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## Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2022

The board of directors (the “**Board**”) of Maoyan Entertainment (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and the Consolidated Affiliated Entities (the “**Group**”) for the six months ended June 30, 2022. The results have been reviewed by the Audit Committee, together with the management of the Company and the Auditor.

#### PERFORMANCE HIGHLIGHTS

	Six Months ended June 30,		Year-on-year change %
	2022	2021	
	RMB million	RMB million	
	(Unaudited)	(Unaudited)	
Revenue	<b>1,191.4</b>	1,799.8	(33.8)
Gross profit	<b>622.4</b>	1,045.5	(40.5)
Operating profit	<b>184.7</b>	509.5	(63.7)
Profit for the period	<b>151.9</b>	387.1	(60.8)
Adjusted EBITDA	<b>282.0</b>	625.7	(54.9)
Adjusted net profit <sup>(Note)</sup>	<b>233.7</b>	484.2	(51.7)

*Note:* In the first half of 2022 and 2021, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

## FINANCIAL HIGHLIGHTS

Our revenue decreased from RMB1,799.8 million in the first half of 2021 to RMB1,191.4 million in the first half of 2022. Gross profit for the first half of 2022 was RMB622.4 million, and gross profit for the first half of 2021 was RMB1,045.5 million. Net profit for the period was RMB151.9 million in the first half of 2022, as compared to net profit for the period of RMB387.1 million in the first half of 2021. Our adjusted EBITDA for the period was RMB282.0 million in the first half of 2022, compared to adjusted EBITDA of RMB625.7 million in the first half of 2021; our adjusted net profit<sup>(Note)</sup> was RMB233.7 million in the first half of 2022, compared to adjusted net profit<sup>(Note)</sup> of RMB484.2 million in the first half of 2021.

## BUSINESS REVIEW

In the first half of 2022, the entertainment industry faced immense difficulties and challenges due to the resurgence of COVID-19 pandemic. We continued to refine our operations to deliver high-quality products and services and achieved industry-leading performance in both the number of and box office of the movies in which we participated in the first half of 2022. In addition to our abundant content reserves in our pipeline, many movies in which we participated are expected to be released within 2022. Besides, our online entertainment ticketing services remained stable, while our other business lines are maturing. We have enhanced our business resilience and further demonstrated our profitability capability.

### *Entertainment Content Services*

In the first half of 2022, the total box office for the China's movie market decreased by 37.68% to RMB17.18 billion, compared with the same period last year, resulting from the severe impact brought by the pandemic. In particular, from March to May, with the average operating rate of movie cinemas nationwide once dropping to below 50%, the gross box office suffered a year-over-year drop of about 80%. At the same time, certain movies slated for screening had to be rescheduled or postponed.

Despite the headwinds, we made continuous efforts in cultivating movie content and improving our operational capabilities, and we achieved industry-leading performances in both the number of and box office sales for the movies that Maoyan produced/distributed. During the reporting period, Maoyan participated in the production/distribution of 15 movies, including 6 of which the Company acted as a lead distributor. The percentage of the total gross of our participated movies to China's movie box office in first half of this year has recovered to almost the same level in the same period of 2019. In addition, we continued to enhance our involvement in the top-tier movies released during major seasons. For example, we participated in *Embrace Again* (穿過寒冬擁抱你) and *G Storm* (反貪風暴 5：最終章), which ranked first and second, respectively, at the box office during the New Year's Day season. Moreover, we participated in 3 movies among the top 5 in terms of the box office in the Spring Festival season. Among which, "*Too Cool To Kill* (這個殺手不太冷靜)", for which we acted as both the producer and lead distributor, achieved total box office sales of RMB2.63 billion.

Since June 2022, the pandemic has stabilized, and the operating rate of movie theatres has gradually recovered to over 80%. Maoyan is well positioned to proceed with all our participated projects with abundant reserves of rich and diverse content. For example, movies where Maoyan has served as the producer/distributor, such as *My Blue Summer* (暗戀·橘生淮南), *Lighting Up The Stars* (人生大事), *Moon Man* (獨行月球) and *Warriors of Future* (明日戰記), have already been released in succession. Others include *Belle* (雀斑公主), *Give Me Five* (哥·你好), *The Procurator* (檢察風雲), *Post Truth* (保你平安), *Too Beautiful To Lie* (請別相信她), *Journey to the West* (宇宙探索編輯部), *High Forces* (危機航線), *The Tipping Point* (掃黑行動), *Better Man* (絕望主夫), *Victimes* (被害人), *Who's the Suspect* (拯救嫌疑人) and *Full River Red* (滿江紅) have either been scheduled for release or are in the process of being scheduled.

*Note:* In the first half of 2022 and 2021, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

During the reporting period, we also produced a number of premier TV series and online movies. For example, *Out of Court* (庭外), our self-produced legal drama TV series, was released exclusively on Youku in July 2022 and achieved excellent reputation. We also participated in *Hello, The Sharpshooter* (你好·神槍手), *Leverage* (槓桿) and *Babel* (通天塔), which have been broadcast on different platforms, and all performed very well. In addition, *The King of Hot GUO* (火鍋之王), another online movie, for which we participated in the production, will be scheduled to be released soon.

Furthermore, leveraging our considerable and professional experience in promotion and distribution and our fine-tuned service matrix, many of our products and tools have been widely recognized by industry partners and increased in popularity. For example, during the reporting period, the projects served by our promotion and distribution products, such as “Cloud Block Booking” (雲包場) and “Lead Appreciation” (助力主創), maintained an encouraging growth momentum. In particular, “Cloud Block Booking” (雲包場) has been used by almost all domestic movies grossing over RMB100 million in box office. Furthermore, our promotion and distribution products further demonstrated their impressive commercial value. Deeply cooperating with hundreds of influential creators and thousands of incubated Key Opinion Consumers (KOC), our content marketing team provided quality marketing services to nearly 80% of the movies with over RMB100 million in box office during the reporting period. We also launched a variety of innovative promotion and distribution tools, such as “Box Office Estimates by Media” (第三方媒體超前票房預測) and “Same-period Performance Comparison” (同檔期對比), aiming to actively help improve the industry’s level of refinement and efficiency of distribution.

