



## Huanxi Media Turns Profitable 1H2019 Net Profit Surges to HK\$320 Million

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### Revenue from Main Businesses Increases More than 11-Fold

(Hong Kong, 14 August 2019) – **Huanxi Media Group Limited** (the “Company”, together with its subsidiaries, “Huanxi Media” or the “Group”; stock code: 1003) saw revenue derived from its main businesses of investment in film and TV programme rights and its streaming platform “huanxi.com” surges more than 11-fold to HK\$1,068,980,000 during the six months ended 30 June 2019 (the “period under review”) when compared with the last corresponding period. The Group’s business has achieved a turnaround with net profit of HK\$321,532,000. The impressive result is a testament to the Group’s continuous efforts to secure top film directors in China; invest in and produce quality film and TV content; and operate a streaming platform “huanxi.com” (the “Platform”); and actively promote its online pay-to-view mode. Particularly noteworthy is that the Group’s film and TV business has advanced to the harvest stage.

	For the six months ended		Growth rate
	30 June 2019	30 June 2018	
	HK\$'000	HK\$'000	
Revenue	1,068,980	84,988	11.6 times
Gross profit	464,456	14,914	30.1 times
Gross profit margin	43.4%	17.5%	
Profit/(loss) before tax	410,446	(111,608)	N/A
Net profit/(net loss)	321,532	(111,608)	N/A
Net profit margin	30.1%	(131.3%)	

**Box-office receipts continue impressive performance; streaming platform “huanxi.com” reaches over one million paid users**

During the period under review, *Crazy Alien* (瘋狂的外星人), a film directed by Ning Hao and exclusively invested in by the Group, hits the cinema screen during the 2019 Chinese New Year holiday. Both the box-office receipts and reputation of the film achieved excellent results, boasting box-office receipts of more than RMB400 million and snatching the No.1 spot on its debut day. In total, box-office receipts amounted to RMB2.2 billion. Consequently, the film contributed significant revenue to the Group during the period under review. Also, rights in certain films were disposed to third parties during the period under review which also generates promising revenue to the Group.

As for the streaming platform “huanxi.com”, co-operation between the Group and the leading Internet and pan-entertainment platform of China Tianjin Maoyan Weying Cultural Media Co., Ltd. (“Maoyan”) has been proceeding smoothly. The Group promoted its films and drama series content leveraging Maoyan’s Internet resources, thereby attracting users to the Platform. Currently, “huanxi.com” has more than one million paid users. Moreover, the Group has kept enriching the content available on “huanxi.com”, not only by creating dedicated platform resources with shareholder directors and contracted directors, making blockbuster films such as *Crazy Alien* (瘋狂的外星人), *Dying to Survive* (我不是藥神), and *Ash Is Purest White* (江湖兒女) available on the Platform, but also by purchasing quality film and TV productions from around the world, such as the TV drama *Detective Yugami* (刑警弓神), a popular Japanese TV drama series; *Bodyguard* (貼身保鏢, translated title in Hong Kong: 內政保鏢), the most watched BBC drama series in the past decade; *See You Up There* (天上再見), a movie that created a stir in the world of film in France, for exclusive broadcast on the Platform. With premium film and TV content on offer, the Platform has continued to attract more paid users, and will become another growth driver of the Group’s business.

**Strong content pipeline to continue significant growth**

Looking ahead, the Group has strong premium film and TV resources which will gather strong growth momentum. The Group’s content pipeline include such films as *Me and My Country* (我和我的祖國), directed by several directors including Xu Zheng, Ning Hao and Zhang Yibai; *Lost in Russia* (囧媽), written, directed by and starring Xu Zheng; *Chinese Women’s Volleyball Team* (中國女排) and *Li Na* (李娜), directed by Chan Ho Sun Peter; *One Second* (一秒鐘), directed by Zhang Yimou; *Run For Young* (瘋犬少年的天空), directed by Zhang Yibai; *Miss Mom* (生不由己), directed by Tang Danian and starring Ren Suxi; *Tropical Memories* (熱帶往事), produced by Ning Hao and directed by young director Wen Shipai; and *The Advanced Animals* (高級動物), produced by Gao Qunshu. All of the films are likely to be released in the second half of 2019 or next year. The strong pipeline of premium content will continue to deliver quality films and TV drama series for the enjoyment of audiences, and will build a solid foundation for the Group’s future growth.

**Steven Xiang, CEO of Huanxi Media** said, “The Group’s consistent strategy focusing on quality content and premium streaming platform has started to show results, with all of our businesses achieving explosive growth. After the release of our blockbusters including *Us and Them* (後來的我們) and *Dying to Survive* (我不是藥神) last year, we continued to release excellent film and TV productions well received by audiences. The impressive box-office receipts and reputation of the film *Crazy Alien* (瘋狂的外星人), which hit the screen during the Chinese New Year holiday and generated a handsome revenue contribution to the Group, plus the rapid growth of “huanxi.com” where the user numbers and related revenue continues rising, have contributed to a stellar first half result: the Group’s revenue increased by more than 11-fold when compared with the same period last year, achieving a turnaround for the first time with a net profit of HK\$320 million. I believe this is just the beginning of the Group’s sustained high growth. The Group will strive to implement its strategies and continue to create returns for its shareholders.”

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**About Huanxi Media Group Limited (Stock code: 1003)**

Huanxi Media is the most innovative media company in China engaged in the investment in and production of film and TV content, as well as the operation of a streaming platform. Listed on the Stock Exchange of Hong Kong, it was jointly established by Dong Ping, Ning Hao, Xu Zheng and Steven Xiang in 2015.

Huanxi Media has a new and unique shareholding structure which closely binds the shareholder directors with the long-term interests of the Company, enabling it to set the standard for quality content of film and online drama series in China based on its exclusive and original content.

Huanxi Media has secured the productions of some of the best film directors for the coming few years, including Ning Hao, Xu Zheng, Chan Ho Sun Peter, Wong Kar Wai, Zhang Yibai, Gu Changwei, Zhang Yimou and Jia Zhangke. This means it has effectively procured the best original content of films and drama series in the country, in a bid to continue to deliver premium content for the fast-developing film and TV industry in China.

Huanxi Media is the sole operator of the streaming platform “huanxi.com”, a subscription-based curated video platform. Living up to its promise of being “simple to access, affordable luxury, advertisement-free”, Huanxi Media selects quality domestic and overseas films for Internet users. huanxi.com is accessible on three major terminals: PC, mobile devices and TV, delivering excellent content and a smooth cinema-like viewing experience.

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