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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)

**VERY SUBSTANTIAL DISPOSAL
THE DISPOSAL OF EQUITY INTERESTS IN PARTICLE INC.
AND
RESUMPTION OF TRADING**

SUPPLEMENTAL AGREEMENT

On 23 July 2019 (after trading hours), PNM, a subsidiary of the Company, entered into the Supplemental Agreement with the Purchaser in respect of the Share Purchase Agreement. Pursuant to the Supplemental Agreement, the parties conditionally agreed that, among others, they shall carry out the Updated Completion, regardless of whether any dispute is raised by any party in respect of satisfaction of the Conditions under the Share Purchase Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of entering into the Supplemental Agreement as calculated under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under 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 Supplemental Agreement and

the transactions contemplated thereunder or incidental thereto will be despatched to the Shareholders on or before 30 September 2019.

Completion of the transactions contemplated under the Supplemental 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 24 July 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 25 July 2019.

References are made to the Announcements and the Circular 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 Circular.

INTRODUCTION

As disclosed in the announcement of the Company dated 28 June 2019, PNM sent a completion confirmation letter to the Purchaser on 31 May 2019 to confirm the satisfaction of all of the Conditions under the Share Purchase Agreement. The Purchaser, however, disputed over the satisfaction of certain Conditions. Regardless of the above event, after further arm's length commercial negotiations, the parties conditionally agreed on the terms of the Supplemental Agreement with a view to proceeding with the Disposal and the transactions thereunder.

On 23 July 2019 (after trading hours), PNM, a subsidiary of the Company, entered into the Supplemental Agreement with the Purchaser in respect of the Share Purchase Agreement. Pursuant to the Supplemental Agreement, the parties conditionally agreed that, among others, they shall carry out the Updated Completion in accordance with the heading "Updated Completion" below, regardless of whether any dispute is raised by any party in respect of satisfaction of the Conditions under the Share Purchase Agreement.

The Supplemental Agreement shall become effective upon the full payment of the First Installment of the First Consideration (as defined below) under paragraph (1)(i) of the heading "Consideration" below made by the Purchaser or its designee(s) to PNM. As of

the date of this announcement, the full payment of the First Installment of the First Consideration was received by PNM. Upon its effectiveness, the Supplemental Agreement has formed an integral part of the Share Purchase Agreement and the principal terms of the Supplemental Agreement set out under the heading “The Supplemental Agreement” below shall supersede those under the Share Purchase Agreement.

THE SUPPLEMENTAL AGREEMENT

The following summarizes the principal terms of the Supplemental Agreement.

Date: 23 July 2019

Parties:

- Vendor : Phoenix New Media Limited, an indirect non-wholly owned subsidiary of the Company; and
- 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.

Assets to be disposed of

- (1) The Updated Offshore Sale Shares, comprising 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 this announcement (the “**Offshore Sale Shares Adjustment**”); and
- (2) the Onshore Sale Shares, being approximately 37.169% of the equity interest held by Mr. Chen in Yidian Technology.

The Updated Offshore Sale Shares are recognized as financial assets at fair value through profit or loss in the Group’s accounts. Immediately following the Updated Completion under the heading “Updated Completion” below, PNM will hold a total of 22,693,362

shares (being 22,693,362 series D1 preferred shares) in Cayman Company (the “**Residual Offshore Shares**”), representing approximately 3.63% of the equity interest on an as-if converted basis in Cayman Company as of the date of this announcement.

The major differences among series B preferred shares, series C preferred shares and series D1 preferred shares of Cayman Company include: (i) different priorities of liquidation preference right (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares); (ii) different events that could trigger redemption right; and (iii) different orders of redemption (series D1 preferred shares take priority over series C preferred shares, and series C preferred shares take priority over series B preferred shares).

Deposit

As of the date of this announcement, PNM has received the Deposit in the sum of US\$100 million (approximately HK\$780 million) in cash.

Consideration

The Consideration payable in cash by the Purchaser comprises (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.

The following summarizes the payment terms of the Consideration in respect of the Updated Sale Shares under the Supplemental Agreement.

