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Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board of directors (the “**Board**”) of Maoyan Entertainment (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and the Consolidated Affiliated Entities (the “**Group**”) for the six months ended June 30, 2024. The results have been reviewed by the Audit Committee, together with the management of the Company and the Auditor.

PERFORMANCE HIGHLIGHTS

	Six Months ended June 30,		Year-on-year change %
	2024	2023	
	RMB million	RMB million	
	(Unaudited)	(Unaudited)	
Revenue	2,170.9	2,196.9	(1.2)
Gross profit	1,156.2	1,101.2	5.0
Operating profit	406.9	518.4	(21.5)
Profit for the period	284.8	405.2	(29.7)
Adjusted EBITDA	489.7	584.4	(16.2)
Adjusted net profit ^(Note)	351.8	455.7	(22.8)

Note: In the first half of 2024 and 2023, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

FINANCIAL HIGHLIGHTS

Our revenue remained stable with a slight decrease from RMB2,196.9 million in the first half of 2023 to RMB2,170.9 million in the first half of 2024. Our gross profit increased from RMB1,101.2 million in the first half of 2023 to RMB1,156.2 million in the first half of 2024. Net profit for the period in the first half of 2024 was RMB284.8 million, as compared to net profit for the period of RMB405.2 million in the first half of 2023. Our adjusted EBITDA for the period in the first half of 2024 was RMB489.7 million, compared to adjusted EBITDA of RMB584.4 million in the first half of 2023; our adjusted net profit^(Note) in the first half of 2024 was RMB351.8 million, compared to adjusted net profit^(Note) of RMB455.7 million in the first half of 2023.

BUSINESS REVIEW

According to the data of Maoyan Pro (貓眼專業版), the Chinese Mainland's total box office (including service fees) in the first half of 2024 was RMB23.903 billion, representing a year-over-year decrease of 9.02%. Among the year's various promotional seasons, box office performance during some periods such as New Year's Day season, Spring Festival season and Qingming Festival season, exceeded that of the same periods last year. According to the National Performance Market Development Briefing for the First Half of 2024 (《2024年上半年全國演出市場發展簡報》) released by the China Association of Performing Arts (中國演出行業協會), the box office revenue of commercial performances nationwide in the first half of 2024 was RMB19.016 billion, representing a year-over-year increase of 13.24%, and audience size increased by 27.10% year-over-year.

During the Reporting Period, the number of released movies in which the Company was involved and their box office performance remained at the forefront of the industry. The Company also maintained its leading edge in terms of its distribution and promotion service capacities and market coverage. Project reserves were abundant, and the Company continued to optimize its revenue structure and record profits.

Entertainment Content Services

As a leading film promoter and distributor in China, we continued to actively participate in the distribution/production of domestic movies, providing a wide range of services for an increasing number of movies. During the Reporting Period, we participated in the distribution/production of 32 domestic movies, with the number of movies increasing compared to the corresponding period in the previous years. Among the top five domestic movies in terms of box office in the first half of the year, we were involved in the distribution/production of four.

Note: In the first half of 2024 and 2023, 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.

In the first half of 2024, we continued to iterate promotion and distribution products, enhance industry awareness, grasp market trends, and optimize our promotion and distribution strategies and organizational capabilities, thereby maintaining our competitive advantages and enhancing our capabilities in promotion and distribution. During the Reporting Period, we participated in the promotion and distribution of 31 domestic movies, and we acted as a lead distributor for 15 movies, exceeding our historical records in terms of quantity. Many of these movies achieved a top-tier box office performance during their respective release period. For example, *Shining For One Thing* (一閃一閃亮星星), *Johnny Keep Walking!* (年會不能停!) and *The Goldfinger* (金手指), for which we acted as a distributor and producer, ranked among the top three movies in terms of box office performance during the New Year's Day season. *Pegasus 2* (飛馳人生 2), for which we acted as a lead distributor/producer, performed well in terms of box office and reputation, ranking second in the box office in the Spring Festival season with a box office of RMB3.398 billion. Over the past four years, the movies in which we served as the lead distributor have consistently ranked among the top two in box office performance during the Spring Festival season. *The Last Frenzy* (末路狂花錢) and *Be My Friend* (我才不要和你做朋友呢), for which we acted as a lead distributor, became box office champions during the Labor Day season and the Dragon Boat Festival season, respectively.

Based on our strong data analysis and iterative industry cognition capabilities, we continued to promote movie content development and production. We participated in the development of more than 20 movie projects, among which *A Place Called Silence* (默殺) began filming earlier this year and was already released in the summer season, quickly achieving a box office of more than RMB1.3 billion. Several other movies, such as *Honey Money Phony* (「騙騙」喜歡你), *Life Party* (人生會議), *Endless Journey of Love* (時間之子), *Casual Revenge* (即興謀殺) and *Running In The Rain* (千金不換), are underway and progressing steadily.

