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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 OUTDOOR MEDIA ADVERTISING
AIRTIME TO CMCC GROUP**

THE FRAMEWORK AGREEMENT

The Company (through PMM) conducts the outdoor media business of, amongst others, selling advertising airtime on LED Panels located in different provinces and cities within the PRC that are operated by PMM. As disclosed in the previous announcements of the Company respectively dated 28 May 2018 and 27 November 2020, members of the CMCC Group have been purchasing advertising airtime on such LED Panels from PMM, for advertising and promoting their brands, products and services for many years in the past and such transactions have constituted CCT of the Company. After going through the CMCC Group's bidding and tendering process for the years 2023 to 2024, the Company is pleased to announce that on 18 August 2023, PMM entered into the Framework Agreement with CMCL (for itself and on behalf of other CMCC Group members) for a term commencing from the date of the Framework Agreement to 31 December 2024 (subject to a possible extension of up to six months until 30 June 2025 pursuant to the terms of the Framework Agreement) to regulate certain PMM CCT that may occur during such period (including the said possible extension).

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, each member of the CMCC Group (including CMCL) is regarded as a connected person of the Company under the Listing Rules. As such, the PMM CCT contemplated under the Framework Agreement constitute CCT of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but all are less than 5%, the PMM CCT contemplated under the Framework Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 August 2023 (after trading hours), PMM (a non-wholly-owned subsidiary of the Company) and CMCL (for itself and on behalf of other CMCC Group members) entered into the Framework Agreement in respect of certain PMM CCT that may occur during the Term.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

- Date** : 18 August 2023
- Parties** : (i) CMCL (for itself and on behalf of other CMCC Group members); and
(ii) PMM
- Term** : The period commencing from the date of the Framework Agreement to 31 December 2024 or the date on which CMCC Group announced the results of its bidding and tendering process in respect of the relevant outdoor media resources procurement for subsequent year(s) during such period (“**Initial Period**”) provided that if CMCC Group has not announced the abovementioned results of bidding and tendering process during the Initial Period, then the term of the Framework Agreement will be automatically extended until the earlier of (i) 30 June 2025 or (ii) the date on which CMCC Group announced the relevant latest bidding and tendering process results or, as the case may be, such early termination date of the Framework Agreement as indicated in the prior written termination notice of not less than 15 days given by CMCC Group to PMM (collectively, the “**Term**”).
- Subject matter** : Members of the CMCC Group may enter into separate individual agreement(s) with PMM which shall set out specific terms and conditions for the particular PMM CCT during the Term pursuant to the principles and conditions provided in the Framework Agreement.

Based on past practice, each of such individual agreements for the PMM CCT will be separately entered into on an arm's length basis with the relevant member of the CMCC Group, subject to and in accordance with the terms of the Framework Agreement.

Pricing policy

: For all the PMM CCT during the Term, the amount of advertising fee payable by the CMCC Group to PMM will be determined according to the fee rates quoted and submitted by PMM during the CMCC Group's bidding and tendering process. When determining such fee rates, PMM has taken into account factors such as the operational cost of the LED Panels, the competitors' pricing (to the extent such information available to PMM), the average market discount rate and the past advertising fee rate of PMM in the immediate preceding year, namely 2022 and with reference to (i) the characteristics pertaining to each LED Panel (including but not limited to its size, display resolutions, direction, prominence and geographical location), and the advertising broadcasting timeslots; and (ii) the budget and demand of the CMCC Group for the outdoor media advertisings for the Term.

As a reference, from 2021 to 2022, (i) the lowest fee agreed by PMM for a short advertisement to be shown on an LED Panel in a less populated city in the PRC was less than RMB42,000; and (ii) the highest unit price agreed by PMM for a long advertisement to be shown on an LED Panel in a populated city in the PRC was around RMB3.1 million.

In any event, the Group will ensure that the pricing terms of all PMM CCT 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

The advertising fee will be paid by the relevant member of the CMCC Group to PMM on a quarterly basis within 20 business days upon its receipt of invoice issued by PMM and the report from an independent supervising third party (as mutually agreed between the CMCC Group and PMM) to confirm the actual amount of the advertisement placed under the particular PMM CCT.

HISTORICAL AMOUNTS AND PROPOSED ANNUAL CAPS

The table below set out the historical transaction amounts with the CMCC Group in respect of the PMM CCT for the respective years ended 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2021 and 31 December 2022 and for the six months ended 30 June 2023:

Approximately (in million)		For the year ended 31 December					For the six months ended
		2016	2017	2018	2021	2022	30 June 2023
Historical transaction amounts	RMB	19.03	30.67	28.00	6.65	15.79	0.20
	HK\$ equivalent	20.74	33.43	30.52	7.25	17.21	0.22

The table below set out the proposed Annual Caps in respect of the PMM CCT for the Term (including the possible extension of up to 30 June 2025):

Approximately (in million)		For the year ended 31 December		For the six months ended
		2023	2024	30 June 2025 (Note 2)
Proposed Annual Caps (Note 3)	RMB	20 (Note 1)	25	15
	HK\$ equivalent	21.8	27.25	16.35

Note 1: The previous annual cap of RMB30 million for the year ending 31 December 2023 as disclosed in the Company's announcement dated 27 November 2020 will be superseded and replaced by this new annual cap amount.

Note 2: Assuming there is such extension pursuant to the terms of the Framework Agreement.

Note 3: The proposed cap amount for the six months ended 30 June 2025 is on a half-yearly basis.

