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**H.BROTHERS** | ENTERTAINMENT

**華 誼 騰 訊 娛 樂**

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)

**(1) UPDATES ON CONNECTED TRANSACTIONS  
SUPPLEMENTAL AGREEMENT TO YZN CAPITAL INCREASE AGREEMENT  
AND  
(2) UPDATES ON DISCLOSEABLE TRANSACTION  
FIFTH SUPPLEMENTAL AGREEMENT TO CAPITAL INCREASE AND ACQUISITION  
AGREEMENT**

The parties to the YZN Capital Increase Agreement (particulars of which were disclosed in the announcement of the Company dated 18 April 2023) together with Suzhou YZN (formerly known as HNDX), entered into the YZN Capital Increase Supplemental Agreement on 22 November 2023 to, among other things, carry out further changes to the structure of the YZN Group and to amend the arrangement for payment of the Second Instalment by the New Investor.

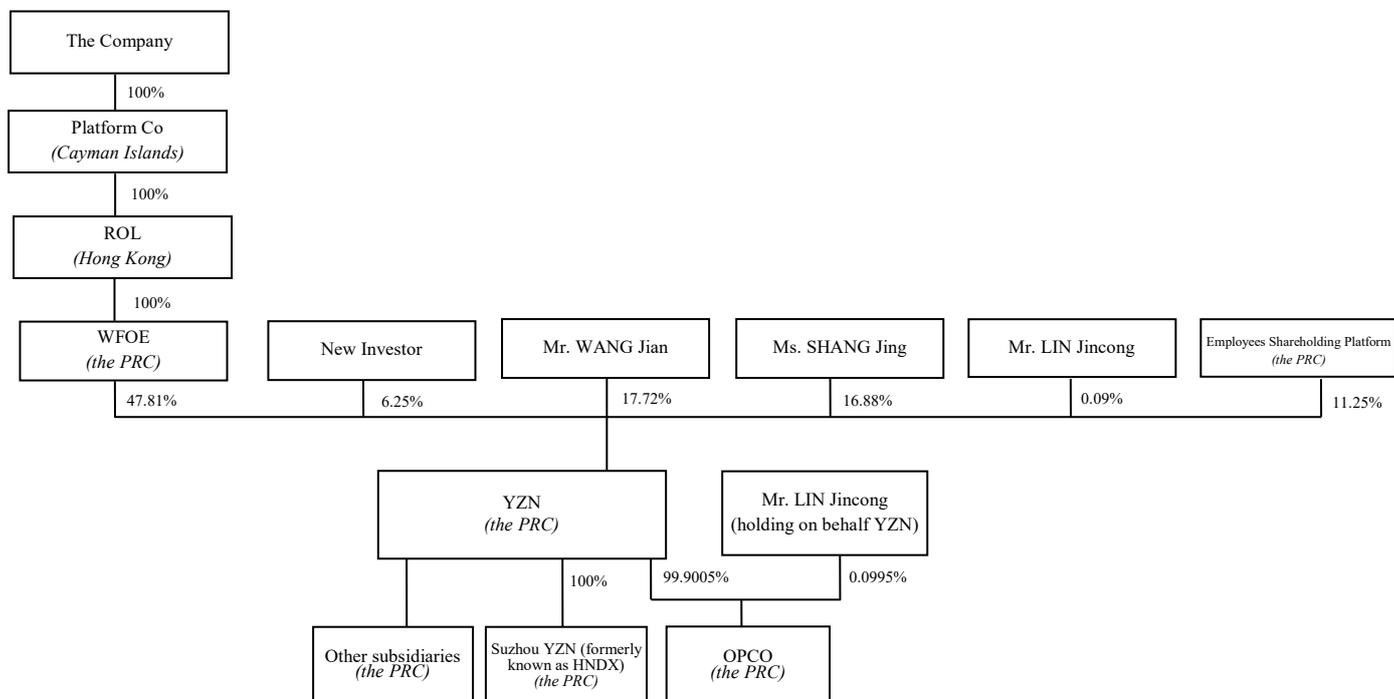
In conjunction with the YZN Capital Increase Supplemental Agreement, on 22 November 2023, the parties to the Fourth Supplemental Agreement (particulars of which were disclosed in the announcement of the Company dated 10 May 2023) entered into the Fifth Supplemental Agreement, whereby the shareholders of YZN agree to effect certain amendments to the arrangements for their investment or holding of interest in the YZN Group under the Capital Increase and Acquisition Agreement (as amended by the Fourth Supplemental Agreement).

