

[Immediate Release]

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**Huayi Tencent Entertainment Announces 2020 Annual Results  
 Co-invested Blockbuster “Eight Hundred” Became Highest-  
 Grossing Film in the World  
 Revenue Boosted by 12% to Over HK\$100 Million While  
 Gross Profit Grew by 30%**

**Results Highlights:**

- As the film industry in the PRC has resumed its operation with the COVID-19 outbreak gradually brought under control, the Group’s business performance has improved during the Year. Revenue and gross profit amounted to approximately HK\$111,055,000 and HK\$50,866,000, being 12% and 30% year-on-year increases respectively. Revenue from the Entertainment and Media segment surged by 4 times to approximately HK\$13,780,000.
- Since its theatrical release in the PRC on 21 August 2020, “Eight Hundred”, the epic war movie co-invested by the Group, has become the highest-grossing film in the PRC and in the world in 2020 with box office receipts of RMB3.1 billion, making a significant contribution to the Group’s revenue.
- The Group has optimised its footprints in the industry by cooperating with media streaming platforms. “Space Sweepers” and “Cherry” have had their worldwide rights (excluding the PRC) acquired by Netflix and Apple TV+ respectively. The two movies were released in the first quarter of 2021 and gained acclaim, and were expected to contribute significantly to the revenue of the Entertainment and Media segment in 2021.

(25 March 2021 – Hong Kong) **Huayi Tencent Entertainment Company Limited** (“**Huayi Tencent Entertainment**,” the “**Company**”; Stock code: 00419.HK; together with its subsidiaries collectively known as the “**Group**”) announced its annual results for the year ended 31 December 2020 (the “**2020**” or the “**Year**”).

During the Year, revenue amounted to approximately HK\$111,055,000 (2019: HK\$99,326,000), representing a 12% increase comparing to the prior year, mainly attributed to the fact that the film industry in the PRC has resumed its operation as the

pandemic in the country was gradually brought under control, and that the co-invested epic war movie *“Eight Hundred”* was successfully released in August 2020 which has generated box office of more than RMB3.1 billion. Revenue from the Entertainment and Media segment surged by 4 times over the same period last year to approximately HK\$13,780,000 (2019: HK\$2,736,000). Healthcare and Wellness Services segment also stabilised with economic activities restarting steadily in the second half of the Year. Revenue from the Healthcare and Wellness Services segment for the Year amounted to approximately HK\$97,275,000 (2019: HK\$96,590,000), being an 1% increase comparing to the previous year.

On the other hand, filming and production of projects of HB Entertainment Co., Ltd. (**“HB Entertainment”**), a 31%-owned associate of the Group, were affected by the pandemic. The share of profit from its associate had dropped to approximately HK\$2,504,000 (2019: HK\$4,934,000) and hence the Group has to make a provision for impairment for its interest in the associate of approximately HK\$25,761,000 (2019: Nil). As a result, the Entertainment and Media Operations had recorded a segment loss of HK\$13,213,000 (2019: segment profit of approximately HK\$5,476,000). Excluding such provision for impairment, the segment profit from the Entertainment and Media Operations would have registered an increase of approximately 129% to approximately HK\$12,548,000 (2019: HK\$5,476,000).

For film projects investment and cooperation, COVID-19 pandemic in the first half of the Year compelled the theatres across the globe to shut down and the operations of the entertainment and media industry were given a crushing blow. As the outbreak in the PRC was gradually brought under control and its film market resumed normal gradually in the second half of the Year, the Group has successfully released *“Eight Hundred”* which became the highest-grossing film in the PRC and in the world in 2020 with box office receipts of RMB3.1 billion. The Group has also been actively co-producing, distributing and investing film projects, including *“Moonfall”* - a Hollywood sci-fi and disaster epic directed by Roland Emmerich, *“Extinct”* - an original animated comedy aiming at family viewing, and *“Chaos Walking”* - a film adapted from Patrick Ness’s bestselling sci-fi trilogy. With the pandemic expected to be gradually subdued globally in 2021 after the vaccine emerges, it is expected that, with film projects scheduled to be screened worldwide and in the PRC, the revenue and scale of the Entertainment and Media Operations of the Group will be bolstered significantly by then.

