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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, 2021

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, 2021. 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 %
	2021 <i>RMB</i> <i>million</i>	2020 <i>RMB</i> <i>million</i>	
Revenue	3,323.4	1,365.7	143.3
Gross profit	1,842.2	537.3	242.9
Operating profit/(loss)	538.3	(604.2)	N/A
Profit/(loss) for the year	368.5	(646.3)	N/A
Adjusted EBITDA/(LBITDA)	742.7	(360.3)	N/A
Adjusted net profit/(loss) ^(Note)	540.0	(435.6)	N/A

Note: We defined adjusted net profit/(loss) as net profit/(loss) for the year adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

FINANCIAL HIGHLIGHTS

Our revenue increased to RMB3,323.4 million in the full year of 2021 from RMB1,365.7 million in the full year of 2020. Our gross profit increased to RMB1,842.2 million in the full year of 2021 from RMB537.3 million in the full year of 2020. Our profit for the full year of 2021 was RMB368.5 million whereas our loss for the full year of 2020 was RMB646.3 million. Our adjusted EBITDA for the full year of 2021 was RMB742.7 million, increased from adjusted LBITDA of RMB360.3 million in the full year of 2020, whereas our adjusted net profit^(Note) was RMB540.0 million in the full year of 2021, increased from adjusted net loss^(Note) of RMB435.6 million in the full year of 2020.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

ENTERTAINMENT CONTENT SERVICES

As a leading promoter and distributor of domestic movies, as well as a premier movie producer and self-developer in China, we have been proactively working with the industry and contributing to the production, promotion and distribution of various genres of domestic movies, including patriotic movies. By integrating our extensive experiences and technical capabilities, we have been able to strengthen our effective and precise services capabilities for movie promotion and distribution, as well as to constantly improve our movie selection criteria, and capabilities of producing more high-quality movies. In 2021, we achieved breakthrough growth in our entertainment content services business, with ever-better performance in both the quantity and quality of the movies we participated in, compared to previous years. In particular:

- We continued to cultivate our self-production capabilities for movies and further deepen our own IP reserves. These efforts helped us achieve significant breakthroughs as an independent self-developer and a lead distributor through enhanced premier content development and production capabilities. In 2021, our self-produced movies *On Your Mark* (了不起的老爸) and *Be Somebody* (揚名立萬) were released, both of which performed excellently. *On Your Mark* (了不起的老爸) was nominated to the 24th Shanghai International Film Festival, and *Be Somebody* (揚名立萬) consecutively topped the daily-box office since its release in November, while ranking Number One on the box-office chart for that month. The gross box office of RMB920 million and good reputation achieved by *Be Somebody* (揚名立萬) made it the dark horse for the annual box-office chart.
- Moreover, by fully leveraging our promotion and distribution capabilities, we were committed to providing outstanding services for the movies, enabling them to broaden their audience reach, as well as to achieve or even surpass their box-office forecasts and reputational expectations. With these objectives in mind, we participated in 18 domestic movies by acting as the lead distributor in 2021, some of which achieved outstanding performances with an overall box office of over RMB8.6 billion. For example, *Hi, Mom* (你好，李煥英), for which we acted as both producer and guaranteed distributor, generated more than RMB5.4 billion at the box office, ranking as the third highest in China's domestic movie box-office history; *Raging Fire* (怒火·重案) recorded a gross box office of more than RMB1.3 billion, thus becoming the champion for the Chinese-action movie box-office results for the year; and *1921*, as one of the key movies in celebrating the centenary of the founding of the Chinese Communist Party, also performed well at the box office, becoming the monthly box-

Note: We defined adjusted net profit/(loss) as net profit/(loss) for the year adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

office champion for historical movie. These movies were also recognized with a number of awards and nominations across The China Golden Rooster Awards (中國電影金鷄獎), the Hong Kong Film Awards and the Macau International Movie Festival. Furthermore, we also provided comprehensive promotion and distribution services for a number of other movies, including but not limited to *Dear Tutu: Operation T-Rex* (大耳朵圖圖之霸王龍在行動) and *Knock Knock* (不速來客).

- Throughout 2021, we covered a wide range of blockbusters during the major seasons throughout the year, and we also participated in self-production/promotion/distribution for 51 released domestic movies, which included 9 out of the top 10 on the 2021 domestic box-office chart. These movies achieved a cumulative gross box office of approximately RMB26.0 billion, accounting for approximately 65% of the gross box office of all domestic movies in the same period. Examples include *A Little Red Flower* (送你一朵小紅花) and *Warm Hug* (溫暖的抱抱), for both of which we participated in as the producer/distributor, ranking first and second respectively at the box office during the New Year's Day holiday season; *Chinese Doctors* (中國醫生) and *White Snake 2: Green Snake* (白蛇2：青蛇劫起), for which we participated in as the producer/distributor, entered the top three at the box office during the summer vacation; and *Cloudy Mountain* (峰爆), *Sister* (我的姐姐), *My country, My Parents* (我和我的父輩), *the Cliff Walkers* (懸崖之上) and *Fireflies in the Sun* (誤殺2), for which we participated in as producer/distributor, also achieved excellent box-office performances, being either first or second place in their respective release seasons.

