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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)**

**DISCLOSEABLE TRANSACTION –  
PROVISION OF LOANS**

**PROVISION OF LOANS**

The Board announces that, (i) on 9 December 2020, the Company and the Borrower entered into the First Loan Agreement, pursuant to which the Company agreed to lend, and the Borrower agreed to borrow, the First Loan in the principal amount of HK\$53,000,000, and which has been amended and supplemented by a supplemental agreement dated 10 December 2021 to extend the repayment date of the First Loan to 10 December 2022; and (ii) on 28 June 2021, the Company and the Borrower entered into the Second Loan Agreement, pursuant to which the Company agreed to lend, and the Borrower agreed to borrow, the Second Loan in the principal amount of HK\$50,000,000, and which has been amended and supplemented by a supplemental agreement dated 10 October 2022 to extend the repayment date of the Second Loan to 31 December 2022. As at the date of this announcement, the First Loan has been repaid while the Second Loan remains outstanding.

**LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each of the First Loan and the Second Loan are less than 5%, the grant of each of the First Loan and the Second Loan, standalone, did not constitute any discloseable transaction for the Company under Chapter 14 of the Listing Rules. As one of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Second Loan, aggregated with the First Loan, exceeds 5% but is less than 25%, the grant of the Loans under the Loan Agreements constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

\* *For identification purposes only*

## PROVISION OF LOANS

The Board announces that, (i) on 9 December 2020, the Company and the Borrower entered into the First Loan Agreement, pursuant to which the Company agreed to lend, and the Borrower agreed to borrow, the First Loan in the principal amount of HK\$53,000,000, and which has been amended and supplemented by a supplemental agreement dated 10 December 2021 to extend the repayment date of the First Loan to 10 December 2022; and (ii) on 28 June 2021, the Company and the Borrower entered into the Second Loan Agreement, pursuant to which the Company agreed to lend, and the Borrower agreed to borrow, the Second Loan in the principal amount of HK\$50,000,000, and which has been amended and supplemented by a supplemental agreement dated 10 October 2022 to extend the repayment date of the Second Loan to 31 December 2022.

## THE LOAN AGREEMENTS

The principal terms of the Loan Agreements are summarised as follows:

|                          | <b>First Loan Agreement</b>   | <b>Second Loan Agreement</b>   |
|--------------------------|---|--|
| <b>Date:</b>             | 9 December 2020<br>(with date of the supplemental agreement being 10 December 2021)                               | 28 June 2021<br>(with date of the supplemental agreement being 10 October 2022)    |
| <b>Parties:</b>          | (i) the Company; and<br>(ii) the Borrower   | (i) the Company; and<br>(ii) the Borrower  |
| <b>Principal amount:</b> | HK\$53,000,000  | HK\$50,000,000   |
| <b>Term:</b>             | 1 year from 9 December 2020 to 10 December 2021 but has been extended for another year to 10 December 2022        | 1 year from 28 June 2021 to 29 June 2022 but has been extended to 31 December 2022 |
| <b>Repayment:</b>        | Subject as otherwise provided in the Loan Agreements, the Borrower shall repay the Loans upon expiry of the term. |  |
| <b>Prepayment:</b>       | The Borrower may at any time prepay all or part of the Loans by giving prior written notice to the Company.       |  |

The Loans are unsecured and do not carry interest. As at the date of this announcement, the First Loan has been repaid while the Second Loan remains outstanding.

## **FUNDING OF THE LOANS**

The Group financed the Loans with its internal resources.

## **INFORMATION ON THE GROUP**

The Company is a company incorporated in Bermuda with limited liability. It is an investment holding company and film investment company and its subsidiaries are principally engaged in media and entertainment related businesses, including development and investment in film and TV programme rights, as well as operation of an online video platform.

## **INFORMATION ON THE BORROWER**

The Borrower, together with its subsidiaries, including structured entities, are principally engaged in the provision of online entertainment ticketing services, entertainment content services, movies and TV series investments, advertising services and other services to users in the PRC.

As at the date of this announcement, the Borrower is interested in 208,430,000 Shares, representing about 5.70% of the total issued Shares. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower and its ultimate beneficial owners is third party independent of the Company and the connected persons of the Company.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOANS**

The terms of the Loan Agreements were arrived at by the Group and the Borrower after arm's length negotiation, having regard to the amount of the Loans, the Group's relationship with the Borrower, and the aggregate amount payable to the Borrower Group arising from the Business Cooperation, including films investment fund and distribution deposit, and the borrowing from the Borrower Group exceed the amount of the Loans and do not carry interest. The Group advanced the Loans to the Borrower, for the purpose of its film investments and general working capital, to maintain and strengthen the Business Cooperation and the relationship with the Borrower, which will enable the Group to maintain the business with the Borrower Group and explore more business cooperation opportunities with the Borrower Group based on the enhanced Business Cooperation and relationship.

The Borrower is a film distributor and business partner of the Group. In March 2019, the Company entered into the strategic cooperation agreement with the Borrower, pursuant to which the Company and the Borrower Group are cooperating in the following aspects: (i) the Borrower Group have been granted priority in investment rights and exclusive promotion and distribution rights in respect of the Group's films and TV/internet drama series projects; (ii) the Group and the Borrower Group have co-invested in films and TV/internet drama series projects; and (iii) the Borrower Group has provided a service entrance on its website and App for the Group's new media video content and services, and has made 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.