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 7 April 2021 as supplemented by the announcements of the Company dated 21 April 2021, 17 May 2021, 20 December 2021, 12 July 2022, 20 July 2022 and 10 May 2023 in relation to the Group's investment in the YZN Group, and the announcement of the Company dated 18 April 2023 on a proposed capital increase to YZN by the New Investor (collectively, the "Previous Announcements").

**THE STATUS OF THE YZN CAPITAL INCREASE AGREEMENT AND THE FOURTH SUPPLEMENTAL AGREEMENT AND REASONS FOR ENTERING INTO THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT AND THE FIFTH SUPPLEMENTAL AGREEMENT**

The Board would like to provide an update that the Target Group Reorganisation has been completed and the corporate structure of the YZN Group set out below has been formed:-



The New Investor has paid the First Instalment of the YZN Capital Increase of RMB24,000,000 to YZN under the YZN Capital Increase Agreement. Under the YZN Capital Increase Agreement, the Second Instalment of the YZN Capital Increase in the amount of RMB16,000,000 is payable by the New Investor within 15 working days from the fulfilment of the condition that the place of registration of YZN being changed to Zhangjiagang, Jiangsu Province in the PRC (the “**Place of Registration Condition**”), to reflect the commercial intention of the parties that the place of registration of YZN (as the holding company of the YZN Group and the future listing vehicle upon successful initial public offering) shall be Zhangjiagang, Jiangsu Province in the PRC.

The Place of Registration Condition has not yet been fulfilled. The Company has been informed that the regulatory formalities for achieving the Place of Registration Condition has taken longer than expected and there is no clear signal as to when such formalities can be completed. In view of such delay, and as an alternative way to achieve the aforesaid commercial intention, the parties to the YZN Capital Increase Agreement together with Suzhou YZN have entered into the YZN Capital Increase Supplemental Agreement (as defined below) to, among other things, further restructure the YZN Group by swapping the holding of the equity interests in YZN and in Suzhou YZN (formerly known as HNDX) within the YZN Group, so that (i) Suzhou YZN (which has not yet commenced operation and with its place of registration having been changed to Zhangjiagang, Jiangsu Province in the PRC) will become the holding company of YZN, the OPCO and other subsidiaries within the YZN Group, and (ii) the payment of the Second Instalment by the New Investor can be completed within a foreseeable timeframe.

In conjunction with the above, the Fifth Supplemental Agreement (as defined below) has also been entered into in respect of the Capital Increase and Acquisition Agreement (as amended by the Fourth Supplemental Agreement) to make certain amendments to reflect the YZN Group Reorgansiation (as defined below).

## **THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT**

On 22 November 2023, the Company, YZN, the OPCO, Suzhou YZN, the WFOE, Ms. HAN Lihui, the Founding Shareholders and the New Investor entered into a supplemental agreement to the YZN Capital Increase Agreement (the “**YZN Capital Increase Supplemental Agreement**”), pursuant to which the parties agreed, among other things, to effect certain changes to the arrangements under the YZN Capital Increase Agreement as follows:-

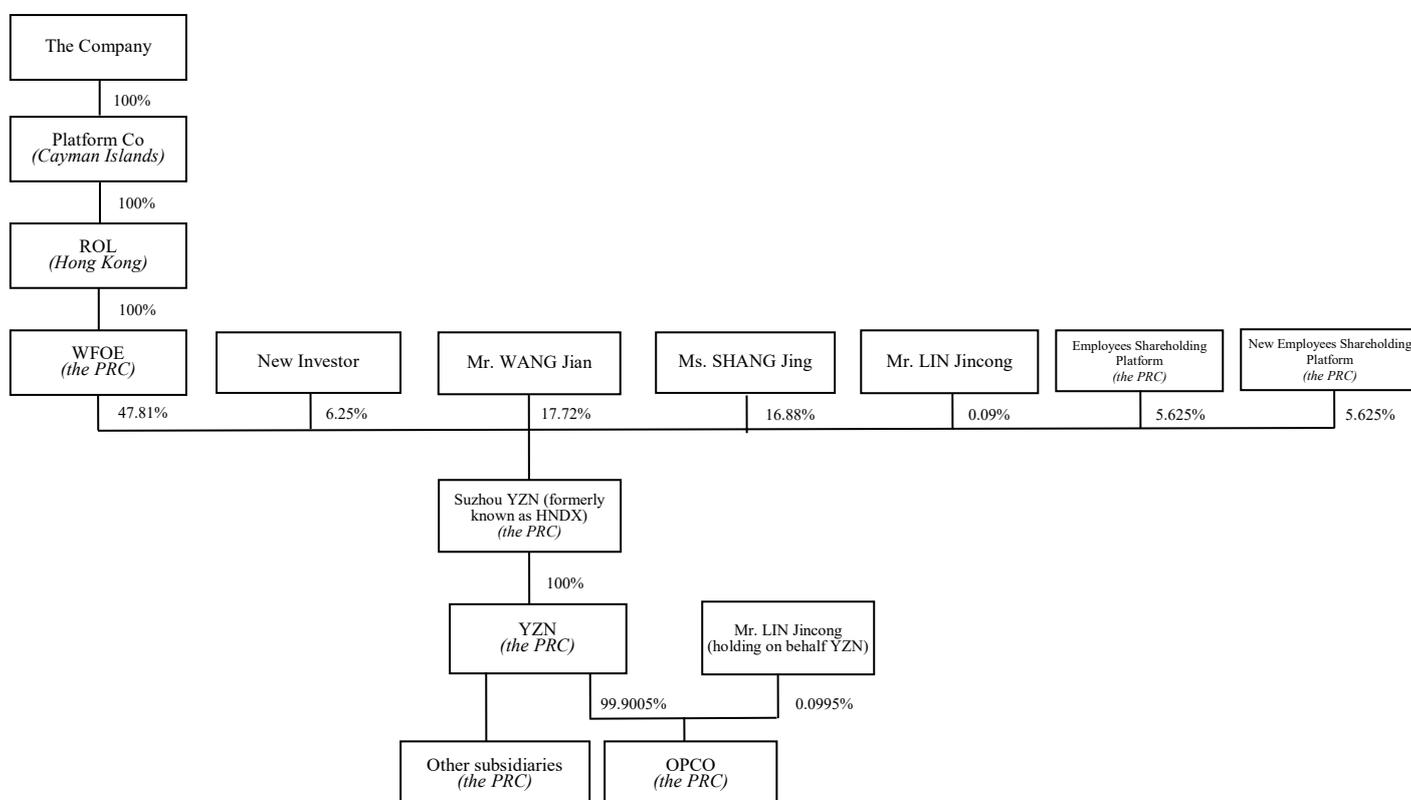
- (i) Suzhou YZN (whose place of registration has been changed to Zhangjiagang, Jiangsu Province in the PRC) shall be the future listing vehicle of the YZN Group;
- (ii) a further reorganization of the YZN Group by swapping YZN with Suzhou YZN such that Suzhou YZN will become the holding company of YZN, the OPCO and other subsidiaries within the YZN Group;
- (iii) subject to payment of capital in the amount of RMB40,000,000 (equivalent to the amount of the YZN Capital Increase) by the New Investor into Suzhou YZN as registered capital and capital reserve of Suzhou YZN, YZN shall return to the New Investor the RMB24,000,000 that the New Investor had paid as the First Instalment and waive the New Investor’s payment obligation to YZN in respect of the Second Instalment under the YZN Capital Increase Agreement, as an alternative way to achieve payment of the outstanding Second Installment by the New Investor;
- (iv) all other rights and obligations of the business cooperations under the YZN Shareholders’ Agreement in relation to YZN will be changed to become rights and obligations in relation to Suzhou YZN (as the holding company of the YZN Group) and will remain unchanged in substance;
- (v) gradual transfer of YZN’s businesses to Suzhou YZN; and
- (vi) setting up of a new employees shareholding platform (the “**New Employees Shareholding Platform**”) to, after completion of the YZN Group Reorganisation, separately hold (1) the 5.625% equity interest in Suzhou YZN which originated from the corresponding equity interest in YZN transferred from Mr. WANG Jian and Ms. SHANG Jing pursuant to the YZN Capital Increase Agreement; and (2) the 2.8125% equity interests in Suzhou YZN to be transferred from Mr. WANG Jian, Ms. SHANG Jing and WFOE on or before 31 December 2024 pursuant to the YZN Capital Increase Agreement (as amended by the YZN Capital Increase Supplemental Agreement).

(The arrangements under (ii) to (v) above shall hereinafter be referred to as (the “**YZN Group Reorgansiation**”).)

The YZN Capital Increase Supplemental Agreement aims to achieve the terms in relation to YZN under the YZN Capital Increase Agreement and the YZN Shareholders' Agreement becoming terms in relation to Suzhou YZN after completion of the YZN Group Reorganisation. A shareholders' agreement in relation to Suzhou YZN of even date has been entered into which will take effect and replace the YZN Shareholders' Agreement upon completion of YZN becoming a wholly-owned subsidiary of Suzhou YZN under the YZN Group Reorganisation. Under such shareholders' agreement in relation to Suzhou YZN, a Qualified IPO will be in respect of Suzhou YZN (or its holding company), which the Ordinary Shareholders and Suzhou YZN shall endeavour to achieve within 60 months from the date such shareholders' agreement takes effect.