Moving into 2022, we will further deepen and improve our capabilities in content development, movie production, promotion and distribution. We will also strive to expand the breadth and depth of the movies we participate in, as well as to continue to enrich our high-quality content library. All these efforts will combine to drive our sustainable growth in the entertainment content services business.

- As of the date of this announcement, a number of movies we participated in have already released in 2022, and have performed excellently both at the box office and reputation. Among these movies, *Too Cool To Kill* (這個殺手不太冷靜), for which we acted as the co-producer and the lead distributor, ranked second in terms of box office during the 2022 Spring Festival holiday, and achieved a box office of more than RMB2.6 billion as of this announcement date; *G storm* (反貪風暴5), for which we acted as the co-producer and the lead distributor, ranked second in terms of box office in 2022 New Year's Day holiday; and *Me And My Winter Games* (我們的冬奧), for which we acted as the lead distributor, was the first animated mascot film in the history of the Olympic Games, and has received a large number of favorable reviews since its release in tandem with the success of the Beijing Winter Olympics.
- We have been proactively working with all parties across the industry to continue to enrich our library of quality movies. Currently, there are over 50 unreleased movies we have participated in and more than 20 self-produced projects at various stages of development in our pipeline, including *Victims* (被害人), *The Procurator* (檢察風雲), *Give Me Five* (哥，你好), *Papa* (學爸), *High Forces* (危機航線), *The Goldfinger* (金手指), *Life Meeting* (人生會議), *The New Once a Thief* (新縱橫四海) and more.

In addition to cinema movies, we consistently strengthened our efforts in both TV dramas and high-quality online movies in 2021. For example, the TV legal dramas, which we developed and produced, entitled *Out of Court · The Last Straw* (庭外•落水者) and *Out of Court · Blinding Elephant* (庭外•盲區), have both completed filming and will be broadcasted exclusively on Youku in the near future. *The King of BBQ* (燒烤之王), the first online movie that we produced, promoted and distributed has been broadcasted exclusively on Tencent Video, achieving outstanding performances in both reputation and box office. In addition, there will be numerous more TV dramas and other online movies we participated to be released in succession, including but not limited to *Genius Go Talent* (天才棋士), *Beauty in Truth* (女為悅己者), *Love Me If You Dare* (服不服), *Heal Me* (我還沒摠住她), *Legend of Dan Zhu* (問丹朱) and *King of Hot GUO* (火鍋之王).

In addition to the above, we also made remarkable progress in improving our promotion and distribution capabilities. As a top-notch domestic movie distributor and a leading pan-entertainment marketing services provider, we have established a unique intelligent promotion and distribution system. This forms a product matrix that provides comprehensive and diversified services for the whole industry. We will continue to upgrade these services and products through continuous innovation to further solidify their industry's leading service coverage. For example:

- Our indexes including “real-time wish-list gathering” (實時想看) and “real-time pre-sale” (實時預售), have been recognized as industry standard indicators with increasing high industry authority;
- Our “Cloud Block Booking” (雲包場) has successfully served hundreds of movies, and our “Movie Market Microscope Pro” (影市顯微鏡Pro) designed for the attendance and scheduling analysis, has been widely recognized by the market since its launch in December;
- Our newly launched industry-focused tools providing refined and intelligent promotion and distribution services, including scheduling analysis, scheduling target decomposition and scheduling forecasts. These together with our self-developed intelligent systems, have combined to realize the monitoring and notification pushing on an hourly basis for data and event dynamics of a number of movies, such as *Raging Fire* (怒火•重案), *Be Somebody* (揚名立萬) and *Too Cool To Kill* (這個殺手不太冷靜), further demonstrating our professional and innovative capabilities in promotion and distribution services;
- While we have been gradually modularizing and standardizing our services and functions in promotion and distribution, we have also built dedicated professional teams, including the Alpha Short Video Team (阿爾法短視頻團隊) and the Wonder Studio (奇妙工作室), who have already provided premier promotion and distribution services for a number of movies, such as *Endgame* (人潮洶湧), *Godzilla vs Kong* (哥斯拉大戰金剛), *No Time to Die* (007:無瑕赴死) and *Snipers* (狙擊手).

ONLINE ENTERTAINMENT TICKETING SERVICES

In 2021, China's gross box office reached RMB47.258 billion, continuing to lead the global box-office market. During the year, the domestic movies collectively recorded a box office of RMB39.927 billion, accounting for 84.5% of China's gross box office, representing a recovery rate of over 90%, compared to that of 2019. Specifically, the box-office performances during major seasons of 2021, such as the New Year's Day, Chinese Spring Festival, Qingming Festival, Labor Day holidays and Christmas, all surpassed those in the same period of 2019, demonstrating both the resilience and huge potential of the Chinese movie market.

