

PRESS RELEASE

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

Results announcement for the year ended 31 December 2019

The Chairman and Chief Executive Officer of Phoenix Media Investment (Holdings) Limited (the “**Company**” and its subsidiaries collectively the “**Group**”), Mr. Liu Changle, said today that in 2019, Phoenix TV continued to leverage its brand influence and professionalism to actively build an internationally leading high-tech omni-media group focused on content production and driven by cross-sector integration. During this second year of strategic transformation, the Group consistently promoted the integration of innovative developments in its omni-media structure and diversified business system, incubating a number of new synergetic business projects. During the year, the financial performance of the Group was in line with its transformation and upgrade. Mr. Liu Changle emphasises that the international influence and credibility of Phoenix TV must be maintained and strategic innovations should be continuously pushed forward. The Group’s revenue for 2019 was approximately HK\$3,688,231,000, which represented a decrease of 9.2% over the previous year. Operating loss for the year was approximately HK\$727,912,000 and the profit attributable to owners of the Company was approximately HK\$122,665,000.

RESULTS

The revenue of the Group for the year ended 31 December 2019 was approximately HK\$3,688,231,000 (year ended 31 December 2018: HK\$4,062,816,000), which represented a decrease of 9.2% over the previous year as a result of severe deterioration in the traditional media business environment. Due to an increase in the contribution to strategic upgrade, the operating costs for the year ended 31 December 2019 increased by 6.9% to approximately HK\$4,416,143,000 (year ended 31 December 2018: HK\$4,129,514,000).

The operating loss of the Group for the year ended 31 December 2019 was approximately HK\$727,912,000 (year ended 31 December 2018: HK\$66,698,000).

Fair value gain on financial assets related to subsequent measurement of internet media’s investment in Particle Inc. for the year ended 31 December 2019 was approximately HK\$1,567,715,000 (year ended 31 December 2018: HK\$802,877,000). Particle Inc. is a strategic investment of Phoenix New Media Limited (“**PNM**”), a subsidiary of the Company, and it mainly operates the Yidian Zixun mobile APP featuring personalised interest-based information and news feed functions targeting the mass market.

Fair value loss of approximately HK\$6,847,000 (year ended 31 December 2018: gain of HK\$7,533,000) was recognised for the investment properties in Beijing and London.

The net exchange gain of the Group for the year ended 31 December 2019 was approximately HK\$1,159,000 (year ended 31 December 2018: loss of HK\$17,906,000).

The profit attributable to owners of the Company was approximately HK\$122,665,000 (year ended 31 December 2018: HK\$243,790,000).

The chart below summarises the performance of the Group for the year ended 31 December 2019 and the year ended 31 December 2018 respectively.

	Year ended 31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Television broadcasting	921,541	1,284,068
Internet media	1,777,598	1,690,804
Outdoor media	691,336	823,084
Real estate	49,048	68,404
Other businesses	248,708	196,456
Group's total revenue	3,688,231	4,062,816
Operating costs	(4,416,143)	(4,129,514)
Operating loss	(727,912)	(66,698)
Fair value (loss)/gain on investment properties	(6,847)	7,533
Net gain on internet media investment		
Fair value gain	1,567,715	802,877
Interest income	-	4,389
Exchange gain/(loss), net	1,159	(17,906)
Other income, net	9,367	33,857
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	843,482	764,052
Share of results of joint ventures and associates	(6,786)	14,059
Income tax expense	(252,468)	(216,768)
Profit for the year	584,228	561,343
Non-controlling interests	(461,563)	(317,553)
Profit attributable to owners of the Company	122,665	243,790
Basic earnings per share, Hong Kong cents	2.46	4.88

MANAGEMENT DISCUSSION AND ANALYSIS

Comments on Segmental Information

	Year ended 31 December			
	2019		2018	
	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>
Television broadcasting	921,541	(63,679)	1,284,068	254,096
Internet media	1,777,598	1,265,042	1,690,804	726,798
Outdoor media	691,336	44,167	823,084	142,899
Real estate	49,048	(14,564)	68,404	36,193
Other businesses	248,708	(141,208)	196,456	(99,203)
Group's total revenue and segment results	<u>3,688,231</u>	<u>1,089,758</u>	<u>4,062,816</u>	<u>1,060,783</u>
Unallocated income		36,392		6,966
Unallocated expenses		<u>(282,668)</u>		<u>(303,697)</u>
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>843,482</u>		<u>764,052</u>

