**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.

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鳳凰衛視

# PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED
# 鳳凰衛視投資(控股)有限公司

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

**(Stock Code: 02008)**

## (1) PROPOSED AMENDMENTS TO THE TERMS OF VERY SUBSTANTIAL DISPOSAL REGARDING THE DISPOSAL OF EQUITY INTEREST IN PARTICLE INC.;
## (2) PROPOSED RE-ELECTION OF DIRECTOR;
## AND
## (3) NOTICE OF THE 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 Thursday, 7 May 2020, 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.

20 April 2020

# CONTENTS

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

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| "Announcements" | the announcements of the Company dated 27 February 2019, 25 March 2019, 30 May 2019, 28 June 2019, 25 July 2019 respectively, in relation to the Disposal and its updates and the announcement of the Company dated 20 January 2020 in relation to the proposed amendments to the Disposal and the Co-sale Event |
| "Articles of Association" | 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 |
| "Circulars" | the First Circular and the Second Circular |
| "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, the Supplemental Agreement and the New Agreement |

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| "Co-sale Event" | as defined under the heading "INTRODUCTION" on page 10 of this circular |
| "Co-sale Shares" | as defined under the heading "Co-sale Shares and Long De Consideration" on page 12 of this circular |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Completion Conditions" | as defined under the heading "Completion Conditions" on page 17 of this circular |
| "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$4,053,892) 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 |
| "Deposit Interest" | 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 |
| "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 (as amended and restated by the New 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) |

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| "EGM" | the 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 Thursday, 7 May 2020 to consider and, if thought fit, approve the New Agreement and the transactions contemplated thereunder |
| "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 |
| "Initial Notice" | as defined under the heading "INTRODUCTION" on page 10 of this circular |
| "Latest Practicable Date" | 16 April 2020, 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 |
| "Loan" | as defined under the heading "Loan and Share Pledge" on page 16 of this circular |
| "Loan Term" | as defined under the heading "Loan and Share Pledge" on page 16 of this circular |

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| "Long De Chengzhang" | Long De Chengzhang Culture Communication (Tianjin) Co., Ltd. (龍德成長文化傳播(天津)有限公司), a limited company established in the PRC on 20 February 2017, a shareholder of the Cayman Company and an independent third party of the Company and PNM |
| "Long De Co-sale Entities" | Long De HK and Long De Tianjin |
| "Long De Consideration" | as defined under the heading "Co-sale Shares and Long De Consideration" on page 12 of this circular |
| "Long De First Completion" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 14 of this circular |
| "Long De First Completion Consideration" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 14 of this circular |
| "Long De First Completion Shares" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 14 of this circular |
| "Long De First Transfer Documents" | as defined under the heading "Loan and Share Pledge" on page 16 of this circular |
| "Long De HK" | Long De Holdings (Hong Kong) Co., Limited, a shareholder of the Cayman Company |
| "Long De Loss Compensation" | as defined under the heading "Loan and Share Pledge" on page 16 of this circular |
| "Long De Notifying Entities" | Long De Chengzhang and Long De HK |
| "Long De Second Completion" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 15 of this circular |
| "Long De Second Completion Consideration" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 15 of this circular |
| "Long De Second Completion Shares" | as defined under the heading "Completion Arrangements of the Co-sale Shares" on page 15 of this circular |
| "Long De Tianjin" | Longde Chengzhang (Tianjin) Investment Management Center (Limited Partnership) |

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| "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 |
| "New Agreement" | the new agreement entered into between PNM and the Purchaser, Long De HK and Long De Tianjin in respect of the Disposal and the Co-sale Event on 20 January 2020 |
| "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, which shall be superseded by the Onshore Target Shares upon the effectiveness of the New Agreement |
| "Offshore Target Shares Purchase Price" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "Onshore Target Shares" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "Onshore Target Shares Purchase Price" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "percentage ratios" | the applicable percentage ratios set out in Rule 14.07 of the Listing Rules |
| "Pledged Shares" | as defined under the heading "Loan and Share Pledge" on page 17 of this circular |
| "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 Completion Shares" or "Offshore Target Shares" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |

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| "PNM First Completion" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "PNM First Completion Shares" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "PNM Group" | PNM and its subsidiaries |
| "PNM Second Completion" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "PNM Second Completion Shares" | as defined under the heading "Proposed Amendments to the Terms of the Disposal" on page 12 of this circular |
| "PNM Share Transfer" | as defined under the heading "INTRODUCTION" on page 10 of this circular |
| "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 |
| "Remittance" | as defined under the heading "Loan and Share Pledge" on page 16 of this circular |
| "Residual Consideration Deposit" | a deposit in respect of the residual of the Consideration in the amount of US$50 million |
| "Residual Consideration Deposit Interest" | the interest accrued from the Residual Consideration Deposit |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Revised Residual Consideration" | as defined under the heading "Completion of the Disposal as revised by the New Agreement" on page 20 of this circular |
| "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 |

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| "Second Circular" | the circular of the Company dated 4 October 2019 in relation to the Disposal |
| "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 |
| "Share(s)" | ordinary share(s) of HK$0.10 each in the Company |
| "Shareholder(s)" | holder(s) of Shares |
| "Shareholders Agreement" | The Eighth Amended and Restated Shareholders Agreement of the Cayman Company dated 8 August 2018 |
| "Share Transfer" | as defined under the heading "Acknowledgements and Covenants" on page 18 of this circular |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tianjin Subsidiary" | Tianjin Yidian Xintong Technology Co., Ltd.* (天津一點信通科技有限公司), a limited company established in the PRC on 28 April 2018 and a member of the Disposal Group |
| "Updated Offshore Sale Shares" | an aggregate of 212,358,165 shares of Cayman Company (including 27,639,580 series B preferred shares, 183,767,856 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company), representing approximately 30.60% in the total share capital of Cayman Company on an as-if converted basis and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP), which shall be superseded by the Offshore Target Shares upon the effectiveness of the New Agreement |
| "Updated Sale Shares" | the Updated Offshore Sale Shares and the Onshore Sale Shares |
| "US$", "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 |

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| "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$1.09 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
HUANG Tao
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

20 April 2020

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS TO THE TERMS OF VERY SUBSTANTIAL DISPOSAL REGARDING THE DISPOSAL OF EQUITY INTEREST IN PARTICLE INC.;**
**(2) PROPOSED RE-ELECTION OF DIRECTOR;**
**AND**
**(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

## INTRODUCTION

References are made to the Announcements and the Circulars.

The purpose of this circular is to provide the Shareholders with, among other matters, (i) details of the New Agreement and the transactions contemplated thereunder or incidental thereto and (ii) a notice of the EGM to the Shareholders to approve the resolution proposed at the EGM.

## BACKGROUND OF THE NEW AGREEMENT

PNM and the Purchaser entered into the Share Purchase Agreement on 22 March 2019 and the Supplemental Agreement on 23 July 2019. Pursuant to the Share Purchase Agreement and the Supplemental Agreement, (1) PNM proposes to transfer its 212,358,165 preferred shares (being 27,639,580 series B preferred shares, 183,767,856 series C preferred shares and 950,729 series D1 preferred shares) in the Cayman Company, representing approximately 30.60% in the total share capital of Cayman Company on an as-if converted and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP), to the Purchaser for a consideration of US$448 million and (2) PNM's designated onshore transferor proposes to sell its 37.169% equity interest (representing the registered share capital of RMB3,719,167) in Yidian Technology to the Purchaser's designee (the "**PNM Share Transfer**").

As disclosed in the circular of the Company dated 4 October 2019, the Long De Notifying Entities sent a joint notice on 5 August 2019 (the "**Initial Notice**") to PNM purporting to exercise their co-sale right under the Shareholders Agreement. 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 Notifying 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.

On 20 September 2019, the Long De Notifying Entities wrote to PNM stating that the total number of shares which they sought to co-sell shall be 16 million shares for a total consideration of approximately RMB240,000,000 and that the number of their co-sale shares may change (the "**Co-sale Event**").

In order to complete the Disposal as soon as practicable and after further arm's length commercial negotiations, the parties conditionally agreed on the terms of the New Agreement with a view to proceeding with the Disposal and the transactions thereunder.

On 20 January 2020 (after trading hours), PNM, a subsidiary of the Company, entered into the New Agreement with the Purchaser, Long De HK and Long De Tianjin in respect of the Disposal and the Co-sale Event. Pursuant to the New Agreement, the parties conditionally agreed that, among other things, they shall carry out the terms in accordance with the heading "The New Agreement" below and waive any claim and right in respect of the Co-sale Event as a result of the Share Transfer (as defined below) other than those agreed under the New Agreement.

As the Disposal is a very substantial disposal as classified under Chapter 14 of the Listing Rules and the New Agreement represents a material change to the terms of the Disposal, the New Agreement will be conditional on Shareholders' approval at general meeting under Rules 14.36 and 14.40 of the Listing Rules.

## THE NEW AGREEMENT

The following summarizes the principal terms of the New Agreement.

**Date:** 20 January 2020

**Parties:**

Vendors : (1) Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Company

(2) Long De Holdings (Hong Kong) Co., Limited

Long De HK is a company with limited liability incorporated under the laws of Hong Kong on 3 August 2018, 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 Long De HK and its ultimate beneficial owner is an independent third party.

(3) Longde Chengzhang (Tianjin) Investment Management Center (Limited Partnership)

Long De Tianjin is a partnership with limited liability incorporated under the laws of the PRC on 21 March 2017, with principal business in investment management.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Long De Tianjin and its ultimate beneficial owner is an independent third party.

Purchaser : Run Liang Tai Management Limited

The Purchaser is 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.

**Co-sale Shares and Long De Consideration**

Notwithstanding anything contrary in the Co-sale Notices, Long De HK and Long De Tianjin (collectively, the "**Long De Co-sale Entities**") agree to exercise their co-sale right in the amount of US$20,663,933.72 (the "**Long De Consideration**"), to sell a total of 9,794,989 series D1 preferred shares in the Cayman Company, representing approximately 1.41% in the total share capital of Cayman Company on an as-if converted and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP), held by Long De HK (the "**Co-sale Shares**") to the Purchaser, pursuant to the terms of the Shareholders Agreement and the articles of association of the Cayman Company. The Purchaser agrees to buy the Co-sale Shares pursuant to the terms of the New Agreement.

