

MAOYAN ENTERTAINMENT 貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1896



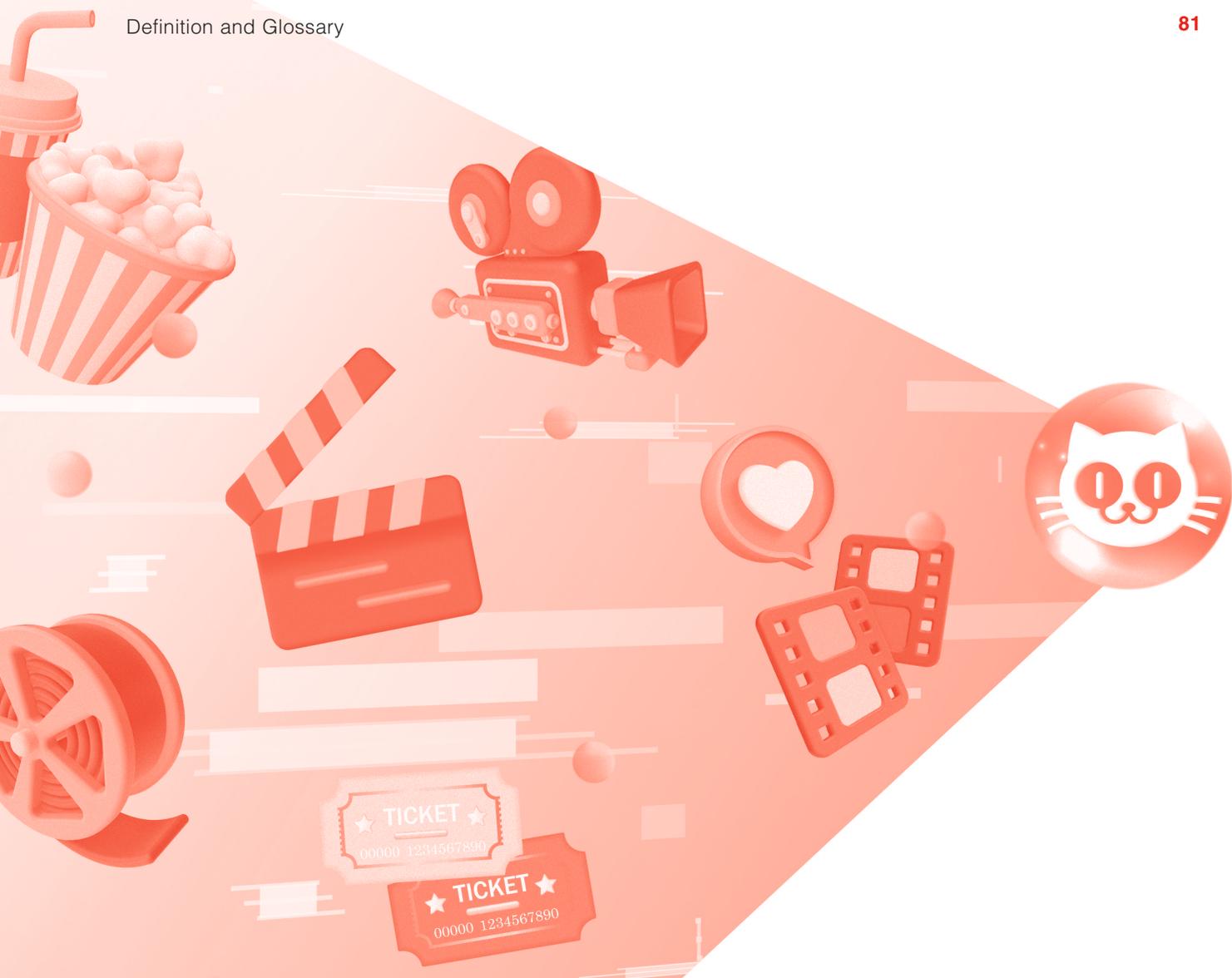
2022

Interim Report

中期報告

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Mr. Zheng Zhihao (*Chief Executive Officer*)

Non-executive Directors

Mr. Wang Changtian (*Chairman*)

Ms. Li Xiaoping

Ms. Wang Jian

Mr. Cheng Wu

Mr. Chen Shaohui

Mr. Lin Ning

Mr. Tang Lichun, Troy

Independent Non-executive Directors

Mr. Wang Hua

Mr. Chan Charles Sheung Wai

Mr. Yin Hong

Ms. Liu Lin

AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai (*Chairman*)

Mr. Wang Hua

Ms. Liu Lin

NOMINATION COMMITTEE

Mr. Wang Hua (*Chairman*)

Mr. Chan Charles Sheung Wai

Mr. Zheng Zhihao

REMUNERATION COMMITTEE

Mr. Wang Hua (*Chairman*)

Ms. Liu Lin

Mr. Zheng Zhihao

JOINT COMPANY SECRETARIES

Ms. Zheng Xia

Mr. Cheng Ching Kit

AUTHORIZED REPRESENTATIVES

Mr. Zheng Zhihao

Mr. Cheng Ching Kit

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

REGISTERED OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 3 Building, Yonghe Hangxing Garden

No.11 Hepingli East Street

Dongcheng District

Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

Corporate Information

LEGAL ADVISORS

As to Hong Kong law:

Clifford Chance

As to Cayman Islands law:

Walkers (Hong Kong)

As to the PRC law:

Commerce & Finance Law Offices

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

PRINCIPAL BANKERS

China Merchants Bank, Beijing Branch

Ping An Bank, Garden Road Sub-Branch

STOCK CODE

1896

COMPANY'S WEBSITE

www.maoyan.com

CEO's Statement

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^(Note) was RMB233.7 million in the first half of 2022, compared to adjusted net profit^(Note) 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.

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.

CEO's Statement

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), *Victims* (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.

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.

CEO's Statement

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 report, 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.

CEO's Statement

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	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
Revenue	1,191.4	100.0	1,799.8	100.0
Cost of revenue	(569.0)	(47.8)	(754.3)	(41.9)
Gross profit	622.4	52.2	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	(3.0)	(0.3)	(3.1)	(0.2)
Operating profit	184.7	15.5	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	(0.8)	(0.1)	(1.0)	(0.1)
Profit before income tax	191.3	16.0	507.2	28.2
Income tax expenses	(39.4)	(3.3)	(120.1)	(6.7)
Profit for the period	151.9	12.7	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 ^(Note)	233.7	19.6	484.2	26.9

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.

Management Discussion and Analysis

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	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
Revenue				
Online entertainment ticketing services	592.3	49.7	1,013.5	56.3
Entertainment content services <i>(Note)</i>	533.4	44.8	660.1	36.7
Advertising services and others	65.7	5.5	126.2	7.0
Total	1,191.4	100.0	1,799.8	100.0

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 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.

Management Discussion and Analysis

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		
	RMB million (Unaudited)	% of cost	% of revenue	RMB million (Unaudited)	% of cost	% of revenue
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
Total	569.0	100.0	47.8	754.3	100.0	41.9

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

Adjusted Net Profit, EBITDA, and Adjusted EBITDA

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

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

Management Discussion and Analysis

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

Management Discussion and Analysis

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. During the Reporting Period, the Group has repaid the borrowings at maturity as scheduled prior to the date due. The following table sets forth further details of our banking borrowings as of June 30, 2022:

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

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

Employees and Remuneration Policy

As of June 30, 2022, we had 787 full-time employees, all of 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 report.

Other Information

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its 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.

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 the 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.

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the Reporting Period.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

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.

