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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)

**CONNECTED TRANSACTIONS:
THE FILM PRODUCTION AGREEMENT,
THE DIRECTOR AGREEMENT, THE PRODUCER AGREEMENT,
THE SCREENWRITER AGREEMENT AND
THE ACTOR AGREEMENT**

**Independent Financial Adviser
to the Independent Board Committee and the independent Shareholders**



**THE FILM PRODUCTION AGREEMENT, THE DIRECTOR AGREEMENT, THE
PRODUCER AGREEMENT, THE SCREENWRITER AGREEMENT AND THE
ACTOR AGREEMENT**

On 26 February 2019, (i) Shou Ying, an indirect wholly-owned subsidiary of the Company, entered into the Film Production Agreement with Beijing Joy Leader, pursuant to which Beijing Joy Leader has conditionally agreed to provide the Film Production Services (as defined below) to Shou Ying in relation to the Film; and (ii) Huan Huan Xi Xi, an indirect wholly-owned subsidiary of the Company, entered into (a) the Director Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the director of the Film; (b) the Producer Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the producer of the Film; (c) the Screenwriter Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the screenwriter of the Film; and (d) the Actor Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the leading actor of the Film.

* For identification purposes only

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Agreements, Beijing Joy Leader is owned as to 51% by Mr. Xu Zheng and 25% by Mr. Xu Zheng's spouse. Mr. Xu Zheng is a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement. As such, each of Mr. Xu Zheng and Beijing Joy Leader (being an associate of Mr. Xu Zheng) is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The SGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the Agreements and the transactions contemplated thereunder. As at the date of the Agreements, Tairong Holdings, a company wholly owned by Mr. Xu Zheng, holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement. Beijing Joy Leader, a connected person of the Company, is 51% owned by Mr. Xu Zheng and 25% by the spouse of Mr. Xu Zheng. Due to Tairong Holdings' and Beijing Joy Leader's relationship with Mr. Xu Zheng, Tairong Holdings and its associates (if applicable) are regarded as having material interest in the Agreements and are required to abstain from voting on the ordinary resolution in relation to the Agreements at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Agreements. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Agreements and the transactions contemplated therein; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Agreements; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements; (iv) other information as required under the Listing Rules; and (v) a notice of the SGM, will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required by the Company for the preparation of certain information for inclusion in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 29 March 2019.

INTRODUCTION

On 26 February 2019, (i) Shou Ying, an indirect wholly-owned subsidiary of the Company, entered into the Film Production Agreement with Beijing Joy Leader, pursuant to which Beijing Joy Leader has conditionally agreed to provide the Film Production Services to Shou Ying in relation to the Film; and (ii) Huan Huan Xi Xi, an indirect wholly-owned subsidiary of the Company, entered into (a) the Director Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the director of the Film; (b) the Producer Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the producer of the Film; (c) the Screenwriter Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the screenwriter of the Film; and (d) the Actor Agreement with Mr. Xu Zheng pursuant to which Mr. Xu Zheng has conditionally agreed to act as the leading actor of the Film.

PRINCIPAL TERMS OF THE FILM PRODUCTION AGREEMENT

Major terms of the Film Production Agreement are set out below:

Date: 26 February 2019

Parties: (1) Beijing Huanxi Shou Ying Culture Company Limited*(北京歡喜首映文化有限公司), an indirect wholly-owned subsidiary of the Company through contractual arrangements

(2) Beijing Joy Leader Culture Communication Co. Ltd.(北京真樂道文化傳播有限公司)

As at the date of the Film Production Agreement, Beijing Joy Leader is principally engaged in movie production and movie investments. It is owned as to 51% by Mr. Xu Zheng and 25% by Mr. Xu Zheng's spouse. Mr. Xu Zheng is a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement. As such, Beijing Joy Leader is an associate of Mr. Xu Zheng and is a connected person of the Company under the Listing Rules.

