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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, 2020

The Board of Directors of Maoyan Entertainment is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2020. 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
	2020	2019	change
	<i>RMB million</i>	<i>RMB million</i>	%
	(Unaudited)	(Unaudited)	
Revenue	<b>203.1</b>	1,984.6	(89.8)
Gross (loss)/profit	<b>(20.6)</b>	1,186.8	N/A
Operating (loss)/profit	<b>(424.5)</b>	383.3	N/A
(Loss)/profit for the period	<b>(430.7)</b>	257.4	N/A
Adjusted EBITDA	<b>(283.6)</b>	511.7	N/A
Adjusted net (loss)/profit*	<b>(307.1)</b>	380.4	N/A

Our revenue decreased to RMB203.1 million in the first half of 2020 from RMB1,984.6 million in the first half of 2019. Our gross loss was RMB20.6 million in the first half of 2020, compared with the gross profit of RMB1,186.8 million in the first half of 2019. Our net loss for the period was RMB430.7 million in the first half of 2020, compared with the net profit for the period of RMB257.4 million in the first half of 2019. Our adjusted EBITDA for the period was negative RMB283.6 million in the first half of 2020, compared with RMB511.7 million in the first half of 2019, whereas our adjusted net loss\* was RMB307.1 million in the first half of 2020, compared with the adjusted net profit of RMB380.4 million in the first half of 2019.

\* In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

## BUSINESS REVIEW AND OUTLOOK

Since the beginning of this year, the COVID-19 pandemic has caused certain negative impact on the Chinese and even global movie industries. Thanks to the disease control and prevention measures implemented by the Chinese government have been highly effective, industries across the board have gradually resumed their operations. Since July 20, 2020, cinemas in mainland China have also started to reopen in an orderly manner.

As a major player in the pan entertainment industry in China, we have firmly upheld our social responsibilities, taken active measures to mitigate the negative impact of the pandemic, and cooperated with our industry partners to overcome those challenges caused by the COVID-19 outbreak. We remain committed to improving our services and products, expediting our consolidation of online and offline resources, and unleashing Maoyan's integrated value in the pan entertainment sector.

### ***Our Pandemic Response Measures***

During the pandemic, we prioritized fulfilling our social responsibilities and protecting our users' interests. After movies were withdrawn from showing during the 2020 Chinese New Year holiday, we immediately announced unconditional refunds for all Maoyan users and advanced cash to our cinema partners to expedite their refund process. Within only 3 days, we completed all ticket refunds for those movies withdrawn during the Chinese New Year holiday, cumulatively refunding more than 5 million tickets worth of over RMB200 million.

We have continuously provided a variety of assistance to support the movie industry's recovery and growth, including but not limited to:

- leveraging our own resource advantages and assisting cinemas to tap into Meituan's platform so that they sell through home delivery services their food inventory accumulated ahead of the Chinese New Year holiday.
- conducting research and sharing industry data continuously to stimulate interactions among industry participants. Through Maoyan Research Institute (貓眼研究院), we have published dozens of research reports as well as relevant industrial ranking list and provided our industry partners with a number of online training seminars and business idea exchanges free of charge. In collaboration with China Movie Association, Ocean Engine, iQIYI and others, we have also published a series of industrial research reports to help our industry partners to make rational judgements about market trends and formulate effective strategies in response to changes.

- implementing a variety of measures to help cinemas and other offline entertainment venues to expedite their business reopening. Such measures include upgrading our cinema service solutions, providing social distancing ticketing functions, supporting dispersed seating arrangements, and enhancing real name authentication to minimize risks arising from movie viewing during the pandemic. In addition, through the Maoyan platform, we launched “Safe Cinema (安心影院)” labels to certify those cinemas compliant with pandemic prevention and control protocols, including full premise sanitization, all staff testing, and mask wearing, so that we can help to ensure the health and safety of the audience when they watch a movie or a live performance.
- continuing to provide cinemas and other industry partners with supply chain financing and related services to alleviate their capital constraints.
- hosting movie-viewing events in partnership with local governments, trade unions, and other institutions at discounted prices, and providing free movie-viewing events jointly with Huaxia Film for medical workers and middle and high school students, with a goal of encouraging audiences to return to cinemas and helping businesses to resume operations.

In addition, as we give top priority to the health and safety of our employees, we have promptly adopted flexible work-from-home policies. We also have stocked up sufficient health supplies for pandemic prevention and control. We also implemented strict cost control measures and channeled our resources towards revenue-generating activities.

### ***Our Product Enhancement and Market Penetration***

Cinemas nationwide have gradually reopened in an orderly manner since July 20, 2020. Building on the foundation we laid during the first half of 2020 in functionality grade and platform optimization for our online ticketing system, we launched a series of new products including “Safe Cinema (安心影院)” to support movie theaters’ speedy reopening. We also made timely adjustment in our ticketing and settlement systems to stay compliant with the business resumption protocols mandated by local authorities. In addition, we further strengthened our collaboration with the relevant ticketing system operator and broadened our ticketing system’s interface with cinemas. We plan to continue our technology advancement and improve our ticketing system’s compatibility and functionality.

To accelerate our offline entertainment venue partners’ digitization process at a low cost, we fortified our technology advancement in smart stadiums and completed a system-wide upgrade. In preparation for the new entertainment consumption contexts emerging post pandemic, we have expanded our offerings and started to serve as the ticketing agency for tourist attraction entertainment performances. Also, to enlarge our reservoir of live entertainment events, we have entered into several agreements to invest in and act as the ticketing agency for large-scale offline concerts performed by leading artists. We will release those live events in a methodical manner as the pandemic further subsides. Meanwhile, we are actively exploring new business models related to online entertainment performances. For example, we recently acted as the exclusive ticketing agency and distribution partner for “Rocket Girls 101”, a live concert event done by the popular music group backed by Tencent Video.

In the first half of 2020, we devoted substantial resources to developing premium movie and TV content both through self production and in collaboration with partners. As a result, we have built up an abundant reserve of content. For offline cinemas, we have participated in the production or distribution of dozens of movies. For example, we self-produced a number of movies that are either in active production or ready for paced market releases, such as *Back to The Wharf* (風平浪靜) (which was nominated for the Golden Goblet Awards in the 23rd Shanghai International Film Festival), *On Your Mark* (起跑), *Moses on The Plain* (平原上的摩西), and *Game of Genius* (天才遊戲). In addition, we are the co-producer and/or co-distributor for a number of notable movie titles such as the *Rescue* (緊急救援), *G Storm* (反貪風暴 5), *One Second* (一秒鐘), *Wade Through Angry Seas* (涉過憤怒的海) and *Warriors of Future* (明日戰記), all of which will be released at opportune times. On the television front, we are actively utilizing our original content development capabilities and collaborating with industry partners to produce high-quality content. For example, we have co-produced a number of TV series such as *Inside Man* (局中人) and *Shichahai* (什刹海), both of which were released in the first half of 2020 and generated great performance. Also, some of our co-produced series, such as the *Legendary Tavern* (老酒館), have won multiple awards at the 26th Shanghai TV Festival. We are also in the midst of active co-productions with Tencent Video for TV dramas such as *Miss Crow and Mr. Lizard* (烏鴉小姐與蜥蜴先生) as well as *Babel* (通天塔). In addition, leveraging our high professional standard and content development expertise, we have increased our self production of TV series. We are currently in active production of titles such as *Defense Out of Court* (庭外辯護) and *Chess Prodigy* (天才棋士). Executing our long-term growth strategy while also taking into consideration the pandemic's potential impact, we have increased our investment in movie streaming and other types of online content. To date, we act as the co-producer or co-distributor of several streaming movies in genres ranging from action to suspense, historical drama, thriller, science fiction, and many more.