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

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.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors/Chief Executive	Capacity	Nature of Interests	No. of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. ZHENG Zhihao ¹	Interest in controlled corporations	Long Position	19,277,225	1.69
	Beneficial owner	Long Position	16,172,039 ²	1.41
Mr. WANG Changtian ³	Interest in controlled corporations	Long Position	312,722,773	27.34
		Short Position	158,743,072	13.88
Ms. WANG Jian	Beneficial owner	Long Position	450,000	0.04

Notes:

- As at June 30, 2022, Rhythm Brilliant Limited directly held 19,277,225 Shares in our Company. Rhythm Brilliant Limited is a wholly-owned subsidiary of Mr. ZHENG Zhihao. Therefore, Mr. ZHENG Zhihao is deemed to be interested in the 19,277,225 Shares held by Rhythm Brilliant Limited for purpose of Part XV of the SFO.
- These interests include 11,299,500 existing share options granted by the Company to Mr. ZHENG Zhihao under the Post-IPO Share Option Scheme on January 19, 2021 entitling him to subscribe for 11,299,500 shares of the Company. As of June 30, 2022, Mr. ZHENG Zhihao has not exercised any share options.
- As at June 30, 2022, Vibrant Wide Limited and Hong Kong Pictures International Limited directly held 277,979,625 Shares (among which 158,743,072 Shares were provided as security to a person other than a qualified lender) and 193,486,220 Shares in our Company, respectively. Vibrant Wide Limited is owned by Mr. WANG Changtian as to 100% of its equity interests. Hong Kong Pictures International Limited is a wholly-owned subsidiary of Enlight Media, which is owned by Enlight Holding as to 42.54% of its equity interests, which in turn is owned by Mr. WANG Changtian as to 95% of its equity interests. Therefore, Mr. WANG Changtian is deemed to be interested in the 471,465,845 Shares held by Vibrant Wide Limited and Hong Kong Pictures International Limited for purpose of Part XV of the SFO.

Save as disclosed above and elsewhere in this interim report, as at June 30, 2022, neither the Directors nor chief executive of the Company (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2022, the Substantial Shareholders, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Substantial Shareholders	Capacity	Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Vibrant Wide Limited	Beneficial owner	Long Position	119,236,553	10.43
		Short Position	158,743,072	13.88
Hong Kong Pictures International Limited	Beneficial owner	Long Position	193,486,220	16.92
Inspired Elite Investments Limited ¹	Beneficial owner	Long Position	82,693,975	7.23
Meituan ¹	Interest in controlled corporations	Long Position	82,693,975	7.23
Crown Holdings Asia Limited ¹	Interest in controlled corporations	Long Position	82,693,975	7.23
Songtao Limited ¹	Interest in controlled corporations	Long Position	82,693,975	7.23
TMF (Cayman) Ltd. ¹	Trustee	Long Position	82,693,975	7.23
Wang Xing ¹	Interest in controlled corporations	Long Position	82,693,975	7.23
Image Flag Investment (HK) Limited ²	Beneficial owner	Long Position	157,169,260	13.74
Tencent ²	Interest in controlled corporations	Long Position	157,169,260	13.74
Weying (BVI) Limited	Beneficial owner	Long Position	77,829,696	6.81
Interstellar Investment Ltd. ³	Beneficial owner	Long Position	66,127,317	5.78
NottingHill Investment Ltd. ³	Interest in controlled corporations	Long Position	66,127,317	5.78
FountainVest China Capital Partners Fund III, L.P. ³	Interest in controlled corporations	Long Position	66,127,317	5.78
FountainVest China Capital Partners GP3 Ltd. ³	Interest in controlled corporations	Long Position	66,127,317	5.78

Other Information

Notes:

1. Inspired Elite Investments Limited is wholly-owned by Meituan, which is owned as to 39.18% by Crown Holdings Asia Limited, which is in turn wholly-owned by Songtao Limited. Songtao Limited is in turn wholly-owned by TMF (Cayman) Ltd., and in turn wholly-owned by Mr. WANG Xing. Therefore, Meituan, Crown Holdings Asia Limited, Songtao Limited, TMF (Cayman) Ltd. and Mr. WANG Xing are deemed to be interested in the 82,693,975 shares held by Inspired Elite Investment Limited for purpose of Part XV of the SFO.
2. Image Flag Investment (HK) Limited is wholly-owned by Tencent. Therefore, Tencent is deemed to be interested in the 157,169,260 shares held by Image Flag Investment (HK) Limited for purpose of Part XV of the SFO.
3. Interstellar Investment Ltd. is wholly-owned by NottingHill Investment Ltd., which is owned as to 77.34% by FountainVest China Capital Partners Fund III, L.P., which is in turn wholly-owned by FountainVest China Capital Partners GP3 Ltd.. Hence, NottingHill Investment Ltd., FountainVest China Capital Partners Fund III, L.P. and FountainVest China Capital Partners GP3 Ltd. are deemed to be interested in the Shares held by Interstellar Investment Ltd..

Save as disclosed above, as at June 30, 2022, so far as the Directors were aware, no other persons (other than the Directors or chief executive) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

EMPLOYEE INCENTIVE SCHEMES

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company as a continuation and restructuring of the employee share incentive scheme originally adopted by Tianjin Maoyan Weying on November 8, 2016 (the “2016 ESOP”) following the Reorganization, which was established to recognize and reward the contribution of the participants to the growth and development of Tianjin Maoyan Weying. The 2016 ESOP was terminated as a result of the adoption of the ESOP Plan. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as our Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for new Shares of the Company.

Movements of the options granted by the Company pursuant to the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Exercise price per Share (HK\$)	Date of grant	Exercise period	Closing price immediately prior to grant	Outstanding as of January 1, 2022	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to exercise	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2022	Vesting Period (note)
Employee	0.1009	2016/8/1 to 2018/3/1	Eight years from the date of grant	NA	1,035,860	-	331,400	8.3945	35	-	704,425	1(a)
	14.8000	2018/2/1 to 2018/8/1	Eight years from the date of grant	NA	8,700,764	-	-	-	342,841	36,627	8,321,296	1(b)
	14.8000	2018/4/11 to 2018/6/1	Eight years from the date of grant	NA	7,710,890	-	-	-	-	-	7,710,890	1(a)
Total					17,447,514	-	331,400	-	342,876	36,627	16,736,611	

Notes:

1. The options granted under the scheme are subject to a vesting schedule and can be exercised in the following manner:

a. Category A

Vesting Date

Percentage that can be exercised

First vesting date	Up to 25% of the options granted
First anniversary of first vesting date	Up to 50% of the options granted
Second anniversary of first vesting date	Up to 75% of the options granted
Third anniversary of first vesting date	Up to all of the options granted

Other Information

b. Category B

Vesting Date	Percentage that can be exercised
First vesting date	Up to 50% of the share options granted
First anniversary of first vesting date	Up to 75% of the share options granted
Second anniversary of first vesting date	Up to all of the share options granted

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was conditionally adopted together with the Restricted Share Agreement, Pre-IPO Share Option Scheme and the RSU Scheme by the Shareholders' resolutions on the Adoption Date.

Movements of the options granted by the Company pursuant to the Post-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Exercise price per Share (HK\$)	Date of grant	Exercise period	Closing price immediately prior to grant	Outstanding as of January 1, 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2022	Vesting period (note)
Employee	16.2000	2019/5/2	Ten years from the date of grant	16.1000	50,000	-	-	-	12,500	37,500	1(b)
	14.7600	2019/5/10	Ten years from the date of grant	14.1000	2,154,084	-	-	248,959	44,929	1,860,196	1(b)
	11.4360	2019/11/1	Ten years from the date of grant	11.3200	180,200	-	-	-	90,100	90,100	1(a)
	10.5000	2020/4/29	Ten years from the date of grant	10.3200	1,916,920	-	-	20,818	92,456	1,803,646	1(a)
Director					275,000	-	-	-	-	275,000	1(b)
	13.1360	2021/1/19	Ten years from the date of grant	12.6200	15,066,000	-	-	-	3,766,500	11,299,500	1(a)
Total					19,780,999	-	-	269,777	4,006,485	15,504,737	

Notes:

- Please refer to note under sub-section headed "Pre-IPO Share Option Scheme" above.

