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)

PROFIT WARNING

This announcement is made by Huayi Tencent Entertainment Company Limited (the "Company") and its subsidiaries (collectively the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors of the Company (the "Board") wishes to inform shareholders of the Company and potential investors that, based on the Group's preliminary unaudited assessment for the six months ended 30 June 2016 (the "Period"), the Group is expected to record an increase in revenue for the Period of over 10%. On the other hand, the Group is expected to record a consolidated net loss for the Period (before provision for impairment of non-current assets and current assets of the Group, if any) of not more than HK$60 million, whereas the Group recorded a consolidated net profit for the six months ended 30 June 2015 of approximately HK$22 million. The expected net loss is primarily due to:

– loss on financial assets at fair value through profit or loss of approximately HK$5 million for the Period (for the six months ended 30 June 2015: gain of approximately HK$193 million);

– the incurrence of legal and professional fees of approximately HK$27 million, mainly for the share subscriptions completed on 5 February 2016 (for the six months ended 30 June 2015: HK$57 million). The legal and professional fees relevant to the share subscriptions have already been fully settled; and

– the incurrence of exchange loss arising from depreciation of Renminbi against Hong Kong dollars in relation to the Group's healthcare and media operations in the People's Republic of China during the Period of approximately HK$12 million (for the six months ended 30 June 2015: exchange gain of approximately HK$2 million).

As the Company is still in the process of finalizing the interim results for the Period, the information contained in this announcement is based on information that is currently available and the preliminary unaudited consolidated management accounts of the Group for the Period which have not yet been reviewed by the Company's audit committee and the Company's independent auditor. The interim results for the Period are expected to be published on or before 31 August 2016.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

For and on behalf of the Board
HUAYI TENCENT ENTERTAINMENT COMPANY LIMITED
Raymond Hau
Company Secretary

Hong Kong, 26 July 2016

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