Revenue from television broadcasting, which comprised advertising, subscription and other revenue sources, accounted for 25.0% of the total revenue of the Group for the year ended 31 December 2019, decreased 28.2% to approximately HK\$921,541,000 (year ended 31 December 2018: HK\$1,284,068,000). The continued expansion of internet media has continued to pose a challenge to conventional media. As the cost structure is relatively fixed, the segmental loss for the television broadcasting business was approximately HK\$63,679,000 for the year ended 31 December 2019 (year ended 31 December 2018: profit of HK\$254,096,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 21.7% of the total revenue of the Group for the year ended 31 December 2019, decreased 30.9% to approximately HK\$801,447,000 (year ended 31 December 2018: HK\$1,159,445,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others decreased 3.6% to approximately HK\$120,094,000 (year ended 31 December 2018: HK\$124,623,000).

The revenue of the internet media business for the year ended 31 December 2019 increased 5.1% to approximately HK\$1,777,598,000 (year ended 31 December 2018: HK\$1,690,804,000). The segmental profit of internet media business for the year ended 31 December 2019 was approximately HK\$1,265,042,000 (year ended 31 December 2018: HK\$726,798,000) as a result of a significant increase in net gain related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the year ended 31 December 2019 decreased 16.0% to approximately HK\$691,336,000 (year ended 31 December 2018: HK\$823,084,000). The segmental profit of the outdoor media business for the year ended 31 December 2019 decreased 69.1% to approximately HK\$44,167,000 (year ended 31 December 2018: HK\$142,899,000).

The segmental loss for real estate business for the year ended 31 December 2019 was approximately HK\$14,564,000 (year ended 31 December 2018: segmental profit of HK\$36,193,000), which included the net fair value loss of approximately HK\$6,847,000, recognised for the investment properties.

BUSINESS OVERVIEW AND PROSPECTS

Despite the disturbances in global political and economic environment and the drastic changes in the media market, in 2019, Phoenix TV continued to leverage its brand influence and professionalism to actively build an internationally leading high-tech omni-media group focused on content production and driven by cross-sector integration. During this second year of strategic transformation, the Group consistently promoted the integration of innovative developments in its omni-media structure and diversified business system, incubating a number of new synergetic business projects. During the year, the financial performance of the Group was in line with its transformation and upgrade. Mr. Liu Changle, the Chairman of the Board and Chief Executive Officer, emphasises that the international influence and credibility of Phoenix TV must be maintained and strategic innovations should be continuously pushed forward.

Phoenix TV continues to uphold its international characteristics and global influence on media. Based in Hong Kong and serving Chinese all over the world with nearly 60 correspondent stations worldwide, Phoenix TV delivers first-hand news to the Chinese audience globally with professionalism and passion, adhering to the reporting philosophy of “Chinese perspective”, “live-broadcasting as a priority” and “exclusivity and uniqueness”. In 2019, our global Phoenix TV team witnessed and reported global events such as the China-U.S. trade war and the related negotiation process, the

Russia-North Korea summit, the G20 Summit in Osaka, the progress of Brexit, the U.S.-Iran Persian Gulf standoff; as well as major events in China including China's 70th anniversary celebrations, the 20th anniversary celebrations of Macau's return to China, the Second Belt and Road Forum for International Cooperation and the China International Import Expo in Shanghai. Phoenix TV's reporters were also able to conduct interviews with international dignitaries such as U.S. President Donald Trump, UK Prime Minister Boris Johnson and Syrian President Bashar al-Assad, which won praises and acclaims from Chinese audiences all over the world.

