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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)**

**ISSUE OF 10% CONVERTIBLE BONDS DUE 2026  
OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO HK\$120,000,000  
UNDER GENERAL MANDATE**

The Board is pleased to announce that (after trading hours) on 7 March 2024, the Company entered into the Subscription Agreement with the Subscriber, the Guarantor and the Chargors, pursuant to which the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of up to HK\$120,000,000.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.1014, the Convertible Bonds will be convertible into 1,183,431,952 Conversion Shares (subject to adjustments as set out in the Terms and Conditions), representing approximately 8.71% of the issued share capital of the Company as at the date of this announcement, and approximately 8.01% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds).

The Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds. No listing application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

**Completion is subject to fulfilment or waiver of the conditions precedent set out in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **ISSUE OF UNLISTED CONVERTIBLE BONDS**

The Board is pleased to announce that on 7 March 2024, the Company, the Subscriber, the Guarantor and the Chargors entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of up to HK\$120,000,000. Below is a summary of the principal terms and conditions of the Subscription Agreement and the Convertible Bonds:

### **SUBSCRIPTION AGREEMENT**

Date: 7 March 2024

Parties: (1) the Company as the issuer;

(2) the Subscriber as the subscriber; and

(3) the Guarantor and the Chargors to provide certain undertakings in favour of the Subscriber in connection with the issue of the Convertible Bonds.

### **Conditions Precedent**

Completion of the issuance by the Company of, and the subscription by the Subscriber for, the Tranche A Bonds is conditional upon the fulfillment (or waiver, as applicable) of the following conditions:

- (a) the Stock Exchange having granted the approval for the listing of, and permission to deal in, all of the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds (the “**Listing Approval**”), and such Listing Approval remaining in full force and effect and not revoked prior to Tranche A Completion;
- (b) the Subscriber having completed its due diligence on the financial, business and legal affairs of the Group to its reasonable satisfaction;
- (c) each of the bond instrument and the certificate with respect to the Tranche A Bonds and the other Transaction Documents (together with all associated and/or ancillary documentation referred to therein or required by their respective terms) having been duly executed by all parties thereto (other than the Subscriber) in escrow and delivered to the Subscriber on or before the Tranche A Completion Date;

- (d) the warranties and representations given or made by the Company in the Subscription Agreement remaining true and accurate and not misleading on the Tranche A Completion Date as if given on the Tranche A Completion Date;
- (e) there being no material breach by the Company, the Guarantor and the Chargors of the representations, warranties and undertakings given by it under the Subscription Agreement on or before the Tranche A Completion Date;
- (f) the Shares remaining listed and traded on the Stock Exchange and the listing of the Shares not having been withdrawn by the Stock Exchange from the date of the Subscription Agreement to the Tranche A Completion Date (and in any case, trading of the Shares not being suspended for more than five consecutive trading days);
- (g) no Material Adverse Effect having occurred prior to the Tranche A Completion Date and there not having been any development on or before the Tranche A Completion Date which would have a Material Adverse Effect; and
- (h) there being no event existing or having occurred and no condition being in existence which would (had the Tranche A Bonds already been issued) constitute an Event of Default.

The Subscriber may, at its absolute discretion and upon such terms as it thinks fit, waive compliance with any of the Tranche A Conditions Precedent other than the condition set out in sub-paragraph (a) above.

Completion of the issuance by the Company of, and the subscription by the Subscriber for, the Tranche B Bonds is conditional upon the fulfillment (or waiver, as applicable) of the following conditions:

- (a) the Tranche A Completion having taken place;
- (b) the Subscriber having received sufficient funding for the acquisition of the Tranche B Bonds;
- (c) the Listing Approval remaining in full force and effect and not revoked before the Tranche B Completion Date;
- (d) the warranties and representations given or made by the Company in the Subscription Agreement remaining true and accurate and not misleading on the Tranche B Completion Date as if given on the Tranche B Completion Date;
- (e) the Shares remaining listed and traded on the Stock Exchange and the listing of the Shares not having been withdrawn by the Stock Exchange from the date of the Subscription Agreement to the Tranche B Completion Date (and in any case, trading of the Shares not being suspended for more than five consecutive trading days);
- (f) there being no material breach by the Company, the Guarantor and the Chargors of the representations, warranties and undertakings given by it under the Subscription Agreement on or before the Tranche B Completion Date;

- (g) no Material Adverse Effect having occurred prior to the Tranche B Completion Date and there not having been any development on or before the Tranche B Completion Date which would have a Material Adverse Effect; and
- (h) there being no event existing or having occurred and no condition being in existence which would constitute an Event of Default.