By advancing our content production capabilities, enriching our industry resources, and augmenting our domain expertise, we have laid the groundwork to form a movie-TV soundtrack value chain in the first half of 2020. We have entered into an exclusive partnership with Tencent Music Entertainment Group (“TME”) for soundtrack copyright, and developed original soundtracks for various movies and TV series in collaboration with the top-tier producers and musicians. During the period, for example, we reached an exclusive copyright sharing agreement with TME regarding the original soundtrack for *Shichahai* (什刹海), a popular TV series simultaneously broadcasted on CCTV 1, Tencent Video, iQIYI, and Youku on July 10, 2020.

The promotion and distribution prowess that we attained through years of experience has enabled us to serve as the distributor of those movies accounting for over 90% of box office nationwide. In the first half of 2020, we further expanded our online promotion and distribution capabilities by integrating data analysis, technology automation, and advanced services. As a result, we have developed a highly integrated, one-stop, online-offline marketing solution that encompasses the entire lifecycle from strategy formation to promotion execution, channel marketing, and smart distribution. In addition, we introduced several new promotion and distribution products, such as “Maoyan Online Chat (貓眼雲聊)”, “Fast 24 Hours (極速24小時)” and “the Story Behind the Movie: Please Answer (電影背後的故事: 大咖請回答)”. In July 2020, we launched in Maoyan Pro (貓眼專業版) a new feature suite called “Smart Promotion and Distribution (智能宣發)”, which included 33 functionalities in 8 different categories such as data consultation, smart promotion and distribution, targeted marketing and distribution assistant.

To facilitate the healthy growth of the pan entertainment industry, we are constructing a solid foundational infrastructure through augmentation of our data platform and expansion of our data sources. In April 2020, we launched in Maoyan Pro a TV-Movie rating list by TikTok so that our users can improve their promotion and distribution efficiency by accessing and analyzing extensive platform data. In June 2020, Maoyan Pro officially interfaced with Tencent Video to exchange data about online movie revenue split between partners. Thus we became the first platform in China that have integrated access to the online movie box office data from Tencent Video, iQIYI, and Youku. In July 2020, under the “Tencent and Maoyan Alliance”, Maoyan Pro launched the “Uni Chart” by TME, which syndicates data on movie MV lists, movie soundtrack lists, TV series MV lists, TV series soundtrack lists, and variety show soundtrack lists to help our industry partners easily monitor the effectiveness of their music marketing initiatives.

In addition, we further advanced the synchronization between pre-screening advertising and offline entertainment advertising. Through a portfolio marketing approach that combines ticket promotion with on premise advertisement and pre-screening advertisement, we have integrated advertising into all major entertainment formats including movies, live performances, and other contexts for entertainment consumption. We are able to showcase advertisements through the entire closed loop of entertainment consumption cycle including ticket purchases, ticket claims, and in-person viewing. To lock in premier industry resources, we entered into business cooperation with thousands of cinemas and a large number of brand advertisers in the first half of 2020. As movie theaters reopen and as their audiences gradually return, we believe that our unique competitive advantages in integrated marketing and advertising will become further accentuated.

### ***Looking Forward with Full Confidence***

During the pandemic, the Chinese state and local authorities unveiled a series of policies to support the recovery and growth of the pan entertainment industry. Since the reopening of cinemas on 20 July, 2020, daily box office has been growing steadily, and weekly box office surpassed the RMB100 million mark within the first week of reopening. Such rapid recovery in box office not only reveals the potency of pent-up consumer demand for offline movie watching, but also instills strong confidence in movie industry participants. Besides cinemas, other offline entertainment activities are also gradually coming back to life. For example, we are acting as the exclusive general ticketing agency for the “2020 Honor of Kings World Final Championship Cup”, which is scheduled to take place in August 2020. All aforementioned developments have given us the conviction that the pandemic will end eventually, that the pan entertainment industry will advance unabated, and that high-quality content will always win audiences.

In support of the pan entertainment industry’s speedy recovery and sustainable growth, we will continue augmenting our domain expertise, executing our “Cat Claw Strategic Model”, and further developing our platform’s capabilities. In addition, we plan to further enhance our internet-native advantages, expand our online service offerings such as our brand new product called “Maoyan Screening Room” (貓眼放映廳) on July 31, 2020, refine our online-offline promotion and distribution services, and deliver more optimized and suitable derivative services of the value chain. Moreover, we will continue to boost the synergy and coordination among our various business segments, enhance our resilience against market risks, raise our ceiling for growth, and bolster our overall competitive advantages.

As the adage goes: no winter lasts forever, and no spring skips its turn. Being the leading pan entertainment portal, and as the mainstream platform for entertainment distribution, data, and products, we will stand side by side with our partners, support our users, help to accelerate the recovery of the pan entertainment industry, and blaze a trail to a brighter tomorrow for all. Last but not least, we would like to express our sincere gratitude to all of our colleagues, shareholders and partners for their unwavering support and generous assistance. Let us work together and generate greater values for our industry!



## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Period Review

	Six months ended June 30,			
	2020		2019	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
<b>Revenue</b>	<b>203.1</b>	<b>100.0</b>	1,984.6	100.0
Cost of revenue	(223.7)	(110.1)	(797.8)	(40.2)
<b>Gross (loss)/profit</b>	<b>(20.6)</b>	<b>(10.1)</b>	1,186.8	59.8
Selling and marketing expenses	(170.8)	(84.1)	(610.7)	(30.8)
General and administrative expenses	(204.3)	(100.6)	(184.9)	(9.3)
Net impairment losses on financial and other assets	(135.6)	(66.8)	(7.9)	(0.4)
Other income	122.0	60.1	9.6	0.5
Other losses, net	(15.2)	(7.5)	(9.6)	(0.5)
<b>Operating (loss)/profit</b>	<b>(424.5)</b>	<b>(209.0)</b>	383.3	19.3
Finance income	12.3	6.1	11.8	0.6
Finance costs	(20.1)	(9.9)	(29.5)	(1.5)
Finance costs, net	(7.8)	(3.8)	(17.7)	(0.9)
Share of losses of investments accounted for using equity method	(0.3)	(0.1)	(0.4)	(0.0)
<b>(Loss)/profit before income tax</b>	<b>(432.6)</b>	<b>(212.9)</b>	365.2	18.4
Income tax credits/(expenses)	1.9	0.9	(107.8)	(5.4)
<b>(Loss)/profit for the period</b>	<b>(430.7)</b>	<b>(212.0)</b>	257.4	13.0
Non-IFRS Measures:				
EBITDA	(338.1)	(166.5)	457.5	23.1
Adjusted EBITDA	(283.6)	(139.6)	511.7	25.8
Adjusted net (loss)/profit*	(307.1)	(151.2)	380.4	19.2

*Note:*

- \* In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

## Revenue

Our revenue decreased from RMB1,984.6 million in the first half of 2019 to RMB203.1 million in the first half of 2020. This decrease was primarily due to decreases in the revenue from the online entertainment ticketing services, the entertainment content services and the advertising services and others as a result of the coronavirus epidemic. The following table sets forth our revenues by service in the first half of 2019 and 2020.