Subject matter: Beijing Joy Leader will provide the film production services to Shou Ying in relation to the Film including but not limited to the services set out below (collectively the "**Film Production Services**"):

- (1) shooting of the Film;
- (2) location scouting, including arranging the location scouting and other preparatory work of the Film, setting up and finalising the shooting scene;

- (3) coordinating in hiring shooting crew members and assisting in handling immigration procedures relating to visas of foreign personnel and equipment, etc.;
- (4) providing shooting progress report to Shou Ying every week;
- (5) providing to Shou Ying all required materials for obtaining the film release permit of the Film and assisting Shou Ying in obtaining such permit;
- (6) being responsible for the safety matters within its scope of duties in relation to the production of the Film; and
- (7) arranging appropriate insurance according to the needs of the production of the Film for no less than the production period of the Film and monitoring the insurable risk.

Shou Ying may request Beijing Joy Leader to sign contract with third parties (“**Third Party Contracts**”) on behalf of Shou Ying in relation to the shooting of the Firm, provided that the total amount of the Third Party Contracts shall not exceed RMB100,000,000 (equivalent to approximately HK\$115,800,000). Shou Ying agrees to pay to Beijing Joy Leader the sum payable to all such third parties under the Third Party Contracts, which is expected to be funded by internal resources of the Group.

Production fee: After the Film Production Agreement takes effect, Beijing Joy Leader has the right to receive the production fee in the sum of RMB30,000,000 (equivalent to approximately HK\$34,740,000) (the “**Production Fee**”).

The Production Fee shall be paid by Shou Ying to Beijing Joy Leader as follows:

- (1) as to RMB20,000,000 (equivalent to approximately HK\$23,160,000) within 10 working days after the Film Production Agreement has taken effect (i.e. after the condition precedent to the Film Production Agreement has been fulfilled);
- (2) as to RMB7,000,000 (equivalent to approximately HK\$8,106,000) prior to 10 working days preceding the end of the shooting of the Film (which shall be notified by Beijing Joy Leader to Shou Ying at least 30 working days in advance); and

- (3) as to RMB3,000,000 (equivalent to approximately HK\$3,474,000) within 10 working days after the film release permit of the Film is obtained.

The Production Fee was determined after arm's length negotiations between the parties with reference to the prevailing market rate of production fees for films of similar nature.

It is expected that the Production Fee would be funded by internal resources of the Group.

Copyright:

Beijing Joy Leader solely owns the copyright and derivative product development rights (including but not limited to film rights such as re-shooting, producing the sequel and using elements in the Film for commercial development including theme park projects) of the Film and related elements of the Film (including but not limited to pictures, audio and video of character names, character shapes, music, songs, etc.).

If a musician is hired to create music exclusively for the Film, the copyright of the music work (including the copyright of the song and all the rights of the corresponding performance) shall be an inseparable part of the Film and solely owned by Beijing Joy Leader.

Beijing Joy Leader solely owns the entire copyright of the script of the Film (including but not limited to the creative elaboration, simple outline, character biography, synopsis and unfinished scripts, materials, etc. formed during the script creation process).

Distribution rights:

Shou Ying shall own the worldwide exclusive distribution rights of the Film for fifteen (15) years through cinema screening, New Media (the distribution rights of the New Media shall follow the provisions regarding New Media as stated in the section headed "Income rights" below), interactive media, audio and video products, television broadcasting, internet communication and currently undeveloped broadcasting and screening media. Such distribution rights shall include the sole distribution and co-distribution of the Film with a qualified third party. The specific matters concerning the exercise of the distribution right (such as the distribution strategy, the distribution schedule, the choice of the distributor, the distributorship fee, the terms of the distribution, etc.) shall be negotiated and agreed between Shou Ying and Beijing Joy Leader.

Income rights: Shou Ying shall be entitled to all the income derived worldwide from the use of the copyright of the Film including (i) income from the distribution or rental in the cinema or line of cinemas; (ii) rights of distribution and sales of the Film and income from the distribution and sales of the Film.

The time limit for the above rights to distribution and sales and the proceeds from the distribution and sales shall be fifteen (15) years commencing from the first lease date of the Film. After the time limit of fifteen (15) years, the rights to distribution and sales and the income from the distribution and sales shall belong to Beijing Joy Leader.

Notwithstanding the above provisions, Shou Ying has the exclusive rights to distribute the Film on a global basis through New Media for an unlimited income period, including the right to exclusive playback of the Film on Shou Ying's own platform and third party New Media platform authorized by Shou Ying ("**New Media Exclusive Rights**"); Shou Ying has the right to transfer the New Media Exclusive Rights to other third parties at their sole discretion. If Shou Ying deem that its New Media Exclusive Rights have been infringed, it shall have the right, and Beijing Joy Leader (or its designated third party) hereby fully authorizes Shou Ying, to take such actions as Shou Ying considers appropriate to sue for the tort liability of the relevant party. Beijing Joy Leader (or its designated third party) shall take all necessary actions to cooperate in accordance with the requirements of Shou Ying.

For the avoidance of doubt, (i) all the income obtained from the New Media (including but not limited to Shou Ying's own platform and other third-party platforms authorized by Shou Ying); and (ii) all income earned through the New Media, through exercise by the New Media Exclusive Rights by Shou Ying shall exclusively belong to Shou Ying.

PRINCIPAL TERMS OF THE DIRECTOR AGREEMENT

Major terms of the Director Agreement are set out below:

Date: 26 February 2019

Parties: (1) Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited*(歡歡喜喜(天津)文化投資有限公司), an indirect wholly-owned subsidiary of the Company.

(2) Mr. Xu Zheng, a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement.

Subject Matter: Mr. Xu Zheng has conditionally agreed to act as the film director of the Film. The work of film director shall include (but not limited to) pre-production, shooting, post-production, review, submission for approval and promotion of the Film.

Director Fee: After the Director Agreement takes effect, Mr. Xu Zheng is entitled to a director fee of RMB27,000,000 (equivalent to approximately HK\$31,266,000) (inclusive of all tax to be incurred) (“**Director Fee**”), which shall be paid by Huan Huan Xi Xi to Mr. Xu Zheng as follows:

- (1) as to RMB5,400,000 (equivalent to approximately HK\$6,253,000) (inclusive of all tax to be incurred) as the first instalment within 5 working days after the Director Agreement has taken effect (i.e. after the condition precedent to the Director Agreement has been fulfilled);
- (2) as to RMB8,100,000 (equivalent to approximately HK\$9,380,000) (inclusive of all tax to be incurred) as the second instalment within 5 working days after the start of the shooting of the Film;
- (3) as to RMB8,100,000 (equivalent to approximately HK\$9,380,000) (inclusive of all tax to be incurred) as the third instalment within 5 working days after completion of more than half of the shooting of the Film (as per the shooting plan confirmed by both parties);

- (4) as to RMB4,050,000 (equivalent to approximately HK\$4,690,000) (inclusive of all tax to be incurred) as the fourth instalment within 5 working days after the end of the shooting of the Film; and
- (5) as to RMB1,350,000 (equivalent to approximately HK\$1,563,000) (inclusive of all tax to be incurred) as the fifth instalment within 5 working days after the film release permit of the Film is obtained.

The Director Fee is determined with reference to the prevailing market rates payable to Independent Third Party film directors who are of similar calibre, status, standing and reputation.

It is expected that the Director Fee would be funded by internal resources of the Group.

PRINCIPAL TERMS OF THE PRODUCER AGREEMENT

Major terms of the Producer Agreement are set out below:

Date: 26 February 2019

Parties:

- (1) Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited* (歡歡喜喜(天津)文化投資有限公司), an indirect wholly-owned subsidiary of the Company.
- (2) Mr. Xu Zheng, a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement.

Subject Matter: Mr. Xu Zheng has conditionally agreed to act as the film producer of the Film. The work of producer shall include (but not limited to) (i) planning for the specific shooting schedule for the Film's production; (ii) being responsible for the total expenditure budget for the film crew and the logistics support for film production, and (iii) providing assistance in arranging specific day-to-day affairs.