Other Information

RSU Scheme

The RSU Scheme was adopted on the Adoption Date and not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme did not involve the grant of options by our Company to subscribe for new Shares.

Movements of RSU Scheme during the Reporting Period are as follows:

Category	Date of grant	Closing price immediately prior to grant (HK\$)	Outstanding as of January 1, 2022	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2022
Employee	2019/5/2	16.1000	327,713	-	163,856	-	-	163,857
	2019/10/8	12.0200	-	-	-	-	-	-
	2019/11/1	11.3200	314,600	-	-	-	46,700	267,900
	2020/4/29	10.3200	4,610,183	-	1,513,922	-	255,284	2,840,977
	2021/5/1	15.4800	449,378	-	25,000	-	309,378	115,000
	2021/11/26	9.2900	1,514,100	-	-	-	99,100	1,415,000
	2022/5/1	6.2600	-	200,000	-	-	-	200,000
Total			7,215,974	200,000	1,702,778	-	710,462	5,002,734

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period and up to the date of this interim report was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Other Information

QUALIFICATION REQUIREMENTS

Updates in Relation to the Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “FITE Regulations”), which were amended on September 10, 2008, February 6, 2016 and March 29, 2022. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, though based on the latest amendment of the FITE Regulations promulgated on March 29, 2022 which came into effect on May 1, 2022, a foreign investor who invests in a value-added telecommunications business in the PRC no longer need to possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the “Qualification Requirements”), the guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC has not yet be updated by the Ministry of Industry and Information Technology of the PRC on its official website and no further implementing regulations or rules to the latest FITE Regulations have been promulgated. According to the current guidance memorandum on its website, an applicant is required to provide, among other things, its annual reports for the past three years, satisfactory proof of the Qualification Requirements and business development scheme. The current guidance memorandum does not provide any further guidance on more proof, record or document required to support the proof satisfying the Qualification Requirements. Further, the current guidance memorandum does not purport to provide an exhaustive list on the application requirements.

Efforts and Actions Undertaken to Comply with the Requirements for Foreign Investors Investing Value-added Telecommunications Business in the PRC

Despite the lack of clear guidance or interpretation on the requirements for foreign investors investing value-added telecommunications business in the PRC and no further implementing regulations or rules to the latest FITE Regulations have been promulgated, referring to the effective guidance memorandum, we are gradually building up our track record of overseas telecommunications business operations and had taken the following steps:

- we set up a subsidiary in Hong Kong, namely Hong Kong Maoyan Live Entertainment Limited, to operate our overseas online ticketing business;
- we have successfully registered a series of trademarks in Hong Kong;
- we are operating our overseas website, www.entertainmentplus.hk, which is positioned to further attract and build up overseas customer base; and
- we will continuously monitor future regulatory and policy changes and to take further actions when applicable.

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Maoyan Entertainment
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 80, which comprises the interim condensed consolidated statement of financial position of Maoyan Entertainment (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 18, 2022

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30,	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	6	1,191,393	1,799,790
Cost of revenue	7	(569,040)	(754,340)
Gross profit		622,353	1,045,450
Selling and marketing expenses	7	(275,826)	(320,803)
General and administrative expenses	7	(178,979)	(178,640)
Net impairment losses on financial assets	4.2	(4,581)	(41,579)
Other income	8	24,675	8,160
Other losses, net	8	(2,897)	(3,092)
Operating profit		184,745	509,496
Finance income/(costs), net	9	7,407	(1,320)
Share of losses of investments accounted for using the equity method	15	(843)	(983)
Profit before income tax		191,309	507,193
Income tax expenses	10	(39,444)	(120,116)
Profit for the period attributable to equity holders of the Company		151,865	387,077
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic earnings per share	11	0.13	0.34
– Diluted earnings per share	11	0.13	0.34

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30,	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Profit for the period		151,865	387,077
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences from the Company		61,501	(10,729)
Changes in the fair value of equity investments at fair value through other comprehensive income	16	(27,269)	75,681
Other comprehensive income for the period, net of tax		34,232	64,952
Total comprehensive income attributable to equity holders of the Company		186,097	452,029

The accompanying notes on pages 35 to 80 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

	<i>Note</i>	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	21,352	27,230
Right-of-use assets	14	1,139	7,972
Intangible assets	13	4,993,366	5,062,928
Investments accounted for using the equity method	15	47,024	46,225
Financial assets at fair value through other comprehensive income	16	288,459	314,632
Financial assets at fair value through profit or loss	17	23,245	23,245
Deferred income tax assets	18	13,583	14,549
Prepayments, deposits and other receivables	20	–	4,750
		5,388,168	5,501,531
Current assets			
Inventories		44,643	35,049
Accounts receivable	19	534,955	909,862
Prepayments, deposits and other receivables	20	2,188,122	1,894,742
Prepaid income tax		19,822	–
Financial assets at fair value through profit or loss	17	74,355	93,306
Term deposit with original maturity over three months	21	385,621	50,051
Restricted bank deposits	21	110,451	23,805
Cash and cash equivalents	21	1,923,574	2,519,989
		5,281,543	5,526,804
Total assets		10,669,711	11,028,335
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	25	154	154
Reserves	26	8,296,218	8,249,153
Accumulated losses		(109,841)	(261,635)
Total equity		8,186,531	7,987,672

Interim Condensed Consolidated Statement of Financial Position

	<i>Note</i>	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>18</i>	119,797	132,016
		119,797	132,016
Current liabilities			
Borrowings	<i>22</i>	340,274	512,500
Lease liabilities	<i>14</i>	1,719	9,075
Accounts payable	<i>23</i>	304,344	293,372
Other payables, accruals and other liabilities	<i>24</i>	1,707,196	2,050,708
Current income tax liabilities		9,850	42,992
		2,363,383	2,908,647
Total liabilities		2,483,180	3,040,663
Total equity and liabilities		10,669,711	11,028,335

The accompanying notes on pages 35 to 80 form an integral part of the interim condensed consolidated financial information.

On behalf of the Board

ZHENG Zhihao

Executive Director and Chief Executive Officer

LI Li

Senior Financial Director

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at January 1, 2022		154	8,249,153	(261,635)	7,987,672
Comprehensive income					
Profit for the period		–	–	151,865	151,865
Other comprehensive income					
– Currency translation differences	26	–	61,501	–	61,501
– Changes in the fair value of equity investments at fair value through other comprehensive income	16	–	(27,269)	–	(27,269)
Total comprehensive income		–	34,232	151,865	186,097
– Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	16,26	–	71	(71)	–
Transactions with equity holders of the Company					
Issuance of new shares under share option scheme	25, 26	–	27	–	27
Share-based compensation expenses	27	–	12,735	–	12,735
Total transactions with equity holders of the Company		–	12,762	–	12,762
As at June 30, 2022		154	8,296,218	(109,841)	8,186,531

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at January 1, 2021		153	8,264,140	(641,234)	7,623,059
Comprehensive income					
Profit for the period		–	–	387,077	387,077
Other comprehensive income					
– Currency translation differences	26	–	(10,729)	–	(10,729)
– Changes in the fair value of equity investments at fair value through other comprehensive income	16	–	75,681	–	75,681
Total comprehensive income		–	64,952	387,077	452,029
– Transfer of gain upon disposal of equity investments at fair value through other comprehensive income to accumulated losses	26	–	(10,547)	10,547	–
Transactions with equity holders of the Company					
Issuance of new shares under share option scheme	25, 26	1	4,283	–	4,284
Share-based compensation expenses	27	–	28,020	–	28,020
Total transactions with equity holders of the Company		1	32,303	–	32,304
As at June 30, 2021		154	8,350,848	(243,610)	8,107,392

The accompanying notes on pages 35 to 80 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30,	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cash flows from operating activities			
Cash generated from operations		18,308	553,241
Interest paid	9	(7,093)	(17,398)
Income tax paid		(103,661)	(104,904)
Net cash (used in)/generated from operating activities		(92,446)	430,939
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(2,480)	(9,632)
Purchases of intangible assets	13	(73)	(107)
Proceeds from disposal of property, plant and equipment		–	74
Payments for financial assets at fair value through profit or loss	17	(13,560)	(698,427)
Payments for financial assets at fair value through other comprehensive income	16	(2,000)	–
Proceeds from disposals of financial assets at fair value through profit or loss	17	43,567	315,734
Proceeds from disposals of financial assets at fair value through other comprehensive income	16	2,929	20,255
Interest received	9	14,585	16,545
Advance of receivables from investments in movies and TV series		(4,176)	(160,579)
Repayment of receivables from investments in movies and TV series		808	50,238
Advance of loans to third parties		(7,884)	(26,884)
Repayment of loans to third parties		3,039	–
Proceeds from disposal of term deposit with original maturity over three months		–	(50,000)
Payments for term deposit with original maturity over three months	21	(335,570)	–
Dividend received	15	45	–
Proceeds from disposals of investments accounted for using the equity method	15	5,813	–
Payments for investments accounted for using the equity method	15	(7,500)	(9,500)
Net cash used in investing activities		(302,457)	(552,283)

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30,	
		2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cash flows from financing activities			
Proceeds from short-term borrowings	22	170,000	340,200
Repayments of short-term borrowings	22	(342,226)	(477,124)
Proceeds from loans from third parties		–	41,605
Repayment of loans from third party		(45,348)	–
Principal elements of lease payments	14	(7,441)	(11,251)
Decrease in restricted bank deposits		–	64,000
Increase in restricted bank deposits of borrowings as securities for bank borrowings	21	(36,000)	–
Issuance of new shares under share option scheme	25,26	27	4,284
Net cash used in financing activities		(260,988)	(38,286)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		2,519,989	2,140,149
Exchange gains/(losses) on cash and cash equivalents		59,476	(7,168)
Cash and cash equivalents at end of the period		1,923,574	1,973,351

The accompanying notes on pages 35 to 80 form an integral part of the interim condensed consolidated financial information.

Major non-cash transactions:

During the six months ended June 30, 2022, payables to certain third parties in respect of investments in certain movies and TV series amounting to approximately RMB51,888,000 were settled via offsetting the loans from the Group to these third parties, pursuant to offsetting arrangements between the Group and these third parties.

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.

Notes to the Interim Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Summary of significant accounting policies *(Continued)*

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:

		Effective for annual periods beginning on or after
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

2.3 Subsidiaries controlled through contractual arrangements

Maoyan Entertainment (HK) Limited (“Maoyan Entertainment HK”), the subsidiary of the Group, established Tianjin Maoyan Weying Technology Co., Ltd (the “WFOE”), has entered into the contractual arrangements (“Contractual Arrangements”) with Tianjin Maoyan Weying Cultural Media Co., Ltd. (“Tianjin Maoyan Weying”) and its registered shareholders, which enables the WFOE and the Group to:

- Exercise effective control over the Tianjin Maoyan Weying and its subsidiaries (the “Operating Entities”);
- Exercise equity holders’ voting rights of the Operating Entities;
- Receive substantially all of the economic interests and returns generated by the Operating Entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE’s discretion;

Notes to the Interim Condensed Consolidated Financial Information

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Subsidiaries controlled through contractual arrangements *(Continued)*

- Obtain an irrevocable and exclusive right to purchase all equity interests in Tianjin Maoyan Weying from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Tianjin Maoyan Weying shall return the amount of purchase consideration they have received to the WFOE. At the WFOE's request, the registered shareholders of Tianjin Maoyan Weying will promptly and unconditionally transfer their respective equity interests of Tianjin Maoyan Weying to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- Obtain pledges over the entire equity interests in Tianjin Maoyan Weying from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Operating Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Operating Entities and has the ability to affect those returns through its power over the Operating Entities and is considered to control the Operating Entities. Consequently, the Company regards the Operating Entities as controlled structure entities and consolidated the financial position and results of operations of these entities in the condensed consolidated financial statements of the Group during the six months ended June 30, 2022 and consolidated financial statements of the Group during the years ended December 31, 2021.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The Directors of the Group, based on the advice of its legal counsel, consider that the use of Contractual Arrangements does not constitute a breach of relevant laws and regulations.

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.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the 2021 Financial Statements.

There have been no material changes in the risk management policies since December 31, 2021.

4.2 Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted bank deposits and term deposit with original maturity over three months placed with banks and financial institutions as well as accounts receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk management

To manage risk arising from cash and cash equivalents, restricted bank deposits and term deposit with original maturity over three months, the Group only transacts with state-owned or reputable financial institutions in Hong Kong and mainland China. There has been no recent history of default in relation to these financial institutions. The Group has large number of debtors and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

(b) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted bank deposits and term deposit with original maturity over three months
- Accounts receivables
- Other receivables

While cash and cash equivalents, restricted bank deposits and term deposit with original maturity over three months are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as they were placed in reputable institutions in Hong Kong and mainland China with sound credit ratings.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Accounts receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on share credit risk characteristics and the days past due.

The expected loss rates are based on the aging profiles of accounts receivables over a period of 48 months before the June 30, 2022 or January 1, 2022 respectively and the corresponding historical credit losses expected within this period. These historical loss rates are then adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified the “urban per capita disposable income” of the PRC in which it sells its services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor in different scenarios.

On such basis, the loss allowance as at June 30, 2022 and December 31, 2021 was determined as follows for accounts receivables:

	Current RMB'000	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
As at June 30, 2022 (Unaudited)						
On collective basis						
Expected loss rate	8.98%	10.80%	18.72%	32.54%	74.73%	17.62%
Gross carrying amount	184,755	246,171	124,293	53,064	41,092	649,375
Loss allowance provision	16,593	26,588	23,263	17,269	30,707	114,420
On individual basis						
Expected loss rate	–	–	–	–	100.00%	100.00%
Gross carrying amount	–	–	–	–	87,872	87,872
Loss allowance provision	–	–	–	–	87,872	87,872

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Accounts receivables (Continued)

	Current RMB'000	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
As at December 31, 2021 (Audited)						
On collective basis						
Expected loss rate	6.93%	7.60%	13.72%	21.84%	72.39%	9.81%
Gross carrying amount	886,524	46,090	26,044	11,564	38,658	1,008,880
Loss allowance provision	61,430	3,505	3,573	2,525	27,985	99,018
On individual basis						
Expected loss rate	-	-	-	-	100.00%	100.00%
Gross carrying amount	-	-	-	-	99,711	99,711
Loss allowance provision	-	-	-	-	99,711	99,711

The loss allowances for accounts receivables as at June 30, 2022 and December 31, 2021, reconcile to the opening loss allowances as follows:

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
At the beginning of the period/year	198,729	172,807
Provision for the period/year	3,563	54,117
Write-offs	-	(28,195)
At the end of the period/year	202,292	198,729

Accounts receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables

Other receivables primarily comprise balances resulted from the Group's principal activities with various business partners primarily in the PRC entertainment industry. The impairment loss of these financial assets carried at amortized cost is measured based on the twelve months expected credit loss. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Under such case, the other receivables are classified as stage 2 and subject to lifetime expected losses provision. When the other receivables became past due for more than 90 days, they are treated as credit-impaired and therefore classified as stage 3.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where other receivables have been written off, the Company continues to engage in follow-up actions such as enforcement activities to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies including Moody's.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model on other receivables is as follows:

Category	The Group's definition of category	Basis for recognition of expected credit loss provision
Stage 1	Other receivables whose credit risk is in line with original expectations and/or past due for less than 30 days.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	Other receivables for which a significant increase has occurred compared to original expectations; A significant increase in credit risk is presumed if interest and/or principal repayments are past due for more than 30 days but less than 90 days.	Lifetime expected losses
Stage 3	Interest and/or principal repayments are more than 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables (Continued)

As at June 30, 2022, the Group provides for expected credit losses against other receivables as follows:

As at June 30, 2022				
Gross carrying amount	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Deposits and receivables for online entertainment ticketing, e-commerce and other services	353,085	2,658	252,494	608,237
Amounts due from related parties	223,996	–	4,727	228,723
Receivables for investments in movies and TV series	17,340	–	57,057	74,397
Loans to third parties	37,500	–	85,407	122,907
Others	23,427	–	26,113	49,540
	655,348	2,658	425,798	1,083,804
Loss allowance	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Deposits and receivables for online entertainment ticketing, e-commerce and other services	1,077	76	252,442	253,595
Amounts due from related parties	301	–	4,727	5,028
Receivables for investments in movies and TV series	226	–	57,057	57,283
Loans to third parties	12,101	–	85,407	97,508
Others	237	–	26,113	26,350
	13,942	76	425,746	439,764
Expected credit loss rate	2.13%	2.86%	99.99%	40.58%

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables (Continued)

As at December 31, 2021, the Group provides for expected credit losses against other receivables as follows:

As at December 31, 2021

Gross carrying amount	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Deposits and receivables for online entertainment ticketing, e-commerce and other services	346,288	–	254,213	600,501
Loans to third parties	91,424	–	78,526	169,950
Receivables for investments in movies and TV series	21,330	–	49,699	71,029
Amounts due from related parties	62,240	–	22,814	85,054
Others	19,311	–	30,855	50,166
	540,593	–	436,107	976,700
Loss allowance	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Deposits and receivables for online entertainment ticketing, e-commerce and other services	2,340	–	252,533	254,873
Loans to third parties	1,204	–	78,526	79,730
Receivables for investments in movies and TV series	487	–	49,699	50,186
Amounts due from related parties	117	–	22,814	22,931
Others	171	–	30,855	31,026
	4,319	–	434,427	438,746
Expected credit loss rate	0.80%	–	99.61%	44.92%

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.2 Credit risk (Continued)

(b) Impairment of financial assets (Continued)

Other receivables (Continued)

The loss allowances for other receivables as at June 30, 2022 and December 31, 2021, reconcile to the opening loss allowances as follows:

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
At the beginning of the period/year	438,746	298,803
Provision for the period/year	1,018	139,943
At the end of the period/year	439,764	438,746

As at June 30, 2022, the maximum credit risk exposure of other receivables amounted to approximately RMB1,083,804,000 (as at December 31, 2021: approximately RMB976,700,000).

4.3 Liquidity risk

Compared to the year ended December 31, 2021, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The Group exercises prudent liquidity risk management by maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors of the Company, the Group does not have any significant liquidity risk.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by the levels of inputs to valuation techniques. The inputs to valuation techniques are categorised into three levels within a fair value hierarchy, as follows:

- Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on observable market data that is, unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value as at June 30, 2022.

(Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
Investments in movies and TV series	–	–	74,355	74,355
Unlisted investments	–	–	23,245	23,245
	–	–	97,600	97,600
Financial assets at fair value through other comprehensive income				
Listed investments	234,885	–	–	234,885
Unlisted investments	–	–	53,574	53,574
	234,885	–	53,574	288,459

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.4 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value as at December 31, 2021.

(Audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
Investments in movies and TV series	–	–	93,306	93,306
Unlisted investments	–	–	23,245	23,245
	–	–	116,551	116,551
Financial assets at fair value through other comprehensive income				
Listed investments	240,931	–	–	240,931
Unlisted investments	–	–	73,701	73,701
	240,931	–	73,701	314,632

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.4 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

During the six months ended June 30, 2022 and the year ended December 31, 2021, there was no transfer between level 1, 2 and 3 for recurring fair value measurements.

Valuation processes of the Group (Level 3)

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. On a semi-annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments.

The components of the level 3 instruments mainly include investments in investments in movies and TV series and unlisted investments. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach and comparable transactions approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimates of weighted average cost of capital (WACC), recent market transactions, discount for lack of marketability and other exposure etc. The fair value of these instruments determined by the Group requires significant judgement, including the likelihood of non-performing by the investee company, financial performance of the investee company, market value of comparable companies as well as discount rate, etc.

The investments in movies and TV series mainly represent the investments in certain movies and TV series. The Group used discounted cash flows approach to evaluate the fair value of the investments in movies and TV series as at June 30, 2022. Based on the Group's evaluation, fair value gains of the investments amounting to approximately RMB11,056,000 (during the six months ended June 30, 2021: fair value losses of the investments amounting to approximately RMB8,297,000) had been recognized under "revenue" for the six months ended June 30, 2022 (Note 6).

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

4.4 Fair value estimation (Continued)

Valuation processes of the Group (Level 3) (Continued)

The unlisted investments represent the investments in certain privately owned companies. The Group used discounted cash flows approach to evaluate the fair value of the unlisted investments as at June 30, 2022. Besides, management is of the view that there is no significant change in fair value of the unlisted investments which are acquired close to June 30, 2022 during the six months ended June 30, 2022, unless there is available information about latest round of financing.

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted bank deposits, term deposit with original maturity over three months, accounts receivable, other receivables, accounts payable, other payables and borrowings approximate to their fair values due to their short maturities.

5 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.

Notes to the Interim Condensed Consolidated Financial Information

6 REVENUE

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue from contracts with customers under IFRS 15		
Online entertainment ticketing services	592,299	1,013,475
Entertainment content services	522,345	668,364
Advertising services and others	65,693	126,248
	1,180,337	1,808,087
Income/(loss) from movies and TV series investments (<i>Note 17(a)</i>)	11,056	(8,297)
Total revenue	1,191,393	1,799,790

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue at a point in time	613,620	1,041,277
Revenue over time	566,717	766,810
Total revenue (excluding income/(loss) from movies and TV series investments)	1,180,337	1,808,087

Notes to the Interim Condensed Consolidated Financial Information

7 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 13)	69,635	70,489
Content production cost	60,910	41,387
Share-based compensation expenses (Note 27)	12,735	28,020
Depreciation of property, plant and equipment (Note 13)	8,227	10,853
Tax and levies	7,911	7,318
Depreciation of right-of-use assets (Note 14)	6,833	6,834
Rental expense for short-term and low-value leases (Note 14)	3,342	2,055
Other expenses	78,101	88,880
Total cost of revenue, selling and marketing expenses and general and administrative expenses	1,023,845	1,253,783

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).

Notes to the Interim Condensed Consolidated Financial Information

8 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Other income		
Government subsidies	20,321	2,214
Tax credit of input tax additional deduction	4,354	5,946
	24,675	8,160
Other losses, net		
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 and loss	–	3,277
Loss on disposal of intangible assets (<i>Note 13</i>)	–	(1,746)
	(2,897)	(3,092)

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.

Notes to the Interim Condensed Consolidated Financial Information

9 FINANCE INCOME/(COSTS), NET

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Finance income:		
– Interest income from bank deposits	14,585	16,545
Finance costs:		
– Interest expense on bank borrowings	(7,093)	(17,398)
– Unwinding of interests on lease liabilities (Note 14)	(85)	(467)
Finance income/(costs), net	7,407	(1,320)

10 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 (Note 18)	(11,253)	(12,145)
Income tax expenses	39,444	120,116

Notes to the Interim Condensed Consolidated Financial Information

11 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)	151,865	387,077
Weighted average number of ordinary shares outstanding (thousand)	1,119,232	1,118,298
Weighted average number of vested restricted shares outstanding (thousand)	23,529	21,333
Total weighted average number of shares outstanding (thousand)	1,142,761	1,139,631
Basic earnings per share (in RMB)	0.13	0.34

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.

