

PRESS RELEASE

Phoenix Media Investment (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02008)

RESULTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2019

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 2019 (the “**Period**”) was approximately HK\$1,641,730,000, which represented a decrease of 10.6% in comparison with the same period last year. Operating loss of the Group for the Period was approximately HK\$477,417,000, which represented an increase of 321.8% in comparison with the same period last year. The loss attributable to owners of the Company was approximately HK\$202,045,000, in comparison with approximately HK\$8,660,000 for the same period last year as a result of severe deterioration in the traditional media business environment and an increase in the contribution to the strategic upgrade of the Group. Mr. Liu emphasizes that the international influence and credibility of Phoenix TV must be maintained and strategic innovations should be continuously pushed forward.

RESULTS

The revenue of the Group for the Period was approximately HK\$1,641,730,000 (six months ended 30 June 2018: HK\$1,836,813,000), which represented a decrease of 10.6% in comparison with the same period last 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 Period have increased by 8.7% to approximately HK\$2,119,147,000 (six months ended 30 June 2018: HK\$1,950,008,000).

The operating loss of the Group for the Period was approximately HK\$477,417,000 (six months ended 30 June 2018: HK\$113,195,000), which represented an increase of 321.8 % over the same period last year.

Fair value gain on financial assets related to the subsequent measurement of internet media’s investment in Particle Inc. for the Period was approximately HK\$351,740,000 (six months ended 30 June 2018: HK\$62,476,000). 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\$7,321,000 (six months ended 30 June 2018: HK\$38,718,000), mainly resulting from the depreciation of the Renminbi.

The loss attributable to owners of the Company for the Period was approximately HK\$202,045,000 (six months ended 30 June 2018: HK\$8,660,000).

The chart below summarises the performance of the Group for the six months ended 30 June 2019 and the same period in 2018 respectively.

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Television broadcasting	395,711	550,993
Internet media	813,727	819,416
Outdoor media	346,877	383,574
Real estate	13,765	28,291
Other businesses	71,650	54,539
Group's total revenue	1,641,730	1,836,813
Operating costs	(2,119,147)	(1,950,008)
Operating loss	(477,417)	(113,195)
Fair value (loss)/gain on investment properties, net	(6,847)	59,400
Net gain on internet media investment	351,740	62,476
Exchange gain, net	7,321	38,718
Other income, net	2,535	26,681
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests	(122,668)	74,080
Share of results of joint ventures and associates	(5,265)	6,544
Income tax expense	(53,155)	(34,825)
(Loss)/profit for the period	(181,088)	45,799
Non-controlling interests	(20,957)	(54,459)
Loss attributable to owners of the Company	(202,045)	(8,660)
Basic loss per share, Hong Kong cents	(4.05)	(0.17)

COMMENTS ON SEGMENTAL INFORMATION

	Six months ended 30 June			
	2019		2018	
	Revenue	Segment Results	Revenue	Segment Results
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Television broadcasting	395,711	(88,948)	550,993	53,573
Internet media	813,727	137,869	819,416	53,503
Outdoor media	346,877	33,221	383,574	60,722
Real estate	13,765	(27,508)	28,291	43,694
Other businesses	71,650	(63,314)	54,539	(36,472)
Group's total revenue and segment results	<u>1,641,730</u>	<u>(8,680)</u>	<u>1,836,813</u>	175,020
Unallocated income		25,370		47,542
Unallocated expenses		<u>(139,358)</u>		<u>(148,482)</u>
(Loss)/profit before share of results of joint ventures and associates, income tax and non-controlling interests		<u>(122,668)</u>		<u>74,080</u>

Revenue from television broadcasting, comprising advertising, subscription and other revenue sources, which accounted for 24.1% of the total revenue of the Group for the Period, decreased to approximately HK\$395,711,000 (six months ended 30 June 2018: HK\$550,993,000). 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 television broadcasting business was approximately HK\$88,948,000 for the Period (six months ended 30 June 2018: gain of HK\$53,573,000).