As a leading movie ticketing service provider, we have been proactively addressing the needs of the whole industry with high quality services and products. At the same time, we have always been committed to constructively contributing to the industry's recovery and development by strengthening our services and cooperating with all partners across the entire industry. In 2021, we provided the audiences with premier ticketing services as the general ticketing agents for the 11th Beijing International Film Festival (第11屆北京國際電影節) and the 16th Changchun Film Festival in China (第16屆中國長春電影節).

Our live entertainment business continued to grow and develop in 2021. We extended our coverage to serve a more diverse range of live entertainment projects through a constantly upgraded one-stop ticketing solution, which not only increased consumption vitality but also improved operational efficiency. In terms of ticketing services, we continued to provide services for many high-quality performances and events of various genres, such as the MIDI Festival 2021 (2021迷笛音樂節), Maksim Classical Crossover Piano Concert, Joker Xue's "Tian Wai Lai Wu" Concert Tour (薛之謙“天外來物”巡回演唱會), Li Ronghao's "Sparrow" tour (李榮浩“麻雀”巡回演唱會), and the King Pro League 2021 (2021年王者榮耀職業聯賽). Moreover, we have also enhanced our efforts in exploration and innovation on emerging modern entertainment events. For example, projects that we invested and developed, such as the immersive fine food interactive drama "The Grand Expedition" (玩味探險家) and the immersive escape room "Paramount" (百樂門—逆熵紀元), all performed well in terms of both reputation and box office.

ADVERTISING SERVICES AND OTHERS

In 2021, we proactively established and developed our promotion and marketing mechanisms and capabilities for both entertainment content and various brands. Through these efforts, we were able to integrate our resources to cover full entertainment scenarios, both online and offline, and devoted ourselves to delivering high-quality marketing and promotion services. During the Reporting Period, we executed advertising campaigns for various movies, and provided effective advertisement placements and customized marketing solutions for a large number of brand clients such as JD.COM, Douyin, Kuaishou, Chanel, L'Oreal, LEVIN (雷凌) and ALLION (亞洲獅).

In addition, we have further strengthened our capabilities to serve the whole industry. Our Maoyan Research Institute continuously serve the whole industry with comprehensive data services and market development trends research by regularly publishing industry data reports, covering all major seasons, as well as the thematic research reports on movie genres, including animation and Chinese action movies, etc. Moreover, through our test screening research services across the full practice of production, promotion and distribution for movies and TV dramas, we are able to provide our supports from all perspectives. Throughout 2021, we have served more than 50 movies, including approximately more than 30% of the domestic movies with a box office of over RMB100 million each, as well as many imported titles.

OUTLOOK

In 2021, China's movie industry strived to overcome the adverse impacts of the ongoing recurrence of the COVID-19 pandemic. The China's annual gross box office recovered to 74% of its pre-pandemic level, and continued to stay at Number One in the world in terms of both annual box office and total number of movie screens. During the 2022 Spring Festival holiday (from 31 January to 6 February), the national box office of movies in urban cinemas reached RMB6.035 billion, exceeding the level of the same period in 2019 and ranking second in China's movie history. All of these reflected the strong resilience and vigorous vitality of China's movie market. On 9 November 2021, China Film Administration (國家電影局) released the "14th Five-Year Plan for the Development of Chinese Films" (《“十四五”中國電影發展規劃》), which aims to raise the total number of screens to 100,000 screens by 2025 and guides the way to fulfilling the Vision 2035 goal of building China into a major cinematic player. The 14th Five-Year Plan not only presents a clear and noble direction for the future development of the country's film industry, but also sets up a goal for filmmakers to strive for, leading to the strengthened industry's confidence in responding to the increasing expectations of audiences with more blockbusters.

Looking forward, we will continue to devote ourselves to China's pan-entertainment industry. By adhering to our core development strategy "Technology+Pan-Entertainment", we will continue to produce premier contents with positive values to tell China stories well and to strengthen our business synergies. We will also strive to create more values for the pan-entertainment industry and the society, as well as to progress towards the inspiring goal of building China into a major cinematic player. Meanwhile, we will continuously improve our competitiveness and innovation capacities in accordance with the core requirements of the industry and our company's own development. We are committed to working together and progressing steadily with our partners to embrace the bright future of the industry.

