

PRESS RELEASE

Phoenix Media Investment (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02008)

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020

The Chairman and Chief Executive Officer of Phoenix Media Investment (Holdings) Limited (the “**Company**”) and its subsidiaries (the “**Group**” or “**Phoenix**”), Mr. Liu Changle, said today that the continuous spread of the COVID-19 epidemic, together with an immense impact on the globalised economy brought by the turmoil in international relations, has hampered the growth of global economic and trade activities to a great extent. The media industry has experienced unprecedented challenges, with the overall scale of operation affected the most. With no exception, the Company also experienced a certain degree of slippage in its business performance during this period.

The Group’s revenue for the six-month period ended 30 June 2020 (the “**Period**”) was approximately HK\$1,273,685,000, which represented a decrease of 22.4% in comparison with the same period last year as a result of the adverse impact of COVID-19 outbreak on global economies and market condition. Operating loss of the Group for the Period was approximately HK\$438,082,000 and the loss attributable to owners of the Company was approximately HK\$936,486,000, which included the share of fair value loss on internet media investment of approximately HK\$530,000,000.

The COVID-19 epidemic has brought about unprecedented challenges and turmoil to the global economy. The Company will take multiple measures to maintain sustainable development. Mr. Liu hoped the shareholders and stakeholders could see the Company’s ability to meet the challenges and weather difficult business conditions over the years, as well as the operational resilience after experiencing different situations.

RESULTS

The revenue of the Group for the Period was approximately HK\$1,273,685,000 (six months ended 30 June 2019: HK\$1,641,730,000), which represented a decrease of 22.4% in comparison with the same period last year as a result of the adverse impact of COVID-19 outbreak on global economies and market condition. The operating costs for the Period have decreased by 19.2% to approximately HK\$1,711,767,000 (six months ended 30 June 2019: HK\$2,119,147,000).

The operating loss of the Group for the Period was approximately HK\$438,082,000 (six months ended 30 June 2019: HK\$477,417,000), which represented a decrease of 8.2% over the same period last year.

Fair value loss on financial assets related to the subsequent measurement of internet media’s investment in Particle Inc. (approximately 20.20% of the equitable interest in Particle Inc.) for the Period was approximately HK\$1,080,735,000 (whereas the fair value gain for the approximately 37.63% of the equitable interest in Particle Inc. for the six months ended 30 June 2019: HK\$351,740,000). Particle Inc. is a strategic investment of Phoenix New Media Limited, a subsidiary of the Company, and it mainly operates the Yidian Zixun mobile APP featuring personalised interest-based information and news feed functions targeting the mass market.

The net exchange loss of the Group for the Period was approximately HK\$23,219,000 (six months ended 30 June 2019: gain of HK\$7,321,000) mainly resulting from the depreciation of the Renminbi and US dollars.

The loss attributable to owners of the Company for the Period was approximately HK\$936,486,000 (six months ended 30 June 2019: HK\$202,045,000) which included the share of fair value loss on internet media investment of approximately HK\$530,000,000.

The chart below summarises the performance of the Group for the six months ended 30 June 2020 and the same period in 2019 respectively.

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Television broadcasting	318,874	395,711
Internet media	693,642	813,727
Outdoor media	186,115	346,877
Real estate	3,961	13,765
Other businesses	71,093	71,650
Group's total revenue	1,273,685	1,641,730
Operating costs	(1,711,767)	(2,119,147)
Operating loss	(438,082)	(477,417)
Fair value loss on investment properties, net	(112,705)	(6,847)
Net (loss)/gain on internet media investment	(1,080,735)	351,740
Gain on disposal of a subsidiary	70,133	-
Exchange (loss)/gain, net	(23,219)	7,321
Other income, net	1,972	2,535
Loss before share of results of joint ventures and associates, income tax and non-controlling interests	(1,582,636)	(122,668)
Share of results of joint ventures and associates	(6,171)	(5,265)
Income tax credit/(expense)	154,160	(53,155)
Loss for the period	(1,434,647)	(181,088)
Non-controlling interests	498,161	(20,957)
Loss attributable to owners of the Company	(936,486)	(202,045)
Basic loss per share, Hong Kong cents	(18.75)	(4.05)

