA) and the founder and current Executive Vice Chairman of the China Real Estate Developers and Investors' Association (CREDIA). Mr. SUN is also a member of the Board of Governors of the Lauder Institute at the Wharton School and a member of The China Entrepreneur Club.

Save as disclosed above, (i) Mr. SUN has not previously held and is not holding any other position with the Company or its subsidiaries; (ii) Mr. SUN is currently an independent non-executive director of SOHO China Limited and a non-executive director of Duiba Group Limited, both of which are listed on the Main Board of the Stock Exchange, he is also an independent director of GDS Holdings Limited and a director of Uxin Limited, both of which are listed on the Nasdaq Global Select Market; and (iii) Mr. SUN does not have any relationship with any directors, senior management, substantial Shareholders or controlling Shareholders of the Company for the purpose of the Listing Rules. As at the date of this circular, Mr. SUN does not have any interests in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Pursuant to article 86(3) of the Articles of Association, Mr. SUN shall hold office only until the next following general meeting of the Company after his appointment and shall then be eligible for re-election at that general meeting. According to the letter of appointment between Mr. SUN and the Company, he has been appointed for a term of three years starting from 16 August 2019, and is subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. SUN will not receive any director's emoluments from the Company for his position as a non-executive director which is on the same basis with the other current non-executive directors.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointment of Mr. SUN as a non-executive Director that need to be brought to the attention of the holder of securities of the Company, and there is no information relating to Mr. SUN that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

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)

NOTICE OF THE 2019 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 second extraordinary general meeting (the "**EGM**") of Phoenix Media Investment (Holdings) Limited (the "**Company**") will be held on Tuesday, 22 October 2019, at 3:00 p.m. at No. 2-6 Dai King Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong to consider and, if thought fit, approve with or without modifications, the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

"**THAT**:

1. (i) the entering into of the supplemental agreement dated 23 July 2019 (the "**Supplemental Agreement**") between Phoenix New Media Limited ("**PNM**") and Run Liang Tai Management Limited (the "**Purchaser**") with respect to the share purchase agreement dated 22 March 2019 between PNM and the Purchaser in respect of the transfer of certain equity interest in Particle Inc. and the transfer of certain equity interest in Beijing Yidianwangju Technology Co. Ltd.* (北京一點網聚科技有限公司), pursuant to which the parties conditionally agreed to carry out the terms and conditions under the Supplemental Agreement, and all the transactions contemplated thereunder and incidental thereto (for the avoidance of doubt, it shall exclude the issuance of the additional shares by Particle Inc. under the employee share option scheme of Particle Inc.) be and are hereby approved, confirmed and ratified; and

   (ii) any director of the Company (the "**Director**") or any other person authorized by the Directors be and is hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such further documents for and on behalf of the Company, and to take such steps as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with this resolution.

2. (i) the proposed appointment of Mr. ZHANG Dong as a non-executive Director be and is hereby approved; and

   (ii) the board of Directors (the "**Board**") be and is hereby authorized to determine his remuneration, and to do all such acts and things to give effect to or in connection with this resolution.

3. (i) the proposed appointment of Mr. SUN Qiang Chang as a non-executive Director be and is hereby approved; and

   (ii) the Board be and is hereby authorized to determine his remuneration, and to do all such acts and things to give effect to or in connection with this resolution."

By Order of the Board
YEUNG Ka Keung
Company Secretary

Hong Kong, 4 October 2019

Registered Office:
Cricket Square
Hutchins Square
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business:
No. 2-6 Dai King Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be lodged at the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).

3. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of joint holding.

4. The register of members of the Company will be closed from Thursday, 17 October 2019, to Tuesday, 22 October 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the meeting, all transfer documents accompanied by the relevant share certificate(s) 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 not later than 4:30 p.m. on Wednesday, 16 October 2019.

5. A form of proxy for use at the meeting is enclosed.

6. Shareholders of the Company are advised to read the circular of the Company dated 4 October 2019 which contains information concerning the resolutions to be proposed in this notice.

7. According to Rule 13.39(4) of the Listing Rules, any vote of shareholders of the Company at a general meeting of the Company must be taken by poll. Accordingly, the chairman of the meeting will exercise his power under the articles of association of the Company to demand a poll in relation to the proposed resolutions at the meeting.

** for identification purpose only*

As at the date of this notice, 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. ZHANG Dong, Mr. GONG Jianzhong and Mr. SUN Qiang Chang

Independent Non-executive Directors
Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di

In the case of any inconsistency between the Chinese version and the English version of this notice, the English version shall prevail.