

[Immediate Release]

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**Huayi Tencent Entertainment Divests its Online Healthcare Business
 at RMB10 Million,**

As it Focuses Resources towards Accelerating Entertainment and Media Business

(14 July 2017 – Hong Kong) **Huayi Tencent Entertainment Company Limited** (“**Huayi Tencent Entertainment**,” the “**Company**”; Stock code: 00419.HK; together with its subsidiaries collectively known as the “**Group**”) today announced that it has sold its interests in Beijing Bayhood No.9 Cloud Health Technology Co. Ltd. (“**Cloud Health**”), an indirect wholly-owned subsidiary of the Group, to Riswein Health Industry Investment Co., Ltd. (“**Riswein Health**”) at a cash consideration of RMB10 million (equivalent to approximately HK\$11.4 million) (the “**Disposal**”), which is expected to generate a gain of approximately HK\$2.752 million. The whole of the proceeds from the Disposal will be used as general working capital for the Group.

The Group is principally engaged in the entertainment and media business. It also provides offline healthcare and wellness services, as well as online healthcare services (the “**Online Healthcare Business**”) which are primarily operated by Cloud Health. As of 31 December 2016, the unaudited net assets of the Online Healthcare Business were approximately HK\$8.648 million. In 2016, revenue from the Group’s Online Healthcare Business was approximately HK\$7.309 million, accounting for about 5% of the Group’s total revenue. Upon the completion of the Disposal, the Group will cease to be engaged in the operation of the Online Healthcare Business.

Mr. Wang Zhongjun, Chairman of the Company, said, “Though the market for online healthcare business in the PRC has the growth potential and the Group’s related business is starting to take shape, the mobile healthcare industry in China is very early in its development, and many industry leaders are still working to find a sustainable business model. Last year, the Group’s Online Business was loss-making for a third consecutive year, posting a loss before taxation of approximately HK\$14.283 million. The Online Healthcare Business is still in the investment period and needs to inject large amounts of funds to support its continuation, moreover, its future profitability

and sustainability remain uncertain.”

“Huayi Tencent Entertainment is committed to be an industry-leading new media company with strong profitability, building an integrated platform with both content development and online-to-offline entertainment channels. With strategic cooperation with industry giants such as Warner Bros. and China Lion Entertainment, strong track record in film investment and distribution and abundant resources of our controlling shareholder, Huayi Brothers – we are fully confident in our future ability to perform. We consider that the Disposal allows us to focus on our core business. By leveraging our industry expertise and our controlling shareholder’s resources, we plan to accelerate our core business, improve our profitability, and generate strong returns for our shareholders.”

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About Huayi Tencent Entertainment Company Limited

Huayi Tencent Entertainment Company Limited (Stock Code: 00419.HK) is a new media company integrating culture and entertainment. It produces quality international films, animations and TV dramas, and invests in international entertainment companies through M&As and resource integration, aimed at building an integrated platform with both content development and online-to-offline entertainment channels. Currently, Huayi Brothers (Stock Code: 300027.SZ) and Tencent (Stock Code: 0700.HK) are the controlling shareholders of Huayi Tencent Entertainment.

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