



Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board of directors (the “**Board**”) of Maoyan Entertainment (the “**Company**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and the Consolidated Affiliated Entities (the “**Group**”) for the year ended December 31, 2020. The results have been audited by the auditor of the Company in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

PERFORMANCE HIGHLIGHTS

	Year ended December 31,		Year-on-year change %
	2020 <i>RMB million</i>	2019 <i>RMB million</i>	
Revenue	1,365.7	4,267.5	(68.0)
Gross profit	537.3	2,657.1	(79.8)
Operating (loss)/profit	(604.2)	675.9	N/A
(Loss)/profit for the year	(646.3)	458.9	N/A
Adjusted (LBITDA)/EBITDA	(360.3)	946.4	N/A
Adjusted net (loss)/profit ^(Note)	(435.6)	703.2	N/A

Note: We defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and amortization of intangible assets resulting from business combinations.

Financial Highlights

Our revenue decreased to RMB1,365.7 million in the full year of 2020 from RMB4,267.5 million in the full year of 2019. Our gross profit decreased to RMB537.3 million in the full year of 2020 from RMB2,657.1 million in the full year of 2019. Our loss for the full year of 2020 was RMB646.3 million, whereas our profit for the full year of 2019 was RMB458.9 million. Our adjusted LBITDA for the full year of 2020 was RMB360.3 million, decreased from EBITDA of RMB946.4 million in the full year of 2019, whereas our adjusted net loss^(Note) was RMB435.6 million in the full year of 2020, decreased from adjusted net profit^(Note) of RMB703.2 million in the full year of 2019.

BUSINESS REVIEW AND OUTLOOK

In 2020, due to COVID-19, all the cinemas in mainland China had been shut down for 183 days from January 23, 2020, which posed unprecedented difficulties and challenges throughout the entire movie industry value chain. As the epidemic was kept under control in China and the strong consumer demand for offline movie watching was released continuously, the box office of the Chinese movie market has bounced back significantly, taking the lead in industry recovery among global movie markets.

During the outbreak of the epidemic, we took active measures to assist the recovery of the industry, enhanced our platform service capabilities, diversified our reserve of contents and strengthened the extent and depth of our participation in the industry. Meanwhile, leveraging on our asset-light business model and strict cost management, we had excellent risk-resistant ability and driving force of business development, which help us better mitigate the impact of the epidemic and promote the recovery and robust development of the Company's business.

Note: We defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and amortization of intangible assets resulting from business combinations.

Keep Firm Foothold to Reduce Cost and Increase Efficiency

Since 2020, the national box office market has showed strong momentum of recovery and development. In 2020, the total gross box office for China's movie industry was approximately RMB20.3 billion. Even as cinemas strictly implemented the 75% attendance limit imposed by the government, the seven-day box office on National Day Holiday in 2020 was RMB3.7 billion, which was recovered to more than 80% level compared to that in 2019 holiday period. As of December 31, 2020, the cumulative number of cinema screens in mainland China increased by 8.3% year-over-year to 75,581. As of February 28, 2021, China's year-to-date total box office grew by 7% to more than RMB15.5 billion.

For Maoyan, our movie ticketing business has recovered along with the recovery of the market. During the reporting period, our market share was stable and we continued to maintain our leading position in the industry. In the future, we will continue to promote the construction of ticketing system, strictly control our costs and expenses of ticketing business, stabilize the market share and revenue performance, and further improve the profitability of ticketing business.

Build up Profound Strength by Cultivating Quality Contents

In 2020, we have participated in many movies and TV series, which have been successively released to the public with the re-opening of cinemas and the broadcasting of TV stations and video platforms. As an important participant in the pan entertainment industry, we continued to enhance our extent and depth of participation in the industry, strengthened content reserves, continued to expand our footprints upstream into the industry, and further improved the penetration and profitability of the blockbuster contents.

In terms of cinema movies, Maoyan has participated as a producer/distributor in three of the four movies that each achieved more than RMB1 billion box offices in 2020, respectively *My People, My Homeland* (我和我的家鄉), *Legend of Deification* (姜子牙) and *The Sacrifice* (金剛川). In addition, the movies, such as *One Second* (一秒鐘) and *Back To The Wharf* (風平浪靜) produced and mainly distributed by us have had positive reception in the industry, which further validate our ability in movie selection, promotion and distribution. For example, *Back To The Wharf* (風平浪靜), as the first realised movie self-produced by Maoyan, was shortlisted for the 23rd session of SIFF Golden Goblet Awards, and related unit of Cairo International Movie Festival and IFFAM.

We have built up an abundant reserve of contents which will be released in 2021 and beyond. We will also continue to enhance our participation in quality movies going forward, especially to deeply participate in the blockbusters for the important occasions. For example, we have participated in five of the seven movies that were released on the first day of the Spring Festival in 2021 as a producer/distributor. Among them, the movie *Hi, Mom* (你好，李煥英), which we acted as the main producer and guaranteed distributor, realized excellent performance and turned out to be the dark horse in the Spring Festival of 2021. As of March 30, 2021, the box office is over RMB5.3 billion, ranking the Second in the history of Chinese movies. There will be a series of quality movies that we acting as producer/distributor at opportune time, including but not limited to *1921* (1921), *Raging Fire* (怒火·重案), *Chinese Doctors* (中國醫生), *Across the Furious Sea* (涉過憤怒的海), *Warriors of Future* (明日戰記) and *Knock, Knock* (不速來客).