**Proposed Amendments to the Terms of the Disposal**

PNM and the Purchaser agree that, subject to Long De Co-sale Entities' exercise of their co-sale right pursuant to the New Agreement, the terms of the Disposal shall be revised as follows:

(a) PNM to sell 29.19% of shares in Cayman Company on an as-if converted and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP), representing 202,563,176 preferred shares (being 27,639,580 series B preferred shares and 174,923,596 series C preferred shares) in Cayman Company (the "**PNM Completion Shares**" or "**Offshore Target Shares**") (before the New Agreement: 212,358,165 preferred shares in Cayman Company (being 27,639,580 series B preferred shares, 183,767,856 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company)); the number of shares corresponding to the first completion of PNM (the "**PNM First Completion**") is 94,802,752 preferred shares (being 27,639,580 series B preferred shares and 67,163,172 series C preferred shares) in Cayman Company (the "**PNM First Completion Shares**"); the number of shares corresponding to the second completion of PNM (the "**PNM Second Completion**") is 107,760,424 series C preferred shares in Cayman Company (the "**PNM Second Completion Shares**"). Upon the completion of the PNM Second Completion, PNM will hold a total of 32,488,351 preferred shares (being 8,844,260 series C preferred shares and 23,644,091 series D1 preferred shares), representing approximately 4.68% in the total share capital of Cayman Company on an as-if converted and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP).

(b) PNM shall designate the onshore transferor to sell approximately 39.53% equity interest held by Mr. Chen in Yidian Technology (the "**Onshore Target Shares**") (before the New Agreement: approximately 37.169%) to the Purchaser's designee.

(c) The purchase price payable by the Purchaser for the Offshore Target Shares is US$427,336,067 (rounded up) (the "**Offshore Target Shares Purchase Price**") (before the New Agreement: US$448,000,000) and the purchase price for the Onshore Target Shares is RMB3,955,320 (the "**Onshore Target Shares Purchase Price**") (before the New Agreement: RMB3,719,167).

There is no change to the consideration per Cayman Company share sold in the Disposal after the proposed amendments under the New Agreement. As for the disposal of the Co-sale Shares, the consideration per Co-sale Shares is the same as the consideration per Cayman Company share sold in the Disposal. The proportionate reduction of the number of the Offshore Target Shares and the corresponding consideration after the proposed amendments to the Disposal as a result of the co-sale right exercised by the Long De Co-sale Entities was calculated on the basis of the following: (i) the number of the Offshore Target Shares = the total number of shares to be disposed under the Supplemental Agreement less the Co-sale Shares; and (ii) the reduced value of consideration equals the consideration in respect of the Co-sale Shares to be paid by the Purchaser.

The original consideration of the Disposal under the Supplemental Agreement 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$1,318,000,000, taking into account various factors including:

(a) the estimated valuation of the Disposal Group at approximately US$955,000,000 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; and

(d) the valuation of the Disposal Group as estimated by research analysts of major investment banks at US$1,500,000,000 in November 2018 and US$1,300,000,000 in August 2018, respectively

As explained above, as the New Agreement was entered into with a view to proceeding with the Disposal and the transactions thereunder, there was no change to the consideration per Cayman Company share sold in the Disposal after the proposed amendments under the New Agreement or the preliminary valuation of the Disposal Group at approximately US$1,318,000,000 which formed the basis of the original consideration of the Disposal under the Supplemental Agreement.

The New Agreement and the matters set forth thereunder, including, without limitation, the amendments to the Offshore Target Shares, the Onshore Target Shares, the Offshore Target Shares Purchase Price, the Onshore Target Shares Purchase Price and the Loan (as defined below) (collectively, the "**Matters**") are subject to approval by the Shareholders at the EGM.

**Completion Arrangements of the Co-sale Shares**

***(a) Long De First Completion***

The amount of the consideration for Long De HK to transfer 4,584,209 series D1 preferred shares in Cayman Company (the "**Long De First Completion Shares**") to the Purchaser is US$9,671,045.96 (the "**Long De First Completion Consideration**").

The Long De First Completion Consideration shall be paid in full to Long De HK and the Long De First Completion Shares shall be purchased by the Purchaser within five (5) business days from the date of the receipt of the Loan (as defined below) in full from PNM in the manner agreed under the New Agreement and all the Completion Conditions under the heading "Completion Conditions" below being satisfied or waived by the Purchaser in writing, provided that paragraph (a) of the heading "Completion Conditions" below is not waivable and the First Completion (as defined below) does not require the satisfaction of paragraph (d) of the heading "Completion Conditions" below.

Within five (5) business days from the receipt of the Long De First Completion Consideration, Long De HK shall use commercially reasonable efforts to cooperate with Cayman Company to provide the Purchaser or its designee with a share certificate certified by a Cayman agent as true and complete in respect of the Long De First Completion Shares and an updated register of members of Cayman Company, to complete the first completion of the co-sale of Long De Co-sale Entities (the "**Long De First Completion**"). In the event that the failure of the Long De Co-sale Entities to complete the Long De First Completion in accordance with the aforementioned requirements results in loss of the Purchaser, the Long De Co-sale Entities shall compensate the Purchaser for such loss.

If, owing to breach of the New Agreement by the Long De Co-sale Entities, the Long De First Completion fails to be completed within three months from the date of the New Agreement or such other period as agreed upon and confirmed in writing by the parties, Long De Co-sale Entities shall be deemed to relinquish their co-sale right voluntarily under the Shareholders Agreement and the articles of association of Cayman Company as regards the Disposal and the New Agreement shall cease to be performed; if, not owing to breach of the New Agreement by the Long De Co-sale Entities, the Long De First Completion fails to be completed within three months from the date of the New Agreement or such other period as agreed upon and confirmed in writing by the parties, Long De Co-sale Entities shall still be entitled to assert and exercise relevant rights under the Shareholders Agreement, the articles of association of Cayman Company and the New Agreement and PNM and the Long De Co-sale Entities shall use commercially reasonable efforts to negotiate an alternative plan to realize the co-sale right of Long De Co-sale Entities under the New Agreement subject to the compliance with relevant laws and Listing Rules.

*(b) Long De Second Completion*

The amount of the consideration for Long De HK to transfer 5,210,780 series D1 preferred shares in Cayman Company (the "**Long De Second Completion Shares**") to the Purchaser is US$10,992,887.76 (the "**Long De Second Completion Consideration**").

Subject to the completion of Long De First Completion and the satisfaction, or waiver by the Purchaser in writing, of all the Completion Conditions under the heading "Completion Conditions" below, provided that paragraph (a) of which is not waivable, the Long De Second Completion Consideration shall be fully paid to Long De HK and the Long De Second Completion Shares shall be purchased by the Purchaser within ten (10) business days from the date of PNM Second Completion or within such other period as agreed by the parties in writing (the "**Latest Payment Date**"); in the event that the delayed payment by the Purchaser of the Long De Second Completion Consideration results in loss of the Long De Co-sale Entities, the Purchaser shall compensate the Long De Co-sale Entities for such loss.

The Purchaser shall pay to PNM the Residual Consideration. For the avoidance of doubt, the Residual Consideration shall be US$448,000,000 less (i) the PNM First Completion Consideration, (ii) the Deposit, (iii) the Deposit Interest, (iv) the Residual Consideration Deposit, (v) the Residual Consideration Deposit Interest; and (vi) Long De Second Completion Consideration. Upon the completion of payment of the Residual Consideration, the US$9,671,045.96 Loan (as defined below) owed by the Purchaser to PNM shall be deemed fully repaid.

Within five (5) business days from the receipt of the Long De Second Completion Consideration, Long De HK shall use commercially reasonable efforts to cooperate with Cayman Company to provide the Purchaser or its designee with a share certificate certified by a Cayman agent as true and complete in respect of the Long De Second Completion Shares and an updated register of members of Cayman Company, to complete the second completion of the co-sale of Long De Co-sale Entities (the "**Long De Second Completion**"). In the event that the failure of the Long De Co-sale Entities to complete the Long De Second Completion results in loss of the Purchaser, the Long De Co-sale Entities shall compensate the Purchaser for such loss.

**Loan and Share Pledge**

(a) Subject to the continued compliance with the Share Purchase Agreement, the Supplemental Agreement and the New Agreement (if applicable) by each of the Long De Co-sale Entities and the Purchaser, PNM agrees to grant the Purchaser an interest-free loan in a total amount of US$9,671,045.96 (the "**Loan**") within five (5) business days after the effective execution of the New Agreement and relevant share transfer documents with respect to the Long De First Completion Shares entered into between the Purchaser and Long De HK (the "**Long De First Transfer Documents**") (if required) and the satisfaction of all of the following conditions: (1) matters relevant to the contemplated transactions under the New Agreement have been approved by the Shareholders at the EGM; and (2) the Completion Conditions under the heading "Completion Conditions" below have been satisfied in all (satisfaction of paragraph (d) of the heading "Completion Conditions" below is not required) or waived by the Purchaser in writing.

The remittance of the Loan shall be made to the bank account of Long De HK confirmed by Long De HK (the "**Remittance**"). The Remittance shall be deemed as the receipt of the Loan in full by the Purchaser and shall be used to pay the Long De First Completion Consideration in full, and the term of the Loan shall be from the date of lending to August 10, 2020 (the "**Loan Term**"). The Purchaser and Long De HK agree that the completion conditions under the Long De First Transfer Documents shall be the same as the Completion Conditions under the heading "Completion Conditions" below.

If PNM's failure to provide the Loan to the Purchaser in accordance with the provisions in the above paragraph leads to Long De Co-sale Entities' failure to complete the Long De First Completion, PNM shall pay Long De Co-sale Entities compensation for loss at an annual rate of 15% on the basis of Long De First Completion Consideration (the "**Long De Loss Compensation**").

(b) For the avoidance of doubt, if PNM fails to grant the Loan to the Purchaser as mentioned above, the Purchaser shall have no obligation to effect the payment in respect of the Co-Sale Shares under the New Agreement and shall assume no liability whatsoever arising thereunder.

(c) The Purchaser shall, within ten (10) business days after the Long De First Completion or such other period as agreed by PNM in writing, (1) pledge all of the Long De First Completion Shares acquired by it or its designee (being 4,584,209 series D1 preferred shares, the "**Pledged Shares**") to PNM to secure the repayment of the Loan, and assist Cayman Company to complete all corporate registration procedures with respect to such pledge; and (2) ensure that the Purchaser or its designee executes the related transfer agreement. The Purchaser shall not, and shall ensure its designee not to, transfer, pledge or in any other way dispose of the Pledged Shares during the agreed term of pledge without the consent of PNM. If the Purchaser defaults, PNM shall have the right to declare the Loan immediately due and to claim ownership of the Pledged Shares; and if the Purchaser's default of this provision results in PNM's being unable to obtain the Pledged Shares, the Purchaser shall repay the Loan in full within five (5) business days after PNM's written notice. PNM agrees that it shall cooperate with Cayman Company in releasing the pledge of the Pledged Shares within ten (10) business days from the date of the receipt of the Residual Consideration and the completion of the PNM Second Completion.

