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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)

SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Huanxi Media Group Limited (the “**Company**”) dated 2 July 2018, 31 August 2018, 1 November 2018 and 31 January 2019 (the “**Announcements**”) in relation to the Subscription and Strategic Cooperation. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

The Board is pleased to announce that on 12 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with Maoyan Entertainment, pursuant to which Maoyan Entertainment has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Maoyan Entertainment, 236,600,000 Subscription Shares at the Subscription Price of HK\$1.6507 per Subscription Share.

The Subscription Shares represent (i) approximately 8.11% of the total number of issued Shares as at the date of this announcement and (ii) approximately 7.50% of the total issued Shares as enlarged by the Subscription (assuming that there will be no change in the number of issued shares of the Company between the date of this announcement and Completion save for the issuance of the Subscription Shares). The Subscription Shares will be allotted and issued under the General Mandate.

* *for identification purpose only*

The Subscription Price of HK\$1.6507 per Subscription Share represents: (i) a premium of approximately 5.81% over the closing price of HK\$1.560 per Share as quoted on the Stock Exchange on the date of entering into the Subscription Agreement; and (ii) a premium of approximately 7.61% over the average closing price of approximately HK\$1.534 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Subscription Agreement.

The gross proceeds and net proceeds to be raised from the Subscription will be HK\$390,555,620 and approximately HK\$390,000,000, respectively. The net price to be received by the Company for the issuance of each Subscription Share will be approximately HK\$1.6484. The net proceeds from the Subscription will be applied by the Company as to approximately HK\$100,000,000 for the development of its online video platform, approximately HK\$190,000,000 for the investment in, production of and purchase of film and TV contents and approximately HK\$100,000,000 for general working capital.

The Board is also pleased to announce that on 12 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Strategic Cooperation Agreement with Maoyan, pursuant to which the Company and Maoyan will cooperate in the following business areas: (i) Maoyan and its affiliates will be granted priority investment rights and exclusive promotion and distribution rights to the Group's films and TV/internet drama series projects. Maoyan has the right to transfer the rights mentioned to Maoyan's designated affiliates; (ii) the Group and Maoyan and its affiliates will co-invest in films and TV/internet drama series projects; and (iii) Maoyan will provide a services entrance on its website and App for the Group's new media video content and services, and will make use of its internet resources and technologies to promote and facilitate the operations and expansion of the Group's new media video content and services.

Shareholders and potential investors should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 12 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with Maoyan Entertainment, pursuant to which Maoyan Entertainment has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Maoyan Entertainment, 236,600,000 Subscription Shares at the Subscription Price of HK\$1.6507 per Subscription Share (being the average closing price of the Shares for the 30 trading days before the date of entering into the Subscription Agreement).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Maoyan Entertainment is an independent third party and is not connected with the Company or its connected persons.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are as follows:

Parties to the Subscription Agreement

- (1) the Company as the issuer of the Subscription Shares; and
- (2) Maoyan Entertainment as the subscriber of the Subscription Shares.

Number of Subscription Shares

The 236,600,000 Subscription Shares represent (i) approximately 8.11% of the total number of issued Shares as at the date of this announcement and (ii) approximately 7.50% of the total issued Shares as enlarged by the Subscription (assuming that there will be no change in the number of issued shares of the Company between the date of this announcement and Completion save for the issuance of the Subscription Shares). The Subscription Shares will be allotted and issued under the General Mandate.

Subscription Price and use of proceeds

The Subscription Price of HK\$1.6507 per Subscription Share (being the average closing price of the Shares for the 30 trading days before the date of entering into the Subscription Agreement) represents: (i) a premium of approximately 5.81% over the closing price of HK\$1.560 per Share as quoted on the Stock Exchange on the date of entering into the Subscription Agreement; and (ii) a premium of approximately 7.61% over the average closing price of approximately HK\$1.534 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and Maoyan Entertainment with reference to the recent trading price and volume of the Shares. The Directors consider that the terms and conditions of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The gross proceeds and net proceeds to be raised from the Subscription will be HK\$390,555,620 and approximately HK\$390,000,000, respectively. The net price to be received by the Company for the issuance of each Subscription Share will be approximately HK\$1.6484.

The net proceeds from the Subscription will be applied by the Company as to approximately HK\$100,000,000 for the development of its online video platform, approximately HK\$190,000,000 for the investment in, production of and purchase of film and TV contents and approximately HK\$100,000,000 for general working capital.

