

# MAOYAN ENTERTAINMENT 貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

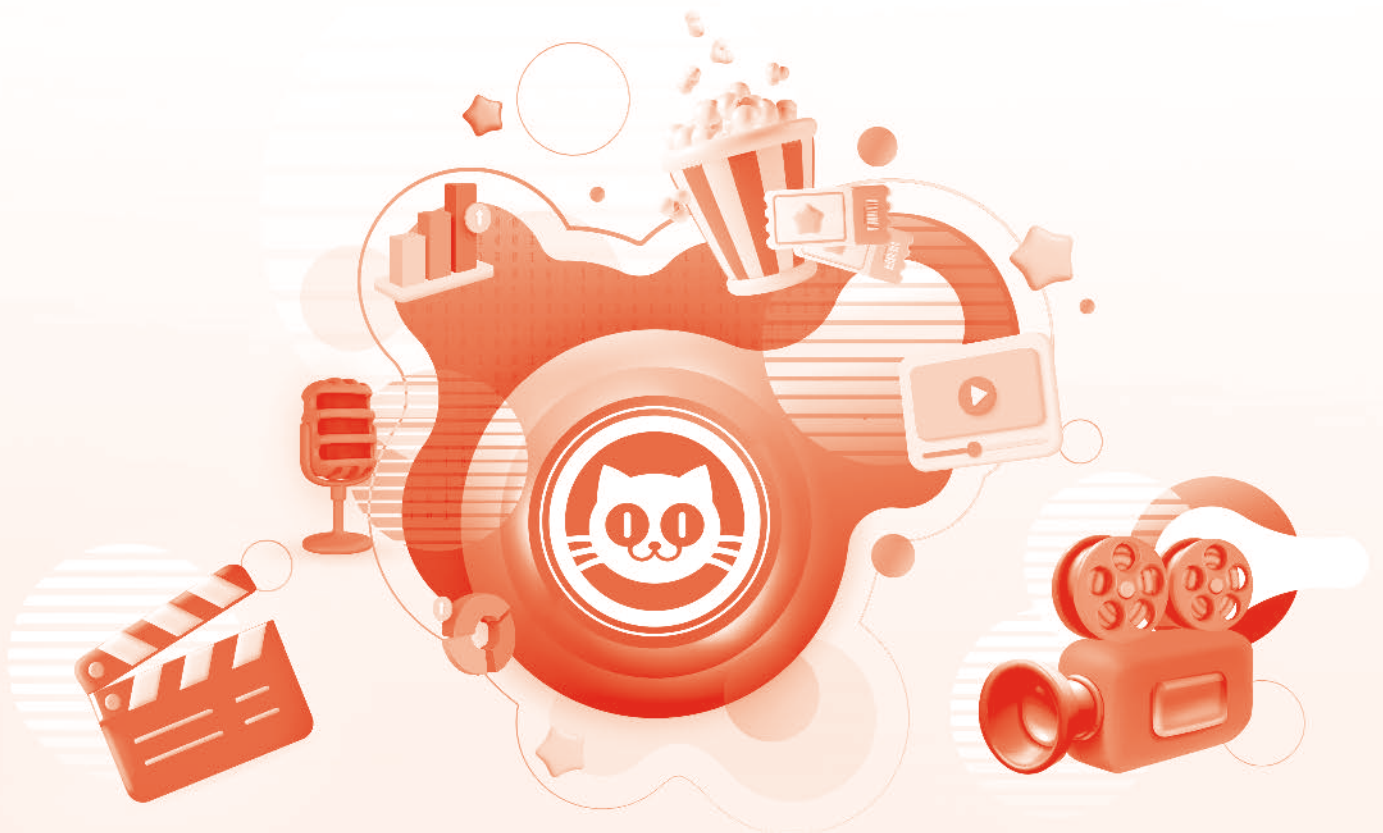
Stock Code 股份代號：1896



Interim Report 中期報告 **2023**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Director

Mr. Zheng Zhihao (*Chief Executive Officer*)

### Non-executive Directors

Mr. Wang Changtian (*Chairman*)

Ms. Li Xiaoping

Ms. Wang Jian

Mr. Sun Zhonghuai

Mr. Chen Shaohui

Mr. Lin Ning (resigned on March 23, 2023)

Mr. Tang Lichun, Troy

### Independent Non-executive Directors

Mr. Wang Hua

Mr. Chan Charles Sheung Wai

Mr. Yin Hong

Ms. Liu Lin

## AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai (*Chairman*)

Mr. Wang Hua

Ms. Liu Lin

## NOMINATION COMMITTEE

Mr. Wang Hua (*Chairman*)

Mr. Chan Charles Sheung Wai

Mr. Zheng Zhihao

## REMUNERATION COMMITTEE

Mr. Wang Hua (*Chairman*)

Ms. Liu Lin

Mr. Zheng Zhihao

## JOINT COMPANY SECRETARIES

Ms. Zheng Xia

Mr. Cheng Ching Kit

## AUTHORIZED REPRESENTATIVES

Mr. Zheng Zhihao

Mr. Cheng Ching Kit

## AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

## REGISTERED OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 3 Building, Yonghe Hangxing Garden

No.11 Hepingli East Street

Dongcheng District

Beijing, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

# Corporate Information

## LEGAL ADVISORS

*As to Hong Kong law:*

Clifford Chance

*As to Cayman Islands law:*

Walkers (Hong Kong)

*As to the PRC law:*

Commerce & Finance Law Offices

## STOCK CODE

1896

## COMPANY'S WEBSITE

[www.maoyan.com](http://www.maoyan.com)

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited

190 Elgin Avenue

George Town

Grand Cayman KY1-9008

Cayman Islands

## PRINCIPAL BANKERS

China Merchants Bank, Beijing Branch

Ping An Bank, Garden Road Sub-Branch

# CEO's Statement

I am pleased to present our interim results for the six months ended June 30, 2023.

## FINANCIAL HIGHLIGHTS

Our revenue increased from RMB1,191.4 million in the first half of 2022 to RMB2,196.9 million in the first half of 2023. Gross profit for the first half of 2023 was RMB1,101.2 million, and gross profit for the first half of 2022 was RMB622.4 million. Net profit for the period in the first half of 2023 was RMB405.2 million, as compared to net profit for the period of RMB151.9 million in the first half of 2022. Our adjusted EBITDA for the period in the first half of 2023 was RMB584.4 million, compared to adjusted EBITDA of RMB282.0 million in the first half of 2022; our adjusted net profit<sup>(Note)</sup> in the first half of 2023 was RMB455.7 million, compared to adjusted net profit<sup>(Note)</sup> of RMB233.7 million in the first half of 2022.

## BUSINESS REVIEW AND OUTLOOK

### BUSINESS REVIEW

In the first half of 2023, the entertainment industry experienced an all-encompassing recovery fueled by a rebound in domestic consumption and robust support from national policies. According to data released by the China Film Administration (國家電影局), Chinese Mainland's total box office (including service fees) in the first half of 2023 was RMB26.271 billion, representing a year-over-year increase of 52.91%. The recovery in the national performing arts market also demonstrated significant momentum. According to the *National Performance Market Briefing for the First Half of 2023* (2023上半年全國演出市場簡報) published by the China Association of Performing Arts (中國演出行業協會), the box office revenue of commercial performances nationwide in the first half of 2023 increased by 673.49% compared with the same period last year, and audience size increased more than 10 times year-on-year.

In the midst of this full recovery in the entertainment industry, the Company seized the opportunity to vigorously resume the development of various businesses, outperforming the wider market in overall terms with the continual optimization of its revenue structure. Revenue and profitability hit record highs over the same period in previous years. In particular, the entertainment content service business achieved impressive results in its performance. The Company continued to maintain a leading edge in terms of its distribution and promotion services and market coverage.

*Note:* In the first half of 2023 and 2022, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation (share options and RSUs granted to directors and employees and expenses from other share-based payment transaction) and amortization of intangible assets resulting from business combinations.

# CEO's Statement

## **Entertainment Content Services**

As a leading player in the entertainment industry, we further deepened our involvement in movie promotion and distribution, production, and self-production of theatrical movies. In the first half of 2023, owing to our forward-looking deployment of content, abundant content reserves in our pipeline, constantly refined promotion and distribution capabilities, and excellent movie selection capabilities, our entertainment content service business continued to achieve outstanding business performance, consistently outperforming the market, as evidenced by our participation in the distribution/production of 24 domestic movies, among which we acted as a lead distributor in 13 of them, representing a significant increase as compared to the same period in previous years. We participated in domestic movies that accounted for over 80% of the total box office of domestic movies during the same period, including 9 of the top 10 domestic movies in terms of box office during the Reporting Period. Our market coverage rate and coverage rate for top-tier movies reached historical highs.

In particular, we continued to achieve significant improvements in our promotion and distribution capabilities and achievements. We currently have an industry-leading promotion and distribution system in place, with high-quality service capabilities in the promotion and distribution supported by a professional and efficient team. As a result, we delivered stellar performances in our market coverage, industry influence, and revenue contribution, all of which show ongoing improvements. We continue to build an open, transparent, accurate, and real-time data system, providing comprehensive professional services for the industry. For example, during the movie promotion and release stages, we achieve precise marketing by mining and using real-time data to execute “one strategy for one movie,” “one strategy for one city,” and “one strategy for one day” to promote movies “to a wider audience base” and generate box office growth. At the same time, we also continue to enrich our intelligent promotion and distribution of products and services. For example, with the improvement in comprehensiveness, stability and accuracy after multiple iterations, our “Real-Time Trending List” (實時熱搜) function has become an indispensable and practical tool for industry practitioners. Our “Cloud Block Booking” (雲包場) services, which have served over 100 movies, saw orders grow by over 140% year-on-year. During the Spring Festival and Labor Day holidays, we entered into in-depth collaborations with over 50 platforms to provide nearly 20 movies with a total exposure of over 47.5 billion times. At the same time, in terms of customized promotion and marketing services, we have been exploring innovative promotion and distribution solutions, and we have successfully implemented in various movie projects, which have gradually developed industry-leading models. For example, in the promotion and distribution service plan for *Full River Red* (滿江紅), we collaborated with multiple airlines and high-speed railway companies to implement an innovative “by-air-and-by-land” promotion and distribution model and developed voice cards and role cards for movie characters, using creative materials to enrich communication channels between users and characters.

# CEO's Statement

Based on the above, we accomplished an outstanding performance in terms of movie promotion and distribution in the first half of 2023. During the Reporting Period, we participated in the promotion and distribution of 23 domestic movies, accounting for approximately 80% of the total domestic box office, with both the number of movies and share of box office hitting record highs for the same period in previous years. Among them were 13 movies for which we acted as a lead distributor, exceeding the historical records in terms of quantity, and many of these movies ranked a top-tier box office performance during their respective release period. For example, *Full River Red* (滿江紅), for which we acted as a lead distributor and producer, became a champion of the Spring Festival season with a box office of over RMB4.5 billion and ranked sixth in China's movie history. *Godspeed* (人生路不熟), for which we acted as a lead distributor and producer, became the box office champion during the Labor Day holiday with a box office of over RMB1.1 billion. In particular, we have seen a steady increase in the number and market coverage rate of movies for which we were a lead distributor from 2021 to 2023, reporting outstanding performances in popular box office periods each year. For example, during the past three Spring Festival seasons, the movies for which we acted as a lead distributor successfully claimed the top two places in the box office performance, which once again proved Maoyan's ability to select top-tier movies, as well as its exceptional capacity on promotion and distribution services and consistent financial performances.