### ***Online Entertainment Ticketing Services***

During the reporting period, we continued to enhance our platform’s service capacity and further optimized the ticketing system; combined with our reasonable cost and expense control initiatives, we successfully maintained our industry-leading position. Meanwhile, we have proactively tracked the industry’s needs, striving to provide all-round assistance and support for the development and recovery of the industry. We helped more than 70% of the movie cinemas nationwide improve their customer acquisition efficiency through our services, including membership promotions and package sales. Besides, acting as an exclusive ticketing provider for the 12th Beijing International Film Festival (第十二屆北京國際電影節), we offer the audiences with premier ticketing services. Since June, as the movie market has been gradually recovering, our movie ticketing business has been picking up accordingly. Moving forward, with constant effort on the operation and service capability cultivation, we are committed to continuously upgrading audiences’ experience and consumption vitality while providing our industry partners with better services.

As an important market player, we made steady progress in our live entertainment business, expanding the offering categories and refining operation efficiency. Especially, we focused on cultivation in the emerging local entertainment categories, including talk shows, crosstalks, immersive theaters, exhibitions, family shows, music festivals. During the reporting period, the GMV of our live entertainment business recovered to over 80% for the same period last year. In addition, we achieved breakthrough growth in some verticals, such as talk shows, family shows and immersive theaters. Among these, the GMV of our talk shows tripled compared with the same period last year. Furthermore, we have actively been exploring new forms of entertainment catering to the young generation and achieved steady progress in many projects we engaged as a producer. For example, we developed a series of shows, including “The Grand Theater” (玩味放映廳), “The Grand Museum” (玩味博物館) and “The Grand Music” (玩味音律)”, following our success of “The Grand Expedition” (玩味探險家), an immersive food interactive drama, which achieved excellent performance in both box office and market reputation. Besides that, we have completed the initial preparation for a new Maoyan-produced immersive gaming drama “Dream Cruise” (明珠傳奇), and it will debut at an appropriate time.

### ***Advertisement Services and Others***

During the reporting period, we constantly improved our operational capability and efficiency, and continued to enhance our commercialization ability. Considering the distinct characters of different movies and the changing market conditions, we launched a variety of rich and innovative promotion campaigns. Meanwhile, we enhanced our distribution capability by further expanding our promotion and distribution channels. Currently, we have established deep cooperations with many high-quality platforms, such as Weibo, Douban and Xiaohongshu. The total users of Maoyan mini-program ecosystem, covering WeChat, Weibo, Douyin, Baidu and Kuaishou, etc., have exceeded 600 million. Moving forward, we will continue to leverage our capabilities of the full-channel marketing and industry’s leading platform, and provide matrixed and customized services for the promotion and marketing of film and TV projects.

Our Maoyan Research Institute continued to improve the data service capabilities and conducted extensive research on various themes. We also extended our research services to IP studies, including adaption, development and testing of IP. In addition, through profound analysis on market conditions and successful movies during the pandemic, we released various in-depth research reports, including pandemic-related reports, which provided our industry partners with valuable market information and insights into industry development trends.

## **OUTLOOK**

Benefiting from the effective control of the pandemic in China, business resumption across all fields is progressing steadily. The operating rate of movie theatres in China has recovered to more than 80% in early June. As of the date of this announcement, the summer-holiday box office has reached about RMB7.9 billion, which exceeded the same-period box office in last year. We maintain our full confidence in the market's recovery.

In a complex and changing market environment, we will continue to grow and develop within the pan-entertainment industry with the firm execution of our core strategy of “technology + pan-entertainment”. Through mining and producing high quality content with a positive social value proposition, combined with enhanced infrastructure and service capability, we expect to further unlock Maoyan's value in the industry. Meanwhile, we will constantly explore new initiatives, develop diverse growth drivers and optimize our layout of pan-entertainment industrial chain. Furthermore, by further enhancing and utilizing the synergy among our business lines, we will be able to maintain risk resistance capabilities and capture the market growth opportunities following the industry's recovery, further enhancing our competitive advantages.

Last but not least, we would like to express our sincere gratitude to all of our colleagues, shareholders and industry partners for their trust and support. Let us forge ahead together and create greater value for the industry!

*Executive Director and Chief Executive Officer*  
**ZHENG Zhihao**

Hong Kong  
August 18, 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Period Review

	Six months ended June 30,			
	2022		2021	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
<b>Revenue</b>	<b>1,191.4</b>	<b>100.0</b>	1,799.8	100.0
Cost of revenue	<u>(569.0)</u>	<u>(47.8)</u>	<u>(754.3)</u>	<u>(41.9)</u>
<b>Gross profit</b>	<b>622.4</b>	<b>52.2</b>	1,045.5	58.1
Selling and marketing expenses	(275.8)	(23.1)	(320.8)	(17.8)
General and administrative expenses	(179.0)	(15.0)	(178.6)	(9.9)
Net impairment losses on financial assets	(4.6)	(0.4)	(41.6)	(2.3)
Other income	24.7	2.1	8.1	0.5
Other losses, net	<u>(3.0)</u>	<u>(0.3)</u>	<u>(3.1)</u>	<u>(0.2)</u>
<b>Operating profit</b>	<b>184.7</b>	<b>15.5</b>	509.5	28.4
Finance income	14.6	1.2	16.6	0.9
Finance costs	(7.2)	(0.6)	(17.9)	(1.0)
Finance income/(costs), net	7.4	0.6	(1.3)	(0.1)
Share of losses of investments accounted for using the equity method	<u>(0.8)</u>	<u>(0.1)</u>	<u>(1.0)</u>	<u>(0.1)</u>
<b>Profit before income tax</b>	<b>191.3</b>	<b>16.0</b>	507.2	28.2
Income tax expenses	<u>(39.4)</u>	<u>(3.3)</u>	<u>(120.1)</u>	<u>(6.7)</u>
<b>Profit for the period</b>	<b>151.9</b>	<b>12.7</b>	387.1	21.5
Non-IFRS Measures:				
EBITDA	269.3	22.6	597.7	33.2
Adjusted EBITDA	282.0	23.7	625.7	34.8
Adjusted net profit <sup>(Note)</sup>	<u>233.7</u>	<u>19.6</u>	<u>484.2</u>	<u>26.9</u>

*Note:* In the first half of 2022 and 2021, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

## Revenue

Our revenue decreased from RMB1,799.8 million in the first half of 2021 to RMB1,191.4 million in the first half of 2022. This decrease was primarily due to decrease in revenue from online entertainment ticketing services, entertainment content services and advertising services and others as affected by the volatile COVID-19 pandemic situation during the first half of 2022. The following table sets forth our revenue by service in the first half of 2022 and 2021.