Revenue from Phoenix Chinese Channel and Phoenix InfoNews Channel, which accounted for 21.0% of the total revenue of the Group for the Period, decreased 31.6% to approximately HK\$344,214,000 (six months ended 30 June 2018: HK\$503,174,000).

The total revenue of Phoenix Hong Kong Channel, Phoenix Movies Channel, Phoenix North America Chinese Channel, Phoenix Chinese News and Entertainment Channel and others increased 7.7% to approximately HK\$51,497,000 (six months ended 30 June 2018: HK\$47,819,000).

The revenue of the internet media business for the Period decreased 0.7% to approximately HK\$813,727,000 (six months ended 30 June 2018: HK\$819,416,000). The segmental profit of the internet media business for the Period was approximately HK\$137,869,000 (six months ended 30 June 2018: HK\$53,503,000) as a result of significant increase in net gain related to subsequent measurement of the investment in Particle Inc.

The revenue of the outdoor media business for the Period decreased 9.6% to approximately HK\$346,877,000 (six months ended 30 June 2018: HK\$383,574,000). The segmental profit of outdoor media business for the Period was approximately HK\$33,221,000 (six months ended 30 June 2018: HK\$60,722,000).

The segmental loss in the real estate business for the Period was approximately HK\$27,508,000 (six months ended 30 June 2018: gain of HK\$43,694,000), which included the net fair value loss of approximately HK\$6,847,000 (six months ended 30 June 2018: gain of HK\$59,400,000), recognised for the investment properties.

BUSINESS OVERVIEW AND PROSPECTS

Despite the continuing uncertain global political and economic environment and the drastic changes in the media market in the first half of 2019, Phoenix TV continued to expand its business proactively on the foundation of its sound financial conditions during the Period. The Group has upgraded its strategic positioning as a “content operation-oriented high-tech omni-media group” since 2018 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 with content operations as its core and the development of cross-sector integration. In the first half of 2019, the second year since the strategy was implemented, the Group’s business system under the omni-media framework continued to develop with integrated innovations, incubating emerging projects with synergies. During the Period, the financial performance of the Group was in line with its transformation and upgrade. Mr. Liu Changle, the Chairman and Chief Executive Officer, emphasizes that the international influence and credibility of Phoenix TV must be maintained and strategic innovations should be continuously pushed forward.

Based in Hong Kong and serving Chinese all over the world with nearly 60 news bureaux and 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”, “patriotic sentiment”, “caring for the world”, “live-broadcasting as a priority” and “exclusivity and uniqueness”. In the first half of 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 meeting between the U.S. President Donald Trump and North Korean leader Kim Jong-un, the G20 Summit in Osaka, the progress of Brexit, the U.S.-Iran Persian Gulf standoff, the political situation in Venezuela and the enthronement of the new Emperor of Japan, as well as major events in China including the two sessions (the Second Session of the 13th National Congress of the People’s Republic of China and the Second Session of the 13th National Committee of the China People’s Political Consultative Conference), the Second Belt and Road Forum for International Cooperation and the Asian Civilization Dialogue Conference. In the programme Talk with World Leaders (《風雲對話》), special interviews were made with Giuseppe Conte, the Prime Minister of Italy, Uasuo Fukuda, the former Prime Minister of Japan, Taro Kono, the Foreign Minister of Japan, William Cohen, the former Defense Secretary of the U.S., Peter Estlin, the Lord Mayor of London, Farhad Dejpasand, the Minister of Economic Affairs and Finance of Iran and Péter Szijjártó, the Minister of Foreign Affairs and Trade of Hungary. Phoenix TV’s correspondents also successfully interviewed Suga Yoshihide, Japan’s Chief Cabinet Secretary, Cui Tiankai, Chinese Ambassador to the U.S., Kong Xuanyou,

Chinese Ambassador to Japan and Han Kuo-yu, Taiwan's Kaohsiung Mayor. These reports and interviews won praise and acclaims from Chinese audiences all over the world, reflecting the international status and global influence of Phoenix TV.

