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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)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “Board”) of Huanxi Media Group Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, together with comparative figures for the year ended 31 December 2023, as follows:

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

*For the year ended 31 December 2024*

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
Revenue and film investment loss, net	4	<b>34,180</b>	1,332,794
Cost of revenue	10	<u><b>(219,317)</b></u>	<u>(426,533)</u>
<b>Gross (loss)/profit</b>		<b>(185,137)</b>	906,261
Other income	6	<b>26,141</b>	11,463
Other gains, net	7	<b>845</b>	24,322
Gain/(loss) on film investment funds from investors	18	<b>112,086</b>	(268,210)
Selling and distribution costs	10	<b>(83,667)</b>	(319,356)
Administrative expenses	10	<b>(122,309)</b>	(138,224)
Net impairment losses on financial assets and contract assets		<u><b>(21,898)</b></u>	<u>(3,384)</u>
<b>Operating (loss)/profit</b>		<b>(273,939)</b>	212,872

\* *For identification purposes only*

	Note	2024 HK\$'000	2023 HK\$'000
Finance income	8	2,522	4,136
Finance costs	8	<u>(562)</u>	<u>(4,923)</u>
Finance income/(costs), net	8	<u>1,960</u>	<u>(787)</u>
<b>(Loss)/profit before tax</b>		<b>(271,979)</b>	212,085
Income tax credit/(expense)	9	<u>11,161</u>	<u>(52,950)</u>
<b>(Loss)/profit for the year</b>		<b><u>(260,818)</u></b>	<b><u>159,135</u></b>
(Loss)/profit for the year attributable to owners of the Company		<b><u>(260,818)</u></b>	<b><u>159,135</u></b>
<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		(5,314)	(2,478)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>(33,021)</u>	<u>(31,525)</u>
		<u>(38,335)</u>	<u>(34,003)</u>
<b>Total comprehensive (loss)/income for the year</b>		<b><u>(299,153)</u></b>	<b><u>125,132</u></b>
Total comprehensive (loss)/income for the year attributable to owners of the Company		<b><u>(299,153)</u></b>	<b><u>125,132</u></b>
<b>(Loss)/profit per share for the year attributable to the owners of the Company</b>			
– Basic and diluted (in HK\$)	12	<b><u>(0.07)</u></b>	<b><u>0.04</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

		2024	2023
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,158</b>	1,619
Right-of-use assets		<b>14,829</b>	17,359
Deposits and prepayments	<i>15</i>	<b>9,790</b>	20,091
Prepayments for film and TV programmes rights	<i>13</i>	<b>359,588</b>	387,152
Film and TV programmes rights	<i>14</i>	<b>347,414</b>	294,981
Deferred tax assets		<b>14,054</b>	420
		<b>746,833</b>	721,622
<b>Current assets</b>			
Film and TV programmes rights	<i>14</i>	<b>928,241</b>	1,039,970
Trade and other receivables, deposits and prepayments	<i>15</i>	<b>110,751</b>	103,871
Contract assets	<i>16</i>	<b>17,344</b>	58,634
Cash and cash equivalents		<b>144,987</b>	310,146
		<b>1,201,323</b>	1,512,621
<b>Total assets</b>		<b>1,948,156</b>	2,234,243

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Equity</b>			
Share capital		<b>36,565</b>	36,565
Reserves		<u><b>1,117,850</b></u>	<u>1,417,003</u>
<b>Total equity</b>		<u><b>1,154,415</b></u>	<u>1,453,568</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>8,025</b>	3,549
Borrowing	<i>19</i>	<b>42,440</b>	–
Contract liabilities	<i>16</i>	<u><b>15,915</b></u>	<u>–</u>
		<u><b>66,380</b></u>	<u>3,549</u>
<b>Current liabilities</b>			
Trade and other payables	<i>17</i>	<b>159,674</b>	174,777
Film investment funds from investors	<i>18</i>	<b>519,039</b>	535,195
Film and TV programmes rights	<i>14</i>	–	942
Contract liabilities	<i>16</i>	<b>756</b>	1,150
Lease liabilities		<b>6,283</b>	14,319
Current tax liabilities		<u><b>41,609</b></u>	<u>50,743</u>
		<u><b>727,361</b></u>	<u>777,126</u>
<b>Total liabilities</b>		<u><b>793,741</b></u>	<u>780,675</u>
<b>Total equity and liabilities</b>		<u><b>1,948,156</b></u>	<u>2,234,243</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. GENERAL

Huanxi Media Group Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding and film investment company and its subsidiaries are principally engaged in media and entertainment related businesses which include development and investment in film and TV programmes rights, as well as operation of an online video platform.

These consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

## 2. BASIS OF PREPARATION

### (a) Compliance with HKFRSs and HKCO

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622.

### (b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

### (c) New and amended standards adopted by the Group

The Group has applied the following amendments and annual improvements for the first time for their annual reporting period commencing 1 January 2024:

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

The amendments and annual improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(d) New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKFRS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group is in the process of assessing potential impact of the above new standards, amendments and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these standards, interpretations, and amendments will have a significant impact on the Group's results of operations and financial position.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants and have been properly in compliance with the disclosure requirements of the HKCO.

### 4. REVENUE AND FILM INVESTMENT LOSS, NET

An analysis of the Group's revenue and film investment loss, net, for the year, net of sales related tax, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
– Share of box office income	63,580	1,292,534
– Sub-licensing of film and TV programmes rights	15,562	83,784
– Other media related revenue	<u>5,823</u>	<u>35,819</u>
	84,965	1,412,137
Film investment loss, net	<u>(50,785)</u>	<u>(79,343)</u>
	<u><u>34,180</u></u>	<u><u>1,332,794</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.

## 6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grants ( <i>Note</i> )	12,227	9,030
Sundry income	<u>13,914</u>	<u>2,433</u>
	<u><u>26,141</u></u>	<u><u>11,463</u></u>

*Note:* Government grants mainly represented the subsidies of HK\$12,227,000 related to tax refund received from overseas government (2023: HK\$9,030,000 received from the People's Republic of China (the "PRC") government). There are no unfulfilled conditions or other contingencies attaching to these grants.

## 7. OTHER GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net fair value gain on financial assets at fair value through profit or loss ("FVTPL")	–	22,088
Net foreign exchange gains	845	1,915
Gain on disposal of property, plant and equipment	<u>–</u>	<u>319</u>
	<u><u>845</u></u>	<u><u>24,322</u></u>



## 8. FINANCE INCOME/(COSTS), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Finance income</b>		
Bank interest income	1,423	1,946
Other interest income	<u>1,099</u>	<u>2,190</u>
	<u>2,522</u>	<u>4,136</u>
<b>Finance costs</b>		
Interest expenses for lease liabilities	(542)	(1,054)
Interest expenses on a borrowing	(20)	–
Interest expenses for film investment funds from investors	<u>–</u>	<u>(3,869)</u>
	<u>(562)</u>	<u>(4,923)</u>
<b>Finance income/(costs), net</b>	<u><u>1,960</u></u>	<u><u>(787)</u></u>

## 9. 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, 7% (2023: 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 years. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the relevant group entities have incurred tax losses (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 (2023: Same).

Income tax (credit)/expense (credited)/charged to the profit or loss represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax	2,775	65,067
Deferred income tax	<u>(13,936)</u>	<u>(12,117)</u>
Income tax (credit)/expense	<u><u>(11,161)</u></u>	<u><u>52,950</u></u>

## 10. EXPENSES BY NATURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Employee benefit expenses (excluding directors' remuneration)	46,153	48,361
Directors' remuneration	23,307	38,595
Depreciation		
– Property, plant and equipment	460	507
– Right-of-use assets	13,155	13,107
Short-term leases expenses	542	677
Legal and professional fees	3,357	7,160
Travelling and entertainment expenses	6,587	6,994
Advertising and marketing expenses	83,667	319,356
Amortisation of film and TV programmes rights	219,101	289,138
Net impairment losses on film and TV programmes rights	216	106,196
Film preparation and other media related costs	12,455	31,199
Auditor's remuneration		
– Audit services	3,385	3,385
– Non-audit services	15	922
General office expenses	3,078	2,937
Insurances	1,846	1,641
Others	7,969	13,938
	<hr/>	<hr/>
Total cost of revenue, selling and distribution costs and administrative expenses	<u>425,293</u>	<u>884,113</u>

## 11. DIVIDENDS

Neither dividends were paid, declared or proposed for the year, nor has any dividend been proposed since the end of reporting period (2023: Same).

