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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 TRANSACTIONS FRAMEWORK LEASE AGREEMENT**

#### **THE FRAMEWORK LEASE AGREEMENT**

The Subsidiary Lessees have been leasing various units in Phoenix Centre from Phoenix Oriental (as lessor) in the past few years. Given that, amongst others, most, if not all, of the existing lease agreements of the Subsidiary Lessees for the year 2022 are expected to be renewed in 2023 in order to meet their respective business and commercial needs and additional leased properties in Phoenix Centre may be required by either existing or new Subsidiary Lessees in 2023, Phoenix Metropolis Communication (in its own capacity as a Subsidiary Lessee and for and on behalf of all other Subsidiary Lessees) entered into the Framework Lease Agreement on 23 December 2022 with the Lessor for a term of one year from 1 January 2023 to 31 December 2023.

#### **LISTING RULES IMPLICATIONS**

The Lessor is a non-wholly owned subsidiary of the Company which is owned as to 21% by Bauhinia Group, being a substantial Shareholder of the Company. As such, the Lessor is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and the transactions contemplated under the Framework Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Framework Lease Agreement exceeds 0.1% but all are less than 5%, the Framework Lease Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 23 December 2022 (after trading hours), Phoenix Metropolis Communication (a wholly-owned subsidiary of the Company) and the Lessor entered into the Framework Lease Agreement for a term of one year from 1 January 2023 to 31 December 2023.

## PRINCIPAL TERMS OF THE FRAMEWORK LEASE AGREEMENT

The principal terms of the Framework Lease Agreement are set out below:

- Date** : 23 December 2022
- Parties** : (i) Phoenix Metropolis Communication (in its own capacity as a Subsidiary Lessee and for and on behalf of all other Subsidiary Lessees); and
- (ii) The Lessor

**Term** One year, from 1 January 2023 to 31 December 2023

**Subject matter** : The Subsidiary Lessees may lease certain units, premises or areas (collectively “**leased properties**”) in Phoenix Centre from the Lessor for commercial or office use and enter into separate individual lease agreements, which shall set out specific terms and conditions pursuant to the principles and conditions provided in the Framework Lease Agreement, provided that the respective terms of the individual lease agreements shall end by 31 December 2023. The total GFA is expected to be not more than 27,000 sq. m and the exact GFA of the leased properties may be adjusted based on the operation needs of the Subsidiary Lessees.

The Lessor may also provide related property services to the Subsidiary Lessees for the leased properties.

**Pricing policy** : The rents of the leased properties will be determined through arm’s length negotiation with reference to the market price at the time of signing of the individual agreements, the GFA, location and type of the leased properties.

To ensure the rent payable under each of the individual lease agreements does not exceed the correspondent amount payable by or to be charged by independent third parties in respect of the same or similar leased properties, the relevant Subsidiary Lessees will follow the below procedures before entering into such lease agreements:

- (i) search for actual rental transactions of the same or similar premises in the same building (i.e. Phoenix Centre) and similar premises in neighboring area (where such transactions are not available, refer to real estate industry publications describing price trends in the relevant area);
- (ii) compare the said market rent (or price trends where applicable) with the rent payable under the individual lease agreements; and

- (iii) in cases where the rent payable under the individual lease agreement is higher than the said market rate (or price trends where applicable), request the Lessor to reduce the rent payable to the extent of such difference.

During the term of individual lease agreements, in addition to the rents, the Subsidiary Lessees shall also bear the Related Property Service Fees. To the extent that any of these Related Property Service Fees, such as parking space rentals, regular (and if applicable, overtime) air-conditioning fees, heating fees, Internet phone and television charges, access control system fees, are receivable by Lessor (in its capacity as lessor/service provider) relating to the use of the leased properties, such Related Property Service Fee will be determined by the parties through arm's length negotiation with reference to the guiding price published by Beijing Municipal Development and Reform Commission (if applicable) and market price of similar property management service at the time of signing the individual lease agreements (such Related Property Service Fees together with the rents, the "Fees").