(1) First Consideration

The first part of the Consideration (the “**First Consideration**”) in the sum of US\$100 million (approximately HK\$780 million) shall be payable in cash by the Purchaser or its designee(s) to PNM by depositing the same amount into the account designated by PNM before 10 August 2019. The payment schedule of the First Consideration is set out below:

- (i) US\$20 million (approximately HK\$156 million) (the “**First Installment of the First Consideration**”) shall be payable no later than 23 July 2019 upon signing the Supplemental Agreement. For the avoidance, as of the date of this announcement, the full payment of the First Installment of the First Consideration was received by PNM;

- (ii) US\$20 million (approximately HK\$156 million) shall be payable on or before 30 July 2019; and
- (iii) US\$60 million (approximately HK\$468 million) shall be payable on or before 10 August 2019.

Upon the full payment of the First Consideration and the Residual Consideration Deposit (as define below) made by the Purchaser, the Deposit in the amount of US\$100 million (approximately HK\$780 million) shall form a part of the Consideration on the First Completion Date (as defined below). 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 (approximately HK\$5,572,421) (the “**Deposit Interest**”) shall form a part of the Consideration on the Second Completion Date (as defined below).

The Matters (as defined below) are subject to approval by the Shareholders at the EGM. In the event that the Shareholders approve the Matters, a deposit in respect of the residual of the Consideration in the amount of US\$50 million (approximately HK\$390 million) (the “**Residual Consideration Deposit**”) shall be payable in cash by the Purchaser or its designee(s) to PNM by depositing the same amount into the account designated by PNM within two business days following the date of the Company’s announcement in respect of the poll results of such general meeting (the “**Poll Results Date**”). The Purchaser or its designee(s) shall provide a bank transfer voucher to PNM prior to such period. The Residual Consideration Deposit and any interest accrued from the Residual Consideration Deposit (the “**Residual Consideration Deposit Interest**”) shall form a part of the Consideration on the Second Completion Date.

In the event that the Shareholders do not approve the Matters at the EGM (due to causes that PNM or its related party does not have control over), PNM shall fully refund the First Consideration and any accrued interest therefrom to the Purchaser or its designee(s) within two business days following the Poll Results Date. For the avoidance of doubt, in such event, the Deposit shall not be refunded. PNM shall provide a bank transfer voucher to the Purchaser or its designee(s) prior to such period. PNM and the Purchaser shall continue to negotiate in such event. If the negotiation is not successful, the parties shall carry out respective obligations in accordance with the terms under the Share Purchase Agreement.

(2) Residual Consideration

The residual amount of the Consideration (being the residual amount of the Consideration of US\$448 million less the First Consideration, less the Deposit and the Deposit Interest and less the Residual Consideration Deposit and the Residual Consideration Deposit Interest, the “**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 Consideration 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; and
- (e) after further arm’s length commercial negotiations the parties agreed on the terms of the Supplemental Agreement with a view to proceeding with the Disposal and the transactions contemplated thereunder.

Updated Condition

Pursuant to the Supplemental Agreement, the performance of the Updated Completion is subject to and conditional upon the satisfaction of the following Updated Condition: the

approval by the Shareholders at the EGM on the Supplemental Agreement and the transactions contemplated thereunder (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the heading “Additional Shares to be Issued by Cayman Company under the ESOP” below (collectively, the “**Matters**”)).

In the event that the Matters are not approved by the Shareholders at the EGM, the Supplemental Agreement shall lapse and the parties shall follow the terms under the Share Purchase Agreement.

Termination

The Supplemental Agreement may be terminated if PNM and the Purchaser mutually agree in writing to terminate the Supplemental Agreement.

