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鳳凰衛視

PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED

鳳凰衛視投資(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02008)

**CONTINUING CONNECTED TRANSACTIONS
SALE OF ADVERTISING AIRTIME TO A DEEMED CONNECTED PERSON**

INTRODUCTION

On 18 August 2023, Phoenix HK (a subsidiary of the Company) entered into the 2023-2024 Contract with CNHK Media, an entity engaged by CMCC Group, pursuant to which CNHK Media agreed to purchase advertising airtime on the TV Channels and other Relevant Media Platforms operated by the Group for the period from 18 August 2023 to 31 December 2024 for the sum not exceeding RMB40,000,000 (equivalent to approximately HK\$43,600,000) for advertising and promoting the CMCC Group.

LISTING RULES IMPLICATIONS

As the entering into of the 2023-2024 Contract by CNHK Media is for the ultimate benefits of the CMCC Group (being a connected person of the Company under the Listing Rules), pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company. As such, the transactions contemplated under the 2023-2024 Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual cap for the transactions contemplated under the 2023-2024 Contract are more than 0.1% but less than 5%, it is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 22 December 2021 relating to the 2022 Contract relating to the purchase of advertising airtime on Phoenix Chinese and InfoNews Channels. As the 2022 Contract expired on 31 December 2022 and CNHK Media, an entity engaged by CMCC Group, would like to continue and expand its purchase to include advertising airtime on all the TV Channels (including, amongst others, the aforesaid two television channels) and other Relevant Media Platforms operated by the Group, Phoenix HK (a subsidiary of the Company) entered into the 2023-2024 Contract with CNHK Media on 18 August 2023 (after trading hours).

PRINCIPAL TERMS OF THE 2023-2024 CONTRACT

The principal terms of the 2023-2024 Contract are set out below:

- Date** : 18 August 2023
- Parties** : (i) Phoenix HK; and
(ii) CNHK Media (a deemed connected person for the reason stated in this announcement)
- Term** : The period commencing from the date of the 2023-2024 Contract to 31 December 2024 (the “**Term**”).
- Subject matter** : Pursuant to the 2023-2024 Contract, CNHK Media agreed to purchase advertising airtime on the TV Channels and other Relevant Media Platforms operated by the Group for advertising and promoting the CMCC Group. The advertising fees for purchase of such airtime by CNHK Media for each of the two years ending 31 December 2023 and 31 December 2024 will not exceed RMB20,000,000 (equivalent to approximately HK\$21,800,000). The actual advertising airtime placement(s) will be determined by the parties based on the advertising needs of CNHK Media and in any case the aggregate advertising fees under the 2023-2024 Contract will not exceed RMB40,000,000 (equivalent to approximately HK\$43,600,000). CNHK Media and Phoenix HK may enter into separate individual agreement(s) which set(s) out the terms and conditions for specific advertising airtime placement during the Term.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNHK Media has/will have certain contractual arrangements with a subsidiary of CMCC in the PRC, pursuant to which CNHK Media is/will be authorized to purchase the relevant advertising airtime from Phoenix HK for and on behalf of CMCC Group throughout the Term.

Pricing policy : The advertising fee rates to be charged under the 2023-2024 Contract are set with reference to the rate card published by the Group from time to time (which contains the pricing structure for the sale of advertising airtime on the TV Channels and other Relevant Media Platforms).

In any event, the Group will ensure that the pricing terms of all individual agreements for specific advertising airtime placement to be entered into between CNHK Media and Phoenix HK during the Term will be on normal commercial terms or better, through adopting the internal control measures set out in the section headed "Internal Control Policy and Procedures" below.

Payment terms : (i) For any advertising with broadcasting period of 31 days or less:

CNHK Media shall pay the relevant advertising fee in full upon its signing of the individual contracts.

(ii) For any advertising with broadcasting period exceeding 31 days:

(a) for advertisements with Lead Time exceeding 30 days, CNHK Media shall pay 10% of the advertising fee as deposit within 7 days after its signing of the individual contract, the first instalment (of not less than 25% of the advertising fee) at least 15 days prior to the commencement of the broadcasting period and the balance at such time as mentioned below.