Due to the intermittent lockdown of various major cities in the PRC as a result of the COVID-19 pandemic in the past two years, the demand for advertisings on outdoor media LED Panel by CMCC Group had substantially declined. Although the pandemic has now subsided, the demand has not yet recovered to the pre-pandemic level and indeed, the amount of airtime purchased by CMCC Group in the first half of 2023 was lower than expected. Nevertheless, based on past track record, advertising sales in the second half of the year normally surpasses the amount in the first half and therefore, PMM anticipates that the transaction amounts for the PMM CCT for the rest of 2023 as well as the other remaining part of the Term will gradually increase.

The proposed Annual Caps are determined after taking into account (i) the historical transaction amounts in the pre-pandemic period (i.e. for the three years respectively ended 31 December 2016, 31 December 2017 and 31 December 2018); and (ii) the expectation that the variety of CMCC Group's products and services will continue to expand accompanying the growth in 5G, the artificial intelligence and other modern telecommunication technologies. Accordingly, it is expected that there will be a gradual increase in its need to promote such services and products by using (amongst other media platforms) the outdoor LED panels operated by PMM, which eventually may reach or even surpass the pre-pandemic level.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

PMM sells advertising airtime on the outdoor LED Panels operated by it in its ordinary and usual course of business. Income generated from the sale of advertising airtime forms the major part of their turnovers. PMM is working diligently to apply new interactive technologies to advertising on the LED Panels. In the past, PMM has been conducting sale of advertising airtime on such LED Panels in the PRC with CMCC Group for promoting CMCC Group. Such transactions have constituted the PMM CCT, and the Company expects that PMM will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the PMM CCT with members of the CMCC Group.

The Directors consider that the PMM CCT between PMM and the CMCC Group constitute an important and integral part of the business alliance. The Company aims to maintain its cooperation with the CMCC Group and expects that the PMM CCT between PMM and the CMCC Group will continue in the years to come. The operation of advertising airtime and placing of advertisement on the outdoor LED Panels services in the PRC would strengthen the Group's competitive position in the market.

Based on the above, the Directors (including independent non-executive Directors) are of the view that the Framework Agreement is entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the Framework Agreement and the Annual Caps 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 PMM CCT contemplated under the Framework Agreement, no Director was required to abstain from voting on the Board resolutions in relation to the approval of the Framework Agreement and the Annual Caps.

INFORMATION OF THE PARTIES

PMM

PMM is an indirect non-wholly owned subsidiary of the Company in which the Company holds approximately 62.22% interest. The Group is a satellite television operator and, through the 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.

CMCL

CMCL is a wholly-owned subsidiary 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)), and is principally engaged as a network and business coordination center. 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 in the PRC and in Hong Kong. Extra Step Investments Limited, a substantial shareholder of the Company, is an indirect wholly-owned subsidiary of CMCC.

INTERNAL CONTROL POLICY AND PROCEDURES

The Company and PMM have 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 PMM CCT. The Company's connected transaction policy has been circulated to the relevant staff in PMM 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 PMM CCT are as follows:

1. In respect of each PMM CCT, the relevant contract is subject to review by PMM, and cannot be entered into unless with the prior approval of PMM. PMM will review the terms (including pricing basis) of each of the PMM CCT, 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 Framework Agreement**" above) of each PMM CCT is on normal commercial terms or better, where PMM is selling products or providing services, PMM will have regard (through a review of at least two contemporaneous or recent transactions) to the prevailing prices offered by PMM 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 PMM to the CMCC Group will be on normal commercial terms and will not be more favorable to the CMCC Group than comparable terms offered by PMM to independent third parties, otherwise, PMM will decline to enter into the particular contract with the relevant member of CMCC Group.

3. PMM will monitor the value of each PMM CCT 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, PMM has established a “warning” system whereby once the accrued value of the PMM CCT in any relevant year reaches 80% of the relevant Annual Cap, PMM will notify the Board with a view to avoiding the carrying on of the PMM CCT in excess of the Annual Cap.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Annual Caps”	the proposed annual cap for the PMM CCT contemplated under the Framework Agreement for the Term, as set out in the section headed “Historical Amounts and Proposed Annual Caps” in this announcement
“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”	the group of companies comprising CMCC, its branch offices, companies directly or indirectly controlled by CMCC and the legal successors of the abovementioned companies

“CMCL”	China Mobile Communication Co., Ltd. (中國移動通信有限公司), a company established in the PRC with limited liability which is a subsidiary of CMCC
“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
“CCT”	continuing connected transactions as defined under Rule 14A.31 of the Listing Rules
“Director(s)”	director(s) of the Company
“Framework Agreement”	the outdoor media resources consolidated procurement framework agreement dated 18 August 2023 entered into between PMM and CMCL (for itself and on behalf of other CMCC Group members) to regulate certain PMM CCT that may be occurred during the Term
“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)
“LED Panels”	giant-sized light-emitting diode panels
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“PMM CCT”	the CCT entered or to be entered into by PMM and the CMCC Group in relation to the purchases of adverting airtime and placing of advertisements by the CMCC Group on the outdoor LED Panels operated by PMM in the PRC

“PMM”	Phoenix Metropolis Media Technology Company Limited*, (鳳凰都市傳媒科技股份有限公司), a company established in the PRC limited by shares and an indirect non-wholly owned subsidiary of the Company in which the Company holds approximately 62.22% interest.
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the term of the Framework Agreement, as defined in the section headed “Principal Terms of the Framework Agreement” in this announcement

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

** For identification purpose only*

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