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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  
VALUE-ADDED TELECOMMUNICATIONS SERVICE  
AGREEMENTS BETWEEN  
A LISTED SUBSIDIARY GROUP (PHOENIX NEW MEDIA  
LIMITED AND ITS SUBSIDIARIES) AND CHINA  
MOBILE COMMUNICATIONS GROUP**

The Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT with the CMCC Group for the three-year period from 1 January 2022 to 31 December 2024, which will constitute continuing connected transactions of the Company.

Historically, the Shareholders had, at the extraordinary general meetings of the Company held respectively on 4 December 2015 and 17 December 2018, approved the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the respective three-year periods from 1 January 2016 to 31 December 2018 and from 1 January 2019 to 31 December 2021. The Company expects that the Annual Caps for the New Media CCT for the next three-year period from 2022 to 2024 will be reduced as compared with the annual caps of the previous New Media CCT for the three-year period from 2019 to 2021.

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of the New Media CCT for the three-year period from 1 January 2022 to 31 December 2024 on an annual basis exceed 0.1% but all are less than 5%, the New Media CCT for such three-year period are subject to the reporting, announcement and annual review requirements in accordance with Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

## INTRODUCTION

The Company, 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, animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

The CMCC Group (as defined below) is a leading mobile telecommunications services provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, autonomous regions and directly-administered municipalities in the PRC and in Hong Kong. China Mobile (Hong Kong) Group Limited, or the CMHKG, a wholly-owned subsidiary of China Mobile Communications Group Co., Ltd., or the CMCC, is the substantial shareholder of China Mobile Limited, the ordinary shares of which are listed on the Stock Exchange and its American depositary shares are listed on the New York Stock Exchange. The Group has been conducting business with the CMCC Group for several years.

CMHKG is a substantial shareholder of the Company holding approximately 19.68% of the issued share capital of the Company through CMHKG's wholly-owned subsidiary Extra Step Investments Limited. Members of the CMCC Group are therefore connected persons of the Company under the Listing Rules.

Phoenix New Media Limited, or PNM, is a listed subsidiary of the Company whose shares are listed by way of American depositary shares on the New York Stock Exchange.

As China Mobile Limited is a leading mobile telecommunications services provider in the PRC, and the PNM Group provides value-added telecommunications services in the PRC, members of the PNM Group have been entering into the New Media CCT with members of the CMCC Group in the ordinary and usual course of business in the past, and the Company expects that the PNM Group will, in the ordinary and usual course of business in the foreseeable future, continue to engage in the New Media CCT with members of the CMCC Group.

Due to the diverse nature of the transactions involved, the huge number of companies in the CMCC Group, the common market practice in the PRC value-added telecommunications services industry for a separate contract to be negotiated and entered into for each particular product or service and upon consultation with the CMCC Group, the Company considered that it was not feasible for the Company to comply strictly with the requirement of Rule 14A.35(1) (as then in force, which was subsequently replaced by the existing Rules 14A.34 and 14A.51) of the Listing Rules to enter into a written framework agreement at the outset in 2015 to cover all New Media CCT with the CMCC Group.

The Company therefore applied for a waiver, which was granted by the Stock Exchange on 30 October 2015, from strict compliance with the requirement under Rule 14A. 35(1) (as then in force) of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all of the expected New Media CCT for the three years from 1 January 2016 to 31 December 2018, subject to the conditions disclosed in the 2015 Announcement. The Shareholders approved the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the said three years from 2016 to 2018, at the extraordinary general meeting of the Company held on 4 December 2015.

In 2018, the Company again applied for a waiver, which the Stock Exchange has granted on 4 October 2018, from strict compliance with the requirement under Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all New Media CCT for the three years from 1 January 2019 to 31 December 2021, subject to the conditions disclosed in the 2018 Announcement. The Shareholders approved the New Media CCT between the PNM Group and the CMCC Group and the relevant annual caps for the said three years from 2019 to 2021, at the extraordinary general meeting of the Company held on 17 December 2018.