In addition to professional news reporting, Phoenix TV's programmes and promotional trailers have always been enjoying good reputations among Chinese media. In recognition of its high-quality content production, Phoenix TV was crowned with four awards at the New York Festivals TV & Films Awards 2019 in April this year, including Gold World Medal in the Documentary: Human Concerns category for C'est La Vie: Ten Days (《冷暖人生：十日告別》), Finalist Certificate in the Documentary: History and Society category for Mysterious Country - DPRK in the Storm (《迷離國度-暴風眼中的朝鮮》), Finalist Certificate in the Documentary: Religion category for China and the Vatican – A Story Beyond East and West (《超越西東-當中國遇見梵蒂岡》), and Finalist Certificate in the "Films - Short Films" category for The News Circle (《新聞朋友圈》).

Phoenix TV's brand value and industry status continued to excel. After being rated again as one of The World's 500 Largest Media Companies in late 2018, Phoenix TV received the "Hong Kong Listed Company with the Best Brand Value" award in the Best Listed Companies in Greater China event in the first half of 2019, which demonstrates that the outstanding performance of Phoenix TV has been recognized by the capital market. In addition, Phoenix TV also received the "Ten Years of Media Influence" award granted by Weibo, recognizing its delivery of high-quality contents to Weibo for the last 10 years, which have earned a tremendously high number of viewers, forming a huge and influential microblog network.

Due to the impact of factors such as uncertainties of the global and domestic economic conditions and the drastically changing media market, the performance of the Group's television broadcasting business has somewhat declined at which the advertising revenue from traditional media is on a downward trend. Phoenix TV is sensitive to such changes and takes responsive actions accordingly by incessantly exploring different forms of diversified media products to make space for the survival of the innovative media. By focusing on content operation in its development direction, it continues to promote a business operation mode characterized by online and offline integration, providing a platform of multi-adaptive omni-media products, enriching and exploring the industry chain and value chain of the media industry. Phoenix TV attempts the integration between innovative technology and media. Phoenix Health (《鳳凰大健康》), a programme series launched in early 2019, applied virtual intelligence technology together with artificial intelligence interactions for the first time, to give authoritative and in-depth analysis on popular health science topics. Such innovative contents have effectively enhanced the efforts in promotion and sales of programmes.

Phoenix TV is committed to leading the transformation and innovation of the media industry and promoting the capitalization of core media resources. In view of the new technological revolution and industrial transformation burgeoning around the world, Phoenix TV has set its goals to support the forerunners in the technological industry and help enhancing the brand competitiveness of the SMEs. The "Phoenix Innovation Industry Alliance", being ardently planned and established by Phoenix TV in coordination with influential investment banks, commercial banks, industry associations and academic institutions in the market, is going to construct a strategic incubation service platform to accelerate the growth of SMEs, with an aim to provide assistance through capital and industry chain supports for the innovation and

development of the SMEs. In response to the needs of the SMEs in promoting their products and services, Phoenix TV will create new customized programme series for the enterprises.

In terms of strategic channel expansion, the Group has aggressively 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. In response to, in particular, the development trend of the internet media, the Group is focusing on Fengshows app, an integrated media operating platform on which it develops various forms of contents such as short videos, live streaming and interactive communities, in order to enhance the ability of Phoenix TV in monetizing the traffic of its contents. Phoenix Zone, a video on-demand product of Phoenix TV's television programme contents, works with a number of companies on content cooperation over the overseas platform. Coverage of regions including Europe, North America, Asia and Oceania has been completed through the new media cooperation platform.

The Group's internet media segment, Phoenix New Media, has its flagship product ifeng News APP, which has always been one of the most popular mobile news apps in China. The news app comprehensively develops in different areas including self-media, live streaming and IP, and the number of its active users remains at a high level. Phoenix New Media has constantly enhanced product experience in areas such as customized contents feeding and users' portraits by integrating computer algorithm with manual intervention. Besides, Yidian Zixun, an algorithm-based news feed app in which the Group strategically invested through Phoenix New Media, has provided considerable valuation gain to the Group in recent years. In 2019, the Group strategically disposed of a portion of the investment in Yidian, which will bring considerable investment income to the Group.