In addition, we have also started the self-production of cinema movies since 2019. Leveraging our high professional standard and content development expertise, we have produced more quality contents to extend the depth of our proprietary content reserves and strengthen our own IPs development. After *Back to the Wharf* (風平浪靜), we are currently in active production of movies such as *On Your Mark* (了不起的老爸), *Game Start* (天才遊戲), *A Film Is Born* (揚名立萬), *Flaming Cloud* (三貴情史), *Moses On The Plain* (平原上的摩西), *The Woman in the Storm* (我經過風暴) and *New Five Golden Flower* (新五朵金花) which will be released successively.

In addition to cinema movies, we were also constantly enriching content categories, and continued to increase the production and participation of TV series and streaming movies. In 2020, we co-produced two TV dramas with Tencent such as *Miss Crow and Mr. Lizard* (烏鴉小姐與蜥蜴先生) and *Babel* (通天塔). The law-themed suspense TV series *The Last Straw* (庭外辯護) developed and produced by us is planned to be shot in the first half of 2021, which will be exclusively broadcasted on Youku. *Genius Go Talent* (天才棋士), *Beauty in Truth* (女為悅己者), *Love Me If You Dare* (服不服) and several other TV series self-produced by Maoyan are planned to be shot this year. Besides, we have gradually established a solid roadmap for producing streaming movie content in a variety of categories such as northeastern comedy, new martial arts, and military, etc. We plan to release those online movies gradually in 2021 and beyond.

Make Whole Network Integration to Continue to Strengthen Internet Entertainment Promotion Platform Capabilities

As a leading domestic movie distributor and a comprehensive Internet entertainment marketing platform, we gave full play to the nature and advantages of our “Internet and Entertainment” platform. We continued to build an online and offline integrated marketing ecosystem, integrated the resources and advantages of Maoyan’s own platform and the major platforms in the industry to assist the movie producers with increasingly targeted and effectively promotion solutions .

To address the different levels of marketing demands across the whole industry, we provide both standardized and customized movie promotion solutions. Our standardized promotion and distribution products, such as data consulting, precision marketing, material management and monitoring listed in *Maoyan Pro* (貓眼專業版), provide assistance to movie producers to improve efficiency. In addition, we also provided customized products and services for industry partner to achieve optimal promotion and distribution performance. For example, for the movie *Hi, Mom* (你好，李煥英), which was main produced and guaranteed distributed by us, we made continuous innovations by combining the environmental changes and the characteristics of the movie under the epidemic situation, and successively launched several innovative promotion and distribution solutions, such as “cloud road show (雲路演)”, “cloud block booking (雲包場)” and “red packet (助力主創紅包)” etc., helped to boost the movie’s appeal, generate audience interest leading to its official release, and make it stand out above other competing titles. Our ability of continuous accumulation and innovation has been widely recognized by the market and further proved the promotion and distribution ability of Maoyan.

In order to support the realization and implementation of promotion and distribution products, we continued to build and enrich our promotion and distribution resources, and devoted ourselves to building our omni-channel media ecosystem covering the whole scenes of users' online life. Up to now, the total user number of our Maoyan mini program ecosystem covering WeChat, Douyin, Baidu and other platforms has exceeded 450 million.

We were committed to creating industry standardization indicators, such as “real-time wish-list gathering” (實時想看) and “real-time pre-sale” (實時預售) index of Maoyan Pro (貓眼專業版), and improved the width, depth and accuracy of the coverage of such indicators, aiming to provide a more accurate and effective reference indicators and codes of conduct. Take “real-time wish-list gathering” as an example, we continued to strengthen cooperation with major platforms such as Douyin on film data and platform cooperation to get access to the entry of each viewer, and we accessed with Douyin's “wish-list” (想看) index, enabling the movie producers to constantly monitor the accuracy and effectiveness of the promotion and distribution performance of all platforms.

Embrace Changes to Fortify Service Ability of Data Platform

Leveraging on Maoyan's advantages in the movie ticketing platform and continuous participation in the pan entertainment industry, we have accumulated a wealth of industry data. Besides, we constantly expanded data sources, updated data dimensions and professional functions, strived to provide comprehensive and professional data reference for the entire industry, and to provide the best data analysis and data support solutions for industry partners.

