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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 TRANSACTION

SALE OF ADVERTISING AIRTIME TO A DEEMED CONNECTED PERSON

INTRODUCTION

On 22 December 2021, Shenzhou (being the PRC advertising agent of Phoenix HK, a subsidiary of the Company) and CNHK Media, an entity engaged by CMCC Group, entered into the 2022 Contract, pursuant to which, CNHK Media agreed to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel for the period from 1 January 2022 to 31 December 2022 for the sum not exceeding RMB25,000,000 (equivalent to approximately HK\$30,500,000) for advertising and promoting the CMCC Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, CNHK Media has/will have certain contractual arrangements with a subsidiary of CMCC in the PRC, pursuant to which CNHK Media is/will be authorized to purchase the relevant advertising airtime from Phoenix HK for and on behalf of CMCC Group throughout the year of 2022.

IMPLICATIONS UNDER THE LISTING RULES

As the entering into of the 2022 Contract by CNHK Media is for the ultimate benefits of the CMCC Group (being a connected person of the Company under the Listing Rules), pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company.

As such, the 2022 Contract and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the annual cap for such transactions are more than 0.1% but less than 5%, the 2022 Contract is subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2022 CONTRACT

Reference is made to the announcement of the Company dated 17 November 2020 relating to the 2021 Contract. As the transactions contemplated under the 2021 Contract will expire on 31 December 2021 and CNHK Media, an entity engaged by CMCC Group, would like to continue to purchase advertising airtime at the Phoenix Chinese Channel and the Phoenix InfoNews Channel operated by the Group for the year 2022, CNHK Media entered into the 2022 Contract with Shenzhou (being the PRC advertising agent of Phoenix HK, a subsidiary of the Company) on 22 December 2021.

Pursuant to the 2022 Contract, CNHK Media agreed to purchase advertising airtime at the abovementioned channels for the period from 1 January 2022 to 31 December 2022 for the sum not exceeding RMB25,000,000 (equivalent to approximately HK\$30,500,000) for advertising and promoting the CMCC Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CNHK Media has/will have certain contractual arrangements with a subsidiary of CMCC in the PRC, pursuant to which CNHK Media is/will be authorized to purchase the relevant advertising airtime from Phoenix HK for and on behalf of CMCC Group throughout the year of 2022.

As the entering into of the 2022 Contract by CNHK Media is for the ultimate benefits of the CMCC Group (being a connected person of the Company under the Listing Rules), pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company.

The 2022 Contract was entered into by the parties after arm's length negotiation and the terms of which are no more favourable to CNHK Media than those that may be offered by Phoenix HK (via Shenzhou) to other independent third party customers in the PRC. The advertising cost rates to be charged under the 2022 Contract are set with reference to the rate card published by Phoenix HK from time to time (which contains the pricing structure for the sale of advertising airtime on its satellite television channels).

Payment terms under the 2022 Contract are as follows:

(i) for any advertising with broadcasting period of 31 days or less	CNHK Media shall pay the relevant advertising cost in full upon its signing of the individual contracts.
(ii) for any advertising with broadcasting period exceeding 31 days	<p>(a) for advertisements with Lead Time exceeding 30 days, CNHK Media shall pay the first instalment of 10% of the advertising costs as deposit within 7 days after its signing of the individual contract, the second instalment (of not less than 25% of the advertising costs) shall be paid by CNHK Media at least 15 days prior to the commencement of the broadcasting period and the balance shall be paid at such time as mentioned below.</p> <p>(b) for advertisements with Lead Time exceeding 7 days but not more than 30 days, CNHK Media shall pay the first instalment of 10% of the advertising costs as deposit upon its signing of the individual contract, the second instalment (of not less than 25% of the advertising costs) shall be paid by CNHK Media at least 7 days prior to the commencement of the broadcasting period and the balance shall be paid at such time as mentioned below.</p> <p>(c) for advertisements with Lead Time of not more than 7 days, CNHK Media shall pay not less than 35% of the advertising costs upon its signing of the individual contract, and the balance shall be paid at such time as mentioned below.</p> <p>Under all three scenarios above, the balance of the advertising costs shall be paid by CNHK Media at such time as agreed with Shenzhou but in any case within such timeframe that is no more favourable to CNHK Media than the one that may be offered by Phoenix HK (via Shenzhou) to other independent third party customers in the PRC.</p>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, both Shenzhou and CNHK Media (other than the deemed connected person status of CNHK Media) are independent third parties (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not connected person(s) of the Company.

HISTORICAL TRANSACTION AMOUNTS AND THE PROPOSED ANNUAL CAP

	Historical total advertising costs paid by CNHK Media (under contract terms similar to that of the 2022 Contract) for the periods below			Proposed annual cap for the year ended 31 December 2022
	Year ended 31 December 2019	Year ended 31 December 2020	Nine-month period ended 30 September 2021	
<i>(Unit: RMB)</i>				
Provision of advertising airtime from Phoenix HK (through Shenzhou) to CNHK Media	6,664,446	17,014,301	10,287,552	25,000,000

The annual cap for the 2022 Contract was determined after considering the following factors: (i) the historical amounts of the advertising costs paid by CNHK Media to Phoenix HK through Shenzhou; (ii) the expected number of the marketing and promotional activities of the CMCC Group for the tenure of the 2022 Contract; (iii) the anticipated rates for the sale of advertising airtime on the Phoenix HK's satellite television channels for the year 2022; and (iv) to provide Phoenix HK the necessary flexibility to seize business opportunities in the fast-paced media advertising industry.

REASONS FOR ENTERING INTO THE 2022 CONTRACT

Phoenix HK sells advertising airtime on its satellite television channels in its ordinary course of business. Income from sale of advertising airtime forms the major part of its revenue. By selling advertising airtime to the CMCC Group indirectly through CNHK Media, Phoenix HK is able to generate more income for its operation and business.

The Directors (including the independent non-executive Directors) are of the view that the 2022 Contract was entered into in the ordinary and usual course of business of Phoenix HK and the terms thereof are on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and the 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 2022 Contract. Save as disclosed above, none of the other Directors has a material interest in or is required to abstain from voting on the 2022 Contract.

IMPLICATIONS UNDER THE LISTING RULES

As CMHKG is a substantial shareholder of the Company holding approximately 19.68% of the issued share capital of the Company through its wholly-owned subsidiary, namely Extra Step Investments Limited. CMCC, being the ultimate holding company of CMHKG, is a connected person of the Company under the Listing Rules.

As the entering into of the 2022 Contract by CNHK Media is for the ultimate benefits of the CMCC Group, pursuant to Rule 14A.20(1) of the Listing Rules, the Company considered CNHK Media a deemed connected person of the Company.

As such, the 2022 Contract and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios in respect of the annual cap for such transactions are more than 0.1% but less than 5%, the 2022 Contract is subject to the reporting, announcement and annual review requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

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 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.

CMHKG is the substantial shareholder of China Mobile Limited, which is a leading mobile telecommunications service provider in the PRC, providing mobile telecommunications and related services in all 31 provinces, autonomous regions and directly-administered municipalities and in the PRC and in Hong Kong. The ordinary shares of China Mobile Limited are listed on the Stock Exchange

DEFINITIONS

“2021 Contract”

The master advertising contract entered into between Shenzhou (being the advertising agent of Phoenix HK) and CNHK Media dated 17 November 2020 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2021 to 31 December 2021 (both dates inclusive)

“2022 Contract”	the master advertising contract entered into between Shenzhou (being the advertising agent of Phoenix HK) and CNHK Media dated 22 December 2021 relating to the purchase of advertising airtime by CNHK Media for the period from 1 January 2022 to 31 December 2022 (both dates inclusive)
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“CMCC”	China Mobile Communications Group Co., Ltd.* (中國移動通信集團有限公司), a state-owned company established under the laws of the PRC
“CMCC Group”	CMCC and its associates
“CMHKG”	China Mobile (Hong Kong) Group Limited (中國移動(香港)集團有限公司), a company incorporated in Hong Kong with limited liability and is a subsidiary of CMCC
“CNHK Media”	CNHK Media Limited (中港傳媒有限公司), a company incorporated in Hong Kong with limited liability
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company, including independent non-executive directors 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
“Lead Time”	the period between the signing of an individual contract (as contemplated under the 2022 Contract) and the commencement of the broadcasting period of the relevant advertisement
“Phoenix HK”	Phoenix Satellite Television Company Limited (鳳凰衛視有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and a licensee of the Non-domestic Television Programme Service Licence granted by the Communications Authority
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhen”	Shenzhen Television Company Ltd.*(神州電視有限公司), a company established under the laws of the PRC and the PRC advertising agent of Phoenix HK
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purpose only*

For the purpose of this Announcement, unless otherwise specified, the conversions of RMB into Hong Kong dollars are based on the exchange rate of RMB1.00 to HK\$1.22. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts are or will be exchanged at this or any other rates or at all.

By Order of the Board
Phoenix Media Investment (Holdings) Limited
YEUNG Ka Keung
Company Secretary

Hong Kong, 22 December 2021

As at the date of this announcement, the board of directors of the Company comprises:

Executive Directors

Mr. XU Wei (Chairman and Chief Executive Officer) and Mr. SUN Yusheng (Deputy Chief Executive Officer and Editor-in-Chief)

Non-executive Directors

Ms. HO Chiu King, Pansy Catilina (Vice-chairman), Mr. SUN Guangqi, Mr. JIAN Qin and Ms. WANG Haixia

Independent Non-executive Directors

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