Furthermore, with our high-quality promotion and distribution capabilities, as well as our progressively improving movie selection capabilities, we increased our participation in high-quality movies in terms of both breadth and depth. Our professional promotion and distribution capabilities and movie selection capabilities complement each other, together with our mature promotion and distribution system, provided fundamental support for our sustainable outstanding performance in business and finance. The number of movies we participated in gradually increased, with the number of movies in which we served as the producer/distributor during the Reporting Period reaching an all-time high. At the same time, we have been redoubling our efforts to participate in the highest-ranking movies. We participated in the production/distribution of the top three movies in terms of box office performance during the Spring Festival season, including *Full River Red* (滿江紅), *The Wandering Earth 2* (流浪地球2) and *Boonie Bears: Guardian Code* (熊出没·伴我「熊芯」), as well as the box office champion and runner-up movies during the Labor Day season, including *Godspeed* (人生路不熟) and *Born to Fly* (長空之王), and the box office champion movie during the Dragon Boat Festival season, *Lost in the Stars* (消失的她).

# CEO's Statement

During the summer movie season, we distributed/produced a number of movies, released successively, such as *Lost in the Stars* (消失的她), *Never Say Never* (八角籠中), *Chang'an* (長安三萬里), and *Creation of the Gods I: Kingdom of Storms* (封神第一部), many of which performed well in terms of box office and reputation. There will be a series of high-quality movies, including *Papa* (學爸), *The Woman in the Storm* (我經過風暴), *Just for Meeting You* (念念相忘), *Flaming Cloud* (三貴情史), *Lose to Win* (好像也沒那麼熱血沸騰), *One and Four* (一個和四個), *Who's The Suspect* (拯救嫌疑人), *Johnny Keep Walking!* (年會不能停!) and *The Goldfinger* (金手指), which are scheduled for release at various time slots in the second half of this year. In addition, we continue to maintain an abundant reserve of movie content. The movies in which we participated as a distributor/producer include *High Forces* (危機航線), *Shining For One Thing* (一閃一閃亮星星), *Burning Star* (盜火者), *Follow You* (藏地白皮書), and *Shuke and Beita: Flying Saucer* (舒克貝塔之五角飛碟), as well as the movies we have self-produced, such as *Game Start* (天才遊戲), *Endless Journey of Love* (時間之子), *Sanshaonv* (傘少女), and *Chongsheng* (重生), all of which are making steady progress and will be released in due course.

## **Online Entertainment Ticketing Services**

In the first half of 2023, we progressed with enhancing the service capabilities of our online movie ticketing platform, further optimizing the users' consumption experience, and strengthening the interaction between online and offline resources in order to maintain our competitive edge in the market. During the Reporting Period, we provided more diversified products and marketing solutions to support the sales of products and exclusive memberships in cinemas. We continued to serve as the official designated screening and ticketing platform of the 13th Beijing International Film Festival by providing various thematic promotion and ticketing services, allowing more movie fans to experience the cultural connotations of the film festival and local culture. We received unanimous recognition from the organizing committee and movie fans. In addition, we also supported cultural activities held by various provincial and municipal governments, such as those in Sichuan, Zhejiang, Guangxi, and Hangzhou.



# CEO's Statement

Since 2023, the offline performance market has shown robust and rapid growth in both supply and demand. Capitalizing on this opportunity, we continued to invest in and develop live entertainment services, including online ticketing services, with an emphasis on concerts by top-tier artists. We also actively explored and developed the investment in, the production of, and the IP development for performance events. During the Reporting Period, Maoyan's total GMV and the number of orders for performances exceeded pre-pandemic levels, and several sub-categories, such as concerts, sports events, and music festivals, achieved breakthrough growth. In terms of large-scale concerts, we provided on-site ticketing services as the general ticketing agents for a number of concerts featuring artists such as Jacky Cheung, Jay Chou, and JJ Lin. In addition, we continue to extend our business cooperation with large sports venues in various regions and various kinds of small and medium-sized performance venues, effectively providing these venues with ticketing solutions and services. To better serve various types of performance activities, we have upgraded the hardware system for ticket checking and validation, effectively supporting diverse categories of performance activities of varying scales and admission models in different regions across China. In terms of local entertainment, we continued to deepen our business collaborations with other platforms, for example, our entry interfaced with Meituan's leisure/play channel to exchange data, and our immersive and successfully premiered gaming drama *Legend of the Pearl* (明珠傳奇), for which we participated in the production/self-production. In addition, we continued to tap into the box office aftermarket of movie IPs to explore more commercial opportunities.

We continued to make steady progress in expanding our ticketing-related business outside of mainland China. During the Reporting Period, we provided high-quality ticketing systems and operational services in Hong Kong for URBTIX, as well as served a number of large-scale performance projects in Hong Kong, including, among others, the You & Mi Sammi Cheng World Tour Hong Kong Station (You & Mi 鄭秀文世界巡回演唱會香港站), the 47th Hong Kong International Film Festival (第四十七屆香港國際電影節), and the FIVB Volleyball Nations League Hong Kong 2023 presented by China Life (Overseas) (中國人壽(海外)FIVB世界女排聯賽).

## **Advertising Services and Others**

We continued to enhance and launch various self-owned promotion and distribution products and services and increase their commercial value. During the Reporting Period, the platforms we covered for collaboration purposes have expanded to a broader range, including gaming platforms, music platforms, travel terminals, and mobile manufacturers, allowing us to utilize diverse scenarios to enhance the promotion exposure and user coverage of movies while also providing channel-centric quality services for the promotion and distribution of the movies. In addition, in terms of movie content marketing services, commercial efficiency has been further improved, with the total number of movie projects served in the first half of the year reaching a new high, an increase of 85% compared with the same period last year.

# CEO's Statement

In terms of promotional data, we have integrated data from multiple channels, such as Douyin, Weibo, Kuaishou, WeChat, and Baidu, in order to achieve one-stop promotional data services. In addition to creating an industry-leading movie data system, our Maoyan Pro (貓眼專業版) has further refined its data visualization capabilities, addressing industrial pain points. For example, the “by province” box office map for the movies released during the Labor Day holiday assisted industry practitioners to analyze and interpret box office and market trends more clearly. Global Box Office Ranking (全球票房榜) has become the first in the industry to provide updates on box office performances across the global movie market on a daily basis.

Given our Company's technology attributes and strong R&D prowess, we continued to explore the possibility of integrating new technologies such as AI into the entertainment industry, leveraging our technological capabilities to promote the development of the industry. We are currently evaluating and implementing the application of AI technology and products in several stages of the movie industry chain, including planning, production, promotion, marketing, and distribution. In the promotion and distribution stage, for example, we have been able to use AI technology to analyze and mine the relevant data including hotspot events to aid promotion and distribution strategies, guide the output of promotion and distribution materials, and produce promotion and distribution materials by using AI technology, thereby helping to improve marketing effectiveness. We have provided corresponding services for several movies, including *Never Say Never* (八角籠中), *Lost in the Stars* (消失的她) and *Transformers* (變形金剛). We continued to apply AI technology to strengthen our data analysis capabilities, and by using our AI big data model, we have improved the intelligence of Maoyan Pro (貓眼專業版)'s box office predictions. We also launched AI+ Movie & TV Entertainment related products aimed at relevant industry professionals, such as “AI Poster Assistant” (AI海報助手), “AI Outline Mapping” (AI大綱配圖), and “AI Conceptual Drawing Service” (AI概念圖服務), etc., to help the industry understand and explore the integration of AI and movie & TV creation both as a space and in terms of its direction. In addition, we are also exploring the application of AI technology in pre-project planning and creation, such as employing AI data models to develop specific IP subjects and aid story analysis, providing plot clues and inspiration for the creative team.

## OUTLOOK

Driven by the tremendous support of national policies under the strong leadership of the Publicity Department of the CPC Central Committee (中宣部) and the China Film Administration (國家電影局), the movie industry has been united in its determination to move forward, promoting the sustained recovery and development of the movie market. Since the beginning of the year, the industry has witnessed a full revival, achieving the second-highest same-period box office performance in China's movie history during both the Spring Festival and Dragon Boat Festival holidays. The summer season has also seen continuous growth. As of August 16, 2023, the box office for the summer season had surpassed RMB17 billion, the accumulated box office of 2023 had reached RMB39.7 billion. These achievements reflect the remarkable resilience and vitality of the Chinese movie market, greatly bolstering confidence across the industry.

# CEO's Statement

As one of the key participants in the entertainment industry, Maoyan is fully confident in the future of the Chinese entertainment industry. Embracing the opportunities arising from the recovery, we will adhere to the core development strategy of "Technology + Pan-entertainment" by continuing to deepen our presence in the pan-entertainment industry while constantly improving our core competitiveness and profitability to better serve high-quality movie content and contribute to the growth of the industry.

- In terms of entertainment content services, we will continue to maintain and leverage our leading advantages and capabilities in movie promotion and distribution. By upholding the strategy of "distribution drives investment," we will increase our participation in the lead distribution and production of blockbusters during key movie periods while maintaining outstanding business operations and financial performances.
- Live entertainment is one of our Company's strategic development focuses. By closely riding on the momentum of the strong market recovery, we will increase investments in key performance projects while continuing to enhance market participation and competitiveness. Furthermore, we will continue to strengthen the infrastructure and service capabilities of our movie ticketing business.
- Capitalizing on our comprehensive capabilities covering both technology services and the entertainment industry, we will continue to strengthen technological integration and exploration efforts in the entertainment industry. We will build our team armed with AI research and development capabilities to explore and implement AI technology in various segments across the entertainment industry chain. Additionally, we will leverage our technical advantages to drive the development of this entertainment industry.
- Furthermore, we will continue to consolidate our cooperation in the performance business in the Hong Kong region and further expand commercial cooperation in other countries and regions as part of our campaign to identify new growth opportunities for the Company's development.

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 support. Let us forge ahead together and contribute our efforts to promote the high-quality development of the entertainment industry and build a major cinematic player.

*Executive Director and Chief Executive Officer*

**ZHENG Zhihao**

Hong Kong

August 17, 2023

# Management Discussion and Analysis

## INTERIM PERIOD REVIEW

	Six months ended June 30,			
	2023		2022	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
<b>Revenue</b>	<b>2,196.9</b>	<b>100.0</b>	1,191.4	100.0
Cost of revenue	(1,095.7)	(49.9)	(569.0)	(47.8)
<b>Gross profit</b>	<b>1,101.2</b>	<b>50.1</b>	622.4	52.2
Selling and marketing expenses	(366.0)	(16.6)	(275.8)	(23.1)
General and administrative expenses	(186.7)	(8.5)	(179.0)	(15.0)
Net impairment losses on financial assets	(35.3)	(1.6)	(4.6)	(0.4)
Other income	26.3	1.2	24.7	2.1
Other losses, net	(21.1)	(1.0)	(3.0)	(0.3)
<b>Operating profit</b>	<b>518.4</b>	<b>23.6</b>	184.7	15.5
Finance income	34.3	1.6	14.6	1.2
Finance costs	(3.6)	(0.2)	(7.2)	(0.6)
Finance income, net	30.7	1.4	7.4	0.6
Share of losses of investments accounted for using the equity method	(0.5)	(0.0)	(0.8)	(0.1)
Impairment losses of investments accounted for using the equity method	(8.5)	(0.4)	–	–
<b>Profit before income tax</b>	<b>540.1</b>	<b>24.6</b>	191.3	16.0
Income tax expenses	(134.9)	(6.2)	(39.4)	(3.3)
<b>Profit for the period</b>	<b>405.2</b>	<b>18.4</b>	151.9	12.7
Non-IFRS Measures:				
EBITDA	578.7	26.3	269.3	22.6
Adjusted EBITDA	584.4	26.6	282.0	23.7
Adjusted net profit <sup>(Note)</sup>	455.7	20.7	233.7	19.6

*Note:* In the first half of 2023 and 2022, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation (share options and RSUs granted to directors and employees and expenses from other share-based payment transaction) and amortization of intangible assets resulting from business combinations.