(b) for advertisements with Lead Time exceeding 7 days but not more than 30 days, CNHK Media shall pay 10% of the advertising fee as deposit upon its signing of the individual contract, the first instalment (of not less than 25% of the advertising fee) at least 7 days prior to the commencement of the broadcasting period and the balance at such time as mentioned below.

- (c) for advertisements with Lead Time of not more than 7 days, CNHK Media shall pay 10% of the advertising fee as deposit and the first instalment of not less than 25% of the advertising fee upon its signing of the individual contract, and the balance at such time as mentioned below.

The exact payment date prior to broadcasting shall be determined based on the date of the relevant individual contract. Under all three scenarios above, the balance of the advertising fee shall be paid by CNHK Media at such time as agreed with Phoenix HK but in any case within such timeframe that is no more favourable to CNHK Media than the one that may be offered by Phoenix HK to other Independent Third Party customers.

The 2023-2024 Contract was entered into by the parties after arm's length negotiation and the terms of which are no more favourable to CNHK Media than those that may be offered by Phoenix HK to other Independent Third Party customers.

HISTORICAL AMOUNTS AND PROPOSED ANNUAL CAPS

The table below sets out the historical amounts of the sale of advertising airtime by Phoenix HK to CNHK Media for the three years ended 31 December 2022 and the period from 1 January 2023 to the date immediately preceding the date of the 2023-2024 Contract, and the proposed Annual Caps for the two years ending 31 December 2024:

Approximately (in million)	Historical total advertising fees for purchase of advertising airtime on Phoenix Chinese and InfoNews Channels by CNHK Media for the				Proposed Annual Cap for the advertising fees for purchase of advertising airtime on the TV Channels and other Relevant Media Platforms by CNHK Media for the	
	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	the period from 1 January 2023 to the date immediately preceding the date of the 2023-2024 Contract	Year ending 31 December 2023	Year ending 31 December 2024
In RMB	17.01	10.29	3.40	2.33 <i>(Notes 1&2)</i>	20 <i>(Note 2)</i>	20
HK\$ Equivalent	18.54	11.22	3.71	2.54	21.8	21.8

Note 1: As all the applicable percentage ratios in respect of such advertising fee paid by CNHK Media are less than 5% and the amount is less than HK\$3 million, such purchases of advertising time were fully exempt under Chapter 14A of the Listing Rules.

Note 2: The annual cap of RMB20 million is for the full year ending 31 December 2023 of which approximately RMB2.33 million has been utilized prior to the date of 2023-2024 Contract.

Due to the COVID-19 pandemic in the past two years, the demand for advertisings by CNHK Media (for and on behalf of CMCC Group) on the Group's television channels had substantially declined. As the pandemic has subsided, it is anticipated that the amount of advertising airtime to be purchased by CNHK Media under the 2023-2024 Contract will gradually increase.

The Annual Cap for each of the years ending 31 December 2023 and 31 December 2024 represents and is equal to the maximum amount of advertising fees for advertising airtime on the TV Channels and other Relevant Media Platforms that may be purchased by CNHK Media during the relevant year, which was agreed upon by Phoenix HK and CNHK Media after considering the following factors: (i) the historical amounts of the advertising fees paid by CNHK Media to Phoenix HK for the three years ended 31 December 2022 and the period from 1 January 2023 to the date prior to the 2023-2024 Contract; (ii) the expected number of the advertisement placements required by CMCC Group based on its budget and demand on the TV Channels and other Relevant Media Platforms during the Term; and (iii) the proposed fee rates for the sale of advertising airtime on the TV Channels and other Relevant Media Platforms during the Term.

REASONS FOR AND BENEFITS OF THE 2023-2024 CONTRACT

The Group operates various satellite television channels under the Non-domestic Television Programme Service Licence granted by the Communications Authority in Hong Kong to Phoenix HK. Its business, amongst others, includes sale of advertising airtime on the TV Channels as well as other media platforms and the income generated therefrom forms the major part of the Group's revenue. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, the Group is able to generate more income for its operation and business.

