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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)

**PROPOSED AMENDMENTS TO THE TERMS OF
VERY SUBSTANTIAL DISPOSAL
REGARDING THE DISPOSAL OF
EQUITY INTERESTS IN PARTICLE INC.**

NEW AGREEMENT

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.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.36 of the Listing Rules, where a transaction previously announced pursuant to Chapter 14 is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement. 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.

As more time is needed to prepare and finalize the relevant financial and other information to be included in the circular in accordance with the relevant requirements of the Listing Rules, a circular containing, among other things, further details of the Disposal and a notice convening the EGM to approve the New Agreement and the transactions contemplated thereunder or incidental thereto will be despatched to the Shareholders on or before 1 April 2020.

Completion of the transactions contemplated under the New Agreement is subject to the satisfaction of the terms and conditions disclosed in this announcement and may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

References are made to the Announcements and the Circulars in relation to the Disposal. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as defined in the Announcements and the Circulars.

INTRODUCTION

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 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 million 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.

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 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 (the “**Offshore Target Shares Purchase Price**”) (before the New Agreement: US\$448 million) 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 – 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 million, taking into account various factors including:

- (a) the estimated valuation of the Disposal Group at approximately US\$955 million 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 million in November 2018 and US\$1,300 million 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 million 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 million 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 (“**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 date of this announcement, 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 million (approximately HK\$390 million) 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 million 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 PARTIES

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 date of this announcement. 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).

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\$529,794,000) and RMB453,358,000 (approximately HK\$529,794,000), 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\$570,144,000) and RMB487,886,000 (approximately HK\$570,144,000), respectively. The unaudited loss before and after taxation of the Disposal Group for the six months ended 30 June 2019 was approximately RMB207,120,000 (approximately HK\$242,040,359.45) and RMB207,120,000 (approximately HK\$242,040,359.45), respectively.

The unaudited carrying value of the investments in Cayman Company measured at fair value as at 30 June 2019 was approximately HK\$2,592,665,000, based on an independent valuation as at 30 June 2019 conducted by an independent valuer engaged by PNM to assist in the determination of fair value of the investments as at 30 June 2019 for financial reporting purpose, the details of which are also disclosed in the Company's previous published financial reports. Such independent valuation was based on scenario analysis, the weighted average valuation results derived from both the discounted cash flow model and the markets approach, and the probability of each scenario.

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 was previously recognized as "financial assets at fair value through profit or loss" with fair value of approximately HK\$2,592,665,000 as at 30 June 2019 (as at 31 December 2018: approximately HK\$2,235,585,000). Upon the completion of the PNM Second Completion, the remaining 4.68% of the equity interest 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 recognize an unaudited gain on the Disposal upon the completion of the PNM Second Completion (before tax and expenses) of approximately HK\$1,100 million for the two years ending 31 December 2020 (gain for years ending 31 December 2019 and 2020 will be allocated in accordance with the effects of the Supplemental Agreement), which was calculated with reference to the cost of the Updated Offshore Sale Shares of approximately HK\$2,233 million (which was calculated with reference to the carrying value of the Company's investment in the Disposal Group as at 30 June 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 million (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.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.36 of the Listing Rules, where a transaction previously announced pursuant to Chapter 14 is terminated or there is any material variation of its terms or material delay in the completion of the agreement, the listed issuer must as soon as practicable announce this fact by means of an announcement. 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.

As more time is needed to prepare and finalize the relevant financial and other information to be included in the circular in accordance with the relevant requirements of the Listing Rules, a circular containing, among other things, further details of the Disposal and a notice convening the EGM to approve the New Agreement and the transactions contemplated thereunder or incidental thereto will be despatched to the Shareholders on or before 1 April 2020.

To the best of the Directors' knowledge, none of the Shareholders and their respective associates 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 resolution approving the Supplemental Agreement and the transactions contemplated thereunder or incidental thereto at the EGM.