	Six months ended June 30,			
	2020		2019	
	<i>RMB million</i>	<i>%</i>	<i>RMB million</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
<b>Revenue</b>				
Online entertainment ticketing services	103.8	51.1	1,083.0	54.6
Entertainment content services <i>(note)</i>	15.6	7.7	665.7	33.5
Advertising services and others	83.7	41.2	235.9	11.9
<b>Total</b>	<b>203.1</b>	<b>100.0</b>	<b>1,984.6</b>	<b>100.0</b>

*Note:* This amount included fair value gain on the Group's investment in movie and TV series amounting to RMB10.7 million for the six months ended June 30, 2020.

### *Online entertainment ticketing services*

Revenue from our online entertainment ticketing business decreased from RMB1,083.0 million in the first half of 2019 to RMB103.8 million in the first half of 2020. Such decrease was primarily a result of the obvious decrease in the gross box office and the movie theater attendance in China in the first half of 2020 compared to the first half of 2019, which was due to the temporary closure of movie theaters in China as a result of the prevention and control measures adopted by the government.

### *Entertainment content services*

Revenue from our entertainment content services decreased from RMB665.7 million in the first half of 2019 to RMB15.6 million in the first half of 2020. Such decrease was mainly because of the withdrawing of all movies for Spring Festival holiday we participated in the production, promotion and distribution and the failure to release other projects on schedule resulting from the coronavirus epidemic.

### *Advertising services and others*

Revenue from our advertising services and others decreased by 64.5% from RMB235.9 million in the first half of 2019 to RMB83.7 million in the first half of 2020, which was primarily due to the decreases in advertising demand of advertisers during the pandemic.

### *Cost of revenue*

Our cost of revenue decreased by 72.0% from RMB797.8 million in the first half of 2019 to RMB223.7 million in the first half of 2020. The decrease in our cost of revenue was mainly due to a decrease in ticketing system cost (which was in line with the decrease in our revenue from online movie ticketing services) as well as a decrease in content production cost and content distribution and promotion cost (which was in line with the decrease in our revenue from entertainment content services).

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 revenues for the period indicated:

	Six months ended June 30,					
	2020			2019		
	<i>RMB million (Unaudited)</i>	<i>%</i>	<i>% of revenue</i>	<i>RMB million (Unaudited)</i>	<i>%</i>	<i>% of revenue</i>
Ticketing system cost	38.9	17.4	19.2	254.5	31.9	12.8
Internet infrastructure cost	53.4	23.9	26.3	115.3	14.5	5.8
Content distribution and promotion cost	28.3	12.7	13.9	187.5	23.5	9.4
Content production cost	8.5	3.8	4.2	133.7	16.8	6.7
Amortization of intangible assets	68.9	30.8	33.9	67.0	8.4	3.4
Depreciation of property, plant and equipment	4.1	1.8	2.0	3.2	0.4	0.2
Other expenses	21.6	9.6	10.6	36.6	4.5	1.9
<b>Total</b>	<b>223.7</b>	<b>100.0</b>	<b>110.1</b>	<b>797.8</b>	<b>100.0</b>	<b>40.2</b>

### *Gross (Loss)/Profit and Gross Margin*

We had gross loss of RMB20.6 million in the first half of 2020, compared to gross profit of RMB1,186.8 million in the first half of 2019. Our gross margin was 59.8% and negative 10.1% in the first half of 2019 and 2020, respectively. The changes in our gross profit and gross margin were primarily due to a significant decrease in our revenue resulting from the epidemic whereas the fixed cost in our cost failed to decrease at the same proportion as the revenue, resulting in a significant decrease in the gross profit and gross margin.

### *Selling and Marketing Expenses*

Our selling and marketing expenses significantly decreased by 72.0% from RMB610.7 million in the first half of 2019 to RMB170.8 million in the first half of 2020, primarily due to the decrease in user incentive.



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

Our general and administrative expenses increased by 10.5% from RMB184.9 million in the first half of 2019 to RMB204.3 million in the first half of 2020 primarily due to the increase in employee benefits expenses for the purpose of research and development.

### ***Net impairment losses on financial and other assets***

We had net impairment losses on financial and other assets of RMB135.6 million in the first half of 2020, compared to our net impairment losses on financial and other assets of RMB7.9 million in the first half of 2019. We have carefully assessed the expected loss of financial and other assets as at June 30, 2020 and made impairment provisions to reflect the adverse impact of coronavirus disease to the macroeconomic environment and the PRC entertainment industry.

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

We had other income and other losses, net of RMB106.8 million in the first half of 2020, compared to other income and other losses, net of negative RMB29 thousand in the first half of 2019, which was primarily due to an increase in government subsidies in the first half of 2020 as compared to that in the first half of 2019.

### ***Operating (Loss)/Profit***

As a result of the foregoing, our operating loss was RMB424.5 million in the first half of 2020, compared to an operating profit of RMB383.3 million in the first half of 2019.

### ***Finance Costs, Net***

We had finance costs, net of RMB7.8 million in the first half of 2020, compared to our finance costs, net of RMB17.7 million in the first half of 2019. The change was primarily due to a decrease in the interest expenses resulting from the decrease in bank borrowings.

### ***Income Tax Credits/(Expenses)***

We had income tax credits of RMB1.9 million in the first half of 2020, compared to the income tax expenses of RMB107.8 million in the first half of 2019. This was primarily due to our decreased overall profitability.

### ***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 (loss)/profit as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures 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 (loss)/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 (Loss)/Profit, EBITDA, and Adjusted EBITDA***

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB million</b>	<b>RMB million</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Reconciliation of net (loss)/profit to adjusted net (loss)/profit:		
Net (loss)/profit for the period	<b>(430.7)</b>	257.4
Add:		
Share-based compensation	<b>54.5</b>	51.0
Net losses of convertible bonds classified as financial liabilities		
at fair value through profit or loss	–	1.6
Listing expenses	–	3.2
Amortization of intangible assets resulting from		
business combinations	<b>69.1</b>	67.2
<b>Adjusted net (loss)/profit</b>	<b><u>(307.1)</u></b>	<b><u>380.4</u></b>

*Note:* In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Reconciliation of operating (loss)/profit to EBITDA and adjusted EBITDA		
Operating (loss)/profit for the period	<b>(424.5)</b>	383.3
Add:		
Depreciation of property, plant and equipment	<b>8.9</b>	6.7
Amortization of intangible assets	<b>70.7</b>	67.5
Depreciation of right-of-use assets	<b>6.8</b>	—
<b>EBITDA</b>	<b><u>(338.1)</u></b>	<b><u>457.5</u></b>
Add:		
Share-based compensation	<b>54.5</b>	51.0
Listing expenses	<b>—</b>	3.2
<b>Adjusted EBITDA</b>	<b><u>(283.6)</u></b>	<b><u>511.7</u></b>

*Note:* In the first half of 2020 and 2019, we defined EBITDA as operating (loss)/profit for the period adjusted for depreciation and amortization expenses. We added back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

## **OTHER FINANCIAL INFORMATION**

### ***Capital Structure***

The Company continued to maintain a healthy and sound financial position. Our total assets changed from RMB11,351.2 million as of December 31, 2019 to RMB10,150.3 million as of June 30, 2020, whilst our total liabilities decreased from RMB3,063.2 million as of December 31, 2019 to RMB2,204.1 million as of June 30, 2020. Liabilities-to-assets ratio decreased from 27.0% as of December 31, 2019 to 21.7% as of June 30, 2020.