In addition, in the event that the relevant shareholders of Cayman Company claim the relevant rights of shareholders in respect of the Offshore Sale Shares Adjustment, which constitutes a material effect on the performance of the Supplemental Agreement, including but not limited to affecting the Updated Offshore Sale Shares, Residual Offshore Shares and the Consideration in respect of the Offshore Sale Shares under the Share Purchase Agreement, the parties shall use respective commercially reasonable efforts to negotiate in accordance with the agreed principles under the Supplemental Agreement. In the event that the parties fail to agree on a solution before 10 October 2019 or before a period otherwise mutually agreed by the parties in writing, PNM is entitled to immediately terminate the Supplemental Agreement and shall not bear any default obligation under the Supplemental Agreement due to the aforesaid event. Upon such termination, the Purchaser shall immediately take all measures to collaborate with Cayman Company to cancel the transfer of the relevant Offshore Sale Shares already under the name of the Purchaser (if applicable). At the same time, upon such termination and subject to the completion of the aforesaid re-registration of the relevant Offshore Sale Shares under PNM’s name, the Purchaser is entitled to request PNM to refund the money (other than the Deposit and the Deposit Interest) already made by the Purchaser or its designee(s).

Updated Completion

Pursuant to the Supplemental Agreement, the parties agreed the following Updated Completion:

(a) **First Completion**

The amount of the consideration at First Completion is US\$200 million

(approximately HK\$1,560 million).

Conditional upon the approval of the Matters by the Shareholders, the parties shall complete the sale of, and the purchase of, the corresponding part of the Updated Offshore Sale Shares (the “**First Completion Offshore Sale Shares**”) in respect of the First Consideration and the Deposit by way of email confirmation within five (5) business days from the date of full payment of the First Consideration and the Residual Consideration Deposit made by the Purchaser or its designee(s) (the “**First Completion**”, and the date of the First Completion, the “**First Completion Date**”). The First Completion Offshore Sale Shares comprise an aggregate of 94,802,752 shares of Cayman Company (including 27,639,580 series B preferred shares and 67,163,172 series C preferred shares of Cayman Company), representing approximately 15.18% of the equity interest on an as-if converted basis held by PNM in Cayman Company as of the date of this announcement. Within ten (10) business days from the First Completion Date, the parties shall use commercially reasonable efforts to collaborate with and procure Cayman Company to provide the Purchaser an updated register of members of Cayman Company (the “**Register of Members**”) and a share certificate of Cayman Company in respect of the First Completion.

Following the First Completion, if requested by the Purchaser, PNM shall procure its onshore nominee (as a registered shareholder of Yidian Technology, which is an onshore entity controlled through the Contractual Arrangements under the Disposal Group) to enter into a share transfer agreement to effectuate the transfer of the corresponding part of the Onshore Sale Shares to the Purchaser’s designee within a reasonable period as notified by the Purchaser in writing and to perform and cooperate with the registration of the transfer of the Onshore Sale Shares or otherwise renounce the equity interest in Yidian Technology in manner mutually agreed by the Purchaser and PNM in accordance with the Share Purchase Agreement. Upon the completion of registration of the transfer of the Onshore Sale Shares, the designee(s) of the Purchaser shall pay the Consideration in respect of the Onshore Sale Shares to an account designated by PNM or otherwise mutually designated by parties in writing.

(b) Second Completion

The amount of the consideration at Second Completion is US\$248 million (approximately HK\$1,736 million).

Following the First Completion, the parties shall complete the sale of, and the

purchase of, the residual part of the Updated Offshore Sale Shares (the “**Second Completion Offshore Sale Shares**”) by way of email confirmation within five (5) business days from the date of full payment of the Residual Consideration made by the Purchaser or its designee(s) (the “**Second Completion**”, and the date of the Second Completion, the “**Second Completion Date**”). The Second Completion Offshore Sale Shares comprise an aggregate of 117,555,413 shares of Cayman Company (including 116,604,684 series C preferred shares and 950,729 series D1 preferred shares of Cayman Company), representing approximately 18.82% of the equity interest on an as-if converted basis held by PNM in Cayman Company as of the date of this announcement. Within ten (10) business days from the Second Completion Date, the parties shall use commercially reasonable efforts to collaborate with and procure Cayman Company to provide the Purchaser an updated Register of Members and a share certificate of Cayman Company in respect of the Second Completion.

