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華 誼 騰 訊 娛 樂 有 限 公 司

Huayi Tencent Entertainment Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 419)

**GRANT OF AWARDED SHARES AND
PROPOSED ISSUE OF NEW SHARES UNDER GENERAL
MANDATE PURSUANT TO THE SHARE AWARD SCHEME**

GRANT OF AWARDED SHARES

The Board is pleased to announce that on 18 May 2022, the Company granted an aggregate of 77,500,000 Awarded Shares to 15 Grantees pursuant to the Share Award Scheme.

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Board has resolved to allot and issue, credited as fully paid at par, 77,500,000 New Shares to the Trustee pursuant to the 2021 General Mandate in order to grant the above Awards to the Grantees pursuant to the Share Award Scheme. Subject to the Stock Exchange granting listing of and permission to deal in the New Shares, all the New Shares will vest forthwith and be issued and allotted to the Trustee and to be transferred to the Grantees upon expiry of stages of the Lock-up Period.

The subscription amount for the New Shares will be paid out of the internal resources of the Company, and no funds will be raised from the issue of the New Shares. The allotment and issue of the New Shares is not subject to any approval of the Shareholders.

GRANT OF AWARDED SHARES

The Board is pleased to announce that on 18 May 2022, the Company granted an aggregate of 77,500,000 Awarded Shares to 15 Grantees of the Group pursuant to the terms of the Share Award Scheme at nil consideration, subject to the acceptance by the Grantees. The Board considers that the grant of the Awarded Shares to the Grantees will motivate their expected future contribution to the success and development of the Group.

All the 15 Grantees are employees of the Group. Out of the 15 employees of the Group, 6 are directors of certain subsidiaries of the Company which are insignificant subsidiaries (pursuant to Rule 14A.09 of the Listing Rules) of the Company, and they are therefore not regarded as connected persons of the Company. The rest of the aforesaid Grantees are also not connected persons of the Company. The proposed grants of Awarded Shares to them do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The 77,500,000 Awarded Shares represent approximately 5.742% of the maximum number of Shares that may be awarded under the Share Award Scheme.

PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE

In relation to the 77,500,000 Awarded Shares, the New Shares shall be allotted and issued as fully paid at par of HK\$0.02 per Share, pursuant to the 2021 General Mandate, to the Trustee pursuant to the terms of the Share Award Scheme. Pursuant to the 2021 General Mandate, the Company can issue and allot a maximum number of 2,699,621,315 Shares. Since no Shares have been issued or allotted under 2021 General Mandate, the New Shares can be allotted and issued under the 2021 General Mandate. Allotment and issue of the New Shares is not subject to any approval of the Shareholders.

For all the 77,500,000 Awarded Shares which are awarded to the Grantees, such Awarded Shares will vest in those Grantees forthwith and the issue and allotment of such 77,500,000 New Shares to the Trustee will take place shortly following the Stock Exchange granting listing of and permission to deal in the New Shares, and the Trustee will hold those New Shares in trust for all the Grantees. After the expiry of the stages of the lock-up period applicable to these 77,500,000 New Shares (the “**Lock-up Period**”), as follows:

Lock-up Period Expires	Percentage of Awarded Shares
first trading day after 31 March 2023	25%
first trading day after 31 March 2024	25%
first trading day after 31 March 2025	25%
first trading day after 31 March 2026	25%

relevant portion of such New Shares will be transferred to the Grantees at nominal value.

Pursuant to the Share Award Scheme, the Board will cause to be paid the aggregate subscription amount of HK\$1,550,000 for the New Shares out of the internal resources of the Company. Accordingly, no funds will be raised from the issue of the New Shares. The Company has not engaged in any fund raising activities by any issue of Shares in the 12 months immediately preceding the date of this announcement.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Trustee (or its nominee) being the allottee of the New Shares and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The closing price of the Shares as at the date of this announcement was HK\$0.142. The New Shares to be allotted and issued by the Company to the Trustee represent (i) approximately 0.574% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 0.571% of the total issued share capital of the Company as enlarged by such allotment and issue.

The New Shares, when issued and allotted, shall rank *pari passu* among themselves and with the fully paid Shares in issue upon allotment of the New Shares, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment. Pursuant to the Scheme Rules and the terms of the grant of Awards, the New Shares to be issued and allotted to the Trustee to hold for the benefit of all the Grantees and will be subject to the Lock-up Period, during which Grantees shall not be entitled to vote, receive dividends or dispose of or create any third party rights in respect of the New Shares which remain under the Lock-up Period. The Trustee shall not exercise any voting rights in respect of the New Shares issued to and held by it.

The grant of 77,500,000 Awarded Shares to the 15 Grantees is subject to the Stock Exchange granting listing of and permission to deal in the New Shares to be allotted and issued. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the New Shares to be allotted and issued.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“2021 General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 20 May 2021, under which up to a total of 2,699,621,315 Shares (being up to 20% of the total issued share capital of the Company as at the date of the passing of the relevant resolution, which was 20 May 2021) can be allotted, issued and dealt in by the Directors
“Award”	a provisional award of Awarded Shares made in accordance with the Share Award Scheme
“Awarded Share(s)”	the Share(s) provisionally awarded to a Grantee pursuant to an Award
“Board”	the board of Directors
“Company”	Huayi Tencent Entertainment Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Grantee”	eligible participant under the Share Award Scheme
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Shares”	the 77,500,000 new Shares that will be allotted and issued to the Trustee under the 2021 General Mandate and each a “New Share”
“Scheme Rules”	the rules relating to the Share Award Scheme
“Share Award Scheme”	the share award Scheme of the Company, which became effective on 20 August 2021, as altered from time to time
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trustee”

Tricor Trust (Hong Kong) Limited, being the trustee appointed by the Company for the administration of the Share Award Scheme, which will hold the New Shares on trust for the relevant Grantees

“%”

per cent

By order of the Board

Huayi Tencent Entertainment Company Limited

YUEN Hoi Po

Executive Director and Chief Executive Officer

Hong Kong, 18 May 2022

As at the date of this announcement, the Board comprises:

Executive directors: Mr. CHENG Wu (Vice Chairman), Mr. YUEN Hoi Po (Chief Executive Officer)

Independent non-executive directors: Dr. WONG Yau Kar David, GBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo