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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)

**(1) ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE;
AND
(2) THE COOPERATION AGREEMENT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

1. ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that, on 30 August 2020, the Company entered into the Subscription Agreement with Bilibili, pursuant to which Bilibili has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Bilibili, 346,626,954 Subscription Shares at the Subscription Price of HK\$1.48 per Subscription Share.

The Subscription Shares represent (i) approximately 10.99% of the total number of issued Shares as at the date of this announcement and (ii) approximately 9.90% 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 of the Subscription save for the issuance of the Subscription Shares). The Subscription Shares will be allotted and issued under the General Mandate.

* For identification purposes only

The Subscription Price of HK\$1.48 per Subscription Share represents: (i) a premium of approximately 1.37% over the average closing price of approximately HK\$1.46 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately preceding 28 August 2020 (Friday); and (ii) a discount of approximately 2.63% over the closing price of HK\$1.52 per Share as quoted on the Stock Exchange on 28 August 2020 (Friday), being the closing price on the trading day immediately preceding the date of entering into the Subscription Agreement.

The gross proceeds from the Subscription will amount to HK\$513,007,892. The net proceeds from the Subscription will amount to approximately HK\$511,700,000 (or approximately HK\$1.476 per Subscription Share) and will be applied by the Company as to approximately HK\$411,700,000 for investment in the Group's film and TV programme rights business, and as to approximately HK\$100,000,000 for general working capital.

2. THE COOPERATION AGREEMENT

Huanxi, a wholly-owned subsidiary of the Company, and the Bilibili Companies, two wholly-owned subsidiaries of Bilibili, have entered into the Cooperation Agreement, pursuant to which:

- (1) the film and TV content of which the Group has the exclusive new media broadcasting right and sub-licensing right (“**Licensed Content**”) will be broadcast on the Huanxi Platform and the Bilibili Platforms exclusively, and all revenue generated from Licensed Content broadcasted through the Bilibili Platforms will be shared between the parties after deducting related costs;
- (2) the Bilibili Companies will set up a “huanxi.com” designated channel on the Bilibili Platforms from which the Licensed Content will be broadcasted;
- (3) the Bilibili Companies and their affiliates will be given priority to invest in film and TV projects that are majority-owned by the Group; and
- (4) the Group will actively cooperate with Bilibili to develop derivatives of the Group's film and TV content.

The Company expects “*Run For Young* (風犬少年的天空)”, a new internet drama series solely invested by the Group, to be the first series from the Licensed Content that the Group and the Bilibili Companies will collaborate on and broadcast pursuant to the Cooperation Agreement. This new internet drama series is expected to debut simultaneously on the Huanxi Platform and the Bilibili Platforms during the third quarter of this year. Besides, another cooperation blockbuster will be *Leap* (奪冠) (former title: *Leap* (中國女排)), a movie produced by the Group of which the Group has exclusive new media broadcasting right. The movie is scheduled to debut in the coming National Day holiday in cinemas in the PRC and expected to be broadcast on Huanxi Platform and the Bilibili Platforms simultaneously after the end of theatrical release.

The term of the Cooperation Agreement is five years, the parties have the option to comprise to terminate the Cooperation Agreement at the end of the fourth year.

Shareholders and potential investors should note that completion of the Subscription is subject to (i) the Cooperation Agreement coming into effect, and (ii) listing approval being obtained with respect to the Subscription Shares. The Cooperation Agreement may not come into effect, and the Subscription may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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 30 August 2020, the Company entered into the Subscription Agreement with Bilibili, pursuant to which Bilibili has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue to Bilibili, 346,626,954 Subscription Shares at the Subscription Price of HK\$1.48 per Subscription Share.

The Board is also pleased to announce that Huanxi, a wholly-owned subsidiary of the Company, and the Bilibili Companies, two wholly-owned subsidiaries of Bilibili, have entered into the Cooperation Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Bilibili and its controlling shareholder are independent third parties and are not connected with the Company or its connected persons.

1. ISSUANCE OF NEW SHARES UNDER GENERAL MANDATE THE SUBSCRIPTION AGREEMENT

Date: 30 August 2020

Parties: (1) The Company, as the issuer
(2) Bilibili, as the subscriber

The principal terms of the Subscription Agreement are as follows:

Number of Subscription Shares

The 346,626,954 Subscription Shares represent (i) approximately 10.99% of the total number of issued Shares as at the date of this announcement and (ii) approximately 9.90% 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 of the Subscription save for the issuance of the Subscription Shares). The Subscription Shares will be allotted and issued under the General Mandate.

Subscription Price

The Subscription Price of HK\$1.48 per Subscription Share (being the average closing price of the Shares for the 15 trading days before the date of entering into the Subscription Agreement) represents:

- (i) a premium of approximately 1.37% over the average closing price of approximately HK\$1.46 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately preceding 28 August 2020 (Friday); and
- (ii) a discount of approximately 2.63% over the closing price of HK\$1.52 per Share as quoted on the Stock Exchange on 28 August 2020 (Friday), being the closing price on the trading day immediately preceding the date of entering into the Subscription Agreement.

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

Lock-up Period

Bilibili has given an undertaking in favour of the Company that within a period of six (6) months from the date of completion of the Subscription, it will not, and will procure that its affiliates will not, save with the prior written consent of the Company, dispose of or create an encumbrance over any of the Subscription Shares or any interest therein.

Completion

Completion of the Subscription is conditional upon the fulfilment of the following conditions (the “**Conditions**”):

- (i) the Listing Committee of the Stock Exchange granting listing approval of, and permission to deal in, the Subscription Shares; and
- (ii) the Cooperation Agreement coming into effect.

Completion of the Subscription will take place within five (5) Business Days upon which the last of the Conditions have been satisfied. The Subscription Agreement will terminate if the Conditions have not been satisfied before 30 September 2020, unless otherwise agreed by the parties. The consideration for the Subscription (being the amount of HK\$513,007,892) will be payable by Bilibili to the Company on or before the date of completion of the Subscription.

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 of the Company held on 23 June 2020, and the Subscription will not be subject to Shareholders’ approval. Under the General Mandate, the Board is authorised to allot and issue up to 630,931,081 new Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors believe that the Subscription represents a good opportunity to raise additional capital for the Company’s business operations and broaden the shareholder base of the Company.

The gross proceeds from the Subscription will amount to HK\$513,007,892. The net proceeds from the Subscription will amount to approximately HK\$511,700,000 (or approximately HK\$1.476 per Subscription Share) and will be applied by the Company as to approximately HK\$411,700,000 for investment in the Group’s film and TV programme rights business, and as to approximately HK\$100,000,000 for general working capital.

PREVIOUS ISSUANCES IN THE PRECEDING 12 MONTHS

The Company has not carried out any equity fund-raising activities during the past 12 months immediately preceding the date of this announcement.

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 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 of the Subscription save for the issuance of the Subscription Shares):

Names of Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>No. of shares</i>	<i>Approx.</i>	<i>No. of shares</i>	<i>Approx.</i>
Newwood Investments Limited	461,711,082 (Notes 1 to 3)	14.64%	461,711,082	13.19%
Numerous Joy Limited	92,342,216 (Notes 1 to 3)	2.93%	92,342,216	2.64%
Highrise Castle Limited	800,000 (Notes 1 & 3)	0.03%	800,000	0.02%
Mr. Dong Ping	28,970,000 (Notes 1 & 3)	0.92%	28,970,000	0.83%
Pacific Wits Limited	438,625,528 (Notes 1, 2 & 4)	13.90%	438,625,528	12.53%
Tairong Holdings Limited	438,625,528 (Notes 1, 2 & 5)	13.90%	438,625,528	12.53%
Panfaith Investments Limited	15,060,000 (Note 6)	0.48%	15,060,000	0.43%
Mr. Wang Hong	100,000 (Note 7)	0.00%	100,000	0.00%
Maoyan Entertainment	219,140,000 (Note 8)	6.95%	219,140,000	6.26%
Bilibili	–	0.00%	346,626,954	9.90%
Other public Shareholders	1,459,281,054	46.26%	1,459,281,054	41.68%
Total	3,154,655,408	100.00%	3,501,282,362	100.00%

Upon completion of the Subscription, Bilibili will not be a substantial shareholder (as that term is defined in the Listing Rules) of the Company.

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 28,970,000 Shares directly and 800,000 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).

7. These Shares are jointly held by Mr. Wang Hong (an independent non-executive Director) and his spouse.
8. Based on the information set out in the Disclosure of Interest Form received from Maoyan Entertainment up to the date of this announcement.

APPLICATION FOR LISTING

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.

BOARD REPRESENTATION

Under the Subscription Agreement, Bilibili will be entitled to designate one person for appointment as a non-executive Director (the “Designated Person”) upon completion of the Subscription, and the Company will consider the suitability of the Designated Person to be appointed as a non-executive Director.

2. THE COOPERATION AGREEMENT

Huanxi, a wholly-owned subsidiary of the Company, and the Bilibili Companies, two wholly-owned subsidiaries of Bilibili, have entered into the Cooperation Agreement, pursuant to which:

- (1) the film and TV content of which the Group has the exclusive new media broadcasting right and sub-licensing right (“**Licensed Content**”) will be broadcast on the Huanxi Platform and the Bilibili Platforms exclusively, and all revenue generated from Licensed Content broadcasted through the Bilibili Platforms will be shared between the parties after deducting related costs;
- (2) the Bilibili Companies will set up a “huanxi.com” designated channel on the Bilibili Platforms from which the Licensed Content will be broadcasted;
- (3) the Bilibili Companies and their affiliates will be given priority to invest in film and TV projects that are majority-owned by the Group; and
- (4) the Group will actively cooperate with Bilibili to develop derivatives of the Group’s film and TV content.