# Management Discussion and Analysis

## Revenue

Our revenue increased from RMB1,191.4 million in the first half of 2022 to RMB2,196.9 million in the first half of 2023. Such increase was primarily due to increase in revenue from entertainment content services, online entertainment ticketing services and advertising services and others as a result of the recovery in the entertainment industry during the first half of 2023. The following table sets forth our revenue by service in the first half of 2023 and 2022.

	Six months ended June 30,			
	2023		2022	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
<b>Revenue</b>				
Entertainment content services <sup>(Note)</sup>	1,100.1	50.1	533.4	44.8
Online entertainment ticketing services	1,015.8	46.2	592.3	49.7
Advertising services and others	81.0	3.7	65.7	5.5
<b>Total</b>	<b>2,196.9</b>	<b>100.0</b>	1,191.4	100.0

Note: This amount included fair value gains on the Group's investments in movies and TV series amounting to RMB8.2 million for the six months ended June 30, 2023 (for the six months ended June 30, 2022: fair value gains of RMB11.1 million).

### Entertainment content services

Revenue from entertainment content services increased from RMB533.4 million in the first half of 2022 to RMB1,100.1 million in the first half of 2023. Such increase was mainly due to the substantial increase in numbers of the domestic movies, which we participated in distribution/production in the first half of 2023 as compared to the corresponding period in the previous years, and a number of such movies performed well in terms of box office.

### Online entertainment ticketing services

Revenue from online entertainment ticketing business increased from RMB592.3 million in the first half of 2022 to RMB1,015.8 million in the first half of 2023. According to the data released by the China Film Administration (國家電影局), the total box office of the film market in the Chinese film market in the first half of 2023 was RMB26.271 billion, representing an increase of 52.91% from RMB17.181 billion in the first half of 2022. According to the Briefs of National Performing Arts Markets in the First Half of 2023 (《2023上半年全國演出市場簡報》) published by the China Association of Performing Arts (中國演出行業協會), in the first half of 2023, the box office of commercial performances nationwide increased by 673.49% as compared with that of the first half of 2022.

# Management Discussion and Analysis

## Advertising services and others

Revenue from advertising services and others increased from RMB65.7 million in the first half of 2022 to RMB81.0 million in the first half of 2023. The increase in revenue was mainly due to the growth of our E-commerce services, represented by in-venue food and beverage preordering services, with the full recovery of China's film industry in the first half of 2023.

## Cost of revenue

Cost of revenue increased by 92.6% from RMB569.0 million in the first half of 2022 to RMB1,095.7 million in the first half of 2023. The increase in cost of revenue was primarily due to the increase in the cost of ticketing system (which was in line with the increase in revenue from our online movie ticketing services); the increase in the cost of internet infrastructure (which was in line with the level of investment in infrastructure cost under our normal operation); and the increase in content promotion, distribution and production costs.

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 revenue for the period indicated:

	Six months ended June 30,					
	2023			2022		
	RMB million (Unaudited)	% of cost	% of revenue	RMB million (Unaudited)	% of cost	% of revenue
Content distribution and promotion cost	330.6	30.2	15.0	153.7	27.0	12.9
Ticketing system cost	234.2	21.4	10.7	143.4	25.2	12.1
Content production cost	220.2	20.1	10.0	60.9	10.7	5.1
Internet infrastructure cost	209.1	19.1	9.5	89.7	15.8	7.5
Amortization of intangible assets	44.8	4.1	2.1	68.9	12.1	5.8
Depreciation of property, plant and equipment	3.9	0.3	0.2	5.1	0.9	0.4
Other expenses	52.9	4.8	2.4	47.3	8.3	4.0
<b>Total</b>	<b>1,095.7</b>	<b>100.0</b>	<b>49.9</b>	<b>569.0</b>	<b>100.0</b>	<b>47.8</b>

# Management Discussion and Analysis

## Gross Profit and Gross Margin

Our gross profit increased from RMB622.4 million in the first half of 2022 to RMB1,101.2 million in the first half of 2023, and our gross profit margin was 52.2% and 50.1% in the first half of 2022 and 2023, respectively. The increase in our gross profit was primarily due to the increase in our revenue of RMB1,005.5 million compared with the first half of 2022, while the gross profit margin remained relatively stable.

## Selling and Marketing Expenses

Selling and marketing expenses increased by 32.7% from RMB275.8 million in the first half of 2022 to RMB366.0 million in the first half of 2023, primarily due to the increase in marketing and promotion expenses.

## General and Administrative Expenses

General and administrative expenses increased by 4.3% from RMB179.0 million in the first half of 2022 to RMB186.7 million in the first half of 2023, basically remained stable.

## Net Impairment Losses on Financial Assets

We recorded net impairment losses on financial assets of RMB35.3 million in the first half of 2023, compared to net impairment losses on financial assets of RMB4.6 million in the first half of 2022. We evaluated the expected credit loss of financial assets as at June 30, 2023 on prudent basis, and made provisions for the impairments.

## Other Income and Other Losses, Net

We had other income and net other losses in total of RMB5.2 million and RMB21.7 million in the first half of 2023 and 2022, respectively, mainly for government subsidies and net exchange loss arising from exchange rate fluctuation.

## Operating Profit

As a result of the foregoing, our operating profit was RMB518.4 million in the first half of 2023, compared to an operating profit of RMB184.7 million in the first half of 2022.

## Net Finance Income

We had net finance income of RMB30.7 million in the first half of 2023, compared to net finance income of RMB7.4 million in the first half of 2022, 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

Income tax expense was RMB134.9 million in the first half of 2023, compared to income tax expense of RMB39.4 million in the first half of 2022. This was mainly due to the increase in operating profit.

# Management Discussion and Analysis

## Non-IFRS Financial Measures

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

## Adjusted Net Profit, EBITDA, and Adjusted EBITDA

The following tables reconcile our adjusted net profit and EBITDA and adjusted EBITDA for the period presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Six months ended June 30,	
	2023	2022
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of net profit to adjusted net profit		
Net profit for the period	405.2	151.9
Add:		
Share-based compensation	5.7	12.7
Amortization of intangible assets resulting from business combinations	44.8	69.1
<b>Adjusted net profit<sup>(Note)</sup></b>	<b>455.7</b>	<b>233.7</b>

*Note:* In the first half of 2023 and 2022, we defined adjusted net profit as net profit for the six months adjusted by adding back share-based compensation (share options and RSUs granted to directors and employees and expenses from other share-based payment transaction) and amortization of intangible assets resulting from business combinations.



# Management Discussion and Analysis

	Six months ended June 30,	
	2023	2022
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of operating profit to EBITDA and adjusted EBITDA		
Operating profit for the period	518.4	184.7
Add:		
Depreciation of property, plant and equipment	4.7	8.2
Amortization of intangible assets	48.6	69.6
Depreciation of right-of-use assets	7.0	6.8
<b>EBITDA</b> <sup>(Note)</sup>	<b>578.7</b>	269.3
Add:		
Share-based compensation	5.7	12.7
<b>Adjusted EBITDA</b> <sup>(Note)</sup>	<b>584.4</b>	282.0

*Note:* In the first half of 2023 and 2022, we defined EBITDA as operating profit for the period adjusted for depreciation and amortization expenses. We derived adjusted EBITDA by adding back share-based compensation (share options and RSUs granted to directors and employees and expenses from other share-based payment transaction) to EBITDA.

## OTHER FINANCIAL INFORMATION

### Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets changed from RMB10,258.0 million as of December 31, 2022 to RMB12,517.1 million as of June 30, 2023, whilst our total liabilities increased from RMB2,084.2 million as of December 31, 2022 to RMB3,872.5 million as of June 30, 2023. Liabilities-to-assets ratio increased from 20.3% as of December 31, 2022 to 30.9% as of June 30, 2023.

As of June 30, 2023, we pledged bank deposits of RMB71.0 million as securities for bank borrowings.

# Management Discussion and Analysis

## 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 RMB or USD. 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 June 30, 2023, we had cash and cash equivalents and other forms of bank deposits of RMB3,761.5 million, which were predominantly denominated in RMB and USD. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities and other funds raised from the capital markets from time to time.

As of June 30, 2023, our total borrowings were approximately RMB100.0 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of June 30, 2023:

	RMB million	Interest rate
Secured	100.0	1.25%

As of June 30, 2023, we had unutilized banking facilities of RMB750 million.

As of June 30, 2023, 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 and financial liabilities at fair value through profit or loss, 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 June 30, 2023 and December 31, 2022, the Group has a net cash position.

## Capital Expenditure

Our capital expenditure primarily included purchase of property, plant and equipment and intangible assets. Our capital expenditure increased by 184.6% to RMB7.4 million in the first half of 2023 from RMB2.6 million in the first half of 2022. We plan to fund our planned capital expenditure using cash generated from operations.

# Management Discussion and Analysis

## Material Acquisitions, Disposals and Future Plans for Major Investments

The Group did not have any plans for major investments and capital assets as of June 30, 2023. During the six months ended June 30, 2023, 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 June 30, 2023, 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 the first half of 2023.

## Employees and Remuneration Policy

As of June 30, 2023, we had 738 full-time employees, who were based in mainland China and Hong Kong, 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. 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.

# Management Discussion and Analysis

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 its employees who are based in mainland China 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 and there was no forfeited contribution available to reduce the contribution for the six months ended June 30, 2023. The Group also provides a mandatory provident fund scheme for employees employed under the Hong Kong Employment Ordinance.

## EVENTS AFTER THE REPORTING PERIOD

No important events affecting the Group occurred since June 30, 2023 and up to the date of this report.

# Other Information

## INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2023.

## CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the interest of the Company and its Shareholders.

The Board considers that the Company has complied with all the applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirm that they have complied with the required standard as set out in the Model Code during the Reporting Period.

## AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai, Mr. Wang Hua and Ms. Liu Lin. Mr. Chan Charles Sheung Wai currently serves as the chairman of the Audit Committee.

The Audit Committee, together with management and the Auditor, PricewaterhouseCoopers, have reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023.

## FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING

Reference is made to the 2021 annual results announcement, 2021 annual report, 2022 interim results announcement, 2022 interim report, 2022 annual results announcement, 2022 annual report and 2023 interim results announcement of the Company published on March 24, 2022, April 26, 2022, August 18, 2022, September 15, 2022, March 23, 2023, April 25, 2023 and August 17, 2023 respectively, including the disclosure in relation to the frozen equity interests of Tianjin Maoyan Weying. As further advised by Weying, Weying and the plaintiff had reached a dispute settlement agreement and are proceeding with such settlement agreement accordingly. As of June 30, 2023, the equity interests held by Weying Culture in Tianjin Maoyan Weying remains frozen.

The Directors, based on the advice of the 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.

# Other Information

## CHANGES TO DIRECTORS' INFORMATION

Mr. Lin Ning resigned as a non-executive Director with effect from March 23, 2023 due to his personal work arrangement.