Conditions Precedent

The Company will issue and allot the Subscription Shares to Maoyan Entertainment within five Business Days of the satisfaction or waiver of the conditions set forth in the Subscription Agreement, which include:

- (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to Completion); and
- (ii) each of the Company and Maoyan Entertainment having obtained all applicable approvals, licences and permits from, and made all requisite filings and registrations with, (if applicable) government or regulatory bodies (including but not limited to the Stock Exchange and the Securities and Futures Commission).

The Subscription will only take effect upon the Completion, which is subject to the satisfaction or waiver of the above conditions. As such, the Subscription may or may not proceed.

ISSUE OF THE SUBSCRIPTION SHARES UNDER GENERAL MANDATE

The Subscription Shares will be allotted and issued under the General Mandate granted to the Board at the Annual General Meeting, and the Subscription will not be subject to shareholders' approval. Under the General Mandate, the Board is authorized to allot and issue up to 553,611,081 new Shares. As at the date of this announcement, 150,000,000 Shares have been allotted and issued under the General Mandate, and 403,611,081 Shares remain to be allotted and issued.

REASONS FOR THE SUBSCRIPTION

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 as well as the Group's investment in film and TV rights, and will also serve to broaden the shareholder base of the Company.

STRATEGIC COOPERATION

The Board is pleased to announce that on 12 March 2019 (after trading hours of the Stock Exchange), the Company entered into the Strategic Cooperation Agreement with Maoyan, pursuant to which the Company and Maoyan will cooperate in the following business areas:

- (i) Maoyan and its affiliates will be granted priority investment rights and exclusive promotion and distribution rights to the Group's films and TV/internet drama series projects. Maoyan has the right to transfer the rights mentioned to Maoyan's designated affiliates;
- (ii) the Group and Maoyan and its affiliates will co-invest in films and TV/internet drama series projects; and
- (iii) Maoyan will provide a services entrance on its website and App for the Group's new media video content and services, and will make use of its internet resources and technologies to promote and facilitate the operations and expansion of the Group's new media video content and services.

It is expected that the Subscription and Strategic Cooperation will enable the Group and Maoyan Entertainment to achieve business synergy in various aspects.

PREVIOUS ISSUANCES IN THE PRECEDING 12 MONTHS

On 14 September 2018, the Company issued and allotted 150,000,000 new Shares to Unique Swift Limited (the "**Unique Swift Issuance**"), pursuant to the terms of an amended and restated cooperation agreement. No funds were raised by the Company in respect of the Unique Swift Issuance, as the Shares were issued as consideration for cooperation opportunities with Mr. Zhang Yimou and Unique Swift Limited. The announcements of the Company issued on 24 May 2018, 14 June 2018, 15 August 2018 and 11 September 2018 contain further information on the Unique Swift Issuance.

EFFECT OF THE ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The illustrative shareholding structure of the Company as at the date of this announcement and immediately after the Completion of the Subscription is as follows (assuming that there will be no change in the number of issued shares of the Company between the date of this announcement and Completion save for the issuance of the Subscription Shares):

Names of Shareholders	As at the date of this announcement		Immediately after Completion	
	<i>No. of shares</i>	<i>Approx.</i>	<i>No. of shares</i>	<i>Approx.</i>
Newwood Investments Limited	461,711,082 <i>(Notes 1 to 3)</i>	15.82%	461,711,082	14.64%
Numerous Joy Limited	92,342,216 <i>(Notes 1 to 3)</i>	3.16%	92,342,216	2.93%
Highrise Castle Limited	500,000 <i>(Notes 1 & 3)</i>	0.02%	500,000	0.02%
Mr. Dong Ping	16,610,000 <i>(Notes 1 & 3)</i>	0.57%	16,610,000	0.53%
Pacific Wits Limited	438,625,528 <i>(Notes 1, 2 & 4)</i>	15.03%	438,625,528	13.90%
Tairong Holdings Limited	438,625,528 <i>(Notes 1, 2 & 5)</i>	15.03%	438,625,528	13.90%
Panfaith Investments Limited	15,060,000 <i>(Note 6)</i>	0.52%	15,060,000	0.48%
Unique Swift Limited	150,000,000	5.14%	150,000,000	4.75%
Maoyan Entertainment	–	0.00%	236,600,000	7.50%
Other public Shareholders	<u>1,304,581,054</u>	<u>44.71%</u>	<u>1,304,581,054</u>	<u>41.35%</u>
Total	<u><u>2,918,055,408</u></u>	<u><u>100.00%</u></u>	<u><u>3,154,655,408</u></u>	<u><u>100.00%</u></u>

Upon the Completion of the Subscription, Maoyan Entertainment will not become a substantial Shareholder.