For the reasons above, as well as the continuous development in the new media and telecommunication industries and the requirement for any potential adjustments to the existing service terms and/or introduction of new service terms under the New Media CCT in order to meet the changing market needs, the Company maintained the view that it was not feasible for it to enter into a framework agreement with definitive services and pricing terms with the CMCC Group at the outset. The Company therefore proposes to renew the streamlined approach to the New Media CCT. In this connection, the Company has applied for a waiver, which the Stock Exchange has granted, from strict compliance with the requirement under Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all New Media CCT for the three years from 1 January 2022 to 31 December 2024 (the “**Next Three-Year Period**”).

## **NEW MEDIA CCT**

### **Subject matter and nature of transactions**

The New Media CCT for the three years ending 31 December 2019, 2020 and 2021 were approved by the independent shareholders at the extraordinary general meeting of the Company held on 17 December 2018. Based on the actual needs of the Company’s business operation and depending on the nature of the transaction, the New Media CCT is generally classified into the following four main categories for the Next Three-Year Period:

1. provision by the CMCC Group of fee calculation and collection services in respect of value-added telecommunications contents the PNM Group makes available on the CMCC Group’s value-added content platforms, such as short messaging contents, multi-media contents, readings and videos;
2. purchase by the CMCC Group of value-added telecommunications contents provided by the PNM Group, such as club magazines, news information, videos, novels, comics, programs, music, audio books, seminars and other promotional activities conducted by presenters;
3. provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the PNM Group’s web-based or mobile platforms; and
4. other products and/or services in connection with or in respect of the provision of website portal, value-added telecommunications, promotional and ancillary services by members of the PNM Group to members of the CMCC Group and vice versa.

## Parties

Each existing New Media CCT is governed by a separate written contract and entered into by the relevant member(s) of the PNM Group with the relevant member(s) of the CMCC Group, depending on the nature of the transaction and geographical location.

So far as the Company is aware, each of the existing contracts for the New Media CCT was separately negotiated on an arm's length basis with the relevant member of the CMCC Group. All new contracts for the New Media CCT during the Next Three-Year Period will continue to be negotiated on such basis.

## Pricing basis

The pricing basis for the New Media CCT for the Next Three-Year Period can be summarized as follows:

### Description of transaction

1. Fee calculation and collection services provided by the CMCC Group in respect of value-added telecommunications contents the PNM Group makes available on the CMCC Group's platforms

### Pricing basis

For short messaging, multimedia messaging, reading, video, animation and comics, mobile newspaper and music contents, the CMCC Group is entitled to certain percentages to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price negotiated on an arm's length basis; for short messaging and multimedia messaging contents, the CMCC Group also charges the PNM Group an "information flow imbalance" fee based on the difference between the number of short or multimedia messages the PNM Group sends to subscribers and the number of short or multimedia messages subscribers send to the PNM Group

2. Provision by the PNM Group of value-added telecommunications contents, such as club magazines, news information, videos, novels, comics, programs, music, audio books, seminars and other promotional activities conducted by presenters

For a fixed fee or a revenue-sharing or a combination of both to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to market price negotiated on an arm's length basis taking into account the substantial subscriber base of the CMCC Group on the one hand, and the unique contents provided by the PNM Group on the other hand

3. Provision by the PNM Group of marketing or advertising services for the promotion of the CMCC Group brand, products or mobile platforms using the PNM Group's web-based or mobile platforms
 

For a fixed fee to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period by reference to the market price (after relevant discount, as applicable) negotiated on an arm's length basis, taking into account factors such as the scale, levels and features of products and/or services required by the CMCC Group
  
4. (i) Other products and/or services in connection with or in respect of the provision of website portal, value-added telecommunications, promotional and ancillary services provided by members of the PNM Group to members of the CMCC Group
 