In 2020, we further strengthened the cooperation with major online platforms, accessed to data sharing resources, and improved the industry reference indicators in film box office, original music, movie traffic data, user search data and other aspects, including but not limited to:

- Accessed to Tencent Video's streaming movie box office performance data, becoming the first platform to collect this key metric from all three of the major Chinese video platforms including Tencent Video, iQIYI and Youku;
- Launched “Uni Chart” (由你音樂榜) of Tencent Music Group which syndicated 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;

- Launched “Weibo Movie Chart” (微博電影榜) and combined WeChat Movie Popularity Chart and Baidu Movie Popularity Chart to provide more complete social media popularity monitoring data for the industry;
- Launched “Douyin Movie Chart” (抖音電影榜), “Douyin Drama Chart” (抖音劇集榜) and “Douyin Shows Chart” (抖音綜藝榜). The complete user data link and ecosystem brought by such data complementarity means the comprehensive upgrade of the refinement of online promotion and distribution in the content industry;
- Connected the cinema resources of Maoyan to Baidu ecosystem through mini programs to obtain accurate traffic of users’ searches. At the same time, linked with Baidu App, Bai Jiahao and Baidu Map to realize traffic aggregation within Baidu ecosystem.

The comprehensive coverage and integration of the above data capabilities further lift Maoyan’s platform service capabilities and data service capabilities. In 2020, we provided data service for more than 40 movies, covering movies released on National Day, New Year’s Day and Spring Festival and other major Chinese holiday seasons. In 2021, we will continue to enhance our data analysis capabilities and data support solutions for entertainment contents. For example, four of the seven movies released in the Spring Festival in 2021 used the data service of Maoyan Research Institute, which reflects the coverage rate of our data service. In addition to cinema movies, we have also expanded the data service and platform service for streaming contents. For example, we provided research and testing services for Run For Young (風犬少年的天空), A Murderous Affair in Horizon Tower (摩天大樓) and other TV series, and provided data service for Legend of Ravaging Dynasties 2 (爵跡 2), Once Upon a Time in the Northeast I Am Haizhu (東北往事：我叫劉海柱) and other streaming movies.

Meanwhile, Maoyan also continued to attach importance to the data service and support for the whole industry, to keep the whole industry partners informed of industry information and trends. In 2020, Maoyan Research Institute released dozens of research reports on the impact of the epidemic, box office and schedule, the streaming movie market, etc., to assist the rapid recovery of the industry with big data.

Achieve Sound Growth to Build a Better Life While

Based on the above, the pan entertainment industry was severely impacted by the epidemic in 2020. However, due to the effective management and control over the epidemic and with the joint efforts of all industry participants, the entertainment industry in China ushered in full recovery after general shutdown, and the New Year's Day and Spring Festival releases in 2021 also recorded notable box office. Moreover, certain movies that we participated in, such as Hi, Mom(你好，李焕英), Detective Chinatown 3(唐人街探案3) and A Writer's Odyssey(刺杀小说家), recorded excellent performance as a result of recovery of the Chinese movie market, which is expected to further boost the Company's performance for the first quarter of 2021. We remain confident about our own growth prospect as well as the overall industry's long-term healthy development. We believe the audiences will always support quality contents. By embracing data and innovations, making quality contents reach to suitable audiences we can help to leverage the value of the content industry and build a better life.

As a leading platform to provide innovative Internet services for the whole entertainment industry, we will continue to enhance our core abilities, present more quality contents, further improve the basic service capacity of the platform and facilitate the recovery and development of the industry. Finally, we would like to express our heartfelt thanks to all colleagues, shareholders and industry partners for their trust and companionship. Let us work together and generate great values for our industry!

MANAGEMENT DISCUSSION AND ANALYSIS

2020 Review

	Year ended December 31,			
	2020		2019	
	<i>RMB</i> <i>million</i>	<i>%</i>	<i>RMB</i> <i>million</i>	<i>%</i>
Revenue	1,365.7	100.0	4,267.5	100.0
Cost of revenue	<u>(828.4)</u>	<u>(60.7)</u>	<u>(1,610.4)</u>	<u>(37.7)</u>
Gross profit	537.3	39.3	2,657.1	62.3
Selling and marketing expenses	(485.8)	(35.6)	(1,547.8)	(36.3)
General and administrative expenses	(353.6)	(25.9)	(447.8)	(10.5)
Net impairment losses on financial and other assets	(418.4)	(30.6)	(41.9)	(1.0)
Other income	130.8	9.6	52.5	1.2
Other (losses)/gains, net	<u>(14.5)</u>	<u>(1.1)</u>	<u>3.8</u>	<u>0.1</u>
Operating (loss)/profit	(604.2)	(44.3)	675.9	15.8
Finance income	15.9	1.2	29.0	0.7
Finance costs	(37.8)	(2.8)	(42.8)	(1.0)
Finance costs, net	(21.9)	(1.6)	(13.8)	(0.3)
Share of losses of investments accounted for using equity method	<u>(2.5)</u>	<u>(0.2)</u>	<u>(0.6)</u>	<u>(0.0)</u>
(Loss)/profit before income tax	(628.6)	(46.1)	661.5	15.5
Income tax expenses	<u>(17.7)</u>	<u>(1.3)</u>	<u>(202.6)</u>	<u>(4.7)</u>
(Loss)/profit for the year	<u>(646.3)</u>	<u>(47.4)</u>	<u>458.9</u>	<u>10.8</u>
Non-IFRS Measures:				
(LBITDA)/EBITDA	(432.9)	(31.7)	839.9	19.7
Adjusted (LBITDA)/EBITDA	(360.3)	(26.4)	946.4	22.2
Adjusted net (loss)/profit ^(Note)	(435.6)	(31.9)	703.2	16.5

Note: We defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and amortization of intangible assets resulting from business combinations.