	Six months ended June 30,			
	2022		2021	
	<i>RMB million</i> (Unaudited)	<i>%</i>	<i>RMB million</i> (Unaudited)	<i>%</i>
<b>Revenue</b>				
Online entertainment ticketing services	<b>592.3</b>	<b>49.7</b>	1,013.5	56.3
Entertainment content services <sup>(Note)</sup>	<b>533.4</b>	<b>44.8</b>	660.1	36.7
Advertising services and others	<b>65.7</b>	<b>5.5</b>	126.2	7.0
<b>Total</b>	<b><u>1,191.4</u></b>	<b><u>100.0</u></b>	<b><u>1,799.8</u></b>	<b><u>100.0</u></b>

*Note:* This amount included fair value gain on the Group's investments in movies and TV series amounting to RMB11.1 million for the six months ended June 30, 2022 (for the six months ended June 30, 2021: fair value loss of RMB8.3 million).

### *Online entertainment ticketing services*

Revenue from online entertainment ticketing business decreased from RMB1,013.5 million in the first half of 2021 to RMB592.3 million in the first half of 2022. Such decrease was mainly due to the impact of the pandemic in the first half of 2022, resulting in a decrease in the operating rate of cinemas nationwide as compared to the same period last year. Especially for March 2022 to May 2022, during which period the operating rate of cinemas nationwide was once lower than 50% (according to the data from Maoyan Pro).

### *Entertainment content services*

Revenue from entertainment content services decreased from RMB660.1 million in the first half of 2021 to RMB533.4 million in the first half of 2022. Such decrease was mainly due to the impact of the pandemic in the first half of 2022, the adjustment of a number of films we participated in production, promotion and distribution, or postponement of the release plans.

### *Advertising services and others*

Revenue from advertising services and others decreased by 47.9% from RMB126.2 million in the first half of 2021 to RMB65.7 million in the first half of 2022, mainly due to the decrease in advertisement placement as a result of the decrease in the advertising market demand since the pandemic.

## ***Cost of revenue***

Cost of revenue decreased by 24.6% from RMB754.3 million in the first half of 2021 to RMB569.0 million in the first half of 2022. The decrease in cost of revenue was primarily due to the decrease in the cost of ticketing system (which was in line with the decrease in revenue from our online movie ticketing services); the decrease in the cost of internet infrastructure (which was in line with the level of investment in infrastructure cost under our normal operation); and the decrease in content promotion and distribution costs.

The following table sets forth our cost of revenue by amount, as a percentage of total cost of revenue and as a percentage of total revenue for the period indicated:

	Six months ended June 30,					
	2022			2021		
	<i>RMB</i>	<i>%</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>%</i>
	<i>million</i>	<i>of cost</i>	<i>of revenue</i>	<i>million</i>	<i>of cost</i>	<i>of revenue</i>
	(Unaudited)			(Unaudited)		
Ticketing system cost	143.4	25.2	12.1	246.5	32.7	13.7
Internet infrastructure cost	89.7	15.8	7.5	122.7	16.3	6.8
Content distribution and promotion cost	153.7	27.0	12.9	199.1	26.4	11.1
Content production cost	60.9	10.7	5.1	41.4	5.5	2.3
Amortization of intangible assets	68.9	12.1	5.8	68.9	9.1	3.8
Depreciation of property, plant and equipment	5.1	0.9	0.4	6.8	0.9	0.4
Other expenses	47.3	8.3	4.0	68.9	9.1	3.8
<b>Total</b>	<b>569.0</b>	<b>100.0</b>	<b>47.8</b>	<b>754.3</b>	<b>100.0</b>	<b>41.9</b>

## ***Gross Profit and Gross Margin***

Our gross profit decreased from RMB1,045.5 million in the first half of 2021 to RMB622.4 million in the first half of 2022, and our gross profit margin was 58.1% and 52.2% in the first half of 2021 and 2022, respectively. The changes in our gross profit and gross profit margin were primarily due to the decreased revenue as a result of the pandemic, while certain fixed costs which have been included, by its nature, could not be reduced in proportion to our revenue, resulting in the decrease in our gross profit and gross profit margin.

## ***Selling and Marketing Expenses***

Selling and marketing expenses decreased by 14.0% from RMB320.8 million in the first half of 2021 to RMB275.8 million in the first half of 2022, primarily due to the decrease in user incentives.

## ***General and Administrative Expenses***

General and administrative expenses increased by 0.2% from RMB178.6 million in the first half of 2021 to RMB179.0 million in the first half of 2022, basically remained stable.



### ***Net Impairment Losses on Financial Assets***

We recorded net impairment losses on financial assets of RMB4.6 million in the first half of 2022, compared to net impairment losses on financial assets of RMB41.6 million in the first half of 2021. We evaluated the expected credit loss of financial assets as at June 30, 2022 on prudent basis, and made provisions for the impairments to reflect the impact of the COVID-19 pandemic on the macro-economic environment, the entertainment industries and the Group's business partners.

### ***Other Income and Other Losses, Net***

We recorded other income and other losses, net of RMB21.7 million in the first half of 2022, compared to other income and other losses, net of RMB5.0 million in the first half of 2021, primarily due to an increase in government grants received in the first half of 2022 compared to the first half of 2021.

### ***Operating Profit***

As a result of the foregoing, our operating profit was RMB184.7 million in the first half of 2022, compared to an operating profit of RMB509.5 million in the first half of 2021.

### ***Finance Income/(Costs), Net***

We had net finance income of RMB7.4 million in the first half of 2022, compared to net finance costs of RMB1.3 million in the first half of 2021. Such turnaround was mainly due to the decrease in net finance costs as a result of our improved capital management efficiency.

### ***Income Tax Expenses***

Income tax expense was RMB39.4 million in the first half of 2022, compared to income tax expense of RMB120.1 million in the first half of 2021. This was mainly due to the decrease in operating profit.