Phoenix TV's brand value and leading position in the industry continued to grow. Phoenix TV's programmes and promotional trailers have always been enjoying good reputations among Chinese media. With high quality and excellent programme production standard, Phoenix TV was crowned with four awards at the New York Festivals TV & Films Awards 2019, including Gold World Medal in the "Documentary: Human Concerns" category for *C'est La Vie: Ten Days*, demonstrating the outstanding capability and professionalism of Phoenix TV. Moreover, Phoenix TV was once again rated as one of The World's Top 500 Largest Media Companies and Asia's 500 Most Influential Brands in 2019. Phoenix TV also received The Best Brand Value of Hong Kong Listed Companies award in The Best Listed Companies in Greater China event, demonstrating Phoenix TV's brand influence and its status and reputation in the media and cultural areas.

In terms of strategic transmission medium expansion, our global transmission capability is continuously growing. Corresponding to the development trend of media carriers, Phoenix TV has expanded its global distribution channels to reach audiences worldwide through satellite, cable networks, mobile internet, over-the-top (OTT) platforms, IPTV and social media, satisfying the demands of different devices as well as different user groups. Phoenix TV has been expanding the product configurations of its programme contents. With *Phoenix Zone*, a video on-demand product, Phoenix TV works with a number of transmission medium and platforms to increase its area of coverage. Phoenix TV will continue to provide precise, customised content products and fully enhance its capability in content transmission and monetisation by making use of the extension of social media network and intelligent distribution algorithm technology.

Phoenix TV has been proactively promoting various initiatives in business operations and innovations, integrating advantages and resources of the Group, incessantly exploring different forms of innovative content products and enhancing the ability in content operations and monetisation. With the launch of Fengshows, an integrated media operating platform, Phoenix TV aims to bring new sources of profit from media services, pay-for-knowledge and fan economy. The platform operation of *Road to Peak* has expedited the integrated development of media and vertical industries and promoted the capitalisation of core media resources through the dual-pronged strategy of investment and media services, while the commercialised operation of *Phoenix Health* has enhanced Phoenix TV's capabilities in cross-sector resources integration as well as brand and content monetisation. Looking ahead, Phoenix TV will also actively promote the synergistic operation of multiple media platforms including television broadcasting, internet, large outdoor LED screens and weekly magazines. Through the provision of integrated media services to the end customers, Phoenix TV aims at reconstructing the value chain of the media industry.

The number of active users on the flagship product ifeng News App under Phoenix New Media, an internet media platform of the Group, has remained high. With user experience as priority, the product is continuously updated in terms of targeted push and interface optimisation through the use of artificial intelligence algorithms combined with editing operation. The Group has further enhanced its brand influence by creating premium contents such as vertical lifestyle channels and original IPs. Phoenix New Media has also expanded new business areas including online reading, real estate information platform and games. Large-scale offline events such as Phoenix Finance Summit also created a sensational effect in the industry. In March 2019, the Group strategically disposed of a portion of the investment in Yidian Zixun, which brought considerable investment income to the Group and provided a certain amount of capital to secure its strategic upgrade in the future.

Phoenix Metropolis Media works with global media providers, in fully satisfying the needs of its customers by providing them with professional services that are characterised by wide coverage, high reputation, strong planning and creativity as well as sufficient technical support. Phoenix Metropolitan Media continues to innovate in terms of creativity and technology. Creative interactive technologies such as naked-eye 3D, transparent 3D and live street view navigation, provide customers with a refreshing experience. Phoenix's outdoor LED media resources currently cover over 300 cities in China with over 900 screens. Its global network encompasses 19 countries and regions including the Americas, Europe, Oceania and Asia, achieving genuine global procurement and distribution.

The Group has also maintained systematic development in other business segments.

In the area of digital technology, Phoenix Digital Technology is an important establishment of the Group's technology innovation of contents, representing Phoenix's years of refinement in the fields of humanities and arts. In 2019, partnering with the Palace Museum, the high-tech interactive digital art exhibitions Along the River during the Qingming Festival 3.0 and A Panorama of Rivers and Mountains 3.0 were successfully held in Hong Kong, Guangzhou and Macau. Through various techniques such as digital multi-media, interactive experience, spatial display, a brand new immersive viewing experience was brought to the audience, receiving appreciation from all sectors. Phoenix Cloud is committed to transforming and marketising its media technologies accumulated over the years into digital products and services, actively promoting coordinated developments with the movie industry as well as the area of smart city. One of its products, Flying Fish, which represents an innovative mode of transfer and distribution of digital contents, will bring promising market development prospects.

