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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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “Board”) of directors (the “Directors”) of Huanxi Media Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 together with the comparative amounts for the corresponding period in 2023. The unaudited condensed consolidated interim financial information of the Group has been reviewed by the Company’s audit committee (the “Committee”).

\* *For identification purposes only*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue and film investment (loss)/ income, net	4	<b>115,209</b>	1,393,279
Cost of revenue	7	<u><b>(185,555)</b></u>	<u>(280,119)</u>
<b>Gross (loss)/profit</b>		<b>(70,346)</b>	1,113,160
Other income		<b>51</b>	1,678
Other gains, net	6	<b>1,922</b>	5,593
Gain/(loss) on film investment funds from investors	15	<b>185,554</b>	(271,270)
Selling and distribution costs	7	<b>(153,391)</b>	(325,270)
Administrative expenses	7	<u><b>(54,072)</b></u>	<u>(63,323)</u>
<b>Operating (loss)/profit</b>		<b>(90,282)</b>	460,568
Finance income		<b>1,507</b>	1,254
Finance costs		<u><b>(329)</b></u>	<u>(4,380)</u>
Finance income/(costs), net		<u><b>1,178</b></u>	<u>(3,126)</u>
<b>(Loss)/profit before tax</b>		<b>(89,104)</b>	457,442
Income tax credit/(expense)	8	<u><b>55</b></u>	<u>(56,673)</u>
<b>(Loss)/profit for the period</b>		<u><b>(89,049)</b></u>	<u>400,769</u>
(Loss)/profit for the period attributable to owners of the Company		<u><b>(89,049)</b></u>	<u>400,769</u>

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other comprehensive loss</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences arising on translation of functional currency to presentation currency	(11,696)	(12,552)
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(21,464)</u>	<u>(57,188)</u>
	<u>(33,160)</u>	<u>(69,740)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u><b>(122,209)</b></u>	<u>331,029</u>
Total comprehensive (loss)/income for the period attributable to owners of the Company	<u><b>(122,209)</b></u>	<u>331,029</u>
<b>(Loss)/profit per share for the period attributable to the owners of the Company</b>		
– Basic and diluted (HK dollar)	<i>10</i> <u><b>(0.02)</b></u>	<u>0.11</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,344	1,619
Right-of-use assets		10,486	17,359
Intangible assets		–	–
Deposits and prepayments	13	13,545	20,091
Prepayments for film and TV programmes rights	11	378,433	387,152
Film and TV programmes rights	12	298,621	294,981
Deferred tax assets		<u>465</u>	<u>420</u>
		<u>702,894</u>	<u>721,622</u>
<b>Current assets</b>			
Film and TV programmes rights	12	1,025,765	1,039,970
Trade and other receivables, deposits and prepayments	13	216,771	103,871
Contract assets		19,138	58,634
Cash and cash equivalents		<u>102,223</u>	<u>310,146</u>
		<u>1,363,897</u>	<u>1,512,621</u>
<b>Total assets</b>		<u><u>2,066,791</u></u>	<u><u>2,234,243</u></u>

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Equity</b>			
Share capital		<b>36,565</b>	36,565
Reserves		<b><u>1,294,794</u></b>	<u>1,417,003</u>
<b>Total equity</b>		<b><u>1,331,359</u></b>	<u>1,453,568</u>
<b>Non-current liabilities</b>			
Lease liabilities		<u>–</u>	<u>3,549</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>156,534</b>	174,777
Film investment funds from investors	<i>15</i>	<b>523,714</b>	535,195
Film and TV programmes rights	<i>12</i>	<b>920</b>	942
Contract liabilities		<b>1,133</b>	1,150
Lease liabilities		<b>11,183</b>	14,319
Current tax liabilities		<b><u>41,948</u></b>	<u>50,743</u>
		<b><u>735,432</u></b>	<u>777,126</u>
<b>Total liabilities</b>		<b><u>735,432</u></b>	<u>780,675</u>
<b>Total equity and liabilities</b>		<b><u><u>2,066,791</u></u></b>	<u><u>2,234,243</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2024*

## 1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the unaudited condensed consolidated interim financial information is to be read in conjunction with the annual report for the year ended 31 December 2023 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and any public announcements made by the Company during the six months ended 30 June 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards.