The parties shall perform in the matter as set out in the Share Purchase Agreement, in respect of (x) the completion of the sale of, and the purchase of, the residual part of the Onshore Sale Shares in accordance with the terms under the Share Purchase Agreement and (y) the resignation of the two PNM-appointed directors and the election of two Purchaser-appointed directors. For the avoidance of doubt, the Purchaser is entitled to elect two directors only after the completion of the First Completion and the Second Completion.

After the First Completion, the parties are contractually bound to eventually proceed to the Second Completion in accordance with the terms of the Supplemental Agreement. The Purchaser does not have any contractual right to unilaterally choose not to proceed with the Second Completion. If the Purchaser defaults at the second stage, the Group (through PNM) will have received the sale proceeds for the First Completion while having the contractual claim and corresponding legal remedies as regards the Second Completion, in the same way as any other normal commercial transaction. In view of the above, the Company considers that the current arrangements under the Supplemental Agreement, being the result of arm’s length commercial negotiations, are practicable from a commercial standpoint and in the interest of the Company and the Shareholders as a whole.

Default Arrangements

Default of the Purchaser

If the Purchaser fails to pay the Consideration in accordance with the heading “Updated Completion” above in respect of the First Consideration and the Residual Consideration

and/or the Residual Consideration Deposit by respective due dates, the Purchaser shall pay a late payment fee at the rate of 15% per annum for the outstanding amount.

Without prejudice to any other obligation of the Purchaser under the Supplemental Agreement and applicable laws, in the event that:

- (a) the Purchaser fails to pay the First Consideration, the Residual Consideration and/or the Residual Consideration Deposit based on the respective payment term(s) before the due date(s) according to the Supplemental Agreement set out in the heading “Consideration” above or a period otherwise agreed by the parties;
- (b) the parties fail to agree such extension period for the outstanding Consideration and/or the Residual Consideration Deposit; or
- (c) the Purchaser fails to perform the arrangements (including but not limited to the Concert Party Agreement (as defined below)) in accordance with the heading “Updated Transitional Arrangements” below,
 - (i) PNM is entitled to immediately terminate the Share Purchase Agreement, the Supplemental Agreement and the transactions thereunder. In addition, PNM shall not refund any of the First Consideration, the Deposit and the Deposit Interest and the Residual Consideration Deposit and the Residual Consideration Deposit Interest (if any) (collectively, the “**Payments**”). If the Payments fall short to cover PNM’s loss resulting from the default of the Purchaser, the Purchaser shall fully indemnify PNM; and
 - (ii) the Authorization in respect of the consent, undertaking and authorization during the Transitional Period (as defined below) under the Share Purchase Agreement shall be automatically terminated; and PNM shall not bear any default liabilities.

Default of PNM

Without prejudice to any other obligation of PNM under the Supplemental Agreement and applicable laws, in the event that:-

- (a) PNM fails to refund the First Consideration and any interest accrued therefrom in the event that the Shareholders do not approve the Matters as set out in paragraph (1) under the heading “Consideration” above;
- (b) the parties fail to complete the sale of, and the purchase of, the Updated Offshore

Sale Shares in accordance with paragraphs (a) and (b) under the heading “Updated Completion” above due to the reasons of untimely confirmation on completion and notification or collaboration with Cayman Company to update the Register of Members which is caused by PNM;

- (c) the Shareholders do not approve the Matters at the EGM due to causes that PNM or its related party has control over (for example, the EGM is not convened which is caused by PNM or its related party); or
- (d) PNM fails to perform the relevant obligations in accordance with the heading “Updated Transitional Arrangements” below,