### ***Non-IFRS Financial Measures***

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use EBITDA/adjusted EBITDA and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures, which have excluded certain effects of one-off or non cash projects and M&A transactions for the previous years, facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the EBITDA/adjusted EBITDA and adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

## **Adjusted Net Profit, EBITDA, and Adjusted EBITDA**

The following tables reconcile our adjusted net profit and EBITDA and adjusted EBITDA for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Reconciliation of net profit to adjusted net profit		
Net profit for the period	<b>151.9</b>	387.1
Add:		
Share-based compensation	<b>12.7</b>	28.0
Amortization of intangible assets resulting from business combinations	<b>69.1</b>	69.1
	<u><b>233.7</b></u>	<u>484.2</u>
<b>Adjusted net profit<sup>(Note)</sup></b>	<b>233.7</b>	484.2

*Note:* In the first half of 2022 and 2021, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Reconciliation of operating profit to EBITDA and adjusted EBITDA		
Operating profit for the period	<b>184.7</b>	509.5
Add:		
Depreciation of property, plant and equipment	<b>8.2</b>	10.9
Amortization of intangible assets	<b>69.6</b>	70.5
Depreciation of right-of-use assets	<b>6.8</b>	6.8
	<u><b>269.3</b></u>	<u>597.7</u>
<b>EBITDA<sup>(Note)</sup></b>	<b>269.3</b>	597.7
Add:		
Share-based compensation	<b>12.7</b>	28.0
	<u><b>282.0</b></u>	<u>625.7</u>
<b>Adjusted EBITDA<sup>(Note)</sup></b>	<b>282.0</b>	625.7

*Note:* In the first half of 2022 and 2021, we defined EBITDA as operating profit for the period adjusted for depreciation and amortization expenses. We added back share-based compensation to EBITDA to derive adjusted EBITDA.

## Other Financial Information

### *Capital Structure*

The Company continued to maintain a healthy and sound financial position. Our total assets changed from RMB11,028.3 million as of December 31, 2021 to RMB10,669.7 million as of June 30, 2022, whilst our total liabilities decreased from RMB3,040.7 million as of December 31, 2021 to RMB2,483.2 million as of June 30, 2022. Liabilities-to-assets ratio decreased from 27.6% as of December 31, 2021 to 23.3% as of June 30, 2022.

As of June 30, 2022, we pledged bank deposits of RMB59.6 million as securities for bank borrowings.

### *Liquidity, Financial Resources, and Gearing*

We have historically funded our cash requirements principally from cash generated from operations, and to a lesser extent, equity and debt financing. We adopt prudent treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, our treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in RMB or USD. Our liquidity and financing requirements are reviewed regularly. We will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As of June 30, 2022, we had cash and cash equivalents and other forms of bank deposits of RMB2,419.6 million, which were predominantly denominated in RMB and USD. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, other funds raised from the capital markets from time to time and the net proceeds received from the global offering of the Company.

As of June 30, 2022, our total borrowings were approximately RMB340.3 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of June 30, 2022:

	<b>RMB million</b>	<b>Interest rate</b>
Secured	149.0	1.70%~2.36%
Guaranteed	191.3	3.55%~4.00%
<b>Total</b>	<b>340.3</b>	<b>N/A</b>

As of June 30, 2022, we had unutilized banking facilities of RMB423.0 million.

As of June 30, 2022, we did not have any significant contingent liabilities.

We monitor capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and financial liabilities at fair value through profit or loss, net of cash and cash equivalent, restricted bank deposits and term deposit with original maturity over three months. Total capital is calculated as “equity” as shown in the consolidated statement of financial position. As at June 30, 2022 and December 31, 2021, the Group has a net cash position.

### ***Capital Expenditure***

Our capital expenditure primarily included purchase of property, plant and equipment and intangible assets. Our capital expenditure decreased by 73.2% to RMB2.6 million in the first half of 2022 from RMB9.7 million in the first half of 2021. We plan to fund our planned capital expenditure using cash generated from operations.

### ***Material Acquisitions, Disposals and Future Plans for Major Investments***

The Group did not have any plans for major investments and capital assets as of June 30, 2022. During the six months ended June 30, 2022, we did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

### ***Major Investments Held***

On March 12, 2019, we entered into a subscription agreement and a strategic cooperation agreement with Huanxi Media Group Limited. Pursuant to the subscription agreement, we have conditionally agreed to subscribe for, and Huanxi Media Group Limited has conditionally agreed to allot and issue to us, 236,600,000 shares at a total consideration of HK\$390,555,620. Under such agreements, we planned to establish strategic cooperation with Huanxi Media Group Limited in entertainment content services. On March 19, 2019, the subscription was completed and the consideration was duly paid. For further details, please see our announcement dated March 13, 2019 and our Annual Report for 2018 and 2019. As at June 30, 2022, we held 5.7% equity interest of Huanxi Media Group Limited.

### ***Foreign Exchange Risk Management***

Our businesses are principally conducted in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contract or other financial instruments to hedge our exposure to foreign currency risk in the first half of 2022.

### ***Employees and Remuneration Policy***

As of June 30, 2022, we had 787 full-time employees, whom were based in mainland China, primarily at our headquarters in Beijing, with the remainder in Shanghai and various other cities in China.

Committed to establishing a competitive, fair remuneration and benefits system, we continually refine our remuneration and incentive policies through market research and comparison with our competitors, in order to ensure that our employees receive competitive remuneration packages. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. We also purchase commercial health and accidental insurance for our employees. We also provide regular and specialized trainings tailored to the needs of our employees in different departments, so that our employees may stay up to date with the latest industrial developments and technological advancements. In order to incentivize our Directors, senior management and other employees for their contribution to our Group and to attract and retain suitable personnel, we have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

As required under the PRC regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which the Group and the PRC based employees are required to make monthly contributions to these plans at specified percentages of the salaries of the employees. There was no forfeited contribution utilized to offset employers' contributions for the six months ended June 30, 2022, and there was no forfeited contribution available to reduce the contribution.

