

## **PRESS RELEASE**

### **Phoenix Media Investment (Holdings) Limited (Stock Code: 02008)**

#### **RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2018**

The Chairman and Chief Executive Officer of Phoenix Media Investment (Holdings) Limited (the “**Company**” and its subsidiaries (the “**Group**”), Mr. Liu Changle, said today that the Group’s revenue for the six-month period ended 30 June 2018 (the “**Period**”) was approximately HK\$1,836,813,000, which represented an increase of 15.2% in comparison with the same period last year. Operating loss of the Group for the Period was approximately HK\$113,195,000, which represented a decrease of 14.1% in comparison with the same period last year. The loss attributable to owners of the Company was approximately HK\$8,660,000, in comparison with profit attributable to owners of the Company of approximately HK\$74,220,000 for the same period last year as a result of a significant decrease in fair value gain on financial assets. As the Group has been continuously expanding into diversified businesses, Mr. Liu remains confident in the business prospect of the Group.

#### **FINANCIAL REVIEW**

The revenue of the Group for the Period was approximately HK\$1,836,813,000 (six months ended 30 June 2017: HK\$1,594,557,000), which represented an increase of 15.2% in comparison with the same period last year. The operating costs for the Period have increased by 13.0% to approximately HK\$1,950,008,000 (six months ended 30 June 2017: HK\$1,726,323,000).

The operating loss of the Group for the Period was approximately HK\$113,195,000 (six months ended 30 June 2017: HK\$131,766,000) which represented a decrease of 14.1% over the same period last year.

Fair value gain on financial assets related to subsequent measurement of internet media’s investment in Particle Inc. for the Period was approximately HK\$62,476,000 (six months ended 30 June 2017: HK\$275,073,000). 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 personalized interest-based information and news feed functions targeting the mass market.

The net exchange gain of the Group for the Period was approximately HK\$38,718,000 (six months ended 30 June 2017: loss of HK\$3,474,000), mainly resulting from the appreciation of the Renminbi.

The loss attributable to owners of the Company for the Period was approximately HK\$8,660,000 (six months ended 30 June 2017: profit of HK\$74,220,000).

The chart below summarises the performance of the Group for the six months ended 30 June 2018 and the same period in 2017 respectively.

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Television broadcasting	<b>550,993</b>	551,343
Internet media	<b>819,416</b>	740,620
Outdoor media	<b>383,574</b>	260,248
Real estate	<b>28,291</b>	6,143
Other businesses	<b>54,539</b>	36,203
Group's total revenue	<b>1,836,813</b>	1,594,557
Operating costs	<b>(1,950,008)</b>	(1,726,323)
Operating loss	<b>(113,195)</b>	(131,766)
Fair value gain on investment properties, net	<b>59,400</b>	7,049
Net gain and interest income on internet media investment	<b>62,476</b>	337,605
Exchange gain/(loss), net	<b>38,718</b>	(3,474)
Other income, net	<b>26,681</b>	24,196
Profit before share of results of joint ventures and associates, income tax and non-controlling interests	<b>74,080</b>	233,610
Share of results of joint ventures and associates	<b>6,544</b>	(16,641)
Income tax expense	<b>(34,825)</b>	(12,908)
Profit for the period	<b>45,799</b>	204,061
Non-controlling interests	<b>(54,459)</b>	(129,841)
(Loss)/profit attributable to owners of the Company	<b>(8,660)</b>	74,220
Basic (loss)/earnings per share, Hong Kong cents	<b>(0.17)</b>	1.49

## COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2018		2017	
	Revenue	Segment Results	Revenue	Segment Results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Television broadcasting	550,993	53,573	551,343	74,768
Internet media	819,416	53,503	740,620	324,337
Outdoor media	383,574	60,722	260,248	(2,223)
Real estate	28,291	43,694	6,143	(26,306)
Other businesses	54,539	(36,472)	36,203	(29,592)
Group's total revenue and segment results	<u>1,836,813</u>	<u>175,020</u>	<u>1,594,557</u>	340,984
Unallocated income		47,542		24,846
Unallocated expenses		<u>(148,482)</u>		<u>(132,220)</u>
Profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>74,080</u>		<u>233,610</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue resources, which accounted for 30.0% of the total revenue of the Group for the Period, decreased to approximately HK\$550,993,000 (six months ended 30 June 2017: HK\$551,343,000). The presence of internet media has continued to pose a challenge to conventional media. As the cost structure is relatively fixed, the segmental profit for television broadcasting business decreased to approximately HK\$53,573,000 for the Period (six months ended 30 June 2017: HK\$74,768,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 27.4% of the total revenue of the Group for the Period, increased 0.9% to approximately HK\$503,174,000 (six months ended 30 June 2017: HK\$498,611,000).