**Payment Terms** The rents shall be payable by the Subsidiary Lessees quarterly or every six months. For a short term lease which is less than six months, the relevant Subsidiary Lessee may be required to pay the rent in advance in full. Late payment will be subject to a daily penalty equivalent to 0.3% of the outstanding rent until the date of actual payment. Payment of the Fees will be funded by internal resources of the Group.

**Deposit** : A deposit equivalent to three months' rent shall be made pursuant to each individual lease agreement. The deposit will be refunded without interest within 30 days after the leased property is vacant and returned to the Lessor. For a short term lease which is less than six months, the Lessor is entitled to waive all/part of the deposit.

**Renewal** : The Subsidiary Lessees shall be entitled to renew the individual lease agreement on the same terms by giving the Lessor prior written notice provided that any such renewed terms shall be within the year 2023.

## ACCOUNTING POLICY

According to the accounting standard HKFRS 16, the Group recognises lease payments on short-term leases in current profit or loss.

## HISTORICAL TRANSACTION AMOUNT

The historical amount of Fees paid and payable by the Subsidiary Lessees to the Lessor for the year 2022 was approximately RMB15,500,000 (equivalent to approximately HK\$17,360,000). However, since certain lease agreements (as disclosed in the Company's announcement dated 1 November 2022) were only signed and commenced in the third and fourth quarters of this year, if all such lease agreements were to commence from the beginning of 2022, the expected rents payable by the Subsidiary Lessees to the Lessor for the full year of 2022 would have become approximately RMB48,000,000 (equivalent to HK\$53,760,000)(the "2022 Theoretical Annualized Rents").

## **PROPOSED ANNUAL CAP**

The proposed annual cap for the transactions contemplated under the Framework Lease Agreement for the year ending 31 December 2023 is RMB65,400,000 (equivalent to HK\$73,248,000).

The proposed annual cap is determined after taking into account (i) the 2022 Theoretical Annualized Rents; (ii) the expected Related Property Service Fees that are payable by the Subsidiary Lessees to Lessor (in its capacity as lessor/service provider) relating to the use of the leased properties in 2023; (iii) the increasing demand of the Subsidiary Lessees for office/commercial usage space and the availability of such properties in Phoenix Centre; and (iv) the expected rental level of premises and offices in the vicinity of Phoenix Centre in the real property market.

## **REASONS FOR AND BENEFITS OF THE FRAMEWORK LEASE AGREEMENT**

The Subsidiary Lessees have been leasing various units in Phoenix Centre from the Lessor for their respective business operations in the past few years. Given that (i) the Lessor is a non-wholly owned subsidiary of the Company and the Fees payable under the respective lease agreements shall be determined with reference to the market price; (ii) the suitability of locations and quality of the properties in Phoenix Centre; (iii) most, if not all, of the existing lease agreements of the Subsidiary Lessees for the year 2022 are expected to be renewed in 2023 in order to meet their respective business and commercial needs; and (iv) additional leased properties in Phoenix Centre may be required by either existing or new Subsidiary Lessees in 2023, the Board considered that it would be commercially beneficial for Phoenix Metropolis Communication to enter into the Framework Lease Agreement.

Based on the above, the Directors (including independent non-executive Directors) are of the view that the Framework Lease Agreement is entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms of the Framework Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for Mr. SUN Guangqi, a non-executive Director who is also a deputy general manager of Bauhinia Group and Bauhinia Culture HK, and who has abstained from voting on the Board resolutions approving the entering into of the Framework Lease Agreement, none of the other Directors has a material interest in or is required to abstain from voting on such Board resolutions.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is a satellite television operator and, through the subsidiaries, is a leading satellite television operator broadcasting in the PRC as well as worldwide. Apart from satellite television broadcasting, the Group has a diversified business portfolio covering internet media, outdoor media, magazines, digital technologies, creative cultural, education, exhibitions and other fields. Phoenix Metropolis Communication is an investment holding company.

