

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



歡喜傳媒集團有限公司*

HUANXI MEDIA GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1003)

INSIDE INFORMATION RELATING TO COOPERATION AGREEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules and provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 23 January 2020 (after trading hours of the Stock Exchange), Huan Huan Xi Xi, a wholly-owned subsidiary of the Company, entered into the Cooperation Agreement with Beijing ByteDance Network Technology Limited* (北京字節跳動網絡技術有限公司)(ByteDance), pursuant to which, Huan Huan Xi Xi and ByteDance will carry out cooperation in several fields in relation to online videos and ByteDance shall pay to Huan Huan Xi Xi at least RMB630,000,000 (equivalent to approximately HK\$700,000,000) as consideration. Huan Huan Xi Xi and ByteDance shall carry out two phases of cooperation in the following fields:

The term of the **first-phase** cooperation will be 6 months from the date of the Cooperation Agreement, the main details of which are as follows:

- (i) After release of the Group's certain new films and internet drama series on "huanxi.com" (歡喜首映), the Group shall authorise the Licensee's Platforms to broadcast the same simultaneously as "huanxi.com" within the Authorised Regions; ByteDance shall pay an amount of RMB630,000,000 (equivalent to approximately HK\$700,000,000) on a pro rata basis by reference to the Group's delivery progress of the Licensed Content as consideration for using the Licensed Content; Huan Huan Xi Xi is entitled to a proportionate share of revenue in excess of the related income from broadcasting of the Licensed Content received by the Licensee's Platforms, after deducting channel costs incurred by the Licensee's Platforms and the consideration of RMB630,000,000 above;

* For identification purposes only

- (ii) ByteDance shall include dedicated gateways on platforms such as “Toutiao” (今日頭條) and “Xigua” (西瓜視頻) for directing traffic to “huanxi.com”;
- (iii) the Licensee’s Platforms shall support the promotion and marketing of the Group’s film and TV projects with, including but not limited to internet-based promotional and marketing resources;
- (iv) the Group shall make available its film and TV projects to provide ByteDance and its related parties with resources for advertising placement, joint marketing and cross-industry cooperation; and
- (v) the Group shall offer ByteDance or its related parties the right of authorship as co-producer(s) for films of which the Group is the lead producer.

The parties shall discuss and finalise details of the second-phase cooperation as soon as practicable after commencement of the first-phase cooperation, then sign the relevant agreements.

The term of the **second-phase** cooperation will commence on the date that the first-phase ends and end on 31 December 2022, the key areas of collaboration for the second-phase cooperation are as follows:

- (i) the parties shall jointly establish a cinema channel, in a collective effort to build the “huanxi.com” streaming platform; and
- (ii) the parties shall make joint capital contributions to produce and purchase new media copyrights of film and TV contents.

The parties shall have the priority to renew the agreement upon expiry of the second-phase cooperation.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 23 January 2020 (after trading hours of the Stock Exchange), Huan Huan Xi Xi entered into the Cooperation Agreement with ByteDance, pursuant to which, Huan Huan Xi Xi and ByteDance will carry out cooperation in several fields in relation to online videos and ByteDance shall pay to Huan Huan Xi Xi at least RMB630,000,000 (equivalent to approximately HK\$700,000,000) as consideration. Principal terms of the Cooperation Agreement are set out below:

STRATEGIC COOPERATION AGREEMENT

Date: 23 January 2020 (after trading hours)

Parties: (1) Huan Huan Xi Xi
(2) ByteDance

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement and as defined under the Listing Rules, the cooperative party and its ultimate beneficial owner are not connected persons of the Company, but Independent Third Parties.

SUBJECT MATTER

The parties shall carry out two phases of cooperation in the following fields:

The term of the **first-phase** cooperation will be 6 months from the date of the Cooperation Agreement, the main details of which are as follows:

- (i) After release of the Group's certain new films and internet drama series on "huanxi.com" (歡喜首映), the Group shall authorise the Licensee's Platforms to broadcast the same simultaneously as "huanxi.com" within the Authorised Regions;

ByteDance shall pay Huan Huan Xi Xi an aggregate amount of RMB630,000,000 (equivalent to approximately HK\$700,000,000) on a pro rata basis by reference to the Group's delivery progress of the Licensed Content, as consideration to the Group for authorising the Licensee's Platforms to use the Licensed Content;

Huan Huan Xi Xi is entitled to a proportionate share of revenue in excess of the related income from broadcasting of the Licensed Content received by the Licensee's Platforms, after deducting channel costs incurred by the Licensee's Platforms and the consideration of RMB630,000,000 above.

