

PRESS RELEASE

PHOENIX MEDIA INVESTMENTS (HOLDINGS) LIMITED (Stock Code: 02008)

Results announcement for the year ended 31 December 2018

The Chairman and Chief Executive Officer of Phoenix Media Investment (Holdings) Limited (the “**Company**” and its subsidiaries collectively the “**Group**”), Mr. Liu Changle, said today that in 2018, the first year in which the Group’s new strategy was implemented, the Group constantly improved the operation system with perseverance, innovation, prioritization, integration and choice-making. Driven by technological innovation and capital operation, the Group promoted the coordinated development of its various business segments. The financial performance of the Company was in-line with its transformation and upgrade. Mr. Liu remains positive on the prospect of the Group’s strategic transformation and upgrade. The Group’s revenue for 2018 was approximately HK\$4,062,816,000, which represented an increase of 2.7% over the previous year. Operating loss for the year was approximately HK\$66,698,000 and the profit attributable to owners of the Company was approximately HK\$243,790,000. The Board recommended a final dividend of 1 Hong Kong cents per ordinary share of the Company.

RESULTS

The revenue of the Group for the year ended 31 December 2018 was approximately HK\$4,062,816,000 (year ended 31 December 2017: HK\$3,957,487,000), which represented an increase of 2.7% over the previous year. Although the traditional media business environment is still critical, revenue from the outdoor media business increased. The operating costs have increased 7.8% to approximately HK\$4,129,514,000 (year ended 31 December 2017: HK\$3,829,558,000) compared to the previous year. The increase in operating costs was primarily due to an increase in the contribution required by the strategic upgrade of the Group.

The operating loss of the Group for the year ended 31 December 2018 was approximately HK\$66,698,000 (year ended 31 December 2017: operating profit of HK\$127,929,000).

Fair value gain on financial assets related to subsequent measurement of internet media’s investment in Particle Inc. for the year ended 31 December 2018 was approximately HK\$802,877,000 (year ended 31 December 2017: HK\$285,352,000).

Fair value gain of approximately HK\$7,533,000 (year ended 31 December 2017: HK\$44,868,000) was recognized for the investment properties in Beijing and London.

The net exchange loss of the Group for the year ended 31 December 2018 was approximately HK\$17,906,000 (year ended 31 December 2017: gain of HK\$8,083,000) mainly resulting from the depreciation of the Renminbi.

The profit attributable to owners of the Company was approximately HK\$243,790,000 (year ended 31 December 2017: profit of HK\$286,248,000).

The chart below summarises the performance of the Group for the year ended 31 December 2018 and the year ended 31 December 2017 respectively.

	Year ended 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Television broadcasting	1,284,068	1,336,615
Internet media	1,690,804	1,733,094
Outdoor media	823,084	721,436
Real estate	68,404	29,464
Other businesses	196,456	136,878
Group's total revenue	4,062,816	3,957,487
Operating costs	(4,129,514)	(3,829,558)
Operating (loss)/profit	(66,698)	127,929
Fair value gain on investment properties	7,533	44,868
Net gain on internet media investment		
Fair value gain	802,877	285,352
Interest income	4,389	136,124
Exchange (loss)/gain, net	(17,906)	8,083
Gain on deemed disposal of a subsidiary	-	5,007
Other income, net	33,857	16,812
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	764,052	624,175
Share of results of joint ventures and associates	14,059	(13,743)
Income tax expense	(216,768)	(89,579)
Profit for the year	561,343	520,853
Non-controlling interests	(317,553)	(234,605)
Profit attributable to owners of the Company	243,790	286,248
Basic earnings per share, Hong Kong cents	4.88	5.73

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2018		2017	
	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>
Television broadcasting	1,284,068	254,096	1,336,615	316,022
Internet media	1,690,804	726,798	1,733,094	453,583
Outdoor media	823,084	142,899	721,436	119,524
Real estate	68,404	36,193	29,464	(6,818)
Other businesses	196,456	(99,203)	136,878	(33,490)
Group's total revenue and segment results	<u>4,062,816</u>	1,060,783	<u>3,957,487</u>	848,821
Unallocated income		6,966		62,143
Unallocated expenses		<u>(303,697)</u>		<u>(286,789)</u>
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>764,052</u>		<u>624,175</u>

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 has led to a decrease in the advertising income of the television broadcasting business. As the cost structure is 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 Particle Inc.

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.

BUSINESS OVERVIEW AND PROSPECTS

With an insight into the perplexing media market which is experiencing drastic changes in the global political and economic environment, Phoenix TV has adjusted its operations by setting a three-year development goal of strategic upgrade: leveraging Phoenix TV'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. In 2018, the first year in which the strategy was implemented, the Group constantly improved the operation system with perseverance, innovation, prioritization, integration and choice-making. Driven by technological innovation and capital operation, the Group promoted the coordinated development of its various business segments, as well as controlling operation costs reasonably with consideration to the business operations. The financial performance of the Company was in-line with its transformation and upgrade. Liu Changle, the Chairman and Chief Executive Officer of the Company, remains positive on the prospect of the Group's strategic transformation and upgrade.