During the summer movie season, we distributed/produced a number of movies which were released successively, such as *A Place Called Silence* (默殺), *Successor* (抓娃娃), *Decoded* (解密), *Go For Broke* (重生) and *White Snake: Afloat* (白蛇：浮生), many of which performed well. Another series of movies for which we participated in distribution and production, including *High Forces* (危機航線), *Give You A Candy* (出入平安), *Project P* (P計劃) and *Honey Money Phony* (「騙騙」喜歡你), are scheduled for successive release in the second half of this year. In addition, the Company has a large reserve of movie content across a wide range of types and themes. The movies in which we participated as a distributor/producer include *SHE'S GOT NO NAME* (醬園弄), *To Gather Around* (勝券在握), *Dumpling Queen* (水餃皇后) and *Hot Pot Artist* (火鍋藝術家), will also be released in due course.

Online Entertainment Ticketing Business

Since 2024, the performance market has remained prosperous. We continued to increase our investment and develop live performance services, including online performance ticketing services, while deeply cultivating local entertainment sub-categories and innovative marketing. At the same time, we consistently improved our comprehensive service capabilities, enriched industry marketing scenarios, upgraded our on-site support and service capabilities for large-scale performances, and enhanced brand awareness and industry influence. During the Reporting Period, our business performance was highly effective. In terms of large-scale concerts, we provided services for more than 3,000 concerts, including a number of concerts featuring leading artists such as Jacky Cheung, Andy Lau and Jay Chou, and the GMV of concerts and music festivals increased by approximately 3 times year-over-year. At the local performance level, our local performance coverage rate exceeds 95%. We also supported cultural benefit activities held by various provincial and municipal governments, such as those in Shaanxi, Zhejiang, and Sichuan, which boosted local cultural tourism consumption. In overseas regions, in addition to providing support services for various performances in Hong Kong, we have also expanded businesses in new countries and regions such as Macao, and served many activities such as Time Concert-“Time Music”. We also continued to actively explore cooperation scenarios in Southeast Asia, the Middle East, Latin America and other regions. At present, we have established in-depth cooperative relations with several super APPs, and will continue to strengthen these cooperations across performances and other businesses in the future.

During the Reporting Period, we continued to actively provide quality movie ticketing services for the industry. Our online movie ticketing business remained stable and its competitiveness in the industry continued to rise. At the same time, we continued to strengthen in-depth cooperation with cinemas across all aspects of the industry chain, explore new business scenarios, improve platform service capabilities, enhance multi-platform collaboration effects, and jointly provide SaaS services for ticketing systems with partners, in order for us to deliver better services for customers, cinemas and industry. Concurrently, we continued to serve as the official ticketing platform for the 14th Beijing International Film Festival, marking our fourth consecutive year as a service provider for the Beijing International Film Festival. With our mature ticketing experience and technical capabilities, we provided full support for the film festival in terms of ticketing, special promotion and other aspects. We also provided service support for cultural benefit activities launched by various provincial and municipal governments, such as those in Beijing, Guangxi, Xi’an, and Hangzhou.

Advertising Services and Others

During the Reporting Period, we continued to integrate industry resources, expanded and extended scenarios for reaching audiences, and deeply embraced the diverse ecology and multiple scenarios we covered. For example, we successfully constructed an integrated, all-media matrix across movies, cultural tourism and business brands. We also created a live-streaming marketing model for box office periods, comprehensively upgrading the product marketing infrastructure and user experience on Douyin. Meanwhile, we initiated cooperation with Baidu’s digital humans on film promotion projects to explore new ideas for the intelligent development of the film industry. To date, we have become one of the top film and television accounts on platforms such as Douyin, Weixin Channels and Xiaohongshu. The cumulative number of our new media fans exceeds 80 million, with average daily views surpassing 120 million.

We continued to serve the industry with “technology + big data” solutions and consistently emphasized the integration of AI technology and the film and television industry. During the Reporting Period, we independently developed AI-related movie & TV creation software and remained committed to enhancing production capabilities through intelligent script analysis and intelligent character creation, etc., effectively improving the efficiency of the early script creation and communication process. At the same time, we also carried out multi-level cooperation across business and technologies with many AI companies in the industry, to jointly explore the application and iteration of AI technology in animation production, visual storytelling, promotion and distribution products and other fields.

Our Maoyan Pro (貓眼專業版) continued to provide the industry with comprehensive, accurate and real-time data services and various refined data operation tools to promote the sharing of film data across the industry. During the Reporting Period, Maoyan Pro (貓眼專業版) further improved the industry’s film data system and enhanced data visualization capabilities. For example, our film publicity campaign report launched during the Spring Festival visually depicts the event’s progress by showcasing the data performance of distribution materials of films on mainstream promotional platforms. At the same time, Maoyan Pro (貓眼專業版) was officially launched on the PC side, helping industry partners to better formulate publicity strategies through basic data combination queries in more dimensions and scenarios, as well as user portrait exposure from multiple angles.

During the Reporting Period, our Maoyan Research Institute (貓眼研究院) released a number of seasonal insight reports, integrating in-depth analysis on various topics, such as the “Top ten internet entertainment content trend of the year”. Additionally, Maoyan Research Institute (貓眼研究院) provided early development and research services to a growing number of film and television companies in the industry and further enhanced its data analysis and industry integration capabilities, as well as commercialization opportunities, to continuously help industry partners conduct business in a more efficient way.