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 9.3% to approximately HK\$47,819,000 (six months ended 30 June 2017: HK\$52,732,000).

The revenue of the internet media business for the Period increased 10.6% to approximately HK\$819,416,000 (six months ended 30 June 2017: HK\$740,620,000) mainly resulting from the appreciation of the Renminbi. The segmental profit of the internet media business for the Period decreased to approximately HK\$53,503,000 (six months ended 30 June 2017: HK\$324,337,000) as a result of significant decrease in net gain related to subsequent measurement of the investment in Particle Inc..

The revenue of the outdoor media business for the Period increased 47.4% to approximately HK\$383,574,000 (six months ended 30 June 2017: HK\$260,248,000). The segmental profit of outdoor media business for the Period was approximately HK\$60,722,000 (six months ended 30 June 2017: loss of HK\$2,223,000).

The segmental gain for real estate business for the Period was approximately HK\$43,694,000 (six months ended 30 June 2017: loss of HK\$26,306,000), which included the net fair value gain of approximately HK\$59,400,000 (six months ended 30 June 2017: HK\$7,049,000), recognised for the investment properties.

## **BUSINESS OVERVIEW AND PROSPECTS**

Based on a sound financial position, the Group continued its proactive development in the first half of 2018 with its omni-media business structure continuously becoming more integrated and innovative. Determined to upgrade its strategies, the Group has been developing budding businesses in synergistic emerging industries. The Group's "Phoenix TV" brand retains its credibility and wide influence and its leading position among Chinese language media across the globe in brand value.

On 7 March 2018, the Company was renamed "Phoenix Media Investment (Holdings) Limited" to reflect the Group's decades of media experience, its adherence to the totemic brand of "Phoenix TV", and its proactive responsiveness to the Group's reform of strategies, tactics and management mechanism for future development. Meanwhile, the Group has upgraded its positioning to a "content operations-oriented high-tech omni-media group" and, on this basis, set a three-year development goal of strategic upgrade: leveraging Phoenix TV's brand influence and professionalism to build an internationally leading high-tech omni-media group focused on content operations and driven by cross-sector integration.

Based in Hong Kong with nearly 60 news bureaux and correspondent stations worldwide, Phoenix TV delivers first-hand news to the Chinese audience globally and adheres to the integrated news reporting standards of "Chinese perspective", "patriotic sentiment", "caring for the world", "live-broadcasting as a priority" and "exclusivity and uniqueness". In 2018, our global Phoenix TV team witnessed and immediately reported world events such as China's diplomatic relations with many major countries, the U.S.-North Korea Summit, the Inter-Korean Panmunjom Meeting, Malaysia's general election and the evolving China-U.S. trade war. Phoenix's coverage of these developments was widely watched and praised by the Chinese community worldwide. In addition, in recognition of its high-quality content production, Phoenix TV was crowned with four awards at the "New York Festivals World's Best TV & Films Awards 2018" in April this year, including Gold World Medal in the "Best Lighting" category for *Decipher News* (《英聞解碼》),

Finalist Certificate in the “Best Innovation” category for *The 20th anniversary of the HKSAR reunification special* (《香港回歸 20 周年特備節目》), Finalist Certificate in the “Best Production Design/Art Direction” category for *FILLER-20 HONG KONG* (《香港回歸 20 周年航拍短片》), and Finalist Certificate in the “Best News Documentary/Special” category for *Syria: Between Ashes and Roses* (《敘利亞：不倒玫瑰》).

The Group’s television broadcasting business, following the philosophy of “omni-media distribution service”, is now innovating creative content production and restructuring the programme presentation. Following the aim of accurate services, the Group also seeks to provide customized programme content and services for its clients and has established strategic partnerships with a number of leading companies in China. Meanwhile, the Group has expanded its global distribution channels to reach audiences worldwide through satellite, cable networks, mobile internet, over-the-top platforms and social media, satisfying the demands from groups using distinct terminal devices. Built on the Phoenix TV brand and taking advantage of its international reputation, the “Phoenix Global Brand Project” assists our strategic partners to explore global markets and build internationally known brands.

The Group takes “ifeng.com” as its core internet media platform and strengthens its mobile strategies to enhance its influence and its ability to monetize mobile traffic. The flagship product “ifeng News APP” has become one of the most popular news apps in China. At the same time, while exploring media patterns based on big data, artificial intelligence and cloud computing, the Group strategically invested in Yidian Zixun, an information platform featuring individual customized, information and news feed functions. In the fourth quarter of last year, Yidian Zixun became the first media platform to obtain the “Internet News Information Service Licence”, which allows it to provide reproduction and communication platform services of online news and information not only on its mobile APP, but also on its website and self-media platforms. Yidian Zixun has now been developed as a highly competitive media platform.

