Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Huan Yue Interactive Holdings Limited
歡悅互娛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 505)

POSITIVE PROFIT ALERT

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the net profit of the Group for the Current Year will be more than 3 times as compared to the net profit of the Group for the Prior Year. The significant increase in the profit for the Current Year is mainly attributable to the following reasons: 1) a significant increase in sales volume of relatively high gross margin copper products for the Current Year as compared with the corresponding year in 2015; 2) the increase of copper products selling price resulted from the copper price increase in 2016; and 3) the profit contribution from the gaming business which was newly acquired by the Group in August 2016.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

This announcement is made by Huan Yue Interactive Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the net profit of the Group for the year ended 31 December 2016 (the "**Current Year**"), taking into consideration of impairment losses on assets, will be more than 3 times as compared to the net profit of the Group for the year ended 31 December 2015 (the "**Prior Year**"). The significant increase in the net profit for the Current Year is mainly attributable to the following reasons: 1) a significant increase in sales volume of relatively high gross margin copper products for the Current Year as compared with the corresponding year in 2015; 2) the increase of copper products selling price resulted from copper price increase in 2016; and 3) the profit contribution from the gaming business which was newly acquired by the Group in August 2016, despite impairment losses on certain fixed assets due to the cessation of the operation of our factory in Jiangxi Province and the construction process of some production lines is behind schedule.

The Company is still in the process of finalising the annual results of the Group for the Current Year. The information contained in this announcement is only based on the preliminary assessment by the Board of the unaudited consolidated management accounts of the Group for the Current Year and the information currently available to the Company and have not been audited or reviewed by the Company's auditor, and may be subject to adjustments. The Company has also engaged an independent valuer to carry out assessment on the impairment losses on the production lines. Details of the Group's annual results for the Current Year will be disclosed as and when the annual results of the Group for the Current Year is announced which is expected to be published by the end of March 2017.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
Huan Yue Interactive Holdings Limited
Hu Changyuan
Chairman

Hong Kong, 15 February 2017

As at the date of this announcement, the executive directors of the Company are Mr. Hu Changyuan, Mr. Hu Minglie, Mr. Ren Hao, Mr. Zhu Wenjun and Mr. Chen Jianhua, the non-executive director of the Company is Mr. Dai Jianchun and the independent non-executive directors of the Company are Mr. Chai Chaoming, Dr. Lou Dong and Ms. Lu Hong.