The unaudited condensed consolidated interim financial information has been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

## 2. ACCOUNTING POLICIES

The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRS which are effective for accounting periods commencing on or after 1 January 2024. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the unaudited condensed consolidated interim financial information and does not result in substantial changes to the Group’s accounting policies and amounts reported for the current period and prior years. The Group has not adopted any new standard or interpretation that is not yet effective for the current accounting period. Management does not anticipate any significant impact on the Group’s consolidated financial position and consolidated results of operations upon adopting the other new or revised standards, amendments or interpretations.

### 3. JUDGEMENTS AND ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 December 2023.

### 4. REVENUE AND FILM INVESTMENT (LOSS)/INCOME, NET

An analysis of the Group's revenue and film investment (loss)/income, net for the period, net of sales related tax, is as follows:

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Revenue		
– Share of box office income	63,374	1,317,186
– Sub-licensing of film and TV programmes rights	52,489	66,521
– Other media related revenue	3,890	9,295
	<u>119,753</u>	<u>1,393,002</u>
Film investment (loss)/income, net	<u>(4,544)</u>	<u>277</u>
	<u><u>115,209</u></u>	<u><u>1,393,279</u></u>

### 5. SEGMENT INFORMATION

The chief operating decision maker (“CODM”) has been identified as the executive Directors who review the Group's internal reporting in order to assess performance and allocate resources. The Group's operations are currently organised into one reportable segment which is investment in film and TV programmes rights. The CODM reviews the Group's consolidated results of operations in assessing performance of and making decisions about allocations to this segment. Accordingly, no reportable segment information is presented.

The Group's current operations are located in the People's Republic of China (the “PRC”) and Hong Kong. The Group's revenue and film investment (loss)/income, net is substantially generated from customers in the PRC and the Group's non-current assets are substantially located in the PRC.

## 6. OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net fair value loss on financial assets at fair value through profit or loss (“FVTPL”)	–	(9)
Net foreign exchange gains	<u>1,922</u>	<u>5,602</u>
	<u><b>1,922</b></u>	<u><b>5,593</b></u>

## 7. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Employee benefit expenses (excluding Directors’ remuneration)	<b>21,854</b>	23,690
Directors’ remuneration	<b>7,636</b>	15,914
Depreciation		
– Property, plant and equipment	<b>264</b>	248
– Right-of-use assets	<b>6,666</b>	6,484
Short-term lease expenses	<b>210</b>	344
Legal and professional expenses	<b>7,488</b>	2,934
Travelling and entertainment expenses	<b>3,715</b>	3,326
Advertising and marketing expenses	<b>153,391</b>	325,270
Amortisation of film and TV programmes rights	<b>185,555</b>	280,119
Others	<u><b>6,239</b></u>	<u>10,383</u>
Total cost of revenue, selling and distribution costs and administrative expenses	<u><b>393,018</b></u>	<u>668,712</u>



## 8. INCOME TAX (CREDIT)/EXPENSE

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the CIT law, 10% withholding tax is levied on the PRC sourced income on foreign entities without establishments or places of business in the PRC.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated interim financial information as the relevant Group entities have incurred tax losses (for the six months ended 30 June 2023: Same).

No overseas profits tax has been calculated for the Group entities that are incorporated in the British Virgin Islands or Bermuda as they are exempted from tax (for the six months ended 30 June 2023: Same).

Income tax expense charged to the profit or loss represents:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax	–	56,673
Deferred income tax	(55)	–
	<u>          </u>	<u>          </u>
Income tax (credit)/expense	<u>(55)</u>	<u>56,673</u>

## 9. DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: Same).

## 10. (LOSS)/PROFIT PER SHARE

### (a) Basic

Basic (loss)/profit per share is calculated by dividing the (loss)/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024	2023
(Loss)/profit attributable to owners of the Company (in HK\$'000)	<u>(89,049)</u>	<u>400,769</u>
Weighted average number of ordinary shares for basic and diluted (loss)/ profit per share (in thousands)	<u>3,656,472</u>	<u>3,656,472</u>
Basic (loss)/profit per share (in HK\$)	<u>(0.02)</u>	<u>0.11</u>

### (b) Diluted

Diluted (loss)/profit per share is the same as basic (loss)/profit per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 (for the six months ended 30 June 2023: Same).

