

[Immediate Release]

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Disposal of Beijing Hao You Media Culture Co., Ltd by Huayi Tencent

Focus on Development of the Group's Core Entertainment and Media Business

(5 December 2018 – Hong Kong) Huayi Tencent Entertainment Company Limited ("Huayi Tencent Entertainment", or the "Company"; stock code: 00419.HK; together with its subsidiaries collectively known as the "Group") is pleased to announce that Beijing Hua Yi Hao Ge Media Culture Co., Ltd. ("Beijing Hao Ge"), a wholly-owned subsidiary of the Company, and Hainan Radio and TV Station Ltd. ("Hainan RT") have entered into the transfer agreement for the disposal of the entire equity interest in Beijing Hao You Media Culture Co., Ltd ("Hao You Media Culture") by Beijing Hao Ge to Hainan RT at the consideration of RMB283,000,000 (equivalent to approximately HK\$322,620,000). Hao You Media Culture owns 49% equity interest in Hainan Haishi Travel Satellite TV ("Hainan Haishi TV") which operates Travel Channel, a provincial satellite television channel in the PRC. The Company is expected to record an unaudited gain from the disposal of approximately HK\$62 million.

As disclosed in the Company's announcement dated 9 September 2016, the Group which then owned 50% equity interest in Hao You Media Culture acquired the remaining 50% equity interest held by Poly Culture Group Corporation Limited (保利文化集團股份有限公司) with a view to subsequently dispose of all or a majority of its equity interest in Hao You Media Culture. The Group has held equity interest in Hao You Media Culture since 2005. Hao You Media Culture made losses in each of years 2014 to 2017. For the year ended 31 December 2015, the Group made provision for impairment of interests in joint ventures and amounts due from a joint venture and its subsidiary amounting to HK\$164 million mainly due to deterioration of expected future cash flows from Hao You Media Culture. Given that the financial results of Hao You Media Culture has not been satisfactory and it did not make positive contributions to the consolidated financial results of the Group in recent years, the disposal represents a good opportunity for realization of the Group's investment in Hao You Media Culture and at the same time will provide additional capital for the continuous development of the Group's core entertainment and media business.

Mr. Wang Zhongjun, Chairman of Huayi Tencent Entertainment, said: "Given that the financial results of Hao You Media Culture has not been satisfactory and it did not make positive contributions to the consolidated financial results of the Group in recent years, the disposal represents a good opportunity for realization of the Group's investment in Hao You Media Culture and at the same time will provide additional capital for the continuous development of the Group's core entertainment and media business. The Group believes the disposal of Hao You Media Culture could bring positive impact on the Group's core entertainment and media business development."

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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: 00700.HK) are the controlling shareholders of Huayi Tencent Entertainment.

About Hao You Media Culture and Hainan Haishi TV

Hao You Media Culture is a company established in the PRC with limited liability. Its principal activities are investment in television drama, film production and advertising production in the PRC. It acts as an investment holding company of the Group holding 49% equity interest in Hainan Haishi TV (which is an associated company of the Group) whose principal activity is the operation of Travel Channel, a provincial satellite television channel in the PRC. Also, Hainan Haishi TV is held as to 50% by Hainan RT and as to 1% by Hainan Radio and TV Advertising Ltd.* (海南廣播電視廣告有限公司). Upon completion of the disposal, Hao You Media Culture will cease to be a subsidiary of the Company.

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