## 12. (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 year.

	2024	2023
(Loss)/profit attributable to owners of the Company (in HK\$'000)	<b>(260,818)</b>	159,135
Weighted average number of ordinary shares for the purpose of 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><b>(0.07)</b></u>	<u>0.04</u>

### (b) Diluted

Diluted (loss)/profit per share is the same as basic (loss)/profit per share as there were no potential dilutive shares in issue during the year (2023: Same).

## 13. PREPAYMENTS FOR FILM AND TV PROGRAMMES RIGHTS

	2024	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current</b>		
Prepayments for film and TV programmes rights under development ( <i>Note</i> )	<u><b>359,588</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 is 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.

#### 14. FILM AND TV PROGRAMMES RIGHTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Completed Film and TV programmes rights ( <i>Note a</i> )	930,087	566,362
Film and TV programmes rights under production ( <i>Notes a and e</i> )	154,053	495,008
Film rights investments ( <i>Notes b and c</i> )		
– Financial assets at FVTPL	143,181	193,673
– Financial liabilities at FVTPL	–	(942)
Licensed film and TV programmes rights ( <i>Note d</i> )	<u>48,334</u>	<u>79,908</u>
	<u><u>1,275,655</u></u>	<u><u>1,334,009</u></u>
Represented by:		
Non-current assets	347,414	294,981
Current assets	928,241	1,039,970
Current liabilities	<u>–</u>	<u>(942)</u>
	<u><u>1,275,655</u></u>	<u><u>1,334,009</u></u>

#### Notes:

- (a) During the year, the Group recognised a net provision for impairment of completed film and TV programmes rights of Nil (2023: HK\$103,138,000) and film and TV programmes rights under production of approximately HK\$216,000 (2023: HK\$3,058,000).
- (b) 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.
- (c) During the year, the Group recognised film investment loss, net, amounted to approximately HK\$50,785,000 (2023: HK\$79,343,000) based on the Group's investment portion as specified in respective film rights investments agreements.
- (d) 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.
- (e) The Group has entered into certain joint operation arrangements to produce and distribute two films (2023: two). The Group has participating interests ranging from 50% to 55% (2023: 50% to 55%) in these joint operations. As at 31 December 2024, the carrying amounts of intangible assets recognised in the consolidated statement of financial position relating to the Group's interests in these joint operation arrangements are approximately HK\$105,336,000 (2023: HK\$104,905,000).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables		
– Share of box office income	28,687	1,007
– Sub-licensing of film and TV programmes rights	16,582	16,615
– Film rights investments	7,774	8,864
– Others	125	37
	<u>53,168</u>	<u>26,523</u>
Loss allowances	<u>(10,765)</u>	<u>(1,969)</u>
	<u>42,403</u>	<u>24,554</u>
Deposits	5,169	6,227
Prepayments ( <i>Note a</i> )	14,646	25,599
Other receivables ( <i>Note b</i> )	89,347	86,168
Loss allowances	<u>(31,024)</u>	<u>(18,586)</u>
	<u>78,138</u>	<u>99,408</u>
	<u><b>120,541</b></u>	<u><b>123,962</b></u>
Represented by:		
Trade receivables	42,403	24,554
Deposits	3,624	906
Prepayments	6,352	10,668
Other receivables	89,347	86,168
Loss allowances	<u>(30,975)</u>	<u>(18,425)</u>
Current portion	<u><b>110,751</b></u>	<u><b>103,871</b></u>
Deposits	1,545	5,321
Prepayments	8,294	14,931
Loss allowances	<u>(49)</u>	<u>(161)</u>
Non-current portion	<u><b>9,790</b></u>	<u><b>20,091</b></u>

*Notes:*

- (a) 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.
- (b) As at 31 December 2024, other receivables included loan receivables net of loss allowances of approximately HK\$13,161,000 (2023: HK\$18,899,000), which carried interest at 6% (2023: 6%) per annum.

At 31 December, the ageing analysis of the trade receivables, net of loss allowances, based on invoice date or date of settlement statement are as follows:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>64</b>	3,400
31 – 90 days	<b>158</b>	7,092
91 – 180 days	–	15
181 – 365 days	<b>22,989</b>	–
Over 365 days	<b>19,192</b>	14,047
	<b>42,403</b>	24,554

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, their carrying amounts are approximated their fair values.