Notes to the Interim Condensed Consolidated Financial Information

11 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

	Six months ended June 30,	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	151,865	387,077
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)	1,762	3,427
Weighted average number of shares for diluted earnings per share (thousand)	1,144,981	1,144,411
Diluted earnings per share (in RMB)	0.13	0.34

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 (Note 27). 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.

12 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).

Notes to the Interim Condensed Consolidated Financial Information

13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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.

Notes to the Interim Condensed Consolidated Financial Information

14 LEASES

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

Right-of-use assets

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

Lease liabilities

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

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

Notes to the Interim Condensed Consolidated Financial Information

14 LEASES (Continued)

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

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Depreciation of right-of-use assets (Note 7)	6,833	6,834
Rental expenses for short-term and low-value leases (Note 7)	3,342	2,055
Unwinding of interests on lease liabilities (Note 9)	85	467

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
At the beginning of the period	46,225	37,121
Additions	7,500	9,500
Disposals	(5,813)	–
Share of losses	(843)	(983)
Dividend received	(45)	–
At the end of the period	47,024	45,638

Notes to the Interim Condensed Consolidated Financial Information

16 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 (a)	(2,929)	(20,255)
Changes in fair value	(27,269)	75,681
Currency translation differences	2,025	(3,482)
At the end of the period	288,459	368,209

(a) During the six months ended June 30, 2022, the Group disposed an investment in an unlisted company at a consideration of approximately RMB2,929,000 and realised a loss of approximately RMB71,000 which was transferred to retained earnings (Note 26).

17 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
Current assets		
Investments in movies and TV series (a)	74,355	93,306
Non-current assets		
Investments in unlisted investments (b)	23,245	23,245
	97,600	116,551

Notes to the Interim Condensed Consolidated Financial Information

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(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 6)	11,056	(8,297)
At the end of the period	74,355	178,771

(b) Unlisted investments

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

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Total gross deferred tax assets	13,583	14,549
Offsetting	–	–
Net deferred income tax assets	13,583	14,549
– to be recovered within 12 months	–	–
– to be recovered after 12 months	13,583	14,549
	13,583	14,549
Total gross deferred tax liabilities	119,797	132,016
Offsetting	–	–
Net deferred income tax liabilities	119,797	132,016
– to be recovered within 12 months	24,439	24,439
– to be recovered after 12 months	95,358	107,577
	119,797	132,016
Deferred tax liabilities, net	(106,214)	(117,467)

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities during the six months ended June 30, 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Impairment of accounts receivables and other receivables RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2021	13,305	1,244	14,549
Credit to consolidated statement of comprehensive income	(1,092)	–	(1,092)
As at June 30, 2021 (Unaudited)	12,213	1,244	13,457
As at January 1, 2022	13,305	1,244	14,549
Credit to consolidated statement of comprehensive income	(966)	–	(966)
As at June 30, 2022 (Unaudited)	12,339	1,244	13,583

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX (Continued)

Deferred tax liabilities

	Change in fair value of financial assets at fair value through profit or loss RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
As at January 1, 2021	2,620	156,455	159,075
Credit to consolidated statement of comprehensive income	(1,017)	(12,220)	(13,237)
As at June 30, 2021 (Unaudited)	1,603	144,235	145,838
As at January 1, 2022	–	132,016	132,016
Credit to consolidated statement of comprehensive income	–	(12,219)	(12,219)
As at June 30, 2022 (Unaudited)	–	119,797	119,797

Notes to the Interim Condensed Consolidated Financial Information

19 ACCOUNTS RECEIVABLE

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Related parties (<i>Note 29</i>)	260,828	294,391
Third parties	476,419	814,200
	737,247	1,108,591
Less: allowance for impairment (<i>Note 4.2(b)</i>)	(202,292)	(198,729)
	534,955	909,862

- (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
	737,247	1,108,591

Notes to the Interim Condensed Consolidated Financial Information

20 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 (Note 29)	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
	2,741,354	2,451,706
Less: non-current portion	–	(4,750)
	2,741,354	2,446,956
Less: impairment for financial assets at amortised cost (Note 4.2(b))	(439,764)	(438,746)
Less: impairment for prepayments (c)	(113,468)	(113,468)
	2,188,122	1,894,742

- (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.

Notes to the Interim Condensed Consolidated Financial Information

21 CASH AND CASH EQUIVALENTS, TERM DEPOSIT WITH ORIGINAL MATURITY OVER THREE MONTHS, AND RESTRICTED BANK DEPOSITS

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Cash and bank balances	2,419,646	2,593,845
Restricted bank deposits (a)	(110,451)	(23,805)
Term deposit with original maturity over three months (b)	(385,621)	(50,051)
Cash and cash equivalents	1,923,574	2,519,989
Maximum exposure to credit risk	2,419,646	2,593,845

(a) As at June 30, 2022, the restricted bank deposits of approximately RMB59,600,000 (as at December 31, 2021: 23,600,000) were held by the accounts as securities for bank borrowings (Note 22). The restricted bank deposits of approximately RMB50,851,000 (as at December 31, 2021: 205,000) represent cash received from customers and reserved in a bank supervised account for payments to cinemas.

(b) As at June 30, 2022, the term deposits with original maturity over three months carried the interest rates of 1.10% to 3.50% per annum.

22 BORROWINGS

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

Notes to the Interim Condensed Consolidated Financial Information

22 BORROWINGS (Continued)

- (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.

23 ACCOUNTS PAYABLE

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

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
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
	304,344	293,372

Notes to the Interim Condensed Consolidated Financial Information

24 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
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 (<i>Note 29</i>)	116,639	82,404
Payroll and welfare payable	90,192	112,719
Loans from third parties (<i>a</i>)	43,396	84,526
Other tax liabilities	5,145	8,325
Others	15,017	30,350
	1,707,196	2,050,708

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

Notes to the Interim Condensed Consolidated Financial Information

25 SHARE CAPITAL

(Unaudited)	Number of ordinary shares	Number of ordinary shares pursuant to restricted share agreement	Total number of shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000
Issued and fully paid:					
As at January 1, 2021	1,116,432,786	20,044,581	1,136,477,367	22.60	153
Restricted shares vested	–	2,240,422	2,240,422	0.04	–
Issuance of new shares under share option scheme	2,502,788	–	2,502,788	0.05	1
As at June 30, 2021	1,118,935,574	22,285,003	1,141,220,577	22.69	154

(Unaudited)	Number of ordinary shares	Number of ordinary shares pursuant to restricted share agreement	Total number of shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000
Issued and fully paid:					
As at January 1, 2022	1,119,020,644	22,599,603	1,141,620,247	22.83	154
Restricted shares vested	–	1,702,778	1,702,778	0.03	–
Issuance of new shares under share option scheme	331,400	–	331,400	0.01	–
As at June 30, 2022	1,119,352,044	24,302,381	1,143,654,425	22.87	154

Notes to the Interim Condensed Consolidated Financial Information

26 RESERVES

(Unaudited)	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Convertible bonds RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2021	2,356,598	5,592,299	(8,613)	(43,398)	(3,676)	379,330	(8,400)	8,264,140
Issuance of new shares under share option scheme	37,100	-	-	-	-	(32,817)	-	4,283
Issuance of new shares under RSU Scheme	22,882	-	-	-	-	(22,882)	-	-
Currency translation difference	-	-	(10,729)	-	-	-	-	(10,729)
Changes in the financial assets at fair value through other comprehensive income	-	-	-	75,681	-	-	-	75,681
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	-	-	-	(10,547)	-	-	-	(10,547)
Share-based compensation expenses	-	-	-	-	-	28,020	-	28,020
As at June 30, 2021	2,416,580	5,592,299	(19,342)	21,736	(3,676)	351,651	(8,400)	8,350,848