### **The Lessor**

The Lessor is principally engaged in the development, construction, leasing and management of Phoenix Centre. The Lessor is a non-wholly owned subsidiary of the Company with 70% equity

interests. It is owned as to 21% by Bauhinia Group which is wholly owned by Ministry of Finance of the People's Republic of China and 9% by Shenzhou Television Company Limited\* (神州電視有限公司), an independent third party.

## LISTING RULES IMPLICATIONS

The Lessor is a non-wholly owned subsidiary of the Company which is owned as to 21% by Bauhinia Group, being a substantial Shareholder of the Company. As such, the Lessor is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and the transactions contemplated under the Framework Lease Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Framework Lease Agreement exceeds 0.1% but all are less than 5%, the Framework Lease Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Bauhinia Culture HK”	Bauhinia Culture (Hong Kong) Holdings Limited (紫荊文化(香港)集團有限公司), a company incorporated in Hong Kong with limited liability and a substantial Shareholder of the Company;
“Bauhinia Group”	Bauhinia Culture Group Corporation Limited (紫荊文化集團有限公司), a company established in the PRC with limited liability and wholly owns Bauhinia Culture HK;
“Board”	the board of Directors of the Company;
“China” or “PRC”	the People's Republic of China, which for the purposes of this announcement excludes Hong Kong, Macao Special Administrative Region of the People's Republic of China and Taiwan;
“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 whose shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Framework Lease Agreement”	the framework lease agreement dated 23 December 2022 entered into between the Lessor and Phoenix Metropolis Communication in relation to the lease of certain properties in Phoenix Centre;
“GFA”	gross floor area;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“independent third party(ies)”	third party(ies) who/which is/are not connected person(s) of the Group;
“Lessor” or “Phoenix Oriental”	Phoenix Oriental (Beijing) Properties Company Limited* (鳳凰東方(北京)置業有限公司), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“Phoenix Centre”	Phoenix International Media Centre (鳳凰國際傳媒中心) located at No. 3 Chaoyang Park South Road, Chaoyang District, Beijing with a total GFA of approximately 72,800 sq. m containing offices and television programme production studios;
“Phoenix Metropolis Communication”	Phoenix Metropolis Communication (Beijing) Co., Ltd* (鳳凰都市文化傳播(北京)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Related Property Service Fees”	various expenses of the relevant leased properties (including but not limited to the property management fees, parking space rentals, car-park management fees, electricity, regular (and if applicable, overtime) air-conditioning fees, heating fees, Internet phone and television charges, access control system fees etc.) that shall be separately borne by the relevant Subsidiary Lessees in respect of the leased properties;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary shares of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary Lessee(s)”	relevant subsidiaries of the Company (other than the Lessor’s subsidiaries (if any)) which have entered into or intend to enter into individual lease agreements as lessees in respect of certain properties in Phoenix Centre with the Lessor;
“sq. m”	square meters; and
“%”	per cent.

\* *For identification purpose only*

*For the purpose of this announcement, unless otherwise specified, the conversions of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.12. Such exchange rate has been used, where applicable, for illustration purpose only and does not constitute a representation that any amounts are or will be exchanged at this or any other rates or at all.*

By Order of the Board  
**Phoenix Media Investment (Holdings) Limited**  
**YEUNG Ka Keung**  
*Company Secretary*

Hong Kong, 23 December 2022

*As at the date of this announcement, the Board comprises:*

***Executive Directors***

*Mr. XU Wei (Chairman and Chief Executive Officer) and Mr. SUN Yusheng (Deputy Chief Executive Officer and Editor-in-Chief)*

***Non-executive Directors***

*Ms. HO Chiu King, Pansy Catilina (Vice-chairman), Mr. SUN Guangqi, Mr. JIAN Qin and Ms. WANG Haixia*

***Independent Non-executive Directors***

*Mr. LEUNG Hok Lim, Mr. Thaddeus Thomas BECZAK, Mr. FANG Fenglei and Mr. ZHOU Longshan*