#### **EVENTS AFTER THE REPORTING PERIOD**

No important events affecting the Group occurred since June 30, 2022 and up to the date of this announcement.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended June 30,</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	5	1,191,393	1,799,790
Cost of revenue	6	<u>(569,040)</u>	<u>(754,340)</u>
<b>Gross profit</b>		<b>622,353</b>	<b>1,045,450</b>
Selling and marketing expenses	6	<b>(275,826)</b>	(320,803)
General and administrative expenses	6	<b>(178,979)</b>	(178,640)
Net impairment losses on financial assets	15,16	<b>(4,581)</b>	(41,579)
Other income	7	<b>24,675</b>	8,160
Other losses, net	7	<u><b>(2,897)</b></u>	<u>(3,092)</u>
<b>Operating profit</b>		<b>184,745</b>	<b>509,496</b>
Finance income/(costs), net		<b>7,407</b>	(1,320)
Share of losses of investments accounted for using the equity method		<u><b>(843)</b></u>	<u>(983)</u>
<b>Profit before income tax</b>		<b>191,309</b>	<b>507,193</b>
Income tax expenses	8	<u><b>(39,444)</b></u>	<u>(120,116)</u>
<b>Profit for the period attributable to equity holders of the Company</b>		<u><b>151,865</b></u>	<u><b>387,077</b></u>
<b>Earnings per share attributable to equity holders of the Company (expressed in RMB per share)</b>			
– Basic earnings per share	9	<b>0.13</b>	0.34
– Diluted earnings per share	9	<u><b>0.13</b></u>	<u>0.34</u>
<b>Profit for the period</b>		<u><b>151,865</b></u>	<u><b>387,077</b></u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences from the Company		<b>61,501</b>	(10,729)
Changes in the fair value of equity investments at fair value through other comprehensive income	13	<u><b>(27,269)</b></u>	<u>75,681</u>
<b>Other comprehensive income for the period, net of tax</b>		<u><b>34,232</b></u>	<u><b>64,952</b></u>
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<u><b>186,097</b></u>	<u><b>452,029</b></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>June 30,</b> <b>2022</b> <b>(Unaudited)</b> <b>RMB'000</b>	As at December 31, 2021 <b>(Audited)</b> <b>RMB'000</b>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>21,352</b>	27,230
Right-of-use assets	<i>12</i>	<b>1,139</b>	7,972
Intangible assets	<i>11</i>	<b>4,993,366</b>	5,062,928
Investments accounted for using the equity method		<b>47,024</b>	46,225
Financial assets at fair value through other comprehensive income	<i>13</i>	<b>288,459</b>	314,632
Financial assets at fair value through profit or loss	<i>14</i>	<b>23,245</b>	23,245
Deferred income tax assets		<b>13,583</b>	14,549
Prepayments, deposits and other receivables	<i>16</i>	–	4,750
		<hr/> <b>5,388,168</b>	<hr/> 5,501,531
<b>Current assets</b>			
Inventories		<b>44,643</b>	35,049
Accounts receivable	<i>15</i>	<b>534,955</b>	909,862
Prepayments, deposits and other receivables	<i>16</i>	<b>2,188,122</b>	1,894,742
Prepaid income tax		<b>19,822</b>	–
Financial assets at fair value through profit or loss	<i>14</i>	<b>74,355</b>	93,306
Term deposit with original maturity over three months		<b>385,621</b>	50,051
Restricted bank deposits		<b>110,451</b>	23,805
Cash and cash equivalents		<b>1,923,574</b>	2,519,989
		<hr/> <b>5,281,543</b>	<hr/> 5,526,804
<b>Total assets</b>		<hr/> <b>10,669,711</b>	<hr/> <b>11,028,335</b>

	<i>Note</i>	As at <b>June 30, 2022</b> <b>(Unaudited)</b> <b>RMB'000</b>	As at December 31, 2021 <b>(Audited)</b> <b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		154	154
Reserves		8,296,218	8,249,153
Accumulated losses		<u>(109,841)</u>	<u>(261,635)</u>
<b>Total equity</b>		<u><b>8,186,531</b></u>	<u>7,987,672</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>119,797</u>	<u>132,016</u>
		<u><b>119,797</b></u>	<u>132,016</u>
<b>Current liabilities</b>			
Borrowings	<i>17</i>	340,274	512,500
Lease liabilities	<i>12</i>	1,719	9,075
Accounts payable	<i>18</i>	304,344	293,372
Other payables, accruals and other liabilities	<i>19</i>	1,707,196	2,050,708
Current income tax liabilities		<u>9,850</u>	<u>42,992</u>
		<u><b>2,363,383</b></u>	<u>2,908,647</u>
<b>Total liabilities</b>		<u><b>2,483,180</b></u>	<u>3,040,663</u>
<b>Total equity and liabilities</b>		<u><b>10,669,711</b></u>	<u><b>11,028,335</b></u>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

Maoyan Entertainment (the “**Company**”) was incorporated in the Cayman Islands on December 8, 2017 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, Cayman Corporate Centre, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on February 4, 2019.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”), are principally engaged in the provision of online entertainment ticketing services, entertainment content services, movies and TV series investments, advertising services and others to users in the People’s Republic of China (the “**PRC**”).

The interim condensed consolidated financial information (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

This Interim Financial Information was approved for issue by the board of directors on August 18, 2022 and has not been audited.

### 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The Interim Financial Information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements for year ended December 31, 2021 (“**2021 Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

#### 2.2 Summary of significant accounting policies

The accounting policies applied are consistent with those of the 2021 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of amended IFRSs effective as of January 1, 2022. Income tax expense was recognised based on management’s estimate of the annual income tax rate expected for the full financial year.

##### **New and amended standards adopted by the Group**

The Group has applied new and amended standards effective for the financial period beginning on January 1, 2022. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

##### **New and amended standards and interpretations not yet adopted**

Up to the date of issuance of this report, the International Accounting Standards Board has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 1	Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	January 1, 2023
IFRS 17 and Amendments to IFRS 17	Insurance contract	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Financial Statements.

### 4 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenue from external customers in the PRC.

As at June 30, 2022, substantially all of the non-current assets were located in the PRC.