The Subscriber may, at its absolute discretion and upon such terms as it thinks fit, waive compliance with any of the Tranche B Conditions Precedent other than the condition set out in sub-paragraph (c) above.

### **Completion**

Completion shall take place in two tranches: (i) in relation to the Tranche A Completion, on the Tranche A Completion Date; and (ii) in relation to the Tranche B Completion, on the Tranche B Completion Date; or, in each case, on such other date as the Company and the Subscriber shall agree in writing. At Completion, the Company shall issue the Tranche A Bonds or the Tranche B Bonds (as the case may be) to the Subscriber and the Subscriber shall pay to the Company their respective full principal amount, provided that the Subscriber shall be entitled to deduct from their respective full principal amount: (i) the interest payable by the Company to the Subscriber under the Tranche A Bonds or the Tranche B Bonds (as the case may be) for the period commencing from the issue date of the Tranche A Bonds or the Tranche B Bonds (as the case may be) and ending on 29 June 2024; and (ii) all fees, costs and expenses, interest amounts payable in connection with the preparation, negotiation, execution and consummation of the Transaction Documents and the Convertible Bonds at or before the Tranche A Completion or the Tranche B Completion (as the case may be) in respect of any Transaction Documents.

If the Tranche A Conditions Precedent have not been fulfilled or waived by 5:00 p.m. (Hong Kong time) on 31 March 2024 (or such other date as the Company and the Subscriber may agree in writing), the Subscription Agreement shall automatically terminate and none of the Company, the Subscriber, the Guarantor and the Chargors shall have any claim of any nature or liabilities under the Subscription Agreement against any of the others save for any breach of the Subscription Agreement or liability accrued prior to such termination.

If the Tranche B Conditions Precedent have not been fulfilled or waived by 5:00 p.m. (Hong Kong time) on 31 March 2024 (or such other date as the Company and the Subscriber may agree in writing), clauses under the Subscription Agreement relating to the subscription of the Tranche B Bonds and the Tranche B Completion only shall automatically terminate and cease to be of any effect, except that the termination of the aforementioned clauses shall be without prejudice to the rights of the Subscriber accrued prior to such termination.

## Undertaking by the Company

Under the Subscription Agreement and the Terms and Conditions, the Company undertakes that it shall appoint a person to be nominated by the Subscriber (subject to the acceptance of the Stock Exchange about the background of such person (if applicable)) as a non-executive Director within 30 days after the Tranche A Completion Date. In the event of resignation, retirement or otherwise in respect of such non-executive Director, the Subscriber may nominate a person to fill the casual vacancy by notice in writing to the Company and the Company shall procure the appointment of the person specified in such notice as its non-executive Director within 30 days of the date of such notice.

## Principal terms and conditions of the Convertible Bonds

The principal terms and conditions of the Convertible Bonds are summarised as follows:

- Principal amount: up to HK\$120,000,000 to be subscribed for by the Subscriber at their full principal amount in two tranches (namely Tranche A Bonds of an aggregate principal amount of HK\$60,000,000, and Tranche B Bonds of the remaining aggregate principal amount of HK\$60,000,000).
- Form: The Convertible Bonds are issued in registered form in the minimum denomination of HK\$10,000,000 each (the “**Authorised Denomination**”) and integral multiples of HK\$10,000,000 in excess thereof.
- Interest: 10% per annum (payable in advance on the Issue Date, and on a half-yearly basis on 30 June and 31 December in each year falling after the Issue Date (each an “**Interest Payment Date**”)).
- Maturity Date: the second anniversary of the Issue Date of the Tranche A Bonds.
- Conversion rights: At any time after the Issue Date and up to and inclusive of (i) the Maturity Date or (ii) such later period as may be permitted by the Listing Rules if and so long as an Event of Default has occurred and is continuing, the Holder shall have the right, but not the obligation to convert, in whole or in part, the outstanding principal amount of the Convertible Bonds into such number of Conversion Shares as determined by dividing the outstanding principal amount of the Convertible Bonds to be converted by the Conversion Price in effect on the relevant conversion date.

