

## PRESS RELEASE

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

#### Results announcement for the year ended 31 December 2020

The Chairman of Phoenix Media Investment (Holdings) Limited (the “**Company**” and its subsidiaries collectively the “**Group**” or “**Phoenix**”), Mr. Liu Changle, said today that despite the unprecedented challenges and turmoil in the global economy brought by the COVID-19 pandemic in 2020, Phoenix 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 the year, the Group continued to deepen its business transformation and industry trends innovation by taking multiple measures to cope with the impact of the pandemic, and achieved a substantial improvement in its operating performance against the trend. Mr. Liu Changle emphasises that the international influence and credibility of Phoenix must be maintained and strategic innovations should be continuously pushed forward. The Group’s revenue for 2020 was approximately HK\$3,029,046,000, which represented a decrease of 17.9% over the previous year. Operating loss for the year was approximately HK\$502,151,000 and the loss attributable to owners of the Company was approximately HK\$1,037,043,000.

#### RESULTS

The revenue of the Group for the year ended 31 December 2020 was approximately HK\$3,029,046,000 (year ended 31 December 2019: HK\$3,688,231,000), which represented a decrease of 17.9% over the previous year as a result of the adverse impact of COVID-19 outbreak on the global economy and market condition. Due to strict cost control measures taken to enhance the operating efficiency, the operating costs for the year ended 31 December 2020 decreased by 20.0% to approximately HK\$3,531,197,000 (year ended 31 December 2019: HK\$4,416,143,000).

As a result of strict and effective cost control measures at all business units in response to the effect of the COVID-19 pandemic, the operating loss of the Group decreased to approximately HK\$502,151,000 for the year ended 31 December 2020, representing a notable decrease of 31% over previous year. Benefited from the seasonal fluctuation and the relaxation of COVID-19 restrictions in the mainland China, the operating loss for the second half of 2020 was approximately HK\$64,069,000, in comparison with HK\$438,082,000 for the first half of 2020.

Fair value loss on financial assets related to internet media business’s investment in Particle Inc. for the year ended 31 December 2020 was approximately HK\$1,074,851,000 (year ended 31 December 2019: profit of HK\$1,567,715,000). 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\$140,493,000 (year ended 31 December 2019: HK\$6,847,000) was recognised for the investment properties in Beijing and London.

The net exchange gain of the Group for the year ended 31 December 2020 was approximately HK\$44,355,000 (year ended 31 December 2019: HK\$1,159,000) mainly resulting from the appreciation

of the Renminbi.

The loss attributable to owners of the Company was approximately HK\$1,037,043,000 which included share of fair value loss of the Group's internet media investment of approximately HK\$585,686,000, in comparison with a profit of HK\$122,665,000 for the previous year which included share of fair value gain of approximately HK\$733,584,000. The aforementioned fair value loss or gain was a non-cash item and had no impact on the Group's cash flow, operations or liquidity position. Final disposal of the Group's internet media investment was completed in October 2020. Overall, with a total consideration of US\$350,000,000 compared to an aggregate investment cost of approximately US\$97,000,000, this successful internet media strategic investment had brought in a considerable investment return and the Group had benefited tremendously from the final disposal of this investment in terms of its cashflow situation.

The chart below summarises the performance of the Group for the year ended 31 December 2020 and the year ended 31 December 2019 respectively.

	<b>Year ended 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Television broadcasting	<b>747,052</b>	921,541
Internet media	<b>1,473,327</b>	1,777,598
Outdoor media	<b>574,979</b>	691,336
Real estate	<b>45,121</b>	49,048
Other businesses	<b>188,567</b>	248,708
Group's total revenue	<b>3,029,046</b>	3,688,231
Operating costs	<b>(3,531,197)</b>	(4,416,143)
Operating loss	<b>(502,151)</b>	(727,912)
Fair value loss on investment properties	<b>(140,493)</b>	(6,847)
Net (loss)/gain on internet media investment	<b>(1,074,851)</b>	1,567,715
Exchange gain, net	<b>44,355</b>	1,159
Gain on disposal of a subsidiary	<b>70,133</b>	-
Other (expense)/income, net	<b>(12,803)</b>	9,367
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests	<b>(1,615,810)</b>	843,482
Share of results of joint ventures and associates	<b>(5,041)</b>	(6,786)
Income tax credit/(expense)	<b>124,358</b>	(252,468)
(Loss)/profit for the year	<b>(1,496,493)</b>	584,228
Non-controlling interests	<b>459,450</b>	(461,563)
(Loss)/profit attributes to owners of the Company	<b>(1,037,043)</b>	122,665
Basic (loss)/earnings per share, Hong Kong cents	<b>(20.77)</b>	2.46

## MANAGEMENT DISCUSSION AND ANALYSIS

### Comments on Segmental Information

	Year ended 31 December			
	2020		2019	
	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>	Revenue <i>HK\$'000</i>	Segment result <i>HK\$'000</i>
Television broadcasting	<b>747,052</b>	<b>(165,163)</b>	921,541	(63,679)
Internet media	<b>1,473,327</b>	<b>(1,048,389)</b>	1,777,598	1,265,042
Outdoor media	<b>574,979</b>	<b>16,402</b>	691,336	44,167
Real estate	<b>45,121</b>	<b>(124,285)</b>	49,048	(14,564)
Other businesses	<b>188,567</b>	<b>(104,817)</b>	248,708	(141,208)
Group's total revenue and segment results	<b><u>3,029,046</u></b>	<b><u>(1,426,252)</u></b>	<u>3,688,231</u>	1,089,758
Unallocated income		<b>98,120</b>		36,392
Unallocated expenses		<b><u>(287,678)</u></b>		<u>(282,668)</u>
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests		<b><u>(1,615,810)</u></b>		<u>843,482</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 24.7% of the total revenue of the Group for the year ended 31 December 2020, decreased 18.9% to approximately HK\$747,052,000 (year ended 31 December 2019: HK\$921,541,000) as a result of the adverse impact of COVID-19 outbreak on the global economy and market condition. As the cost structure is relatively fixed, the segmental loss for the television broadcasting business was approximately HK\$165,163,000 for the year ended 31 December 2020 (year ended 31 December 2019: HK\$63,679,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 22.1% of the total revenue of the Group for the year ended 31 December 2020, decreased 16.5% to approximately HK\$669,266,000 (year ended 31 December 2019: HK\$801,447,000).

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 35.2% to approximately HK\$77,786,000 (year ended 31 December 2019: HK\$120,094,000).

The revenue of the internet media business for the year ended 31 December 2020 decreased 17.1% to approximately HK\$1,473,327,000 (year ended 31 December 2019: HK\$1,777,598,000). The segmental loss of internet media business for the year ended 31 December 2020 was approximately HK\$1,048,389,000 (year ended 31 December 2019: profit of HK\$1,265,042,000) as a result of a significant net loss related to the investment in Particle Inc.

The revenue of the outdoor media business for the year ended 31 December 2020 decreased 16.8% to approximately HK\$574,979,000 (year ended 31 December 2019: HK\$691,336,000). The segmental profit of the outdoor media business for the year ended 31 December 2020 decreased 62.9% to approximately HK\$16,402,000 (year ended 31 December 2019: HK\$44,167,000).

The segmental loss for real estate business for the year ended 31 December 2020 was approximately HK\$124,285,000 (year ended 31 December 2019: HK\$14,564,000), which included the net fair value loss of approximately HK\$140,493,000 (year ended 31 December 2019: HK\$6,847,000) recognised for the investment properties.

## **BUSINESS OVERVIEW AND PROSPECTS**

Despite the unprecedented challenges and turmoil in the global economy brought by the COVID-19 pandemic in 2020, Phoenix 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 the year, the Group continued to deepen its business transformation and industry trends innovation by taking multiple measures to cope with the impact of the pandemic, and achieved a substantial improvement in its operating performance against the trend. Mr. LIU Changle, the chairman of the Board, emphasises that the international influence and credibility of Phoenix must be maintained and strategic innovations should be continuously pushed forward.

Phoenix continues to uphold its international characteristics and influence. Based in Hong Kong and serving Chinese all over the world with nearly 60 correspondent stations worldwide, Phoenix delivers first-hand quality news to the Chinese audience globally with global vision, professionalism and passion, adhering to the reporting philosophy of “Chinese perspective”, “patriotic sentiment”, “live-broadcasting as a priority” and “exclusivity and uniqueness”. In 2020, Phoenix tracked and reported the global COVID-19 pandemic. Our accredited reporters were dispatched to Wuhan to report on its battle against the pandemic. Our global production team has produced a number of special programmes focusing on combating the pandemic, which include

*Combating COVID-19* (《抗擊新冠肺炎》), *Under the Same Roof* (《風月同天》), *We are in the Same Boat* (《寰宇同舟》), *Letters from Wuhan* (《武漢來信》) and *Letters from Compatriots* (《同胞來信》). Phoenix's reporters also focused on the U.S. presidential election, the anti-racism campaign in the U.S., the change of prime minister in Japan, the Taiwan presidential election, the flood situation in the Yangtze River basin, the China International Import Expo in Shanghai, etc. They conducted exclusive interviews with a number of important news figures and international dignitaries, including Zhong Nanshan (a Chinese anti-pandemic expert), Terry Branstad (the then U.S. Ambassador to China), Hideo Tarumi (the new Japanese Ambassador to China), Jacinda Ardern (the Prime Minister of New Zealand), Mahmoud Ahmadinejad (the former President of Iran) and Javad Zarif (the Minister of Foreign Affairs of Iran), which won praises from Chinese audiences all over the world.