As of June 30, 2020, we pledged bank deposits of USD23.5 million (equivalent to approximately RMB166.4 million) and bank deposits of RMB64.0 million as security 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 Renminbi or US dollars. 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, 2020, we had cash and cash equivalents and other forms of bank deposits of RMB1,401.7 million, meanwhile, we also had wealth management products valued at RMB20.5 million, which were predominantly denominated in RMB and US dollars. 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, 2020, our total borrowings were approximately RMB780.0 million, which were all bank borrowings denominated in Renminbi. The following table sets forth further details of our banking borrowings as of June 30, 2020:

	<b>RMB million</b>	<b>Interest rate</b>
Secured	310.0	3.92%
Guaranteed	470.0	3.92%~5.26%
<b>Total</b>	<b>780.0</b>	<b>N/A</b>

As of June 30, 2020, we had unutilized banking facilities of RMB876.2 million and banking facilities of RMB1,656.2 million.

As of June 30, 2020, 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, 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, 2020 and December 31, 2019, the Group has a net cash position.

### ***Capital Expenditure***

Our capital expenditures primarily included purchase of equipments and intangible assets. Our capital expenditures decreased by 47.9% to RMB7.5 million in the first half of 2020 from RMB14.4 million in the first half of 2019. We plan to fund our planned capital expenditures 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, 2020. During the six months ended June 30, 2020, we did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

### ***Significant 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, our annual reports dated April 25, 2019 and April 28, 2020.

Save as disclosed above, as of June 30, 2020, the Company did not hold any significant investments.

### ***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 2020.

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

As of June 30, 2020, we had 1,002 full-time employees, 999 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.

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

Pursuant to the public announcement made by the China Film Administration in July 2020, cinemas in low-risk areas in the PRC have orderly reopened since July 20, 2020 and begun to report gross box office results amid certain epidemic prevention measures which still restrict the cinemas' operating capacity. Pursuant to the public announcement issued by the Ministry of Culture and Tourism of the PRC in August 2020, commercial performance activities with medium size or below can be organized in the low risk areas subject to the approval from the relevant local authorities and conditional upon the effective prevention and control of the epidemic. The Group will continue to monitor the latest development of the COVID-19 epidemic and react actively to its impact on the operations and financial position of the Group.

Save as disclosed above, no other important events affecting the Company occurred since June 30, 2020 and up to the date of this announcement.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended June 30,	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Revenue	5	203,050	1,984,614
Cost of revenue	6	(223,609)	(797,847)
<b>Gross (loss)/profit</b>		<b>(20,559)</b>	<b>1,186,767</b>
Selling and marketing expenses	6	(170,827)	(610,656)
General and administrative expenses	6	(204,379)	(184,855)
Net impairment losses on financial and other assets	15,16	(135,555)	(7,919)
Other income	7	121,986	9,554
Other losses, net	7	(15,174)	(9,583)
<b>Operating (loss)/profit</b>		<b>(424,508)</b>	<b>383,308</b>
Finance costs, net		(7,758)	(17,681)
Share of losses of investments accounted for using the equity method		(367)	(439)
<b>(Loss)/profit before income tax</b>		<b>(432,633)</b>	<b>365,188</b>
Income tax credits/(expenses)	8	1,979	(107,779)
<b>(Loss)/profit for the period</b>		<b>(430,654)</b>	<b>257,409</b>
<b>(Loss)/profit attributable to:</b>			
– Equity holders of the Company		(430,654)	262,008
– Non-controlling interests		–	(4,599)
		<b>(430,654)</b>	<b>257,409</b>
<b>(Losses)/earnings per share attributable to equity holders of the Company (expressed in RMB per share)</b>			
– Basic (losses)/earnings per share	9	(0.38)	0.24
– Diluted (losses)/earnings per share	9	(0.38)	0.24



		<b>Six months ended June 30,</b>	
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Note</i>		<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Loss)/profit for the period</b>	<b>(430,654)</b>	<b>257,409</b>
	<b>Other comprehensive income:</b>		
	<i>Items that will not be reclassified to profit or loss</i>		
	Currency translation differences from the Company	<b>28,814</b>	<b>34,960</b>
<i>13</i>	Changes in the fair value of equity investments at fair value through other comprehensive income	<b>5,388</b>	<b>(25,113)</b>
	<b>Other comprehensive income for the period, net of tax</b>	<b>34,202</b>	<b>9,847</b>
	<b>Total comprehensive (loss)/income for the period</b>	<b>(396,452)</b>	<b>267,256</b>
	<b>Total comprehensive (loss)/income attributable to:</b>		
	– Equity holders of the Company	<b>(396,452)</b>	<b>271,855</b>
	– Non-controlling interests	<b>–</b>	<b>(4,599)</b>
	<b>Total comprehensive (loss)/income for the period</b>	<b>(396,452)</b>	<b>267,256</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	29,962	34,421
Right-of-use assets	12	28,472	35,305
Intangible assets	11	5,273,473	5,341,073
Investments accounted for using the equity method		39,290	37,558
Financial assets at fair value through other comprehensive income	13	362,019	356,371
Financial assets at fair value through profit or loss	14	45,832	53,322
Deferred income tax assets		8,348	10,430
Prepayments, deposits and other receivables	16	112,568	113,787
		<u>5,899,964</u>	<u>5,982,267</u>
<b>Current assets</b>			
Inventories		25,819	28,232
Accounts receivable	15	220,529	551,647
Prepayments, deposits and other receivables	16	2,362,018	2,335,593
Financial assets at fair value through profit or loss	14	240,300	481,723
Restricted bank deposits		230,368	331,369
Term deposit with original maturity over three months		–	100,000
Cash and cash equivalents		1,171,325	1,540,414
		<u>4,250,359</u>	<u>5,368,978</u>
<b>Total assets</b>		<u><u>10,150,323</u></u>	<u><u>11,351,245</u></u>

		As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
	<i>Note</i>		
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		153	152
Reserves		8,371,775	8,283,031
(Accumulated losses)/retained earnings		(425,659)	4,860
<b>Total equity</b>		<b>7,946,269</b>	<b>8,288,043</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		174,001	185,673
Lease liabilities	12	15,644	22,282
		<b>189,645</b>	<b>207,955</b>
<b>Current liabilities</b>			
Borrowings	17	780,000	1,161,600
Lease liabilities	12	14,465	14,027
Accounts payable	18	198,434	367,657
Other payables, accruals and other liabilities	19	1,018,710	1,238,638
Current income tax liabilities		2,800	73,325
		<b>2,014,409</b>	<b>2,855,247</b>
<b>Total liabilities</b>		<b>2,204,054</b>	<b>3,063,202</b>
<b>Total equity and liabilities</b>		<b>10,150,323</b>	<b>11,351,245</b>

# NOTES TO THE CONDENSED 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 Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, 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, entertainment content services, advertising services and others (the “**Listing Business**”) to users in the People’s Republic of China (the “**PRC**”).