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

MANAGEMENT DISCUSSION AND ANALYSIS

2021 Review

	Year ended December 31,			
	2021		2020	
	<i>RMB</i>		<i>RMB</i>	
	<i>million</i>	<i>%</i>	<i>million</i>	<i>%</i>
Revenue	3,323.4	100.0	1,365.7	100.0
Cost of revenue	<u>(1,481.2)</u>	<u>(44.6)</u>	<u>(828.4)</u>	<u>(60.7)</u>
Gross profit	1,842.2	55.4	537.3	39.3
Selling and marketing expenses	(672.5)	(20.2)	(485.8)	(35.6)
General and administrative expenses	(360.2)	(10.8)	(353.6)	(25.9)
Net impairment losses on financial assets	(194.0)	(5.9)	(418.4)	30.6
Net impairment losses on non-financial assets	(113.5)	(3.4)	–	–
Other income	23.3	0.7	130.8	9.6
Other gains/(losses), net	<u>13.0</u>	<u>0.4</u>	<u>(14.5)</u>	<u>(1.1)</u>
Operating profit/(loss)	538.3	16.2	(604.2)	(44.3)
Finance income	28.2	0.8	15.9	1.2
Finance costs	(31.3)	(0.9)	(37.8)	(2.8)
Finance costs, net	(3.1)	(0.1)	(21.9)	(1.6)
Share of losses of investments accounted for using equity method	<u>(0.4)</u>	<u>(0.0)</u>	<u>(2.5)</u>	<u>(0.2)</u>
Profit/(loss) before income tax	534.8	16.1	(628.6)	(46.1)
Income tax expenses	<u>(166.3)</u>	<u>(5.0)</u>	<u>(17.7)</u>	<u>(1.3)</u>
Profit/(loss) for the year	<u>368.5</u>	<u>11.1</u>	<u>(646.3)</u>	<u>(47.4)</u>
Non-IFRS Measures:				
EBITDA/(LBITDA)	709.3	21.3	(432.9)	(31.7)
Adjusted EBITDA/(LBITDA)	742.7	22.3	(360.3)	(26.4)
Adjusted net profit/(loss) ^(Note)	540.0	16.2	(435.6)	(31.9)

Note: We defined adjusted net profit/(loss) as net profit/(loss) for the year adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

Revenue

Our revenue increased by 143.3% to RMB3,323.4 million in 2021 from RMB1,365.7 million in 2020. The increase was primarily a result of the increase in the revenue from online entertainment ticketing services and entertainment content services driven by various factors, including the normalization of domestic epidemic control and the joint efforts of all industry participants, the significant recovery of the Chinese movie market and great box office performances. The following table sets forth our revenues by service for the years ended December 31, 2021 and 2020.

	Year ended December 31,			
	2021		2020	
	<i>RMB</i> <i>million</i>	<i>%</i>	<i>RMB</i> <i>million</i>	<i>%</i>
Revenue				
Online entertainment ticketing services	1,713.7	51.6	756.5	55.4
Entertainment content services ^(Note)	1,356.5	40.8	353.3	25.9
Advertising services and others	253.2	7.6	255.9	18.7
Total	<u>3,323.4</u>	<u>100.0</u>	<u>1,365.7</u>	<u>100.0</u>

Note: This amount included fair value loss on the Group's investment in movie and TV series amounting to RMB87.6 million and RMB27.5 million for the years ended December 31, 2021 and December 31, 2020.

Online Entertainment Ticketing Services

Revenue from our online entertainment ticketing business increased by 126.5% to RMB1,713.7 million in 2021 from RMB756.5 million in 2020. The gross box office in China in 2021 has increased significantly compared with 2020 due to the fact that more theaters in China had resumed operations since the second half of 2020.

Entertainment Content Services

Revenue from our entertainment content services increased by 284.0% to RMB1,356.5 million in 2021 from RMB353.3 million in 2020. Such increase was mainly due to the significant improvement in the quantity and quality of the film projects that the Group participated in during the Reporting Period. In 2021, the Group made significant progress in the development, investment, promotion and distribution of film and television and entertainment contents and some of the film and television projects that the Group participated in performed well. For example, the movie “*Hi, Mom* (你好·李焕英)”, of which the Group acted as the producer and lead distributor, recorded a box office of RMB5.4 billion and the movie “*Be Somebody* (揚名立萬)”, of which the Group acted as the producer and lead distributor, recorded a box office of RMB920 million. In addition, other related films in which we participated, such as “*Raging Fire* (怒火·重案)” and “1921”, also recorded good box office.

Advertising Services and Others

Revenue from our advertising services and others decreased by 1.1% to RMB253.2 million in 2021 from RMB255.9 million in 2020, which was mainly due to the decrease in revenues from others.

Cost of Revenue

Our cost of revenue increased by 78.8% to RMB1,481.2 million in 2021 from RMB828.4 million in 2020. The increase in our cost of revenue was mainly due to an increase in the cost of ticketing system (which was in line with the increase in the revenue of our online movie ticketing service), and the content production cost and content distribution and promotion cost (which was in line with the increase 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,					
	2021			2020		
	<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	418.8	28.3	12.6	144.9	17.5	10.6
Internet infrastructure cost	183.0	12.4	5.5	130.7	15.8	9.6
Content distribution and promotion cost	386.6	26.1	11.6	188.7	22.8	13.8
Content production cost	258.7	17.5	7.8	152.4	18.4	11.2
Amortization of intangible assets	137.8	9.3	4.1	137.8	16.6	10.1
Depreciation of property, plant and equipment	11.5	0.8	0.3	8.4	1.0	0.6
Other expenses	84.8	5.6	2.7	65.5	7.9	4.8
Total	1,481.2	100.0	44.6	828.4	100.0	60.7

Gross Profit and Gross Margin

Our gross profit increased by RMB1,304.9 million, or 242.9%, to RMB1,842.2 million in 2021 from RMB537.3 million in 2020, and our gross margin was 39.3% and 55.4% in 2020 and 2021, respectively. The changes in our gross profit and gross margin were mainly due to a significant increase in our revenue resulting from improvement of the domestic film market with COVID-19 under effective control, while the fixed cost in our cost of revenue (other expenses such as Internet infrastructure cost and amortization of intangible assets) did not increase at the same proportion accordingly.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 38.4% to RMB672.5 million in 2021 from RMB485.8 million in 2020, primarily due to the increase in daily operation marketing expenses as a result of the effective control of the pandemic.

General and Administrative Expenses

Our general and administrative expenses increased by 1.9% to RMB360.2 million in 2021 from RMB353.6 million in 2020, primarily due to the increase in the expenses for the purpose of research and development.

Net Impairment Loss of Financial and Non-Financial Assets

We recorded net impairment loss of financial and non-financial assets of RMB307.5 million in 2021, while net impairment loss of financial assets of RMB418.4 million was recorded in 2020. We evaluated the expected loss of financial and non-financial assets as at December 31, 2021 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 Gains/(Losses)

We had other income and net other gains of RMB36.3 million in 2021, compared to other income and net other losses of RMB116.3 million in 2020, primarily due to the decrease in the government subsidies received in 2021 compared with 2020.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit was RMB538.3 million in 2021, compared to an operating loss of RMB604.2 million in 2020.

Finance Costs, Net

Our net finance costs decreased to RMB3.1 million in 2021 from RMB21.9 million in 2020, primarily due to the improvement of fund management efficiency, which in turn resulted in an increase in finance income and a decrease in finance costs.

Income Tax Expenses

We had income tax expenses of RMB166.3 million in 2021, compared to the income tax expenses of RMB17.7 million in 2020. This was primarily due to our overall improved profitability.

Profit/(Loss) for the Year

As a result of the foregoing, our profit for the year was RMB368.5 million in 2021, compared to loss for the year of RMB646.3 million in 2020.

Non-IFRS Financial Measure

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

Adjusted Net Profit/(Loss), EBITDA/(LBITDA) and Adjusted EBITDA/(LBITDA)

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

	Year ended December 31,	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
Reconciliation of net profit/(loss) to adjusted net profit/(loss)		
Net profit/(loss) for the year	368.5	(646.3)
Add:		
Share-based compensation	33.4	72.6
Amortization of intangible assets resulting from business combinations	138.1	138.1
	<u>540.0</u>	<u>(435.6)</u>
Adjusted net profit/(loss) ^(Note)	<u>540.0</u>	<u>(435.6)</u>

Note: We defined adjusted net profit/(loss) as net profit/(loss) for the year adjusted by adding back share-based compensation and amortization of intangible assets resulting from business combinations.

Year ended December 31,
2021 2020
RMB million *RMB million*

Reconciliation of operating profit/(loss) to EBITDA/(LBITDA) and adjusted EBITDA/(LBITDA)		
Operating profit/(loss) for the year	538.3	(604.2)
Add:		
Depreciation of property, plant and equipment	17.0	16.5
Amortization of intangible assets	140.3	141.1
Depreciation of right-of-use assets	13.7	13.7
	<hr/>	<hr/>
EBITDA/ (LBITDA) ^(Note)	709.3	(432.9)
	<hr/> <hr/>	<hr/> <hr/>
Add:		
Share-based compensation	33.4	72.6
	<hr/>	<hr/>
Adjusted EBITDA/(LBITDA) ^(Note)	742.7	(360.3)
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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 increased from RMB10,608.5 million as of December 31, 2020 to RMB11,028.3 million as of December 31, 2021, whilst our total liabilities increased from RMB2,985.5 million as of December 31, 2020 to RMB3,040.7 million as of December 31, 2021. Our liabilities-to-assets ratio decreased from 28.1% in 2020 to 27.6% in 2021.

As of December 31, 2021, we pledged bank deposits of RMB23.6 million as securities for bank borrowings.

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

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 December 31, 2021, we had cash and cash equivalents and other forms of bank deposits of RMB2,593.8 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, 2021, our total borrowings were approximately RMB512.5 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of December 31, 2021:

	RMB million	Interest rate
Guaranteed	383.5	3.55%-4.00%
Unsecured	70.0	3.85%
Secured	59.0	2.36%
Total	512.5	N/A

As of December 31, 2021, we had unutilized banking facilities of RMB522.9 million.

As of December 31, 2021, 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, 2021 and 2020, the Group has a net cash position.

Capital Expenditure

Our capital expenditures primarily included purchase of equipment and intangible assets. Our capital expenditures increased by 55.6% to RMB19.6 million in 2021 from RMB12.6 million in 2020. 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, 2021, the Group did not have any plans for major investments and capital assets. During the year ended December 31, 2021, we did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Major Investments Held

On March 12, 2019, we entered into a subscription agreement and a strategic cooperation agreement with Huanxi Media Group Limited. Pursuant to the subscription agreement, we have conditionally agreed to subscribe for, and Huanxi Media Group Limited has conditionally agreed to allot and issue to us, 236,600,000 shares at a total consideration of HK\$390,555,620. Under such agreements, we planned to establish strategic cooperation with Huanxi Media Group Limited in entertainment content services. On March 19, 2019, the subscription was completed and the consideration was duly paid. For further details, please see our announcement dated March 13, 2019 and our Annual Report for 2018 and 2019. As at December 31, 2021, we held 5.7% equity interest of Huanxi Media Group Limited.