The Group's outdoor media platform, Phoenix Metropolis Media, has become a large and very influential outdoor LED media operator with good revenue and profits in Mainland China. Two major business forms, namely Phoenix LED Alliance, built on the foundation of extensive LED media resources with alliance members, and Phoenix Interaction, applying leading digital interactive technology on outdoor advertising business, have become a supplement and upgrade to the LED media business. In the first half of 2019, LED media business remained strong in both revenue and profits. Its visual contents and innovative forms of outdoor advertising are highly recognized in the industry.

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

With respect to technology area, 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. By utilizing digital technologies such as augmented reality, virtual reality and mixed reality, an immersive experience comes into being for a large audience. The most iconic project was the high-tech interactive digital art exhibition Along the River during the Qingming Festival 3.0 at the Palace Museum, launched jointly by Phoenix Digital Technology and the Palace Museum in 2018. By means of a new media interactive artistic technique that integrated culture and technology, the scroll painting Along the River during the Qingming Festival has become a new type of exhibition-performance providing an immersive experience, and drawing extensive attention and recognition from all sectors of the

society. In 2019, Along the River during the Qingming Festival 3.0 was brought to Hong Kong for exhibition at the Asia World-Expo from July to August. The project has become a highlight for the Group's business operations and innovations, and touring exhibitions will subsequently take place in Japan, the United Kingdom and other places around the world.

Phoenix Cloud, a platform of the Group's cloud technology business, is committed to transforming and marketising its media technologies and the patents accumulated over the years into digital service products, called the "Fengyun Media Asset" system, which enables Phoenix TV's reporters and editors to work together in collaboration on the "cloud". Embracing 5G technology, Phoenix Cloud has also made early progress in its technological deployment and promoted cinema cooperation projects. One of its self-developed products, Flying Fish, is a distribution transmission system developed for the distribution of digital copies of movies, which does not only improve the efficiency of film distribution through the network, but will also create various modes of distribution and bring promising market development prospects.

With respect to cultural creativity area, Phoenix Entertainment owns the copyrights of the comics adapted from the novels of the deceased Mr. Jin Yong, which include comic works such as Demi-Gods and Semi-Devils (《天龍八部》), The Smiling, Proud Wanderer (《笑傲江湖》) and Legends of the Condor Heroes (《射雕英雄傳》). The total number of views (hits) of these comics on Tencent Comics (騰訊動漫), the largest animation comic platform in China, has reached approximately 1.3 billion. The next step is to speed up the creation and incubation of IP and enhance the ability to monetize IP products. Besides, after several years of business deployment, Phoenix Culture, serving as the cultural creativity industry platform of the Group, has formed a sustainable business model in areas such as large-scale performing arts, art exhibition and cultural tourism. On this basis, new business modes, new products and businesses have been continuously explored and developed.

In regard to corporate social responsibilities, Phoenix TV has continued to cooperate with organizations under the United Nations ("UN"), helping the UN to promote and implement the objective of sustainable development, and contribute its knowledge to the world with an open and inclusive attitude in order to push forward the global development.

In an era of political and economic uncertainties around the world with drastic changes in the ecology of media and technology, Phoenix will as always safeguard the core competitiveness of its brand and contents and firmly adhere to journalistic professionalism. Meanwhile, it will continuously promote innovations, focusing on innovations in relation to new forms of programme designs, programme operation, differentiation of high-quality contents and omni-media platform technology. Together with the Phoenix Innovation Industry Alliance being planned and the digital art exhibition Along the River during the Qingming Festival 3.0 in Hong Kong, Phoenix is steadily transforming and developing into a hi-tech omni-media group focused on synergetic investments and content operations, maximising the Group's value, and fulfilling the expectations of the capital market and the faithful audience of Phoenix TV.

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