Notes (defined terms contained in these notes shall apply only to these notes):

1. On 14 April 2015, the Company and nine subscribers, namely Newwood Investments Limited (“**Newwood**”), Numerous Joy Limited (“**Numerous Joy**”), Pacific Wits Limited (“**Pacific Wits**”), Tairong Holdings Limited (“**Tairong**”), Wise Dragon International Limited, Gold Shine Investment Company Limited, Dayunmony Investment Corporation, Concept Best Limited and Reorient Global Limited (collectively, the “**Subscribers**”) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for a total of 1,701,416,556 Shares (the “**Subscription Shares**”) at an issue price of HK\$0.4 per Share (the “**Subscription**”). Details of the Subscription were set out in the Company’s circular dated 5 August 2015. The Subscription was approved by the independent shareholders of the Company at the Company’s special general meeting held on 28 August 2015 and the Subscription Shares were allotted to the Subscribers on 2 September 2015.
2. On 14 April 2015, Mr. Dong Ping (the Chairman and an executive Director of the Company, “**Mr. Dong**”), Newwood, Pacific Wits, Mr. Ning Hao (a non-executive Director, “**Mr. Ning**”), Tairong and Mr. Xu Zheng (a non-executive Director, “**Mr. Xu**”) entered into a shareholders agreement (the “**Shareholders Agreement**”), which sets forth certain rights and obligations of each of the parties in respect of the governance of the Company following completion of the Subscription. Newwood is therefore deemed to be interested in all the Shares in which Mr. Dong, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO.
3. Newwood and Numerous Joy are wholly owned by Mr. Dong. Pursuant to the Subscription Agreement, Newwood and Numerous Joy subscribed for 461,711,082 and 92,342,216 Shares respectively upon completion of the Subscription. Mr. Dong also holds 16,610,000 Shares directly and 500,000 Shares through Highrise Castle Limited. Mr. Dong is also a party to the Shareholders Agreement, is therefore deemed to be interested in all the Shares in which Newwood, Pacific Wits and Tairong are interested by virtue of section 317 of the SFO.
4. Pacific Wits is wholly owned by Mr. Ning. Pursuant to the Subscription Agreement, Pacific Wits subscribed for 438,625,528 Shares upon completion of the Subscription. Mr. Ning and Pacific Wits are also the parties to the Shareholders Agreement, are therefore deemed to be interested in all the Shares in which Mr. Dong, Newwood and Tairong are interested by virtue of section 317 of the SFO.
5. Tairong is wholly owned by Mr. Xu. Pursuant to the Subscription Agreement, Tairong subscribed for 438,625,528 Shares upon completion of the Subscription. Mr. Xu and Tairong are also the parties to the Shareholder Agreement, are therefore deemed to be interested in all the Shares in which Mr. Dong, Newwood and Pacific Wits are interested by virtue of section 317 of the SFO.
6. Panfaith Investments Limited is ultimately wholly owned by Mr. Li Xiaolong (an independent non-executive Director)

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

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 should note that Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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:

“Annual General Meeting”	the annual general meeting of the Company held on 29 June 2018
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“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)
“Completion”	the completion of the Subscription for the Subscription Shares in accordance with the Subscription Agreement
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Cooperation Agreement”	the cooperation agreement entered into between the Company and Maoyan on 2 July 2018 in relation to the Subscription and Strategic Cooperation

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Board by resolutions of the Shareholders passed at the Annual General Meeting
“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 Weying Cultural Media Co., Ltd
“Maoyan Entertainment”	Maoyan Entertainment, a company duly incorporated in the Cayman Islands and a holding company of Maoyan, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1896)
“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”	the proposed business cooperation arrangements and the areas of collaboration between the Company and Maoyan
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 12 March 2019 entered into between the Company and Maoyan in relation to the Strategic Cooperation

“Subscription”	the proposed subscription for the Subscription Shares by Maoyan Entertainment as contemplated in the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 March 2019 entered into between the Company and Maoyan Entertainment in relation to the Subscription
“Subscription Price”	the subscription price of HK\$1.6507 per Subscription Share, being the average closing price of the Shares for the 30 trading days before the date of entering into the Subscription Agreement
“Subscription Shares”	the 236,600,000 new Shares intended to be subscribed for by Maoyan Entertainment (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, 12 March 2019

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.