the Purchaser is entitled to immediately terminate the Share Purchase Agreement, the Supplemental Agreement and the transactions thereunder. In addition, PNM shall undertake the following default liabilities: (x) to refund the First Consideration, the Residual Consideration, the Deposit and Deposit Interest, the Residual Consideration Deposit Interest and/or the Residual Consideration Deposit Interest already made by the Purchaser or its designee(s); (y) to pay the liquidated damages at the rate of 15% per annum for the amount already made by the Purchaser or its designee(s); and (z) to pay the liquidated damages equivalent to the Residual Consideration Deposit in the amount of US\$50 million (approximately HK\$390 million) (collectively, the “**Default Payments**”). In the event that the parties fail to complete the sale of, and the purchase of, the Second Completion Offshore Sale Shares in accordance with paragraph (b) under the heading “Updated Completion” above due to the reasons of untimely confirmation on completion and notification or collaboration with Cayman Company to update the Register of Members which is caused by PNM, PNM shall irrevocably authorize the Purchaser to exercise the rights, in accordance with the prescribed form set out in the Supplemental Agreement, in respect of the Second Completion Offshore Sale Shares, other than the economic part of rights of shareholders. Such authorization shall be effective up to the date of completion of the updated Register of Members in respect of the Second Completion. If the Default Payments fall short to cover the Purchaser’s loss resulting from the default of PNM, PNM shall fully indemnify the Purchaser.

Additional Shares to be Issued by Cayman Company under the ESOP

Pursuant to the Supplemental Agreement, the parties shall use respective commercially reasonable efforts (i) to procure Cayman Company to reserve the Additional Shares to be issued for the purpose of the ESOP and (ii) to procure the board and the shareholders of

Cayman Company to approve the issuance of the Additional Shares under the ESOP, which, if effectuating, will cause further dilution in the equity interest of Cayman Company and the percentage of the equity interest in Cayman Company in respect of the Updated Offshore Sale Shares will be changed.

Updated Transitional Arrangements

Pursuant to the Supplemental Agreement, the parties agreed that the transitional arrangements in respect of the authorizing the exercise of the rights of shareholders and directors of the Disposal Group (the “**Authorization**”) set out under the Share Purchase Agreement (the “**Original Transitional Arrangements**”) shall remain effective during the period from the date of the Share Purchase Agreement up to the date of the Completion or the termination of the Share Purchase Agreement, whichever is the earlier (the “**Transitional Period**”).

Under the Supplemental Agreement, the Authorization of the rights of shareholders in respect of the First Completion Offshore Sale Shares shall automatically lapse on the date of completion of the updated Register of Members in respect of the First Completion. In addition, the Authorization of the rights of shareholders in respect of the Second Completion Offshore Sale Shares shall automatically lapse on the date of completion of the updated Register of Members in respect of the Second Completion. Under the Supplemental Agreement, the Authorization in respect of rights of director of the Disposal Group shall automatically lapse on the date when the two Purchaser-appointed directors are elected.

During the period from the date of the Supplemental Agreement up to the date of any of the following events, whichever is the earlier, the Purchaser or its designee(s) shall notify PNM and reach a consensus before any exercise of the rights of shareholder or director and before any voting of the rights of shareholder under the Authorization. If the parties are unable to reach a consensus, PNM shall determine how to vote (collectively, the “**Concert Party Agreement**”).

- (a) the Purchaser or its designee to pay the full Residual Consideration to PNM within three (3) months, no later than six (6) months, from the date of the payment of the First Consideration;
- (b) Within two (2) months from the date of full payment of the First Consideration, the Purchaser or other investor to subscribe for the newly issued shares of Cayman Company at the consideration of no less than US\$200 million, on the terms of the pre-investment valuation of no less than US\$1,100 million, to sign a

subscription agreement and to complete the payment of the same amount (the “**Issuance of New Shares**”) within three (3) months from the date of full payment of the First Consideration ; or

- (c) the Purchaser or its designee to pay additional US\$30 million (approximately HK\$234 million) on top of the Residual Consideration Deposit in the amount of US\$50 million (approximately HK\$390 million).

If none of the above events takes place, the Concert Party Agreement shall remain effective. If any of the above events takes place, the Concert Party Agreement shall be terminated on the event date. From such event date, the Purchaser shall be entitled to the entire rights of shareholders and PNM shall perform the Authorization in respect of rights of shareholder and director in accordance with the Share Purchase Agreement.

