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## **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 TRADEMARK LICENCE AGREEMENT**

#### **INTRODUCTION**

On 29 April 2020, the Licensor and the Licencee entered into a Trademark Licence Agreement, whereby the Licencee's Group will be granted an exclusive licence to use the Trademark Group 1 and a non-exclusive licence to use the Trademark Group 2 in connection with the business operations of the Licencee's Group in the PRC and Hong Kong respectively in accordance with the terms and conditions of the Trademark Licence Agreement.

The licence fee to be paid by the Licencee to the Licensor under the Trademark Licence Agreement for the licensing years ending 30 April 2021, 2022 and 2023 respectively are proposed to 1% of the revenue of the Licencee's Group with the Annual Caps at RMB5,000,000.

#### **IMPLIATIONS UNDER THE LISTING RULES**

As Mr. He Xin, the controlling shareholder of Phoenix Financial Group Limited (an ultimate beneficial owner with 70.82% equity interest), is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and Chief Executive Officer of the Company, both Mr. He Xin and the Licencee are therefore connected persons of the Company under the Listing Rules and accordingly the Transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 5% for the Company, the transactions contemplated under the Trademark Licence Agreement are subject to the announcement, reporting and annual review requirements, but exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Trademark Licence Agreements and the transactions contemplated thereunder will be included in the next published annual report of the Company in accordance with Rules 14A.49 of the Listing Rules.

## **CONTINUING CONNECTED TRANSACTION**

### **TRADEMARK LICENCE AGREEMENT**

On 29 April 2020, the Licensor and the Licencee entered into a Trademark Licence Agreement, whereby the Licencee's Group will be granted an exclusive licence to use for the Trademark Group 1 and a non-exclusive licence to use the Trademark Group 2 in accordance with the terms and conditions of the Trademark Licence Agreement (the "**Trademark Licences**"). The major terms of the Trademark Licence Agreement are summarized below:

**(a) Date**

29 April 2020

**(b) Parties**

- (i) The Licensor
- (ii) The Licencee

**(c) Use of the Trademarks**

The Licensor agrees to grant the Licencee's Group an exclusive right to use the Trademark Group 1 and a non-exclusive right of use of Trademark Group 2 in connection with the business operations of the Licencee's Group in the PRC and Hong Kong respectively in accordance with the terms of the Trademark Licence Agreement.

**(d) Licence Fee**

The licence fee is equivalent to the 1% of the revenue of the Licencee's Group for each licensing year with a cap at RMB5,000,000.

The rate of the licence fee was arrived at after arm's length negotiations between the Licencee and the Licensor with reference to the prevailing market conditions, the historical rate of the licence fees charged under the Trademark Licence Agreement 2017 and Trademark Licence Agreements 2020. For basis for determining the Annual Caps please refer to the section titled "The Proposed Annual Cap Amount" below.

**(e) Term**

The term of the Trademark Licence Agreement shall commence on 1 May 2020 for a period of three (3) years expiring on 30 April 2023, unless terminated earlier in accordance with the terms of the Trademark Licence Agreement.

Subject to compliance with the Listing Rules, the Company may renew the Trademark Licence Agreement.

**(f) Payment Terms**

The Licencee shall pay an advance payment of RMB1,800,000 within 14 days at the beginning of each licensing year. The advance payment will be used to set off any licence fee for the term of the Trademark Licence Agreement (except for any advance payment payable for subsequent licensing years).

The Licencee shall submit to the Licensor the financial statement of the Licencee's Group for the six month period ended 31 October of each licensing year and the licence fee for the said six month period is payable within 30 days after 31 October of each licensing year.

The Licencee shall submit to the Licensor the financial statement of the Licencee's Group for the six month period ended 30 April of each licensing year and the licence fee for the said six month period is payable within 30 days after 30 April of each licensing year.

The Licencee shall submit the audited report for the preceding licensing year to the Licensor within 3 months after the end of each licensing year, the Licensor shall make adjustments to the licence fee payable according to the audit report, such adjustments will be payable within 14 days after such notification for adjustments.

Upon termination of the Trademark Licence Agreement, if there is a balance of the advance payment, the Licensor shall refund such balance to the Licencee in accordance with the terms of the Trademark Licence Agreement.