Save as disclosed in this interim report, the Directors confirm that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Directors/ Chief Executive	Capacity	Nature of Interests	No. of Shares	Approximate percentage of the issued share capital of the Company (%)
Mr. ZHENG Zhihao <sup>1</sup>	Interest in controlled corporations	Long Position	19,277,225	1.68
	Beneficial owner	Long Position	12,405,539 <sup>2</sup>	1.08
Mr. WANG Changtian <sup>3</sup>	Interest in controlled corporations	Long Position	471,465,845	41.15
Ms. WANG Jian	Beneficial owner	Long Position	450,000	0.04

## Other Information

*Notes:*

1. As at June 30, 2023, Rhythm Brilliant Limited directly held 19,277,225 Shares in our Company. Rhythm Brilliant Limited is a wholly-owned subsidiary of Mr. ZHENG Zhihao. Therefore, Mr. ZHENG Zhihao is deemed to be interested in the 19,277,225 Shares held by Rhythm Brilliant Limited for purpose of Part XV of the SFO.
2. These interests include 7,533,000 share options granted by the Company to Mr. ZHENG Zhihao under the Post- IPO Share Option Scheme on January 19, 2021 entitling Mr. ZHENG Zhihao to subscribe for 7,533,000 shares of the Company. As of June 30, 2023, Mr. ZHENG Zhihao has not exercised any share options.
3. As at June 30, 2023, Vibrant Wide Limited and Hong Kong Pictures International Limited directly held 277,979,625 Shares and 193,486,220 Shares in our Company, respectively. Vibrant Wide Limited is owned by Mr. WANG Changtian as to 100% of its equity interests. Hong Kong Pictures International Limited is a wholly-owned subsidiary of Enlight Media, which is owned by Enlight Holdings as to 37.4% of its equity interests, which in turn is owned by Mr. WANG Changtian as to 95% of its equity interests. Therefore, Mr. WANG Changtian is deemed to be interested in the 471,465,845 Shares held by Vibrant Wide Limited and Hong Kong Pictures International Limited for purpose of Part XV of the SFO.

Save as disclosed above and elsewhere in this interim report, as at June 30, 2023, neither the Directors nor chief executive of the Company (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2023, the Substantial Shareholders, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO, were as follows:

Name of Substantial Shareholders	Capacity	Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company (%)
Vibrant Wide Limited	Beneficial owner	Long Position	277,979,625	24.26
Hong Kong Pictures International Limited	Beneficial owner	Long Position	193,486,220	16.89
Inspired Elite Investments Limited <sup>1</sup>	Beneficial owner	Long Position	82,693,975	7.22
Meituan <sup>1</sup>	Interest in controlled corporations	Long Position	82,693,975	7.22
Crown Holdings Asia Limited <sup>1</sup>	Interest in controlled corporations	Long Position	82,693,975	7.22
Songtao Limited <sup>1</sup>	Interest in controlled corporations	Long Position	82,693,975	7.22
TMF (Cayman) Ltd. <sup>1</sup>	Trustee	Long Position	82,693,975	7.22
WANG Xing <sup>1</sup>	Interest in controlled corporations	Long Position	82,693,975	7.22
Image Flag Investment (HK) Limited <sup>2</sup>	Beneficial owner	Long Position	157,169,260	13.72
Tencent <sup>2</sup>	Interest in controlled corporations	Long Position	157,169,260	13.72
Interstellar Investment Ltd. <sup>3</sup>	Beneficial owner	Long Position	66,127,317	5.77
NottingHill Investment Ltd. <sup>3</sup>	Interest in controlled corporations	Long Position	66,127,317	5.77
FountainVest China Capital Partners Fund III, L.P. <sup>3</sup>	Interest in controlled corporations	Long Position	66,127,317	5.77
FountainVest China Capital Partners GP3 Ltd. <sup>3</sup>	Interest in controlled corporations	Long Position	66,127,317	5.77



# Other Information

## Notes:

1. Inspired Elite Investments Limited is wholly-owned by Meituan, which is owned as to 39.18% by Crown Holdings Asia Limited, which is in turn wholly-owned by Songtao Limited. Songtao Limited is in turn wholly-owned by TMF (Cayman) Ltd., and in turn wholly-owned by Mr. WANG Xing. Therefore, Meituan, Crown Holdings Asia Limited, Songtao Limited, TMF (Cayman) Ltd. and Mr. WANG Xing are deemed to be interested in the 82,693,975 shares held by Inspired Elite Investment Limited for purpose of Part XV of the SFO.
2. Image Flag Investment (HK) Limited is wholly-owned by Tencent. Therefore, Tencent is deemed to be interested in the 157,169,260 shares held by Image Flag Investment (HK) Limited for purpose of Part XV of the SFO.
3. Interstellar Investment Ltd. is wholly-owned by NottingHill Investment Ltd., which is owned as to 77.34% by FountainVest China Capital Partners Fund III, L.P., which is in turn wholly-owned by FountainVest China Capital Partners GP3 Ltd.. Hence, NottingHill Investment Ltd., FountainVest China Capital Partners Fund III, L.P. and FountainVest China Capital Partners GP3 Ltd. are deemed to be interested in the Shares held by Interstellar Investment Ltd..
4. To the best knowledge of the Directors after due enquiry, as at June 30, 2023, Weying (BVI) Limited is interested in the Shares of the Company, representing less than 5% of the total issued share capital of the Company.

Save as disclosed above, as at June 30, 2023, so far as the Directors were aware, no other persons (other than the Directors or chief executive) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

## EMPLOYEE INCENTIVE SCHEMES

### Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was adopted by the Company as a continuation and restructuring of the employee share incentive scheme originally adopted by Tianjin Maoyan Weying on November 8, 2016 (the “2016 ESOP”) following the Reorganization, which was established to recognize and reward the contribution of the participants to the growth and development of Tianjin Maoyan Weying. The 2016 ESOP was terminated as a result of the adoption of the ESOP Plan. The terms of the Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as our Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for new Shares of the Company.

## Other Information

Movements of the options granted by the Company pursuant to the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Exercise price per Share (HK\$)	Date of grant	Exercise period	Closing price immediately prior to date of grant	Outstanding as of January 1, 2023	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to date of exercise of options (HK\$)	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2023	Vesting period (note)
Employee	0.1009	2016/8/1 to 2018/3/1	Eight years from the date of grant	NA	685,580	-	170,000	8.4294	110	-	515,470	1(a)
	14.8000	2018/2/1 to 2018/8/1	Eight years from the date of grant	NA	7,383,022	-	-	NA	79,600	-	7,303,422	1(b)
		2018/4/11 to 2018/6/1	Eight years from the date of grant	NA	7,710,890	-	-	NA	-	-	7,710,890	1(a)
<b>Total</b>					<b>15,779,492</b>	<b>-</b>	<b>170,000</b>	<b>NA</b>	<b>79,710</b>	<b>-</b>	<b>15,529,782</b>	

# Other Information

Notes:

1. The options granted under the scheme are subject to a vesting schedule and can be exercised in the following manner:

**a. CATEGORY A**

<b>Vesting Date</b>	<b>Percentage that can be exercised</b>
First vesting date	Up to 25% of the options granted
First anniversary of first vesting date	Up to 50% of the options granted
Second anniversary of first vesting date	Up to 75% of the options granted
Third anniversary of first vesting date	Up to all of the options granted

**b. CATEGORY B**

<b>Vesting Date</b>	<b>Percentage that can be exercised</b>
First vesting date	Up to 50% of the share options granted
First anniversary of first vesting date	Up to 75% of the share options granted
Second anniversary of first vesting date	Up to all of the share options granted

## Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was conditionally adopted together with the Restricted Share Agreement, Pre-IPO Share Option Scheme and the RSU Scheme by the Shareholders' resolutions on the Adoption Date and was amended by the Shareholders' resolution on June 28, 2023.

## Other Information

Movements of the options granted by the Company pursuant to the Post-IPO Share Option Scheme during the Reporting Period are as follows:

Category	Exercise price per Share (HK\$)	Date of grant	Exercise period	Closing price immediately prior to date of grant (HK\$)	Outstanding as of January 1, 2023	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to date of exercise of options (HK\$)	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2023	Vesting period (note)
Employee	16.2000	2019/5/2	Ten years from the date of grant	16.1000	-	-	-	NA	-	-	-	1(b)
	14.7600	2019/5/10	Ten years from the date of grant	14.1000	1,702,230	-	-	NA	121,505	-	1,580,725	1(b)
					138,795	-	-	NA	-	-	138,795	1(a)
	11.4360	2019/11/1	Ten years from the date of grant	11.3200	-	-	-	NA	-	-	-	1(b)
	10.5000	2020/4/29	Ten years from the date of grant	10.3200	1,719,646	-	-	NA	-	-	1,719,646	1(a)
					275,000	-	-	NA	6,250	-	268,750	1(b)
Director Zheng Zhihao	13.1360	2021/1/19	Ten years from the date of grant	12.6200	11,299,500	-	-	NA	-	3,766,500	7,533,000	1(a)
<b>Total</b>					<b>15,135,171</b>	<b>-</b>	<b>-</b>	<b>NA</b>	<b>127,755</b>	<b>3,766,500</b>	<b>11,240,916</b>	

### Notes:

- Please refer to note under sub-section headed "Pre-IPO Share Option Scheme" above.
- As at January 1, 2023 and June 30, 2023, the total numbers of Post-IPO Share Options available for grant under the Post-IPO Share Option Scheme were 7,992,830 and 11,887,085, respectively.
- All the above grants were made prior to the effective date of the amendments to Chapter 17 of the Listing Rules.
- There were no share options granted by the Company during the six months ended June 30, 2023.

# Other Information

## RSU Scheme

The RSU Scheme was adopted on the Adoption Date and was amended by the Shareholders' resolution on June 28, 2023.

Movements of RSU Scheme during the Reporting Period are as follows:

Category	Date of grant	Total amount of award shares granted	Closing price	Outstanding		Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2023	Vesting period (note)
			immediately prior to date of grant of awards (HK\$)	as of January 1, 2023	as of June 30, 2023						
Employee	2019/5/2	655,425	16.1000	163,857	-	163,857	-	-	-	-	1(b)
	2019/10/8	3,336,336	12.0200	-	-	-	-	-	-	-	1(a)
	2019/11/1	729,200	11.3200	121,450	-	-	-	-	-	121,450	1(b)
	2020/4/29	8,528,779	10.3200	2,640,179	-	1,301,337	-	45,500	-	1,293,342	1(a)
		80,000		40,000	-	20,000	-	-	-	20,000	1(b)
	2021/5/1	349,378	15.4800	-	-	-	-	-	-	-	1(b)
		100,000		-	-	-	-	-	-	-	1(a)
	2021/11/26	760,000	9.2900	532,500	-	-	-	-	22,500	510,000	1(a)
		754,100		685,000	-	-	-	-	-	685,000	1(b)
	2022/5/1	200,000	6.2600	200,000	-	-	-	-	-	200,000	1(b)
	2022/11/26	80,000	6.6400	80,000	-	-	-	-	80,000	-	1(b)
	2023/5/4	384,333	8.2800	-	384,333	-	139,700	80,000	-	164,633	1(b)
		518,400		-	518,400	-	-	-	-	518,400	1(a)
<b>Total</b>				<b>4,462,986</b>	<b>902,733</b>	<b>1,485,194</b>	<b>139,700</b>	<b>228,000</b>		<b>3,512,825</b>	

## Other Information

### Notes:

1. Please refer to note under sub-section headed "Pre-IPO Share Option Scheme" above.
2. As at January 1, 2023 and June 30, 2023, the total numbers of RSUs available for grant under the RSU Scheme were 22,131,193 and 21,596,160, respectively.
3. The fair value of awards granted on May 4, 2023 as at the date of grant was HK\$8.34 per share. The fair value of these RSUs was determined with reference to the share price of the Company as at the date of grant. As the Company had no history of dividend payment, no expected dividends were taken into account in calculating the fair value of these RSUs.
4. The weighted average closing price of Shares immediately preceding the vesting dates of the awards vested during the six months ended June 30, 2023 was HK\$8.72 per share.
5. The purchase price per share of RSUs was nil.
6. There were no performance targets for all the awards granted during the six months ended June 30, 2023 as disclosed in the announcement of the Company dated May 4, 2023.
7. The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of the Shares in issue during the Reporting Period is 0.08%.
8. As provided in the RSU Scheme, the Scheme shall be valid and effective for a period of eight years since the Adoption Date.
9. The Board and Remuneration Committee have reviewed the amendments to the Post-IPO Share Option Scheme and RSU Scheme, the details of the amendments are set out in the circular of the Company dated April 26, 2023. To ensure the practicability in fully attaining the purpose of the RSU Scheme/Post-IPO Share Option Scheme, the Board and the Remuneration Committee are of the view that there are instances as set out in the terms of the RSU Scheme/Post-IPO Share Option Scheme and where a strict twelve-month vesting requirement would not work or would not be fair to the grantee, the shorter vesting period prescribed in the terms of the RSU Scheme/Post-IPO Share Option Scheme is in line with the market practice and is appropriate and aligns with the purpose of the RSU Scheme/Post-IPO Share Option Scheme. As disclosed in the announcement of the Company dated May 4, 2023, the Company granted 902,733 RSUs to certain employee participants without performance targets, considering that the grants without performance targets are market competitive, consistent with the Company's customary practice, and align with the purpose of the RSU Scheme.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Reporting Period and up to the date of this interim report was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

