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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)**

## **COMPLETION OF ISSUE OF TRANCHE A BONDS UNDER GENERAL MANDATE**

Reference is made to the announcement of Huayi Tencent Entertainment Company Limited (the “**Company**”) dated 7 March 2024 in relation to the proposed issue of the Convertible Bonds under the General Mandate (the “**Announcement**”). Terms defined in the Announcement shall have the same meaning when used in this announcement, unless the context otherwise requires.

## **COMPLETION OF ISSUE OF TRANCHE A BONDS**

The Board is pleased to announce that all the Tranche A Conditions Precedent under the Subscription Agreement have been fulfilled. The Tranche A Completion took place on 21 March 2024 and the Tranche A Bonds in the aggregate principal amount of HK\$60 million have been issued to the Subscriber in accordance with the Terms and Conditions.

## **USE OF PROCEEDS**

The estimated net proceeds from the issue of all the Convertible Bonds (comprising the Tranche A Bonds and the Tranche B Bonds), after deduction of related expenses (including professional fees), of approximately HK\$118.1 million is expected to be utilized in the following manner:

- (a) approximately HK\$38 million is expected to be utilized to support the continued expansion of the digitized operation services in healthcare industry segment of the Group;
- (b) approximately HK\$12 million is expected to be utilized to support the operation of the smart healthcare services platform segment of the Group;
- (c) approximately HK\$24 million is expected to be utilized for payment of interests under the Convertible Bonds; and

- (d) the remaining of approximately HK\$44.1 million is expected to be utilized as general working capital (including settlement of certain other borrowings).

## **NOMINATION AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

As disclosed in the Announcement, under the Subscription Agreement and the Terms and Conditions, the Company undertakes that it shall appoint a person to be nominated by the Subscriber as a non-executive Director (the “**Subscriber NED**”) within 30 days after the Tranche A Completion Date, and in the event of resignation, retirement or otherwise in respect of such non-executive Director, the Subscriber may nominate a person to fill the casual vacancy (the “**Nomination Rights**”).

The granting of the Nomination Rights was agreed upon after arm’s length negotiation between the Company and the Subscriber taking into account, among other things, the Subscriber’s legitimate interest in monitoring the financial position of the Company and the use of the proceeds of the Convertible Bonds in its capacity as a bondholder (being a creditor of the Company). Further, noting Hony Capital’s strong expertise in investment management and financial fields, the Company is of the view that the appointment of the Subscriber NED will enhance the diversity of the Board and contribute to the robust development of the Company, which is in the interests of the Company and its Shareholders as a whole.

Any Subscriber NED to be nominated by the Subscriber will be assessed by the nomination committee of the Company (the “**Nomination Committee**”) based on the qualifications and experience of the candidate as required by the Listing Rules. Under the Subscription Agreement, any person nominated by the Subscriber as a Subscriber NED will be subject to the acceptance of the Stock Exchange about the background of such person. If the Nomination Committee recommends the Subscriber NED to the Board for appointment after consideration, a meeting of the Board will be convened to resolve whether to appoint such Subscriber NED as a non-executive director. Under article 86(3) of the articles of association of the Company (the “**Articles**”), the Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Hence, the Board is of the view that the nomination and appointment of the Subscriber NED would be conducted in accordance with procedures under the Articles. To the best of the knowledge, information and belief of the Company having made reasonable enquiries, as at the date of this announcement, although the Subscriber has not yet decided on the identity of the candidate to be nominated and appointed as the Subscriber NED, the Subscriber expects that such candidate will not have any interests in or relationships with the Subscriber.

If the Subscriber fully converts the Convertible Bonds or the Company exercise its early redemption right to redeem all the outstanding Convertible Bonds, and there are no outstanding obligations under the Transaction Documents, the Nomination Rights under the Subscription Agreement will lapse.

By Order of the Board  
**Huayi Tencent Entertainment Company Limited**  
**HAU Wai Man, Raymond**  
*Company Secretary*

Hong Kong, 21 March 2024

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

*Executive directors: Mr. CHENG Wu (Vice Chairman), Mr. YUEN Hoi Po (Chief Executive Officer)*

*Independent non-executive directors: Mr. YUEN Kin, Mr. CHU Yuguo, Ms. WANG Song Song and Ms. PAN Min*