(i) At market price (after relevant discount or other concessional terms, as applicable) to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period having regard to, among other things, the product feature, scale and levels required by the CMCC Group, or where there are no comparable market price, on terms no less favorable than those that may be offered to or by independent third parties
  
- (ii) Other products and/or services in connection with or in respect of the provision of website portal, value-added telecommunications, advertisement, promotional and ancillary services provided by members of the CMCC Group to members of the PNM Group, such as (a) provision by the CMCC Group of marketing services for products of the PNM Group and (b) the various agreements to be entered into with different companies in the CMCC Group in relation to the purchasing of a variety of products or services
 

(ii) At market price (after relevant discount or other concessional terms, as applicable) to be determined at the time of each individual contract that may be entered into during the Next Three-Year Period having regard to, among other things, the product feature, scale and levels required by the PNM Group, or where there are no comparable market price, on terms no less favorable than those that may be offered to or by independent third parties

In relation to each category of the New Media CCT mentioned above, “market price” is to be determined by ascertaining the prevailing prices at which the same or similar type of products or services are provided by or to or between independent third parties under normal commercial terms in the ordinary course of business, in each case taking into account the applicable circumstances, including, but not limited to, costs, profit margin, resources, experience, quality and technology of the relevant products, services and counterparty. When determining whether the transaction price for any transaction under the New Media CCT represents market prices, to the extent reasonably practicable, the sales and marketing team of members of the PNM Group would (i) compare the pricing of the relevant products or services demanded by and offered to/by independent third party customers/supplier on similar transactions (as the case may be); (ii) obtain market data and industry information from time to time including the pricing of competitors through market research, industry websites and public information available; and (iii) keep regular contact with established customers/suppliers to better understand the market price trend (as the case may be).

The pricing terms for the New Media CCT cannot be fixed in advance because of the vast variations in the particulars and contents of the services within each main category. Rather, it is industry and market practice that each New Media CCT is subject to negotiation and prevailing market conditions at the time that it is entered into and there is no government regulated fixed pricing for the transactions concerned.

### **Term**

Each of the New Media CCT to be entered into by the PNM Group shall be for a term not exceeding three years, in accordance with the waiver granted on 20 August 2021 and in compliance with Rule 14A.52 of the Listing Rules.

### **Internal control policy and procedures**

The Company and the PNM Group have an established internal controls system for connected transactions which applies to itself as well as the PNM Group 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 New Media CCT. The Company’s connected transaction policy has been circulated to the relevant staff in the PNM Group 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 New Media CCT are as follows:

1. In respect of each New Media CCT, to ensure that the terms (including pricing basis) of each of the New Media CCT are fair and reasonable and are on normal commercial terms or better so far as the PNM Group is concerned, the relevant contract is subject to review by Phoenix New Media, and cannot be entered into prior to the approval being given by Phoenix New Media. The finance team and legal team of Phoenix New Media will conduct a preliminary review on the commercial and legal terms of the relevant contract. The compliance manager of Phoenix New Media will then review the terms (including pricing basis) of each of the New Media CCT in accordance with the following mechanisms:

- (i) where the PNM Group is purchasing products or services, Phoenix New Media will obtain a number of quotations for, or ascertain through publicly available information from sources such as official websites, group emails sent by CMCC Group to business partners in relation to execution of contracts announcement, contract templates or management rules, the prevailing prices offered by independent third parties to PNM Group or offered by the CMCC Group to independent third party customers for such products or services, to ensure that the relevant terms offered by the CMCC Group to the PNM Group will not be less favorable to the PNM Group than comparable terms offered by independent third parties to the PNM Group; and
- (ii) where the PNM Group is selling products or providing services, Phoenix New Media will have regard to (a) the prevailing prices (not less than two, if applicable) offered by the PNM Group to independent third parties, or (b) the prevailing prices (not less than two, if applicable) offered by independent third parties for such products or services as ascertained through publicly available information from sources such as websites, to ensure that the relevant terms offered by the PNM Group to the CMCC Group will not be more favorable to the CMCC Group than comparable terms offered by the PNM Group to independent third parties.