Completion of the transactions contemplated under the New Agreement is subject to the satisfaction of the terms and conditions disclosed in this announcement and may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Announcements”	the announcements of the Company dated 27 February 2019, 25 March 2019, 30 May 2019, 28 June 2019, 25 July 2019 and 22 October 2019, respectively, in relation to the Disposal and its updates
“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
“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 circulars of the Company dated 14 May 2019 and 4 October 2019, respectively, in relation to the Disposal
“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
“Co-sale Event”	See definition under the heading “INTRODUCTION” on page 2 of this announcement
“Co-sale Shares”	See definition under the heading “Co-sale Shares and Long De Consideration” on page 4 of this announcement

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Completion Conditions”	See definition under the heading “Completion Conditions” on page 9 of this announcement
“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\$4,351,000) 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)
“EGM”	the extraordinary general meeting of the Company to be convened and held 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
“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”	See definition under the heading “INTRODUCTION” on page 2 of this announcement
“Latest Payment Date”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 7 of this announcement
“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”	See definition under the heading “Loan and Share Pledge” on page 7 of this announcement
“Loan Term”	See definition under the heading “Loan and Share Pledge” on page 8 of this announcement
“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”	See definition under the heading “Co-sale Shares and Long De Consideration” on page 4 of this announcement

“Long De First Completion”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 6 of this announcement
“Long De First Completion Consideration”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 6 of this announcement
“Long De First Completion Shares”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 6 of this announcement
“Long De First Transfer Documents”	See definition under the heading “Loan and Share Pledge” on page 7 of this announcement
“Long De HK”	Long De Holdings (Hong Kong) Co., Limited, a shareholder of the Cayman Company
“Long De Loss Compensation”	See definition under the heading “Loan and Share Pledge” on page 8 of this announcement
“Long De Notifying Entities”	Long De Chengzhang and Long De HK
“Long De Second Completion”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 7 of this announcement
“Long De Second Completion Consideration”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 7 of this announcement
“Long De Second Completion Shares”	See definition under the heading “Completion Arrangements of the Co-sale Shares” on page 7 of this announcement
“Long De Tianjin”	Longde Chengzhang (Tianjin) Investment Management Center (Limited Partnership)

“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. Mr. Chen is a director of Phoenix New Media (Hong Kong) Company Limited, Beijing Youjiuzhou Technology Co., Ltd.* (北京遊九州技術有限公司), Beijing Fengming Jiutian Network Technology Co. Ltd.* (北京鳳鳴九天網絡技術有限公司), Beijing Fenghuang Tianbo Network Technology Co., Ltd.* (北京鳳凰天博網絡技術有限公司) and Shanghai Yixi Network Technology Co. Ltd.* (上海億息網絡技術有限公司), each a subsidiary of the Group. Based on such companies’ latest financials, they are insignificant subsidiaries of the Company on an aggregated basis for the purposes of Rule 14A.09 of the Listing Rules and Mr. Chen is therefore not a connected person of the Company
“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”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“Onshore Target Shares”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“Onshore Target Shares Purchase Price”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement

“percentage ratios”	the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
“Pledged Shares”	See definition under the heading “Loan and Share Pledge” on page 8 of this announcement
“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”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“PNM First Completion”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“PNM First Completion Shares”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“PNM Group”	PNM and its subsidiaries
“PNM Second Completion”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“PNM Second Completion Shares”	See definition under the heading “Proposed Amendments to the Terms of the Disposal” on page 4 of this announcement
“PNM Share Transfer”	See definition under the heading “INTRODUCTION” on page 2 of this announcement
“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”	See definition under the heading “Loan and Share Pledge” on page 8 of this announcement
“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”	See definition under the heading “Completion of the Disposal as revised by the New Agreement” on page 10 of this announcement
“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
“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 supersedes 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”	See definition under the heading “Acknowledgements and Covenants” on page 9 of this announcement
“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 34.00% equity interest on an as-if converted basis as of the date of the announcement of the Company dated 25 July 2019, 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
“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 announcement, unless otherwise specified, 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.

By Order of the Board
Phoenix Media Investment (Holdings) Limited
LIU Changle
Chairman

Hong Kong, 20 January 2020

As at the date of this announcement, 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. GONG Jianzhong and Mr. SUN Qiang Chang

Independent Non-executive Directors

Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di