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**Maoyan Entertainment**

**貓眼娛樂**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1896)**

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO  
THE ANNUAL RESULTS ANNOUNCEMENT AND  
THE ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021**

References are made to the annual results announcement (the “**Annual Results Announcement**”) and annual report (the “**Annual Report**”) of Maoyan Entertainment (the “**Company**”), its subsidiaries and the Consolidated Affiliated Entities (collectively the “**Group**”) for the year ended December 31, 2021 published on March 24, 2022 and April 26, 2022, respectively. Unless otherwise defined in this announcement or the context requires, capitalised terms used herein shall have the same meanings as those defined in the Annual Results Announcement and the Annual Report.

Further to the information disclosed in the Annual Results Announcement and the Annual Report relating to impairment loss for other receivables, the Company would like to provide the following supplemental information which should be read in conjunction with the Annual Results Announcement and the Annual Report.

**BASIC PRINCIPLES OF THE PROVISION FOR OTHER RECEIVABLES IMPAIRMENT**

As disclosed in the Notes 3.1(b) of audited financial statements attached to the Annual Report, the Group adopts IFRS 9 to measure other receivables carried at amortized cost based on the twelve months expected credit loss. The Group considers the probability of default upon initial recognition of assets and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the assets as at the reporting date with that as at the date of initial recognition, and the Group makes impairment provision for relevant fiscal years if applicable. The significant impact of the Covid-19 pandemic outbreak on the macro-economy and the entertainment industry in the PRC since 2020, as well as the recurrence of the Covid-19 pandemic in 2021, delayed the progress of the recovery of the PRC’s entertainment industry, and in turn, had an ongoing adverse impact on some industry players including certain business partners of the Group. In light of above and based on the expected credit loss model (the “**ECL**”) as disclosed in the Notes 3.1(b)(ii) of audited financial statements attached to the Annual Report, the Group had prudently made partial impairment provision for other receivables of RMB297.3 million in 2020 and made a further impairment provision of RMB139.9 million in 2021 after reassessment of other receivables.

Details are set out as below:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB Million</b>	<b>RMB Million</b>
Impairment loss for deposits and receivables for online entertainment ticketing, e-commerce and other services ( <i>Note 1</i> )	<b>89.3</b>	165.5
Impairment loss for receivables from investments in movies and TV series ( <i>Note 2</i> )	<b>29.9</b>	20.3
Impairment loss for loans to third parties, amounts due from related parties and others ( <i>Note 3</i> )	<b>20.7</b>	111.5
	<b>139.9</b>	297.3

Notes:

**(1) IMPAIRMENT LOSS FOR DEPOSITS AND RECEIVABLES FOR ONLINE ENTERTAINMENT TICKETING, E-COMMERCE AND OTHER SERVICES**

In line with the general industry practice and after prudently considering factors including creditworthiness and cooperation relationships with relevant business partners to control potential risk, the Group prepaid deposits/advance payment to some cinemas and large-scale concerts organizers operating within China, and then deducted or recovered such prepayment during the settlement with such business partners at a later stage. Prior to outbreak of Covid-19 pandemic in 2020, the PRC's film market and live performance market had a great momentum of development. However, as a sudden force majeure, the Covid-19 pandemic had a significant impact on the whole industry including the industry participants, interrupting their normal business operation and deteriorating their financial conditions. As a result, some of the Group's business partners had difficulty in repaying the advance payments made by the Group prior to the outbreak of Covid-19 pandemic. Taking into consideration the above factors and the ECL, the Group fully assessed the financial and operating conditions of its business partners, adjusted the expected credit impairment risk ratio for certain business partners, and made impairment provision of RMB165.5 million in 2020 and a further supplementary impairment provision of RMB89.3 million in 2021.

**(2) IMPAIRMENT LOSS FOR RECEIVABLES FROM INVESTMENTS IN MOVIES AND TV SERIES**

Out of commercial considerations and after cautious risk assessments, the Group may elect to make the investments with fixed returns in certain promising movie/TV series projects. Due to a relatively long production cycle for the film/TV series projects and the impact of the Covid-19 pandemic, some projects have not yet been released as scheduled or did not reach the expected box office after release. Based on above, the Group made impairment provision of RMB20.3 million in 2020 under the ECL. In 2021, the Group made an impairment provision of RMB29.9 million considering the supplementary impairment provision for certain receivables of which the credit risk significantly increased, and the reversal of certain impairment provision of which some receivables were recovered.