### 5 REVENUE

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue from contracts with customers under IFRS 15</b>		
Online entertainment ticketing services	<b>592,299</b>	1,013,475
Entertainment content services	<b>522,345</b>	668,364
Advertising services and others	<b>65,693</b>	126,248
	<hr/> <b>1,180,337</b>	<hr/> 1,808,087
Income/(loss) from movies and TV series investments ( <i>Note 14(a)</i> )	<b>11,056</b>	(8,297)
	<hr/> <b>1,191,393</b>	<hr/> 1,799,790
<b>Total revenue</b>	<hr/> <b>1,191,393</b>	<hr/> 1,799,790
	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue at a point in time	<b>613,620</b>	1,041,277
Revenue over time	<b>566,717</b>	766,810
	<hr/> <b>1,180,337</b>	<hr/> 1,808,087
<b>Total revenue (excluding income/(loss) from movies and TV series investments)</b>	<hr/> <b>1,180,337</b>	<hr/> 1,808,087

## 6 EXPENSES BY NATURE

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Staff costs excluding share options granted to directors and employees	199,133	189,521
Marketing and promotion expenses	190,202	240,145
Content distribution, promotion and production cost	153,716	199,118
Ticketing system cost	143,361	246,452
Internet infrastructure cost	89,739	122,711
Amortization of intangible assets (Note 11)	69,635	70,489
Content production cost	60,910	41,387
Share-based compensation expenses	12,735	28,020
Depreciation of property, plant and equipment (Note 11)	8,227	10,853
Tax and levies	7,911	7,318
Depreciation of right-of-use assets (Note 12)	6,833	6,834
Rental expense for short-term and low-value leases (Note 12)	3,342	2,055
Other expenses	78,101	88,880
	<u>1,023,845</u>	<u>1,253,783</u>
<b>Total cost of revenue, selling and marketing expenses and general and administrative expenses</b>	<b><u>1,023,845</u></b>	<b><u>1,253,783</u></b>

During the six months ended June 30, 2022, the Group incurred expenses for the purpose of research and development of approximately RMB117,394,000 (during the six months ended June 30, 2021: approximately RMB104,325,000), which primarily comprised employee benefits expenses of approximately RMB103,155,000 (during the six months ended June 30, 2021: approximately RMB97,396,000).

## 7 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
<b>Other income</b>		
Government subsidies	20,321	2,214
Tax credit of input tax additional deduction	4,354	5,946
	<u>24,675</u>	<u>8,160</u>
<b>Other losses, net</b>		
Net foreign exchange losses	(2,766)	(4,601)
Loss on disposal of property, plant and equipment	(131)	(22)
Fair value gain on wealth management products, listed and unlisted investments classified as financial assets at fair value through profit or losses	–	3,277
Loss on disposal of intangible assets (Note 11)	–	(1,746)
	<u>(2,897)</u>	<u>(3,092)</u>

During the six months ended June 30, 2022, the Group received unconditional subsidies amounting to a total of approximately RMB18,500,000 in respect of certain corporate development funding programs operated by the PRC government of which certain of the Group's key operating subsidiaries were eligible and successfully applied.

## 8 INCOME TAX EXPENSES

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current income tax	50,697	132,261
Deferred income tax	(11,253)	(12,145)
Income tax expenses	<u>39,444</u>	<u>120,116</u>

## 9 EARNINGS PER SHARE

### (a) Basic earnings per share

	Six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to equity holders of the Company (RMB' 000)	<u>151,865</u>	<u>387,077</u>
Weighted average number of ordinary shares outstanding (thousand)	1,119,232	1,118,298
Weighted average number of vested restricted shares outstanding (thousand)	<u>23,529</u>	<u>21,333</u>
Total weighted average number of shares outstanding (thousand)	<u>1,142,761</u>	<u>1,139,631</u>
Basic earnings per share (in RMB)	<u>0.13</u>	<u>0.34</u>

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding and weighted average number of vested restricted shares outstanding during the respective periods.

### (b) Diluted earnings per share

	Six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to equity holders of the Company (RMB' 000)	<u>151,865</u>	<u>387,077</u>
Total weighted average number of shares outstanding (thousand)	1,142,761	1,139,631
Adjustments for share-based compensation – share options (thousand)	458	1,353
Adjustments for share-based compensation – RSUs (thousand)	<u>1,762</u>	<u>3,427</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u>1,144,981</u>	<u>1,144,411</u>
Diluted earnings per share (in RMB)	<u>0.13</u>	<u>0.34</u>

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

For the six months ended June 30, 2022 and 2021, the Company had dilutive potential ordinary shares of share options and restricted stock units (“RSUs”) granted to employees. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that would have been issued at assumed exercise price (determined as any amount that the employees must pay upon exercise and the balance of any amounts calculated under IFRS that have not yet been charged to income statement) are incremental shares issued for nil consideration which causes dilution to earnings per share. The number of shares that would have been issued also assuming the exercise of the RSUs less the number of shares that would have been issued at assumed exercise price (determined as the balance of any amounts calculated under IFRS that have not yet been charged to income statement) are incremental shares issued for nil consideration which causes dilution to earnings per share.

## 10 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2022 (during the six months ended June 30, 2021: Nil).

## 11 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	<b>Property, plant and equipment RMB'000</b>	<b>Goodwill RMB'000</b>	<b>Other intangible assets RMB'000</b>
<b>Six months ended June 30, 2021 (Unaudited)</b>			
Opening net book amount	26,082	4,504,884	699,237
Additions	9,632	–	107
Disposals	(96)	–	(1,746)
Depreciation and amortization	(10,853)	–	(70,489)
<b>Closing net book amount</b>	<b>24,765</b>	<b>4,504,884</b>	<b>627,109</b>
<b>As at June 30, 2021</b>			
Cost	76,895	4,504,884	1,153,013
Accumulated depreciation/amortization	(52,130)	–	(525,904)
<b>Net book amount</b>	<b>24,765</b>	<b>4,504,884</b>	<b>627,109</b>
<b>Six months ended June 30, 2022 (Unaudited)</b>			
Opening net book amount	27,230	4,504,884	558,044
Additions	2,480	–	73
Disposals	(131)	–	–
Depreciation and amortization	(8,227)	–	(69,635)
<b>Closing net book amount</b>	<b>21,352</b>	<b>4,504,884</b>	<b>488,482</b>
<b>As at June 30, 2022</b>			
Cost	82,508	4,504,884	1,153,804
Accumulated depreciation/amortization	(61,156)	–	(665,322)
<b>Net book amount</b>	<b>21,352</b>	<b>4,504,884</b>	<b>488,482</b>

The Company normally performs goodwill impairment test in the fourth quarter of each year, and there is no indicator for impairment of goodwill as of June 30, 2022. For details of goodwill impairment assessment for the year ended December 31, 2021, please refer to the 2021 Financial Statements.