Conversion Price: HK\$0.1014 per Share, subject to adjustment for, among other things, capitalisation issue, sub-division, consolidation and reclassification of Shares, issue of Shares in lieu of the whole or any part of a specifically declared cash dividend, capital distributions, cash dividend, offers to Shareholders, issue of new Shares for convertible or exchangeable securities at discount, issue of new shares at discount, consideration issues and other dilutive events. In any circumstances where the Directors and/or the Holder reasonably consider that an adjustment to the Conversion Price provided for under the Convertible Bonds should be made, the Company and/or the Holder may appoint an independent valuer to consider whether any modified adjustment (or the absence of adjustment) should be made and implement it accordingly.

The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued below their nominal amount.

Conversion Shares: Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price of HK\$0.1014 per Share, the Convertible Bonds will be convertible into a total of 1,183,431,952 new Shares (representing approximately 8.71% of the issued share capital of the Company as at the date of this announcement, and approximately 8.01% of the then issued share capital of the Company as enlarged by the issue of the Conversion Shares upon full conversion of the Convertible Bonds (assuming no change in the issued share capital of the Company since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds)).

Redemption at option of the Company: The Company shall have the right, by giving not less than 30 days' prior written notice to the Holder, to redeem in whole or in part the Convertible Bonds (which shall be in integral multiples of HK\$1,000,000) for the time being outstanding (the "**Issuer Redemption Bonds**") at the relevant Redemption Amount (after deducting the Refund Interest) for such Issuer Redemption Bonds (each an "**Issuer Redemption**") on the Issuer Redemption Date. There shall be no more than three (3) Issuer Redemptions in total.

Redemption at maturity: Unless previously redeemed or converted in full in accordance with the Terms and Conditions, the Company shall redeem all the Convertible Bonds held by a Holder on the Maturity Date by paying the Holder the Redemption Amount.

Transferability:	<p>The outstanding principal amount of Convertible Bonds may not be freely assigned or transferred without the prior consent of the Company (which consent shall not be unreasonably withheld) subject to the compliance with (i) the Terms and Conditions; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, save and except that subject to the compliance with (i) the Terms and Conditions; (ii) the Listing Rules; (iii) the Listing Approval; and (iv) all applicable laws and regulations, the Convertible Bonds may be transferred, without the consent of the Company, to any Affiliate of a Holder; and notwithstanding anything to the contrary in the Terms and Conditions, upon occurrence of any Event of Default, the Convertible Bonds may be freely transferred, without the consent of the Company, to any other person; in each case, in whole or in part in a multiple of the Authorised Denomination or in the entire outstanding principal amount of such Convertible Bonds.</p> <p>No transfer of a Convertible Bond will be valid unless and until entered on the register of holders. The Company shall procure that transfers are promptly entered on the register of holders upon compliance with the applicable transfer provisions in the Terms and Conditions.</p>
Listing:	<p>No application will be made for the listing of the Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon conversion of the Convertible Bonds.</p>
Ranking of Conversion Shares:	<p>The Conversion Shares shall rank <i>pari passu</i> with the Shares already in issue on the day when the Conversion Shares are issued.</p>
Events of Default:	<p>The Convertible Bonds will customarily contain events of default provisions which provide that on the occurrence of certain specified events of default (including default in payment of principal or interests under the Convertible Bonds, cross-default in respect of other debt obligations of the Company, the Shares ceasing to be listed on the Stock Exchange or the listing approval in respect of the Conversion Shares having been revoked or cancelled, any breach of the Transaction Documents by any Obligors, the Guarantor ceasing to directly or indirectly hold not less than 2,397,340,107 Shares in aggregate without the prior written consent of the Subscriber, or any change in control in respect of the Company), the Holders may demand immediate repayment of the Convertible Bonds for the time being outstanding at their outstanding principal amount together with accrued but unpaid interest to the date of payment but deducting therefrom the Refund Interest (if any).</p>

Status of Convertible Bonds: The Convertible Bonds constitute the direct, unsubordinated and unconditional general obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves.