## 11. PREPAYMENTS FOR FILM AND TV PROGRAMMES RIGHTS

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
<b>Non-current</b>		
Prepayments for film and TV programmes rights under development ( <i>Note</i> )	<u><b>378,433</b></u>	<u>387,152</u>

*Note:*

The prepayments for film and TV programmes rights under development represent the prepayments made by the Group to respective parties in relation to the film and TV programmes rights which are yet to be concluded. The prepayments will form part of the contribution by the Group for the investments in the proposed film and TV programmes rights. The related terms will be further agreed between the respective parties upon the signing of the agreements.

## 12. FILM AND TV PROGRAMMES RIGHTS

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Completed film and TV programmes rights	<b>822,355</b>	566,362
Film and TV programmes rights under production	<b>296,528</b>	495,008
Film rights investments ( <i>Note i</i> )		
– Financial assets at FVTPL	<b>138,913</b>	193,673
– Financial liabilities at FVTPL	<b>(920)</b>	(942)
Licensed film and TV programmes rights ( <i>Note ii</i> )	<u><b>66,590</b></u>	<u>79,908</u>
	<u><b>1,323,466</b></u>	<u>1,334,009</u>
Represented by:		
Non-current assets	<b>298,621</b>	294,981
Current assets	<b>1,025,765</b>	1,039,970
Current liabilities	<u><b>(920)</b></u>	<u>(942)</u>
	<u><b>1,323,466</b></u>	<u>1,334,009</u>

*Notes:*

- (i) The balance represents the Group's investments in film productions which entitled the Group to predetermined percentage of income to be generated from the films based on the Group's investment portion as specified in respective film rights investments agreements.
- (ii) The balance represents the acquired license rights from independent third parties for broadcasting licensed films or TV programmes series on the Group's online video platform and sub-licensing the license rights to other independent third parties, if applicable.

### 13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
Trade receivables		
– Share of box office income	40,733	1,007
– Sub-licensing of film and TV programmes rights	67,688	16,615
– Film rights investments	42,235	8,864
– Others	74	37
	<u>150,730</u>	<u>26,523</u>
Loss allowance	<u>(1,967)</u>	<u>(1,969)</u>
	<u>148,763</u>	<u>24,554</u>
Deposits	6,150	6,227
Prepayments ( <i>Note i</i> )	19,982	25,599
Other receivables ( <i>Note ii</i> )	73,871	86,168
Loss allowances	<u>(18,450)</u>	<u>(18,586)</u>
	<u>81,553</u>	<u>99,408</u>
	<u>230,316</u>	<u>123,962</u>
Represented by:		
Trade receivables	148,763	24,554
Deposits	5,187	906
Prepayments	7,314	10,668
Other receivables	73,871	86,168
Loss allowances	<u>(18,364)</u>	<u>(18,425)</u>
Current portion	<u>216,771</u>	<u>103,871</u>
Deposits	963	5,321
Prepayments	12,668	14,931
Loss allowances	<u>(86)</u>	<u>(161)</u>
Non-current portion	<u>13,545</u>	<u>20,091</u>

*Notes:*

- (i) The prepayments mainly represent the prepayments made by the Group in relation to a) pre-production development of identifiable film and TV programme projects; b) acquisition of licensed film rights from independent third parties for broadcasting on the Group's online video platform; and c) co-membership arrangement with other online platforms operated by different business partners.
- (ii) As at 30 June 2024, other receivables include short-term loan receivables net of loss allowances of approximately HK\$18,899,000 (31 December 2023: Same), which represented by loan receivables from independent third parties of Nil (31 December 2023: Same) carried interest at 10% per annum, and approximately HK\$18,899,000 (31 December 2023: Same) carried interest at 6% per annum.

The ageing analysis of the trade receivables, net of loss allowances, based on invoice date or date of settlement statement are as follows:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
0 – 30 days	<b>117,374</b>	3,400
31 – 90 days	<b>4,505</b>	7,092
91 – 180 days	<b>7,564</b>	15
181-365 days	<b>6,953</b>	–
Over 365 days	<b>12,367</b>	14,047
	<b><u>148,763</u></b>	<b><u>24,554</u></b>

The credit period is generally within 30 days from invoice date or the date when the settlement statement is duly confirmed as stipulated in the respective agreements.