Foreign Exchange Risk Management

Our businesses are principally conducted in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contract or other financial instruments to hedge our exposure to foreign currency risk in 2021.

Employees and Remuneration Policy

As of December 31, 2021, we had 876 full-time employees, all of whom were based in mainland China, primarily at our headquarters in Beijing, with the remainder in Shanghai and various other cities in China.

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

As required under the PRC regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury and unemployment benefit plans, under which the Group and the PRC based employees are required to make monthly contributions to these plans at specified percentages of the salaries of the employees. There was no forfeited contribution utilized to offset employers' contributions for the year ended December 31, 2021, and there was no forfeited contribution available to reduce the contribution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
	Note	2021 RMB'000	2020 RMB'000
Revenue	4	3,323,415	1,365,690
Cost of revenue	5	<u>(1,481,184)</u>	<u>(828,356)</u>
Gross profit		1,842,231	537,334
Selling and marketing expenses	5	(672,539)	(485,845)
General and administrative expenses	5	(360,176)	(353,561)
Net impairment losses on financial assets		(194,060)	(418,356)
Net impairment losses on non-financial assets	11	(113,468)	–
Other income	6	23,251	130,795
Other gains/(losses), net	6	<u>13,044</u>	<u>(14,511)</u>
Operating profit/(loss)		538,283	(604,144)
Finance income		28,246	15,891
Finance costs		<u>(31,289)</u>	<u>(37,833)</u>
Finance costs, net		(3,043)	(21,942)
Share of losses of investments accounted for using the equity method		<u>(396)</u>	<u>(2,535)</u>
Profit/(loss) before income tax		534,844	(628,621)
Income tax expenses	7	<u>(166,342)</u>	<u>(17,651)</u>
Profit/(loss) for the year attributable to equity holders of the Company		<u>368,502</u>	<u>(646,272)</u>
Earnings/(losses) per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic earnings/(losses) per share	8	0.32	(0.57)
– Diluted earnings/(losses) per share	8	<u>0.32</u>	<u>(0.57)</u>

	Year ended December 31,	
<i>Note</i>	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the year	<u>368,502</u>	<u>(646,272)</u>
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences from foreign operations	<u>(847)</u>	<u>1,568</u>
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences from the Company	(51,117)	(77,192)
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>10,373</u>	<u>(16,168)</u>
Other comprehensive loss for the year, net of tax	<u>(41,591)</u>	<u>(91,792)</u>
Total comprehensive income/(loss) for the year attributable to equity holders of the Company	<u><u>326,911</u></u>	<u><u>(738,064)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at December 31,	
		2021	2020
		RMB' 000	RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment		27,230	26,082
Right-of-use assets		7,972	21,639
Intangible assets		5,062,928	5,204,121
Investments accounted for using the equity method		46,225	37,121
Financial assets at fair value through profit or loss		23,245	28,313
Financial assets at fair value through other comprehensive income		314,632	316,265
Deferred income tax assets		14,549	11,930
Prepayments, deposits and other receivables	11	4,750	63,675
		<u>5,501,531</u>	<u>5,709,146</u>
Current assets			
Inventories		35,049	35,154
Accounts receivables	10	909,862	318,970
Prepayments, deposits and other receivables	11	1,894,742	1,853,259
Financial assets at fair value through profit or loss		93,306	397,864
Restricted bank deposits		23,805	154,000
Term deposit with original maturity over three months		50,051	–
Cash and cash equivalents		2,519,989	2,140,149
		<u>5,526,804</u>	<u>4,899,396</u>
Total assets		<u>11,028,335</u>	<u>10,608,542</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		154	153
Reserves		8,249,153	8,264,140
Accumulated losses		(261,635)	(641,234)
Total equity		<u>7,987,672</u>	<u>7,623,059</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		132,016	156,456
Lease liabilities		–	8,620
		<u>132,016</u>	<u>165,076</u>
Current liabilities			
Borrowings	12	512,500	1,013,467
Accounts payables	13	293,372	289,209
Other payables, accruals and other liabilities	14	2,050,708	1,476,012
Lease liabilities		9,075	14,216
Current income tax liabilities		42,992	27,503
		<u>2,908,647</u>	<u>2,820,407</u>
Total liabilities		<u>3,040,663</u>	<u>2,985,483</u>
Total equity and liabilities		<u>11,028,335</u>	<u>10,608,542</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 Act (as revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, Cayman Corporate Centre, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on February 4, 2019.

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

The financial statements for the year ended December 31, 2021 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, 2021 have been approved for issue by the Company’s board of directors (the “**Board**”) on March 24, 2022.

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 new and amended standards effective for the financial year beginning on 1 January 2021. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

(b) New and amended standards and interpretation not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2021 Reporting Period 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 Period and on foreseeable future transactions.