### **The Conversion Price**

The initial Conversion Price is HK\$0.1014. The Conversion Price was determined with reference to the prevailing market price of the Shares and the benchmarked price (as defined in Rule 13.36(5) of the Listing Rules), and was negotiated on an arm's length basis between the Company and the Subscriber. The Directors consider that the terms of the Conversion Price are fair and reasonable based on current market conditions and in the interest of the Company and the Shareholders as a whole.

The initial Conversion Price as at the date of the Subscription Agreement represents:

- (a) a premium of approximately 0.4% over the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on 7 March 2024, being the date of the Subscription Agreement; and
- (b) equal to the average closing price as quoted on the Stock Exchange of HK\$0.1014 per Share for the last five trading days immediately prior to 7 March 2024, being the date of the Subscription Agreement.

### **Guarantee and Security**

On the Tranche A Completion Date, the Guarantor and the Subscriber will enter into a guarantee, pursuant to which the Guarantor shall guarantee in favour of the Subscriber the due performance by the Company of all its obligations under the Convertible Bonds. Under the Listing Rules, the Guarantor (being a substantial shareholder and a director of the Company) is a connected person of the Company. The granting of the guarantee in favour of the Subscriber constitutes a financial assistance given by the Guarantor for the benefit of the Company under the Listing Rules. Therefore, the financial assistance constitutes a connected transaction for the Company under the Listing Rules. As the Company is not required to pay any fee nor provide any security to the Guarantor for the aforesaid guarantee, the financial assistance is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

In addition, on the Tranche A Completion Date, the Company, some of its subsidiaries shall also provide certain pledges in favour of the Subscriber as security for the due performance by the Company of all its obligations under the Convertible Bonds. The said pledges comprise: (i) a share charge as to 100% equity interest in Maximum Gains and as to 100% equity interest in Robust Ocean entered into between the Company, Maximum Gains and the Subscriber, (ii) a share pledge as to 100% equity interest in Tenghai Boye entered into between the Subscriber, Robust Ocean and Tenghai Boye, (iii) a share pledge as to 46.1807% equity interest in Suzhou Yizhinuo entered into between the Subscriber, Tenghai Boye and Suzhou Yizhinuo, (iv) a share pledge as to 30.77% equity interest in HB Entertainment Co., Ltd. (an associated company of the Company) entered into between the Subscriber

and the Company, (v) a charge over the bank account of Robust Ocean entered into between the Subscriber and Robust Ocean, and (vi) a charge over the bank account of Tenghai Boye entered into between the Subscriber and Tenghai Boye.

### **Deed of Undertakings**

It is proposed that, on the Tranche A Completion Date, the Company, the Subscriber, the Guarantor and Smart Concept will enter into the Deed of Undertakings by way of security in order to secure the Secured Obligations in connection with the Transaction Documents, pursuant to which:

- (a) each of the Guarantor and Smart Concept shall undertake, from the Issue Date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, not to sell, transfer, exchange or otherwise dispose of any of the Entrusted Shares or enter into any contract for such sale or disposition on such terms (including the giving of such warranties and indemnities) without the prior written consent of the Subscriber or in accordance with other provision of the Deed of Undertakings;
- (b) each of the Guarantor and Smart Concept shall appoint, from the Issue Date of the Tranche A Bonds until all Secured Obligations have been irrevocably repaid or discharged in full, the Subscriber to be its attorney to perform and/or exercise any and all of the voting and other rights he/it has attaching to the Entrusted Shares or otherwise capable of being exercised by the Guarantor or Smart Concept (as the case may be), in such manner and on such terms as the Subscriber in its absolute and unfettered discretion shall think fit; and
- (c) each of the Company, the Guarantor and Smart Concept shall severally irrevocably and unconditionally undertake at all times to indemnify and keep indemnified the Subscriber against all or any actions, proceedings, claims, costs (including legal costs), expenses and liabilities whatsoever arising from the exercise or purported exercise of the powers conferred or purported to be conferred by the Deed of Undertakings on it.

### **Four-party Deed**

As disclosed in note (a) to note 16 to the annual results announcement of the Company dated 29 March 2023 for the year ended 31 December 2022, the Company acquired the Deep Sea Shares on 12 August 2021, and, on 28 December 2022, was granted an option to sell the Deep Sea Shares (the “**Deep Sea Put Option**”) to the Deep Sea Purchaser within the one-month period commencing after 31 December 2024 at the Deep Sea Selling Price. No premium was required to be paid by the Company for the said grant of the Deep Sea Put Option.