The Group is principally engaged in media and entertainment related businesses, including development and investment in film and TV programme rights, while the Borrower Group is the investor and/or the distributor of some films of the Group. The Board is of the view that the Business Cooperation with the Borrower Group enables (i) the Group to obtain funds from the Borrower Group which help the Group to develop more film projects concurrently, so as to minimise the Group's business risk and (ii) the Group's films can leverage on the Borrower Group's reliable promotion and distribution channel. In the past, the Group and the Borrower Group had Business Cooperation in respect of the Group's films including *One Second* (一秒鐘) and *Miss Mom* (尋漢計). As at the date of this announcement, the Group and the Borrower Group also have Business Cooperation in respect of the films including *Papa* (學爸), a film written and directed by Su Liang and starring Huang Bo that is tentatively scheduled for release in the second half of this year; as well as *Something About Us* (紅毯先生) directed by Ning Hao and starring Andy Lau; *For My Country* (滿江紅) directed by Zhang Yimou and starring Jackson Yee, Shen Teng, Yue Yunpeng, Zhang Yi and Lei Jiayin; and *Unspoken* (無所畏懼) directed by Chen Daming and starring Zhang Hanyu expected to be arranged to debut on cinema screens in the second half of 2022 or in 2023.

As at 31 December 2021, the Group held a total sum of RMB168,540,000 (equivalent to approximately HK\$197,141,000) from the Borrower Group, comprising (i) a total sum of RMB126,540,000 (equivalent to approximately HK\$148,014,000) arising from the Business Cooperation in respect of two films of the Group, and (ii) an unsecured interest-free borrowing of RMB42,000,000 (equivalent to approximately HK\$49,127,000), for the purpose of the Group's film investments and general working capital, obtained from the Borrower Group. As at 30 June 2022, the Group held a total sum of RMB326,750,000 (equivalent to approximately HK\$382,199,000) from the Borrower Group for the Business Cooperation in respect of four films of the Group.

Having considered the financial background of the Borrower, the Business Cooperation and relationship between the Group and the Borrower and the amount received from the Borrower Group which arose from the Business Cooperation, the Directors (including the independent non-executive Directors) considered that the terms of the Loan Agreements were on normal commercial terms and were fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **REMEDIAL ACTIONS**

The Company deeply regrets for the non-compliance with the Listing Rules in respect of the Loans and it would like to stress that such non-compliance was inadvertent and unintentional.

In order to avoid reoccurrence of similar events in the future, the following remedial actions will be taken by the Company:

- (1) the Company will arrange trainings on regulatory compliance matters relating to notifiable transactions to the Directors and responsible staff to strengthen and reinforce their existing knowledge as well as their ability to identify potential issues at an early state, ensure that they fully understand the requirements of the Listing Rules;
- (2) the Company will strengthen and monitor the reporting arrangements for notifiable transactions to ensure due compliance of the Listing Rules; and
- (3) the Company will, as and when appropriate and necessary, consult legal or other professional advisers before entering into possible notifiable transactions or when notifiable transactions are being contemplated.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of each of the First Loan and the Second Loan are less than 5%, the grant of each of the First Loan and the Second Loan, standalone, did not constitute any discloseable transaction for the Company under Chapter 14 of the Listing Rules. As one of the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Second Loan, aggregated with the First Loan, exceeds 5% but is less than 25%, the grant of the Loans under the Loan Agreements constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

|                  |  |
|------------------|--|
| “Board”          | the board of Directors   |
| “Borrower”       | Maoyan Entertainment, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 1896) |
| “Borrower Group” | the Borrower and its subsidiaries  |

|                        |   |
|------------------------|---|
| “Business Cooperation” | the investment in and/or provision of distribution services for the Group’s films by the Borrower Group, from which the Group receives films investment fund and/or distribution deposit from the Borrower Group        |
| “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)”          | director(s) of the Company  |
| “First Loan”           | a loan in the principal amount of HK\$53,000,000 provided by the Company to the Borrower pursuant to the terms of the First Loan Agreement  |
| “First Loan Agreement” | a loan agreement dated 9 December 2020 entered into between the Company and the Borrower (as amended and supplemented by a supplemental agreement dated 10 December 2021) in respect of the provision of the First Loan |
| “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  |
| “Listing Rules”        | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Loan Agreements”      | collectively, the First Loan Agreement and the Second Loan Agreement  |
| “Loans”                | collectively, the First Loan and the Second Loan  |
| “PRC”                  | the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region and Taiwan  |
| “RMB”                  | Renminbi, the lawful currency of the PRC  |

|                         |  |
|-------------------------|--|
| “Second Loan”           | a loan in the principal amount of HK\$50,000,000 provided by the Company to the Borrower pursuant to the terms of the Second Loan Agreement  |
| “Second Loan Agreement” | a loan agreement dated 28 June 2021 entered into between the Company and the Borrower (as amended and supplemented by a supplemental agreement dated 10 October 2022) in respect of the provision of the Second Loan |
| “Share(s)”              | ordinary share(s) of HK\$0.01 each in the share capital of the Company   |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited  |
| “%”                     | per cent.  |

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

Hong Kong, 14 October 2022

*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\$1.1697. 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, Mr. Xu Zheng and Ms. Li Ni as non-executive Directors, and Mr. Wong Tak Chuen, Mr. Li Xiaolong and Mr. Wang Hong as independent non-executive Directors.*