Under the Supplemental Agreement, the Purchaser shall deliver to PNM a duly-executed authorization, in accordance with the prescribed form set out in the Supplemental Agreement, on the First Completion Date. In the event that the Purchaser fails to pay the Residual Consideration in accordance with the heading “Consideration” above, the Purchaser shall irrevocably authorize PNM to exercise the voting rights, in accordance with the prescribed form set out in the Supplemental Agreement, in respect of the First Completion Offshore Sale Shares, other than the economic part of rights of shareholders.

INFORMATION ON 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. As of the date of this announcement, the issued share capital of Cayman Company comprised 624,582,842 shares. 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.

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 carrying value of the investments in Cayman Company measured at fair value as at 31 December 2018 was approximately HK\$2,235,585,000, based on an independent valuation as at 31 December 2018.

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 3.63% equity interest in Cayman Company 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 3.63% equity interests in Cayman Company in the near future.

Accordingly, the Directors consider that the terms (including the Consideration) of the Supplemental 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\$2,235,585,000 as at 31 December 2018 (as at 31 December 2017: available-for-sale financial assets of approximately HK\$705,712,000 and conversion options for convertible redeemable preferred shares of approximately HK\$721,002,000). Upon Updated Completion, the remaining 3.63% 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 Updated Completion, it is estimated that the Company will recognize an unaudited gain on the Disposal upon Updated Completion (before tax and expenses) of approximately HK\$1,628 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\$1,881 million (which was calculated with reference to the carrying value of the Company’s investment in the Disposal Group as at 31 December 2018).

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 Updated Completion.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The estimated net proceeds of US\$409 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

As one or more of the applicable percentage ratios in respect of entering into the Supplemental Agreement as calculated under Rule 14.07 of the Listing Rules exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14 of the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under 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 Supplemental Agreement and the transactions contemplated thereunder (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the heading "Additional Shares to be Issued by Cayman Company under the ESOP" above) will be despatched to the Shareholders on or before 30 September 2019.

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 Supplemental 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 Supplemental 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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 24 July 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 25 July 2019.

DEFINITIONS

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

“Additional Shares”	additional ordinary shares of Cayman Company to be issued for the purpose of the ESOP
“Announcements”	the announcements of the Company dated 27 February 2019, 25 March 2019, 30 May 2019, 28 June 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
“Circular”	the circular of the Company dated 14 May 2019 in relation to the Disposal
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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, which shall be superseded by the Updated Completion upon the effectiveness of the Supplemental Agreement
“Condition(s)”	the condition(s) precedent to parties’ obligations in respect of the Offshore Sale Shares under the Share Purchase Agreement, the

satisfaction of all of such Conditions were confirmed by PNM by a completion confirmation on 31 May 2019

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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
“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
“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 Supplemental Agreement and the transactions contemplated thereunder (for the avoidance of doubt, it shall exclude the issuance of the Additional Shares under the ESOP under the heading “Additional Shares to be Issued by Cayman Company under the ESOP” above)

“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
“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
“Material Adverse Event(s)”	the material adverse event(s) relating to the Disposal Group’s licenses, regulatory investigation or penalty as defined in the Share Purchase Agreement
“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 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

“normal commercial terms”		has the meaning ascribed to it under the Listing Rules
“Offshore Shares”	Sale	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 Shares”	Sale	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
“percentage ratios”		the applicable percentage ratios set out in Rule 14.07 of the Listing Rules
“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 Group”		PNM and its subsidiaries
“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
“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
“RMB”		Renminbi, the lawful currency of the PRC
“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
“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 Completion”		the completion of the transfer of the Updated Offshore Sale Shares under the Supplemental Agreement as summarized in the paragraph headed “Updated Completion” of this announcement
“Updated Condition”		the condition precedent to parties’ obligation under the Supplemental Agreement as summarized in the paragraph headed “Updated Condition” of this announcement
“Updated Offshore Shares”	Sale	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 this announcement
“Updated Shares”	Sale	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”	or	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, 25 July 2019

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. ZHANG Dong, Mr. JIAN Qin, Mr. GONG Jianzhong and Mr. SUN Yanjun

Independent Non-executive Directors

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

Alternate Director

Mr. LAU Wai Kei, Ricky (an alternate director to Mr. SUN Yanjun)