Through continuous efforts in the past 10 years, the Group’s outdoor media platform “Phoenix Metropolis Media” has grown into the largest and most influential outdoor LED media operator in mainland China emphasizing innovation and development, and has achieved significant growth in both revenue and profits in the first half of 2018. Following the launch of the Phoenix LED Alliance, the naked-eye 3D big screen video advertising and the mobile marketing system have been well-received by customers and have maintained their leading position in the industry.

On the basis of continuing to adhere to and maintain its role as a leading Chinese media content provider, the Group relies on the Phoenix brand and high-end contents and leverages on forefront digital technology and cross-sector integration to incubate and continuously invest in projects that are valuable and based on sustainable business models. The Group now has a diversified portfolio of business covering animated comics, games, digital technologies, creative culture, cloud technology services, education, exhibitions and other fields.

The digital technology business of Phoenix is committed to represent the beauty of Chinese culture and art to the rest of the world by combining cutting-edge digital

technology and culture. Phoenix TV achieved strategic cooperation with the Palace Museum, under which the two parties jointly launched a high-tech virtual reality interactive exhibition of the scene depicted in the painting “Along the River during the Qingming Festival 3.0” (《清明上河圖 3.0》) at the Palace Museum on 18 May 2018, which has drawn extensive community attention and has received more than 150,000 visitors in less than three months. The exhibition, called “Along the River during the Qingming Festival 3.0” (《清明上河圖 3.0》), was held at Jianting Square of the Palace Museum in an area of approximately 1,600 sq. m. and consisted of three exhibition halls — Giant Interactive Roll of Painting, Sunyangdian Immersive Theater, and Hongqiao Dome Cinema — and a Northern Song Space. Through a multimedia interactive format that perfectly combines art and technology, the exhibition takes visitors on a wonderful historically, culturally and aesthetically enriching journey of “hyperlink” to a long-lost period of history. In addition, for the digital technology business segment, the “LEJOY” indoor theme park focusing on children’s education and “the Experience Hall of Virtual Reality Arena” e-sports center have been put into operation as well.

“Phoenix Entertainment”, a platform focused on the animated comics and games business, has obtained the copyrights to adapt classic martial arts novels written by Mr. Jin Yong into comic format. We cooperated with “Tencent Comic” (騰訊動漫), the largest animated comics platform in China, to jointly launch four adapted comics — *Demi-Gods and Semi-Devils* (《天龍八部》), *The Smiling, Proud Wanderer* (《笑傲江湖》), *Fox Volant of the Snowy Mountain* (《雪山飛狐》) and *Ode to Gallantry* (《俠客行》) — which are meant to build up a large user base quickly by leveraging the huge readership of Jin Yong’s novels, refresh the value and powerful market influence of Jin Yong’s IP and lay the foundation for subsequent business operations. In addition, Phoenix Entertainment will also launch several new mobile game products in 2018.

Other business segments of the Group have also been growing. iFeng Yun and Flying Fish, two high-speed document transfer internet products developed by our cloud technology business unit, have a promising future in the operations of high-volume document transmission and the film and television industry. The creative culture business unit is on the right track to expand in the arts (USALT mobile APP platform), performance and culture tourism fields. Our educational business unit is working with hundreds of universities to offer digital technology-based distant learning courses; our exhibition unit has held exhibitions to promote domestic companies overseas, with the “International Chinese Medicine Cultural Festival” as an iconic project. This year’s culture festival has “Chinese Medicine without Frontiers” as its theme and shows the footprint of traditional Chinese medicine around the world through installation art and interactive installations. In line with the urbanization trend in China, the Group is exploring some scaled creative cultural pilot projects with brand effects such as “cultural towns” and “cultural and creative bases”. The Group has also achieved progress in the business areas of internet finance and publishing.

In the post-information-age era driven by internet technology, especially as artificial intelligence takes traditional media and new media into the “smart media era”, Phoenix is strongly positioned to embrace technology advances, reformation and the future and accelerate innovation in our strategies, business models, mechanisms and products and

will, in line with its emphasis on the in-depth integration of capital market and business development, build a Phoenix Cultural Media Pool Fund to support the Group's cross-sector development and strategic transformation.

In the face of these dramatic changes, being innovative is the only way for Phoenix to achieve continuous success and new momentum. The Group will as always continue to adhere to the competitiveness of its brand and content, espouse professional journalism, and ultimately maximize the value of the Group for our shareholders and faithful audience.

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## 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 audience 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 22 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, 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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Further information about Phoenix Media Investment (Holdings) Limited can be found at [www.ifeng.com](http://www.ifeng.com) and [www.hkexnews.hk](http://www.hkexnews.hk).