- (ii) ByteDance shall include dedicated gateways on platforms such as "Toutiao" (今日頭條) and "Xigua" (西瓜視頻) for directing traffic to "huanxi.com";
- (iii) the Licensee's Platforms shall support the promotion and marketing of the Group's film and TV projects with, including but not limited to internet-based promotional and marketing resources;
- (iv) the Group shall make available its film and TV projects to provide ByteDance and its related parties with resources for advertising placement, joint marketing and cross-industry cooperation; and
- (v) the Group shall offer ByteDance or its related parties the right of authorship as co-producer(s) for films of which the Group is the lead producer.

The parties shall discuss and finalise details of the second-phase cooperation as soon as practicable after commencement of the first-phase cooperation, then sign the relevant agreements.

The term of the **second-phase** cooperation will commence on the date that the first-phase ends and end on 31 December 2022, the key areas of collaboration for the second-phase cooperation are as follows:

- (i) the parties shall jointly establish a cinema channel, in a collective effort to build the "huanxi.com" streaming platform; and
- (ii) the parties shall make joint capital contributions to produce and purchase new media copyrights of film and TV contents.

The parties shall have the priority to renew the agreement upon expiry of the second-phase cooperation.

FINANCIAL EFFECT OF THE COOPERATION AGREEMENT

The minimum consideration to be received by the Group for authorising the Licensee's Platforms to use certain of its new films and internet drama series is approximately RMB630,000,000 (equivalent to approximately HK\$700,000,000), which will be included in revenue of the Group's statement of profit or loss on a pro rata basis by reference to the progress towards delivery of the right to use the same. The aforesaid financial effect is subject to final audit and possible audit adjustment.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

The Group is principally engaged in media and entertainment and related businesses, including development and investment in films and TV drama series, as well as operation of streaming platforms. The Board believes that the Cooperation: (i) will raise funds for the Group to accelerate the development of streaming platforms that it operates; (ii) will enable the Group to utilise ByteDance's huge user base in the PRC to obtain dedicated gateways on platforms such as Toutiao and Xigua for directing traffic to the Group's streaming platforms, which will lead to user growths for the Group's streaming platforms; and (iii) will allow the Group to leverage ByteDance's internet-based promotional and marketing resources to support the promotion and marketing of the Group's film and TV projects, which will be beneficial to the Group. The Group will make available its film and TV projects to provide ByteDance and its related parties with resources for advertising placement, joint marketing and cross-industry cooperation, with a view to helping ByteDance develop its film and TV operations. The Board is of the view that the entering into of the Cooperation will enable the Group and ByteDance to each leverage on their respective strengths and create synergies.

The Board considers that the Cooperation is on normal commercial terms, it is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND HUAN HUAN XI XI

The Company 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 films and TV drama series, as well as operation of a streaming platform. Huan Huan Xi Xi is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, which is primarily engaged in investment in TV and film rights, as well as operation of a streaming platform.

INFORMATION ON BYTEDANCE

ByteDance is an information technology company incorporated under the laws of the PRC.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Authorised Regions”	the region of Mainland China (excluding the regions of Hong Kong, the Macau Special Administrative Region and Taiwan)
“ByteDance”	Beijing ByteDance Network Technology Limited*(北京字節跳動網絡技術有限公司), a company incorporated in the PRC
“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 Stock Exchange (stock code: 1003)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huan Huan Xi Xi”	Huan Huan Xi Xi (Tianjin) Culture Investment Company Limited* (歡歡喜喜(天津)文化投資有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“huanxi.com”	a streaming platform operated by the Group

“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons
“Licensed Content”	the Group’s certain new films and internet drama series
“Licensee’s Platforms”	the platforms owned or actually operated by ByteDance and its related parties, including but not limited to “Toutiao” (今日頭條), “Xigua” (西瓜視頻), etc.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, for the purposes of this announcement, excluding Hong Kong and the Macau Special Administrative Region
“related party(ies)”	has the meaning as ascribed to it under the Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Cooperation”	the proposed business cooperation arrangements and the areas of collaboration between Huan Huan Xi Xi and ByteDance
“Cooperation Agreement”	the cooperation agreement dated 23 January 2020 entered into between Huan Huan Xi Xi and ByteDance in relation to the Cooperation
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

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

Hong Kong, 23 January 2020

For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.90. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate 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. Li Xiaolong and Mr. Wang Hong as independent non-executive Directors.