The Company expects “*Run For Young* (風犬少年的天空)”, a new internet drama series solely invested by the Group, to be the first series from the Licensed Content that the Group and the Bilibili Companies will collaborate on and broadcast pursuant to the Cooperation Agreement. This new internet drama series is expected to debut simultaneously on the Huanxi Platform and the Bilibili Platforms during the third quarter of this year. Besides, another cooperation blockbuster will be *Leap* (奪冠) (former title: *Leap* (中國女排)), a movie produced by the Group of which the Group has exclusive new media broadcasting right. The movie is scheduled to debut in the coming National Day holiday in cinemas in the PRC and expected to be broadcast on Huanxi Platform and the Bilibili Platforms simultaneously after the end of theatrical release.

The term of the Cooperation Agreement is five years, the parties have the option to comprise to terminate the Cooperation Agreement at the end of the fourth year.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT

The Board believes that, (1) by capitalising on the Bilibili Platforms' extensive user base, the Licensed Content including the new internet drama series “*Run For Young* (風犬少年的天空)” will be able to reach a wider audience; (2) by setting up a designated channel on the Bilibili Platforms, the Group will be able to bring in more revenue from broadcasting the Licensed Content; and (3) the streaming platform of the Group “Huanxi.com” would grow in popularity and user base through the collaboration. The Board considers that the Cooperation Agreement is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND HUANXI

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. Huanxi 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 BILIBILI AND THE BILIBILI COMPANIES

Bilibili is a holding company duly incorporated in the Cayman Islands and listed on the Nasdaq Global Select Market (ticker: BILI). Its subsidiaries are principally engaged in online entertainment, covering a wide array of genres and media formats including videos, live broadcasting and mobile games, for young generations in China.

Bilibili HK is a company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of Bilibili, which is primarily engaged in investment holding.

Shanghai Kuanyu is a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of Bilibili controlled through contractual arrangements, which is primarily engaged in video distribution.

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 of the Subscription is subject to (i) the Cooperation Agreement coming into effect and (ii) listing approval being obtained with respect to the Subscription Shares. The Cooperation Agreement may not come into effect, and the Subscription may not proceed. Shareholders and potential investors are reminded 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:

“Board”	the board of Directors
“Bilibili”	Bilibili Inc. (哔哩哔哩股份有限公司), a company duly incorporated in the Cayman Islands, the shares of which are listed on the Nasdaq Global Select Market (ticker: BILI)
“Bilibili Companies”	Bilibili HK and Shanghai Kuanyu
“Bilibili HK”	Bilibili HK Limited (香港哔哩哔哩有限公司), a company incorporated under the laws of the Hong Kong and a direct wholly-owned subsidiary of Bilibili
“Bilibili Platforms”	the streaming platforms owned or operated by the Bilibili Companies and their related parties, including but not limited to Bilibili.com (哔哩哔哩弹幕网)
“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)
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Cooperation Agreement”	the business cooperation agreement entered into between Huanxi and the Bilibili Companies
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with an aggregate number of Shares up to 20% of the issued Shares of the Company granted to the Board by resolutions of the Shareholders passed at the annual general meeting of the Company held on 23 June 2020
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huanxi”	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 a wholly-owned subsidiary of the Company
“Huanxi Platform”	“huanxi.com”, a streaming platform operated by the Group
“independent third party(ies)”	persons independent of the Company and its connected persons
“Licensed Content”	film and TV content of which the Group has the right to broadcast and sub-licensing right through various information networks (e.g. the Internet, 3G/4G/5G) whether on a live, radio or pre-recorded or rotational basis, through various systems and software (e.g. video-on-demand, download, screen projection, P2P or mobile value-added service) and through various hardware devices (e.g. desktop computers, laptops, tablet computers, mobile phones and other mobile communication devices, set-top boxes and wearable devices)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong and the Macau Special Administrative Region
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Kuanyu”	Shanghai Kuanyu Digital Technology Co., Ltd. (上海寬娛數碼科技有限公司), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of Bilibili controlled through contractual arrangements
“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
“Subscription”	the proposed subscription for the Subscription Shares by Bilibili as contemplated in the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 August 2020 entered into between the Company and Bilibili in relation to the Subscription
“Subscription Price”	the subscription price of HK\$1.48 per Subscription Share
“Subscription Shares”	the 346,626,954 new Shares intended to be subscribed for by Bilibili (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, 30 August 2020

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.