## 16. CONTRACT ASSETS AND LIABILITIES

The Group has recognised the following assets and liabilities related to contracts with customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets	18,497	59,712
Loss allowances	<u>(1,153)</u>	<u>(1,078)</u>
Contract assets, net	<u><u>17,344</u></u>	<u><u>58,634</u></u>
Contract liabilities		
Current	756	1,150
Non-current	<u>15,915</u>	<u>–</u>
	<u><u>16,671</u></u>	<u><u>1,150</u></u>

As at 31 December 2024 and 2023, contract assets represent unbilled revenue arisen from the share of box office income and online platform related income in accordance with the contract terms.

As at 31 December 2024, contract liabilities mainly represent receipt in advance in relation to the co-membership arrangement of HK\$756,000 (2023: HK\$1,150,000) with other online platforms operated by different business partners and receipt in advance in relation to sub-licensing of film and TV programmes right of HK\$15,915,000 (2023: Nil).

## 17. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	96,183	110,002
Other payables	61,899	50,988
Accruals	<u>1,592</u>	<u>13,787</u>
	<u><u>159,674</u></u>	<u><u>174,777</u></u>

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

At 31 December, the ageing analysis of the trade payables based on invoice date or date of settlement statement are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 – 30 days	1,680	2,958
Over 365 days	<u>94,503</u>	<u>107,044</u>
	<u><u>96,183</u></u>	<u><u>110,002</u></u>

## 18. 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 year, the Group recognised a gain on film investment funds from investors amounted to approximately HK\$112,086,000 (2023: loss on film investment funds from investors of HK\$268,210,000) upon the theatrical release of the respective film because certain film investors invested film rights held by the Group which income distributed by the Group to these investors after the theatrical release of the films was less (2023: more) than the investment funds received.

## 19. BORROWING

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unsecured borrowing	<u>42,440</u>	<u>–</u>

As at 31 December 2024, the borrowing amounted to HK\$42,440,000, of which interest carried at 4.35% per annum, is repayable on 27 March 2026.

## 20. EVENT AFTER THE REPORTING PERIOD

There was no material event after reporting period up to the date of this announcement.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND OPERATION REVIEW

In 2024, although the slowdown in macroeconomic growth and decline in consumption sentiment of audiences weighed down on the overall film and television market, the Group cooperated with top directors in China to jointly develop and produce quality film and television contents, while continuing to enrich the offerings of its online video platform “huanxi.com”, as such it was able to consolidate its core competitive advantages and be ready for the industry’s future recovery.

For the year ended 31 December 2024, the Group recorded revenue and film investment loss, net of HK\$34,180,000 (2023: HK\$1,332,794,000). The decrease was mainly due to the success of the movie *Full River Red* (滿江紅), invested in and lead-produced by the Group, shown during the Chinese New Year holiday in 2023. The movie which topped all movies in China in box office receipts for the year contributed substantially to the Group’s revenue last year and presented a higher performance base for comparison. Whereas, the industry underwent some changes during the year, the overall box office receipts of the film industry in China decreased compared with last year, the box office receipts of the films debuted by the Group during the year were not as expected, and some blockbusters invested by the Group had delayed to debut in 2025 on cinema screens in China and hence cannot make any contribution to the results of the Group temporarily. The Group recorded net loss of HK\$260,818,000 for the year (2023: net profit of HK\$159,135,000).

To enhance its film and television contents, upcoming films included *Li Na* (獨自 • 上場), directed by Chan Ho Sun Peter and starring Hu Ge, Vincent Cassel and Hao Lei etc., *The Stage* (戲台) written and directed by Chen Peisi and starring Huang Bo, Chen Peisi etc., and *She’s Got No Name* (醬園弄), directed by Chan Ho Sun Peter and starring Zhang Ziyi and Lei Jiayin. The Group also invested in *Intercross* (人魚), directed by Cheng Er and starring Wang Yibo and Wang Chuanjun, and *Deep In The Mountains* (如意飯店), directed by Li Yongyi and starring Qiao Shan, Wang Yanhui and Yang Zishan. The Group believes the wide range of works of different themes and styles can meet the individual needs of audiences and give the Group’s box office receipts guarantee. Following the great success of *Full River Red* (滿江紅), the Group plans to collaborate with director Zhang Yimou again on another movie with both artistic and commercial value.

Regarding the online video platform, “huanxi.com” continued to develop steadily. During the year, a number of attention grabbing foreign films were released on the platform, including *Lullaby* (搖籃曲), which was shortlisted for Panorama section at the Berlin International Film Festival, nominated for Best Picture and winner of Best New Director, Best Actress and Best Supporting Actress at the Goya Awards – Spanish Film Academy, *A Chiara* (為了琪亞拉), winner of the Europa Cinemas Label Award at The Directors’ Fortnight – Cannes and the Best Actress at David di Donatello, and *Passengers of the Night* (巴黎夜旅人), which was a contender of the top honor at the 2022 Berlin International Film Festival. The rich selection of premium movies have given users better viewing experience, as well as consolidated the Group’s competitive advantage in China’s online video platform market. On the other hand, the Group will continue to cooperate and form alliances with major channels in its bid to attract wider user groups and expand its revenue base.

Overall, the Group will also continue to deepen cooperation with outstanding directors and develop more high-quality films. With strong production capabilities and ample film reserves, as well as the strategic layout of its online video platform, the Group will be able to provide audiences with more exciting audiovisual feasts to enjoy, while continuing to drive stable business development.

## FINANCIAL REVIEW

### Review of Results

For the year ended 31 December 2024, the Group recorded revenue and film investment loss, net of HK\$34,180,000 (2023: HK\$1,332,794,000) and a net loss of HK\$260,818,000 (2023: a net profit of HK\$159,135,000).

The industry underwent some changes during the year, the overall box office receipts of the film industry in China decreased compared with last year, the box office receipts of the films debuted by the Group during the year were not as expected, and some blockbusters invested by the Group had delayed to debut in 2025 on cinema screens in China and hence cannot make any contribution to the results of the Group temporarily, resulting in the Group recording a loss during the year. On the other hand, the Group recorded overall satisfactory box office receipts of the Group for last year including the film *Full River Red* (滿江紅) which brought in commendable profit for the Group. The blockbusters invested by the Group had delayed to debut in 2025 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 etc.; 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 year 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 year ended 31 December 2024, loss per share of the Group amounted to HK\$0.07 (2023: profit per share of HK\$0.04) and net asset value per share attributable to owners of the Company was HK\$0.32 (2023: HK\$0.40).

### Liquidity and Financial Resources

During the year ended 31 December 2024, the Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations. As at 31 December 2024, the Group had net current assets of HK\$473,962,000 (2023: HK\$735,495,000), with cash and cash equivalents of HK\$144,987,000 (2023: HK\$310,146,000). As at 31 December 2024, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 1.65 (2023: 1.95). As at 31 December 2024, the total equity of the Group amounted to HK\$1,154,415,000 (2023: HK\$1,453,568,000) with borrowing of HK\$42,440,000 (2023: Nil). The Group's gearing ratio, expressed as the percentage of total borrowings over total capital, was 0.04 (2023: Nil) as at 31 December 2024. Total capital is calculated as total equity plus total borrowings.

## **Capital Structure**

As at 31 December 2024, the Company had shareholders' capital of approximately HK\$36,565,000 (2023: Same) which is constituted of 3,656,472,362 ordinary shares (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 year under review.

## **Charges on Assets**

As at 31 December 2024, the Group did not have any charge on assets (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 some investment opportunities and cooperation plans with the PRC 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 year under review, 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 31 December 2024, the Group had no significant contingent liabilities (2023: Same).

## **Dividends**

Neither dividends were paid, declared or proposed for the year, nor has any dividend been proposed since the end of reporting period (2023: Same).

## **Employees and Remuneration Policies**

The Group firmly believes high-caliber people are the most valuable asset of a corporation. The Group thus places great attention on attracting and nurturing talent. It has kept optimising its staff structure to match its development strategy and business needs. As at 31 December 2024, the Group had 85 full-time employees (2023: 86) and 2 part-time employees (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 participates in various defined contribution retirement benefit plans which are available to all relevant employees. 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 reporting period up to the date of this announcement.

## **Business Strategies and Prospects**

Looking ahead, China's film industry is expected to rebound with more favorable policies and measures to be introduced. At the beginning of 2025, the Chinese Central Government launched policies to boost consumer spending and promote investment, and local governments also rolled out measures to encourage consumption, giving new impetus to the mainland economy for sustaining steady growth. Moreover, there have been policies to promote high-quality development of the cultural industries, with emphasis on supporting fine creations in fields including film and television and art, and supporting film and television companies to enhance their international competitiveness. Going to movies is not only an entertainment and leisure activity, but also an important way for emotional sustenance as well as cultural exchange among people. With active government support in promoting cultural and recreational consumption activities, demand for movies is expected to be released. During the nine-day Spring Festival movie showtime in 2025, box office receipt reached record high at more than RMB10 billion with 187 million people flocking into cinemas. The numbers clearly indicated that China's consumer market has rekindled and the film industry still has a bright future.

The films that the Group plans to release in cinemas in 2025 included *The Stage* (戲台), *Li Na* (獨自•上場) and *She's Got No Name* (醬園弄). *The Stage* (戲台) is about how China's famous Wuqing troupe was harassed by thugs and overrun by a warlord during their three-day performance in the early years of the Republic of China – a period of warlordism. While the performance “on stage” captivates the audience, there is turbulence “off stage”, coming together to take the comedy to climax after climax. *Li Na* (獨自•上場) is about Li Na's legendary experience of winning Asia's first Grand Slam singles title. *She's Got No Name* (醬園弄) is based on a sensational case from 1940s Shanghai, and through the bizarre experiences of its main character, it reveals the changes in the world over the past half century. In the film *Unspoken* (以父親之名), directed by Chen Daming and starring Zhang Hanyu, the father of a Chinese female student, who was killed in the United States, crossed the ocean to find the perpetrator. It is filled with exciting action scenes as well as touching moments of family love. In addition, the Group invested in *Intercross* (人魚), directed by Cheng Er and starring Wang Yibo and Wang Chuanjun, and *Deep In The Mountains* (如意飯店), directed by Li Yongyi, and starring Qiao Shan, Wang Yanhui and Yang Zishan, etc.

The Group firmly believes the “Content is King” strategy is key to the success of the film and television industry, and outstanding directors and creative teams are at the core of artistic achievements and commercial value. The Group will continue to work with top Chinese film directors to produce quality film and television content. The Group is preparing with director Zhang Yimou about working on another fascinating film *Full River Red II* (滿江紅II) to continue the success of the 2023 box office champion *Full River Red* (滿江紅). In addition to Zhang Yimou, the Group has also continued to co-develop and produce leading content with Ning Hao, Xu Zheng, Chan Ho Sun Peter, Wong Kar Wai, Zhang Yibai, Gu Changwei, Huang Bo, Chen Daming and Jia Zhangke, etc.

Regarding online video platform, the Group will continue to develop “huanxi.com”, optimising its content via gathering film and television masterpieces from around the world. These works included *Eiffel* (埃菲爾鐵塔), with three nominations at the French film César Awards, tracing the history of the world landmark architecture and the legendary life of its architect Eiffel, *My Brothers and I* (我和我的兄弟們), premiere in the Un Certain Regard section and nominated for Golden Camera at the Cannes Film Festival, a story about how a teenager who loves Italian opera pursues his dream, the grotesque masterpiece *Incredible But True* (不可思議但千真萬確) directed by talented French film director Quentin Dupieux, given a special screening at the Berlin Film Festival, and *The Braves* (浪間), a feature film about sisterhood premiered at the Directors' Fortnight at Cannes. These films will be launched as scheduled.

To summarise, the Group will continue to promote the “Content is King” strategy, strive to deepen cooperation with well-known Chinese film directors to create excellent and diverse works so as to meet the viewing preferences of Chinese consumers. By building an online video platform and reaping the synergies between content and platforms, the Group will push to expand its competitive advantages, seize the opportunities from the film and television industry recovery to continuously create high-value returns for shareholders.

## **OTHER INFORMATION**

### **Corporate Governance Practices**

Throughout the year ended 31 December 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 Rules Governing the Listing of Securities on the Stock Exchange (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.

### **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 year ended 31 December 2024.

### **Review of the Results**

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 31 December 2024.

## **Scope of Work of PricewaterhouseCoopers**

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 28 March 2025

*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.*