(d) The Purchaser further agrees, unless otherwise stipulated in paragraph (c) above, that if it fails to repay the Loan in full upon the Loan Term becoming due in accordance with the New Agreement, PNM shall be entitled to demand ownership of the Pledged Shares and the Purchaser and its designee shall cooperate with Cayman Company in completing all the procedures of the share transfer of the Pledged Shares. Save as for the aforementioned, in respect of breach under this paragraph, the Purchaser shall have no other obligation in respect of repayment, and the Long De Co-sale Entities and PNM shall have no right under the New Agreement to hold the Purchaser accountable for any obligation other than the aforementioned under this paragraph.

**Completion Conditions**

Unless waived by the Purchaser in writing (condition (a) not being waivable), the Purchaser's obligation to pay the Long De First Completion Consideration and the Long De Second Completion Consideration shall be subject to the satisfaction of the following conditions precedent (the "**Completion Conditions**"):

(a) matters relevant to the contemplated transactions under the New Agreement have been approved by the Shareholders at the EGM;

(b) the transfer of the Co-sale Shares and entry into the New Agreement has been approved by the board of directors and shareholders of the Long De Co-sale Entities and shall not violate any applicable legal documents, government directives and judicial orders;

(c) in respect of the Purchaser's performance of its obligation to pay the Long De First Completion Consideration, the Long De Co-sale Entities have procured Cayman Company to provide the Purchaser or its designee with the share certificate evidencing the number of Long De First Completion Shares and a copy of the updated draft register of members prepared by Cayman Company's Cayman agent;

(d) in respect of the Purchaser's performance of its obligation to pay the Long De Second Completion Consideration, the PNM Second Completion corresponding to the PNM Second Completion Shares have been completed and the Long De Co-sale Entities have procured Cayman Company to provide the Purchaser or its designee with the share certificate evidencing the number of Long De Second Completion Shares and a copy of the updated draft register of members prepared by Cayman Company's Cayman agent;

(e) the Long De Co-sale Entities have not breached their representations and warranties under the New Agreement; and

(f) the Long De Co-sale Entities have issued the completion confirmation to the Purchaser.

**Acknowledgements and Covenants**

(a) The Long De Co-sale Entities acknowledge that the New Agreement constitutes the entire and sole agreement for the Long De Co-sale Entities to exercise the special co-sale right under the Shareholders Agreement and the articles of association of Cayman Company with respect to share transfer under the Share Purchase Agreement and the Supplemental Agreement (the "**Share Transfer**"), and supersedes all claims of the Long De Co-sale Entities with respect to such matters; with respect to the Share Transfer, the Long De Co-sale Entities agree to exercise their co-sale rights under the Share Purchase Agreement and the articles of association of Cayman Company pursuant to the New Agreement, without claiming any other rights; unless otherwise stipulated in the New Agreement, if, owing to breach of the New Agreement by the Long De Co-sale Entities, the Long De First Completion and/or Long De Second Completion fail to be completed, Long De Co-sale Entities shall not be entitled to assert and exercise their co-sale right and other relevant rights under the Shareholders Agreement and the articles of association of Cayman Company as regards the Disposal and the New Agreement; if, not owing to breach of the New Agreement by the Long De Co-sale Entities, the Long De First Completion and/or Long De Second Completion fail to be completed, Long De Co-sale Entities shall still be entitled to assert and exercise relevant rights under the Shareholders Agreement, the articles of association of Cayman Company and the New Agreement.

(b) For the avoidance of doubt, the parties acknowledge that the Long De Second Completion shall be conditional upon the Purchaser paying the Residual Consideration to PNM pursuant to the Supplemental Agreement and the New Agreement; if PNM does not receive any portion of Residual Consideration, the Long De Second Completion shall not occur and PNM shall not bear any liability for it, and the Long De Co-sale Entities shall not exercise its co-sale right with respect to the Share Transfer to make any other claims to PNM with respect to the Long De Second Completion. If PNM does not receive the Residual Consideration in full, the Long De Second Completion Consideration and the Long De Second Completion Shares shall be adjusted proportionately; for the avoidance of doubt, the adjusted Long De Second Completion Shares = actual number of completed PNM Second Completion Shares * (the number of the Long De Second Completion Shares (as agreed under the New Agreement)/the number of the PNM Second Completion Shares (as agreed under the New Agreement)) and the Long De Second Completion Consideration shall also be adjusted accordingly. The Long De Co-sale Entities shall, in accordance with paragraph (b) under the heading "Completion Arrangements of the Co-sale Shares" above, still be entitled to receive the payment of the adjusted Long De Second Completion Consideration within ten (10) business days from the completion of the PNM Second Completion. In the event that the Long De Co-sale Entities fail to receive a full and timely payment of the adjusted Long De Second Completion Consideration, PNM and the Long De Co-sale Entities shall use commercially reasonable efforts to negotiate an alternative plan to realize the co-sale right of Long De Co-sale Entities under the New Agreement.

**Default Liabilities**

Provided that the conditions for the provision of the Loan are met, if PNM fails to provide the Loan to the Purchaser pursuant to paragraph (a) of the heading "Loan and Share Pledge" above, PNM shall pay the Long De Co-sale Entities the Long De Loss Compensation.

**Completion of the Disposal as revised by the New Agreement**

***PNM First Completion***

As at the Latest Practicable Date, the PNM First Completion has taken place and PNM has received the Residual Consideration Deposit (as defined in the Company's circular dated 4 October 2019) of US$50,000,000 (approximately HK$390,000,000) from the Purchaser.

*PNM Second Completion*

The residual amount of the Consideration (as defined in the Company's circular dated 4 October 2019) as revised by the New Agreement, being US$448,000,000 less (i) the PNM First Completion Consideration, (ii) the Deposit and the Deposit Interest, (iii) the Residual Consideration Deposit and the Residual Consideration Deposit Interest (each as defined in the Company's circular dated 4 October 2019) and (iv) Long De Second Completion Consideration (the "**Revised 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 full payment of the Revised Residual Consideration shall have the effect of full repayment of the Loan.

## INFORMATION ON THE DISPOSAL GROUP

### The Disposal Group

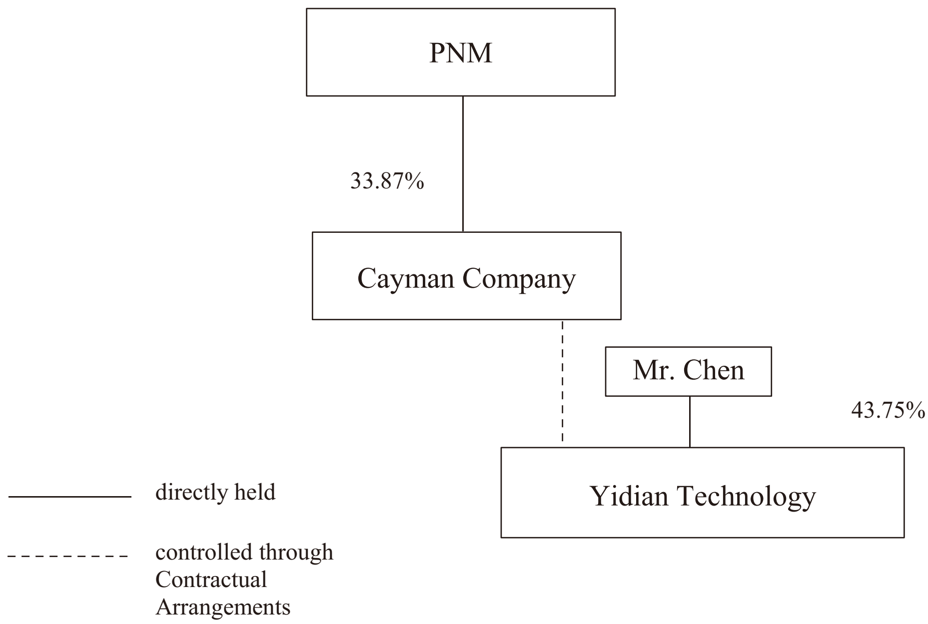
The principal business activities of the Disposal Group are the operation of Yidian Zixun (「一點資訊」), or Yidian, a personalized news and life-style information application in China that allows users to define and explore desired content on their mobile devices. Cayman Company is an investment holding company incorporated in the Cayman Islands and indirectly holds the entire equity interest of WFOE. The issued share capital of Cayman Company comprised 693,980,936 shares as at the Latest Practicable Date. 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.

### Long De Entities

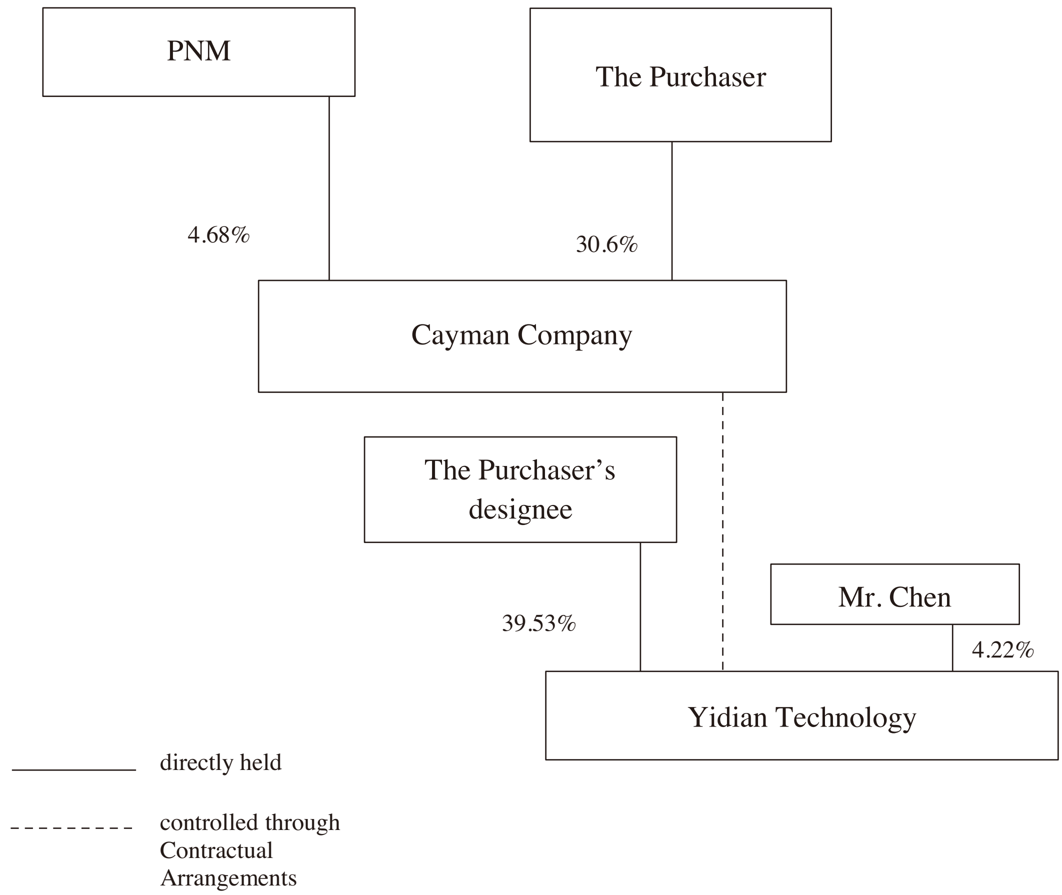
Long De HK is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding. Long De Tianjin is a partnership incorporated in the PRC with limited liability. It is principally engaged in investment management. Long De HK and Long De Tianjin are ultimately owned and controlled by a Beijing government institution. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Long De HK, Long De Tianjin and their ultimate beneficial owner is a third parties independent of the Company and its connected persons (as defined in the Listing Rules).