OUTLOOK

During the summer movie season, various types of movies with diverse themes were released successively and audience enthusiasm and market activity continued to improve. According to the data of Maoyan Pro, as of August 25, 2024, the box office for the summer movie season movies had surpassed RMB11.1 billion and the accumulated box office of 2024 had reached RMB32.8 billion.

We will adhere to the core development strategy of “Technology + Pan-entertainment” by continuing to deepen our presence in the pan-entertainment industry while maintaining and improving our core competitiveness and profitability, remaining true to our original intention of being a dedicated “service provider” for the entire industry and working with the entire industry to create and promote high-quality movie content. In addition, we will capture the market’s development trends and continuously enhance the market engagement and competitiveness of offline performance. Meanwhile, we will further explore the application of AI technology and overseas business prospects to identify new growth opportunities.

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 propel the high-quality development of the film industry and the establishment of China as a major cinematic player.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Period Review

	Six months ended June 30,			
	2024		2023	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
Revenue	2,170.9	100.0	2,196.9	100.0
Cost of revenue	<u>(1,014.7)</u>	<u>(46.7)</u>	<u>(1,095.7)</u>	<u>(49.9)</u>
Gross profit	1,156.2	53.3	1,101.2	50.1
Selling and marketing expenses	(512.0)	(23.6)	(366.0)	(16.6)
General and administrative expenses	(183.6)	(8.5)	(186.7)	(8.5)
Net impairment losses on financial assets	(48.1)	(2.2)	(35.3)	(1.6)
Other income	25.8	1.2	26.3	1.2
Other losses, net	<u>(31.4)</u>	<u>(1.4)</u>	<u>(21.1)</u>	<u>(1.0)</u>
Operating profit	406.9	18.7	518.4	23.6
Finance income	52.2	2.4	34.3	1.6
Finance costs	(3.3)	(0.2)	(3.6)	(0.2)
Finance income, net	48.9	2.2	30.7	1.4
Share of losses of investments accounted for using the equity method	(0.9)	(0.0)	(0.5)	(0.0)
Impairment losses of investments accounted for using the equity method	<u>(3.5)</u>	<u>(0.1)</u>	<u>(8.5)</u>	<u>(0.4)</u>
Profit before income tax	451.4	20.8	540.1	24.6
Income tax expenses	<u>(166.6)</u>	<u>(7.7)</u>	<u>(134.9)</u>	<u>(6.2)</u>
Profit for the period	<u>284.8</u>	<u>13.1</u>	<u>405.2</u>	<u>18.4</u>
Non-IFRS Measures:				
EBITDA	467.1	21.5	578.7	26.3
Adjusted EBITDA	489.7	22.6	584.4	26.6
Adjusted net profit ^(Note)	<u>351.8</u>	<u>16.2</u>	<u>455.7</u>	<u>20.7</u>

Note: In the first half of 2024 and 2023, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

Revenue

Our revenue decreased from RMB2,196.9 million in the first half of 2023 to RMB2,170.9 million in the first half of 2024. Such decrease was primarily due to the decrease in revenue from entertainment content services for the first half of 2024. The following table sets forth our revenue by service in the first half of 2024 and 2023.

	Six months ended June 30,			
	2024		2023	
	RMB million	%	RMB million	%
	(Unaudited)		(Unaudited)	
Revenue				
Online entertainment ticketing services	1,046.1	48.2	1,015.8	46.2
Entertainment content services ^(Note)	1,024.1	47.2	1,100.1	50.1
Advertising services and others	100.7	4.6	81.0	3.7
Total	2,170.9	100.0	2,196.9	100.0

Note: This amount included fair value gains on the Group's investments in movies, TV series and entertainment events amounting to RMB14.9 million for the six months ended June 30, 2024 (for the six months ended June 30, 2023: fair value gains of RMB8.2 million).

Online entertainment ticketing services

Revenue from online entertainment ticketing business increased from RMB1,015.8 million in the first half of 2023 to RMB1,046.1 million in the first half of 2024. According to the Briefs of National Performing Arts Markets in the First Half of 2024 (《2024上半年全國演出市場簡報》) published by the China Association of Performing Arts (中國演出行業協會), in the first half of 2024, the box office of commercial performances nationwide increased by 13.24% as compared with that of the first half of 2023. According to the data of Maoyan Pro (貓眼專業版), Mainland China's total box office in the first half of 2024 was RMB23.903 billion, representing a year-over-year decrease of 9.0%.

Entertainment content services

Revenue from entertainment content services decreased from RMB1,100.1 million in the first half of 2023 to RMB1,024.1 million in the first half of 2024. Such decrease was mainly due to the slight decrease in box office of the domestic movies, which we participated in distribution/production in the first half of 2024 as compared to the corresponding period in the previous year.

Advertising services and others

Revenue from advertising services and others increased from RMB81.0 million in the first half of 2023 to RMB100.7 million in the first half of 2024. The increase in revenue was mainly due to the increase in demand for advertisements from advertisers in the first half of 2024.

Cost of revenue

Cost of revenue decreased by 7.4% from RMB1,095.7 million in the first half of 2023 to RMB1,014.7 million in the first half of 2024. The decrease in cost of revenue was primarily due to the decrease in the cost of content production, distribution and promotion.

