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Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

PROFIT WARNING

This announcement is made by Maoyan Entertainment (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the information currently available to the Company and its preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended December 31, 2022 (“**FY2022**”), the revenue of the Group for FY2022 is expected to range between approximately RMB2,270 million and RMB2,370 million, representing a decrease ranging from approximately 28.7% to 31.7% as compared to the revenue of the Group for the year ended December 31, 2021 (“**FY2021**”) of RMB3,323.4 million; and the Group expects that the profit attributable to the owners of the Company for FY2022 will range between approximately RMB70 million and RMB120 million, representing a decrease of approximately 67.4% to 81.0% as compared with the profit attributable to the owners of the Company for FY2021 of approximately RMB368.5 million.

The aforesaid decline in revenue and profit was mainly due to the serious impact on the offline entertainment industry as a result of the outbreak of COVID-19 pandemic in various regions nationwide in 2022. According to the data released by the China Film Administration (國家電影局), the total annual box office of the film market in the PRC in 2022 was RMB30.067 billion, representing a decrease of 36.4% from RMB47.258 billion in 2021. The operating rate of cinemas in 2022 in the PRC fell significantly compared with that in 2021. Especially, in the fourth quarter of 2022, it once fell below 40% (according to the data from Maoyan Pro (貓眼專業版)). In addition, the releasing dates of a number of films were rescheduled or postponed in accordance with the entertainment industry’s conditions in the PRC. The operating activities and the performance of each business segment of the Group were therefore adversely affected.

Since December 2022, the entertainment industry has gained a rapid recovery in line with the continuous optimization and adjustment of pandemic prevention and control policies in the PRC. According to data released by the China Film Administration, the PRC film market recorded a total box office of approximately RMB6.7 billion during the Spring Festival of 2023, ranking second historically in terms of domestic film box office performance during the Spring Festival. With the recovery of the entertainment industry, the operating indicators of the Group have been recovering and improving in an orderly manner. Currently, the Group has sufficient capital and abundant content reserve, and the existing film projects the Group participated in are steadily progressing. As of the date of this announcement, “Full River Red (滿江紅)”, for which we acted as both the producer and lead distributor, achieved a box office of RMB4.4 billion. The other released films the Group distributed/produced, such as “The Wandering Earth II (流浪地球2)” and “Boonie Bears: Guardian Code (熊出沒•伴我“熊芯”)” achieved excellent performance in both market reputation and box office. In addition, steady progress has been made in the films distributed/produced by the Company, such as “Never Say Never (八角籠中)”, “Who’s the Suspect (拯救嫌疑人)” and “Crisis Route (危機航線)”, which will be released in due course.

As a leading “technology + pan-entertainment” service provider, the Group will continue to strengthen its infrastructural capabilities and service development, explore and produce premier content with positive values, so as to further accumulate long-term value.

The information contained in this announcement is only a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the Company. Such information has not been audited or reviewed by the auditors or the audit committee of the Company. As the Company is still in the process of finalizing its annual results for FY2022, the Group’s final actual results for FY2022 may be subject to changes and may differ from the information disclosed in this announcement. The final annual results of the Company for FY2022 and other operating details of the Group will be disclosed in the annual results announcement of the Company for FY2022, which is expected to be released in late March 2023.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, February 24, 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.

Note: “PRC” or “domestic” refers to the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan.