

[For Immediate Release]

**H. BROTHERS** ENTERTAINMENT**華 誼 騰 訊 娛 樂****Huayi Tencent announces 2016 Interim Results**

Continuing operations :

For the Period ended 30 June	2016 ( HK\$'000 )	2015 ( HK\$'000 )	Change
Total revenue	64,419	61,359	+4.99%
Gross profit	28,073	33,137	-15.28%
(Loss)/profit before finance costs and income tax	(57,603)	26,926	N/A
(Loss)/profit before income tax	(57,803)	26,788	N/A
(Loss)/profit for the Period	(58,643)	21,553	N/A

Discontinued operations :

Loss for the Period	N/A	( 21 )	N/A
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(26 August 2016 – Hong Kong) **Huayi Tencent Entertainment Company Limited** (“Huayi Tencent Entertainment,” the “**Company**”, Stock code: 00419.HK) is pleased to announce its interim results for the Period ended 30 June 2016 (the “Period”).

During the Period under review, the Group’s revenue recorded an increase of approximately 5%, mainly attributable to continued development of its offline healthcare and wellness services. However, the Group recorded a consolidated net loss of HK\$58.64 million during the Period under review, primarily due to (i) a loss on financial assets at fair value through profit or loss of approximately HK\$4.70 million during the Period; (ii) legal and professional fees of approximately HK\$26 million incurred for the share subscriptions that was completed on 5 February 2016, and such fees have already been fully settled; and (iii) currency exchange loss of approximately HK\$12.23 million, caused by the depreciation of Chinese Renminbi against Hong Kong dollars arising from the Group’s healthcare and media business in the People’s Republic of China (“China”) during the Period under review.

The Company completed its share subscription on 5 February 2016, upon which Huayi Brothers International Limited (“Huayi Brothers”) and Mount Qinling Investment Limited (“Tencent”) have

become controlling shareholders of the Company. During the Period under review, the Group actively sought for quality projects, as well as opportunities for direct merger and acquisition or collaboration with outstanding international entertainment companies by deploying resources from both substantial shareholders, with a view to investing in and carrying out online and offline cultural and new media operations domestically and internationally, and to expanding entertainment, cultural and media business in robust markets such as the U.S. and Korea. During the Period under review, the Group invested over HK\$550 million in a number of global movie projects and proposed to acquire 30% equity interest in HB Entertainment Co., Ltd. (“HB Entertainment”), a Korean based company, at a consideration equivalent to approximately HK\$300 million (the acquisition was completed in August 2016).

The movie and entertainment industry is another fast-growing sector in the Chinese market. In order to seize opportunities arising from the rapid development in the Chinese film industry, the Group brought in Huayi Brothers and Tencent as its strategic shareholders in 2016. On one hand, Huayi Brothers has established channels for coproducing films and animations with Hollywood as well as investment; on the other hand, Tencent owns one of the most influential internet platforms across China; it is therefore expected that both parties would provide the Group with substantial resources to seize opportunities in the Golden Age of China’s culture and entertainment industry. By bringing in its strategic shareholders, the Company received proceeds of approximately HK\$547 million from the share subscriptions, and the entire amount of which has been used to invest in ten film production projects in collaboration with China Lion Entertainment as well as *Rock Dog*, an original Sino-U.S. 3D animated comedy film directed by Ash Brannon, director of the well-known *Toy Story 2*. Being the only made-in-China animation nominated for “Best Animation” of “Golden Goblet” Awards at the Shanghai International Film Festival, *Rock Dog* was released in Mainland China in July 2016. In terms of the North American markets, the local premiere of *Rock Dog* is scheduled to be held by Summit Entertainment in February 2017, featuring over 2,000 screens. Summit Entertainment is an American film producer and distributor under Lions Gate Entertainment (NYSE:LGF), a top global independent distributor of films and television programmes. *Rock Dog* will make history as the first-ever Chinese made animated film to be massively distributed overseas.

**Mr. Wang Zhongjun, Chairman of the Company**, said, “Thanks to incentive policies launched by the government in recent years, considerable capital injections made by major film companies, as well as the increased cinema attendance, China’s film industry market experienced rapid growth; its box office receipts have become the strongest driver behind global box office growth, all pointing to a bright future for China’s film industry. After the introduction of Huayi Brothers and Tencent as strategic shareholders, the Group relied on the vast resources from our two substantial



shareholders, intending to adopt a revolving yet diversified investment approach towards projects related to the cultural and media industry and gradually establish its own IP pool. Meanwhile, by seizing opportunities to invest in quality international projects from Hollywood and Korea, the Group plans to build its own comprehensive entertainment platform that integrates key functions including production, promotion, marketing, distribution and sales, with a view to becoming a company known for high potential within the online to offline cultural sector as well as the new media industry.”

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### **About HuayiTencent Entertainment Company Limited**

Huayi Tencent Entertainment Company Limited (“Huayi Tencent Entertainment,” Stock Code: 00419.HK) is a new media company integrating culture and entertainment. It 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. Currently, Huayi Brothers (Stock Code: 300027.SZ) and Tencent (Stock Code: 0700.HK) are the controlling shareholders of HuayiTencent Entertainment.

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