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2020		2019	
	Revenue <i>HK\$'000</i>	Segment Results <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Segment Results <i>HK\$'000</i>
Television broadcasting	318,874	(128,157)	395,711	(88,948)
Internet media	693,642	(1,047,932)	813,727	137,869
Outdoor media	186,115	(73,297)	346,877	33,221
Real estate	3,961	(132,017)	13,765	(27,508)
Other businesses	71,093	(70,065)	71,650	(63,314)
Group's total revenue and segment results	<u>1,273,685</u>	<u>(1,451,468)</u>	<u>1,641,730</u>	<u>(8,680)</u>
Unallocated income		21,121		25,370
Unallocated expenses		<u>(152,289)</u>		<u>(139,358)</u>
(Loss)/profit before share of results of joint ventures and associates, income tax and non- controlling interests		<u>(1,582,636)</u>		<u>(122,668)</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 25.0% of the total revenue of the Group for the Period, decreased to approximately HK\$318,874,000 (six months ended 30 June 2019: HK\$395,711,000) as a result of the adverse impact of COVID-19 outbreak on global economies and market condition. As the cost structure is relatively fixed, the segmental loss for television broadcasting business was approximately HK\$128,157,000 for the Period (six months ended 30 June 2019: HK\$88,948,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 22.1% of the total revenue of the Group for the Period, decreased 18.3% to approximately HK\$281,229,000 (six months ended 30 June 2019: HK\$344,214,000).

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 26.9% to approximately HK\$37,645,000 (six months ended 30 June 2019: HK\$51,497,000).

The revenue of the internet media business for the Period decreased 14.8% to approximately HK\$693,642,000 (six months ended 30 June 2019: HK\$813,727,000). The segmental loss of the internet media business for the Period was approximately HK\$1,047,932,000 (six months ended 30 June 2019: segmental profit of HK\$137,869,000) as a result of significant net loss related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the Period decreased 46.3% to approximately HK\$186,115,000 (six months ended 30 June 2019: HK\$346,877,000). The segmental loss of outdoor media business for the Period was approximately HK\$73,297,000 (six months ended 30 June 2019: segmental profit of HK\$33,221,000).

The segmental loss in the real estate business for the Period was approximately HK\$132,017,000 (six months ended 30 June 2019: HK\$27,508,000), which included the net fair value loss of approximately HK\$112,705,000 (six months ended 30 June 2019: HK\$6,847,000), recognised for the investment properties.

BUSINESS OVERVIEW AND PROSPECTS

In the first half of 2020, the continuous spread of the COVID-19 epidemic, together with an immense impact on the globalised economy brought by the turmoil in international relations, has hampered the growth of global economic and trade activities to a great extent. The world economy underwent a downturn. To survive, most enterprises have been focusing on cost control, with significantly less appetite in brand or product promotions. Meanwhile, consumption sentiments of individuals have also become more conservative. As a result, the media industry has experienced unprecedented challenges, with the overall scale of operation affected the most. With no exception, the Company also experienced a certain degree of slippage in its business performance during this period.

However, the Company is still determined to adhere to its professionalism in the delivery of news and information as well as in the production of programmes. We insist on our established operation transformation strategy by leveraging our brand name and focusing on content operations, continuously optimising what we have and looking forward to increase our capacity.

Amid the turbulent international situation, Phoenix TV demonstrated its professionalism with passion, adhering to the philosophy of “Watch Phoenix TV for Big Events”. The global Phoenix TV team delivered full-spectrum reports on major international and Chinese events including the China-U.S. trade war, Brexit, the China-India skirmish at the disputed border, the protests against police violence and racism ignited by the death of George Floyd in the U.S. as well as around the world, China’s Two Sessions in 2020, the nation-wide epidemic prevention and control measures as well as the passing of the “Hong Kong National Security Law” by the National People’s Congress. In particular, we have reporters immediately sent to the frontline of Wuhan at the beginning of the outbreak of the COVID-19 epidemic, who covered the full stories of the whole nation fighting the epidemic together with blood, sweat and tears and achieving remarkable results. We have produced a number of special programmes focusing on combating the epidemic, which include *Combating COVID-19* (《抗擊新冠肺炎》), *Under the Same Roof • Global Anti-epidemic Cooperation* (《風月同天 • 全球抗疫進行時》), *We are in the Same Boat • Observations on Global Battles Against the Epidemic* (《寰宇同舟 • 全球戰「疫」觀察》), *Letters from Wuhan* (《武漢來信》) and *Letters from Compatriots* (《同胞來信》), depicting multi-dimensional perspectives on economic, social and cultural issues and international relations under the epidemic.