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, 2021 and 2020, substantially all of the non-current assets were located in the PRC.

5 EXPENSES BY NATURE

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Marketing and promotion expenses	506,754	280,210
Ticketing system cost	418,680	144,892
Staff costs excluding share options granted to directors and employees	413,542	373,455
Content distribution and promotion cost	386,626	188,670
Content production cost	258,705	169,088
Internet infrastructure cost	183,042	130,721
Amortization of intangible assets	140,272	141,131
Share options granted to directors and employees	33,417	72,603
Other professional expenses	30,915	51,933
Outsourcing expenses	29,471	18,354
Depreciation of property, plant and equipment	17,004	16,530
Tax and levies	13,712	4,374
Depreciation of right-of-use assets	13,667	13,666
Rental expense for short-term and low-value leases	9,126	3,548
Auditor's remuneration	6,300	5,843
Other expenses	52,666	52,744
	<u>2,513,899</u>	<u>1,667,762</u>
Total cost of revenues, selling and marketing expenses and general and administrative expenses	2,513,899	1,667,762

During the year ended December 31, 2021, the Group incurred expenses for the purpose of research and development of approximately RMB229,892,000 (2020: RMB213,062,000), which comprised employee benefits expenses of RMB209,535,000 (2020: RMB207,977,000).

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

	Year ended December 31,	
	2021	2020
	RMB'000	RMB'000
Other income		
Government subsidies	11,723	120,689
Tax credit of input tax additional deduction	11,528	10,106
	<u>23,251</u>	<u>130,795</u>
Other gains/(losses), net		
Fair value gain/(loss) on wealth management products, listed and unlisted investments classified as financial assets at fair value through profit or loss	6,734	(18,269)
Loss on disposal of property, plant and equipment	(594)	(208)
Loss on disposal of intangible assets	(1,746)	–
Gains on COVID-19 rent concessions	–	1,281
Others	8,650	2,685
	<u>13,044</u>	<u>(14,511)</u>

7 INCOME TAX EXPENSES

	Year ended December 31,	
	2021 RMB'000	2020 RMB'000
Current income tax	193,401	48,368
Deferred income tax	(27,059)	(30,717)
Income tax expenses	<u>166,342</u>	<u>17,651</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, 2021 and 2020.

(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, 2021 and 2020. According to the relevant tax circulars issued by the PRC tax authorities: (1) one subsidiary of the Company is taxed at a preferential tax rate of 15% (2020: 25%) under the relevant PRC tax rules and regulations; and (2) one subsidiary of the Group is entitled to tax concessions and is exempted from CIT during the period from its incorporation to December 31, 2021.

(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, 2021 and 2020.

8 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

	Year ended December 31,	
	2021	2020
Profit/(loss) attributable to equity holders of the Company (RMB'000)	<u>368,502</u>	<u>(646,272)</u>
Weighted average number of ordinary shares outstanding (thousand)	1,118,636	1,113,499
Weighted average number of vested restricted shares outstanding (thousand)	<u>21,222</u>	<u>19,405</u>
Total weighted average number of shares outstanding (thousand)	<u>1,139,858</u>	<u>1,132,904</u>
Basic earnings/(losses) per share (in RMB)	<u>0.32</u>	<u>(0.57)</u>

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

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

	Year ended December 31,	
	2021	2020
Profit/(loss) attributable to equity holders of the Company (RMB' 000)	<u>368,502</u>	<u>(646,272)</u>
Total weighted average number of shares outstanding (thousand)	1,139,858	1,132,904
Adjustments for share-based compensation – share options (thousand)	1,305	–
Adjustments for share-based compensation – RSUs (thousand)	<u>3,391</u>	<u>–</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u>1,144,554</u>	<u>1,132,904</u>
Diluted earnings/(losses) per share (in RMB)	<u><u>0.32</u></u>	<u><u>(0.57)</u></u>

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

For the years ended December 31, 2021 and 2020, the Company had dilutive potential ordinary shares of share options and restricted stock units (“RSUs”) granted to employees.

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.

9 DIVIDENDS

No dividends have been paid or declared by the Company during the year ended December 31, 2021 and 2020.

10 ACCOUNTS RECEIVABLES

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Related parties	294,391	46,564
Third parties	814,200	445,213
	<u>1,108,591</u>	<u>491,777</u>
Less: allowance for impairment	(198,729)	(172,807)
	<u>909,862</u>	<u>318,970</u>

(a) The carrying amounts of the accounts receivables balances approximated to their fair value as at December 31, 2021 and 2020. 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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	932,614	271,660
91-180 days	26,044	31,383
181-365 days	11,564	33,474
Over 365 days	138,369	155,260
	<u>1,108,591</u>	<u>491,777</u>