Revenue

Our revenue decreased by 68.0% to RMB1,365.7 million in 2020 from RMB4,267.5 million in 2019. This decrease was primarily a result of decreases in the revenue from online entertainment ticketing services, entertainment content services, advertising services and others as affected by COVID-19 pandemic in 2020. The following table sets forth our revenues by service for the years ended December 31, 2020 and 2019.

	Year ended December 31,			
	2020		2019	
	<i>RMB</i>		<i>RMB</i>	
	<i>million</i>	<i>%</i>	<i>million</i>	<i>%</i>
Revenue				
Online entertainment ticketing services	756.5	55.4	2,303.2	54.0
Entertainment content services <i>(Note)</i>	353.3	25.9	1,396.8	32.7
Advertising services and others	255.9	18.7	567.5	13.3
Total	<u>1,365.7</u>	<u>100.0</u>	<u>4,267.5</u>	<u>100.0</u>

Note: This amount included fair value loss on the Group's investment in movie and TV series amounting to RMB27.5 million for the year ended December 31, 2020 and fair value gain on the Group's investment in movie and TV series amounting to RMB15.6 million for the year ended December 31, 2019.

Online Entertainment Ticketing Services

Revenue from our online entertainment ticketing business decreased by 67.2% to RMB756.5 million in 2020 from RMB2,303.2 million in 2019, mainly due to the significant revenue decrease in the online performance ticketing business as overshadowed by COVID-19 pandemic, which had resulted in closedown of movie theaters in mainland China for 183 days from January 23, 2020, and cancellation of most of off-line major events.

Entertainment Content Services

Revenue from our entertainment content services decreased by 74.7% to RMB353.3 million in 2020 from RMB1,396.8 million in 2019. Such decrease was mainly due to delay in some projects which we partially participated in its production, promotion & distribution, and which were not released as scheduled in 2020, as overshadowed by COVID-19 pandemic.

Advertising Services and Others

Revenue from our advertising services and others decreased by 54.9% to RMB255.9 million in 2020 from RMB567.5 million in 2019, which was primarily due to an decrease in the demand of advertising placements from advertisers as affected by COVID-19 pandemic.

Cost of Revenue

Our cost of revenue decreased by 48.6% to RMB828.4 million in 2020 from RMB1,610.4 million in 2019. The decrease in our cost of revenue was mainly due to a decrease in the cost of ticketing system (which was in line with the decrease in the proportion to the revenue of our online movie ticketing service), and the content production cost and content distribution and promotion cost, reflecting the decrease in the revenue of our 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 years indicated:

	Year ended December 31					
		2020			2019	
	<i>RMB million</i>	<i>% of cost</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of cost</i>	<i>% of revenue</i>
Ticketing system cost	144.9	17.5	10.6	537.2	33.4	12.6
Internet infrastructure cost	130.7	15.8	9.6	243.4	15.1	5.7
Content distribution and promotion cost	188.7	22.8	13.8	349.9	21.7	8.2
Content production cost	152.4	18.4	11.2	242.6	15.1	5.7
Amortization of intangible assets	137.8	16.6	10.1	135.9	8.4	3.2
Depreciation of property, plant and equipment	8.4	1.0	0.6	6.9	0.4	0.1
Other expenses	65.5	7.9	4.8	94.5	5.9	2.2
Total	<u>828.4</u>	<u>100.0</u>	<u>60.7</u>	<u>1,610.4</u>	<u>100.0</u>	<u>37.7</u>

Gross Profit and Gross Margin

Our gross profit decreased by RMB2,119.8 million, or 79.8%, to RMB537.3 million in 2020 from RMB2,657.1 million in 2019, and our gross margin was 62.3% and 39.3% in 2019 and 2020, respectively. The decreases in our gross profit and gross margin were mainly due to the substantial decrease in our revenue as affected by COVID-19 pandemic, while the decline in some fixed costs included in our cost were not in proportion to the decrease in our revenue, resulting in the substantial decreases in our gross profit and gross margin.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 68.6% to RMB485.8 million in 2020 from RMB1,547.8 million in 2019, primarily due to the decreased client incentive.

General and Administrative Expenses

Our general and administrative expenses decreased by 21.0% to RMB353.6 million in 2020 from RMB447.8 million in 2019, primarily due to the decrease in employee benefit expenses of the management.

Net Impairment Loss of Financial and Other Assets

We recorded net impairment loss of financial and other assets of RMB418.4 million in 2020, while the recorded net impairment loss of financial and other assets of RMB41.9 million in 2019. We evaluated the expected loss of financial and other assets as at December 31, 2020 on prudent basis, and made provisions for the impairments to reflect the overall blow by the COVID-19 pandemic to the macro economic environment and entertainment industry, as well as the individual negative effects to some of our business partners.