Based in Hong Kong, Phoenix TV serves Chinese all over the world. The news and information production of Phoenix TV upholds the philosophy of "Global Outlook and Chinese Perspective". It emphasises integrating its brand with the local culture, communicates with the world with professionalism and passion, and plays a crucial

role in promoting Chinese culture, hence becoming a media platform facilitating linkage and communication between China and the rest of the world. In 2018, our global Phoenix TV team witnessed and immediately reported on world events such as China's diplomatic relations with many major countries, the Inter-Korean Summits, the U.S.-North Korea Summit, the China-U.S. trade tensions, the U.S. mid-term elections, the progress of Brexit, the Russian presidential election, etc. The coverage of these developments won praise and acclaim from Chinese audiences all over the world, reflecting the international characteristics and global influence of Phoenix TV.

Phoenix TV's status in the industry and brand value continued to improve, and continuously received awards including being rated as one of The World's 500 Largest Media Companies, and entered the list of Hong Kong's 100 Most Influential Brands in 2018, becoming the only media organization to be listed in the top 10, reflecting its status and reputation in media, culture and other fields. Phoenix TV's programmes and promotional trailers have always enjoyed a good reputation among Chinese media, and a number of its excellent programs have received a series of awards from the New York International Television Festival and the Chicago International Television Festival for consecutive years, which underscores the excellent capabilities and professionalism of Phoenix. Phoenix Zone, a video on-demand product of derivative culture from television program contents, entered into cooperation with various companies in relation to overseas platform content, the coverage of which in regions including Europe, North America, Asia and Oceania were completed through the new media cooperation platform.

The Group's television broadcasting business has 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 multiadaptive omni-media product catalogue to continuously enrich and expand the industrial chain and value chain of the media industry. Phoenix will also continue to pilot the integration and innovation of technology and the media. The newly launched program Phoenix Health has 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 will develop various forms of content such as short videos, live streaming and 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, has 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 we-media, live streaming and IP. The Group has 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 has strengthened its deployment in the area of payment for knowledge and strategically invested in the online reading product Tadu, which will effectively promote the influence of Phoenix in the field of online reading. As for Yidian Zixun, an algorithm-

based news feed app strategically invested by the Group through Phoenix New Media, that provided considerable valuation gains to the Group in the year 2018, it is believed that it will bring significant investment returns to the Group as well as the success for transformation of the Group after the strategic disposal of part of the investment subsequent to the reporting year.

The Group's outdoor media platform, Phoenix Metropolis Media, has become a large and very influential outdoor LED media operator with high revenue and profits in mainland China. Its LED media business is supplemented and upgraded by two business forms of the Group, namely, Phoenix LED Alliance which is based on the extensive media resources, and Phoenix Interaction which is based on leading digital marketing. In 2018, LED media business recorded a significant growth in both revenue and profits. Its visual contents and innovative forms of advertising are highly recognised in the industry.

Various other business segments of the Group also maintained healthy development. With regard to education, Phoenix Education is 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 have 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 have 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 are 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, have 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 are continuously explored and developed and the business will soon enter the growth stage.

With respect to technology, Phoenix Digital Technology is 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 comes into being and attracts a large audience. Phoenix Cloud, a platform of the Group's cloud technology business, is 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 are expected to contribute significantly to our profit and revenue.

In 2018, Phoenix Digital Technology and the creativity business segment of Phoenix Culture jointly launched a high-tech interactive art exhibition Life Along the Bian River During the Pure Brightness Festival at the Palace Museum. By means of a new

media interactive art form that integrates culture and technology, the scroll painting Along the River during the Qingming Festival has become a new type of exhibition, creating an experience which is immersive, shareable and transmissible, which has drawn extensive attention and recognition from all sectors of the society. This project has become a highlight for the Company's business operations and innovations, and touring exhibitions will subsequently take place in Hong Kong, Japan, the United Kingdom and other locations.

Due to the influence of the global Chinese community, Phoenix TV cooperates with the United Nations ("UN") agencies to help spread and practice the UN's goal of sustainable development, integrate into and facilitate global development, and contribute the wisdom of Phoenix to the world with an open and inclusive attitude. In an era of global turbulence, Phoenix is proud to have accomplished its mission in promoting corporate transformation and upgrade and cross-sector integration, as well as building a high-tech media group which is credible, influential and prominent around the globe. By embracing the development opportunities of the times, the Group is committed to return to the capital market for its expectations of Phoenix TV.

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ABOUT PHOENIX

Phoenix TV launched Phoenix Chinese Channel on 31 March 1996, with the aim of offering quality Chinese-language programme to Chinese communities around the world. Now, with about 60 news bureaux and production teams located worldwide, Phoenix TV operates popular global channels for the worldwide Chinese audience, 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. Through continuous effort in the past 23 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, cultural creativity, 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, a non-wholly owned subsidiary of the Company operating internet media business, is 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.