The Directors (including the independent non-executive Directors) are of the view that the 2023-2024 Contract was entered into in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the 2023-2024 Contract, no Director was required to abstain from voting on the Board resolution approving the 2023-2024 Contract (and the relevant Annual Caps).

INFORMATION OF THE PARTIES

Phoenix HK, an indirect wholly-owned subsidiary of the Company, is a licensee of the Non-domestic Television Programme Service Licence granted by the Communications Authority in Hong Kong, and is principally engaged in the management and operations of certain satellite television channels under the said licence. 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 has a diversified business portfolio covering internet media, outdoor media, magazines, digital technologies, creative cultural, education, exhibitions and other fields.

CNHK Media Limited is a comprehensive brand communication and management agency providing comprehensive public relations mergers and acquisitions, advertising agency, publishing, event planning and execution and a cultural marketing service provider in Hong Kong, Macau, Taiwan and mainland China. CNHK Media is beneficially owned as to 66.67% by Long Apex Limited (a company wholly owned by Mr. GUO Yanjun (郭燕軍先生)), 16.67% by Mr. GUO Yanjun, 8.33% by Ms. YIN Shan (殷珊女士) and 8.33% by Ms. YAN Ni (晏妮女士). All of the above named individuals are businesspersons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNHK Media (other than its deemed connected person status for the reason stated in this announcement) and its ultimate beneficial owners are Independent Third Parties.

Extra steps Investments Limited is wholly-owned by CMHKG, a substantial shareholder of China Mobile Limited (a company whose ordinary shares are listed on the Stock Exchange (stock code: 941) and the Shanghai Stock Exchange (stock code: 600941)). The ultimate holding company of China Mobile Limited is CMCC, which together with its subsidiaries, is a leading information and communications technology services provider in the PRC, providing communications and information services in all 31 provinces, autonomous regions and directly-administered municipalities throughout the PRC and in Hong Kong.

INTERNAL CONTROL POLICY AND PROCEDURES

The Company has an established internal control system for connected transactions to monitor the execution and implementation of connected transactions, including a specific internal control policy regarding control over the terms of and Annual Caps for the sale of advertising airtime on the TV Channels and other Relevant Media Platforms by Phoenix HK to CNHK Media under the 2023-2024 Contract during the Term (collectively "**Advertising Airtime Sale Transactions**"). The Company's connected transaction policy has been circulated to the relevant staff in Phoenix HK and each subsidiary thereof has been required to have in place a system to give effect to the policy.

The principal features of this system in respect of the Advertising Airtime Sale Transactions are as follows:

1. In respect of each Advertising Airtime Sale Transaction, the relevant individual agreement is subject to review by Phoenix HK, and cannot be entered into unless with the prior approval of Phoenix HK. Phoenix HK will review the terms (including pricing basis) of each of the Advertising Airtime Sale Transaction, with a view to complying with the Listing Rules and the terms as disclosed in this announcement.
2. In order to ensure the pricing basis (based on the pricing policy as mentioned in the section headed “**Principal Terms of the 2023-2024 Contract**” above) of each Advertising Airtime Sale Transaction is on normal commercial terms or better, where Phoenix HK is selling products or providing services, Phoenix HK will have regard (through a review of at least two contemporaneous or recent transactions) to the prevailing prices offered by Phoenix HK to Independent Third Parties or ascertain, through publicly available information from sources such as websites, the prevailing prices offered by Independent Third Parties for such products or services, and ensure that the relevant terms offered by Phoenix HK to CNHK Media (as CMCC Group’s agent) will be on normal commercial terms or better and will not be more favorable to CNHK Media than comparable terms offered by Phoenix HK to Independent Third Parties, otherwise, Phoenix HK will decline to enter into the particular agreement with CNHK Media.
3. Phoenix HK will monitor the value of each Advertising Airtime Sale Transaction and the accrued value for such transactions over the course of each relevant year, and produce internal monthly statistics. Such information will be consolidated for reporting to the Board on a regular basis.
4. In addition, Phoenix HK has established a “warning” system whereby once the accrued value of the Advertising Airtime Sale Transactions in any relevant year reaches 80% of the relevant Annual Cap, Phoenix HK will notify the Board with a view to avoiding the carrying on of the Advertising Airtime Sale Transactions in excess of the Annual Cap.