Phoenix New Media will conclude whether the relevant contract is in compliance with the Listing Rules as well as the conditions of the waiver granted by the Stock Exchange in relation to Rule 14A.34 and Rule 14A.51 of the Listing Rules.

2. For the New Media CCT, Phoenix New Media will provide their external auditors full access to all relevant contracts and supporting materials for review. The external auditors will review and advise whether they agree with the view of Phoenix New Media that the relevant contract is in compliance with the Listing Rules and provide the annual confirmation to the Board in accordance with Listing Rule 14A.56.
3. Phoenix New Media monitors the value of each New Media CCT and the accrued value for such transactions over the course of each relevant year, and produces internal monthly information. Such information will be consolidated for reporting to the Board on a regular basis.
4. In addition, Phoenix New Media has established an alert system whereby once the accrued value of the New Media CCT in any relevant year reaches 80% of the relevant annual cap, Phoenix New Media will notify the Board with a view to avoiding the carrying on of the transactions in excess of the annual cap.

In light of the above, the Directors (including the independent non-executive Directors) consider that the New Media CCT will be conducted on normal commercial terms or better and in the interests of the Company and its Shareholders.

## **REASONS FOR ENTERING INTO NEW MEDIA CCT**

As described above, the PNM Group has been providing value-added telecommunications services to CMCC Group for many years. With the business direction remaining unchanged for both parties, the Company expects that members of the PNM Group will, in the ordinary and usual course of business in the foreseeable future and in particular, during the Next Three-Year Period, continue to engage in the New Media CCT with members of the CMCC Group.

## HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The annual caps approved by the Shareholders for the aggregate service charges paid/payable by the PNM Group to the CMCC Group, and by the CMCC Group to the PNM Group in respect of the New Media CCT for the three years ending 31 December 2019, 2020 and 2021 were RMB181,000,000 (approximately HK\$202,032,200), RMB200,000,000 (approximately HK\$223,240,000), and RMB216,000,000 (approximately HK\$241,099,200) respectively (based on the rate of RMB1 to HK\$1.1162, as used in the 2018 Announcement).

Based on the respective published, audited and consolidated annual financial statements of the Group for the year ended 31 December 2019 and 2020, the historical values for New Media CCT were RMB81,798,000 (approximately HK\$98,157,600) for 2019 and RMB49,949,000 (approximately HK\$59,938,800) for 2020. The value of the New Media CCT for the six months ended 30 June 2021 was approximately RMB21,125,200 (approximately HK\$25,350,240). The aforementioned are based on the rate of RMB1 to HK\$1.2 as used in this announcement.

Having regard to these historical transaction amounts, the Company proposes the annual caps for the aggregate service charges payable by the PNM Group to the CMCC Group, and by the CMCC Group to the PNM Group in respect of the New Media CCT for the three years ending 31 December 2022, 2023 and 2024 (the “**Annual Caps**”) as follows:

	Year ending 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024
Annual cap	RMB60,570,000 (approximately HK\$72,684,000)	RMB67,200,000 (approximately HK\$80,640,000)	RMB70,850,000 (approximately HK\$85,020,000)
Year-on-year change (approximately)	21.3% <sup>(1)</sup>	10.9%	5.4%

*Note:*

- (1) Compounded annual growth rate of approximately 21.3% with the actual transaction amount for the year ended 31 December 2020 (being the last financial year) as the base figure.