**Simplified Shareholding Structure of Cayman Company and Yidian Technology**

The following diagram sets out the simplified shareholding structure of Cayman Company and Yidian Technology prior to the Disposal and the disposal of the Co-sale Shares and as at the Latest Practicable Date (after issuance of additional shares under the ESOP):



The following diagram sets out the simplified shareholding structure of Cayman Company and Yidian Technology following the completion of the Disposal and the disposal of the Co-sale Shares (after the issuance of additional shares under the ESOP):




## 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$494,160,220) and RMB453,358,000 (approximately HK$494,160,220), 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$531,795,740) and RMB487,886,000 (approximately HK$531,795,740), respectively. The unaudited loss before and after taxation of the Disposal Group for the year ended 31 December 2019 was approximately RMB310,610,000 (approximately HK$338,564,900) and RMB310,610,000 (approximately HK$338,564,900), respectively.

The carrying value of the investments in Cayman Company measured at fair value as at 31 December 2019 was approximately HK$2,258,645,000, based on an independent valuation as at 31 December 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 4.68% equity interest in Cayman Company on an as-if converted and fully diluted basis (which reflected the completion of the issuance of additional shares under the ESOP) 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 4.68% equity interests in Cayman Company in the near future.

In view of the continued disagreement between PNM and the Long De Notifying Entities regarding their co-sale right as mentioned in the Company's circular dated 4 October 2019, the New Agreement is intended to settle the disagreement and remove various uncertainties in connection with such disagreement, including the possibility that Long De Notifying Entities may claim co-sale right with respect to a higher number of Cayman Company shares than set forth in the New Agreement as well as potential litigation and related costs to PNM.

Accordingly, the Directors consider that the terms of the New 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 have been recognized as "financial assets at fair value through profit or loss" with fair value of approximately HK$2,258,645,000 as at 31 December 2019 (31 December 2018: approximately HK$2,235,585,000), in particular the fair value of PNM Second Completion Shares was approximately HK$1,779,882,000 and the fair value of the remaining 4.68% of equity interest on an as if converted and fully diluted basis in Cayman Company held by PNM after the PNM Second Completion was approximately HK$478,763,000. Fair value gain on financial assets at fair value through profit and loss amounted to HK$1,567 million for the year ended 31 December 2019. Upon the completion of the PNM Second Completion, the remaining 4.68% of the equity interest on an as if converted and fully diluted basis 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 completion of the PNM Second Completion, it is estimated that the Company will not recognize material unaudited gain or loss before tax and transaction costs on the Disposal for the year ending 31 December 2020 as the fair value gain with reference to the consideration for the Disposal has been recognised during the year ended 31 December 2019.

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

## INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds of US$385,000,000 (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. In the above connection, in November 2019 PNM has declared a dividend payment of up to approximately US$100,000,000 in aggregate.

## 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 the Disposal is a very substantial disposal as classified under Chapter 14 of the Listing Rules and the New Agreement represents a material change to the terms of the Disposal, the New Agreement will be conditional on Shareholders' approval at general meeting under Rules 14.36 and 14.40 of the Listing Rules.

## PROPOSED RE-ELECTION OF DIRECTOR

Reference is made to the announcement of the Company dated 27 March 2020 in relation, among others, the appointment of Mr. HUANG Tao as a non-executive Director of the Company. In accordance with article 86(3) of the Articles of Association, Mr. HUANG shall hold office only until the EGM. Mr. HUANG being eligible, will offer himself for re-election at the EGM.

Particulars of Mr. HUANG are set out in Appendix IV to this circular.

## THE 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 Thursday, 7 May 2020 at 3:00 p.m. to consider and approve the New Agreement and the transactions contemplated thereunder or incidental thereto. 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 resolution approving the New Agreement and the transactions contemplated thereunder or incidental thereto 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 New Agreement and the transactions contemplated thereunder or incidental thereto. No Shareholder is required to abstain from voting in respect of the resolutions approving the New Agreement and the transactions contemplated thereunder or incidental thereto 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.

**PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING**

In order to prevent and control the spread of the novel coronavirus, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- compulsory temperature checks and health declarations
- compulsory wearing of surgical face masks
- no refreshments will be served

The Company reminds the Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. The Shareholders may appoint the chairman of the EGM as his/her proxy to vote on the relevant resolutions at the EGM by using the form of proxy with voting instructions inserted, instead of attending the EGM in person.

**RECOMMENDATION**

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Agreement and the transactions contemplated thereunder or incidental thereto 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 Monday, 4 May 2020 to Thursday, 7 May 2020 (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, 29 April 2020.

**GENERAL**

Shareholders and potential investors of the Company should note that, the Long De First Completion and the Long De Second Completion and the transactions contemplated under the New Agreement are 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 of the Company's circular dated 4 October 2019 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.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows and related notes thereto for the year ended 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019 have been audited.

The above financial information/financial statements of the Group disclosed in the circular of the Company dated 4 October 2019 and annual report of the Company for the year ended 31 December 2019 are published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company's professional investor relations website (www.irasia.com/listco/hk/phoenixtv). The quick links to the above circular and announcement of the Company are set out below:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1004/ltn20191004537.pdf

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000327.pdf

The historical financial information of the Group set out on Page I-2 to Page I-13 are extracted from pages I-2 to I-15 of the Company's circular dated 4 October 2019 and Page 157 to Page 164 and Page 339 to Page 340 of the Company's annual report for the year ended 31 December 2019.

## CONSOLIDATED INCOME STATEMENTS

| | Year ended 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Revenue** | 3,957,487 | 4,062,816 | 3,688,231 |
| **Operating expenses** | (2,817,858) | (2,976,886) | (3,262,829) |
| **Selling, general and administrative expenses** | (1,011,700) | (1,152,628) | (1,153,314) |
| **Other gains, net** | | | |
| Fair value gain/(loss) on investment properties | 44,868 | 7,533 | (6,847) |
| Other operating gains, net | 300,219 | 799,839 | 1,606,013 |
| **Interest income** | 195,465 | 61,422 | 37,002 |
| **Interest expense** | (44,306) | (38,044) | (64,774) |
| **Share of profits less losses of joint ventures** | 6,145 | 3,427 | (2,662) |
| **Share of profits less losses of associates** | (19,888) | 10,632 | (4,124) |
| **Profit before income tax** | 610,432 | 778,111 | 836,696 |
| **Income tax expense** | (89,579) | (216,768) | (252,468) |
| **Profit for the year** | 520,853 | 561,343 | 584,228 |
| **Profit attributable to:** | | | |
| Owners of the Company | 286,248 | 243,790 | 122,665 |
| Non-controlling interests | 234,605 | 317,553 | 461,563 |
| | 520,853 | 561,343 | 584,228 |

## CONSOLIDATED INCOME STATEMENTS *(CONTINUED)*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Earnings per share for profit attributable to the owners of the Company for the year** | | | |
| Basic earnings per share, Hong Kong cents | 5.73 | 4.88 | 2.46 |
| Diluted earnings per share, Hong Kong cents | 5.73 | 4.88 | 2.46 |

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | 2017 | 2018 | 2019 |
|---|---|---|---|
| **Profit for the year** | 520,853 | 561,343 | 584,228 |
| **Other comprehensive income/(expense):** | | | |
| Items that have been/may be reclassified to profit or loss | | | |
| Currency translation differences | 171,984 | (183,006) | (37,519) |
| Fair value loss on available-for-sale financial assets | (28,635) | — | — |
| **Total comprehensive income for the year** | 664,202 | 378,337 | 546,709 |
| **Attributable to:** | | | |
| Owners of the Company | 377,835 | 128,931 | 97,675 |
| Non-controlling interests | 286,367 | 249,406 | 449,034 |
| | 664,202 | 378,337 | 546,709 |

## CONSOLIDATED BALANCE SHEETS

| | At 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Purchased programme and film rights, net | 11,800 | 10,772 | 19,895 |
| Lease premium for land | 208,619 | 198,636 | — |
| Right-of-use assets | — | — | 978,220 |
| Property, plant and equipment, net | 1,080,274 | 1,045,483 | 957,736 |
| Investment properties | 1,570,414 | 1,512,304 | 1,490,452 |
| Intangible assets | 26,960 | 190,471 | 239,637 |
| Investments in joint ventures | 40,027 | 56,723 | 38,407 |
| Investments in associates | 78,503 | 89,734 | 45,827 |
| Available-for-sale financial assets | 725,395 | — | — |
| Financial assets at fair value through profit or loss | — | 18,909 | — |
| Conversion options for convertible redeemable preferred shares | 721,002 | — | — |
| Options for long-term investments | 17,702 | — | — |
| Other long-term assets | 52,380 | 79,299 | 61,210 |
| Deferred income tax assets | 76,925 | 72,332 | 84,422 |
| Pledged bank deposit | 200,000 | — | — |
| | 4,810,001 | 3,274,663 | 3,915,806 |
| **Current assets** | | | |
| Accounts receivable, net | 940,240 | 919,122 | 1,083,537 |
| Prepayments, deposits and other receivables | 814,524 | 858,652 | 735,953 |
| Inventories | 7,493 | 10,114 | 9,353 |
| Amounts due from related companies | 333,610 | 90,834 | 46,998 |
| Conversion options for convertible loans | 19,513 | — | — |
| Self-produced programmes | 12,112 | 8,434 | 8,456 |
| Purchased programme and film rights, net | 147 | 163 | 281 |
| Financial assets at fair value through profit or loss | 24,406 | 3,285,594 | 3,827,197 |
| Prepaid tax | 8,971 | 13,662 | 5,255 |
| Pledged bank deposits | 581,666 | 734,745 | 391,465 |
| Bank deposits | 470,970 | 419,305 | 310,693 |
| Restricted cash | 587 | 226 | 92,703 |
| Cash and cash equivalents | 2,220,028 | 1,246,180 | 1,530,564 |
| | 5,434,267 | 7,587,031 | 8,042,455 |
| **Total assets** | 10,244,268 | 10,861,694 | 11,958,261 |