# Other Information

## QUALIFICATION REQUIREMENTS

### Updates in Relation to the Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the “FITE Regulations”), which were amended on September 10, 2008, February 6, 2016 and March 29, 2022. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, though based on the latest amendment to the FITE Regulations promulgated on March 29, 2022 which came into effect on May 1, 2022, a foreign investor who invests in a value-added telecommunications business in the PRC no longer need to possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the “Qualification Requirements”), the guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC has not yet be updated by the Ministry of Industry and Information Technology of the PRC on its official website and no further implementing regulations or rules to the latest FITE Regulations have been promulgated. According to the current guidance memorandum on its website, an applicant is required to provide, among other things, its annual reports for the past three years, satisfactory proof of the Qualification Requirements and business development scheme. The current guidance memorandum does not provide any further guidance on more proof, record or document required to support the proof satisfying the Qualification Requirements. Further, the current guidance memorandum does not purport to provide an exhaustive list on the application requirements.

### Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the qualification requirements for foreign investors investing value-added telecommunications business in the PRC and no further implementing regulations or rules to the latest FITE Regulations have been promulgated, referring to the effective guidance memorandum, we had taken the following steps to meet the qualification requirements:

- we set up a subsidiary in Hong Kong, namely Hong Kong Maoyan Live Entertainment Limited, to operate our overseas online ticketing business;
- we have successfully registered a series of trademarks in Hong Kong;
- we are operating our overseas website, [www.entertainmentplus.hk](http://www.entertainmentplus.hk), which is positioned to further attract and build up overseas customer base; and
- we will continuously monitor future regulatory and policy changes and take further actions when applicable.

# Report on Review of Interim Financial Information



羅兵咸永道

## To the Board of Directors of Maoyan Entertainment

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

### INTRODUCTION

We have reviewed the interim financial information set out on pages 32 to 86, which comprises the interim condensed consolidated statement of financial position of Maoyan Entertainment (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, August 17, 2023



# Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	6	2,196,877	1,191,393
Cost of revenue	7	(1,095,695)	(569,040)
<b>Gross profit</b>		<b>1,101,182</b>	622,353
Selling and marketing expenses	7	(366,022)	(275,826)
General and administrative expenses	7	(186,706)	(178,979)
Net impairment losses on financial assets	4.2	(35,266)	(4,581)
Other income	8	26,253	24,675
Other losses, net	8	(21,054)	(2,897)
<b>Operating profit</b>		<b>518,387</b>	184,745
Finance income		34,341	14,585
Finance costs		(3,623)	(7,178)
Finance income, net	9	30,718	7,407
Share of losses of investments accounted for using the equity method	15	(541)	(843)
Impairment losses of investments accounted for using the equity method	15	(8,459)	–
<b>Profit before income tax</b>		<b>540,105</b>	191,309
Income tax expenses	10	(134,929)	(39,444)
<b>Profit for the period</b>		<b>405,176</b>	151,865
<b>Profit attributable to:</b>			
– Owners of the Company		406,646	151,865
– Non-controlling interests		(1,470)	–
		<b>405,176</b>	151,865
<b>Earnings per share attributable to owners of the Company</b> (expressed in RMB per share)			
– Basic earnings per share	11	0.36	0.13
– Diluted earnings per share	11	0.35	0.13

# Interim Condensed Consolidated Statement of Comprehensive Income

	<i>Note</i>	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Profit for the period</b>		<b>405,176</b>	151,865
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences from foreign operations		<b>658</b>	–
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences from the Company		<b>50,711</b>	61,501
Changes in the fair value of equity investments at fair value through other comprehensive income	4.4	<b>8,435</b>	(27,269)
<b>Other comprehensive income for the period, net of tax</b>		<b>59,804</b>	34,232
<b>Total comprehensive income for the period</b>		<b>464,980</b>	186,097
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>466,450</b>	186,097
– Non-controlling interests		<b>(1,470)</b>	–
<b>Total comprehensive income for the period</b>		<b>464,980</b>	186,097

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Financial Position

	<i>Note</i>	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	20,872	18,477
Right-of-use assets	14	34,027	37,596
Intangible assets	13	4,899,587	4,947,969
Investments accounted for using the equity method	15	25,866	44,946
Financial assets at fair value through other comprehensive income	4.4	508,976	430,552
Financial assets at fair value through profit or loss	4.4	20,000	23,245
Deferred income tax assets	16	8,411	–
Prepayments, deposits and other receivables	18	70,488	62,560
		<b>5,588,227</b>	5,565,345
<b>Current assets</b>			
Inventories		18,903	19,274
Accounts receivables	17	486,375	436,922
Prepayments, deposits and other receivables	18	2,599,266	1,782,797
Prepaid income tax		9,912	9,828
Financial assets at fair value through profit or loss	4.4	52,919	42,476
Term deposits with original maturity over three months	19	272,093	515,285
Restricted bank deposits	19	255,895	165,216
Cash and cash equivalents	19	3,233,468	1,720,875
		<b>6,928,831</b>	4,692,673
<b>Total assets</b>		<b>12,517,058</b>	10,258,018
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	23	154	154
Reserves	24	8,393,945	8,328,722
Retained earnings/(Accumulated losses)		250,130	(156,516)
		<b>8,644,229</b>	8,172,360
Non-controlling interests		284	1,415
<b>Total equity</b>		<b>8,644,513</b>	8,173,775

# Interim Condensed Consolidated Statement of Financial Position

	<i>Note</i>	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	16	99,977	111,184
Lease liabilities	14	18,558	23,719
		<b>118,535</b>	134,903
<b>Current liabilities</b>			
Borrowings	20	100,000	335,000
Accounts payables	21	655,543	386,670
Other payables, accruals and other liabilities	22	2,921,941	1,178,284
Lease liabilities	14	15,883	14,333
Current income tax liabilities		60,643	35,053
		<b>3,754,010</b>	1,949,340
<b>Total liabilities</b>		<b>3,872,545</b>	2,084,243
<b>Total equity and liabilities</b>		<b>12,517,058</b>	10,258,018

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

On behalf of the Board

**ZHENG Zhihao**

*Executive Director and Chief Executive Officer*

**LI Li**

*Senior Financial Director*

# Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Attributable to owners of the Company					
		Share capital RMB'000	Reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>As at January 1, 2023</b>		154	8,328,722	(156,516)	8,172,360	1,415	8,173,775
Profit for the period		–	–	406,646	406,646	(1,470)	405,176
Currency translation differences	24	–	51,369	–	51,369	–	51,369
Changes in the fair value of equity investments at fair value through other comprehensive income	4.4	–	8,435	–	8,435	–	8,435
<b>Total comprehensive income</b>		–	59,804	406,646	466,450	(1,470)	464,980
<b>Transactions with owners of the Company</b>							
Issuance of new shares under share option scheme	24	–	15	–	15	–	15
Share-based compensation expenses	7, 25	–	5,404	–	5,404	339	5,743
<b>Total transactions with owners of the Company</b>		–	5,419	–	5,419	339	5,758
<b>As at June 30, 2023</b>		154	8,393,945	250,130	8,644,229	284	8,644,513

# Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>As at January 1, 2022</b>		154	8,249,153	(261,635)	7,987,672
<b>Comprehensive income</b>					
Profit for the period		-	-	151,865	151,865
Currency translation differences	24	-	61,501	-	61,501
Changes in the fair value of equity investments at fair value through other comprehensive income	4.4	-	(27,269)	-	(27,269)
<b>Total comprehensive income</b>		-	34,232	151,865	186,097
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	24	-	71	(71)	-
<b>Transactions with owners of the Company</b>					
Issuance of new shares under share option scheme	24	-	27	-	27
Share-based compensation expenses	25	-	12,735	-	12,735
<b>Total transactions with owners of the Company</b>		-	12,762	-	12,762
<b>As at June 30, 2022</b>		154	8,296,218	(109,841)	8,186,531

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,763,007	18,308
Interest paid	9	(2,626)	(7,093)
Income tax paid		(129,041)	(103,661)
<b>Net cash generated from/(used in) operating activities</b>		<b>1,631,340</b>	<b>(92,446)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	13	(7,173)	(2,480)
Purchases of intangible assets	13	(187)	(73)
Payments for financial assets at fair value through profit or loss	4.4	(12,825)	(13,560)
Proceeds from disposals of financial assets at fair value through profit or loss	4.4	10,584	43,567
Payments for financial assets at fair value through other comprehensive income	4.4	(55,027)	(2,000)
Proceeds from disposals of financial assets at fair value through other comprehensive income	4.4	–	2,929
Interest received		41,176	14,585
Advance of receivables from investments in movies and TV series		(674)	(4,176)
Repayment of receivables from investments in movies and TV series		8,500	808
Advance of loans to third parties		(57,632)	(7,884)
Repayment of loans to third parties		11,072	3,039
Payments for term deposits with original maturity over three months		(207,861)	(335,570)
Proceeds from disposal of term deposits with original maturity over three months		438,964	–
Dividend received	15	36	45
Proceeds from disposals of investments accounted for using the equity method	15	4,381	5,813
Payments for investments accounted for using the equity method		–	(7,500)
<b>Net cash generated from/(used in) investing activities</b>		<b>173,334</b>	<b>(302,457)</b>

# Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30,	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowings		–	170,000
Repayments of short-term borrowings	20	(235,000)	(342,226)
Repayments of loans from third party		–	(45,348)
Principal elements of lease payments	14	(8,078)	(7,441)
Proceeds from restricted bank deposits		36,000	–
Payments for restricted bank deposits		(126,346)	(36,000)
Issuance of new shares under share option scheme	24	15	27
<b>Net cash used in financing activities</b>		<b>(333,409)</b>	<b>(260,988)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,471,265</b>	<b>(655,891)</b>
Cash and cash equivalents at beginning of the period		1,720,875	2,519,989
Exchange gains on cash and cash equivalents		41,328	59,476
<b>Cash and cash equivalents at end of the period</b>		<b>3,233,468</b>	<b>1,923,574</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Notes to the Interim Condensed Consolidated Financial Information

## 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, 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 in the People’s Republic of China (the “PRC”).

The interim condensed consolidated financial information (“Interim Financial Information”) is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

This Interim Financial Information was approved for issue by the board of directors on August 17, 2023 and has not been audited.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Interim Financial Information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and should be read in conjunction with the annual consolidated financial statements for year ended December 31, 2022 (“2022 Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

### 2.2 Accounting policies

The accounting policies applied are consistent with those of the 2022 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of amended IFRSs effective as of January 1, 2023. Income tax expense was recognised based on management’s estimate of the annual income tax rate expected for the full financial year.

# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

### 2.2 Accounting policies *(Continued)*

#### ***New and amended standards adopted by the Group***

The Group has applied new and amended standards effective for the financial period beginning on January 1, 2023. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

#### ***New and amended standards and interpretations not yet adopted***

Up to the date of issuance of this report, the International Accounting Standards Board has issued the following new standards and amendments to existing standards which are not yet effective and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	January 1, 2024
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangement (amendments)	January 1, 2024

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.

# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

### 2.3 Subsidiaries controlled through contractual arrangements

Maoyan Entertainment (HK) Limited (“Maoyan Entertainment HK”), the subsidiary of the Group, established Tianjin Maoyan Weying Technology Co., Ltd. (the “WFOE”), has entered into the contractual arrangements (“Contractual Arrangements”) with Tianjin Maoyan Weying Cultural Media Co., Ltd. (“Tianjin Maoyan Weying”) and its registered shareholders, which enables the WFOE and the Group to:

- Exercise effective control over the Tianjin Maoyan Weying and its subsidiaries (the “Operating Entities”);
- Exercise owners’ voting rights of the Operating Entities;
- Receive substantially all of the economic interests and returns generated by the Operating Entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE’s discretion;
- Obtain an irrevocable and exclusive right to purchase all equity interests in Tianjin Maoyan Weying from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Tianjin Maoyan Weying shall return the amount of purchase consideration they have received to the WFOE. At the WFOE’s request, the registered shareholders of Tianjin Maoyan Weying will promptly and unconditionally transfer their respective equity interests of Tianjin Maoyan Weying to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- Obtain pledges over the entire equity interests in Tianjin Maoyan Weying from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

# Notes to the Interim Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

### 2.3 Subsidiaries controlled through contractual arrangements *(Continued)*

The Group does not have any equity interest in the Operating Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Operating Entities and has the ability to affect those returns through its power over the Operating Entities and is considered to control the Operating Entities. Consequently, the Company regards the Operating Entities as controlled structure entities and consolidated the financial position and results of operations of these entities in the condensed consolidated financial statements of the Group during the six months ended June 30, 2023 and consolidated financial statements of the Group during the years ended December 31, 2022.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The Directors of the Group, based on the advice of its legal counsel, consider that the use of Contractual Arrangements does not constitute a breach of relevant laws and regulations.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Financial Statements.

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the 2022 Financial Statements.

There have been no material changes in the risk management policies since December 31, 2022.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted bank deposits and term deposits with original maturity over three months placed with banks and financial institutions as well as accounts receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

#### **(a) Risk management**

To manage risk arising from cash and cash equivalents, restricted bank deposits and term deposits with original maturity over three months, the Group only transacts with state-owned or reputable financial institutions in Hong Kong and mainland China. There has been no recent history of default in relation to these financial institutions. The Group has large number of debtors and there was no concentration of credit risk. The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

#### **(b) Impairment of financial assets**

The Group has three types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted bank deposits and term deposits with original maturity over three months
- Accounts receivables
- Other receivables

While cash and cash equivalents, restricted bank deposits and term deposits with original maturity over three months are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial as they were placed in reputable institutions in Hong Kong and mainland China with sound credit ratings.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### **(b) Impairment of financial assets *(Continued)***

##### **Accounts receivables**

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the aging profiles of accounts receivables over a period of 48 months before the June 30, 2023 or January 1, 2023 respectively and the corresponding historical credit losses expected within this period. These historical loss rates are then adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. The Group has identified the “urban per capita disposable income” of the PRC in which it sells its services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor in different scenarios.

On such basis, the loss allowance as at June 30, 2023 and December 31, 2022 was determined as follows for accounts receivables:

	Current RMB'000	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
<b>As at June 30, 2023</b>						
<b>(Unaudited)</b>						
On collective basis						
Expected loss rate	7.82%	9.39%	16.39%	33.43%	60.46%	24.36%
Gross carrying amount	332,500	62,334	29,780	44,888	173,542	643,044
Loss allowance provision	25,998	5,853	4,880	15,006	104,932	156,669
On individual basis						
Expected loss rate	-	-	-	-	100.00%	100.00%
Gross carrying amount	-	-	-	-	122,632	122,632
Loss allowance provision	-	-	-	-	122,632	122,632
Total						
Expected loss rate	7.82%	9.39%	16.39%	33.43%	76.83%	36.48%
Gross carrying amount	332,500	62,334	29,780	44,888	296,174	765,676
Loss allowance provision	25,998	5,853	4,880	15,006	227,564	279,301

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### (b) Impairment of financial assets *(Continued)*

##### Accounts receivables *(Continued)*

	Current RMB'000	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	6 to 12 months past due RMB'000	Over 1 year past due RMB'000	Total RMB'000
<b>As at December 31, 2022</b> <b>(Audited)</b>						
On collective basis						
Expected loss rate	8.30%	10.71%	18.58%	30.60%	79.07%	23.48%
Gross carrying amount	222,536	91,170	50,431	138,441	68,428	571,006
Loss allowance provision	18,475	9,766	9,370	42,369	54,104	134,084
On individual basis						
Expected loss rate	-	-	-	-	100.00%	100.00%
Gross carrying amount	-	-	-	-	118,446	118,446
Loss allowance provision	-	-	-	-	118,446	118,446
Total						
Expected loss rate	8.30%	10.71%	18.58%	30.60%	92.34%	36.63%
Gross carrying amount	222,536	91,170	50,431	138,441	186,874	689,452
Loss allowance provision	18,475	9,766	9,370	42,369	172,550	252,530

The loss allowances for accounts receivables as at June 30, 2023 and December 31, 2022, reconcile to the opening loss allowances as follows:

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
At the beginning of the period/year	<b>252,530</b>	198,729
Provision for the period/year	<b>26,771</b>	53,801
At the end of the period/year	<b>279,301</b>	252,530

Accounts receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### **(b) Impairment of financial assets** *(Continued)*

##### **Other receivables**

Other receivables primarily comprise balances resulted from the Group's principal activities with various business partners primarily in the PRC entertainment industry. The impairment loss of these financial assets carried at amortized cost is measured based on the twelve months expected credit loss. The directors of the Company consider the probability of default upon initial recognition of asset 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 risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations; and
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. Under such case, the other receivables are classified as stage 2 and subject to lifetime expected losses provision. When the other receivables became past due for more than 90 days, they are treated as credit-impaired and therefore classified as stage 3.

A default on a financial asset is when the counterparty fails to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where other receivables have been written off, the Company continues to engage in follow-up actions such as enforcement activities to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.



# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### **(b) Impairment of financial assets *(Continued)***

##### **Other receivables *(Continued)***

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies including Moody's.

A summary of the assumptions underpinning the Group's expected credit loss model on other receivables is as follows:

<b>Category</b>	<b>The Group's definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>
Stage 1	Other receivables whose credit risk is in line with original expectations and/or past due for less than 30 days.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage 2	Other receivables for which a significant increase has occurred compared to original expectations; A significant increase in credit risk is presumed if interest and/or principal repayments are past due for more than 30 days but less than 90 days.	Lifetime expected losses
Stage 3	Interest and/or principal repayments are more than 90 days past due or it becomes probable a customer will enter bankruptcy.	Lifetime expected losses

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward-looking macroeconomic data.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### *(b) Impairment of financial assets (Continued)*

##### Other receivables *(Continued)*

As at June 30, 2023, the Group provides for expected credit losses against other receivables as follows:

As at June 30, 2023 (Unaudited)	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Gross carrying amount</b>				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	780,147	–	248,504	1,028,651
Amounts due from related parties	190,130	–	4,737	194,867
Loans to third parties	89,051	–	100,442	189,493
Receivables for investments in movies and TV series	–	–	62,538	62,538
Deposits for rental and others	43,941	–	–	43,941
Others	9,941	–	27,696	37,637
	<b>1,113,210</b>	<b>–</b>	<b>443,917</b>	<b>1,557,127</b>
<b>Loss allowance</b>				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	6,597	–	248,504	255,101
Amounts due from related parties	318	–	4,737	5,055
Loans to third parties	1,254	–	100,442	101,696
Receivables for investments in movies and TV series	–	–	57,649	57,649
Deposits for rental and others	516	–	–	516
Others	117	–	27,696	27,813
	<b>8,802</b>	<b>–</b>	<b>439,028</b>	<b>447,830</b>
<b>Expected credit loss rate</b>	<b>0.79%</b>	<b>–</b>	<b>98.90%</b>	<b>28.76%</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

### 4.2 Credit risk (Continued)

#### (b) Impairment of financial assets (Continued)

##### Other receivables (Continued)

As at December 31, 2022, the Group provides for expected credit losses against other receivables as follows:

As at December 31, 2022 (Audited)	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Gross carrying amount</b>				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	244,011	12,078	252,256	508,345
Loans to third parties	41,788	–	101,145	142,933
Amounts due from related parties	120,179	–	4,727	124,906
Receivables for investment in movies and TV series	34,300	–	55,057	89,357
Deposits for rental and others	26,591	–	–	26,591
Others	18,307	–	19,696	38,003
	485,176	12,078	432,881	930,135
<b>Loss allowance</b>				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	971	4,097	252,252	257,320
Loans to third parties	437	–	101,145	101,582
Amounts due from related parties	211	–	4,727	4,938
Receivables for investment in movies and TV series	273	–	55,057	55,330
Deposits for rental and others	278	–	–	278
Others	191	–	19,696	19,887
	2,361	4,097	432,877	439,335
<b>Expected credit loss rate</b>	0.49%	33.92%	100.00%	47.23%

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.2 Credit risk *(Continued)*

#### **(b) Impairment of financial assets *(Continued)***

##### **Other receivables *(Continued)***

The loss allowances for other receivables as at June 30, 2023 and December 31, 2022, reconcile to the opening loss allowances as follows:

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
At the beginning of the period/year	<b>439,335</b>	438,746
Provision for the period/year	<b>8,495</b>	29,548
Write-off	–	(28,959)
At the end of the period/year	<b>447,830</b>	439,335

As at June 30, 2023, the maximum credit risk exposure of other receivables amounted to approximately RMB1,557,127,000 (as at December 31, 2022: approximately RMB930,135,000).

### 4.3 Liquidity risk

Compared to the year ended December 31, 2022, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The Group exercises prudent liquidity risk management by maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the directors of the Company, the Group does not have any significant liquidity risk.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by the levels of inputs to valuation techniques. The inputs to valuation techniques are categorised into three levels within a fair value hierarchy, as follows:

- Level 1 – Quoted prices unadjusted in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly that is, as prices or indirectly that is, derived from prices.
- Level 3 – Inputs for the asset or liability that are not based on observable market data that is, unobservable inputs.

The following table presents the Group's financial assets that are measured at fair value as at June 30, 2023.

<b>(Unaudited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Financial assets at fair value through profit or loss</b>				
Investments in movies and TV series	–	–	<b>52,919</b>	<b>52,919</b>
Unlisted investments	–	–	<b>20,000</b>	<b>20,000</b>
	–	–	<b>72,919</b>	<b>72,919</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Listed investments	<b>265,957</b>	–	–	<b>265,957</b>
Unlisted investments	–	–	<b>243,019</b>	<b>243,019</b>
	<b>265,957</b>	–	<b>243,019</b>	<b>508,976</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value as at December 31, 2022.

<b>(Audited)</b>	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets at fair value through profit or loss</b>				
Investment in movies and TV series	–	–	42,476	42,476
Unlisted investments	–	–	23,245	23,245
	–	–	65,721	65,721
<b>Financial assets at fair value through other comprehensive income</b>				
Listed investments	212,767	–	–	212,767
Unlisted investments	–	–	217,785	217,785
	212,767	–	217,785	430,552

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow (DCF) analysis and market approach, are used to determine fair value for financial instruments.

During the six months ended June 30, 2023 and the year ended December 31, 2022, there was no transfer between level 1, 2 and 3 for recurring fair value measurements.

#### ***Valuation processes of the Group (Level 3)***

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. On a semi-annual basis, the team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments.

