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Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

CONTINUING CONNECTED TRANSACTION TENCENT MARKETING PROMOTION FRAMEWORK AGREEMENT

On February 14, 2023, the Company (for itself and on behalf of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) entered into the Tencent Marketing Promotion Framework Agreement, pursuant to which, the Represented Tencent Group has agreed to provide traffic support and ancillary technical support service to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tencent, through its wholly-owned subsidiary, Image Flag Investment (HK) Limited held more than 10% of the total issued Shares of the Company and is one of the substantial Shareholders, and thus Tencent and its associates are connected persons of the Company. As Tencent Computer is a subsidiary of Tencent, it is a connected person of the Company, and the transaction contemplated under Tencent Marketing Promotion Framework Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest proposed annual caps under the Tencent Marketing Promotion Framework Agreement, exceeds 0.1% but less than 5%, the transaction contemplated thereunder is therefore subject to annual reporting, annual review, and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Group and the Represented Tencent Group have been cooperating in the fields of movie and TV series promotion and distribution, traffic support, etc. On February 14, 2023, the Company (for itself and on behalf of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) entered into the Tencent Marketing Promotion Framework Agreement, pursuant to which, the Represented Tencent Group has agreed to provide traffic support and ancillary technical support service to the Group.

PRINCIPAL TERMS OF THE AGREEMENT

Principal terms of the Tencent Marketing Promotion Framework Agreement are set out below:

Date	February 14, 2023
Parties	(a) Company (for itself and on behalf of the Group); and (b) Tencent Computer (for itself and on behalf of the Represented Tencent Group)
Term	From February 14, 2023 to December 31, 2024
Subject Matter	The Represented Tencent Group will provide to the Group traffic support and ancillary technical support service by, including but not limited to, authorizing the Company to utilize the Represented Tencent Group's products, channels, software and intellectual property rights.
Payment and Others	Separate underlying agreements will be entered into which will set out the precise scope of services, service fees, payment method and other details of the service arrangements in the manner provided in the Tencent Marketing Promotion Framework Agreement. The definitive terms of each of such agreements will be determined on a case-by-case basis and on fair and reasonable basis after arm's length negotiation between the parties.

PRICING POLICIES

The service fee to be paid by the Group to the Represented Tencent Group will be calculated by the pre-determined fixed unit price multiplied by the number of tickets of online entertainment projects (the "**Tickets**") sold through Tencent's Effective Channels. The fixed unit price shall be determined by the Group and Tencent Group on arm's length basis taking into consideration (i) the breadth of user base of Tencent's Effective Channels providing the relevant traffic support, and (ii) the number of active users and paying users expected to be brought to the Company by Tencent's Effective Channels and shall be subject to adjustments if any, taking into account factors, including, among others, minimum resources devoted by Tencent to provide traffic support for the Group and the prevailing overall box office performance of online entertainment projects.

HISTORICAL AMOUNT

There was no historical amount incurred prior to the date of this announcement in respect of transaction under the Tencent Marketing Promotion Framework Agreement.

PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION

In respect of the Tencent Marketing Promotion Framework Agreement, the proposed annual caps are set out in the table below:

	For the period from February 14, 2023 until December 31, 2023 (RMB'000)	For the year ending December 31, 2024 (RMB'000)
Services fees payable by the Group under the Tencent Marketing Promotion Framework Agreement	110,000	150,000

When estimating the annual caps, the Board took into consideration the following factors:

- (i) the pre-determined fixed unit price; and
- (ii) The expected number of Tickets taking into consideration: a. the historical number of Tickets; and b. the expected recovery and growth of the box office performances of movies and live entertainment industry and the online entertainment market in China, taking into consideration a number of policy or guidance supports to further develop the entertainment industry including 14th Five-Year Plan for the Development of Chinese Films (《「十四五」中國電影發展規劃》), 14th Five-Year Plan for the Development of Culture and Tourism (《「十四五」文化和旅遊發展規劃》), 14th Five-Year Plan for Works of Art (《「十四五」藝術創作規劃》), and 14th Five-Year Sponsorship Plan of China National Arts Fund (《國家藝術基金「十四五」時期資助規劃》).

REASONS FOR AND BENEFITS OF THE TRANSACTION

Given that Tencent is a leading provider of Internet value-added services in the PRC, the strong social elements of Tencent's products are compatible with our service offerings. The continuous operation of online entertainment ticketing services through Tencent's channels will help us to further enhance our customer base, and also enrich the product offerings of Tencent's channels. The Company believes that the enhancing strategic partnership with Tencent is complementary and mutually beneficial, and the Company will continue to provide high-quality entertainment services and experiences for its users.

OPINION OF THE BOARD

The Directors consider that it is in the interests of the Company and its Shareholders as a whole to enter into the Tencent Marketing Promotion Framework Agreement, the terms thereunder are fair and reasonable and the transaction contemplated thereunder (including the proposed annual caps under aforementioned framework agreement) are on normal commercial terms and in the ordinary and usual course of business of the Company.

Mr. Sun Zhonghuai, being a non-executive Director, holds senior management position in the Represented Tencent Group and has therefore abstained from voting on the relevant Board resolutions approving the Tencent Marketing Promotion Framework Agreement. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated thereunder.

INTERNAL CONTROL

In order to ensure that the terms under relevant framework and definitive agreements for the continuing connected transaction are fair and reasonable, or no less favourable than terms available from Independent Third Parties, comply with the annual caps and pricing policies under relevant framework agreement, and are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- (a) the Company has adopted and implemented a management system on connected transactions. The Board and various other internal departments of the Company including but not limited to the finance department and compliance and legal department are jointly responsible for evaluating the terms under framework and definitive agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement, the management of the Company also reviews the pricing policies of the framework agreements annually. In addition, various other internal departments of the Company monitor the fulfilment status and the transaction updates under the framework agreement as necessary from time to time, and the reporting team (the “**Reporting Team**”) within the finance department is responsible for monitoring the transaction amounts of the continuing connected transactions to ensure that the annual caps under the framework agreements are complied with, and that any definitive agreement under the relevant framework agreements shall be entered into by the Company with the prior approval of the Reporting Team.
- (b) the independent non-executive Directors and auditors of the Company will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation to ensure that in accordance with Rules 14A.55 and 14A.56 of the Listing Rules that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies; the audit committee of the Company will review the Company’s financial controls, risk management and internal control systems; and when considering any renewal or revisions to the framework agreements, the Company will then comply with the Listing Rules as applicable.

- (c) when considering fees to be provided to the Group by the connected persons, the Group will constantly at least on semi-annual basis, research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and Independent Third Parties for similar transactions and the pricing and terms offered by above connected persons over the market if any, to make sure that the pricing and terms offered by the above connected persons from mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favourable than those offered by Independent Third Parties.

LISTING RULES IMPLICATIONS

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INFORMATION RELATING TO PARTIES

The Group is a leading “technology + pan-entertainment” service provider in China, offering online entertainment ticketing services, entertainment content services, and advertising services and others.

Tencent is principally engaged in the provision of value-added services to users in the PRC.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings.

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Maoyan Entertainment, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1896);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries and consolidated affiliated entities, from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company within the meaning ascribed there to under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Listing”	listing of the ordinary Shares of the Company on the Stock Exchange on February 4, 2019;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Represented Tencent Group”	Tencent and its subsidiaries but excluding China Literature Limited and its subsidiaries, and Tencent Music Entertainment Group and its subsidiaries;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Tencent”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 700);
“Tencent Computer”	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC on November 11, 1998 and a wholly-owned subsidiary of Tencent;
“Tencent’s Effective Channels”	effective products, channels and software of the Represented Tencent Group, including, among others, WeChat services and other channels which the parties may agree on from time to time;

“Tencent Marketing
Promotion Framework
Agreement”

a framework agreement entered into between the Company (for itself and on behalf of the Group) and Tencent Computer (for itself and on behalf of the Represented Tencent Group) on February 14, 2023;

“%”

per cent.

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, February 14, 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Zheng Zhihao as Executive Director, Mr. Wang Changtian, Ms. Li Xiaoping, Ms. Wang Jian, Mr. Sun Zhonghuai, Mr. Chen Shaohui, 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.