Phoenix's brand value and leading position in the industry continued to grow. In 2020, Phoenix was once again rated as one of The World's Top 500 Largest Media Companies and The Most Valuable 500 Chinese Brands, and ranked among the top 4 most influential television media brands in Asia. Phoenix's programmes and promotional trailers have always been enjoying good reputation among Chinese media. With international and high quality programme production standard, Phoenix was crowned with numerous awards at the New York Festivals TV & Films Awards 2020, including the bronze prize in the Craft: Promotion/Open & ID for *Hovering over Macau*. The documentary *C'est La Vie: COVID-19 Epidemic Special* was awarded the Asian Academy Creative Awards 2020, demonstrating Phoenix's outstanding brand influence and professionalism.

In terms of strategic transmission channel expansion, Phoenix's global transmission capability is continuously growing. It 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. Fengshows, an integrated media operating platform established by Phoenix, has built a communications matrix with its own platform as its core, forming a new business model with authoritative publication, independent production, copyright operation and integrated marketing. *Phoenix Zone*, a video on-demand product, works with a number of foreign and domestic transmission platforms to expand the product configurations of its programme contents. Looking forward, Phoenix 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 application scenarios and intelligent distribution algorithm technology.

The Group actively promotes the business transformation and its high-quality development through various development strategies, such as content operation, industry trends integration and operation synergy. *Road to Peak* (a platform for incubating innovative enterprises by adopting a two-pronged approach of media services and investment), *Phoenix Health* (an industrialised operating platform in the field of big health) and other platforms are constantly promoting innovation in programmes and content operation. The Company has been nurturing new industry trends of customised media services, content consumption and e-commerce as well as cultural travel and vertical industries to further expand the monetisation of brands, contents, platforms, traffic and resources of media. In addition, the Company will

continue to enhance its synergistic operating capabilities of its omni-media platforms including television broadcasting, internet, large outdoor LED screens and weekly magazines to provide the customers with integrated media services that suit their diversified needs, thus facilitating the ongoing improvements in operation quality and scale.

The number of users and activeness on the flagship product ifeng News App under Phoenix New Media, an internet media platform of the Group, has maintained its leading position as one of the most popular mobile device information products among Chinese users. Phoenix New Media has effectively enhanced its brand reputation and influence through a variety of means such as in-depth coverage of major events, unique and quality original content, and offline events in vertical domains, by virtue of various strategies such as combining algorithms and editing to empower refined operations. Phoenix New Media continues to innovate in its business and actively develops its business layout in various areas, including quality e-commerce, supply chain as well as consumer guidance short videos, bringing new monetisation channels and strategic opportunities for the Company. Moreover, Phoenix New Media completed the disposal of Yidian Zixun during the year, which has contributed a considerable investment return to the Group and facilitated the Group's 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 Asia, the Americas, Europe and Oceania, achieving genuine global procurement and distribution.

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

In the area of digital technology, Phoenix Digital Technology, a subsidiary of Phoenix, is committed to establishing an operator for technological cultural services. It has held high-tech interactive digital art exhibitions, such as *Along the River during the Qingming Festival 3.0* and *A Panorama of Rivers and Mountains 3.0*, to enrich cultural scenes and application experiences with digital technology and actively cultivate the emerging digital culture industry trends. During the year, Phoenix has constantly promoted the integration of "5G + Media Industry". Phoenix will continue to enrich the experience of media communication and interaction in the areas of media content production, information and content transmission, ultra-high definition live broadcast, panoramic and immersive experience as well as the others. It will also expand the industry layout of 5G+4K/8K+VR, and promote the integration and development of IT-empowered content industry.

In the area of cultural creativity, Phoenix Culture has served as the cultural creativity industry cluster of the Group. The Group has incubated and set up different business sectors, such as creative planning, art curation, performing arts activities, cultural

tourism, and cultural IP development and operation, and has deepened the integration and service of the whole industry chain of commerce, tourism, real estate, and special towns to form a sustainable business mode. Phoenix Culture will capitalise on its consolidated resources in the future, reinforce the core competitiveness in the field of cultural creativity, and build the cluster ecology of Phoenix Culture by leveraging on the platform of content, industry and capital to foster the Group's coordinated development in the field of cultural creativity.

Despite being in the midst of unprecedented change in the world unseen in a century, Phoenix will always adhere to the concept of openness and inclusiveness, and strive to facilitate the cultural exchanges and dialogue between China and the world. Phoenix will, as always, leverage its core advantages in brand and contents while firmly adhering to professional journalism and constantly promoting operational awareness and innovation in business systems. By building an internationally recognised omni-media group with credibility, influence and communication strength, we look forward to meeting the expectations of everyone.

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## **ABOUT PHOENIX**

“Phoenix” 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 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).

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