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 periods indicated:

	Six months ended June 30,					
	2024			2023		
	<i>RMB</i>	<i>%</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>%</i>
	<i>million</i>	<i>of cost</i>	<i>of revenue</i>	<i>million</i>	<i>of cost</i>	<i>of revenue</i>
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Internet infrastructure cost	285.3	28.1	13.1	209.1	19.1	9.5
Content distribution and promotion cost	273.7	27.0	12.6	330.6	30.2	15.0
Ticketing system cost	222.2	21.9	10.3	234.2	21.4	10.7
Content production cost	115.5	11.4	5.3	220.2	20.1	10.0
Amortization of intangible assets	44.4	4.4	2.0	44.8	4.1	2.1
Depreciation of property, plant and equipment	4.0	0.4	0.2	3.9	0.3	0.2
Other expenses	69.6	6.8	3.2	52.9	4.8	2.4
Total	1,014.7	100.0	46.7	1,095.7	100.0	49.9

Gross Profit and Gross Margin

Our gross profit increased from RMB1,101.2 million in the first half of 2023 to RMB1,156.2 million in the first half of 2024, and our gross margin was 50.1% and 53.3% in the first half of 2023 and 2024, respectively. The increase in our gross profit was primarily due to the decrease in our cost of revenue of RMB81.0 million compared with the first half of 2023, while the gross margin increased slightly.

Selling and Marketing Expenses

Selling and marketing expenses increased by 39.9% from RMB366.0 million in the first half of 2023 to RMB512.0 million in the first half of 2024, primarily due to the increase in marketing and promotion expenses.

General and Administrative Expenses

General and administrative expenses decreased by 1.7% from RMB186.7 million in the first half of 2023 to RMB183.6 million in the first half of 2024, basically remained stable.

Net Impairment Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB48.1 million in the first half of 2024, compared to net impairment losses on financial assets of RMB35.3 million in the first half of 2023. We evaluated the expected credit loss of financial assets as at June 30, 2024 on prudent basis, and made provisions for the impairments.

Other Income and Other Losses, Net

We recorded other income of RMB25.8 million in the first half of 2024, and recorded other income of RMB26.3 million in the first half of 2023, mainly attributable to government grants. Net other losses increased by 48.8% from RMB21.1 million in the first half of 2023 to RMB31.4 million in the first half of 2024, mainly due to the increase in the exchange loss arising from exchange rate fluctuation.

Operating Profit

As a result of the foregoing, our operating profit was RMB406.9 million in the first half of 2024, compared to an operating profit of RMB518.4 million in the first half of 2023.

Finance Income, Net

We had net finance income of RMB48.9 million in the first half of 2024, compared to net finance income of RMB30.7 million in the first half of 2023, primarily due to the improvement of fund management efficiency, which in turn resulted in an increase in finance income and a decrease in finance costs.

Income Tax Expenses

Income tax expense was RMB166.6 million in the first half of 2024, compared to income tax expense of RMB134.9 million in the first half of 2023. This was mainly due to the changes in tax rates for certain companies.

Non-IFRS Financial Measures

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

Adjusted Net Profit, EBITDA and Adjusted EBITDA

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

	Six months ended June 30,	
	2024	2023
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of net profit to adjusted net profit		
Net profit for the period	284.8	405.2
Add:		
Share-based compensation	22.6	5.7
Amortization of intangible assets resulting from business combinations	44.4	44.8
	<hr/>	<hr/>
Adjusted net profit^(Note)	<u>351.8</u>	<u>455.7</u>

Note: In the first half of 2024 and 2023, 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.

	Six months ended June 30,	
	2024	2023
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of operating profit to EBITDA and adjusted EBITDA		
Operating profit for the period	406.9	518.4
Add:		
Depreciation of property, plant and equipment	6.2	4.7
Amortization of intangible assets	46.6	48.6
Depreciation of right-of-use assets	7.4	7.0
EBITDA ^(Note)	<u>467.1</u>	<u>578.7</u>
Add:		
Share-based compensation	22.6	5.7
Adjusted EBITDA ^(Note)	<u>489.7</u>	<u>584.4</u>

Note: In the first half of 2024 and 2023, we defined EBITDA as operating profit for the period adjusted for depreciation and amortization expenses. We derived adjusted EBITDA by adding back share-based compensation to EBITDA.

Other Financial Information

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets changed from RMB12,540.1 million as of December 31, 2023 to RMB13,242.9 million as of June 30, 2024, whilst our total liabilities increased from RMB3,501.8 million as of December 31, 2023 to RMB4,004.4 million as of June 30, 2024. Liabilities-to-assets ratio increased from 27.9% as of December 31, 2023 to 30.2% as of June 30, 2024.

As of June 30, 2024, we pledged bank deposits of RMB250.0 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, 2024, we had cash and cash equivalents and other forms of bank deposits of RMB3,925.4 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 and other funds raised from the capital markets from time to time.