## CONSOLIDATED BALANCE SHEETS *(CONTINUED)*

| | At 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 499,347 | 499,347 | 499,347 |
| Reserves | 4,876,121 | 4,979,582 | 4,862,355 |
| | 5,375,468 | 5,478,929 | 5,361,702 |
| **Non-controlling interests** | 1,937,120 | 2,257,223 | 2,269,961 |
| **Total equity** | 7,312,588 | 7,736,152 | 7,631,663 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Secured bank borrowings | 329,215 | 92,221 | 29,735 |
| Lease liabilities | — | — | 608,821 |
| Interest rate swap contracts | 698 | — | — |
| Financial liabilities at fair value through profit or loss | — | 5,363 | 2,501 |
| Other long-term liabilities | 4,876 | 4,672 | 4,615 |
| Loans from non-controlling shareholders of subsidiaries | 251,252 | 235,428 | 154,625 |
| Deferred income tax liabilities | 185,976 | 337,183 | 399,376 |
| | 772,017 | 674,867 | 1,199,673 |
| **Current liabilities** | | | |
| Accounts payable, other payables and accruals | 1,336,620 | 1,324,125 | 1,898,802 |
| Secured bank borrowings | 596,507 | 732,967 | 402,217 |
| Lease liabilities | — | — | 214,791 |
| Deferred income | 109,029 | 192,436 | 265,613 |
| Loans from non-controlling shareholders of subsidiaries | 57,694 | 141,079 | 229,737 |
| Current income tax liabilities | 58,823 | 59,213 | 92,257 |
| Interest rate swap contracts | 990 | — | — |
| Financial liabilities at fair value through profit or loss | — | 855 | 23,508 |
| | 2,159,663 | 2,450,675 | 3,126,925 |
| **Total liabilities** | 2,931,680 | 3,125,542 | 4,326,598 |
| **Total equity and liabilities** | 10,244,268 | 10,861,694 | 11,958,261 |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | 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 owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Statutory reserve | Capital reserve | Exchange reserve | Revaluation reserve | Employee share-based payment reserve | Retained earnings | Non-controlling interests | Total equity |
| | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* | *$'000* |
| **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 |
| **Profit for the year** | — | — | — | — | — | — | — | 122,665 | 461,563 | 584,228 |
| **Other comprehensive income** | | | | | | | | | | |
| Currency translation differences | — | — | — | — | (24,990) | — | — | — | (12,529) | (37,519) |
| **Total comprehensive income for the year** | — | — | — | — | (24,990) | — | — | 122,665 | 449,034 | 546,709 |
| **Transactions with owners** | | | | | | | | | | |
| Share option scheme | | | | | | | | | | |
| — value of employee services | — | — | — | — | — | — | — | — | 22,853 | 22,853 |
| — lapse of share options | — | 571 | — | — | — | — | (571) | — | — | — |
| Dividends related to 2018 | — | — | — | — | — | — | — | (49,935) | — | (49,935) |
| Dividends paid to non-controlling interests | — | — | — | — | — | — | — | — | (409,380) | (409,380) |
| Allocation to statutory reserve | — | — | 8,598 | — | — | — | — | (8,598) | — | — |
| Acquisition of interest in subsidiaries | — | — | — | (131,922) | — | — | — | — | (13,807) | (145,729) |
| Acquisition of additional equity interests in a subsidiary | — | — | — | — | — | — | — | — | (1,690) | (1,690) |
| Deemed disposal of partial interest in a subsidiary arising from exercise of share options | — | — | — | (355) | — | — | (281) | — | 3,763 | 3,127 |
| **Total transactions with owners** | — | 571 | 8,598 | (132,277) | — | — | (852) | (58,533) | (398,261) | (580,754) |
| **Balance at 31 December 2019** | 499,347 | 150,634 | 168,797 | 1,402,994 | (177,881) | — | 62,264 | 3,255,547 | 2,269,961 | 7,631,663 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year ended 31 December | | |
|---|---|---|---|
| | 2017 | 2018 | 2019 |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cash flows from operating activities** | | | |
| Cash generated from/(used in) operations | 260,499 | 191,134 | (396,980) |
| Interest received | 51,153 | 57,033 | 27,843 |
| Interest paid | (44,306) | (38,044) | (27,193) |
| Hong Kong taxation refund/(paid) | (22,155) | (11,031) | 6,729 |
| Overseas taxation paid | (52,574) | (55,906) | (18,686) |
| Net cash generated from/(used in) operating activities | 192,617 | 143,186 | (408,287) |
| **Cash flows from investing activities** | | | |
| Decrease/(increase) of restricted cash | — | 361 | (92,477) |
| Decrease of pledged bank deposits | 25,496 | 46,921 | 343,280 |
| (Increase)/decrease in bank deposits | (76,304) | 51,665 | 108,612 |
| Purchase of intangible assets | (9,355) | (18,081) | (86,475) |
| Purchase of property, plant and equipment | (92,009) | (131,378) | (104,462) |
| Purchase of programme and film rights | (9,842) | (8,645) | (21,697) |
| Purchase of investment property | — | — | (585) |
| Net cash (outflow)/inflow from acquisition of subsidiaries | — | (70,056) | 224,871 |
| Net cash outflow from disposal of a subsidiary | (6,086) | — | — |
| Capital contribution to various investments | (35,607) | (19,647) | (7,460) |
| Capital return from associates | — | — | 2,472 |
| Loans to a related company | (83,835) | — | — |
| Repayment of loan and interest from a related company | — | 102,362 | — |
| Proceeds from disposal of property, plant and equipment | 8,937 | 6,700 | 7,612 |
| Proceeds from disposal of financial assets at fair value through profit or loss | — | 133,115 | 1,562,884 |
| Investment income from financial assets at fair value through profit or loss | 1,212 | 1,221 | 2,098 |
| Investment income from pledged bank deposits | 6,230 | 9,237 | 11,954 |
| Purchase of financial assets at fair value through profit or loss | — | (1,025,818) | (378,018) |
| Deposit for disposal of financial assets at fair value through profit or loss | — | — | 401,395 |
| Capital return from an associate | 13,927 | — | — |
| Net cash (used in)/generated from investing activities | (257,236) | (922,043) | 1,974,004 |

## CONSOLIDATED STATEMENTS OF CASH FLOWS *(CONTINUED)*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cash flows from financing activities** | | | |
| Dividends paid to owners of the Company | (49,935) | (49,935) | (49,935) |
| Proceeds from exercise of share options of a subsidiary | 13,677 | 6,834 | 3,127 |
| Drawdown of secured bank borrowings | 604,116 | 509,590 | 140,886 |
| Repayment of secured bank borrowings | (685,806) | (611,064) | (538,276) |
| Principal elements of lease payments | — | — | (246,321) |
| Loans from non-controlling shareholders of subsidiaries | 11,137 | 80,933 | 15,405 |
| Acquisition of additional equity interests in subsidiaries/associates | — | — | (199,838) |
| Capital contribution from non-controlling interest | 407 | — | — |
| Deemed disposal of partial interest in a subsidiary arising from issue of shares | 22,615 | 25,285 | — |
| Dividends paid to non-controlling interests | (18,931) | (52,044) | (409,380) |
| Payment for repurchase of shares | (4,542) | — | — |
| Net cash used in financing activities | (107,262) | (90,401) | (1,284,332) |
| Net (decrease)/increase in cash and cash equivalents | (171,881) | (869,258) | 281,385 |
| Cash and cash equivalents at beginning of year | 2,283,990 | 2,220,028 | 1,246,180 |
| Net exchange (losses)/gain on cash and cash equivalents | 107,919 | (104,590) | 2,999 |
| Cash and cash equivalents at end of year | 2,220,028 | 1,246,180 | 1,530,564 |

## 2. 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 | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Other gains, net** | | | |
| Other operating gains, net | 277,374 | 802,877 | 1,572,667 |
| **Interest income** | 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 | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Other comprehensive income:** | | | |
| Fair value gain/(loss) on available-for-sale financial assets | (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** | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Non-current assets** | | | |
| Available-for-sale financial assets | 705,712 | — | — |
| Conversion options for convertible redeemable preferred shares | 721,002 | — | — |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss (Note) | — | 2,235,585 | 2,258,645 |
| Cash and cash equivalents | — | — | 400,624 |
| **Current liabilities** | | | |
| Accounts payable, other payables and accruals | — | — | 558,884 |
| Financial liabilities at fair value through profit or loss | — | — | 17,828 |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | — | 149,300 | 214,165 |

Note: The balance consisted of Series C and D1 Preferred Shares of Cayman Company, and represented approximately 20.2% equity interest on an as-if converted basis at 31 December 2019 after PNM First Completion (2018: Series B, C and D1 Preferred Shares of Cayman Company, and represented approximately 37.6% equity interest on an as-if converted basis).

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 year ended 31 December** | | |
|---|---|---|---|
| | **2017** | **2018** | **2019** |
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Cash flows from investing activities** | | | |
| Deposit for disposal of financial assets at fair value though profit or loss | — | — | 401,395 |
| Proceeds from disposal of financial assets at fair value through profit or loss | — | — | 1,562,884 |

The movements attributable to the investment in Cayman Company included in financial assets at fair value through profit or loss for the year ended 31 December 2019 are set out below:

| | As at 1 January 2019 *(HK$'M)* | Fair value gain recognised in consolidated income statement *(HK$'M)* | Disposal *(HK$'M)* | Currency translation differences – recognised in consolidated income statement *(HK$'M)* | Currency translation differences – recognised in consolidated statement of comprehensive income *(HK$'M)* | As at 31 December 2019 *(HK$'M)* |
|---|---|---|---|---|---|---|
| **PNM First Completion Shares** | | | | | | |
| Series B Preferred Shares | 244.1 | 206.0 | (450.2) | 0.1 | – | – |
| Series C Preferred Shares | 626.1 | 467.5 | (1,094.1) | 0.5 | – | – |
| **PNM Second Completion Shares** | | | | | | |
| Series C Preferred Shares | 1,004.6 | 776.1 | – | – | (0.8) | 1,779.9 |
| **Remaining shares** | | | | | | |
| Series C Preferred Shares | 82.4 | 34.3 | – | – | – | 116.7 |
| Series D1 Preferred Shares | 278.4 | 83.8 | – | – | (0.2) | 362.0 |
| **TOTAL** | 2,235.6 | 1,567.7 | (1,544.3) | 0.6 | (1.0) | 2,258.6 |

## 3. STATEMENT OF INDEBTEDNESS

### Bank loans, other borrowings, mortgages and charges

As at the close of business on 29 February 2020, 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$432 million secured and interest bearing bank borrowings and HK$385 million non-interest bearing loans from non-controlling shareholders of subsidiaries.