Notes to the Interim Condensed Consolidated Financial Information

26 RESERVES (Continued)

(Unaudited)	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	Financial assets at fair value	Convertible bonds RMB'000	Share-based compensation	Other reserves RMB'000	Total RMB'000
				through other comprehensive income RMB'000		reserve RMB'000		
As at January 1, 2022	2,420,850	5,592,299	(60,577)	(44,122)	(3,676)	352,779	(8,400)	8,249,153
Issuance of new shares under share option scheme	4,282	-	-	-	-	(4,255)	-	27
Issuance of new shares under RSU Scheme	17,105	-	-	-	-	(17,105)	-	-
Currency translation difference	-	-	61,501	-	-	-	-	61,501
Changes in the financial assets at fair value through other comprehensive income	-	-	-	(27,269)	-	-	-	(27,269)
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to accumulated losses	-	-	-	71	-	-	-	71
Share-based compensation expenses	-	-	-	-	-	12,735	-	12,735
As at June 30, 2022	2,442,237	5,592,299	924	(71,320)	(3,676)	344,154	(8,400)	8,296,218

Notes to the Interim Condensed Consolidated Financial Information

27 SHARE INCENTIVE PLAN

The share-based compensation expenses recognized during six months ended June 30, 2022 and 2021 are summarized in the following table:

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Share-based compensation expenses	12,735	28,020

(a) ESOP Plan of the Company

In order to provide incentives and rewards to directors, senior management and employees of the Group and other eligible individuals and entities, the Company adopted the ESOP Plan on July 23, 2018. The ESOP Plan include Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and the Post-IPO RSU Scheme.

The total number of shares issued or issuable pursuant to the ESOP Plan shall not be more than 117,033,705 shares of the Company, representing approximately 10.2% of the total issued share capital of the Company as at June 30, 2022, out of which, the maximum number of shares that may be issued upon exercise of all options granted and to be granted under the Pre-IPO Share Option Scheme shall be no more than 42,544,600 shares, and the total number of shares which may be issued upon exercise of options that may be granted under the Post-IPO Share Option Scheme and the RSU Scheme shall not exceed 55,211,880 shares in aggregate.

Notes to the Interim Condensed Consolidated Financial Information

27 SHARE INCENTIVE PLAN (Continued)

(a) ESOP Plan of the Company (Continued)

(i) Pre-IPO Share Option Scheme

Movements of Pre-IPO share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price	Number of share options of the Company
(Audited)		
Outstanding balance as at January 1, 2021	RMB10.4740	20,751,861
Exercised	RMB0.9324	(2,422,264)
Lapsed	RMB12.5953	(574,470)
Forfeited	RMB6.9346	(307,613)
Outstanding balance as at January 1, 2022	RMB11.7912	17,447,514
(Unaudited)		
Exercised	RMB0.0869	(331,400)
Lapsed	RMB2.2271	(342,876)
Forfeited	RMB1.0888	(36,627)
Outstanding balance as at June 30, 2022	RMB12.2423	16,736,611

During the six months ended June 30, 2022, the market prices of the Company's shares as at the dates of exercise ranges from RMB5.28 per share to RMB6.84 per share (during the year ended December 31, 2021: RMB7.08 per share to RMB15.03 per share).

As at June 30, 2022, out of 16,736,611 share options, 14,560,734 share options were vested and exercisable.

Notes to the Interim Condensed Consolidated Financial Information

27 SHARE INCENTIVE PLAN (Continued)

(a) ESOP Plan of the Company (Continued)

(ii) Post-IPO Share Option Scheme

Movements of Post-IPO share options outstanding and their related exercise prices are as follows:

	Average exercise prices	Number of share options of the Company (after Subdivision)
(Audited)		
Outstanding balance as at January 1, 2021	RMB11.4571	5,825,825
Granted	RMB10.9930	15,066,000
Exercised	RMB12.8424	(165,594)
Lapsed	RMB12.5480	(321,267)
Forfeited	RMB12.1281	(623,965)
Outstanding balance as at January 1, 2022	RMB11.0514	19,780,999
(Unaudited)		
Lapsed	RMB12.5905	(269,777)
Forfeited	RMB10.9741	(4,006,485)
Outstanding balance as at June 30, 2022	RMB11.0446	15,504,737

During the six months ended June 30, 2022, the market prices of the Company's shares as at the dates of exercise ranges from RMB5.28 per share to RMB6.84 per share (during the year ended December 31, 2021: RMB7.08 per share to RMB15.03 per share).

As at June 30, 2022, out of 15,504,737 share options, 5,429,918 share options were vested and exercisable.

Notes to the Interim Condensed Consolidated Financial Information

27 SHARE INCENTIVE PLAN (Continued)

(a) ESOP Plan of the Company (Continued)

(iii) Fair value of options

The group used the Binomial Model and Monte Carlo Model to estimate the fair value of the options as at the respective grant dates during the prior financial years. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at June 30, 2022 and December 31, 2021, the Expected Retention Rate was assessed to be 85.5% and 95.0%, respectively.

(iv) Post-IPO RSU Scheme

On May 1, 2022, the board of directors of the Company resolved to grant a total of 200,000 restricted share units under RSU Scheme to employees of the Group. A total of 100,000, 50,000 and 50,000 of the restricted shares will vest on May 1, 2024, May 1, 2025 and May 1, 2026 respectively, subject to the accomplishment of certain service conditions. The fair value of the restricted shares amounted to RMB1,043,000 and was determined with reference to the share price of the Company on May 3, 2022 of HKD6.10 (equivalent to RMB5.22).

Movements of the Post-IPO RSU granted are as follows:

	Fair value	Number of shares (after Subdivision)
(Audited)		
Outstanding balance as at January 1, 2021	RMB10.0733	11,814,016
Granted	RMB8.6484	1,963,478
Vested	RMB10.2043	(2,555,022)
Forfeited	RMB10.2394	(4,006,498)
Outstanding balance as at January 1, 2022	RMB9.5469	7,215,974
(Unaudited)		
Granted	RMB5.2167	200,000
Vested	RMB10.0434	(1,702,778)
Forfeited	RMB10.7553	(710,462)
Outstanding balance as at June 30, 2022	RMB9.0332	5,002,734

Notes to the Interim Condensed Consolidated Financial Information

28 CAPITAL COMMITMENTS

As at June 30, 2022, capital expenditure contracted for but not yet incurred by the Group amounted to approximately RMB532,538,000 with respect to investments in certain movies and TV series.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Name of the related parties	Nature of relationship
Meituan and its subsidiaries (collectively “Meituan Group”)	One of the Company’s shareholders
Enlight Holdings Limited and Beijing Enlight Media Co., Ltd. and their subsidiaries (collectively “Enlight Group”)	One of the Company’s shareholders
Tencent Holdings Limited and its subsidiaries (collectively “Tencent Group”)	One of the Company’s shareholders
Beijing Yaoying Movie Distribution Co., Ltd. (“Beijing Yaoying”)	The associate of the Group
Shanghai Mila Television Culture Media Co., Ltd. (“Shanghai Mila”)	The associate of the Group
Shanghai Chengxin Television Media Co., Ltd. (“Shanghai Chengxin”)	The associate of the Group
Hangzhou Guanghe Zhizao Food Technology Co., Ltd. (“Hangzhou Guanghe”)	The associate of the Group

Save as disclosed elsewhere in the interim condensed consolidated financial information, the following significant transactions were carried out between the Group and its related parties during the six months ended June 30, 2022. In the opinion of the Company’s directors, the following related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

- (a) In May 2016, the Group entered into a strategic cooperation agreement and formed a strategic partnership with the shareholder, Meituan. As part of the strategic partnership, Meituan and the Group agreed to cooperate in a number of areas with no charge. The strategic cooperation agreement has a original term of five years and was subsequently extended to September 2022, and applies within the PRC.