Other Income and Other (Losses)/Gains

We had other income and net other loss of RMB116.3 million in 2020, compared to other income and other gains of RMB56.3 million in 2019, primarily due to the increase in the government subsidies received in 2020 compared with 2019.

Operating (Loss)/Profit

As a result of the foregoing, our operating loss was RMB604.2 million in 2020, compared to an operating profit of RMB675.9 million in 2019.

Finance Costs, Net

Our net finance costs increased by 58.7% to RMB21.9 million in 2020 from RMB13.8 million in 2019, primarily due to the decrease of finance gains of interest from bank deposits.

Income Tax Expenses

We had income tax expenses of RMB17.7 million in 2020, compared to the income tax expenses of RMB202.6 million in 2019. This was primarily due to the decline in overall profitability.

(Loss)/Profit for the Year

As a result of the foregoing, our loss for the year was RMB646.3 million in 2020, compared to profit for the year of RMB458.9 million in 2019.

Non-IFRS Financial Measure

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use (LBITDA)/EBITDA, adjusted (LBITDA)/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, 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 (LBITDA)/EBITDA, adjusted (LBITDA)/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, (LBITDA)/EBITDA, and Adjusted (LBITDA)/EBITDA

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

	Year ended December 31,	
	2020	2019
	RMB	RMB
	million	million
Reconciliation of net (loss)/profit to adjusted net (loss)/profit		
Net (loss)/profit for the year	(646.3)	458.9
Add:		
Share-based compensation	72.6	103.2
Net loss on convertible bonds classified as financial liabilities		
at fair value through profit or loss	–	1.6
Listing expenses	–	3.3
Amortization of intangible assets resulting from		
business combinations	138.1	136.2
Adjusted net (loss)/profit^(Note)	<u>(435.6)</u>	<u>703.2</u>

Note: We defined adjusted net (loss)/profit as net (loss)/profit for the year adjusted by adding back share-based compensation, fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and amortization of intangible assets resulting from business combinations.

	Year ended December 31,	
	2020	2019
	RMB million	RMB million

Reconciliation of operating (loss)/profit to (LBITDA)/EBITDA and adjusted (LBITDA)/EBITDA		
Operating (loss)/profit for the year	(604.2)	675.9
Add:		
Depreciation of property, plant and equipment	16.5	14.4
Amortization of intangible assets	141.1	137.7
Depreciation of right-of-use assets	13.7	11.9
	<hr/>	<hr/>
(LBITDA)/EBITDA ^(Note)	(432.9)	839.9
	<hr/>	<hr/>
Add:		
Share-based compensation	72.6	103.2
Listing expenses	–	3.3
	<hr/>	<hr/>
Adjusted (LBITDA)/EBITDA	(360.3)	946.4
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OTHER FINANCIAL DATA AND INFORMATION

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets decreased from RMB11,351.2 million as of December 31, 2019 to RMB10,608.5 million as of December 31, 2020, whilst our total liabilities decreased from RMB3,063.2 million as of December 31, 2019 to RMB2,985.5 million as of December 31, 2020. Our liabilities-to-assets ratio increased from 27.0% in 2019 to 28.1% in 2020.

As of December 31, 2020, we pledged bank deposits of RMB154.0 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 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.

Note: We defined (LBITDA)/EBITDA as operating (loss)/profit for the year adjusted for depreciation and amortization expenses. We add back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

As of December 31, 2020, we had cash and cash equivalents and other forms of bank deposits of RMB2,294.1 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 December 31, 2020, our total borrowings were approximately RMB1,013.5 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of December 31, 2020:

	RMB million	Interest rate
Secured	340.0	2.84%~2.90%
Guaranteed	673.5	3.50%~5.85%
Total	<u>1,013.5</u>	<u>N/A</u>

As of December 31, 2020, we had unutilized banking facilities of RMB58 million.

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

Capital Expenditure

Our capital expenditures primarily included purchase of equipment and intangible assets. Our capital expenditures decreased by 43.8% to RMB12.6 million in 2020 from RMB22.4 million in 2019. We plan to fund our planned capital expenditures using cash generated from operations and the net proceeds from the global offering.

Material Acquisitions and Future Plans for Major Investments

As of December 31, 2020, the Group did not have any plans for major investments and capital assets. During the year ended December 31, 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 and our Annual Report for 2018 and 2019.

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 2020.

Employees, Remuneration Policy and Share Option

As of December 31, 2020, we had 879 full-time employees, 877 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.