**(3) IMPAIRMENT LOSS FOR LOAN TO THIRD PARTIES AND AMOUNTS DUE FROM RELATED PARTIES AND OTHERS**

In 2021, the Group has recorded an impairment loss for loan to third parties and amounts due from related parties and others of RMB20.7 million, details of which are set out as follows:

**i. Impairment loss for loan to third parties**

To ensure the normal implementation of the cooperation projects, maximize the interests of all parties involved in the cooperation and/or support some business partners' development, the Group previously provided financial support to certain business partners with whom the Group had business cooperation in the areas including films and TV series, after taking into consideration of factors including the business partner's operating conditions and creditability, project status and collateral measures. These business partners are all Independent Third Parties\* of the Group. The total principal amount of the subject loans represented approximately 2% of total assets of the Group as at December 31, 2021. Due to the impact of the Covid-19 pandemic and settlement disputes between certain business partners and the upstream companies of their film and TV series projects, as the case may be, the operating conditions of such business partners were severely affected, which in turn led to the failure of certain business partners to repay the relevant amounts to the Group as scheduled. Based on the above and the ECL, the Group recognized certain receivables as "stage 3" under the ECL category in both 2020 and 2021, and made the impairment provision of RMB74.0 million in 2020 and RMB5.7 million in 2021.

**ii. Impairment loss for amounts due from related parties**

These amounts due from related parties are mainly generated from transactions with certain business partners, who are Independent Third Parties, but related parties of the Group from the perspective of the accounting standards as at December 31, 2021, such as investee companies of the Group which are engaged in film and TV series business. The underlying transactions are principal business activities of the Group including film and TV series business cooperation. The impairment provision was mainly related to certain investee companies whose financial condition were severely affected by Covid-19 pandemic. The Group accordingly made RMB18.6 million and RMB4.4 million impairment provision in 2020 and 2021, respectively, with the principle of prudence under the ECL.

**iii. Impairment loss for amounts due from others**

The amounts due from others are mainly generated from the continuous transactions with parties who are neither related party of the Group from accounting standards perspective nor connected person of the Group from Listing Rule perspective as at December 31, 2021 in the daily operation of the Group, including deposit, movie cards and vouchers exchange receivables, etc. Since certain amount was overdue more than 3 years in 2020 and 2021, the Group prudently made impairment provision of RMB18.9 million in 2020 under the ECL and made a further impairment provision of RMB10.6 million in 2021.

\* *Any person or entity who is not a connected person of the Group within the meaning ascribed thereto under the Listing Rules to the best knowledge, information and belief of the directors of the Company having made all reasonable inquiry.*

## **EFFECT OF OTHER RECEIVABLES IMPAIRMENT LOSS ON THE GROUP**

In compliance with IFRS 9, the Group's accounting policies and other relevant regulations, the Group has made impairment provision for the above-mentioned other receivables with the principle of prudence. The impairment provision is based on a true and reliable basis, which ensures the accuracy and completeness of the Group's financial reports and is also conducive to further enhancing the Group's ability to prevent risks and ensure the sustainable development of the Group. There are no circumstances that would harm the interests of the Group and its shareholders.

In respect of other receivables for which impairment provision has been made, the Group adheres to the principle of recovering the amount and safeguarding its legal rights and interests. Therefore, the Group will continue to actively take various measures such as litigation and arbitration to recover these receivables. The Group will also continue to follow cautious internal control processes for external business cooperation to continuously reduce its operational and financial risks.

As at the date of this announcement, the operating rate of cinemas in the PRC has recovered to over 80% and the film market continues to rebound. The Group also has a number of films related or to be scheduled/released, including but not limited to *Lighting up the stars* (人生大事), *ODE to the Spring* (你是我的春天), *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). The Group is confident about the long-term development of the PRC's entertainment industry. As a leading "Technology + Total Entertainment" service provider, the Group will also continue to plough deeper into the entertainment industry, devote itself to creating more value for the whole entertainment industry and society, and actively support movie industry to continue exploring and moving forward.

The above supplemental information does not affect other information contained in the Annual Results Announcement and Annual Report and save as disclosed above, all other information contained in the Annual Results Announcement and Annual Report remain unchanged.

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

Hong Kong, July 5, 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.*