**THE HISTORICAL FIGURES**

Set out below are the actual Licence Fees received by the Licensor in respect of the grant of use of certain trademarks under the First Trademark Licence Agreement 2015 (which is supplemented by the Second Trademark Licence Agreement 2015, Trademark Licence Agreement 2017 and Trademark Licence Agreements 2020) for three licensing years ended on 31 December 2017, 2018 and 2019 and the period from 1 January 2020 to 30 April 2020:

<b>Period</b>	<b>Historical amount (in RMB million)</b>
1 January 2017 to 31 December 2017	0.16
1 January 2018 to 31 December 2018	3.50
1 January 2019 to 31 December 2019	3.50
1 January 2020 to 30 April 2020 (4 months)	1.67

Each of the abovesaid Trademark Licence Agreement 2017 and the Trademark Licence Agreements 2020 were not announced as the full exemption of the *de minimis* transactions as stated in Rules 14A.76 of the Listing Rules applied.

## **THE PROPOSED ANNUAL CAP AMOUNT**

The Annual Caps for each of the three licensing years ending on 30 April 2023 shall be as follows:

<b>Licensing Year</b>	<b>Annual Cap (in RMB million)</b>
1 May 2020 to 30 April 2021	5
1 May 2021 to 30 April 2022	5
1 May 2022 to 30 April 2023	5

The proposed Annual Caps for the Trademark Licence Agreement were determined after considering the following factors: (i) the historical licence fees charged under the Trademark Licence Agreement 2017 and Trademark Licence Agreements 2020; (ii) the historical and projection of the financial performance of the Licencee's Group; (iii) the report from an independent valuer on the Trademark Licences; and (iv) the arm's length negotiation between the Licencee and the Licensor.

## **REASONS FOR ENTERING INTO THE TRADEMARK LICENCE AGREEMENT**

The Licencee's Group has a strong established network lending intermediary platform and wealth management business in the PRC, the Directors are of the view that the strategic grant of right under the Trademark Licence Agreement will allow the Group to leverage on the Licencee's Group's platform to improve the brands awareness of the Group in the financial services industry. Under the Trademark Licence Agreement, the Group will be able to reap the benefit of the goodwill built by the Licencee during the term of the Trademark Licence Agreement and thereafter with minimal utilization of the Group's resources.

The Directors are also of the view that the Group has a strategic investment of approximately 11.37% equity interest (6.35% via a wholly owned subsidiary and 5.02% via a non-wholly owned subsidiary) in Phoenix Financial Group Limited, the further development of Phoenix Financial Group Limited is in the interest of the Group and its shareholders as a whole.

In light of above, the Directors, including the independent non-executive Directors, are of the view that the Trademark Licence Agreement was entered into in the ordinary and usual course of business of the Licensor and the terms thereof and the Annual Caps 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.

As the fixed licence fee under the Trademark Licence Agreements 2020 are in proportion with the maximum Annual Cap under the Trademark Licence Agreement, the Directors, including the independent non-executive Directors, are also of the view that the Trademark Licence Agreements 2020 was entered into in the ordinary and usual course of business of the Licensor and the terms thereof and the fixed licence fee 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.

At the material time, Mr. Liu Changle has abstained from voting on the board resolutions approving the Trademark Licence Agreement and the transactions contemplated thereunder due to the fact that Mr. He Xin, the controlling shareholder of the Phoenix Financial Group Limited (an ultimate beneficial owner with 70.82% equity interest), is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and Chief Executive Officer of the Company.

Save as disclosed above, none of the Director has a material interest in the Trademark Licence Agreement and the Trademark Licence Agreements 2020.

## **INFORMATION OF THE PARTIES**

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 now 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.

The Licensor is a limited liability company incorporated in the PRC and it principally engages in the provision of commercial media services and advertising services.

Phoenix Financial Group Limited is a limited liability company incorporated in Cayman Islands which is an associate of the Company. It is an investment holding company, which conducts its principal business of network lending intermediary services and digital wealth management services through its subsidiaries.

The Licencee is a limited liability company incorporated in the PRC and currently a wholly owned subsidiary of Phoenix Financial Group Limited through a variable interest entity structure. The Licencee is an investment holding company which principally engages in the provision of network lending intermediary service and digital wealth management service through its subsidiaries.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Mr. He Xin, the controlling shareholder of Phoenix Financial Group Limited (an ultimate beneficial owner with 70.82% equity interest), is the son-in-law of Mr. Liu Changle, who is the Chairman of the Board and Chief Executive Officer of the Company, both Mr. He Xin, Phoenix Financial Group Limited and certain subsidiaries of Phoenix Financial Group Limited (including the Licencee) are therefore connected persons of the Company under the Listing Rules and accordingly the Trade Licensing Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 5% for the Company, the transactions contemplated under the Trademark Licence Agreement are subject to the announcement, reporting and annual review requirements, but exempt from the circular (including independent financial advice) and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the Trademark Licence Agreements and the transactions contemplated thereunder will be included in the next published annual report of the Company in accordance with Rules 14A.49 of the Listing Rules.