Reference is made to the announcement of the Company dated January 19, 2021, in relation to the granting of a total of 15,066,000 options (the “**Options**”) to Mr. Zheng Zhihao (鄭志昊), the grant of Options will be tabled at the AGM for approval according to Rule17.03(4) of the Listing Rules, the exercise of the Options is subject to approval at the AGM and the vesting schedule that only 25% of the total Options shall be vested in each of 2022, 2023, 2024 and 2025, as of the date of this announcement, no Options has been exercised.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
		2020	2019
	Note	RMB'000	RMB'000
Revenue	4	1,365,690	4,267,514
Cost of revenue	5	<u>(828,356)</u>	<u>(1,610,367)</u>
Gross profit		537,334	2,657,147
Selling and marketing expenses	5	(485,845)	(1,547,792)
General and administrative expenses	5	(353,561)	(447,810)
Net impairment losses on financial and other assets	10, 11	(418,356)	(41,850)
Other income	6	130,795	52,408
Other (losses)/gains, net	6	<u>(14,511)</u>	<u>3,836</u>
Operating (loss)/profit		(604,144)	675,939
Finance income		15,891	29,006
Finance costs		<u>(37,833)</u>	<u>(42,765)</u>
Finance costs, net		(21,942)	(13,759)
Share of losses of investments accounted for using the equity method		<u>(2,535)</u>	<u>(639)</u>
(Loss)/profit before income tax		(628,621)	661,541
Income tax expenses	7	<u>(17,651)</u>	<u>(202,684)</u>
(Loss)/profit for the year		<u>(646,272)</u>	<u>458,857</u>
(Loss)/profit attributable to:			
– Equity holders of the Company		(646,272)	463,456
– Non-controlling interests		<u>–</u>	<u>(4,599)</u>
		<u>(646,272)</u>	<u>458,857</u>
(Losses)/earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic (losses)/earnings per share	8	(0.57)	0.42
– Diluted (losses)/earnings per share	8	<u>(0.57)</u>	<u>0.41</u>

	Year ended December 31,	
	2020	2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year	<u>(646,272)</u>	<u>458,857</u>
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences from foreign operations	<u>1,568</u>	<u>(10,814)</u>
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences from the Company	(77,192)	77,529
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>(16,168)</u>	<u>(30,496)</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(91,792)</u>	<u>36,219</u>
Total comprehensive (loss)/income for the year	<u>(738,064)</u>	<u>495,076</u>
Total comprehensive (loss)/income attributable to:		
– Equity holders of the Company	(738,064)	499,675
– Non-controlling interests	<u>–</u>	<u>(4,599)</u>
Total comprehensive (loss)/income for the year	<u><u>(738,064)</u></u>	<u><u>495,076</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2020	2019
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		26,082	34,421
Right-of-use assets		21,639	35,305
Intangible assets		5,204,121	5,341,073
Investments accounted for using the equity method		37,121	37,558
Financial assets at fair value through profit or loss		28,313	53,322
Financial assets at fair value through other comprehensive income		316,265	356,371
Deferred income tax assets		11,930	10,430
Prepayments, deposits and other receivables	11	63,675	113,787
		<u>5,709,146</u>	<u>5,982,267</u>
Current assets			
Inventories		35,154	28,232
Accounts receivables	10	318,970	551,647
Prepayments, deposits and other receivables	11	1,853,259	2,335,593
Financial assets at fair value through profit or loss		397,864	481,723
Restricted bank deposits		154,000	331,369
Term deposit with original maturity over three months		–	100,000
Cash and cash equivalents		2,140,149	1,540,414
		<u>4,899,396</u>	<u>5,368,978</u>
Total assets		<u>10,608,542</u>	<u>11,351,245</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		153	152
Reserves		8,264,140	8,283,031
(Accumulated losses)/retained earnings		(641,234)	4,860
Total equity		<u>7,623,059</u>	<u>8,288,043</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		156,456	185,673
Lease liabilities		8,620	22,282
		<u>165,076</u>	<u>207,955</u>
Current liabilities			
Borrowings	12	1,013,467	1,161,600
Accounts payables	13	289,209	367,657
Other payables, accruals and other liabilities	14	1,476,012	1,238,638
Lease liabilities		14,216	14,027
Current income tax liabilities		27,503	73,325
		<u>2,820,407</u>	<u>2,855,247</u>
Total liabilities		<u>2,985,483</u>	<u>3,063,202</u>
Total equity and liabilities		<u>10,608,542</u>	<u>11,351,245</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on February 4, 2019.

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

The financial statements for the year ended December 31, 2020 are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The financial statements for the year ended December 31, 2020 have been approved for issue by the Company’s board of directors (the “**Board**”) on March 30, 2021.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

(a) New and amended standards and interpretation adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2020:

- Definition of Material - amendments to IAS 1 and IAS 8
- Definition of a Business - amendments to IFRS 3
- Interest Rate Benchmark Reform - amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- COVID-19-Related Rent Concessions - Amendment to IFRS 16 Leases (the amendment)

The new and revised standards above did not have a material effect on the consolidated financial statements of the Group.

(b) New standards, amendments and revised conceptual framework not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Adoption of amendments to standard

The Group has early adopted Amendment to IFRS 16 - COVID-19-Related Rent Concessions from January 1, 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments due on or before June 30, 2021; and (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling RMB1,281,000 have been recognised in other (losses)/gains in the Group's consolidated statement of comprehensive income for the year ended December 31, 2020, with a corresponding adjustment to the lease liabilities.