As at 29 February 2020, the land and property in Chaoyang Park, Beijing recorded in right-of-use assets, property, plant and equipment and investment properties respectively were pledged with a bank to secure a bank borrowing of HK$89 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 29 February 2020, 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. As at 29 February 2020, the Group had total lease liability amounting to HK$789 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 29 February 2020. The Directors have confirmed that there has been no material changes in the indebtedness or contingent liabilities of the Group since 29 February 2020 up to the Latest Practicable Date.

## 4. 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.

## 5. MATERIAL ADVERSE CHANGE

After the outbreak of Coronavirus Disease 2019 ("**COVID-19 outbreak**") in early 2020, a series of precautionary and control measures have been and continued to be implemented in countries where the Group operates. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact to the Group.

Save as disclosed in the Company's annual report for the year ended 31 December 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 2019, the date to which the latest audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

## 6. 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 2017, 2018 and 2019, respectively.

### 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 year ended 31 December 2019**

***Operating Results***

Revenue from television broadcasting, which comprised advertising, subscription and other revenue sources, accounted for 25.0% of the total revenue of the Group for the year ended 31 December 2019, decreased 28.2% to approximately HK$921,541,000 (year ended 31 December 2018: HK$1,284,068,000). 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 the television broadcasting business was approximately HK$63,679,000 for the year ended 31 December 2019 (year ended 31 December 2018: profit of HK$254,096,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 21.7% of the total revenue of the Group for the year ended 31 December 2019, decreased 30.9% to approximately HK$801,447,000 (year ended 31 December 2018: HK$1,159,445,000).

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 3.6% to approximately HK$120,094,000 (year ended 31 December 2018: HK$124,623,000).

The revenue of the internet media business for the year ended 31 December 2019 increased 5.1% to approximately HK$1,777,598,000 (year ended 31 December 2018: HK$1,690,804,000). The segmental profit of internet media business for the year ended 31 December 2019 was approximately HK$1,265,042,000 (year ended 31 December 2018: HK$726,798,000) as a result of a significant increase in net gain related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the year ended 31 December 2019 decreased 16.0% to approximately HK$691,336,000 (year ended 31 December 2018: HK$823,084,000). The segmental profit of the outdoor media business for the year ended 31 December 2019 decreased 69.1% to approximately HK$44,167,000 (year ended 31 December 2018: HK$142,899,000).

The segmental loss for real estate business for the year ended 31 December 2019 was approximately HK$14,564,000 (year ended 31 December 2018: segmental profit of HK$36,193,000), which included the net fair value loss of approximately HK$6,847,000, recognised for the investment properties.

***Liquidity and Financial Resources***

The liquidity and financial resources of the Group as at 31 December 2019 remained solid. As at 31 December 2019, the Group's total cash and current bank deposits were about HK$1,841,257,000 (as at 31 December 2018: HK$1,665,485,000), as well as structured deposits of approximately HK$1,420,370,000 (as at 31 December 2018: 1,030,227,000) which have been recorded as financial assets at fair value through profit or loss. The aggregated outstanding borrowings of the Group were approximately HK$820,929,000 (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 80.7% as at 31 December 2019 (as at 31 December 2018: 57.0%). The increase in total liabilities was mainly contributed by lease liabilities of approximately HK$823,612,000 (as at 31 December 2018: Nil), which were recognised on adoption of HKRFS 16 Leases, and increase in accounts payable, other payables and accruals due to US$50,000,000 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 ("**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 2019, the authorised share capital of the Company was HK$1,000,000,000 divided into 10,000,000,000 ordinary shares (the "**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 year.

As at 31 December 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***

In view of the adverse impact of COVID-19 outbreak on global economies and market condition, it is foreseeable that operating condition will be difficult. The Chairman of the Board wanted shareholders and stakeholders to know that we are working with both staff, clients and other stakeholders to manage through these unpredicted times. Phoenix as always, will leverage its core advantages in brand and contents and firmly adheres to professional journalism in future, while at the same time promoting transformation and innovation in the Group's structure and diversified business organisation, with an aim to build an international omni-media group with credibility, influence and communication capability, so as to answer to the expectation of the market and the loyal fans of Phoenix.

***Significant Investments Held***

As at 31 December 2019, the Group invested in listed securities investments with estimated fair market value of approximately HK$18,575,000 (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 Particle Inc. held by the Group was recognised as "financial assets at fair value through profit or loss" with estimated fair market value of approximately HK$2,258,645,000 (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 year ended 31 December 2019.

***Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies***

As at 31 December 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 31 December 2019, the Group employed 3,288 full-time staff (as at 31 December 2018: 2,869) 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 2019 increased to approximately HK$1,468,535,000 (year ended 31 December 2018: HK$1,286,214,000).

***Charge on Assets***

As at 31 December 2019, the land and property in Chaoyang Park, Beijing, with carrying value of approximately HK$92,000,000, HK$335,000,000 and HK$1,472,000,000 (as at 31 December 2018: HK$96,000,000, HK$365,000,000 and HK$1,497,000,000) 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$391,465,000 (as at 31 December 2018: HK$734,745,000) was pledged with a bank to secure a bank borrowing to optimise return through interest difference and arrangement of external security within the loan. The property in the United States with carrying value of approximately HK$2,680,000 (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 31 December 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 the outstanding claims and taking into account the legal advice received, the Directors are of the opinion that adequate provisions have been made in the consolidated financial information for the year.

*Other Important Events and Subsequent 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 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 will be entitled to a refund of RMB85,300,000 (the "**Performance Target Undertakings**"). As security to the said refund, Tianyin will 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**").

On 1 March 2019, Chenhuan Technology exercised the Call Option and entered into a second 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 Particle Inc.**

On 22 March 2019, PNM, an indirect non-wholly owned subsidiary of the Company, and Run Liang Tai Management Limited, an independent third party, entered into a formal agreement regarding the sale and purchase of 32% equity interest in Cayman Company, on an as-if converted basis (the "**Formal Agreement**") which superseded the letter of intent previously entered into by the parties. Pursuant to the Formal Agreement, PNM agreed to sell and the Purchaser agreed to purchase the Sale Shares 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 precedents in the Formal Agreement (the "**Conditions**"). The Purchaser, however, disputed the satisfaction of certain Conditions.

On 23 July 2019, PNM and the Purchaser entered into the Supplemental Agreement (the "**Supplemental Agreement**"). The key terms of the Supplemental Agreement, amongst other things, are: (i) the parties conditionally agreed to carry out the completion regardless of whether any dispute is raised by any party in respect of satisfaction of the Conditions under the Formal Agreement; (ii) to adjust the amount of Offshore Sale Shares to an aggregate of 212,358,165 shares of Particle Inc.; (iii) the Purchaser will pay a further deposit in the sum of US$50,000,000 (the "**Further Deposit**") within 2 working days after the shareholder's approval of the transactions contemplated under the Supplemental Agreement; and (iv) completion shall take place in two stages: (a) the amount of consideration at the first completion is US$200,000,000 (subject to deduction of the deposit in the sum of US$100,000,000) for 94,802,752 shares of Particle Inc., the first completion shall take place within 7 working days after the shareholder's approval of the transactions contemplated under the Supplemental Agreement; (b) the amount of the consideration at the second completion is US$248,000,000 (subject to the deduction of the Further Deposit and all the interest accrued from any of the deposits) for 117,555,413 shares of Particle Inc., the second completion shall take place within 5 working days after payment of the consideration for the second completion (on or before 10 August 2020).

On 5 August 2019, Long De Notifying Entities issued an initial notice to PNM purporting to exercise their co-sale right under the Shareholders Agreement. 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, Long De Notifying 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.

In order to complete the Disposal as soon as practicable and after further arm's length commercial negotiations, on 20 January 2020, PNM entered into the New Agreement with the Purchaser, Long De HK and Long De Tianjin in respect of the Disposal and the co-sale event.

For details of the Formal Agreement, the Supplemental Agreement, the New Agreement and the Disposal, please see the circular of the Company dated 14 May 2019 and 4 October 2019, and the announcement of the Company dated 25 July 2019 and 20 January 2020.

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

On 2 December 2019, 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 "**2020 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**").

** For identification purpose only*

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

### General

In connection with the Disposal, the unaudited pro forma 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 31 December 2019 as if the Disposal (including both the PNM First Completion and the PNM Second Completion) had been completed on 31 December 2019; and (b) the results and cash flows of the Group as if the Disposal (including both the PNM First Completion and the PNM 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 audited consolidated balance sheet of the Group as at 31 December 2019, the audited consolidated income statement, the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 extracted from the annual report of the Group for the year ended 31 December 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 consolidated balance sheet of the Group as at 31 December 2019

| | Audited consolidated balance sheet of the Group as at 31 December 2019 | Pro forma adjustments | | | | | **Unaudited pro forma consolidated balance sheet of the Group as at 31 December 2019** |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2(a)* | *Note 2(b)* | *Note 2(c)* | *Note 2(d)* | *Note 2(e)* | |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Purchased programme and film rights, net | 19,895 | | | | | | 19,895 |
| Right-of-use assets | 978,220 | | | | | | 978,220 |
| Property, plant and equipment, net | 957,736 | | | | | | 957,736 |
| Investment properties | 1,490,452 | | | | | | 1,490,452 |
| Intangible assets | 239,637 | | | | | | 239,637 |
| Investments in joint ventures | 38,407 | | | | | | 38,407 |
| Investments in associates | 45,827 | | | | | | 45,827 |
| Other long-term assets | 61,210 | | | | | | 61,210 |
| Deferred income tax assets | 84,422 | | | | | | 84,422 |
| | 3,915,806 | | | | | | 3,915,806 |
| **Current assets** | | | | | | | |
| Accounts receivable, net | 1,083,537 | | | | | | 1,083,537 |
| Prepayments, deposits and other receivables | 735,953 | | | | | | 735,953 |
| Inventories | 9,353 | | | | | | 9,353 |
| Amounts due from related companies | 46,998 | | | | | | 46,998 |
| Self-produced programmes | 8,456 | | | | | | 8,456 |
| Purchased programme and film rights, net | 281 | | | | | | 281 |
| Financial assets at fair value through profit or loss | 3,827,197 | (1,779,882) | | | | | 2,047,315 |
| Prepaid tax | 5,255 | | | | | | 5,255 |
| Pledged bank deposits | 391,465 | | | | | | 391,465 |
| Bank deposits | 310,693 | | | | | | 310,693 |
| Restricted cash | 92,703 | | | | | | 92,703 |
| Cash and cash equivalents | 1,530,564 | | (7,951) | 1,454,975 | (327,259) | (75,717) | 2,574,612 |
| | 8,042,455 | | | | | | 7,306,621 |
| **Total assets** | 11,958,261 | | | | | | 11,222,427 |

| | Audited consolidated balance sheet of the Group as at 31 December 2019 | Pro forma adjustments | | | | | **Unaudited pro forma consolidated balance sheet of the Group as at 31 December 2019** |
|---|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 2(a)* | *Note 2(b)* | *Note 2(c)* | *Note 2(d)* | *Note 2(e)* | |
| **EQUITY** | | | | | | | |
| **Equity attributable to owners of the Company** | | | | | | | |
| Share capital | 499,347 | | | | | | 499,347 |
| Reserves | 4,862,355 | | (4,333) | | | 9,714 | 4,867,736 |
| | 5,361,702 | | | | | | 5,367,083 |
| **Non-controlling interests** | 2,269,961 | | (3,618) | | | 8,114 | 2,274,457 |
| **Total equity** | 7,631,663 | | | | | | 7,641,540 |
| **LIABILITIES** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Secured bank borrowings | 29,735 | | | | | | 29,735 |
| Lease liabilities | 608,821 | | | | | | 608,821 |
| Financial liabilities at fair value through profit or loss | 2,501 | | | | | | 2,501 |
| Other long-term liabilities | 4,615 | | | | | | 4,615 |
| Loans from non-controlling shareholders of subsidiaries | 154,625 | | | | | | 154,625 |
| Deferred income tax liabilities | 399,376 | | | | (168,999) | | 230,377 |
| | 1,199,673 | | | | | | 1,030,674 |
| **Current liabilities** | | | | | | | |
| Accounts payable, other payables and accruals | 1,898,802 | | | (400,624) | (158,260) | | 1,339,918 |
| Secured bank borrowings | 402,217 | | | | | | 402,217 |
| Lease liabilities | 214,791 | | | | | | 214,791 |
| Deferred income | 265,613 | | | | | | 265,613 |
| Loans from non-controlling shareholders of subsidiaries | 229,737 | | | | | | 229,737 |
| Current income tax liabilities | 92,257 | | | | | | 92,257 |
| Financial liabilities at fair value through profit or loss | 23,508 | | | | | (17,828) | 5,680 |
| | 3,126,925 | | | | | | 2,550,213 |
| **Total liabilities** | 4,326,598 | | | | | | 3,580,887 |
| **Total equity and liabilities** | 11,958,261 | | | | | | 11,222,427 |

**(ii) Unaudited pro forma consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December 2019**

| | Audited consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December 2019 | Pro forma adjustments | | | **Unaudited pro forma consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December 2019** |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3(a)* | *Note 3(b)* | *Note 3(e)* | |
| **Revenue** | 3,688,231 | | | | 3,688,231 |
| **Operating expenses** | (3,262,829) | | | | (3,262,829) |
| **Selling, general and administrative expenses** | (1,153,314) | | | | (1,153,314) |
| **Other gains, net** | | | | | |
| Fair value loss on investment properties | (6,847) | | | | (6,847) |
| Other operating gain, net | 1,606,013 | (1,450,192) | (4,952) | 1,454,944 | 1,605,813 |
| **Interest Income** | 37,002 | | | | 37,002 |
| **Interest expense** | (64,774) | | | | (64,774) |
| **Share of profit less losses of associates** | (4,124) | | | | (4,124) |
| **Share of profit less losses of joint ventures** | (2,662) | | | | (2,662) |
| **Profit before income tax** | 836,696 | | | | 836,496 |
| **Income tax expense** | (252,468) | 193,646 | | (193,671) | (252,493) |
| **Profit for the year** | 584,228 | | | | 584,003 |

| | Audited consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December 2019 | Pro forma adjustments | | | **Unaudited pro forma consolidated income statement and statement of comprehensive income of the Group for the year ended 31 December 2019** |
|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3(a)* | *Note 3(b)* | *Note 3(e)* | |
| **Profit attributable to:** | | | | | |
| Owners of the Company | 122,665 | (684,692) | (2,698) | 687,268 | 122,543 |
| Non-controlling interests | 461,563 | (571,854) | (2,254) | 574,005 | 461,460 |
| | 584,228 | | | | 584,003 |
| **COMPREHENSIVE INCOME** | | | | | |
| **Profit for the year** | 584,228 | | | | 584,003 |
| **Other comprehensive income for the year** | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Currency translation differences | (37,519) | | | | (37,519) |
| **Total comprehensive income for the year** | 546,709 | | | | 546,484 |
| **Total comprehensive (expenses)/ income for the period attributable to:** | | | | | |
| Owners of the Company | 97,675 | (684,692) | (2,698) | 687,268 | 97,553 |
| Non-controlling interests | 449,034 | (571,854) | (2,254) | 574,005 | 448,931 |
| | 546,709 | | | | 546,484 |

**(iii) Unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2019**

| | Audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 | | Pro forma adjustments | | | Unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2019 |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3(c)* | *Note 3(d)* | *Note 3(e)* | *Note 3(e)* | |
| **Cash flows from operating activates** | | | | | | |
| Cash used in operations | (396,980) | | 8,501 | | | (388,479) |
| Interest received | 27,843 | | | | | 27,843 |
| Interest paid | (27,193) | | | | | (27,193) |
| Hong Kong taxation refund | 6,729 | | | | | 6,729 |
| Overseas taxation paid | (18,686) | | | | (327,301) | (345,987) |
| Net cash used in operating activities | (408,287) | | | | | (727,087) |
| **Cash flows from investing activities** | | | | | | |
| Increase in restricted cash | (92,477) | | | | | (92,477) |
| Decrease in pledge bank deposits | 343,280 | | | | | 343,280 |
| Decrease in bank deposits | 108,612 | | | | | 108,612 |
| Purchase of intangible assets | (86,475) | | | | | (86,475) |
| Purchase of property, plant and equipment | (104,462) | | | | | (104,462) |
| Purchase of programme and film rights | (21,697) | | | | | (21,697) |
| Purchase of investment property | (585) | | | | | (585) |
| Net cash inflow from acquisition of subsidiaries | 224,871 | | | | | 224,871 |
| Capital contribution to various investments | (7,460) | | | | | (7,460) |
| Capital return from associates | 2,472 | | | | | 2,472 |
| Proceeds from disposal of property, plant and equipment | 7,612 | | | | | 7,612 |
| Proceeds from disposal of financial assets at fair value through profit or loss | 1,562,884 | | (1,562,884) | 3,346,170 | (16,452) | 3,329,718 |
| Investment income from financial assets at fair value through profit or loss | 2,098 | | | | | 2,098 |
| Investment income from pledged bank deposits | 11,954 | | | | | 11,954 |
| Purchase of financial assets at fair value through profit or loss | (378,018) | | | | | (378,018) |
| Deposit for disposal of financial assets at fair value through profit or loss | 401,395 | (401,395) | | | | — |
| Net cash generated from investing activities | 1,974,004 | | | | | 3,339,443 |

| | Audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 | Pro forma adjustments | | | | Unaudited pro forma consolidated statement of cash flows of the Group for the year ended 31 December 2019 |
|---|---|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | *Note 1* | *Note 3(c)* | *Note 3(d)* | *Note 3(e)* | *Note 3(e)* | |
| **Cash inflows 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 |
| Drawdown of secured bank borrowings | 140,886 | | | | | 140,886 |
| Repayment of secured bank borrowings | (538,276) | | | | | (538,276) |
| Principal elements of lease payments | (246,321) | | | | | (246,321) |
| Loans from non-controlling shareholders of subsidiaries | 15,405 | | | | | 15,405 |
| Acquisition of additional equity interests in subsidiaries/associates | (199,838) | | | | | (199,838) |
| Dividends paid to non-controlling interests | (409,380) | | | | | (409,380) |
| Net cash used in financing activities | (1,284,332) | | | | | (1,284,332) |
| Net increase in cash and cash equivalents | 281,385 | | | | | 1,328,024 |
| Cash and cash equivalents at beginning of year | 1,246,180 | | | | | 1,246,180 |
| Net exchange gains on cash and cash equivalents | 2,999 | | | | | 2,999 |
| Cash and cash equivalents at end of year | 1,530,564 | | | | | 2,577,203 |

**Notes to the Unaudited Pro Forma Financial Information**

1. The amounts are extracted from the audited consolidated balance sheet of the Group as at 31 December 2019, the audited consolidated income statement, audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2019 as set out in Appendix I to this circular.

2. The following pro forma adjustments have been made to the unaudited pro forma consolidated balance sheet of the Group, assuming the Disposal had taken place on 31 December 2019:

   (a) The adjustment represents the de-recognition of financial assets at fair value through profit or loss in relation to the PNM Second Completion Shares which represent 15.53% equity interest on an as-if converted and fully diluted basis of the Disposal Group as at 31 December 2019, assuming the Disposal had taken place on 31 December 2019. The amount is extracted from the Financial Information of the Group as set out in Appendix I to this circular.

   (b) Estimated transaction costs for the disposal of the PNM Second Completion Shares attributable to the Company and the non-controlling interests of the Company are calculated based on the total estimated transaction costs of HK$7,951,000 and the equity interests held by the Company and the non-controlling interests of the Company.

| | *HK$'000* |
|---|---|
| Estimated transaction costs attributable to the Company | (4,333) |
| Estimated transaction costs attributable to non-controlling interests of the Company | (3,618) |
| Total estimated transaction costs | (7,951) |

(c) The adjustment represents the estimated net proceeds for the disposal of the PNM Second Completion Shares assuming it had taken place on 31 December 2019. The Deposit and the PNM First Completion Consideration were attributable to the PNM First Completion Shares already de-recognised in the 2019 Financial Information, while the Deposit Interest, the Residual Consideration Deposit, and the Residual Consideration Deposit Interest totalling HK$ 400,624,000 have been received during 2019.

| | | *HK$'000* |
|---|---|---|
| Consideration | *Note (i)* | 3,507,526 |
| Less: | | |
| (i) the Deposit, | *Note (ii)* | (782,930) |
| (ii) the PNM First Completion Consideration, | *Note (iv)* | (782,930) |
| (iii) the Deposit Interest, | *Note (iii)* | (5,593) |
| (iv) the Residual Consideration Deposit; | *Note (v)* | (391,465) |
| (v) the Residual Consideration Deposit Interest; | *Note (vi)* | (3,566) |
| (vi) Long De Second Completion Consideration | *Note (vii)* | (86,067) |
| Residual consideration for the Disposal | | 1,454,975 |

*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 consolidated balance sheet, the amount denominated in USD has been translated into HKD at USD1=HKD7.8293, being the exchange rate prevailing as at 31 December 2019.

(ii) The Deposit represents the cash deposit paid by the Purchaser to PNM in March 2019 of US$100 million pursuant to the terms of the Letter of Intent as mentioned in this circular, translated at the exchange rate of USD1=HKD7.8293 at 31 December 2019.

(iii) The Deposit Interest was accrued from the date of receipt of the Deposit by PNM up to 10 August 2019 based on the applicable interest rate set out in the Share Purchase Agreement as mentioned in this circular.

(iv) The PNM First Completion Consideration represents the consideration paid by the Purchaser in cash of US$100 million in August 2019 to PNM as part of the consideration for the PNM First Completion as mentioned in this circular, translated at the exchange rate of USD1=HKD7.8293 at 31 December 2019.

(v) The Residual Consideration Deposit represents US$50 million deposit paid by the Purchaser to PNM in October 2019 for the PNM Second Completion as mentioned in this circular, translated at the exchange rate of USD1 = HKD7.8293 at 31 December 2019.

(vi) The Residual Consideration Deposit Interest was accrued from the date of receipt of the Residual Consideration Deposit up to 31 December 2019 based on applicable interest rate set out in the Share Purchase Agreement as mentioned in this circular, translated at the exchange rate of USD1=HKD7.8293 at 31 December 2019.

(vii) The Long De Second Completion Consideration represents the cash consideration for Long De HK to transfer 5,210,780 series D1 preferred shares in Cayman Company to the Purchaser as mentioned in this circular.

(d) The adjustment represents the total estimated tax payments for the tax impact arising from the Disposal. The amounts are recalculated from the Financial Information of the Group as set out in Appendix I to this circular.

| | *HK$'000* |
|---|---|
| Current liabilities arising from fair value gain of the PNM First Completion Shares previously provided | 158,260 |
| Deferred tax liabilities arising from fair value gain of the PNM Second Completion Shares previously provided | 168,999 |
| Total estimated tax payments | 327,259 |

(e) The adjustment represents

- the cash outflow for the Loan to the Purchaser in respect of the Long De First Completion Consideration amounting to HK$75,717,000 and the Loan shall be deemed fully repaid when the transaction is completed as mentioned in this circular; and

- the de-recognition of the forward option for disposal of the PNM Second Completion Shares included in financial liabilities at fair value through profit or loss amounting to HK$17,828,000 as extracted from the Financial Information of the Group in Appendix I to this circular. The de-recognition is accounted for through profit or loss and is attributable to the owners and non-controlling interest of the Company based on the respective equity interests held.

(f) 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 31 December 2019 for the purpose of preparation of the unaudited pro forma consolidated balance sheet of the Group.

3. The following pro forma adjustments have been made to the unaudited pro forma consolidated income statement and 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 the related income tax provision in relation to the PNM First Completion Shares and PNM Second Completion Shares, representing approximately 29.19% equity interest on an as-if converted and fully diluted basis of the Disposal Group which have been recognised in the year ended 31 December 2019. The amounts are recalculated from the Financial Information of the Group as set out in Appendix I to this circular.

   (b) The adjustment represents the reversal of fair value gain of the forward option for the disposal of the PNM Second Completion Shares included in financial liabilities at fair value through profit or loss recognised in 2019. The amount is extracted from the Financial Information of the Group as set out in Appendix I of this circular.

   (c) The adjustment represents the reversal of the Residual Consideration Deposit, the Deposit Interest and the Residual Consideration Deposit Interest received in 2019 totalling approximately HK$401,395,000, as extracted from the Financial Information of the Group as set out in Appendix I to this circular.

   (d) The adjustments represent the reversal of the PNM First Completion Consideration, and the Deposit received during 2019 totalling approximately HK$1,562,884,000, as extracted from the Financial Information of the Group as set out in Appendix I to this circular, and the reversal of transaction costs paid for the PNM First Completion amounting to HK$8,501,000.

(e) 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 (US$448 million translated at USD1=HKD7.8303 at 1 January 2019) | | 3,507,974 |
| Less: Long De First Completion Consideration and Long De Second Completion Consideration | | (161,804) |
| | *Note (i)* | 3,346,170 |
| Less: Carrying value of financial assets at fair value through profit or loss as at 1 January 2019 | *Note (ii)* | (1,874,774) |
| | | 1,471,396 |
| Less: Estimated transaction costs | *Note (iii)* | (16,452) |
| Estimated gain on the Disposal | | 1,454,944 |
| Less: Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate | *Note (iv)* | (193,671) |
| Estimated net gain on the Disposal | | 1,261,273 |
| Estimated net gain on the Disposal attributable to the Company | *Note (v)* | 687,268 |
| Estimated net gain on the Disposal attributable to non-controlling interests of the Company | *Note (vi)* | 574,005 |
| | | 1,261,273 |
| Estimated tax expenses in relation to the taxable gain arising from the Disposal at the applicable tax rate (see above) | | 193,671 |
| Deferred income tax liabilities arising from fair value gain of the Disposal Group previously provided in 2018 | *Note (vii)* | 133,630 |
| Total estimated tax payments | | 327,301 |

*Notes:*

(i) The consideration of US$427 million is recalculated by deducting the Long De First Completion Consideration and Long De Second Completion Consideration of US$20.7 million from the Consideration of USD448 million. For the purpose of the unaudited pro forma consolidated income statement and 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=HKD7.8303, being the exchange rate prevailing as at 1 January 2019.

(ii) For the purpose of the unaudited pro forma consolidated income statement and statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, the amount represents the carrying value of financial assets at fair value through profit or loss in relation to 29.19% equity interest (PNM First Completion Shares and PNM Second Completion Shares) on an as-if converted and fully diluted basis of the Disposal Group which is recalculated from the Financial Information of the Group as set out in Appendix I to this circular.

(iii) For the purpose of the unaudited pro forma consolidated income statement and statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, the amount represents transaction costs directly incurred for the Disposal totalling USD2,101,000 (USD1,085,000 for PNM First Completion and USD1,016,000 for PNM Second Completion) which will be borne by the Group and are assumed to be settled in cash. The amount denominated in USD has been translated into HKD at USD1=HKD7.8303, being the exchange rate prevailing as at 1 January 2019.

(iv) Estimated tax expenses in relation to the gain arising from the Disposal represent income tax calculated based on a withholding tax rate of 10% on the difference between the cash consideration for PNM First Completion and Long De Second Completion and the historical cost of registered share capital of the PRC holding entities of the Disposal Group.

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

(f) 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 consolidated income statement and statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Group.

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

4. Since the carrying value of the equity interest on an as-if converted and fully diluted 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 29.19% equity interests on an as-if converted and fully diluted 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 consolidated balance sheet as at 31 December 2019, the unaudited pro forma consolidated income statement and statement of comprehensive income for the year ended 31 December 2019, and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2019, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-13 of the Company's circular dated 20 April 2020 (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-13 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 31 December 2019 and the Group's financial performance and cash flows for the year ended 31 December 2019 as if the Transaction had taken place at 31 December 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 consolidated financial statements for the year ended 31 December 2019, on which an audit 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 31 December 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, 20 April 2020

## 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*

| Name of Director | Number of ordinary Shares held<br>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*

| Name of Director | Number of class A ordinary shares of PNM held 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. HUANG Tao, a non-executive Director, is the head of the Consumer and Financial Institutions Group Investment Division of Bank of China Group Investment Limited ("**BOCGI**") and a director of a number of companies controlled by BOCGI or in which 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

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;

(b) the Share Purchase Agreement;

(c) the Supplemental Agreement; and

(d) the New Agreement.

## EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given an opinion or advice 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 its letter dated 20 April 2020 and/or all references 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 2019, 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.

* *for identification only*

## MISCELLANEOUS

(a) Save as disclosed in the annual report of the Company for the year ended 31 December 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 2019, 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 2017, 2018 and 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, Second Circular and this circular.

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

**Mr. HUANG Tao**

Mr. HUANG Tao, aged 41, has been appointed as non-executive director and member of the audit committee and risk management committee of the Company since 27 March 2020. He is currently the head of the Consumer and Financial Institutions Group Investment Division of Bank of China Group Investment Limited ("**BOCGI**") and director of various companies controlled by BOCGI or which BOCGI has an interest.

Mr. HUANG joined the Bank of China since 2007 as trainee. Since then, Mr. HUANG had served in various departments at the Bank of China including strategic development department and the president's office until 2015 when he was assigned to BOCGI as vice president of the NPA investment department.

Mr. HUANG has extensive experience in banking, administration and management. He obtained a doctoral degree in public policy and management from Tsinghua University in 2007.

Save as disclosed above, (i) Mr. HUANG has not previously held and is not holding any other position with the Group; (ii) Mr. HUANG did not hold any other directorships in any listed companies in the last three years and does not have any other major appointments and professional qualifications; and (iii) Mr. HUANG does not have any relationships with any directors, senior management, substantial Shareholders or controlling Shareholders for the purpose of the Listing Rules. As at the Latest Practicable Date, Mr. HUANG does not have any interests in the Shares within the meaning of Part XV of the SFO.

Pursuant to article 86(3) of the Articles of Association, Mr. HUANG 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. HUANG and the Company, he has been appointed for a term of three years starting from 27 March 2020, and is subject to rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Mr. HUANG 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. HUANG as non-executive Director that need to be brought to the attention of the Shareholders and there is no information relating to Mr. HUANG that is required to be disclosed pursuant to Rule 13.51(2)(h) to (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 EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the "**EGM**") of Phoenix Media Investment (Holdings) Limited (the "**Company**") will be held on Thursday, 7 May 2020, 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 New agreement dated 20 January 2020 (the "**New Agreement**") between Phoenix New Media Limited ("**PNM**"), Long De Holdings (Hong Kong) Co., Limited and Longde Chengzhang (Tianjin) Investment Management Center (Limited Partnership) (together, the "**Long De Co-sale Entities**") and Run Liang Tai Management Limited (the "**Purchaser**") with respect to the proposed amendments to the terms of the disposal of certain equity interest in Particle Inc. ("**Cayman Company**") 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) under the share purchase agreement dated 22 March 2019 and the supplemental agreement dated 23 July 2019 entered into between PNM and the Purchaser and the co-sale right alleged by the Long De Co-sale Entities under the Eighth Amended and Restated Shareholders Agreement of Cayman Company and the articles of association of Cayman Company, pursuant to which the parties conditionally agreed to carry out the terms and conditions under the New Agreement, and all the transactions contemplated thereunder and incidental thereto 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 re-election of Mr. HUANG Tao as a non-executive director of the Company be and is hereby approved; and

(ii) The board of Directors 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, 20 April 2020

*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 Monday, 4 May 2020 to Thursday, 7 May 2020, 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 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, 29 April 2020.

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 20 April 2020 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. HUANG Tao 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.*