## DEFINITIONS

“Annual Cap(s)”	for the purpose of Chapter 14A of the Listing Rules, means the maximum fees receivable by the Licensor during the relevant financial periods/years. Details of the Annual Caps are set out in the paragraph headed “The Proposed Annual Cap Amount” of this announcement
“associates”	has the meaning ascribed to this term in the Listing Rules
“Board”	the board of directors of the Company
“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 persons”	has the meaning ascribed to this term in the Listing Rules
“Director(s)”	the director(s) of the Company
“First Trademark Licence Agreement 2015”	the trademark licence agreement dated 29 January 2015 entered into between the Licensor and the Licencee for the provision of the right of use of certain trademarks in connection with the Licencee’s business operations with effect from 29 January 2015 to 28 January 2018
“Group”	the Company and its subsidiaries from time to time
“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
“Licencee”	Feng Xin Technology (Hai Kou) Group Limited* (鳳新科技(海口)集團有限公司), formerly known as Beijing Phoenix Li Li Ta Information Technology Company Limited*(北京鳳凰理理它信息技術有限公司), a limited liability company incorporated in the PRC and a wholly owned subsidiary of Phoenix Financial Group Limited through a variable interest entity structure
“Licencee’s Group”	the Licencee and its subsidiaries and Phoenix Financial Group Limited and its subsidiaries from time to time
“Licensor”	Beijing Huibo Advertisement and Media Company Limited* (北京滙播廣告傳媒有限公司), a wholly-owned subsidiary of the Company through a variable interest entity structure
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Phoenix Financial Group Limited”	鳳凰金融集團有限公司* (Phoenix Financial Group Limited), a company incorporated in the Cayman Islands with limited liability, the holding company of the Licencee’s Group
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Trademark Licence Agreement 2015”	the supplemental agreement to the First Trademark Licence Agreement 2015 dated 19 November 2015 entered into between the Licensor and the Licencee for the provision of the right of use of additional trademarks in connection with the Licencee’s business operations.
“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trademark Licence Agreement”	the trademark licence agreement dated 29 April 2020 entered into between the Licensor and the Licencee pursuant to which the Licensor licences the exclusive uses of its Trademark Group 1 and non-exclusive use of its Trademark Group 2 to the Licencee’s Group for three years with effect from 1 May 2020 to 30 April 2023
“Trademark Group 1”	the mark and logo, and any other trademarks with the Chinese characters “鳳凰金融” or “凤凰金融” in the exhibits 1 and 2 of the annex 1 of the Trademark Licence Agreement (registered or applied for registration) which the Licensor has the right to sub-licence
“Trademark Group 2”	the mark and logo, and any other trademarks with neither the Chinese characters “鳳凰金融” nor “凤凰金融” in the exhibits 1 and 2 of the annex 1 of the Trademark Licence Agreement (registered or applied for registration) which the Licensor has the right to sub-licence
“Trademark Licence Agreement 2017”	the supplemental agreement for extending the First Trademark Licence Agreement 2015 (which is supplemented by the Second Trademark Licence Agreement 2015) dated 19 January 2017 entered into between the Licensor and the Licencee for extending the licence period of the First Trademark Licence Agreement 2015 to 31 December 2019 and the provision of the right of use of further trademarks in connection with the Licencee’s business operations

“Trademark Licence Agreements 2020”

two additional supplemental agreements to the First Trademark Licence Agreement 2015 for further extending the licence period of the First Trademark Licence Agreement 2015 to 31 March 2020 and 30 April 2020, respectively. The Licensee shall pay the Licensor a fixed licence fee of RMB 1,250,000 for the extended licence period from 1 January 2020 to 31 March 2020 and a fixed licence fee of RMB 416,000 for the extended licence period from 1 April 2020 to 30 April 2020. The fixed licence fee is payable within 14 days after the entering of each of the Trademark Licence Agreements 2020.

“%”

per cent

*\* for identification purpose only*

By Order of the Board  
**Phoenix Media Investment (Holdings) Limited**  
**LIU Changle**  
*Chairman*

29 April 2020

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

***Executive Directors***

*Mr. LIU Changle (Chairman) (also an alternate director to Mr. CHUI Keung), Mr. CHUI Keung (also an alternate director to Mr. LIU Changle) and Mr. WANG Ji Yan (also an alternate director to Mr. LIU Changle and Mr. CHUI Keung)*

***Non-executive Directors***

*Mr. JIAN Qin, Mr. ZHANG Dong, Mr. HUANG Tao and Mr. SUN Qiang Chang*

***Independent Non-executive Directors***

*Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. HE Di*