3 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 December 31, 2020, substantially all of the non-current assets were located in the PRC.

4 REVENUE

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Online entertainment ticketing services	756,548	2,303,249
Entertainment content services	380,717	1,381,238
Advertising services and others	255,915	567,477
	1,393,180	4,251,964
(Loss)/income from movies and TV series investment	(27,490)	15,550
Total revenue	1,365,690	4,267,514

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Revenue at a point in time	799,139	2,454,502
Revenue over time	594,041	1,797,462
Total revenue (excluding (loss)/income from movies and TV series investment)	1,393,180	4,251,964

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Revenue recognized as an agent		
– Online entertainment ticketing services	756,548	2,303,249
– Advertising services and others	113,226	191,630
Revenue recognized as a principal		
– Entertainment content services	380,717	1,381,238
– Advertising services and others	142,689	375,847
Total revenue (excluding (loss)/income from movies and TV series investment)	1,393,180	4,251,964

5 EXPENSES BY NATURE

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Marketing and promotion expenses	280,210	1,283,292
Ticketing system cost	144,892	537,205
Staff costs excluding share options granted to directors and employees	373,455	457,198
Content distribution and promotion cost	188,670	349,901
Internet infrastructure cost	130,721	243,381
Content production cost	169,088	242,558
Amortization of intangible assets	141,131	137,638
Share options granted to directors and employees	72,603	103,228
Tax and levies	4,374	32,528
Depreciation of property, plant and equipment	16,530	14,444
Depreciation of right-of-use assets	13,666	11,855
Rental expense for short-term and low-value leases	3,548	5,162
Impairment provision for inventory	–	4,978
Auditor's remuneration	5,843	4,831
Listing expenses	–	3,243
Outsourcing expenses	18,354	22,350
Professional services	51,933	56,163
Other expenses	52,744	96,014
Total cost of revenue, selling and marketing expenses and general and administrative expenses	1,667,762	3,605,969

During the years ended December 31, 2020, the Group incurred expenses for the purpose of research and development of approximately RMB213,062,000 (2019: RMB220,542,000), which comprised employee benefits expenses of approximately RMB207,977,000 (2019: RMB212,582,000).

6 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Other income		
Government subsidies	120,689	40,446
Tax credit of input tax additional deduction	10,106	11,962
	130,795	52,408
Other (losses)/gains, net		
Fair value (loss)/gain on wealth management products, listed and unlisted investments classified as financial assets at fair value through profit or loss	(18,269)	18,761
Fair value loss on convertible bonds classified as financial liabilities at fair value through profit or loss	–	(1,607)
Loss on disposal of property, plant and equipment	(208)	(1,075)
Loss on liquidation of subsidiaries	–	(9,803)
Gains on COVID-19-related rent concessions	1,281	–
Others	2,685	(2,440)
	(14,511)	3,836

7 INCOME TAX EXPENSES

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
Current income tax	48,368	230,296
Deferred income tax	(30,717)	(27,612)
Income tax expenses	<u>17,651</u>	<u>202,684</u>

(a) Cayman Islands corporate income tax ("CIT")

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended December 31, 2020 and 2019.

(c) PRC corporate income tax

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the year ended December 31, 2020 and 2019. According to the relevant tax circulars issued by the PRC tax authorities, a subsidiary of the Group is entitled to tax concessions and is exempted from CIT during the period from its incorporation to December 31, 2020.

(d) BVI income tax

No provision for income tax in BVI has been made as the Group has no income assessable to income tax in BVI for the year ended December 31, 2020 and 2019.

8 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

	Year ended December 31,	
	2020	2019
(Loss)/profit attributable to equity holders of the Company (RMB'000)	<u>(646,272)</u>	<u>463,456</u>
Weighted average number of ordinary shares in issue (thousand)	1,113,499	1,094,477
Weighted average number of vested restricted shares in issue (thousand)	<u>19,405</u>	<u>16,559</u>
Total weighted average number of shares in issue (thousand)	<u>1,132,904</u>	<u>1,111,036</u>
Basic (losses)/earnings per share (in RMB)	<u>(0.57)</u>	<u>0.42</u>

(b) Diluted (losses)/earnings per share

	Year ended December 31,	
	2020	2019
(Loss)/profit attributable to equity holders of the Company (RMB' 000)	<u>(646,272)</u>	<u>463,456</u>
Total weighted average number of shares in issue (thousand)	1,132,904	1,111,036
Adjustments for share-based compensation - share options (thousand)	–	9,312
Adjustments for share-based compensation - RSUs (thousand)	<u>–</u>	<u>1,069</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u>1,132,904</u>	<u>1,121,417</u>
Diluted (losses)/earnings per share (in RMB)	<u>(0.57)</u>	<u>0.41</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.

For the year ended December 31, 2020, the Company had dilutive potential ordinary shares of share options and restricted stock units (“RSUs”) granted to employee. As the Group incurred losses for the year ended December 31, 2020, the potential ordinary shares were not included in the calculation of the diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the year ended December 31, 2020 are the same as basic losses per share.

