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歡喜傳媒集團有限公司*
HUANXI MEDIA GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 1003)

BUSINESS UPDATES:

- (1) PLATFORM DEVELOPMENT AGREEMENT WITH PCCW;
(2) STRATEGIC INVESTMENT IN MUBI; AND
(3) EXPIRATION OF EXCLUSIVE NEGOTIATION PERIOD
IN RELATION TO A CERTAIN PROPOSED TRANSACTION
WITH SHANGHAI JIAYU**

This announcement is made by Huanxi Media Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) to keep the shareholders of the Company and potential investors informed of the Group’s latest business development.

PLATFORM DEVELOPMENT AGREEMENT WITH PCCW

The board of directors (the “**Board**”) of the Company is pleased to announce that on November 7, 2016, the Company and Gain Flow Developments Limited (“**Huanxi Subsidiary I**”), an indirect wholly owned subsidiary of the Company, entered into a platform development agreement (the “**Platform Development Agreement**”) with PCCW Media Limited (“**PCCW**”), in relation to a technical cooperation arrangement where PCCW will be a technical partner of Huanxi Subsidiary I to develop an online video platform (the “**Online Video Platform**”) for the Group’s online movie business. PCCW will provide design and development services required to build the Online Video Platform. The Platform Development Agreement has a term of three years.

PCCW is a leading multimedia and entertainment group in Hong Kong and the Board considers that, with PCCW’s technical experience and expertise, the Platform Development Agreement represents a critical step towards the building of the Online Video Platform through which digital content will be provided to customers in the People’s Republic of China (the “**PRC**”).

STRATEGIC INVESTMENT IN MUBI

On November 7, 2016, Graceful View Holdings Limited (“**Huanxi Subsidiary II**”), an indirect wholly-owned subsidiary of the Company, entered into a series E preferred stock purchase agreement and other related transaction documents with MUBI, Inc. (“**MUBI**”), pursuant to which Huanxi Subsidiary II will make a US\$2,000,000 strategic investment (the “**Strategic Investment**”) in MUBI by subscribing for new stock in MUBI representing 1.57% of the issued capital stock of MUBI.

In connection with the Strategic Investment, MUBI agreed to (1) transfer or license to the Company know-how, information and technology that will assist, support or enhance the Online Video Platform; and (2) provide to the Company support services and deliverables with respect to the Online Video Platform in accordance with the Company’s specifications and timeline.

MUBI operates a curated online video-on-demand platform available to subscribers on multiple devices and mobile operating systems. Established in 2007 and originally called “The Auteurs”, the service currently focuses on international arthouse cinema. Headquartered in London, MUBI also has operations in San Francisco and New York.

EXPIRATION OF EXCLUSIVE NEGOTIATION PERIOD

Reference is made to the announcement by the Company on June 1, 2016 (the “**Initial Announcement**”) in relation to the a non-binding memorandum of understanding (the “**MOU**”) entered into by and between the Company and Shanghai Jiayu Cultural Investment Limited* (上海嘉娛文化投資有限公司) (“**Shanghai Jiayu**”), a television production company established in the PRC, in relation to, among other things, the Company and Shanghai Jiayu’s entering into exclusive negotiations on the Proposed Transaction (as defined in the Initial Announcement) for 60 days from the date of the MOU (the “**Exclusive Negotiation Period**”).

The Board wishes to inform the shareholders and potential investors of the Company that no agreement was entered into with respect to the Proposed Transaction prior to the expiration of the Exclusive Negotiation Period on July 30, 2016. The Board considers that the inability to reach agreement during the Exclusive Negotiation Period will not materially impact the business, operations or financial position of the Company.

By order of the Board
Huanxi Media Group Limited
Xiang Shaokun, Steven
Executive Director and Chief Executive Officer

Hong Kong, November 7, 2016

As at the date of this announcement, the Board comprises Mr. Dong Ping (Chairman) and Mr. Xiang Shaokun Steven (Chief Executive Officer) as executive directors, Mr. Ning Hao, Mr. Xu Zheng and Mr. Gao Zhikai as non-executive directors, and Mr. Su Tuong Sing, David, Mr. Li Xiaolong and Mr. Wong Tak Chuen as independent non-executive directors.

* *For identification purpose only*