## REVISED CORPORATE STRUCTURE OF THE YZN GROUP FOLLOWING THE YZN GROUP REORGANISATION

The corporate structure concerning YZN and Suzhou YZN following completion of the YZN Group Reorganisation will be as follows:



## THE FIFTH SUPPLEMENTAL AGREEMENT

In conjunction with the YZN Capital Increase Supplemental Agreement, on 22 November 2023, the Company, PIL, ROL, the WFOE, the OPCO, YZN, the Founding Shareholders and Ms. HAN Lihui entered into the fifth supplemental agreement to the Capital Increase and Acquisition Agreement (the “**Fifth Supplemental Agreement**”), pursuant to which the shareholders of YZN agree, among other things, to effect certain amendments to the arrangements for their investment or holding of interest in the YZN Group under the Capital Increase and Acquisition Agreement (as amended by the Fourth Supplemental Agreement) as follows:

- (i) the Company shall settle the payment of the remaining balance of the Second Cash Investment pursuant to the Capital Increase and Acquisition Agreement (as amended by the Fourth Supplemental Agreement), now amounting to RMB 34,000,000, by way of contribution to the capital reserve of Suzhou YZN after the completion of the YZN Group Reorganisation;
- (ii) following the completion of the transfer of equity interest in YZN by its existing shareholders to Suzhou YZN as contemplated under the YZN Group Reorganisation, transfer by the WFOE, Mr. WANG Jian and Ms. SHANG Jing (pro-rata to their then relative shareholding percentages in Suzhou YZN) to the New Employees Shareholding Platform so that the New Employees Shareholding Platform will hold an additional 2.8125% of the total equity interests in Suzhou YZN no later than 31 December 2024 (For such arrangement, the WFOE, Mr. WANG Jian and Ms. SHANG Jing will transfer approximately 1.63%, 0.60% and 0.58% respectively of the total equity interest in Suzhou YZN to the New Employees Shareholding Platform no later than 31 December 2024); and
- (iii) promote the initial public offering of Suzhou YZN subject to Suzhou YZN meeting the corresponding conditions and in compliance with the requirements of the Listing Rules.

The Fifth Supplemental Agreement has been entered into for achieving the purpose of and arrangements under the YZN Capital Increase Supplemental Agreement, and is subject to the implementation of the YZN Group Reorganisation.

Where necessary, the Company will make further announcement to provide further update on the YZN Capital Increase as and when appropriate.

## DEFINITIONS

In this announcement, unless the context otherwise requires or unless otherwise defined, capitalized terms shall bear their respective meanings as defined in the Previous Announcements, and the following terms shall have the following meanings:

“Fifth Supplemental Agreement”	the fifth supplemental agreement dated 22 November 2023 to further supplement and amend the Capital Increase and Acquisition Agreement, as described and defined under the section headed “THE FIFTH SUPPLEMENTAL AGREEMENT” in this announcement
“New Employee Shareholding Platform”	has the meaning ascribed to it under the section headed “THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT” in this announcement
“Place of Registration Condition”	has the meaning ascribed to it under the section headed “CURRENT STATUS OF THE YZN CAPITAL INCREASE AGREEMENT AND THE FOURTH SUPPLEMENTAL AGREEMENT AND REASONS FOR ENTERING INTO THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT AND THE FIFTH SUPPLEMENTAL AGREEMENT” in this announcement

“Suzhou YZN”	Yizhinuo Techonology (Suzhou) Co., Ltd * (醫智諾科技 (蘇州) 有限公司)(formerly known as Hainan Dexin Technology ompany Limited (海南德鑫科技有限公司)), a limited company established under the laws of the PRC and a subsidiary of the YZN Group as at the date of this announcement
“WFOE”	Zhangjiagang Tenghai Boye Health Technology Co., Ltd. * (張家港騰海博業健康科技有限公司) (formerly known as Beijing Tenghai Boye Health Technology Co., Ltd. * (北京騰海博業健康科技有限公司) ), a company incorporated in the PRC with limited liability and a subsidiary of the Company
“YZN Capital Increase Supplemental Agreement”	has the meaning ascribed to it under the section headed “THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT” in this announcement
“YZN Group Reorganisation”	has the meaning ascribed to it under the section headed “THE YZN CAPITAL INCREASE SUPPLEMENTAL AGREEMENT” in this announcement

By Order of the Board  
Huayi Tencent Entertainment Company Limited  
HAU Wai Man, Raymond  
*Company Secretary*

Hong Kong, 22 November 2023

*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: Mr. YUEN Kin, Mr. CHU Yuguo, Ms. WANG Song Song and Ms. PAN Min*

*\* For identification purpose only.*