Producer Fee: After the Producer Agreement takes effect, Mr. Xu Zheng is entitled to a producer fee of RMB10,000,000 (equivalent to approximately HK\$11,580,000) (inclusive of all tax to be incurred) (“**Producer Fee**”), which shall be paid by Huan Huan Xi Xi to Mr. Xu Zheng as follows:

- (1) as to RMB2,000,000 (equivalent to approximately HK\$2,316,000) (inclusive of all tax to be incurred) as the first instalment within 5 working days after the Producer Agreement has taken effect (i.e. after the condition precedent to the Producer Agreement has been fulfilled);
- (2) as to RMB3,000,000 (equivalent to approximately HK\$3,474,000) (inclusive of all tax to be incurred) as the second instalment within 5 working days after the start of the shooting of the Film;
- (3) as to RMB3,000,000 (equivalent to approximately HK\$3,474,000) (inclusive of all tax to be incurred) as the third instalment within 5 working days after completion of more than half of the shooting of the Film (as per the shooting plan confirmed by both parties);
- (4) as to RMB1,500,000 (equivalent to approximately HK\$1,737,000) (inclusive of all tax to be incurred) as the fourth instalment within 5 working days after the end of the shooting of the Film; and
- (5) as to RMB500,000 (equivalent to approximately HK\$579,000) (inclusive of all tax to be incurred) as the fifth instalment within 5 working days after the film release permit of the Film is obtained.

The Producer Fee is determined with reference to the prevailing market rates payable to Independent Third Party film producers who are of similar calibre, status, standing and reputation.

It is expected that the Producer Fee would be funded by internal resources of the Group.

PRINCIPAL TERMS OF THE SCREENWRITER AGREEMENT

Major terms of the Screenwriter Agreement are set out below:

Date: 26 February 2019

Parties: (1) Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited* (歡歡喜喜(天津)文化投資有限公司), an indirect wholly-owned subsidiary of the Company.

- (2) Mr. Xu Zheng, a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement.

Subject Matter: Mr. Xu Zheng has conditionally agreed to act as the screenwriter of the Film. The work of screenwriter shall include (but not limited to) provision of screenwriting services and related matters.

Screenwriter Fee: After the Screenwriter Agreement takes effect, Mr. Xu Zheng is entitled to a screenwriter fee (“**Screenwriter Fee**”) of RMB10,000,000 (equivalent to approximately HK\$11,580,000) (inclusive of all tax to be incurred), which shall be paid by Huan Huan Xi Xi to Mr. Xu Zheng as follows:

- (1) as to RMB2,000,000 (equivalent to approximately HK\$2,316,000) (inclusive of all tax to be incurred) as the first instalment within 5 working days after the Screenwriter Agreement has taken effect (i.e. after the condition precedent to the Screenwriter Agreement has been fulfilled);
- (2) as to RMB3,000,000 (equivalent to approximately HK\$3,474,000) (inclusive of all tax to be incurred) as the second instalment within 5 working days after the start of the shooting of the Film;
- (3) as to RMB3,000,000 (equivalent to approximately HK\$3,474,000) (inclusive of all tax to be incurred) as the third instalment within 5 working days after completion of more than half of the shooting of the Film (as per the shooting plan confirmed by both parties); and
- (4) as to RMB2,000,000 (equivalent to approximately HK\$2,316,000) (inclusive of all tax to be incurred) as the fourth instalment within 5 working days after the end of the shooting of the Film.

The Screenwriter Fee is determined with reference to the prevailing market rates payable to Independent Third Party film screenwriters who are of similar calibre, status, standing and reputation.

It is expected that the Screenwriter Fee would be funded by internal resources of the Group.

PRINCIPAL TERMS OF THE ACTOR AGREEMENT

Major terms of the Actor Agreement are set out below:

- Date: 26 February 2019
- Parties:
- (1) Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited* (歡歡喜喜(天津)文化投資有限公司), an indirect wholly-owned subsidiary of the Company.
 - (2) Mr. Xu Zheng, a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement.
- Subject Matter: Mr. Xu Zheng has conditionally agreed to act as the leading actor of the Film. The work of leading actor shall include (but not limited to) the performance and promotion of the Film and the re-shooting of the Firm (if required).
- Actor Fee: After the Actor Agreement takes effect, Mr. Xu Zheng is entitled to an actor fee (“**Actor Fee**”) of RMB40,000,000 (equivalent to approximately HK\$46,320,000) (inclusive of all tax to be incurred), which shall be paid by Huan Huan Xi Xi to Mr. Xu Zheng as follows:
- (1) as to RMB8,000,000 (equivalent to approximately HK\$9,264,000) (inclusive of all tax to be incurred) as the first instalment within 5 working days after the Actor Agreement has taken effect (i.e. after the condition precedent to the Actor Agreement has been fulfilled);
 - (2) as to RMB12,000,000 (equivalent to approximately HK\$13,896,000) (inclusive of all tax to be incurred) as the second instalment within 5 working days after the start of the shooting of the Film;
 - (3) as to RMB12,000,000 (equivalent to approximately HK\$13,896,000) (inclusive of all tax to be incurred) as the third instalment within 5 working days after completion of more than half of the shooting of the Film; and
 - (4) as to RMB8,000,000 (equivalent to approximately HK\$9,264,000) (inclusive of all tax to be incurred) as the fourth instalment within 5 working days after the end of the shooting of the Film.

The Actor Fee is determined with reference to the prevailing market rates payable to Independent Third Party film actors who are of similar calibre, status, standing and reputation.

It is expected that the Actor Fee would be funded by internal resources of the Group.

CONDITION PRECEDENT OF THE AGREEMENTS

The condition precedent of the Agreements is approval of the regulatory authorities in Hong Kong and the Independent Shareholders (if required).

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Group is principally engaged in media and entertainment and related businesses and other businesses. It plans to develop its existing business in the media and entertainment industry. It intends to produce and invest in different types of film. The film development and investment is in line with the Group's development in the media and entertainment industry. Taking into account Beijing Joy Leader's extensive experience in movie production, its professional and competent production team and its successful track record in the production of films including but not limited to "*Lost in Hong Kong*" 《港囧》, "*Hong Long Will I Love You*" 《超時空同居》, "*A or B*" 《幕後玩家》 and "*Dying to Survive*" 《我不是藥神》 and Mr. Xu Zheng is a prestigious and successful director, screenwriter and actor in the PRC movie industry who was awarded the best leading actor by Taiwan Golden Horse (金馬獎) for his performance in *Dying to Survive* 《我不是藥神》 in 2018, the participation of Mr. Xu Zheng in the Film would be beneficial to the Group's development in the media and entertainment industry, the Directors (excluding the independent non-executive Directors whose view will be given after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Agreements) consider that the Agreements would be beneficial to the Group.

As such, the Directors (excluding the independent non-executive Directors whose view will be given after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Agreements) are of the view that the Agreements are in the Company's ordinary and usual course of business and on normal commercial terms and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is a company incorporated in Bermuda with limited liability. It is an investment holding company and its subsidiaries are principally engaged in media and entertainment and related businesses and other businesses.

INFORMATION ABOUT THE FILM

The Film is tentatively named as 《囧媽》, a Chinese comedy film directed by Mr. Xu Zheng and starring Mr. Xu Zheng. The Film is expected to be first released in the PRC in January 2020.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Agreements, Beijing Joy Leader is owned as to 51% by Mr. Xu Zheng and 25% by Mr. Xu Zheng's spouse. Mr. Xu Zheng is a non-executive Director of the Company and the sole ultimate beneficial owner of Tairong Holdings, a substantial Shareholder which holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement. As such, each of Mr. Xu Zheng and Beijing Joy Leader (being an associate of Mr. Xu Zheng) is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SGM

The SGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the Agreements and the transactions contemplated thereunder. As at the date of the Agreements, Tairong Holdings, a company wholly owned by Mr. Xu Zheng, holds 438,625,528 Shares, representing approximately 15.03% of the issued share capital of the Company as at the date of this announcement. Beijing Joy Leader, a connected person of the Company, is 51% owned by Mr. Xu Zheng and 25% by the spouse of Mr. Xu Zheng. Due to Tairong Holdings' and Beijing Joy Leader's relationship with Mr. Xu Zheng, Tairong Holdings and its associates (if applicable) are regarded as having material interest in the Agreements and are required to abstain from voting on the ordinary resolution in relation to the Agreements at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Agreements. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Agreements and the transactions contemplated therein; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Agreements; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Agreements; (iv) other information as required under the Listing Rules; and (v) a notice of the SGM, will be despatched by the Company to the Shareholders in accordance with the requirements of the Listing Rules. As additional time is required by the Company for the preparation of certain information for inclusion in the circular, the circular is expected to be despatched by the Company to the Shareholders on or before 29 March 2019.

Mr. Xu Zheng has a material interest in the Agreements and has abstained from voting on the board resolution approving the Agreements and the transactions contemplated therein. Save for the aforesaid, none of the Directors has a material interest in the transactions contemplated therein and hence none of them has abstained from voting on the board resolution approving the Agreements and the transactions contemplated therein.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Agreements”	the Film Production Agreement, the Director Agreement, the Producer Agreement, the Screenwriter Agreement and the Actor Agreement
“Actor Agreement”	the actor agreement dated 26 February 2019 entered into between Huan Huan Xi Xi and Mr. Xu Zheng
“Actor Fee”	as defined in the paragraph headed “Actor Fee” under the section headed “Principal Terms of the Actor Agreement”
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Joy Leader”	北京真樂道文化傳播有限公司 (Beijing Joy Leader Culture Communication Co. Ltd.), a company established in the PRC with limited liability and is principally engaged in movie production and movie investments, which is owned as to 51% by Mr. Xu Zheng, 25% by Ms. Tao Hong, Mr. Xu Zheng’s spouse, and 24% by an Independent Third Party
“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 Main Board of the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Director Agreement”	the director agreement dated 26 February 2019 entered into between Huan Huan Xi Xi and Mr. Xu Zheng
“Director Fee”	as defined in the paragraph headed “Director Fee” under the section headed “Principal Terms of the Director Agreement”
“Film”	a film tentatively named as 《囧媽》 (subject to confirmation in the film release permit)
“Film Production Agreement”	the film production agreement dated 26 February 2019 entered into between Shou Ying and Beijing Joy Leader
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huan Huan Xi Xi”	歡歡喜喜(天津)文化投資有限公司 (Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	the independent board committee, comprising all independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Shinco Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than those who are required by the Listing Rules to abstain from voting on the resolution(s) relating to the transactions contemplated under the Agreements
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Media”	all forms of media other than traditional cinema, applicable to the whole world, including but not limited to the Internet, broadband, mobile Internet technologies, etc., such as web video, mobile video applications, tablet video applications, computer video applications, Internet TV, IPTV, future media applications, satellite, cable, TV media (either free or paid), audiovisual products and audio and through video equipment or other terminal equipment in Internet cafes, hotels, aircraft, trains and cars
“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
“Producer Agreement”	the producer agreement dated 26 February 2019 entered into between Huan Huan Xi Xi and Mr. Xu Zheng
“Producer Fee”	as defined in the paragraph headed “Producer Fee” under the section headed “Principal Terms of the Producer Agreement”
“RMB”	Renminbi, the lawful currency of the PRC
“Screenwriter Agreement”	the screenwriter agreement dated 26 February 2019 entered into between Huan Huan Xi Xi and Mr. Xu Zheng
“Screenwriter Fee”	as defined in the paragraph headed “Screenwriter Fee” under the section headed “Principal Terms of the Screenwriter Agreement”
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Agreements and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shou Ying”	北京歡喜首映文化有限公司 (Beijing Huanxi Shou Ying Culture Company Limited*), a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company through contractual arrangements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tairong Holdings”	Tairong Holdings Limited (泰嶸控股有限公司), a company incorporated in the British Virgin Islands with limited liability
“working day”	a day other than (i) Saturday, Sunday or public holiday; or (ii) on which banks are closed for general banking business in Hong Kong

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

Hong Kong, 26 February 2019

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.158. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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 and Mr. Xu Zheng as non-executive Directors, and Mr. Wong Tak Chuen, Mr. Su Tuong Sing, David and Mr. Li Xiaolong as independent non-executive Directors.