LISTING RULES IMPLICATIONS

Extra Step Investments Limited, an indirect wholly-owned subsidiary of CMCC, is a substantial shareholder of the Company holding approximately 19.68% of the issued share capital of the Company. Therefore, members of the CMCC Group are regarded as connected persons of the Company.

As the entering into of the 2023-2024 Contract by CNHK Media is for the ultimate benefits of the CMCC Group, pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company. As such, the transactions contemplated under the 2023-2024 Contract constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the annual cap for the transactions contemplated under the 2023-2024 Contract are more than 0.1% but less than 5%, the 2023-2024 Contract is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“2022 Contract”	The master advertising contract entered into between an advertising agent of Phoenix HK and CNHK Media dated 22 December 2021 relating to the purchase of advertising airtime on Phoenix Chinese and InfoNews Channels by CNHK Media for the period from 1 January 2022 to 31 December 2022 (both dates inclusive), details of which were disclosed in the Company's announcement dated 22 December 2021
“2023-2024 Contract”	the master advertising contract entered into between Phoenix HK and CNHK Media dated 18 August 2023 relating to the purchase of advertising airtime on the TV Channels and other Relevant Media Platforms by CNHK Media for the period from 18 August 2023 to 31 December 2024 (both dates inclusive)
“Annual Caps”	the proposed annual cap for the sale of advertising airtime on the TV Channels and other Relevant Media Platforms by Phoenix HK to CNHK Media under the 2023-2024 Contract during the Term, as set out in the section headed “Historical Amounts and Proposed Annual Caps” in this announcement
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“CMCC”	China Mobile Communications Group Co., Ltd. (中國移動通信集團有限公司), a state-owned company established under the laws of the PRC
“CMCC Group”	CMCC and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司), a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“CNHK Media”	CNHK Media Limited (中港傳媒有限公司), a company incorporated in Hong Kong with limited liability

“Company”	Phoenix Media Investment (Holdings) Limited (鳳凰衛視投資(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person or entity which, so far as the Directors are aware after having made reasonable enquiries, is not a connected person of the Company (within the meaning ascribed thereto under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lead Time”	the period between the date of signing of an individual advertising contract between CNHK Media and Phoenix HK as contemplated under the 2023-2024 Contract and the commencement of the broadcasting period of the relevant advertisement
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“Phoenix HK”	Phoenix Satellite Television Company Limited (鳳凰衛視有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Relevant Media Platforms”	the internet website and mobile application named “Fengshows” and the social media accounts of “Phoenix TV” (鳳凰衛視), “Phoenix TV News” (鳳凰資訊) and “Hong Kong V” (香港V) operated by the Group

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TV Channels”	all the existing television channels operated by the Group, namely Phoenix Chinese Channel, Phoenix InfoNews Channel, Phoenix Hong Kong Channel, Phoenix CNE Channel, Phoenix NA Chinese Channel and Phoenix Movies Channel
“%”	per cent

For the purpose of this announcement, unless otherwise specified, the conversions of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.09. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts are or will be exchanged at this or any other rates or at all.

By Order of the Board
Phoenix Media Investment (Holdings) Limited
YEUNG Ka Keung
Company Secretary

Hong Kong, 18 August 2023

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

Executive Directors

Mr. XU Wei (Chairman and Chief Executive Officer) and Mr. SUN Yusheng (Deputy Chief Executive Officer and Editor-in-Chief)

Non-executive Directors

Ms. HO Chiu King, Pansy Catilina (Vice-chairman), Mr. SUN Guangqi and Ms. WANG Haixia

Independent Non-executive Directors

Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. ZHOU Longshan