

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company



歡喜傳媒集團有限公司*
HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1003)

**SUBSCRIPTION OF SHARES AND
STRATEGIC COOPERATION**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

SUBSCRIPTION

On 2 July 2018, the Company and Tianjin Maoyan Weiyang Media Company Limited (貓眼) (the “**Maoyan**”) entered into the Cooperation Agreement, pursuant to which the Maoyan (or its designated party) intends to subscribe for, and the Company intends to allot and issue the Subscription Shares under the Subscription; and carry out the Strategic Cooperation.

NUMBER OF SUBSCRIPTION SHARES

Pursuant to the Cooperation Agreement and conditional upon satisfaction of the conditions precedent, it is proposed that the Company intends to allot and issue, and Maoyan (or its designated party) intends to subscribe for approximately 15.00% of Shares in the issued share capital of the Company as enlarged by the Subscription Shares under the Subscription. Based on the current number of 2,768,055,408 issued Shares of the Company, the Subscription Shares should be approximately 488,480,000 Shares (representing approximately 17.65% of the existing issued Shares of the Company as at the date of this announcement). If the issued share capital of the Company changed before entering into a definitive Subscription Agreement, then the number of Subscription Shares to be subscribed by Maoyan will be adjusted accordingly.

* *For identification purposes only*

CONSIDERATION

The subscription price will be the average closing price of the Shares for the 30 trading days before the date of entering into the Cooperation Agreement (being approximately HK\$1.95067 per Share), and the proceeds from the Subscription will be approximately HK\$952,863,000.

CONDITIONS PRECEDENT

The Subscription will be subject to the following conditions precedent:

- (i) Maoyan being satisfied with the due diligence results;
- (ii) the Company and Maoyan having entered into a definitive Subscription Agreement;
- (iii) the Company and Maoyan having obtained the approval and consent of their internal relevant decision making authorities; and
- (iv) the Company and Maoyan having obtained all approvals, permits from and made all requisite filings (if applicable) with government or regulatory bodies (including but not limited to the Securities and Futures Commission and the Stock Exchange; if applicable) and other relevant entities.

Maoyan shall be entitled to nominate two non-executive directors and recommend a candidate of financial controller to the Company after completion of the Subscription Agreement.

If the Subscription proceeds, it is proposed that the Subscription Shares be allotted and issued under a specific mandate to be sought from the Shareholders at a special general meeting of the Company. Proceeds from the Subscription will be applied by the Company towards the development of its online video platform, film and TV rights investments and general working capital.

STRATEGIC COOPERATION

The Company and Maoyan will cooperate in the following business areas:

- (i) Maoyan will be granted the investment right and exclusive promotion and distribution rights to the Group's films and TV/internet drama series projects. Maoyan has the sole right to transfer the rights mentioned to Maoyan's designated associated companies. The parties will sign a separate agreement to formally confirm the detail terms;
- (ii) Maoyan will provide a services entrance on its website and APP for the Group's new media video content and services, while also leveraging off its resources to promote the Group's new media video content and services; and
- (iii) Maoyan will make use of its internet resources and technologies to facilitate the operations and expansion of the Group's new media video content and services.

The Company and Maoyan will further negotiate details of the Subscription Agreement and the Strategic Cooperation, and enter into a definitive agreement for the implementation of the Cooperation Agreement.

INFORMATION ON MAOYAN

Maoyan (貓眼) is a company incorporated in the PRC with limited liability, whose major shareholders include, among others, Beijing Enlight Media (光綫傳媒), Tencent (騰訊), Meituan Dianping (美團點評) and Weiyang Shidai (微影時代).

Maoyan is a leading Internet and entertainment platform in the PRC, its business covers online ticketing for movies, performances and sport events; and video entertainment content production, promotion and distribution. Maoyan.com (貓眼電影) is the online ticketing platform of Maoyan, it owns the largest market share among online film ticketing platforms in the PRC. It provides entertainment information, online seat selection and interactive communication services for a wide range of ticketing users and entertainment consumers in the PRC. In addition, Maoyan has established a physical marketing network covering more than 100 cities across the PRC. Through an online and offline integrated business system, as well as professional services based on big data. Maoyan also provides professional services such as big data, marketing, distribution and trading for cultural entertainment industry partners.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Maoyan and its ultimate beneficial owner are independent third parties independent of and not connected with the Company or its connected persons.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in media and entertainment and related businesses and other businesses.

REASONS FOR THE SUBSCRIPTION AND THE STRATEGIC COOPERATION

The Group is principally engaged in media and entertainment and related businesses and other businesses. The Board believes that the Subscription will raise sufficient funds for the Group to accelerate the development of its new media video content and services and film and TV rights investments, and broaden the shareholder base of the Company. The Board is of the view that the Strategic Cooperation will enable the Group and Maoyan to each leverage on their respective strategic strengths and create synergies. The Group will utilise the Maoyan's leading online ticketing platform in the PRC and its huge users base to obtain a services entrance on the Maoyan's website and APP for the Group's new media video content and services, which will lead to the growth of new media video content and services users, and support the promotion and distribution of the Group's films and TV projects. The Group also intends to leverage off the Maoyan's internet resources and technologies to facilitate the promotion of its new media video content and services' operations and expansion, which will

be beneficial to the Group. Maoyan would be granted exclusive promotion and distribution rights to the Group's films and TV/internet drama series projects, which will facilitate the development of film and TV promotion and distribution business of Maoyan. The Board considers that the Subscription and the Strategic Cooperation are entered into on normal commercial terms, they are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

GENERAL

The Company will make further announcements regarding any material progress in respect of the above matters as and when appropriate.

Shareholders and potential investors of the Company should be aware that the terms of the Subscription and the Strategic Cooperation are subject to further negotiations between the Company and Maoyan, and completion of the Subscription and the Strategic Cooperation would be subject to (i) the execution of the Subscription Agreement; and (ii) the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as stipulated in the Subscription Agreement, including Maoyan being satisfied with the due diligence results. Accordingly, there is no assurance that the Subscription and the Strategic Cooperation will materialise or eventually be consummated.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associated company(ies)”	has the meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Huanxi Media Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1003)
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement dated 2 July 2018 entered into between the Company and Maoyan in relation to the Subscription and the Strategic Cooperation

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maoyan”	Tianjin Maoyan Weiyang Media Company Limited (天津貓眼微影文化傳媒有限公司), a company incorporated in the PRC with limited liability, whose major shareholders include, among others, Beijing Enlight Media (光綫傳媒), Tencent (騰訊), Meituan Dianping (美團點評) and Weiyang Shidai (微影時代)
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong and the Macau Special Administrative Region
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation”	business cooperation between the Company and Maoyan as contemplated in the Cooperation Agreement
“Subscription”	the proposed subscription for the Subscription Shares by Maoyan (or its designated party) under the Cooperation Agreement
“Subscription Agreement”	a legally binding proposed definitive subscription agreement which may or may not be entered into between the Company and Maoyan (or its designated party) in relation to the Subscription

“Subscription Shares”	the new Shares intended to be subscribed for by Maoyan (or its designated party) under the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 2 July 2018

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.