Notes to the Interim Condensed Consolidated Financial Information

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Revenue from transactions with related parties

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Tencent Group	14,952	7,708
Enlight Group	10,207	15,040
Meituan Group	627	–
Shanghai Chengxin	–	6,814
	25,786	29,562

(c) Purchase of services

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Meituan Group	88,260	98,732
Tencent Group	19,721	40,968
Enlight Group	566	2,154
Hangzhou Guanghe	91	–
	108,638	141,854

(d) Movie cards consideration received on behalf of the Group

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Enlight Group	1,243	1,473
Meituan Group	890	435
Tencent Group	175	541
	2,308	2,449

Notes to the Interim Condensed Consolidated Financial Information

29 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(e) Balances with related parties

	As at June 30, 2022 (Unaudited) RMB'000	As at December 31, 2021 (Audited) RMB'000
Receivables from related parties		
– Accounts receivable		
Tencent Group	231,273	284,477
Shanghai Chengxin	21,641	3,554
Enlight Group	7,658	6,041
Beijing Yaoying	256	319
Meituan Group	–	–
	260,828	294,391
Less: allowance for impairment	(33,931)	(23,535)
	226,897	270,856
– Prepayments, deposits and other receivables		
Meituan Group	191,230	42,740
Tencent Group	17,766	8,000
Hangzhou Guanghe	15,000	11,500
Shanghai Mila	4,717	4,717
Enlight Group	10	10
Shanghai Chengxin	–	18,087
	228,723	85,054
Less: allowance for impairment	(5,028)	(22,931)
	223,695	62,123
Payables to related parties		
– Account payables		
Tencent Group	9,654	4,880
Enlight Group	–	181
	9,654	5,061
– Other payables, accruals and other liabilities		
Meituan Group	81,774	48,880
Enlight Group	20,703	22,215
Tencent Group	14,162	11,309
	116,639	82,404

Notes to the Interim Condensed Consolidated Financial Information

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(f) Key management compensation

	Six months ended June 30,	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Share-based compensation expenses	5,204	20,745
Wages, salaries and bonuses	3,238	2,785
Welfare, medical and other expenses	39	34
Contributions to pension plans	22	18
	8,503	23,582

30 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING CULTURAL MEDIA CO., LTD.

As disclosed in Note 2.3, Tianjin Maoyan Weying is a PRC Subsidiary Controlled by the Group through Contractual Arrangements. Beijing Shiji Weying Culture Development Co., Ltd. (“Weying Culture”) is a registered shareholder of Tianjin Maoyan Weying and holds approximately 26.9% equity interests (the “Equity Interests”) of Tianjin Maoyan Weying. As at June 30, 2022, the Equity Interests were frozen due to the following case:

Notes to the Interim Condensed Consolidated Financial Information

30 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING CULTURAL MEDIA CO., LTD. (Continued)

Beijing Weying Shidai Technology Co., Ltd. (“Weying Technology”), an affiliated company of Weying Culture, which transferred the Equity Interests to Weying Culture in 2018 for preparation the listing of the company (the “Transfer”). Prior to the Transfer, Weying Technology originally entered into contractual agreements with the WFOE, Tianjin Maoyan Weying and its registered shareholders in July 2018. Subsequent to the Transfer, Weying Culture signed the contractual agreements in August 2018 as part of the Contractual Arrangements as disclosed in Note 2.3.

Since Weying Technology was involved in certain debt disputes involving approximately USD6,058,000 with a creditor who initiated lawsuits with Weying Technology as defendant, a court in the PRC issued a civil paper (Document 2021 Jing 04 Zhi 480) (“Civil Paper 480”), pursuant to which the Equity Interests were frozen for the purpose of cancelling the Transfer and transferring the Equity Interests back to Weying Technology.

During the six months ended June 30, 2022, Weying Culture and Weying Technology have entered into settlement agreement with the debtor and are in the process of settling the debt in dispute. As at June 30, 2022 and the approval date of this Interim Financial Information, the Equity Interests are remained frozen by this case.

In response to the above case, Weying Culture and Weying Technology co-issued a letter of confirmation (the “Confirmation”) to Tianjin Maoyan Weying and WFOE, pursuant to which they agreed to comply and fulfil all the terms and conditions, responsibilities and obligations under the contractual agreements including but not limited to fully cooperating when WFOE exercises its irrevocable and exclusive right to purchase the Equity Interests, or transfer the Equity Interests to WFOE’s assignee at WFOE’s request.

The directors of the Company, based on the advice of its PRC legal advisors, considered that the Contractual Arrangements disclosed in the Note 2.3 and the Confirmation are in compliance with relevant PRC laws and regulations and are legally binding and enforceable. There is no significant impact to the consolidation of Tianjin Maoyan Weying.

31 CONTINGENCIES

The Group had no material contingent liabilities as at June 30, 2022 and December 31, 2021.

32 SUBSEQUENT EVENT

No significant events took place after June 30, 2022.

Definition and Glossary

Unless the context otherwise requires, the following expressions in this Interim Report shall have the following meanings:

“Adoption Date”	July 23, 2018, the date on which the Company adopted the ESOP Plan
“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 transferring the frozen equity interests to the WFOE’s assignee at the WFOE’s request
“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
“Enlight Holding”	Enlight Holdings Limited (光線控股有限公司), one of our Pre-IPO Investors and one of the registered shareholders of Tianjin Maoyan Weying
“Enlight Media”	Beijing Enlight Media Co., Ltd. (北京光線傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300251), one of our Pre-IPO Investors and one of the registered shareholders of Tianjin Maoyan Weying
“ESOP Plan”	a series of employee incentive scheme adopted by the Company on July 23, 2018, including Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, RSU Scheme and Restricted Share Agreement

Definition and Glossary

“GMV”	the value of paid transactions on our platform, including the service fees and without regard to any refunds
“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 Date”	February 4, 2019, the date on which the Shares became listed on the Main Board of the Stock Exchange
“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
“Meituan”	Meituan (美團) (HKEx Stock Code: 3690), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 15, 2015, or Meituan Dianping and its subsidiaries and consolidated affiliated entities, as the case may be
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Post-IPO Share Option Scheme”	the post-IPO share option scheme of our Company as approved on July 23, 2018, which was adopted by the Company to provide incentives and rewards to individuals and/or entities for their contribution
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this interim report only, unless the context otherwise requires, excludes Hong Kong, Macau Special Administrative Region and Taiwan

Definition and Glossary

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of our Company as approved on July 23, 2018, which was adopted by the Company as a continuation and restructuring of the employee share incentive scheme originally adopted by Tianjin Maoyan Weying on November 8, 2016
“Prospectus”	the prospectus of the Company dated January 23, 2019
“Remuneration Committee”	the remuneration committee of the Company
“Reorganization”	the offshore and onshore reorganization as set out in section headed “History and Reorganization – Reorganization” of the Prospectus
“Reporting Period”	the six months ended June 30, 2022
“Restricted Share Agreement”	the restricted share agreement entered into among the Company, Mr. Zheng Zhihao and Rhythm Brilliant Limited, a wholly-owned subsidiary of Mr. Zheng Zhihao, on July 23, 2018 to recognize and reward the contribution of Mr. Zheng Zhihao to the Group
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	The RSU Scheme of our Company as approved on July 23, 2018, which was adopted by the Company to reward participants for their contribution to the Group and attract best available personnel
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)
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
“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, which is a Consolidated Affiliated Entity and a holding company of all the other Consolidated Affiliated Entities of our Group

Definition and Glossary

“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 incorporated under the laws of the PRC with limited liability, and/or its subsidiaries, as the case may be
“%”	per cent



Maoyan Entertainment

貓眼娛樂