With our determination to be the most influential Chinese media brand in the world, Phoenix TV has been widely recognised for its professionalism and international production capability. In 2020, Phoenix TV was again included in list of “The Most Valuable 500 Chinese Brands” for the year. The programme *Aerial Shooting of Macau* (《航拍澳門》) won the bronze prize of the New York Festivals International TV & Films Award Gala 2020 in the “Category of Promotional Video Technology”, and the documentary *C’est La Vie* (《冷暖人生》) was nominated as a finalist for the “Documentary: Human Concerns category” award of the New York Festivals International TV & Films Award Gala 2020.

The number of active users of the core APP on the Group’s internet media platform, Phoenix New Media, has remained high. In response to the market environment and business conditions, Phoenix New Media took a huge step to optimise its costs and greatly improved its operational efficiency, achieving an operating profit in the second quarter of 2020, representing a turn around from loss since the third quarter of 2018. In addition, Phoenix New Media disposed of the “Tadu Literature” and received the consideration of the disposal of “Yidian Zixun”, which brought considerable cash for its strategic upgrade and long-term sustainable development. In sync with the industry, its television advertising revenue recorded a significant decline. Nevertheless, the business is expected to resume as the industry recovers, as it still maintains the core customer base and its core competitiveness in brand promotion. Phoenix Metropolis Media works with global media providers, to fully satisfy the needs of its customers by providing them with professional services that are characterised by wide coverage, high reputation, strong planning and creativity as well as extensive technical support, thus achieving global procurement and global distribution in real terms. While the placement of outdoor advertising is noticeably affected by the epidemic which has significantly reduced the number of people going outdoor, a quick rebound of outdoor advertising business is expected if the epidemic situation becomes stable and controllable. The businesses of cultural creativity platforms such as Phoenix Digital Technology, Phoenix Link, Phoenix Cultural Performance, which are closely related to the movement of personnel, have also been affected by the epidemic. During the period, these platforms have focused on strengthening intellectual properties and developing business pipelines. Their businesses will recover promptly as soon as the epidemic is contained.

The Company will continue to carry out content-based innovations in terms of operating modes and

business models. *Fengshows*, an integrated media operating platform, has already commenced its business operations, and *Road to Peak*, a platform for incubating innovative enterprises by adopting a two-pronged approach of focusing on media services and supplemented with investment, has gathered a number of small and medium-sized innovative enterprises. Preparation for the business operation of *Phoenix Health*, an industrial platform encompassing the vertical domains of medical health, is now ready, with an aim to promote the monetisation of brands, contents, platforms, traffic and resources of media through commercialised operating space. At the same time, the Company will also continue to enhance its synergistic operating capabilities of its omni-media platforms including television broadcasting, internet, large outdoor LED screens and weekly magazines to provide the customers with integrated media services that suit their needs, thus facilitating the ongoing improvements in operation quality and scale.

The COVID-19 epidemic has brought about unprecedented challenges and turmoil to the global economy. The Company will take multiple measures to maintain sustainable development. As the Chairman, I hope our shareholders and stakeholders could see the Company's ability to meet the challenges and weather difficult business conditions over the years, as well as the operational resilience after experiencing different situations. Currently, we are working with our clients, staff and other stakeholders to manage through these unpredictable times. In future, Phoenix will, as always, leverage its core advantages in brand and contents while firmly adhering to professional journalism and constantly promoting operational awareness and innovation in business systems. By building an internationally recognised omni-media group with credibility, influence and communication strength, we look forward to meeting the expectation of everyone.

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ABOUT PHOENIX

“Phoenix TV” launched Phoenix Chinese Channel on 31 March 1996, with the aim of offering quality Chinese programme to Chinese communities around the world. Now, with about 60 news bureaux and production teams located worldwide, Phoenix TV operates popular global channels among audiences worldwide, such as Phoenix Chinese Channel, Phoenix InfoNews Channel, Phoenix Chinese News and Entertainment Channel, Phoenix North America Chinese Channel, Phoenix Movies Channel and Phoenix Hong Kong Channel etc. Through continuous effort in the past 24 years, Phoenix Media Investment (Holdings) Limited has developed as an omni-media business with integrated structure, covering various media channels such as television broadcasting, mobile internet, outdoor media, over-the-top platform, social media, APP and publication etc.. The Group now has a diversified portfolio covering animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

Phoenix Media Investment (Holdings) Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 02008). Phoenix New Media Limited is a non-wholly owned subsidiary of the Company operating internet media business, whose shares are listed on the New York Stock Exchange in the United States (Stock code: FENG).

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Further information about Phoenix Media Investment (Holdings) Limited can be found at www.ifeng.com and www.hkexnews.hk.