The components of the level 3 instruments mainly include investments in movies and TV series and unlisted investments. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including DCF approach and market approach, etc. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimates of weighted average cost of capital (WACC), recent market transactions, discount for lack of marketability and other exposure etc. The fair value of these instruments determined by the Group requires significant judgement, including the likelihood of non-performing by the investee company, financial performance of the investee company, market value of comparable companies as well as discount rate, etc.

The investments in movies and TV series mainly represent the investments in certain movies and TV series. The Group used DCF approach to evaluate the fair value of the investments in movies and TV series as June 30, 2023. Based on the Group's evaluation, fair value gains of the investments amounting to approximately RMB8,202,000 (during the six months ended June 30, 2022: approximately RMB11,056,000) had been recognized under "revenue" for the six months ended June 30, 2023 (Note 6).

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

The unlisted investments represent the investments in certain privately owned companies. The Group used market approach to evaluate the fair value of the unlisted investments as at June 30, 2023.

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted bank deposits, term deposits with original maturity over three months, accounts receivables, other receivables, accounts payables, other payables and borrowings approximate to their fair values due to their short maturities.

The following table summarises the information about the key inputs and valuation techniques used in the fair value measurement:

Description	Fair value at	Fair value at	Fair value hierarchy	Valuation techniques	Key inputs and relationships of unobservable inputs to fair value
	June 30, 2023	December 31, 2022			
	RMB'000	RMB'000			
<b>Financial assets at fair value through profit or loss:</b>					
Investments in movies and TV series	52,919	42,476	Level 3	DCF	Expected future cash flows are discounted at rates that reflect the internal rates of return of the underlying investments.  The higher internal rates of return, the lower the fair value.
Investment in unlisted equity securities	20,000	23,245	Level 3	Market approach	Reference to a combination of unobservable inputs, including market multiples, discount rate for lack of marketability, etc.  The higher the market multiples, the higher the fair value. The lower the discount rate, the higher the fair value.
<b>Total</b>	<b>72,919</b>	<b>65,721</b>			
Less: current portion	(52,919)	(42,476)			
<b>Non-current portion</b>	<b>20,000</b>	<b>23,245</b>			



# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

Description	Fair value at	Fair value at	Fair value hierarchy	Valuation techniques	Key inputs and relationships of unobservable inputs to fair value
	June 30, 2023 RMB'000	December 31, 2022 RMB'000			
<b>Financial assets at fair value through other comprehensive income:</b>					
Investment in listed equity securities	265,957	212,767	Level 1	Market price	Quoted bid price in an active market.
Investment in unlisted equity securities	243,019	217,785	Level 3	Market approach	Reference to a combination of unobservable inputs, including market multiples, discount rate for lack of marketability, etc. The higher the market multiples, the higher the fair value. The lower the discount rate, the higher the fair value.
<b>Total</b>	<b>508,976</b>	<b>430,552</b>			

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

The following table presents the movements in investments in movies and TV series, investments in listed equity securities and unlisted equity securities for the period ended June 30, 2023 and year ended December 31, 2022:

	Financial assets at fair value through profit or loss		
	Investments in movies and TV series RMB'000	Investments in unlisted equity securities RMB'000	Total RMB'000
<b>As at January 1, 2022</b>	93,306	23,245	116,551
Additions	13,560	–	13,560
Disposals	(43,567)	–	(43,567)
Fair value gains	11,056	–	11,056
<b>As at June 30, 2022</b>	74,355	23,245	97,600
<b>As at January 1, 2023</b>	42,476	23,245	65,721
Additions	12,825	–	12,825
Disposals	(10,584)	–	(10,584)
Fair value gains/(losses)	8,202	(3,245)	4,957
<b>As at June 30, 2023</b>	52,919	20,000	72,919

# Notes to the Interim Condensed Consolidated Financial Information

## 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

### 4.4 Fair value estimation *(Continued)*

	Financial assets at fair value through other comprehensive income		
	Investments in listed equity securities RMB'000	Investments in unlisted equity securities RMB'000	Total RMB'000
<b>As at January 1, 2022</b>	240,931	73,701	314,632
Additions	–	2,000	2,000
Disposals	–	(2,929)	(2,929)
Fair value losses	(27,198)	(71)	(27,269)
Transfer to listed investments	19,128	(19,128)	–
Currency translation differences	2,025	–	2,025
<b>As at June 30, 2022</b>	234,886	53,573	288,459
<b>As at January 1, 2023</b>	<b>212,767</b>	<b>217,785</b>	<b>430,552</b>
Additions (a)	<b>34,104</b>	<b>20,923</b>	<b>55,027</b>
Fair value gains	<b>8,435</b>	–	<b>8,435</b>
Currency translation differences	<b>10,651</b>	<b>4,311</b>	<b>14,962</b>
<b>As at June 30, 2023</b>	<b>265,957</b>	<b>243,019</b>	<b>508,976</b>

- (a) During the six months ended June 30, 2023, the Group invested in a listed company at a consideration of approximately RMB34,104,000 and an unlisted company at a consideration of approximately RMB20,923,000. Since the Group has no board seat in these companies and the investment is intended to hold as strategic investments without trading purpose, management designated this investment as financial assets at fair value through other comprehensive income.

# Notes to the Interim Condensed Consolidated Financial Information

## 5 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.

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 June 30, 2023, substantially all of the non-current assets were located in the PRC.

## 6 REVENUE

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
<b>Revenue from contracts with customers under IFRS 15</b>		
Entertainment content services	<b>1,091,872</b>	522,345
Online entertainment ticketing services	<b>1,015,845</b>	592,299
Advertising services and others	<b>80,958</b>	65,693
	<b>2,188,675</b>	1,180,337
Gains on movies and TV series investments ( <i>Note 4.4</i> )	<b>8,202</b>	11,056
<b>Total revenue</b>	<b>2,196,877</b>	1,191,393

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
Revenue over time	<b>1,142,318</b>	566,717
Revenue at a point in time	<b>1,046,357</b>	613,620
<b>Revenue from contract with customers under IFRS15</b>	<b>2,188,675</b>	1,180,337

# Notes to the Interim Condensed Consolidated Financial Information

## 7 EXPENSES BY NATURE

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Content distribution and promotion cost	330,591	153,716
Marketing and promotion expenses	261,835	190,202
Ticketing system cost	234,165	143,361
Staff costs excluding share options and restricted stock units ("RSUs") granted to directors and employees	222,668	199,133
Content production cost	220,229	60,910
Internet infrastructure cost	209,104	89,739
Amortization of intangible assets (Note 13)	48,569	69,635
Tax and levies	10,350	7,911
Depreciation of right-of-use assets (Note 14)	7,039	6,833
Share options and RSUs granted to directors and employees (Note 25)	5,404	12,735
Rental expense for short-term and low-value leases (Note 14)	4,862	3,342
Depreciation of property, plant and equipment (Note 13)	4,716	8,227
Expenses from other share-based payment transaction	339	–
Other expenses	88,552	78,101
<b>Total cost of revenue, selling and marketing expenses and general and administrative expenses</b>	<b>1,648,423</b>	<b>1,023,845</b>

During the six months ended June 30, 2023, the Group incurred expenses for the purpose of research and development of approximately RMB112,148,000 (during the six months ended June 30, 2022: approximately RMB117,394,000), which primarily comprised employee benefits expenses of approximately RMB103,362,000 (during the six months ended June 30, 2022: approximately RMB103,155,000).

# Notes to the Interim Condensed Consolidated Financial Information

## 8 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Other income</b>		
Government subsidies (a)	22,143	20,321
Tax credit of input tax additional deduction	4,110	4,354
	<b>26,253</b>	24,675
<b>Other losses, net</b>		
Net foreign exchange losses	(10,660)	(2,766)
Loss on disposal of an associate (Note 15)	(7,663)	–
Fair value loss on unlisted investments classified as financial assets at fair value through profit or loss (Note 4.4)	(3,245)	–
Loss on disposals of property, plant and equipment	(62)	(131)
Dividend from investments in unlisted investments included in financial assets at fair value through profit or loss	515	–
Others	61	–
	<b>(21,054)</b>	(2,897)

- (a) During the six months ended June 30, 2023, the Group received unconditional subsidies amounting to a total of approximately RMB17,158,000 (during the six months ended June 30, 2022: approximately RMB18,500,000) in respect of certain corporate development funding programs operated by the PRC government of which certain of the Group's key operating subsidiaries were eligible and successfully applied.

# Notes to the Interim Condensed Consolidated Financial Information

## 9 FINANCE INCOME, NET

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Finance income:</b>		
– Interest income from bank deposits and loans to third parties	34,341	14,585
<b>Finance costs:</b>		
– Interest expense on bank borrowings	(2,626)	(7,093)
– Unwinding of interests on lease liabilities (Note 14)	(997)	(85)
Finance income, net	30,718	7,407

## 10 INCOME TAX EXPENSES

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current income tax	154,547	50,697
Deferred income tax (Note 16)	(19,618)	(11,253)
Income tax expenses	134,929	39,444

# Notes to the Interim Condensed Consolidated Financial Information

## 11 EARNINGS PER SHARE

### (a) Basic earnings per share

	Six months ended June 30,	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	406,646	151,865
Weighted average number of ordinary shares outstanding (thousand)	1,119,468	1,119,232
Weighted average number of vested restricted shares outstanding (thousand)	25,206	23,529
Total weighted average number of shares outstanding (thousand)	1,144,674	1,142,761
Basic earnings per share (in RMB)	0.36	0.13

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding and weighted average number of vested restricted shares outstanding during the respective periods.



# Notes to the Interim Condensed Consolidated Financial Information

## 11 EARNINGS PER SHARE *(Continued)*

### (b) Diluted earnings per share

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>(Unaudited)</b>	2022 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	<b>406,646</b>	151,865
Total weighted average number of shares outstanding (thousand)	<b>1,144,674</b>	1,142,761
Adjustments for share-based compensation – share options (thousand)	<b>302</b>	458
Adjustments for share-based compensation – RSUs (thousand)	<b>1,999</b>	1,762
Weighted average number of shares for diluted earnings per share (thousand)	<b>1,146,975</b>	1,144,981
Diluted earnings per share (in RMB)	<b>0.35</b>	0.13

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

For the six months ended June 30, 2023 and 2022, the Company had dilutive potential ordinary shares of share options and RSUs granted to employees (Note 25). The number of shares that would have been issued assuming the exercise of the share options less the number of shares that would have been issued at assumed exercise price (determined as any amount that the employees must pay upon exercise and the balance of any amounts calculated under IFRS that have not yet been charged to income statement) are incremental shares issued for nil consideration which causes dilution to earnings per share. The number of shares that would have been issued also assuming the exercise of the RSUs less the number of shares that would have been issued at assumed exercise price (determined as the balance of any amounts calculated under IFRS that have not yet been charged to income statement) are incremental shares issued for nil consideration which causes dilution to earnings per share.