For the year ended December 31, 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 dilutive share issued 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.

9 DIVIDENDS

No dividends have been paid or declared by the Company during the year ended December 31, 2020 and 2019.

10 ACCOUNTS RECEIVABLES

	As at December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	46,564	11,427
Third parties	445,213	592,020
	<u>491,777</u>	<u>603,447</u>
Less: allowance for impairment	(172,807)	(51,800)
	<u>318,970</u>	<u>551,647</u>

(a) The carrying amounts of the accounts receivables balances approximated to their fair value as at December 31, 2020 and 2019. All the accounts receivables balances were denominated in RMB.

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

	As at December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	271,660	362,516
91-180 days	31,383	44,811
181-365 days	33,474	30,401
Over 365 days	155,260	165,719
	<u>491,777</u>	<u>603,447</u>

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

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	51,800	11,404
Impairment provision	121,007	40,396
	<u>172,807</u>	<u>51,800</u>

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Deposits, receivables and prepayments for online entertainment ticketing and e-commerce and other services	916,840	998,089
Prepayment for investments in movies and TV series (a)	879,973	766,662
Amounts due from related parties	110,267	164,501
Receivables from investments in movies and TV series	76,162	118,862
Loans to third parties (b)	147,480	224,758
Others	85,015	177,962
	<u>2,215,737</u>	<u>2,450,834</u>
Less: non-current portion	<u>(63,675)</u>	<u>(113,787)</u>
	2,152,062	2,337,047
Less: allowance for impairment of prepayments, deposits and other receivables	<u>(298,803)</u>	<u>(1,454)</u>
	<u><u>1,853,259</u></u>	<u><u>2,335,593</u></u>

- (a) The Group offers distribution and promotion services, which is considered one of the principal activities of the Group. The investments in movie and TV series with distribution and promotion services are designated as prepayments.
- (b) The loans to third parties are repayable within 1 year. Except for an interest-free and unsecured loan amounting to approximately RMB42,000,000, the remaining loans are interest-bearing at fixed rates ranging from 5% to 13% per annum and secured by the debtors' certain receivables.

12 BORROWINGS

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Current		
Bank borrowings - due within one year		
– Secured	340,000	511,600
– Guaranteed	673,467	650,000
	<u>1,013,467</u>	<u>1,161,600</u>

13 ACCOUNTS PAYABLES

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

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
0-90 days	211,412	222,405
91-180 days	6,561	45,012
181-365 days	26,847	32,641
Over 365 days	44,389	67,599
	<u>289,209</u>	<u>367,657</u>

14 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at December 31,	
	2020	2019
	RMB'000	RMB'000
Payables in respect of online entertainment ticketing and e-commerce services	1,112,613	831,386
Payables in respect of share in the box office receipts	130,537	147,690
Amounts due to related parties	58,647	107,865
Loans from third parties	44,603	–
Payroll and welfare payable	66,948	88,772
Other tax liabilities	6,180	21,736
Others	56,484	41,189
	<u>1,476,012</u>	<u>1,238,638</u>

OTHER INFORMATION

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2020 (2019: Nil).

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 December 31, 2020.

Intended use of net proceeds	Allocation of net proceeds	Amount of proceeds utilized as of December 31, 2020 <i>HK\$ in millions</i>	Balance of net proceeds as of December 31, 2020	Expected timeline for balance of net proceeds
Funding for improving integrated platform capabilities	551.8	223.7	328.1	By December 31, 2022
Research and development and technical infrastructure	551.8	269.9	281.9	By December 31, 2022
Funding potential investments and acquisitions	551.8	401.4	150.4	By December 31, 2022
Working capital and general corporate purposes	183.9	183.9	—	—

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds, and will gradually utilize the net proceeds in accordance with the intended purposes as stated in the prospectus of the Company.

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 Company has adopted the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Reporting Period. The Board considered that the Company has complied with all 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 set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries were made with all of the Directors and each of the Directors confirmed that they had complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities

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

Audit Committee

The Audit Committee has, together with the Board of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2020. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to, among others, the auditing, risk management, internal control and financial reporting of the Company. Based on the above review and discussion, the Audit Committee is satisfied that the consolidated financial statements of the Group for the year ended December 31, 2020 have been prepared in accordance with the applicable accounting principles and practices.

Scope of Work of the Company's Auditor on the Results Announcement

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the consolidated financial statements of the Group for the year ended December 31, 2020. The work performed by the Company's auditor in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's auditor on this announcement.

Closure of Register of Members

The Company will hold the AGM on Monday, June 28, 2021. The register of members of the Company will be closed from Wednesday, June 23, 2021 to Monday, June 28, 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, June 22, 2021.

Publication of the Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoyan.com), and the annual 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) 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:

“AGM”	the annual general meeting of the Company to be held on June 28, 2021
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“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
“Group” or “we”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	February 4, 2019, the date on which the Company’s 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 annual results only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reporting Period”	year ended December 31, 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”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US dollars”, “USD” or “US\$”	U.S. dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, March 30, 2021

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