The calculation of the Annual Caps is also based on the following reasons:

1. taking into account (i) the historical amount in the past two and a half years, (ii) the business plan of the PNM Group to continue developing its new media businesses and (iii) the proposed business strategy over the Next Three Year Period, the New Media CCT (in areas such as the mobile entertainment applications, seminars and other promotional activities conducted by the PNM Group’s presenters and marketing services using multimedia messaging service or similar) will result in further transactions with the CMCC Group over the Next Three Year Period;
2. affected by the adjustments of CMCC Group’s business strategy and the outbreak of COVID-19, the transaction amount of the New Media CCT decreased in the year of 2020 compared to the year of 2019. Due to the continuous influence of aforesaid factors and potential adjustments of marketing strategy of CMCC Group, the amount of existing types of business is expected to remain flat or slightly decrease in the Next Three Year Period; and



3. the Group expects to explore new business cooperation with the CMCC Group in relation to video area in the Next Three Year Period (subject to future communication and negotiation between the parties), as a consequence of which, the Annual Caps have increased slightly compared to the year of 2020.

The Directors (including the independent non-executive Directors) believe that the New Media CCT and Annual Caps are not less favorable to the Group than those available from independent third parties, on normal commercial terms or better, fair and reasonable and in the interests of the Group and its Shareholders as a whole.

Mr. Jian Qin, a Director, who also holds a management position and directorship with CMCC Group, has abstained from voting on the board resolutions approving the New Media CCT. Save as disclosed above, none of the other Directors has a material interest in or is required to abstain from voting on the New Media CCT.

## **LISTING RULE IMPLICATIONS**

As one or more of the applicable percentage ratios as defined in the Listing Rules in respect of New Media CCT for the Next Three-Year Period on an annual basis exceed 0.1% but all are less than 5%, the New Media CCT are subject to the reporting, announcement and annual review requirements in accordance with Chapter 14A of the Listing Rules but exempt from the independent Shareholders' approval requirement.

Rule 14A.34 and Rule 14A.51 of the Listing Rules require the PNM Group to enter into written agreement(s) with the CMCC Group beforehand, setting out the basis of the calculation of the payments to be made. However, for the reasons stated above, the Company considered that it is not feasible to comply strictly with the requirement of Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a written framework agreement at the outset to cover all future New Media CCT with the CMCC Group.

Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.34 and Rule 14A.51 of the Listing Rules to enter into a framework agreement with the CMCC Group at the outset covering all of the expected future New Media CCT for the Next Three-Year Period, subject to the following conditions:

1. the waiver will only apply to the New Media CCT;
2. a separate written agreement will be entered into for each such transaction, for a term not exceeding three years;
3. each such transaction will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better (as defined in the Listing Rules), and which are fair and reasonable and in the interests of the Shareholders as a whole;
4. the pricing basis will be the same (or on better terms for the Group) as those set out under the section headed "Pricing basis" of this announcement; and
5. all other disclosure and reporting requirements under Chapter 14A of the Listing Rules will be complied with.

The Company will comply with the requirements under Chapter 14A of the Listing Rules for any specific transaction entered into between any member of the PNM Group and the CMCC Group under terms that are outside the scope of, or pricing basis for, the New Media CCT.

## DEFINITIONS

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

“2015 Announcement”	announcement of the Company made on 6 November 2015
“2018 Announcement”	announcement of the Company made on 16 November 2018
“Board”	the board of the Directors
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited, a company incorporated in Hong Kong with limited liability and 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
“Director(s)”	the director(s) 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules
“New Media CCT”	provision of website portal and value-added telecommunications services by the PNM Group to the CMCC Group and vice versa, including those Transactions described in this announcement

“Phoenix New Media” or “PNM”	Phoenix New Media Limited, a company incorporated in the Cayman Islands with limited liability, an indirect non-wholly-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 Group”	Phoenix New Media and its subsidiaries
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China, and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	New Media CCT on substantially similar terms as those set out in the section headed “New Media CCT” of this announcement for each of the three years from 1 January 2022 to 31 December 2024, and the Annual Caps

In this announcement, unless otherwise specified, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.2. 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**  
**YEUNG Ka Keung**  
*Company Secretary*

Hong Kong, 25 August 2021

As at the date of this announcement, the Board 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, Mr. JIAN Qin, Ms. WANG Haixia and Mr. SUN Qiang Chang*

***Independent Non-executive Directors***

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