With regard to the Korean market, the Korean film market had received severe blows

from the COVID-19 pandemic during the Year due to the fluctuation of the outbreak. The Group remains optimistic to deploy the Korean film and television market. One of the projects it has invested and co-produced is *“Space Sweepers”*, Korea’s first science-fiction space feature film. It is regarded as an epoch-making move for the Group in the Korean market. Besides, HB Entertainment was still able to produce and distribute two highly acclaimed films, namely *“Beautiful Love, Wonderful Life”* and *“365: Repeat the Year”*. *“Beautiful Love, Wonderful Life”*, in particular, reached as high as 32.3% in regard to the national viewership and became one of the most popular television dramas of the Year. The Group remains optimistic about the demand for Korean films and television dramas in Korean and overseas markets. The Group will continue to cull and invest in high quality film projects in Korea and explore the potential prospects and profitability of the Korean film and television market.

The pandemic has also transformed consumer spending habits and caused the transformation in the industry, with more and more films being released on online streaming platforms. *“Space Sweepers”* and *“Cherry”*, which were invested and co-produced by the Group, have had their worldwide rights (excluding the PRC) acquired by Netflix and Apple TV+ respectively. *“Space Sweepers”* was released on Netflix on 5 February 2021 and became Netflix’s top film in the world for two consecutive days and received wide media coverage. *“Cherry”* directed by the Russo Brothers premiered on Apple TV+ on 12 March 2021. Only one week after the release, it was well received and had more than 9,000 votes in the Internet Movie Database (IMDb), with a score of 6.6. Going forward, the Group will continue to explore the possibility of premiering online, strengthen its cooperation with different international media streaming platforms and adapt to the new film distribution and business model.

The Group’s healthcare and wellness services focused on the operation of *“Bayhood No. 9 Club”*, one of the top green health clubs in the PRC with well-equipped facilities such as a standard golf course, spa facilities as well as food-and-beverages-related business to offer professional and excellent healthcare and wellness services. The membership of *“Bayhood No. 9 Club”* remained steady during the Year. Originally concentrating on high-end customers, the club has been gradually reinventing its position by extending its target customer group to the mid-tier ones, increasing the utilization rate of club services. In the first half of 2020, the pandemic coincided with the conventional closure of the golf course and hence had barely left its mark on the related business. The food-and-beverages-related business, meanwhile, was forced to be suspended for a considerable period. After the outbreak had gradually subsided and economic activities had restarted steadily in Beijing from the second half of 2020, the

food-and-beverages related business had its change in fortunes, recording a significant period-to-period growth in proceeds thanks to the resumption of social activities and heightened enthusiasm of the public for going out and spending. Coupled with the burgeoning awareness of the importance of outdoor activities and personal health in face of the pandemic, business related to golf playing has augmented, meaning that the annual revenue generated by the healthcare and wellness services remained broadly similar to that in 2019.

**Mr. Wang Zhongjun, Chairman of the Company, said,** “Against the backdrop of the film industry being sucker-punched by the pandemic in the past year and the accelerating transformation in the film industry, the Group, while carrying on its advancement in the entertainment and media aspect, has been looking for diversified opportunities in order to carve out a more robust development path. The Group appointed Mr. YUEN Hoi Po as its Chief Executive Officer in November 2020 who will take charge of developing a diversified business model for the Group. Looking ahead, the Group will continue to strengthen its cooperation with substantial shareholders and strategic partners, and to formulate a lasting and substantial business profile by continuously developing entertainment and media operations while at the same time pinpointing other development opportunities with great potential.

With the pandemic expected to be gradually subdued globally in 2021 after the vaccine emerges, cinemas across the world will reopen and the film industry will resume. As the projects which the Group financed and developed in the past are being completed in succession, it is anticipated that the Group will have a number of films for showing in the future that will contribute to the Group’s revenue. Thanks to its meticulous and conscientious manoeuvre, including culling and investing in high quality film projects in the United States, Korea and the PRC, etc., the Group will reap the harvest. In the post-pandemic era, the business model of the film industry will change and the Group will continue to pay close attention to industry trends, strengthen the strategic planning on streaming platforms, and continue to present high-quality works to audiences through different channels to create returns for the shareholders.”

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#### **About Huayi Tencent Entertainment Company Limited**

Huayi Tencent Entertainment Company Limited (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.

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