The condensed consolidated interim 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 17, 2020 and has not been audited.

## 2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended June 30, 2020 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, 2019 (“**2019 Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

Since early 2020, the Group’s business operations in the entertainment industry have been adversely affected by the outbreak of Coronavirus Disease 2019 (“**COVID-19**”), which resulted in significant decrease in commercial activities, lockdown and social distancing measures imposed by the PRC government. The COVID-19 pandemic has led to temporary shut-down of cinemas, suspension of productions of films and TV series, and delay in films’ release schedule, all of which have created challenges for the upstream and downstream activities across the entertainment’s industry value chain.

During the six months ended June 30, 2020, the Group experienced significant decline in revenue and recorded a net loss and net operating cash outflow of approximately RMB430,654,000 and RMB523,721,000 respectively. Starting from 20 July 2020, cinemas in the PRC have gradually reopened and commenced operations amid certain pandemic prevention measures such as restriction of the cinemas’ operating capacity will continue meanwhile.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfil its financial obligations to continue as a going concern. The directors of the Company have reviewed the Group’s cash flow projections, which covers a period of not less than twelve months from June 30, 2020. The directors are of the opinion that, having taken into account the anticipated cashflows generated from the Group’s operations, as well as the possible changes in its operating performance and possible impact of COVID-19 pandemic, the Group’s internal financial resources, availability of existing bank facilities, the Group will have sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from June 30, 2020. Accordingly, the directors consider that the Group will be able to continue as a going concern; and thus have prepared the condensed consolidated financial information on a going concern basis.

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

The accounting policies applied are consistent with those of the 2019 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and revised IFRSs effective as of January 1, 2020.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

The new and revised standards above did not have a material effect on this interim condensed consolidated financial information.

## **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 2019 Financial Statement.

In addition, management also identified the impairment of trade and other receivables as a critical accounting estimate, which are made based on assumptions about the risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical default history, existing market conditions, as well as forward looking information at the end of each reporting period. The identification of impairment of receivables requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivables recognized in the periods in which such estimates have been changed.

## **4 SEGMENT INFORMATION**

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

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

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

As at June 30, 2020, substantially all of the non-current assets other than financial assets at fair value through other comprehensive income were located in the PRC.

## 5 REVENUE

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Online entertainment ticketing	103,806	1,082,985
Advertising services and others	83,610	235,950
Entertainment content services	4,958	665,679
	<hr/>	<hr/>
	192,374	1,984,614
Income from movies and TV series investment ( <i>Note 14(b)</i> )	10,676	—
	<hr/>	<hr/>
<b>Total revenue</b>	<b>203,050</b>	<b>1,984,614</b>
	<hr/>	<hr/>
	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue at a point in time	109,269	1,162,467
Revenue over time	83,105	822,147
	<hr/>	<hr/>
<b>Total revenue (excluding income from movies and TV series investment)</b>	<b>192,374</b>	<b>1,984,614</b>
	<hr/>	<hr/>



## 6 EXPENSES BY NATURE

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Staff costs excluding share options granted to directors and employees	198,143	216,140
Amortization of intangible assets ( <i>Note 11</i> )	70,719	67,517
Marketing and promotion expenses	70,239	479,363
Internet infrastructure cost	53,444	115,258
Share options granted to directors and employees	54,487	50,950
Ticketing system cost	38,932	254,508
Content distribution and promotion cost	28,306	187,482
Depreciation of property, plant and equipment ( <i>Note 11</i> )	8,906	6,656
Content production cost	8,548	133,720
Depreciation of right-of-use assets ( <i>Note 12</i> )	6,833	6,137
Tax and levies	2,949	11,846
Rental expenses for short-term and low-value leases ( <i>Note 12</i> )	2,026	—
Provision for impairment of inventory	—	4,978
Listing expenses	—	3,243
Auditors' remuneration	600	1,665
Other expenses	54,683	53,895
<b>Total cost of revenue, selling and marketing expenses, general and administrative expenses</b>	<b>598,815</b>	<b>1,593,358</b>

During the six months ended June 30, 2020, the Group incurred expenses for the purpose of research and development of approximately RMB119,120,000 (during the six months ended June 30, 2019: approximately RMB100,560,000), which comprised employee benefits expenses of approximately RMB115,785,000 (during the six months ended June 30, 2019: approximately RMB94,957,000).

During the six months ended June 30, 2020, the Group did not recognize provision for inventory impairment in “cost of revenue” (during the six months ended June 30, 2019: approximately RMB4,978,000).

No significant development expenses had been capitalised for the six months ended June 30, 2020 and 2019.

## 7 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<b>Other income</b>		
Government subsidies (a)	114,510	5,386
Tax credit of input tax additional deduction	7,476	4,168
	<u>121,986</u>	<u>9,554</u>
<b>Other losses, net</b>		
Fair value changes on wealth management products, listed and unlisted investments classified as financial assets at fair value through profit or loss (Note 14)	(5,328)	1,990
Net foreign exchange losses	(11,876)	(1,172)
Loss on disposal of property, plant and equipment	(2)	(1,607)
Loss on liquidation of a subsidiary	—	(9,185)
Others	2,032	391
	<u>(15,174)</u>	<u>(9,583)</u>

(a) During the six months ended June 30, 2020, the Group received unconditional subsidies amounting to a total of approximately RMB113,806,000 in respect of certain corporate development funding programs operated by the PRC government of which certain of the Group's key operating subsidiaries were eligible and successfully applied.

## 8 INCOME TAX (CREDITS)/EXPENSES

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	7,611	124,176
Deferred income tax	(9,590)	(16,397)
	<u>(1,979)</u>	<u>107,779</u>

## 9 (LOSSES)/EARNINGS PER SHARE

### (a) Basic (losses)/earnings per share

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB' 000)	<u>(430,654)</u>	<u>262,008</u>
Weighted average number of ordinary shares in issue (thousand)	<b>1,110,973</b>	1,080,308
Weighted average number of vested restricted shares in issue (thousand)	<u>19,277</u>	<u>14,976</u>
Total weighted average number of shares in issue (thousand)	<u><b>1,130,250</b></u>	<u>1,095,284</u>
Basic (losses)/earnings per share (in RMB)	<u><b>(0.38)</b></u>	<u>0.24</u>

Basic (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and weighted average number of vested restricted shares in issue during the respective periods.