Due to the short-term nature of the current receivables, the carrying amounts are approximated their fair values.

#### 14. TRADE AND OTHER PAYABLES

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
Trade payables	<b>107,666</b>	110,002
Other payables	<b>47,260</b>	50,988
Accruals	<b>1,608</b>	13,787
	<b><u>156,534</u></b>	<u>174,777</u>

The carrying amounts of trade and other payables are approximated their fair values.

The ageing analysis of the trade payables based on invoice date or date of settlement statement are as follows:

	<b>30 June 2024 HK\$'000</b>	31 December 2023 HK\$'000
0 – 30 days	<b>3,164</b>	2,958
Over 365 days	<b>104,502</b>	107,044
	<b><u>107,666</u></b>	<u>110,002</u>

#### 15. FILM INVESTMENT FUNDS FROM INVESTORS

The amounts represent investments made by certain investors in respect of film rights held by the Group. In accordance with the terms of the respective investment agreements, the investors are entitled to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the theatrical release of the films. The financial liabilities were measured at amortised cost.

During the six months ended 30 June 2024, the Group recognised a gain on film investment funds from investors amounted to approximately HK\$185,554,000 (for the six months ended 30 June 2023: a loss of approximately HK\$271,270,000) upon the theatrical release of the respective film because the net proceeds entitled by the investors in accordance with the respective investment agreement was less than the film investment funds contributed by the investors.

#### 16. EVENT AFTER THE REPORTING PERIOD

There was no material event after the reporting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATION REVIEW

The Group has continued to carefully assess market situations, quickly respond and adjust the pace of releasing films in a challenging market environment. At the same time, it has maintained sufficient film and television content reserves, enabling it to consolidate its core competitive advantages and prepare for recovery of the film and TV industry.

During the six months ended 30 June 2024 (the “Period”), the Group released *The Movie Emperor* (紅毯先生) and *Strangers When We Meet* (朝雲暮雨). Besides, the Group was also actively preparing and had completed post production work of a number of films, including *She’s Got No Name* (醬園弄) directed by Chan Ho Sun Peter and starring Zhang Ziyi and Lei Jiayin; *Li Na* (獨自•上場) directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel and Hao Lei; *The Stage* (戲台) written and directed by Chen Peisi and starring Huang Bo, Chen Peisi, etc.; *Unspoken* (以父親之名) directed by Chen Daming and starring Zhang Hanyu, and *The Mountain* (上山) directed by Wu Di. During the Period, the Group also took part in investing in *Deep In The Mountains* (如意飯店), a drama film written by Wang Zhongyan about a civil policeman tangled in a missing truck incident; *Caught by the Tides* (風流一代) directed by Jia Zhangke, talking about changes in the Chinese society in a quarter of a century, and the fantasy love story *Intercross* (人魚) directed by Cheng Er and starring Wang Yibo and Wang Chuanjun. The Group firmly believes, armed with rich content and diverse film productions, it can meet the personal preferences of different audiences.

With regard to the online video platform, the Group continued to amass quality film and television productions from around the world for showing on “huanxi.com”. These productions included *Mandibules* (育蠅奇譚), a comedy that was nominated for Best Supporting Actress at the César Awards in France and won the Best Actor at the Sitges International Fantastic Film Festival; *Between Two Worlds* (兩個世界之間) nominated for The Directors’ Fortnight – Cannes and Best Actress at the César Awards in France; *Contra* (最強辯手) that snatched the Best Actress Award at Bavarian Film Awards in Germany, and also *All Creatures Great And Small – Season 3* (萬物生靈第三季), which was shortlisted for Best Foreign Drama at the Shanghai TV Festival Magnolia Awards. Besides, other exciting films and TV contents that were shown on “huanxi.com” included *Birds of America* (美國鳥類), which takes the audience down the Mississippi River in the central United States to see the truth about industrialisation destroying forests and rivers and driving animals into extinction; *Vicky and Her Mystery* (薇琪的秘密), which is based on a true touching story of a little girl and a wolf rescuing each other, and *Tenor* (男高音), a comedy filmed at the Opéra Garnier and integrating classic opera excerpts from *Madama Butterfly* (蝴蝶夫人) and *Turandot* (圖蘭朵).