As of June 30, 2024, our total borrowings were approximately RMB477.3 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of June 30, 2024:

	RMB million	Interest rate
Secured	250.0	1.3%~1.80%
Guaranteed	227.3	2.5%~2.85%
Total	<u>477.3</u>	

As of June 30, 2024, we had unutilized banking facilities of RMB472.7 million.

As of June 30, 2024, we did not have any significant contingent liabilities.

We monitor capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and financial liabilities at fair value through profit or loss, net of cash and cash equivalent, restricted bank deposits and term deposit with original maturity over three months. Total capital is calculated as “equity” as shown in the consolidated statement of financial position. As at June 30, 2024 and December 31, 2023, 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 14.9% to RMB6.3 million in the first half of 2024 from RMB7.4 million in the first half of 2023. 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, 2024. During the six months ended June 30, 2024, 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 the financial year ended December 31, 2018 and 2019. As at June 30, 2024, 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 2024.

Employees and Remuneration Policy

As of June 30, 2024, we had 866 full-time employees, who were based in mainland China and Hong Kong, 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. 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 its employees who are based in mainland China 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 and there was no forfeited contribution available to reduce the contribution for the six months ended June 30, 2024. The Group also provides a mandatory provident fund scheme for employees employed under the Hong Kong Employment Ordinance.

EVENTS AFTER THE REPORTING PERIOD

On July 15, 2024, the Board announced that, the WFOE, the New PRC Holdco and the New Registered Shareholder entered into the New Contractual Arrangements. Through the New Contractual Arrangements, the Company can consolidate all the economic benefits generated by the New PRC Holdco and its subsidiaries.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended June 30,	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	5	2,170,895	2,196,877
Cost of revenue	6	<u>(1,014,724)</u>	<u>(1,095,695)</u>
Gross profit		1,156,171	1,101,182
Selling and marketing expenses	6	(511,979)	(366,022)
General and administrative expenses	6	(183,620)	(186,706)
Net impairment losses on financial assets		(48,115)	(35,266)
Other income	7	25,831	26,253
Other losses, net	7	<u>(31,383)</u>	<u>(21,054)</u>
Operating profit		406,905	518,387
Finance income		52,183	34,341
Finance costs		<u>(3,289)</u>	<u>(3,623)</u>
Finance income, net		48,894	30,718
Share of losses of investments accounted for using the equity method		(827)	(541)
Impairment losses of investments accounted for using the equity method		<u>(3,546)</u>	<u>(8,459)</u>
Profit before income tax		451,426	540,105
Income tax expenses	8	<u>(166,599)</u>	<u>(134,929)</u>
Profit for the period		<u>284,827</u>	<u>405,176</u>
Profit attributable to:			
– Owners of the Company		284,827	406,646
– Non-controlling interests		<u>–</u>	<u>(1,470)</u>
		<u>284,827</u>	<u>405,176</u>

		Six months ended June 30,	
	<i>Note</i>	2024	2023
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
		RMB'000	RMB'000
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
- Basic earnings per share	9	0.25	0.36
- Diluted earnings per share	9	0.25	0.35
		<u>0.25</u>	<u>0.35</u>
Profit for the period		<u>284,827</u>	<u>405,176</u>
Other comprehensive (loss)/income:			
<i>Item that may be reclassified to profit or loss</i>			
Currency translation differences from foreign operations		71	658
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences from the Company		25,434	50,711
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax		<u>(132,734)</u>	<u>8,435</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(107,229)</u>	<u>59,804</u>
Total comprehensive income for the period		177,598	464,980
Total comprehensive income attributable to:			
- Owners of the Company		177,598	466,450
- Non-controlling interests		<u>-</u>	<u>(1,470)</u>
Total comprehensive income for the period		<u>177,598</u>	<u>464,980</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		27,726	28,338
Right-of-use assets		19,651	27,084
Intangible assets		4,809,105	4,855,105
Investments accounted for using the equity method		10,028	14,401
Other financial assets measured at amortized cost		289,897	–
Financial assets at fair value through other comprehensive income		397,863	458,866
Financial assets at fair value through profit or loss		30,074	36,857
Deferred income tax assets		37,568	34,741
Prepayments, deposits and other receivables	12	53,194	11,947
		5,675,106	5,467,339
Current assets			
Inventories		36,626	39,431
Accounts receivables	11	544,008	747,741
Prepayments, deposits and other receivables	12	2,984,708	2,564,857
Prepaid income tax		1,866	20,090
Financial assets at fair value through profit or loss		75,205	15,264
Term deposits with original maturity over three months		1,475,021	1,277,048
Restricted bank deposits		299,771	261,104
Cash and cash equivalents		2,150,568	2,147,222
		7,567,773	7,072,757
Total assets		13,242,879	12,540,096

	<i>Note</i>	As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		154	154
Reserves		8,265,450	8,353,274
Retained earnings		<u>972,905</u>	<u>687,760</u>
		9,238,509	9,041,188
Non-controlling interests		<u>–</u>	<u>(2,911)</u>
Total equity		<u>9,238,509</u>	<u>9,038,277</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		77,573	90,586
Lease liabilities		<u>3,236</u>	<u>11,705</u>
		80,809	102,291
Current liabilities			
Borrowings	<i>13</i>	477,271	250,000
Accounts payables	<i>14</i>	764,274	880,584
Other payables, accruals and other liabilities	<i>15</i>	2,590,434	2,182,673
Lease liabilities		17,589	16,766
Current income tax liabilities		<u>73,993</u>	<u>69,505</u>
		3,923,561	<u>3,399,528</u>
Total liabilities		<u>4,004,370</u>	<u>3,501,819</u>
Total equity and liabilities		<u>13,242,879</u>	<u>12,540,096</u>

NOTES TO THE INTERIM 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, 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, advertising services and others 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 26, 2024 and has not been audited.