On the Tranche A Completion Date, the Company, Mr. Bai, Deep Sea and the Subscriber will enter into the Four-party Deed, pursuant to which:

- (a) the Company shall grant a right to the Subscriber (the “**Subscriber Deep Sea Right**”), pursuant to which the Subscriber shall be entitled to exercise the Deep Sea Put Option on behalf of the Company;
- (b) upon the exercise of the Deep Sea Put Option by the Subscriber, the Deep Sea Purchaser shall pay the Deep Sea Selling Price to the Subscriber unless all the payment obligations and other obligations of the Company and the Obligors under the Convertible Bonds and/or the Transaction Documents having been fully settled or unless otherwise agreed by the parties to the Four-party Deed; and
- (c) within 5 business days after receipt of the Deep Sea Selling Price by the Subscriber, the Subscriber may elect to: (i) retain for its own benefit the whole of the Deep Sea Selling Price or any part thereof as the settlement of the payment obligation of the Company for the early redemption of the Convertible Bonds with an aggregate principal amount equal to the amount of the Deep Sea Selling Price so retained; and/or (ii) pay the amount of the Deep Sea Selling Price not so retained to the Company.

Deep Sea is an investment holding company, which holds certain interest in a joint venture principally engaging in the operation of a high-end clinic and hospital based in Shanghai. Deep Sea is held as to 21.88% by the Company, as to 34.37% by Mr. Bai, and as to the remaining 43.75% by independent third parties.

The Company estimates that if the Deep Sea Put Option is exercised, it will recognise a total unaudited gain of HK\$4.4 million from the disposal of the Deep Sea Shares, being the amount equal to the Deep Sea Selling Price minus the book value of the Deep Sea Shares and the Deep Sea Put Option as at 30 June 2023. The actual gain arising from the disposal of the Deep Sea Shares to be recorded is subject to audit. The proceeds generated from the disposal of the Deep Sea Shares will be used for the aforesaid early redemption of the Convertible Bonds and/or as general working capital of the Company.

The Deep Sea Put Option and the Subscriber Deep Sea Right together constitute an “option” within the meaning of Rule 14.72(1) of the Listing Rules. The aforesaid “option” is not exercisable at the discretion of the Company. The highest Applicable Percentage Ratio for the transactions contemplated under the Deep Sea Put Option and the Subscriber Deep Sea Right together is less than 5%. Hence, the Deep Sea Put Option and Subscriber Deep Sea Right together does not constitute a “notifiable transaction” for the Company under Chapter 14 of the Listing Rules.

## **REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS**

The Board considers that the issue of the Convertible Bonds represents an opportunity to raise additional funds for the Company. The estimated net proceeds from the issue of the Convertible Bonds, after deduction of related expenses (including professional fees) are approximately HK\$118.1 million.

Therefore, the net price to the Company of each Conversion Share to be issued is estimated to be approximately HK\$0.0998 based on the initial Conversion Price of HK\$0.1014. The net proceeds will be utilised by the Group as its general working capital.

The Directors consider that the terms of the Subscription Agreement and the Convertible Bonds are on normal commercial terms, fair and reasonable, and are in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT THE PARTIES**

### **The Group**

The Group is principally engaged in (i) digitized operation services in healthcare industry; (ii) smart healthcare services platform; and (iii) entertainment and media business.

### **The Subscriber**

Insofar as the Company is aware, Hony Capital is an investment manager that is principally engaged in private equity buyout and expands into areas including real estate, venture capital, hedge fund and mutual fund. The Subscriber is wholly-owned by Hony HK Co-Investment, L.P. (“**Hony HK**”), being a limited partnership formed under the laws of the British Virgin Islands. Each of the Subscriber and Hony HK is principally engaged in making investments, primarily the Convertible Bonds.

The general partner of Hony HK is United Strength Youthful Limited (the “**General Partner**”), which is in turn indirectly controlled by Hony Capital. As at the date of this announcement, the limited partners of Hony HK are (i) Prosperous Florid Limited (as to 50% limited partnership interest), which is in turn wholly-owned by Hony Partners Group, L.P., in which no individual holds 10% or more of the limited partnership interest; (ii) Mr. SHAN Junda 單俊達 (as to approximately 20.8% limited partnership interest); and (iii) Mr. HANG Qiang 杭強 (as to approximately 29.2% limited partnership interest).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscriber, Hony HK, the General Partner and their respective ultimate beneficial owners are third parties independent of the Company, and are not connected persons of the Company in accordance with the Listing Rules.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fundraising exercises in the 12 months immediately preceding the date of this announcement.