**(b) Diluted (losses)/earnings per share**

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit attributable to equity holders of the Company (RMB' 000)	<u><b>(430,654)</b></u>	<u>262,008</u>
Total weighted average number of shares in issue (thousand)	<b>1,130,250</b>	1,095,284
Adjustments for share-based compensation – share options (thousand)	–	12,131
Adjustments for share-based compensation – RSUs (thousand)	<u>–</u>	<u>1,401</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u><b>1,130,250</b></u>	<u>1,108,816</u>
Diluted (losses)/earnings per share (in RMB)	<u><b>(0.38)</b></u>	<u>0.24</u>

Diluted (losses)/earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. As the Group incurred loss for six months ended June 30, 2020, the potential ordinary shares were not included in the calculation of the diluted loss per share as their inclusion would be anti-dilutive.

Accordingly, diluted loss per share for six months ended June 30, 2020, is the same as basic loss per share.

For the six months ended June 30, 2019, the Company had dilutive potential ordinary shares of share options and restricted stock units (“**RSUs**”) granted to employee. 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 fair value (determined as the average market share price of the Company’s shares) for the same amount of proceed are diluted share issues for no consideration which causes dilution to earnings per share, and the RSU could have been acquired at fair value (determined as the closing price of the share on the date of the grant) based on the monetary value of the subscription rights attached to the outstanding RSUs assuming to have been fully vested and released from restrictions with no impact on earnings.

**10 DIVIDENDS**

No dividends have been paid or declared by the Company during the six months ended June 30, 2020 (during the six months ended June 30, 2019: Nil).

## 11 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
<b>Six months ended June 30, 2019 (Unaudited)</b>			
Opening net book amount	30,910	4,451,974	938,792
Business combinations	378	52,910	40,259
Additions	7,161	–	7,163
Liquidation of a subsidiary	(112)	–	(8,861)
Depreciation and amortization	(6,656)	–	(67,517)
<b>Closing net book amount</b>	<b>31,681</b>	<b>4,504,884</b>	<b>909,836</b>
<b>As at June 30, 2019</b>			
Cost	51,522	4,504,884	1,155,511
Accumulated depreciation/amortization	(19,841)	–	(245,675)
<b>Net book amount</b>	<b>31,681</b>	<b>4,504,884</b>	<b>909,836</b>
<b>Six months ended June 30, 2020 (Unaudited)</b>			
Opening net book amount	34,421	4,504,884	836,189
Additions	4,449	–	3,119
Disposals	(2)	–	–
Depreciation and amortization	(8,906)	–	(70,719)
<b>Closing net book amount</b>	<b>29,962</b>	<b>4,504,884</b>	<b>768,589</b>
<b>As at June 30, 2020</b>			
Cost	58,267	4,504,884	1,155,104
Accumulated depreciation/amortization	(28,305)	–	(386,515)
<b>Net book amount</b>	<b>29,962</b>	<b>4,504,884</b>	<b>768,589</b>
<b>Goodwill impairment</b>			

The goodwill balance mainly arose from the acquisition of 100% equity interests in Beijing Weige Shidai Entertainment Technology Co., Ltd (“**Beijing Weige Shidai**”) and Shenzhen Ruihai Fangyuan Technology Co., Ltd. (“**Ruihai Fangyuan**”) in 2017, and the acquisition of Hangzhou Soushi Network Co., Ltd. (“**Hangzhou Soushi**”) in 2019. Goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of the Group.

Upon completion of acquisition of Beijing Weige Shidai and Ruihai Fangyuan in 2017, and acquired 100% equity interests of Hangzhou Soushi in 2019, the Group integrated the business (including the management, assets, customers, users and systems) of Beijing Weige Shidai, Ruihai Fangyuan and Hangzhou Soushi with the Group's movie ticketing business in order to improve the operation efficiency. The management considers that the business of Beijing Weige Shidai, Ruihai Fangyuan, Hangzhou Soushi and the Group's remaining business represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. As a result, goodwill of approximately RMB4,504,884,000 arising from the acquisition of Beijing Weige Shidai, Ruihai Fangyuan and Hangzhou Soushi was allocated to the cash generating unit ("CGU") of the Group.

The following is a summary of goodwill allocation for the Group:

	<b>Goodwill RMB'000</b>
<b>Year ended December 31, 2019 (Audited)</b>	
Opening	4,451,974
Addition	52,910
	<hr/>
<b>Closing</b>	<b>4,504,884</b>
	<hr/> <hr/>
<b>Six months ended June 30, 2020 (Unaudited)</b>	
Opening	4,504,884
Addition	—
	<hr/>
<b>Closing</b>	<b>4,504,884</b>
	<hr/> <hr/>

Impairment review on the goodwill of the Group has been conducted by the management as at June 30, 2020. For the purpose of impairment review, the recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a seven-year period. Cash flows beyond the seven-year period are extrapolated using the estimated terminal growth rates of 3.0%.

The key parameters used for value-in-use calculations on the Group include revenue growth rates, discount rate, gross margin and terminal growth rate.

The revenue growth rates are estimated with reference to the industry growth forecast for the market in which the Group operates. When estimating the revenue growth rate of the first five years, the directors of the Company are of the view that while the total revenue of 2020 will decrease by 67.8% as compared to 2019 due to the impact of COVID-19 outbreak, the PRC entertainment industry will recover substantially in 2021 and PRC movie box office will at least return to 2019 historic level. As such, the directors of the Company estimated that the total revenue of 2021 will rebound to 2019 historic level. From 2022 onwards, the directors of the Company estimated that PRC movie box office will recapture the growth momentum and exceed the 2019 historic level. Hence, revenue growth rates from 2022 to 2024 are estimated to range between 17.8% and 19.2%.

The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. The directors have considered the adverse impact of COVID-19 to the estimation of pre-tax discount rate. With the assistance of a valuation performed by a third-party independent valuer, the directors assessed that the pre-tax discount rate for the impairment assessment as at June 30, 2020 should be increased to 20.1% from the 16.8% used as at December 31, 2019.

The budgeted gross margin between 57.1% and 60.3% was determined by the management based on past performance and its expectation for market development.



Under paragraph 33(b) of IAS 36, a period longer than five years can be used as projections if it is justifiable, and the management of the Group used a seven-year period, which takes into account the length of the post projection period for the cash flow forecast will be perpetuity, and this shall be achieved by identifying a 'steady state' set of assumptions for the cash flows in the last year of the forecasts and applying a terminal value multiple to those cash flows. Therefore, given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state, which is likely after a seven-year period of gradually declining revenue growth. As a result, management considered that before the projections move into a long term stable period, such momentum of revenue growth until 2024 will continue for another two years after 2024, during which the annual revenue growth rate will gradually drop from 18.0% in year 2024 to 16.3% in year 2025 and will further drop to a 12.4% in year 2026.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business far exceeded its carrying amount as at June 30, 2020. The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

The key assumptions used in the value in use calculations are as follows:

- Revenue is directly related to the value of paid transactions on the Group's platform and box office of the Group's business partners. When predicting revenue, the Group referred to the forecast of China's movie market, as well as the service fee rate and the Group's market share in China.
- For items of cost of revenue that are related to GMV of the Group, the Group referred to current fee rate and GMV projection to project the ticket system cost and internet infrastructure cost.
- The gross margin is determined by the management based on past performance and current market conditions.
- Selling and marketing expenses and general and administrative expenses are based on the Group's structure, business plan and the management's estimates.
- A terminal growth rate of 3.0% has been used in estimating cash flows beyond a period of 7 years.
- The cash flow projections are discounted using a pre-tax discount rate of 20.1%. The discount rate reflects the current market assessments of the time value of money and is based on the estimated cost of capital.