In the area of cultural creativity, Phoenix Culture, serving as the cultural creativity industry platform of the Group, has formed a sustainable business model in areas such as IP contents development and incubation, large-scale performing arts, art exhibition and cultural tourism. Phoenix Entertainment owns the copyrights of the comics adapted from the 15 novels of Mr. Jin Yong. The next step is to speed up the creation and incubation of IP and enhance the ability to monetise IP products. As an integrated body of cultural creativity, Phoenix Culture will capitalise on its consolidated resources in

the future, promote the extensive integration and development between the media and the industry, and facilitate the transformation and upgrading of the Group's cultural and creative business.

Phoenix Finance, a strategic investment by Phoenix TV, has been deeply involved in the area of digital wealth management. With the groundwork of technologies including big data, artificial intelligence and blockchain, it has already developed a cutting-edge intelligent technology architecture and application system to fully support the development of financial businesses and to achieve the omni-directional application of financial technology in inclusive finance, wealth management and international business sectors. In 2019, Phoenix Finance received from the Asian Banker the 2019 China Digital Wealth Management Service award, and was selected by KPMG to be listed as one of China Leading Fintech 50 in 2019. Capitalising on its technical exploration in financial technology and end-user services, Phoenix Finance has already made it possible to provide one-stop full-cycle wealth management with the use of digital technology.

In view of the adverse impact of COVID-19 outbreak on global economies and market condition, it is foreseeable that operating condition will be difficult. I, the Chairman, wanted shareholders and stakeholders to know that we are working with both staff, clients and other stakeholders to manage through these unpredicted times. Phoenix as always, will leverage its core advantages in brand and contents and firmly adheres to professional journalism in future, while at the same time promoting transformation and innovation in the Group's structure and diversified business organisation, with an aim to build an international omni-media group with credibility, influence and communication capability, so as to answer to the expectation of the market and the loyal fans of Phoenix.

– End –

ABOUT PHOENIX

“Phoenix TV” launched Phoenix Chinese Channel on 31 March 1996, with the aim of offering quality Chinese programme to Chinese communities around the world. Now, with about 60 news bureaux and production teams located worldwide, Phoenix TV operates popular global channels among audiences worldwide, such as Phoenix Chinese Channel, Phoenix InfoNews Channel, Phoenix Chinese News and Entertainment Channel, Phoenix North America Chinese Channel, Phoenix Movies Channel and Phoenix Hong Kong Channel etc. Through continuous effort in the past 24 years, Phoenix Media Investment (Holdings) Limited has developed as an omni-media business with integrated structure, covering various media channels such as television broadcasting, mobile internet, outdoor media, over-the-top platform, social media, APP and publication etc.. The Group now has a diversified portfolio covering animated comics, games, digital technologies, creative cultural, cloud technology services, education, exhibitions and other fields.

Phoenix Media Investment (Holdings) Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 02008). Phoenix New Media Limited is a

non-wholly owned subsidiary of the Company operating internet media business, whose shares are listed on the New York Stock Exchange in the United States (Stock code: FENG).

For more information, please contact:

Deputy Director of Capital Markets Department
Phoenix Satellite Television Company Limited

Mr ZHOU Bin Tel: +852 2200 8850 Email: zhoubin@phoenixtv.com

Public Relations Department
Phoenix Satellite Television Company Limited

Ms Lizzie CHEUNG Tel: +852 2200 8508 Email: siului@phoenixtv.com

Ms Inez ZHAO Tel: +852 2200 8503 Email: inezzhao@phoenixtv.com

Further information about Phoenix Media Investment (Holdings) Limited can be found at www.ifeng.com and www.hkexnews.hk.