## EFFECT ON SHAREHOLDING OF THE COMPANY

For illustrative purpose and insofar as the Company is aware, set out below are the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after full conversion of all the Convertible Bonds at the initial Conversion Price (assuming no change in the issued share capital of the Company since the date of the Subscription Agreement up to the date of the full conversion of the Convertible Bonds nor any change in the shareholdings as described below):

Name of Shareholders	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds	
	Number of Shares	Approx. % of issued share capital	Number of Shares	Approx. % of issued share capital
<b>Directors</b>				
Mr. YUEN Hoi Po <sup>(note 1)</sup>	2,397,340,107 <sup>(note 1)</sup>	17.65	2,397,340,107	16.23
Mr. CHU Yuguo	2,000,000	0.01	2,000,000	0.01
<b>Substantial Shareholders</b>				
Tencent Holdings Limited	2,116,251,467 <sup>(note 2)</sup>	15.58	2,116,251,467	14.33
<b>Public Shareholders</b>				
Mr. KO Chun Shun, Johnson	1,262,000,000 <sup>(note 3)</sup>	9.29	1,262,000,000	8.55
Subscriber	—	—	1,183,431,952	8.01
Other public Shareholders	<u>7,807,747,035</u>	<u>57.47</u>	<u>7,807,747,035</u>	<u>52.87</u>
<b>Total:</b>	<u><u>13,585,338,609</u></u>	<u><u>100.00</u></u>	<u><u>14,768,770,561</u></u>	<u><u>100.00</u></u>

### Notes:

1. The 2,397,340,107 Shares comprise 1,938,030,107 Shares held by a company wholly-owned by Mr. YUEN Hoi Po (namely Smart Concept), and the remaining thereof are held by Mr. YUEN Hoi Po directly.
2. All those Shares are held by a wholly-owned subsidiary of Tencent Holdings Limited (namely Mount Qinling Investment Limited).
3. All those Shares are held by a company wholly-owned by Mr. KO Chun Shun, Johnson (namely Greater Harmony Limited).

## GENERAL MANDATE

By an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 20 June 2023, the Shareholders granted the General Mandate to the Directors to allot and issue up to 20% of the issued share capital of the Company as at the date of passing such resolution, being 2,717,067,721 Shares.

As at the date of this announcement, the Directors have not exercised the power to allot and issue any Shares pursuant to the General Mandate. Accordingly, as at the date of this announcement, the Company is entitled to issue up to 2,717,067,721 Shares pursuant to the General Mandate. The Conversion Shares will be issued under the General Mandate. The issue of Conversion Shares is not subject to the Shareholders' approval.

**Completion is subject to fulfilment or waiver of the conditions precedent set out in the Subscription Agreement. Accordingly, the issue of the Convertible Bonds may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Affiliate”	with respect to any person, any other person directly or indirectly Controlling, Controlled by, or under common Control with such person;
“Applicable Percentage Ratio”	has the meanings ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business;
“Chargors”	Maximum Gains, Robust Ocean, Tenghai Boye;
“Company”	Huayi Tencent Entertainment Company Limited (華誼騰訊娛樂有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Completion”	the Tranche A Completion or the Tranche B Completion, as the case may be;
“Completion Date”	the Tranche A Completion Date and/or the Tranche B Completion Date (as the case may be);
“Conditions Precedent”	the Tranche A Conditions Precedent and/or the Tranche B Conditions Precedent (as the case may be);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;