## 12 LEASES

### (a) Balance recognized in the consolidated statement of financial position relating to leases

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

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	35,305	37,846
Depreciation	(6,833)	(6,137)
At the end of the period	<u>28,472</u>	<u>31,709</u>

### ***Lease liabilities***

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Current portion	(14,465)	(14,027)
Non-current portion	(15,644)	(22,282)
Total lease liabilities	<u>(30,109)</u>	<u>(36,309)</u>

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's lease liabilities were denominated in RMB.

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

	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Depreciation of right-of-use assets (Note 6)	6,833	6,137
Unwinding of interests on lease liabilities	817	923
Rental expenses for short-term and low-value leases (Note 6)	2,026	—

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

	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
At the beginning of the period	356,371	—
Additions	—	334,111
Disposals	(4,523)	—
Changes in fair value	5,388	(25,113)
Currency translation differences	4,783	7,175
At the end of the period	<u>362,019</u>	<u>316,173</u>

On March 12, 2019, the Company and Huanxi Media Group Limited (“**Huanxi Media**”), a company listed on Main Board of the Stock Exchange of Hong Kong Limited, entered into a subscription agreement, pursuant to which, the Company has conditionally agreed to subscribe for, and Huanxi Media has conditionally agreed to allot and issue to the Company 236,600,000 shares of Huanxi Media representing 7.5% equity interest in Huanxi Media at a total consideration of HKD390,555,620 (equivalent to approximately RMB334,111,000). On March 19, 2019, the subscription was completed and the Company paid all of the consideration. Since the Group has no board seat in the listed company and the investment is intended to hold as strategic investments without trading purpose, management designated this investment as financial assets at fair value through other comprehensive income.

The fair value of the Group's investment in Huanxi Media is based on quoted market price as at reporting date. During the six months ended June 30, 2020, the Group disposed portion of the investment in Huanxi Media in the stock market at a consideration of approximately RMB4,523,000 and realised a gain of approximately RMB135,000 which was transferred to retained earnings. As at June 30, 2020, the closing balance of the Group's investment in Huanxi Media is approximately RMB303,707,000 (as at December 31, 2019: approximately RMB298,369,000).

# 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
<b>Current assets</b>		
Investments in wealth management products (a)	20,500	267,717
Investments in movies and TV series (b)	219,800	214,006
	<b>240,300</b>	<b>481,723</b>
<b>Non-current assets</b>		
Investment in unlisted investments (c)	41,911	48,568
Investment in listed investments (d)	3,921	4,754
	<b>45,832</b>	<b>53,322</b>

## (a) Investments in wealth management products

Movements in investment in wealth management products were as follows:

	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
At the beginning of the period	267,717	276,269
Additions	128,900	259,600
Disposals	(378,489)	(69,844)
Changes in fair value	2,372	12,711
At the end of the period	<b>20,500</b>	<b>478,736</b>

The investments in wealth management products mainly represent the investment in wealth management products issued by banks in the PRC with expected investment return rate as at June 30, 2020 was 3.27% (as at December 31, 2019: 2.65%~4.10%). The principals and returns on all of these wealth management products are not guaranteed, and therefore the Group designated them as financial assets at fair value through profit or loss. The fair values are based on cash flows discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy. Changes in fair value (realized and unrealized) of these financial assets are recognized in "Other losses, net" in the condensed consolidated statement of comprehensive income.

The maximum exposure to credit risk as at June 30, 2020 is the carrying value of these investments in wealth management products. None of the investments is either past due or impaired.

**(b) Investments in movies and TV series**

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

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At the beginning of the period	<b>214,006</b>	108,447
Additions	<b>11,854</b>	51,195
Disposals	<b>(16,736)</b>	(1,131)
Changes in fair value	<b>10,676</b>	(10,721)
	<hr/>	<hr/>
At the end of the period	<b>219,800</b>	147,790
	<hr/> <hr/>	<hr/> <hr/>

**(c) Unlisted investments**

The Group's unlisted investments assets include investments in certain private companies. Movements of unlisted investments were as follows:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At the beginning of the period	<b>48,568</b>	38,801
Additions	<b>—</b>	32,855
Fair value changes	<b>(6,801)</b>	—
Currency translation differences	<b>144</b>	—
	<hr/>	<hr/>
At the end of the period	<b>41,911</b>	71,656
	<hr/> <hr/>	<hr/> <hr/>

**(d) Listed investments**

Movements in listed investments were as follows:

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
At the beginning of the period	<b>4,754</b>	—
Fair value changes	<b>(899)</b>	—
Currency translation differences	<b>66</b>	—
	<hr/>	<hr/>
At the end of the period	<b>3,921</b>	—
	<hr/> <hr/>	<hr/> <hr/>

## 15 ACCOUNTS RECEIVABLE

	As at <b>June 30, 2020</b> (Unaudited) <i>RMB'000</i>	As at December 31, 2019 (Audited) <i>RMB'000</i>
Related parties	10,605	11,427
Third parties	<u>318,528</u>	<u>592,020</u>
	<b>329,133</b>	603,447
Less: allowance for impairment	<u>(108,604)</u>	<u>(51,800)</u>
	<u><b>220,529</b></u>	<u>551,647</u>

(a) The carrying amounts of the accounts receivable balances approximated to their fair value as at June 30, 2020 and as at December 31, 2019. 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 <b>June 30, 2020</b> (Unaudited) <i>RMB'000</i>	As at December 31, 2019 (Audited) <i>RMB'000</i>
0-90 days	2,611	362,516
91-180 days	42,324	44,811
181-365 days	131,777	30,401
Over 365 days	<u>152,421</u>	<u>165,719</u>
	<u><b>329,133</b></u>	<u>603,447</u>

(c) Movements on the Group's allowance for impairments of accounts receivables are as follows:

	As at <b>June 30, 2020</b> (Unaudited) <i>RMB'000</i>	As at December 31, 2019 (Audited) <i>RMB'000</i>
At the beginning of the period/year	(51,800)	(11,404)
Provision for the period/year	<u>(56,804)</u>	<u>(40,396)</u>
At the end of the period/year	<u><b>(108,604)</b></u>	<u>(51,800)</u>

- (d) 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 shared credit risk characteristics and the days past due. The expected credit losses below have also incorporated forward looking information. The loss allowance provisions as at June 30, 2020 and as at December 31, 2019 are determined as follows:

	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
<b>As at June 30, 2020 (Unaudited)</b>						
Expected loss rate	4.10%	8.81%	8.92%	9.09%	63.49%	
Gross carrying amount	83,702	2,611	26,003	64,396	152,421	329,133
Loss allowance provision	3,432	230	2,320	5,856	96,766	108,604
<b>As at December 31, 2019 (Audited)</b>						
Expected loss rate	3.46%	3.14%	3.95%	4.26%	24.71%	
Gross carrying amount	314,265	60,139	36,556	48,822	143,665	603,447
Loss allowance provision	10,888	1,887	1,443	2,081	35,501	51,800

The directors of the Company have carefully re-assessed the life time expected credit loss of accounts receivables as at June 30, 2020, and increased the expected credit loss rate as at June 30, 2020 to reflect the adverse impact of COVID-19 outbreak to the macroeconomic environment and the PRC entertainment industry.