## FINANCIAL REVIEW

### Review of Results

During the reporting period, the Group recorded revenue and film investment (loss)/income, net of HK\$115,209,000 (30 June 2023: HK\$1,393,279,000) and a net loss of HK\$89,049,000 (30 June 2023: a net profit of HK\$400,769,000).

The competition in the industry was fierce during the Period, the box office receipts of the films debuted by the Group during the Period were not as expected, and some blockbusters invested by the Group had not yet debuted on cinema screens in China in the first half of this year and hence cannot make any contribution to the results of the Group temporarily, resulting in the Group recording a loss during the Period. On the other hand, the Group recorded overall satisfactory box office receipts of the Group for the corresponding period of last year including the film *Full River Red* (滿江紅) which brought in commendable profit for the Group. The Group will arrange to debut the blockbusters invested by the Group gradually such as *She's Got No Name* (醬園弄) directed by Chan Ho Sun Peter and starring Zhang Ziyi and Lei Jiayin; *Li Na* (獨自•上場), directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel and Hao Lei; and *The Stage* (戲台) written and directed by Chen Peisi and starring Huang Bo, Chen Peisi, etc. on cinema screens which expect to contribute revenue and improve the results of the Group.

The decrease in selling and distribution costs during the reporting period was mainly due to the decrease in movie distribution activities; the decrease in administrative expenses was mainly due to the decrease in staff costs; and the Group recognised a gain on film investment funds from investors as certain film investors invested film rights held by the Group which income generated from the theatrical release of the films was less than the amount invested, the investors needed to share the loss with the Group.

For the six months ended 30 June 2024, loss per share of the Group amounted to HK\$0.02 (30 June 2023: profit per share of HK\$0.11) and net asset value per share attributable to the owners of the Company was HK\$0.36 (31 December 2023: HK\$0.40).

### Liquidity and Financial Resources

During the six months ended 30 June 2024, the Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations. As at 30 June 2024, the Group had net current assets of HK\$628,465,000 (31 December 2023: HK\$735,495,000), with cash and cash equivalents of HK\$102,223,000 (31 December 2023: HK\$310,146,000). As at 30 June 2024, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 1.85 (31 December 2023: approximately 1.95). As at 30 June 2024, the total equity of the Company amounted to HK\$1,331,359,000 (31 December 2023: HK\$1,453,568,000) with no borrowing (31 December 2023: Same). The Group's gearing ratio, expressed as the percentage of total borrowings over total capital, was Nil (31 December 2023: Same) as at 30 June 2024. Total capital is calculated as total equity plus total borrowings.

## **Capital Structure**

As at 30 June 2024, the Company had shareholders' capital of approximately HK\$36,565,000 (31 December 2023: Same) which is constituted of 3,656,472,362 ordinary shares (31 December 2023: Same) of HK\$0.01 each in issue. The Company did not carry out any fund raising activities by issuing new shares of the Company during the period under review.

## **Charges on Assets**

As at 30 June 2024, the Group did not have any charge on assets (31 December 2023: Same).

## **Foreign Exchange Exposure**

The Group's cash flow from operations, cash on hand and assets are denominated mainly in Hong Kong dollars and Renminbi. Although most of the production costs and management fees are denominated in Renminbi, foreign currencies are needed for many investment opportunities and cooperation plans with Mainland China and overseas film companies. The Group will continue to monitor its capital needs closely and take appropriate measures to minimise any adverse impact of exchange rate fluctuation on its overall financial status and lower the Group's financial risks.

## **Risk Management**

During the reporting period, the Group regularly reviewed the risk and credit control systems of its profit centers to improve those systems overall and mitigate credit risk. There have been no significant changes in the Group's risk management policy since the year-end date last year.

## **Contingent Liabilities**

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Same).

## **Employees and Remuneration Policies**

As at 30 June 2024, the Group had 85 full-time employees (31 December 2023: 86) and 2 part-time employees (31 December 2023: 4). The Group has in place well-designed remuneration management and incentive mechanisms, with employees remunerated based on their positions and work performance, along with industry trends.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the Chinese government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Forfeited contributions cannot be used by the Group to reduce the existing level of contribution to the defined contribution schemes.