## 12 LEASES

(a) **Balance recognized in the interim condensed consolidated statement of financial position relating to leases**

***Right-of-use assets***

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
At the beginning of the period	7,972	21,639
Depreciation	<u>(6,833)</u>	<u>(6,834)</u>
At the end of the period	<u><b>1,139</b></u>	<u><b>14,805</b></u>

***Lease liabilities***

	<b>As at</b>	As at
	<b>June 30,</b>	December 31,
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	RMB'000
Current portion	<u>1,719</u>	<u>9,075</u>
Total lease liabilities	<u><b>1,719</b></u>	<u><b>9,075</b></u>

As at June 30, 2022 and December 31, 2021, the carrying amounts of the Group's lease liabilities were denominated in RMB.

(b) **Amounts recognized in the interim condensed consolidated statement of comprehensive income relating to leases**

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Depreciation of right-of-use assets ( <i>Note 6</i> )	<b>6,833</b>	6,834
Rental expenses for short-term and low-value leases ( <i>Note 6</i> )	<b>3,342</b>	2,055
Unwinding of interests on lease liabilities	<b>85</b>	467

### 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
At the beginning of the period	314,632	316,265
Additions	2,000	–
Disposals	(2,929)	(20,255)
Changes in fair value	(27,269)	75,681
Currency translation differences	2,025	(3,482)
	<u>288,459</u>	<u>368,209</u>

### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
	<b>Current assets</b>	
Investments in movies and TV series (a)	<u>74,355</u>	<u>93,306</u>
<b>Non-current assets</b>		
Investments in unlisted investments (b)	<u>23,245</u>	<u>23,245</u>
	<u>97,600</u>	<u>116,551</u>

#### (a) Investments in movies and TV series

Movements in investments in movies and TV series were as follows:

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
At the beginning of the period	93,306	202,116
Additions	13,560	8,427
Disposals	(43,567)	(23,475)
Changes in fair value recognized as revenue (Note 5)	11,056	(8,297)
	<u>74,355</u>	<u>178,771</u>

#### (b) Unlisted investments

The Group's unlisted investments assets include investments in certain private companies.

## 15 ACCOUNTS RECEIVABLE

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Related parties	260,828	294,391
Third parties	476,419	814,200
	<u>737,247</u>	<u>1,108,591</u>
Less: allowance for impairment	(202,292)	(198,729)
	<u>534,955</u>	<u>909,862</u>

(a) The carrying amounts of the accounts receivable balances approximated to their fair value as at June 30, 2022 and as at December 31, 2021. All the accounts receivable balances were denominated in RMB.

(b) Aging analysis of the gross accounts receivable based on recognition date is as follows:

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
0 – 90 days	430,926	932,614
91 – 180 days	124,293	26,044
181 – 365 days	53,064	11,564
Over 365 days	128,964	138,369
	<u>737,247</u>	<u>1,108,591</u>

## 16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Prepayments for investments and productions in movies and TV series (a)	1,427,264	1,253,630
Deposits and receivables for online entertainment ticketing, e-commerce and other services	608,237	600,501
Amounts due from related parties	228,723	85,054
Contract fulfilment costs for movie productions	128,973	140,389
Loans to third parties (b)	122,907	169,950
Receivables from investments in movies and TV series	74,397	71,029
Others	150,853	131,153
	<u>2,741,354</u>	<u>2,451,706</u>
Less: non-current portion	–	(4,750)
	<u>2,741,354</u>	<u>2,446,956</u>
Less: impairment for financial assets at amortised cost	(439,764)	(438,746)
Less: impairment for prepayments (c)	(113,468)	(113,468)
	<u>2,188,122</u>	<u>1,894,742</u>



- (a) The Group offers distribution and promotion services, which is considered one of the principal activities of the Group. The investments in movie and TV series with distribution and promotion services are designated as prepayments.
- (b) The loans to third parties are repayable within 1 year or on demand. Except for an interest-free and unsecured loan amounting to approximately RMB44,300,000, the remaining loans are interest-bearing at fixed rates ranging from 5.00% to 13.00% per annum and are secured by the debtors' certain receivables.
- (c) The impairment provision for prepayments mainly represents impairment of prepayments for investments and productions in movies and TV series, which are capitalised movie production and distribution costs subject to impairment assessment. The provision is the excess amount of the carrying amount of prepayments over the expected recoverable amount based on the directors' assessment with reference to relevant factors such as the corresponding contractual terms or mutually agreed arrangements, historical data of comparable movies or TV series with the same major crew members, and the probability of non-performance (i.e. the movies or TV series not able to be exhibited) due to factors including but not limited to major actors of certain projects were replaced, certain subject matters were subject to the risk of rejection, and the deterioration of financial and operational position of the business partners.

## 17 BORROWINGS

	As at <b>June 30,</b> <b>2022</b> <b>(Unaudited)</b> <b>RMB'000</b>	As at December 31, 2021 (Audited) RMB'000
<b>Current</b>		
Bank borrowings – due within one year		
– Secured (a)	<b>149,000</b>	59,000
– Guaranteed (b)	<b>191,274</b>	383,500
– Unsecured (c)	–	70,000
	<b>340,274</b>	<b>512,500</b>

- (a) As at June 30, 2022, bank borrowings of approximately RMB149,000,000 were secured by restricted bank deposits of approximately RMB59,600,000 with fixed rates of 1.70% to 2.36% per annum.
- As at December 31, 2021, the bank borrowing of approximately RMB59,000,000 was secured by restricted bank deposits of approximately RMB23,600,000, with a fixed rate of 2.36% per annum.
- (b) As at June 30, 2022, bank borrowings amounting to approximately RMB191,274,000 were guaranteed by the Company and certain subsidiaries of the Group, with fixed rates of 3.55% to 4.00% per annum.
- As at December 31, 2021, bank borrowings amounting to approximately RMB383,500,000 were guaranteed by certain subsidiaries of the Group, with fixed rates of 3.55% to 4.00% per annum.
- (c) As at December 31, 2021, the bank borrowing of approximately RMB70,000,000 was unsecured with a fixed rate of 3.85% per annum.
- (d) The borrowings on June 30, 2022 and December 31, 2021 were all denominated in RMB with fixed rates.

