

[Immediate Release]

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**Huayi Tencent Entertainment Proposes to Acquire “Lingyi Future”,  
a New Retail Platform for Prescription Drugs  
at an Aggregate Consideration up to RMB400 Million**

(7 April 2021 – 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**”) is pleased to announce that the Group has entered into a capital increase and acquisition agreement with independent third parties including the founders of the Target Group to acquire a new retail platform for prescription drugs, “Lingyi Future”, and relevant operations (collectively known as the “**Target Group**”). The acquisitions will be carried out by phases. The Group has agreed to acquire 51% of the Target Group’s equity interests in the first phase through acquisition and capital increase by cash payment of RMB40 million. Upon the Target Group achieving its income and profit targets at respective stages, the Group has agreed to acquire 100% of Target Group’s equity interests at an aggregate consideration up to RMB400 million.

Established by Mr. WANG Jian and Ms. SHANG Jing, the Target Group has developed “Lingyi Future” (Domain: echartnow.com) - a new retail platform for prescription drugs which connects doctors, patients and physical pharmacies at a closed loop from doctors issuing electronic prescriptions, patients ordering prescription drugs at pharmacies, online payment to final delivery of the drugs prescribed. The Target Group will receive platform service fees from the pharmacies based on a certain percentage (5% on average at presence) of the Gross Merchandise Value (“GMV”) of the prescription drugs ordered by the patients from the pharmacies through “Lingyi Future”. “Lingyi Future” currently operates mainly in Shaanxi and Guangxi areas, and is set to rapidly replicate nationwide. In addition, the Target Company possesses all necessary certificates and qualifications and is able to provide clinic services, online diagnosis and treatment and sale of Chinese and Western medicines in relation to internal medicine, surgery, obstetrics and gynecology, pediatrics, emergency medicine, medical imaging, ultrasound diagnosis, medical laboratory, etc.

Pursuant to the capital increase and acquisition agreement, the Group will obtain 51%

of the total equity interest in the Target Group through acquisition and capital increase by cash payment of RMB40 million in the first stage. Upon the Target Group's aggregate revenue having reached RMB150 million during the first year following the completion date, and upon its aggregate revenue and net profit after taxation having reached RMB600 million and RMB40 million respectively in the second year following the completion date, the Group will pay an additional consideration of RMB164 million.

The Group further commits to acquire the remaining 49% of the total equity interest in the Target Group at the consideration of up to RMB196 million, where the aforementioned revenue and net profit after taxation targets have been fulfilled. The founders of the Target Group have guaranteed a net profit after taxation of not less than RMB50 million in each of the two years following the Group's acquisition of the total equity interests in the Target Group. If the Target Group fails to achieve the aforementioned guarantee, the consideration payable by the Group will be reduced in proportion to the Target Group's actual net profit after taxation.

The aggregate consideration of the acquisitions is up to RMB400 million, of which up to RMB 100 million will be paid in cash installments, and up to RMB300 million will be settled in installments by issuance of the Company's shares. Most of the shares issued for the acquisition will be subject to 6 to 24 months' lock-up periods.

**Mr. Yuen Hoi Po, Executive Director and Chief Executive Officer of Huayi Tencent Entertainment**, said, "According to the 'PRC Prescription Drug Market Operational Risk and Developmental Trend Analysis Report, 2020-2026' published by the Intelligence Research Group, the scale of prescription drug outflow from medical institutions (i.e. the right to purchase prescription drugs being handed to patients) in 2020 is approximately RMB400 billion to RMB500 billion, and such scale shows signs of a gradual expansion with the National Healthcare Security Administration carrying out volume-based purchase. The Group expects "Lingyi Future" to rapidly replicate nationwide and to reach its target revenue of RMB 150 million and RMB600 million in the first and second year following the completion date respectively (equivalent to GMV of RMB3 billion and RMB12 billion respectively), creating fast-growing income for the Group. Looking forward, the Group will continue to identify acquisition targets with high growth potentials and comprehensive business blueprints along the online medical and healthcare industry, so as to capture the unprecedented opportunities brought by healthcare reforms and industry digitalization."

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**About Huayi Tencent Entertainment Company Limited**

Huayi Tencent Entertainment Company Limited (Stock Code: 00419.HK) conducts businesses in two segments namely Healthcare and Entertainment and Media. The Group's Healthcare business focuses on the operation of "Bayhood No. 9 Club", one of the top green health clubs in the PRC with well-equipped facilities such as a standard golf course, spa facilities as well as food-and-beverages-related business to offer professional and excellent healthcare and wellness services. In respect to the Entertainment and Media business, the Group 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.

This press release is disseminated by Financial PR (HK) Limited on behalf of Huayi Tencent Entertainment Company Limited.

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