## 16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Deposits and prepayments for online entertainment ticketing and e-commerce services	1,151,523	998,089
Prepayments for investments in movies and TV series (a)	746,505	766,662
Loans to third parties (b)	216,933	224,758
Amounts due from related parties	140,272	164,501
Receivables from investments in movies and TV series	135,107	118,862
Others	164,451	177,962
	<b>2,554,791</b>	<b>2,450,834</b>
Less: non-current portion	<b>(112,568)</b>	<b>(113,787)</b>
Current portion	<b>2,442,223</b>	<b>2,337,047</b>
Less: allowance for impairment of prepayments, deposits and other receivables (c)	<b>(80,205)</b>	<b>(1,454)</b>
	<b>2,362,018</b>	<b>2,335,593</b>

- (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. Except for an interest-free and unsecured loan amounting to approximately RMB75,675,000, the remaining loans are interest-bearing at fixed rates ranging from 5% to 13% per annum and are secured by the debtors' certain receivables.
- (c) The allowance for impairment mainly represents impairment of prepayments and deposits paid by the Group to its business partners for the Group's online entertainment ticketing business of which the directors assessed to be irrecoverable after considering relevant factors such as the corresponding contractual terms or mutually agreed arrangements, the credit status of these companies, and the overall market conditions.

The provision is the excess amount of the carrying amount of prepayment and deposits over the expected recoverable amount based on the directors' assessment with reference to the aforementioned relevant factors.

During the six months ended June 30, 2020, the Group made impairment provision of approximately RMB78,751,000 against prepayments and deposits paid to a number of business partners based on the expected recoverable amount estimated by the directors in light of the adverse impact of COVID-19 outbreak to the macroeconomic environment and the PRC entertainment industry.

## 17 BORROWINGS

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
<b>Current</b>		
Bank borrowings – due within one year		
– Secured (a)	310,000	511,600
– Guaranteed (b)	470,000	650,000
	<u>780,000</u>	<u>1,161,600</u>

- (a) As at June 30, 2020, the bank borrowing of RMB150,000,000 was interest-bearing at a fixed rate of 3.92% per annum and was secured by restricted bank deposits of USD23,500,000 (equivalent to approximately RMB166,368,000) and the bank borrowing of RMB160,000,000 was interest-free and secured by bank deposits of RMB64,000,000.

As at December 31, 2019, bank borrowings of RMB252,000,000 were interest-bearing at fixed rate of 4.31% per annum and secured by restricted bank deposits of USD47,499,995 (equivalent to approximately RMB331,369,000) and bank borrowings of RMB259,600,000 were interest-free and secured by certain investment in wealth management products amounting to RMB259,600,000.

- (b) As at June 30, 2020, these bank borrowings were guaranteed by subsidiaries of the Group, among which, RMB100,000,000 was under a fixed rate of 4.96% per annum; RMB200,000,000 was under a fixed rate of 3.92% per annum; RMB100,000,000 was under a fixed rate of 5.22% per annum, and RMB70,000,000 was under a fixed rate of 5.26% per annum.

As at December 31, 2019, these bank borrowings were guaranteed by subsidiaries of the Group, among which RMB200,000,000 was with fixed rate of 5.44% per annum, RMB200,000,000 with fixed rate of 3.92% per annum, RMB100,000,000 with fixed rate of 5.22% per annum, RMB100,000,000 with fixed rate of 4.96% per annum, and RMB50,000,000 was with fixed rate of 4.35% per annum.

(c) The borrowings on June 30, 2020 and December 31, 2019 were all denominated in RMB with fixed rates.

## 18 ACCOUNTS PAYABLE

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

	As at <b>June 30, 2020</b> (Unaudited) <i>RMB'000</i>	As at December 31, 2019 (Audited) <i>RMB'000</i>
0-90 days	3,440	222,405
91-180 days	47,920	45,012
181-365 days	55,353	32,641
Over 365 days	91,721	67,599
	<b>198,434</b>	<b>367,657</b>

## 19 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at <b>June 30, 2020</b> (Unaudited) <i>RMB'000</i>	As at December 31, 2019 (Audited) <i>RMB'000</i>
Payables in respect of online entertainment ticketing and e-commerce services	485,733	831,386
Amounts due to related parties	192,517	107,865
Payables in respect of share in the box office receipts	163,057	147,690
Loans from third parties (a)	74,580	—
Payroll and welfare payable	68,650	88,772
Other tax liabilities	7,550	21,736
Others	26,623	41,189
	<b>1,018,710</b>	<b>1,238,638</b>

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

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2020.

### USE OF PROCEEDS

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, 2020.

<b>Intended use of net proceeds</b>	<b>Allocation of net proceeds</b>	<b>Amount of net proceeds utilized as of June 30, 2020 <i>HK\$ in millions</i></b>	<b>Balance of net proceeds as of June 30, 2020</b>	<b>Expected timeline for balance of net proceeds</b>
Funding for improving integrated platform capabilities	551.8	<b>209.5</b>	<b>342.3</b>	By December 31, 2022
Research and development and technical infrastructure	551.8	<b>219.1</b>	<b>332.7</b>	By December 31, 2022
Funding potential investments and acquisitions	551.8	<b>401.4</b>	<b>150.4</b>	By December 31, 2021
Working capital and general corporate purposes	183.9	<b>163.4</b>	<b>20.5</b>	By December 31, 2020

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.

### 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.

During the Reporting Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code and adopted most of the best practices set out therein.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” contained in Appendix 10 to the Listing Rules as its code of conduct for directors’ securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

## **Purchase, Sale or Redemption of Listed Securities**

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

## **Audit Committee**

The Audit Committee consists of three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai, Mr. Wang Hua, Mr. Ma Dong (will cease to be a member of the Audit Committee with effect from August 18, 2020), Ms. Liu Lin (appointed as a member of the Audit Committee with effect from August 18, 2020). Mr. Chan Charles Sheung Wai currently serves as the chairman of the Audit Committee.

The Audit Committee (Mr. Chan Charles Sheung Wai, Mr. Wang Hua and Mr. Ma Dong), together with management and the Auditor, have reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2020.

## **Publication of the Interim Results and Interim Report**

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

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, 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)

“Consolidated Affiliated Entities”	entities whose financial have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements
“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
“GMV”	the value of paid transactions on our platform, including the service fees and without regard to any refunds
“gross box office”	box office and the service fees paid for online movie ticketing services
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“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
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this interim results announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated January 23, 2019
“Reporting Period”	the six months ended June 30, 2020
“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)

“Stock Exchange” or “SEHK”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$” or “US dollars” or “USD”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent

# The English names of the PRC nationals, enterprises and entities are translation and/or transliterations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and translations and/or transliterations, the Chinese names shall prevail.

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

Hong Kong, August 17, 2020

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