## 18 ACCOUNTS PAYABLE

Aging analysis of the accounts payable based on invoice date at the respective balance sheet dates is as follows:

	As at <b>June 30,</b> <b>2022</b> <b>(Unaudited)</b> <i>RMB'000</i>	As at December 31, 2021 <b>(Audited)</b> <i>RMB'000</i>
0-90 days	73,217	130,441
91-180 days	75,386	38,361
181-365 days	65,197	53,126
Over 365 days	90,544	71,444
	<u>304,344</u>	<u>293,372</u>

## 19 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at <b>June 30,</b> <b>2022</b> <b>(Unaudited)</b> <i>RMB'000</i>	As at December 31, 2021 <b>(Audited)</b> <i>RMB'000</i>
Payables in respect of share in the box office receipts	747,505	831,719
Payables in respect of online entertainment ticketing, e-commerce services and advance in respect of content production	689,302	900,665
Amounts due to related parties	116,639	82,404
Payroll and welfare payable	90,192	112,719
Loans from third parties (a)	43,396	84,526
Other tax liabilities	5,145	8,325
Others	15,017	30,350
	<u>1,707,196</u>	<u>2,050,708</u>

(a) The loans from third parties are interest-free, unsecured and repayable within 1 year.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2022.

### USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$1,839.3 million after deducting underwriting commissions and all related expenses. The following table sets forth the Company's use of the proceeds from the Listing and the planned timetable as of June 30, 2022.

<b>Intended use of net proceeds</b>	<b>Allocation of net proceeds</b>	<b>Amount of net proceeds utilized as of June 30, 2022</b>	<b>Balance of net proceeds as of June 30, 2022</b>	<b>Expected timeline for balance of net proceeds</b>
			<i>HK\$ millions</i>	
Funding for improving integrated platform capabilities	551.8	<b>476.4</b>	<b>75.4</b>	By December 31, 2022
Research and development and technical infrastructure	551.8	<b>468.1</b>	<b>83.7</b>	By December 31, 2022
Funding potential investments and acquisitions	551.8	<b>434.4</b>	<b>117.4</b>	By December 31, 2022
Working capital and general corporate purposes	183.9	<b>183.9</b>	–	–

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds, and will gradually utilize the net proceeds in accordance with the intended purposes as stated in the Prospectus. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently, and is subject to change based on future development of market conditions and actual business needs.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its Shareholders. The Board considers that the Company has complied with all the applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirm that they have complied with the required standard as set out in the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **AUDIT COMMITTEE**

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai, Mr. Wang Hua and Ms. Liu Lin. Mr. Chan Charles Sheung Wai currently serves as the chairman of the Audit Committee.

The Audit Committee, together with management and the Auditor, have reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2022.

## **FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING**

Reference is made to the 2021 annual results announcement and 2021 annual report of the Company published on March 24, 2022 and April 26, 2022, respectively, including the disclosure in relation to the frozen equity interests of Tianjin Maoyan Weying. As further advised by Weying, Weying and the plaintiff had reached a dispute settlement agreement and are proceeding with such settlement agreement accordingly. As of June 30, 2022, the equity interests held by Weying Culture in Tianjin Maoyan Weying remains frozen.

The Directors, based on the advice of Company's PRC legal advisors, consider that the Contractual Arrangements and the Confirmation are in compliance with relevant PRC laws and regulations and are legally binding and enforceable. There is no material adverse impact on the Contractual Arrangements.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.maoyan.com](http://www.maoyan.com)), and the interim report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.maoyan.com](http://www.maoyan.com)) and will be despatched to the Shareholders in due course.

## **DEFINITION AND GLOSSARY**

Unless the context otherwise requires, the following expressions in this interim results announcement shall have the following meanings:

“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Board”	the board of directors of the Company
“Company”, “our Company” or “Maoyan”	Maoyan Entertainment, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1896)

“Confirmation”	In response to the lawsuits in which Weying acted as defendants and the equity interests held by Weying Culture in Tianjin Maoyan Weying were therefore frozen as disclosed in 2021 annual results announcement and 2021 annual report of the Company dated March 24, 2022 and April 26, 2022, the confirmation letter co-issued by Weying Technology and Weying Culture to Tianjin Maoyan Weying and WFOE, pursuant to which Weying undertook to comply with and fulfil the terms and conditions, responsibilities and obligations under the Contractual Arrangements including but not limited to fully cooperating with the WFOE’s instructions when the WFOE exercises its irrevocable and exclusive right to purchase the frozen equity interests, or transfer the frozen equity interests to the WFOE’s assignee at the WFOE’s request
“Consolidated Affiliated Entities”	entities whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of the contractual arrangements of the Group
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and its registered shareholders
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“HK\$” or “HKD”	Hong Kong dollars and Hong Kong cents, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Listing”	listing of the Shares on the Main Board of the Stock Exchange of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Maoyan Technology/WFOE”	Tianjin Maoyan Weying Technology Co., Ltd. (天津貓眼微影科技有限公司), a company incorporated under the laws of the PRC on February 5, 2018 with limited liability and a wholly owned subsidiary of our Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“PRC” or “China”	the People’s Republic of China, which, for the purpose of this interim results announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated January 23, 2019
“Reporting Period”	the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00002
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Maoyan Weying”	Tianjin Maoyan Weying Cultural Media Co., Ltd. (天津貓眼微影文化傳媒有限公司), formerly known as Tianjin Maoyan Cultural Media Co., Ltd. (天津貓眼文化傳媒有限公司), a company incorporated under the laws of the PRC on May 27, 2015 with limited liability and a Consolidated Affiliated Entity, which is a holding company of all the other Consolidated Affiliated Entities of our Group
“US\$” or “US dollars” or “USD”	U.S. dollars, the lawful currency of the United States of America
“Weying”	Weying Culture and Weying Technology
“Weying Culture”	Beijing Shiji Weying Culture Development Co., Ltd. (北京世紀微影文化發展有限公司), a company incorporated under the laws of the PRC on July 22, 2016
“Weying Technology”	Beijing Weying Shidai Technology Co., Ltd. (北京微影時代科技有限公司), a company established under the laws of the PRC with limited liability, and/or its subsidiaries, as the case may be
“%”	per cent

By order of the Board  
**Maoyan Entertainment**  
**Zheng Zhihao**  
*Executive Director*

Hong Kong, August 18, 2022

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zheng Zhihao as Executive Director, Mr. Wang Changtian, Ms. Li Xiaoping, Ms. Wang Jian, Mr. Cheng Wu, Mr. Chen Shaohui, Mr. Lin Ning and Mr. Tang Lichun, Troy as Non-executive Directors, and Mr. Wang Hua, Mr. Chan Charles Sheung Wai, Mr. Yin Hong and Ms. Liu Lin as Independent Non-executive Directors.*