## Event After the Reporting Period

There was no material event after the reporting period.

## Prospects

The China film market has recently regained growth momentum. The advent of the summer holiday has seen the return of audiences' desire to go back into the cinema. With movies being an important carrier of social culture, going to them has always been a popular leisure and entertainment activity for the public. Hence, the Group will continue to actively expand its film and television content reserves to strengthen its core competitiveness, and timely release quality film and television productions heeding market conditions to draw audiences into the cinema to enjoy the marvelous world of light and shadow.

During the summer holiday, the Group has released two films namely *Evacuate from the 21st Century* (從21世紀安全撤離) and *The Hedgehog* (刺猬). Films to hit the cinema screen in the second half of 2024 and the first half of 2025 included *She's Got No Name* (醬園弄) directed by Chan Ho Sun Peter and starring Zhang Ziyi and Lei Jiayin; *Li Na* (獨自•上場) directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel and Hao Lei; and *The Stage* (戲台) written and directed by Chen Peisi and starring Huang Bo, Chen Peisi, etc. Based on a sensational case in Shanghai from the 1940s, *She's Got No Name* (醬園弄), through the peculiar encounters of the main character Mrs. Zhan, reveals the changes in life and society over half a century. *Li Na* (獨自•上場) is about Li Na's legendary experience of winning Asia's first tennis singles Grand Slam trophy. Set in the early years of the Republic of China – a period of warlordism, *The Stage* (戲台) is about how the famous Wuqing troupe was harassed by thugs and bullied by a warlord while staging a three-day performance.

The Group will continue to cooperate with top Chinese directors, such as Ning Hao, Xu Zheng, Chan Ho Sun Peter, Wong Kar Wai, Zhang Yibai, Gu Changwei, Zhang Yimou, Huang Bo and Chen Daming, to create more films productions high in artistic and commercial value. Following the box office success and great reviews of director Zhang Yimou's *Full River Red* (滿江紅) last year, the Group is planning to collaborate with the director again on another intriguing movie.

With regard to the online video platform, the Group will continue to optimise “huanxi.com” by bringing on to it more outstanding films and internet dramas, including *Vortex* (旋渦) recording the last few months in life of a devoted couple, which was shortlisted for the Cannes Film Festival, and *King* (我的小獅王), a French children’s adventure comedy. Local productions such as *Sheep Without a Shepherd* (誤殺), *Papa* (學爸), *Full River Red* (滿江紅), and overseas productions including the scientific romance feature *I’m Your Man* (定制男友), which won four awards at the Lola Awards in Germany, including the Bester Spielfilm Gold Award; *When Hitler Stole Pink Rabbit* (誰偷了我的粉兔子), the Bester Kinderfilm winner at the German Film Awards; *Mr. Bachmann and His Class* (巴赫曼先生和他的學生), which was nominated for Best Documentary at the European Film Award, and *Fabian: Going to the Dogs* (不合時宜的人) that won several awards at the Lola Awards, are now available on “huanxi.com”.

Looking ahead, the Group will keep optimising deployment of its “Content is King” strategy, and come up with more quality film and television productions of diverse contents by collaborating with outstanding directors and professional production teams. At the same time, it will actively develop the online video platform “huanxi.com” to continuously strengthen its core competitiveness, consolidate its leadership in China’s film and television industry, creating high value and long-term returns for shareholders.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Practices**

Throughout the six months ended 30 June 2024, the Company has applied the principles and complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

### **Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Listing Rules on terms no less exactly than the required standard set out in the Model Code. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the reporting period.

### **Board Composition**

The Board currently comprises two executive Directors, three non-executive Directors and three independent non-executive Directors. All the Directors are high calibre executives with diversified industry expertise and bring a wide range of skills and experience to the Group.

## **Change in Information of Directors**

There was no change in Directors' information since the date of the annual report 2023, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **OTHER INFORMATION**

### **Interim Dividend**

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: Same).

### **Purchase, Sale or Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

### **Review of Interim Results**

The Committee has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2024. The Committee is satisfied with the review and the Board is also satisfied with the Committee's report.

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

Hong Kong, 30 August 2024

*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.*