“Control”	of a person means (a) ownership of more than 50% of the shares in issue or other equity interests or registered capital of such person or (b) the power to direct the management or policies of such person, whether through ownership or voting proxy of the voting power of such person, through the power to appoint a majority of the members of the board of directors or similar governing body of such person, through contractual arrangements or otherwise;
“Conversion Price”	the price at which Conversion Shares will be issued upon exercise of the conversion rights under the Convertible Bonds, which will initially be HK\$0.1014 per Conversion Share, subject to adjustments pursuant to the Terms and Conditions;
“Conversion Shares”	the Shares to be issued by the Company upon the Holder(s) exercising its/their conversion right(s) under and in accordance with the Terms and Conditions;
“Convertible Bonds”	the 10% convertible bonds due 2026 in the aggregate principal amount of up to HK\$120,000,000, which are convertible into Shares, divided into the Tranche A Bonds and the Tranche B Bonds;
“Deed of Undertakings”	an irrevocable power of attorney and deed of undertakings to be given by the Guarantor and Smart Concept in favour of the Subscriber on the Tranche A Completion Date;
“Deep Sea”	Deep Sea Health Limited, a company incorporated in Hong Kong with limited liability, which is held as to 21.88% by the Issuer, and as to the remaining 78.12% by independent third parties;
“Deep Sea Purchaser”	Mr. Bai or any person procured by Mr. Bai to purchase the Deep Sea Shares;
“Deep Sea Put Option”	as defined in the paragraph headed “Four-party Deed” of this announcement;
“Deep Sea Selling Price”	the selling price for the disposal of the Deep Sea Shares to the Deep Sea Purchaser under the Deep Sea Put Option, which is RMB23.2 million (representing the RMB20 million price paid by the Company for acquisition of the Deep Sea Shares on 12 August 2021 plus a premium of 8% for the financial years ended 31 December 2023 and 2024);
“Deep Sea Shares”	the 21.88% interest in Deep Sea held by the Company;
“Director(s)”	the director(s) of the Company;

“Entrusted Shares”	2,397,340,107 Shares owned by the Guarantor and Smart Concept;
“Event(s) of Default”	has the meaning ascribed to it under the Terms and Conditions;
“Four-party Deed”	the four-party deed to be entered into by the Company, the Subscriber, Mr. Bai and Deep Sea, details of which are set out in the paragraph headed “Four-party Deed” of this announcement;
“General Mandate”	the general mandate granted to the Directors to allot and issue Shares by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 June 2023;
“Group”	the Company and its subsidiaries;
“Guarantor”	Mr. YUEN Hoi Po, a substantial shareholder and a director of the Company;
“Holder(s)”	holder(s) of the Convertible Bonds from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hony Capital”	Hony Capital Group, L.P., being an exempted limited partnership formed under the laws of the Cayman Islands;
“Interest Payment Date”	as defined in the paragraph headed “Principal terms and conditions of the Convertible Bonds” in this announcement;
“Issue Date”	the date of issue of the Tranche A Bonds and the date of issue of the Tranche B Bonds (as the case may be), which are expected to be the Tranche A Completion Date and the Tranche B Completion Date respectively;
“Issuer Redemption”	as defined in the paragraph headed “Principal terms and conditions of the Convertible Bonds” in this announcement;
“Issuer Redemption Bonds”	as defined in the paragraph headed “Principal terms and conditions of the Convertible Bonds” in this announcement;
“Issuer Redemption Date”	a date to be specified by the Company in its notice to the Holder for the Issuer Redemption, which shall be a date falling not less than 30 days from the date of such notice but prior to the Maturity Date;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Material Adverse Effect”	means any event, occurrence or change that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on: <ul style="list-style-type: none"> <li>(a) the business, results, operations, property, condition (financial or otherwise) or prospects of any Obligor or the Group taken as a whole;</li> <li>(b) the ability of any of the Obligors to perform its/his obligations under the Transaction Documents or to consummate the transactions contemplated under the Transaction Documents to which it/he is a party;</li> <li>(c) the validity or enforceability of the Bonds and the Transaction Documents; or</li> <li>(d) the rights or remedies of the Subscriber or any Bondholder under the Bonds and the Transaction Documents;</li> </ul>
“Maturity Date”	the second anniversary of the Issue Date of the Tranche A Bonds;
“Maximum Gains”	Maximum Gains Ventures Limited, a company incorporated in the Cayman Islands with limited liability, and a direct wholly-owned subsidiary of the Company;
“Mr. Bai”	Mr. Bai Hua, who is an independent third party, and is the founder and the largest shareholder of Deep Sea;
“Obligors”	the Company, the Guarantor, the Chargors, Smart Concept, and each party to a Transaction Document other than the Subscriber;
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Redemption Amount”	the amount equal to the aggregate of: (a) the aggregate principal amount of the outstanding Convertible Bonds or relevant Issuer Redemption Bonds (as the case may be) held by the relevant Holder; and (b) any accrued but unpaid interest on such outstanding Convertible Bonds or relevant Issuer Redemption Bonds (as the case may be) up to and including the Maturity Date or the Issuer Redemption Date (as the case may be);

“Refund Interest”	an amount equal to those interests already paid in advance in respect of the Convertible Bonds (or any part thereof) being converted into the Shares (or being redeemed prior to the Maturity Date) for the period commencing from the conversion date or the Issuer Redemption Date or the date of redemption pursuant to an Event of Default and ending on the date immediately before the following Interest Payment Date or, if no such following Interest Payment Date, the Maturity Date (both dates inclusive);
“RMB”	Renminbi, the lawful currency of the PRC;
“Robust Ocean”	Robust Ocean Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company;
“Secured Obligations”	all present and future liabilities and obligations at any time due, owing or incurred by the Company and/or other Obligor(s) to the Subscriber or the Holder(s) under the Transaction Documents from time to time;
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Smart Concept”	Smart Concept Enterprise Limited, a company incorporated in the British Virgin Island with limited liability, which is wholly-owned by the Guarantor;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	United Strength LS Limited, a company incorporated in the British Virgin Islands with limited liability;
“Subscriber Deep Sea Right”	as defined in the paragraph headed “Four-party Deed” of this announcement;
“Subscription Agreement”	the subscription agreement dated 7 March 2024 between the Company, the Subscriber, the Guarantor and the Chargors for the issue of the Convertible Bonds by the Company to the Subscriber;
“subsidiary(ies)”	has the meanings ascribed to it under the Listing Rules;
“substantial shareholder(s)”	has the meanings ascribed to it under the Listing Rules;

“Suzhou Yizhinuo”	醫智諾科技(蘇州)有限公司 (Yizhinuo Information Technology (Suzhou) Co., Ltd.*), a company established in the PRC with limited liability, which is held as to 46.1807% by Tenghai Boye and is a non wholly-owned subsidiary of the Company;
“Tenghai Boye”	張家港騰海博業健康科技有限公司 (Zhangjiagang Tenghai Boye Health Technology Co., Ltd.*), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company;
“Terms and Conditions”	the terms and conditions of the Convertible Bonds;
“Tranche A Bonds”	the first tranche of the Convertible Bonds of an aggregate principal amount of HK\$60,000,000;
“Tranche B Bonds”	the second tranche of the Convertible Bonds of the remaining aggregate principal amount of HK\$60,000,000;
“Tranche A Completion”	the completion for the issue and subscription of the Tranche A Bonds;
“Tranche A Completion Date”	the third Business Day immediately following (and excluding) the date upon which the conditions precedent set out in sub-paragraphs (a) and (b) in the paragraph headed “Conditions Precedent” of this announcement in respect of the Tranche A Conditions Precedent have been satisfied or waived (as applicable);
“Tranche A Conditions Precedent”	conditions precedent for the Tranche A Completion, as described in the paragraph headed “Conditions Precedent” in this announcement;
“Tranche B Completion”	the completion for the issue and subscription of the Tranche B Bonds;
“Tranche B Completion Date”	the third Business Day immediately following (and excluding) the date upon which the conditions precedent set out in sub-paragraphs (a) and (b) in the paragraph headed “Conditions Precedent” of this announcement in respect of the Tranche B Conditions Precedent have been satisfied or waived (as applicable);
“Tranche B Conditions Precedent”	conditions precedent for the Tranche B Completion, as described in the paragraph headed “Conditions Precedent” in this announcement;

“Transaction Documents”

the Subscription Agreement, the bond instrument and the certificate (including the Terms and Conditions attached thereto) for the Convertible Bonds, the guarantee and the securities mentioned in the paragraph headed “Guarantee and Security” in this announcement, the Deed of Undertakings, the Four-party Deed and any other documents relating to the transactions contemplated therein which may be entered into from time to time; and

“%”

per cent.

By Order of the Board  
**Huayi Tencent Entertainment Company Limited**  
**YUEN Hoi Po**  
*Executive Director*

Hong Kong, 7 March 2024

*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.*