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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)

VOLUNTARY ANNOUNCEMENT
INVESTMENT IN HUAYI-WARNER CONTENTS FUND

Huayi Tencent Entertainment Company Limited (the “**Company**”) is pleased to announce that it entered into a partnership agreement on 28 April 2017 as a limited partner with, among others, Huayi Investment Inc. as the general partner and Warner Bros. Korea Inc. (“**Warner Bros.**”) as a limited partner (the “**Partnership Agreement**”), pursuant to which the Company has agreed to contribute capital of KRW1 billion (equivalent to approximately HK\$6.8 million) to the Huayi-Warner Contents Fund (the “**Fund**”), representing 10% of the total capital contribution to the Fund at the time of its establishment.

INFORMATION ON THE FUND AND THE OTHER PARTNERS

The Fund will be established on 28 April 2017 with a total capital commitment of KRW 10 billion for an initial term of five years (the first three years being the investment period) which may be extended for a maximum of two years by a special resolution of a general meeting of the partners. It will be managed by Huayi Investment Inc. as the general partner. The other limited partners of the Fund include Warner Bros., FNC Add Culture Co., Ltd., Next World Co., Ltd., Shinhan Capital Co., Ltd., Woori Investment Bank Co., Ltd. and Huayi Brothers Korea Co., Ltd.

As the general partner and manager of the Fund, Huayi Investment Inc. shall manage and operate the partnership property in the name of the Fund. The Fund’s capital shall be invested in film projects that are invested and distributed by Warner Bros.

As the Company understands, Huayi Investment Inc. is a wholly-owned subsidiary of Huayi Brothers Korea Co., Ltd., a KOSDAQ-listed company the voting rights of which are indirectly held as to approximately 28.54% by Huayi Brothers Media Corporation, a substantial shareholder of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Huayi Investment Inc. and Huayi Brothers Korea Co., Ltd. are not connected persons of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and (ii) the other limited partners of the Fund and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF INVESTING IN THE FUND

The Fund, comprising strong industry players from Hollywood, Korea and China, is Warner Bros.' first dedicated investment fund for contents in Korea. Warner Bros. has strong track records in movie investment and distribution in Korea. Total box office gross receipts from movies distributed by Warner Bros. in year 2016 amounted to approximately US\$136 million (equivalent to approximately HK\$1.06 billion). Its recent invested and distributed Korean film, *The Age of Shadows* (密探), ranked number four in the 2016 box office in Korea with box office gross receipts of approximately US\$54 million (equivalent to approximately HK\$420 million). Through participating as a limited partner of the Fund, the Company can get preferential access to investments in premier film projects led by Warner Bros.

By Order of the Board
Huayi Tencent Entertainment Company Limited
Wang Zhongjun
Chairman

Hong Kong, 28 April 2017

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. WANG Zhongjun (Chairman), Mr. LAU Seng Yee (Vice Chairman), Mr. WANG Zhonglei, Mr. LIN Haifeng, Ms. WANG Dongmei, Mr. YUEN Hoi Po

Independent non-executive Directors: Dr. WONG Yau Kar David, BBS, JP, Mr. YUEN Kin, Mr. CHU Yuguo