2 BASIS OF PREPARATION

2.1 Basis of preparation and summary of material accounting policy information

The Interim Financial Information for the sixth-month reporting period ended June 30, 2024 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The interim report does not include all of the notes normally included in an annual consolidated financial statements. Accordingly, this report should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023 (“**2023 Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (“**IFRS Accounting Standards**”).

2.2 Accounting policies

The accounting policies adopted are consistent with those of the 2023 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended IFRS Accounting Standards as set out below. Income tax expense was recognized 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, 2024. The adoption of these new and revised standards does not have any significant impact on the Interim Financial Information.

New and amended standards and interpretations not yet adopted

The following new standards and amendments to standards issued by the International Accounting Standards Board have not come into effect for the financial year beginning January 1, 2024 and have not been early adopted by the Group in preparing the Interim Financial Information.

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS Accounting Standards 9 and IFRS Accounting Standards 7	Disclosures' on classification and measurement of financial instruments	January 1, 2026
Annual improvements to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
New standards IFRS Accounting Standards 18	Presentation and Disclosure in Financial Statements	January 1, 2027
New standards IFRS Accounting Standards 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any material impact on the Group's financial position and results of operations upon adopting these standards, amendments to standards and interpretations to the existing IFRS Accounting Standards.

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 2023 Financial Statements.

4 SEGMENT INFORMATION

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

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, 2024, substantially all of the non-current assets were located in the PRC.

5 REVENUE

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers under IFRS Accounting Standards 15		
Online entertainment ticketing services	1,046,119	1,015,845
Entertainment content services	1,009,174	1,091,872
Advertising services and others	100,747	80,958
	2,156,040	2,188,675
Gains on movies, TV series and entertainment events investments	14,855	8,202
Total revenue	<u>2,170,895</u>	<u>2,196,877</u>
Six months ended June 30,		
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue at a point in time	1,079,421	1,046,357
Revenue over time	1,076,619	1,142,318
Revenue from contract with customers under IFRS Accounting Standards 15	<u>2,156,040</u>	<u>2,188,675</u>

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Marketing and promotion expenses	377,776	261,835
Internet infrastructure cost	285,267	209,104
Content distribution and promotion cost	273,681	330,591
Staff costs excluding share options and restricted stock units ("RSUs") granted to directors and employees	231,914	222,668
Ticketing system cost	222,174	234,165
Content production cost	115,499	220,229
Amortization of intangible assets	46,571	48,569
Share options and RSUs granted to directors and employees	22,633	5,404
Tax and levies	12,218	10,350
Depreciation of right-of-use assets	7,433	7,039
Depreciation of property, plant and equipment	6,240	4,716
Rental expense for short-term and low-value leases	2,971	4,862
Expenses from other share-based payment transaction	–	339
Other expenses	105,946	88,552
	<hr/>	<hr/>
Total cost of revenue, selling and marketing expenses and general and administrative expenses	<u>1,710,323</u>	<u>1,648,423</u>

During the six months ended June 30, 2024, the Group incurred expenses for the purpose of research and development of approximately RMB100,553,000 (during the six months ended June 30, 2023: approximately RMB112,148,000), which primarily comprised employee benefits expenses of approximately RMB84,220,000 (during the six months ended June 30, 2023: approximately RMB103,362,000).

7 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Other income		
Government subsidies	25,831	22,143
Tax credit of input tax additional deduction	—	4,110
	<u>25,831</u>	<u>26,253</u>
Other losses, net		
Net foreign exchange losses	(25,006)	(10,660)
Net fair loss on wealth management products and unlisted investments classified as financial assets at fair value through profit or loss	(6,026)	(3,245)
Loss on disposals of property, plant and equipment	(67)	(62)
Loss on disposals of investments accounted for using the equity method	—	(7,663)
Dividend from unlisted investments classified as financial assets at fair value through profit or loss	—	515
Others	(284)	61
	<u>(31,383)</u>	<u>(21,054)</u>

8 INCOME TAX EXPENSES

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	RMB'000	RMB'000
Current income tax	182,214	154,547
Deferred income tax	(15,615)	(19,618)
	<u>166,599</u>	<u>134,929</u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to owners of the Company (RMB'000)	<u>284,827</u>	<u>406,646</u>
Weighted average number of ordinary shares outstanding (thousand)	1,120,063	1,119,468
Weighted average number of vested restricted shares outstanding (thousand)	<u>27,447</u>	<u>25,206</u>
Total weighted average number of shares outstanding (thousand)	<u>1,147,510</u>	<u>1,144,674</u>
Basic earnings per share (in RMB)	<u><u>0.25</u></u>	<u><u>0.36</u></u>

