

【RELEASE】



**Driven by Impressive Box Office Receipts of *Dying to Survive* and
*Us and Them***

Huanxi Media's 2018 Revenue Surges 228% to HK\$174.63 Million

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**Guaranteed Minimum Distribution Income of RMB700 Million from
Crazy Alien to be Booked in 1H2019**

(Hong Kong, 26 March 2019) – **Huanxi Media Group Limited** (the “Company”, together with its subsidiaries, “Huanxi Media” or the “Group”; stock code: 1003) has recorded a total revenue of HK\$174,632,000 for the year ended 31 December 2018 (the “Year under review”), representing a year-on-year 228% growth when compared to HK\$53,209,000 last year. The growth is mainly attributable to the impressive box office receipts of the movies *Dying to Survive* and *Us and Them*, in which the Group invested.

During the Year under review, the Group's gross profit reached HK\$89,315,000 (gross loss in 2017: HK\$5,863,000). Loss attributable to owners of the Company amounted to HK\$444,693,000 (2017: HK\$95,159,000), mainly due to the recognition of share-based payments, a non-cash expense. However, if the non-cash expense of HK\$355,368,000 recognised based on the granted share options to employees and shares to film directors are excluded, the adjusted loss attributable to owners of the Company would have been narrowed to HK\$89,325,000.

A number of films in which the Group invested were released during the Year under review. Notably, *Ash Is Purest White*, a movie directed by Jia Zhangke, was shortlisted for the top honor at the 71st Cannes Film Festival, solid testimony to the recognition this fascinating film enjoys in the international movie community. *Us and Them*, a directorial debut of the renowned Taiwanese singer Rene Liu, achieved impressive box office receipts of more than RMB1.3 billion. *Dying to Survive*, with Huanxi Media as the main investor and producer, not only scored 9.7 points on the Maoyan movie platform, a new record among domestic movies, but also bagged three major awards, namely Best Leading Actor, Best New Director and Best Original Screenplay, at the 55th Golden Horse Awards, and outstanding box office receipts of more than RMB3.1 billion, contributing satisfactory

revenue to the Group's results.

In addition, the Group and the guarantor signed a distribution agreement in relation to the film *Crazy Alien* in the Year under review. *Crazy Alien* hit the big screen during the Chinese New Year holiday in 2019, and the Group has received a distribution income of RMB700,000,000 which will be booked to revenue of the first half of 2019.

On the other hand, internationally-renowned movie director Zhang Yimou has joined the Group to be one of the shareholder directors in the Year under review. The move has further fortified the Group's director team, and has help build a solid foundation for the Group to keep producing premium film and TV contents. The Group will continue to cooperate with additional outstanding directors to produce more quality original content.

Looking ahead, a number of movies will be released, including *One Second* directed by Zhang Yimou, *Lost in Russia* directed and starred by Xu Zheng, film and internet drama *Run For Young* directed by Zhang Yibai, *Miss Mom* directed by Tang Danian, *Tropical Memories* produced by Ning Hao and directed by the new director Wen Shipei, *Li Na*, a biographical film directed by Peter Chan, *Wizards in the Royal Palace* directed by Manfred Wong and *The Advanced Animals* produced by Gao Qunshu, help assuring steady growth of the Group's film and TV business.

Huanxi Media has completed the new shares issues to Maoyan Entertainment ("Maoyan") in March 2019, and gained sufficient capital to support the Group's rapid development. During the Year under review, the Group and Maoyan have started to develop new media business together. Maoyan will be granted investment rights and exclusive promotion and distribution rights to the Group's films and TV/Internet drama series and it will provide the Group's streaming media platform "huanxi.com" an access gateway on the Maoyan website and App plus relevant Internet technology support. Such cooperation performs well so far, with the number of registered users of the platform increased to more than 1,000,000 and of all the registered users, more than 30% are paid users.

Steven Xiang, CEO of Huanxi Media said, "A number of films in which the Group invested were released one after another, and some completed films and new projects which started earlier are expected to be released in the coming one to two years, which will help assure steady growth of its film and TV business. Moreover, with the partnership between Huanxi Media and Maoyan to drive the rapid growth of the streaming media platform "huanxi.com", the Group is able to refine all aspects of its own operations from film and TV content creation to online viewing channels for audience. I am glad to see that Huanxi Media has started to reap a harvest from its investment after the past few years of efforts."

Looking at 2019, the Group will steadily develop its content production business and expects to continuously deliver great film and TV contents to audiences in the PRC and worldwide. The Group will continue to forge alliances with top-tier directors in China and, together with them, map out its strategy to deliver original and premium film and TV works to the market and lock in the source of best original content for films and drama series in the country. In the meanwhile, the Group will accelerate the growth of its streaming media platform “huanxi.com”, and broaden its coverage in the film and TV industry. With such initiatives, the Group will fortify its leadership in the film and TV industry in China.

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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 new media broadcast 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, Wong Kar Wai, Chan Ho Sun Peter, 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 media 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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