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Prepayment for investments and productions in movies and TV series (a)	1,253,630	879,973
Contract fulfilment costs for production of movie productions	140,389	–
Deposits, receivables and prepayments for online entertainment ticketing, e-commerce and other services	600,501	916,840
Loans to third parties (b)	169,950	147,480
Receivables from investments in movies and TV series	71,029	76,162
Amounts due from related parties	85,054	110,267
Others	131,153	85,015
	<u>2,451,706</u>	<u>2,215,737</u>
Less: non-current portion	(4,750)	(63,675)
	<u>2,446,956</u>	<u>2,152,062</u>
Less: Impairment for financial assets at amortised cost	(438,746)	(298,803)
Less: Impairment for prepayment	(113,468)	–
	<u><u>1,894,742</u></u>	<u><u>1,853,259</u></u>

- (a) The Group offers distribution and promotion services, which is considered one of the principal activities of the Group. The investments and rights 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 RMB91,424,000, 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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Bank borrowings – due within one year		
– Guaranteed	383,500	673,467
– Secured	59,000	340,000
– Unsecured	70,000	–
	<u>512,500</u>	<u>1,013,467</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,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	130,441	211,412
91-180 days	38,361	6,561
181-365 days	53,126	26,847
Over 365 days	71,444	44,389
	<u>293,372</u>	<u>289,209</u>

14 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at December 31,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Payables in respect of online entertainment ticketing, e-commerce services and advance in respect of online movie production	900,665	1,112,613
Payables in respect of share in the box office receipts	831,719	130,537
Payroll and welfare payable	112,719	66,948
Loans from third parties	84,526	44,603
Amounts due to related parties	82,404	58,647
Other tax liabilities	8,325	6,180
Others	30,350	56,484
	<u>2,050,708</u>	<u>1,476,012</u>

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. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities

Neither the Company nor any of its subsidiaries 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, 2021. 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, 2021 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, 2021 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, 2021. The work performed by the Company's auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Company's auditor on this announcement.

Frozen Equity Interests of Tianjin Maoyan Weying

Weying Culture, one of the Registered Shareholders holding 26.9% equity interests in Tianjin Maoyan Weying, and its affiliated company, Weying Technology (together with Weying Culture, the "**Weying**"), have been involved in certain lawsuits as defendants in the PRC. The plaintiffs of the lawsuits applied for, and the relevant PRC courts granted, orders to freeze the equity interests held by Weying Culture in Tianjin Maoyan Weying (the "**Frozen Equity Interests**") (i.e. Document 2021 Jing 01 Cai Bao 159 and Document 2021 Jing 04 Zhi 480). As at the date of this announcement, the freeze under Document 2021 Jing 01 Cai Bao 159 is released as shown on National Enterprise Credit Information Publicly System, and the Company is advised by Weying that Weying is currently in the process of reaching a dispute settlement agreement with plaintiff to unfreeze the Frozen Equity Interests under Document 2021 Jing 04 Zhi 480.

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

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

Closure of Register of Members

The Company will hold the AGM on Tuesday, June 28, 2022. The register of members of the Company will be closed from Thursday, June 23, 2022 to Tuesday, June 28, 2022, 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 Wednesday, June 22, 2022.

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, 2022
“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
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and the Registered Shareholders

“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	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
“Maoyan Technology/WFOE”	Tianjin Maoyan Weying Technology Co., Ltd. (天津貓眼微影科技有限公司), a company incorporated under the laws of the PRC on February 5, 2018 with limited liability and a wholly owned subsidiary of our Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“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 annual results only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registered Shareholders”	Enlight Holdings Limited, Beijing Enlight Media Co., Ltd., Linzhi Lixin Information Technology Co., Ltd., Shanghai Sankuai Technology Co., Ltd., Beijing Shiji Weying Culture Development Co., Ltd., Tianjin Caichuang Enterprise Management and Consultation Partnership(Limited Partnership), Tianjin Caixuan Enterprise Management and Consultation Partnership(Limited Partnership), Tianjin Caiyi Enterprise Management and Consultation Partnership(Limited Partnership), Tianjin Caiying Enterprise Management and Consultation Partnership(Limited Partnership) and Tianjin Guanghong Enterprise Management and Consultation Partnership(Limited Partnership), which hold equity interests of Tianjin Maoyan Weying

“Reporting Period”	year ended December 31, 2021
“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
“Tianjin Maoyan Weying”	Tianjin Maoyan Weying Cultural Media Co., Ltd. (天津貓眼微影文化傳媒有限公司), formerly known as Tianjin Maoyan Cultural Media Co., Ltd. (天津貓眼文化傳媒有限公司), a company incorporated under the laws of the PRC on May 27, 2015 with limited liability and a Consolidated Affiliated Entity, which is a holding company of all the other Consolidated Affiliated Entities of our Group
“US\$” or “US dollars” or “USD”	U.S. dollars, the lawful currency of the United States of America
“Weying Culture”	Beijing Shiji Weying Culture Development Co., Ltd. (北京世紀微影文化發展有限公司), a company incorporated under the laws of the PRC on July 22, 2016, with the limited liability and one of our Registered Shareholders
“Weying Technology”	Beijing Weying Shidai Technology Co., Ltd. (北京微影時代科技有限公司), a company established under the laws of the PRC with limited liability, and/or its subsidiaries, as the case may be
“%”	per cent

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, March 24, 2022

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