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

(b) Diluted earnings per share

	Six months ended June 30,	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit attributable to owners of the Company (RMB'000)	<u>284,827</u>	<u>406,646</u>
Total weighted average number of shares outstanding (thousand)	1,147,510	1,144,674
Adjustments for share-based compensation – share options (thousand)	211	302
Adjustments for share-based compensation – RSUs (thousand)	<u>6,915</u>	<u>1,999</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u>1,154,636</u>	<u>1,146,975</u>
Diluted earnings per share (in RMB)	<u><u>0.25</u></u>	<u><u>0.35</u></u>

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

For the six months ended June 30, 2024 and 2023, the Company had dilutive potential ordinary shares of share options and RSUs granted to employees. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that would have been issued at assumed exercise price (determined as any amount that the employees must pay upon exercise and the balance of any amounts calculated under IFRS Accounting Standards 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 Accounting Standards that have not yet been charged to income statement) are incremental shares issued for nil consideration which causes dilution to earnings per share.

10 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2024 (during the six months ended June 30, 2023: Nil).

11 ACCOUNTS RECEIVABLES

	As at June 30, 2024 (Unaudited) RMB'000	As at December 31, 2023 (Audited) RMB'000
Related parties	23,499	17,690
Third parties	<u>930,698</u>	<u>1,100,333</u>
	954,197	1,118,023
Less: allowance for impairment	<u>(410,189)</u>	<u>(370,282)</u>
	<u>544,008</u>	<u>747,741</u>

(a) The carrying amounts of the accounts receivables balances approximated to their fair value as at June 30, 2024 and as at December 31, 2023.

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

	As at June 30, 2024 (Unaudited) RMB'000	As at December 31, 2023 (Audited) RMB'000
0-90 days	340,028	545,240
91-180 days	108,372	172,129
181-365 days	152,626	76,163
Over 365 days	353,171	324,491
	<u>954,197</u>	<u>1,118,023</u>

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
Prepayments for:		
- investments and productions in movies, TV series and entertainment events (a)	1,966,611	1,576,488
- contract fulfilment costs for movie productions (b)	246,524	180,057
- operating expenses (c)	39,759	62,811
- others	9,549	16,565
	<hr/>	<hr/>
Total of prepayments	2,262,443	1,835,921
Less: impairment for prepayments (a)	(197,243)	(171,899)
	<hr/>	<hr/>
Total of prepayments-net	2,065,200	1,664,022
	<hr/>	<hr/>
Deposits and other receivables:		
Deposits and receivables for online entertainment ticketing, e-commerce and other services (d)	807,994	686,956
Loans to third parties (e)	249,680	195,875
Amounts due from related parties	142,339	185,071
Receivables from investments in movies and TV series (f)	79,627	134,628
Deposits for rentals and others	61,927	55,727
Receivables from transfer of investments in movies and TV series	20,060	30,897
Others	61,413	65,758
	<hr/>	<hr/>
Total of deposits and other receivables	1,423,040	1,354,912
Less: impairment for deposits and other receivables	(450,338)	(442,130)
	<hr/>	<hr/>
Total of deposits and other receivables-net	972,702	912,782
	<hr/>	<hr/>
Total of prepayment, deposits and other receivables-net	3,037,902	2,576,804
Less: non-current portion	(53,194)	(11,947)
	<hr/>	<hr/>
	2,984,708	2,564,857
	<hr/> <hr/>	<hr/> <hr/>

- (a) The Group offers distribution and promotion services, which is considered as one of the principal activities of the Group. The investments and productions in movies, TV series and entertainment events with distribution and promotion services are designated as prepayments. The impairment provision mainly represents impairment of prepayments for investments and productions in movies, TV series and entertainment events, which are capitalised movie production and distribution costs subject to impairment assessment. During the six months ended June 30, 2024, due to factors including but not limited to major actors of certain projects were replaced, the risk of being unable to be released in the foreseeable future, and the deterioration of financial and operational position of the business partners, the Group further assessed the probability of non-performance (i.e. the movies or TV series not able to be exhibited) and made impairment provision of approximately RMB37,434,000, which were recognized in cost of revenue, against prepayments for investments and productions in movies, TV series and entertainment events based on the expected recoverable amount estimated by the directors in light of the aforementioned considerations; and reverse RMB12,090,000 since there is cash receipt from a certain impaired investment.
- (b) The contract fulfilment costs for movie productions represents the certain movie production costs when the Group controls the movie production process and is considered to be a producer.
- (c) The amounts mainly represents marketing and promotion expenses which would be recognized as expenses when the services are provided to the Group.
- (d) In line with the general industry practice and after prudently considering factors including creditworthiness and cooperation relationships with relevant business partners to control potential risk, the Group prepaid deposits or advance payments to some cinemas and large-scale concerts organizers operating within China, and then deducted or recovered such prepayment during the settlement with such business partners at a later stage.
- (e) As at June 30, 2024, except for a loan to third party with carrying amount of approximately RMB40,000,000 repayable on or after May 19, 2026, the remaining loans are repayable within 1 year. Except for interest-free and unsecured loans amounting to approximately RMB32,100,000, the remaining loans are interest-bearing at fixed rates ranging from 3% to 13% per annum. Included in the interest-bearing loans, an aggregate of RMB50,907,000 are secured by the debtors' certain receivables.
- (f) The amounts mainly represent the investments with fixed returns in certain movies and TV series projects.

13 BORROWINGS

	As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
Current		
Bank borrowings – due within one year		
– Secured	250,000	250,000
– Guaranteed	227,271	–
	477,271	250,000

14 ACCOUNTS PAYABLES

Aging analysis of the accounts payables based on invoice date at the respective dates of statement of financial position is as follows:

	As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
0-90 days	256,531	298,753
91-180 days	71,674	160,449
181-365 days	161,704	164,824
Over 365 days	<u>274,365</u>	<u>256,558</u>
	<u>764,274</u>	<u>880,584</u>

15 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at June 30, 2024 <i>(Unaudited)</i> RMB'000	As at December 31, 2023 <i>(Audited)</i> RMB'000
Payables in respect of online entertainment ticketing, e-commerce services and advance in respect of content production	1,381,107	1,471,069
Payables in respect of share in the box office receipts	974,544	434,851
Amounts due to related parties	117,726	110,829
Payroll and welfare payable	81,171	128,432
Other tax liabilities	13,097	11,474
Others	<u>22,789</u>	<u>26,018</u>
	<u>2,590,434</u>	<u>2,182,673</u>

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As at June 30, 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Audit Committee 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, PricewaterhouseCoopers, has reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2024.

FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING

Weying Culture, one of the Registered Shareholders holding 26.9% equity interests in Tianjin Maoyan Weying, and its affiliated company, Weying Technology, have been involved in certain lawsuits as defendants in the PRC. The plaintiffs of the lawsuits applied for, and the relevant PRC courts granted, orders to freeze the equity interests held by Weying Culture in Tianjin Maoyan Weying (the “**Frozen Equity Interests**”) (i.e. Document 2021 Jing 04 Zhi 480 and Document 2022 Jing 01 Zhi 1258), as shown on National Enterprise Credit Information Publicly System. As of the date of this announcement, Weying’s debts under the above lawsuits have not been paid off and the freezes are not released.

In response to the above lawsuits, Weying Technology and Weying Culture co-issued the Confirmation Letter to Tianjin Maoyan Weying and WFOE, pursuant to which Weying undertook to comply with and fulfil the terms and conditions, responsibilities and obligations under the Contractual Arrangements including but not limited to fully cooperating with the WFOE’s instructions when the WFOE exercises its irrevocable and exclusive right to purchase the Frozen Equity Interests, or transfer the Frozen Equity Interests to the WFOE’s assignee at the WFOE’s request.

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoyan.com), and the interim report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoyan.com).

DEFINITION AND GLOSSARY

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

“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Board”	the board of directors of the Company
“Company”, “our Company” or “Maoyan”	Maoyan Entertainment, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1896)
“Confirmation Letter”	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 this announcement, the confirmation letter co-issued by Weying Technology and Weying Culture to Tianjin Maoyan Weying and WFOE, pursuant to which Weying undertook to comply with and fulfil the terms and conditions, responsibilities and obligations under the Contractual Arrangements including but not limited to fully cooperating with the WFOE’s instructions when the WFOE exercises its irrevocable and exclusive right to purchase the frozen equity interests, or transfer the frozen equity interests to the WFOE’s assignee at the WFOE’s request
“Consolidated Affiliated Entities”	entities whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of the contractual arrangements of the Group
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and the Registered Shareholders on August 9, 2018
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Listing”	listing of the Shares on the Main Board of the Stock Exchange of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maoyan Technology” or “WFOE”	Tianjin Maoyan Weying Technology Co., Ltd. (天津貓眼微影科技有限公司), a company incorporated under the laws of the PRC on February 5, 2018 with limited liability and a wholly owned subsidiary of our Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“New Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE and the New PRC Holdco on July 15, 2024, details of which are described in the announcement of the Company dated July 15, 2024
“New PRC Holdco”	Tianjin Ganyu Information Technology Co., Ltd. (天津甘雨信息科技有限公司), a limited liability company established in the PRC on June 5, 2024
“New Registered Shareholder”	Tianjin Yunqi Information Technology Co., Ltd. (天津雲起信息科技有限公司), a limited liability company incorporated under the laws of the PRC on June 3, 2024

“PRC” or “China”	the People’s Republic of China, which, for the purpose of this interim results announcement only, unless the context otherwise requires, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Registered Shareholders”	as defined in the prospectus of the Company dated January 23, 2019
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00002
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tianjin Maoyan Weying”	Tianjin Maoyan Weying Cultural Media Co., Ltd. (天津貓眼微影文化傳媒有限公司), formerly known as Tianjin Maoyan Cultural Media Co., Ltd. (天津貓眼文化傳媒有限公司), a company incorporated under the laws of the PRC on May 27, 2015 with limited liability and a Consolidated Affiliated Entity
“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 with limited liability and one of our Registered Shareholders

“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 subsidiaries, as the case may be

“%” per cent

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, August 26, 2024

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