## 12 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2023 (during the six months ended June 30, 2022: Nil).

# Notes to the Interim Condensed Consolidated Financial Information

## 13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
<b>Six months ended June 30, 2022 (Unaudited)</b>			
Opening net book amount	27,230	4,504,884	558,044
Additions	2,480	–	73
Disposals	(131)	–	–
Depreciation and amortization	(8,227)	–	(69,635)
<b>Closing net book amount</b>	<b>21,352</b>	<b>4,504,884</b>	<b>488,482</b>
<b>As at June 30, 2022</b>			
Cost	82,508	4,504,884	1,153,804
Accumulated depreciation/amortization	(61,156)	–	(665,322)
<b>Net book amount</b>	<b>21,352</b>	<b>4,504,884</b>	<b>488,482</b>
<b>Six months ended June 30, 2023 (Unaudited)</b>			
Opening net book amount	<b>18,477</b>	<b>4,504,884</b>	<b>443,085</b>
Additions	<b>7,173</b>	–	<b>187</b>
Disposals	<b>(62)</b>	–	–
Depreciation and amortization	<b>(4,716)</b>	–	<b>(48,569)</b>
<b>Closing net book amount</b>	<b>20,872</b>	<b>4,504,884</b>	<b>394,703</b>
<b>As at June 30, 2023</b>			
Cost	<b>90,990</b>	<b>4,504,884</b>	<b>1,156,582</b>
Accumulated depreciation/amortization	<b>(70,118)</b>	–	<b>(761,879)</b>
<b>Net book amount</b>	<b>20,872</b>	<b>4,504,884</b>	<b>394,703</b>

The Company normally performs goodwill impairment test in the fourth quarter of each year, and there is no indicator for impairment of goodwill as of June 30, 2023. For details of goodwill impairment assessment for the year ended December 31, 2022, please refer to the 2022 Financial Statements.

# Notes to the Interim Condensed Consolidated Financial Information

## 14 LEASES

- (a) Balance recognized in the interim condensed consolidated statement of financial position relating to leases

### *Right-of-use assets*

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	2022 (Unaudited) RMB'000
At the beginning of the period	<b>37,596</b>	7,972
Additions	<b>3,470</b>	–
Depreciation	<b>(7,039)</b>	(6,833)
At the end of the period	<b>34,027</b>	1,139

### *Lease liabilities*

	<b>As at</b>	As at
	<b>June 30,</b> <b>2023</b> <b>(Unaudited)</b> <b>RMB'000</b>	December 31, 2022 (Audited) RMB'000
Current portion	<b>15,883</b>	14,333
Non-current portion	<b>18,558</b>	23,719
Total lease liabilities	<b>34,441</b>	38,052

As at June 30, 2023 and December 31, 2022, the carrying amounts of the Group's lease liabilities were denominated in RMB.

# Notes to the Interim Condensed Consolidated Financial Information

## 14 LEASES (Continued)

### (b) Amounts recognized in the interim condensed consolidated statement of comprehensive income relating to leases

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Depreciation of right-of-use assets (Note 7)	7,039	6,833
Rental expenses for short-term and low-value leases (Note 7)	4,862	3,342
Unwinding of interests on lease liabilities (Note 9)	997	85

## 15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At the beginning of the period	44,946	46,225
Additions	2,000	7,500
Disposals (a)	(12,044)	(5,813)
Share of losses	(541)	(843)
Dividend received	(36)	(45)
Less: impairment loss (b)	(8,459)	–
At the end of the period	25,866	47,024

(a) During the period ended June 30, 2023, the Group disposed two companies' equity interests for proceeds of approximately RMB4,381,000, and recognized loss on disposals of associates of approximately RMB7,663,000 (Note 8) accordingly.

(b) Both external and internal sources of information of associates are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the associates, and a significant or prolonged decline in the fair value of an investment below its carrying amount is also objective evidence of impairment. The Group carries out impairment assessment on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

During the period ended 30 June 2023, an aggregate impairment loss of approximately RMB8,459,000 (2022: Nil) had been recognised for two associates with impairment indicators. All of these associates were unlisted companies.

# Notes to the Interim Condensed Consolidated Financial Information

## 16 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
Total gross deferred income tax assets	8,411	–
Offsetting	–	–
Net deferred income tax assets	8,411	–
– to be recovered within 12 months	–	–
– to be recovered after 12 months	8,411	–
	8,411	–
Total gross deferred income tax liabilities	99,977	111,184
Offsetting	–	–
Net deferred income tax liabilities	99,977	111,184
– to be recovered within 12 months	22,184	22,299
– to be recovered after 12 months	77,793	88,885
	99,977	111,184
Deferred income tax liabilities, net	<b>(91,566)</b>	(111,184)

# Notes to the Interim Condensed Consolidated Financial Information

## 17 ACCOUNTS RECEIVABLES

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
Related parties (Note 27)	<b>14,148</b>	41,793
Third parties	<b>751,528</b>	647,659
	<b>765,676</b>	689,452
Less: allowance for impairment (Note 4.2(b))	<b>(279,301)</b>	(252,530)
	<b>486,375</b>	436,922

(a) The carrying amounts of the accounts receivables balances approximated to their fair value as at June 30, 2023 and as at December 31, 2022.

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

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
0 – 90 days	<b>285,443</b>	313,706
91 – 180 days	<b>120,441</b>	50,431
181 – 365 days	<b>63,618</b>	138,441
Over 365 days	<b>296,174</b>	186,874
	<b>765,676</b>	689,452

# Notes to the Interim Condensed Consolidated Financial Information

## 18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2023 (Unaudited) RMB'000	As at December 31, 2022 (Audited) RMB'000
<b>Prepayments for:</b>		
– investments and productions in movies and TV series (a)	1,495,943	1,246,817
– contract fulfilment costs for movie productions (b)	119,513	126,340
– operating expenses (c)	102,612	74,531
– others	9,488	10,785
<b>Total of prepayments</b>	<b>1,727,556</b>	1,458,473
Less: impairment for prepayments (a)	(167,099)	(103,916)
<b>Total of prepayments – net</b>	<b>1,560,457</b>	1,354,557
<b>Deposits and other receivables:</b>		
Deposits and receivables for online entertainment ticketing, e-commerce and other services (d)	1,028,651	508,345
Amounts due from related parties (Note 27)	194,867	124,906
Loans to third parties (e)	189,493	142,933
Receivables from investments in movies and TV series (f)	62,538	89,357
Deposits for rentals and others	43,941	26,591
Others	37,637	38,003
<b>Total of deposits and other receivables</b>	<b>1,557,127</b>	930,135
Less: impairment for financial assets at amortised cost (Note 4.2(b))	(447,830)	(439,335)
<b>Total of deposits and other receivables – net</b>	<b>1,109,297</b>	490,800
<b>Total of prepayment, deposits and other receivables – net</b>	<b>2,669,754</b>	1,845,357
Less: non-current portion	(70,488)	(62,560)
	<b>2,599,266</b>	1,782,797

# Notes to the Interim Condensed Consolidated Financial Information

## 18 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

- (a) The Group offers distribution and promotion services, which is considered as one of the principal activities of the Group. The investments and productions in movies and TV series with distribution and promotion services are designated as prepayments. The impairment provision mainly represents impairment of prepayments for investments and productions in movies and TV series, which are capitalised movie production and distribution costs subject to impairment assessment. During the six months ended June 30, 2023, due to factors including but not limited to major actors of certain projects were replaced, the risk of being unable to be released in the foreseeable future, and the deterioration of financial and operational position of the business partners, the Group further assessed the probability of non-performance (i.e. the movies or TV series not able to be exhibited) and made impairment provision of approximately RMB72,183,000, which were recognized in cost of revenue, against prepayments for investments and productions in movies and TV series based on the expected recoverable amount estimated by the directors in light of the aforementioned considerations; and reverse RMB9,000,000 since there is cash receipt from a certain impaired investment.
- (b) The contract fulfilment costs for movie productions represents the certain movie production costs when the Group controls the movie production process and is considered to be a producer.
- (c) The amounts mainly represents marketing and promotion expenses which would be recognized as expenses when the services are provided to the Group.
- (d) 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 or advance payments 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.
- (e) As at June 30, 2023, except for a loan to third party with carrying amount of USD6,096,000 (equivalent to approximately RMB44,051,000) repayable on December 15, 2024, the remaining loans are repayable within 1 year. Except for interest-free and unsecured loans amounting to approximately RMB30,500,000, the remaining loans are interest-bearing at fixed rates ranging from 3% to 13% per annum. Included in the interest-bearing loans, an aggregate of RMB94,907,000 are secured by the debtors' certain receivables.
- (f) The amounts mainly represent the investments with fixed returns in certain movies and TV series projects.



# Notes to the Interim Condensed Consolidated Financial Information

## 19 CASH AND CASH BALANCES

	As at June 30, 2023 (Unaudited) RMB'000	As at December 31, 2022 (Audited) RMB'000
Cash and bank balances	3,761,456	2,401,376
Restricted bank deposits (a)	(255,895)	(165,216)
Term deposits with original maturity over three months (b)	(272,093)	(515,285)
Cash and cash equivalents	3,233,468	1,720,875
Maximum exposure to credit risk	3,761,456	2,401,376

(a) The restricted bank deposits mainly represents deposits secured for bank borrowing and cash received from users placed in a bank supervised accounts for customers.

(b) As at June 30, 2023, the term deposits with original maturity over three months carried the interest rates of 0.05% to 5.35% per annum.

## 20 BORROWINGS

	As at June 30, 2023 (Unaudited) RMB'000	As at December 31, 2022 (Audited) RMB'000
Current		
Bank borrowings – due within one year		
– Secured (a)	100,000	190,000
– Guaranteed (b)	–	80,000
– Unsecured (c)	–	65,000
	100,000	335,000

# Notes to the Interim Condensed Consolidated Financial Information

## 20 BORROWINGS (Continued)

(a) As at June 30, 2023, the bank borrowing of approximately RMB100,000,000 was secured by restricted bank deposits of approximately RMB70,994,000 with a fixed rate of 1.25% per annum.

As at December 31, 2022, bank borrowings of RMB190,000,000 were secured by restricted bank deposits of RMB106,662,000, with fixed rates of 1.25% to 1.70% per annum.

(b) As at December 31, 2022, bank borrowings amounting to approximately RMB80,000,000 were guaranteed by certain subsidiaries of the Group, with fixed rates of 3.70% to 3.85% per annum.

(c) As at December 31, 2022, the bank borrowing of approximately RMB65,000,000 was unsecured with a fixed rate of 2.30% per annum.

(d) The borrowings on June 30, 2023 and December 31, 2022 were all denominated in RMB with fixed rates.

## 21 ACCOUNTS PAYABLES

Aging analysis of the accounts payables based on invoice date at the respective balance sheet dates is as follows:

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
0 – 90 days	<b>248,004</b>	117,718
91 – 180 days	<b>185,282</b>	68,959
181 – 365 days	<b>60,401</b>	72,158
Over 365 days	<b>161,856</b>	127,835
	<b>655,543</b>	386,670

# Notes to the Interim Condensed Consolidated Financial Information

## 22 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	<b>As at June 30, 2023 (Unaudited) RMB'000</b>	As at December 31, 2022 (Audited) RMB'000
Payables in respect of online entertainment ticketing, e-commerce services and advance in respect of content production	<b>1,640,572</b>	691,042
Payables in respect of share in the box office receipts	<b>1,005,688</b>	252,436
Amounts due to related parties ( <i>Note 27</i> )	<b>139,704</b>	86,121
Payroll and welfare payable	<b>110,947</b>	110,079
Other tax liabilities	<b>4,159</b>	8,112
Others	<b>20,871</b>	30,494
	<b>2,921,941</b>	1,178,284

# Notes to the Interim Condensed Consolidated Financial Information

## 23 SHARE CAPITAL

(Unaudited)	Number of ordinary shares	Number of ordinary shares pursuant to restricted share agreement	Total number of shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000
<b>Issued and fully paid:</b>					
<b>As at January 1, 2022</b>	1,119,020,644	22,599,603	1,141,620,247	22.83	154
Restricted shares vested	–	1,702,778	1,702,778	0.03	–*
Issuance of new shares under share option scheme	331,400	–	331,400	0.01	–*
<b>As at June 30, 2022</b>	1,119,352,044	24,302,381	1,143,654,425	22.87	154
<b>As at January 1, 2023</b>	<b>1,119,370,889</b>	<b>24,601,331</b>	<b>1,143,972,220</b>	<b>22.88</b>	<b>154</b>
Restricted shares vested	–	1,485,194	1,485,194	0.03	–*
Issuance of new shares under share option scheme	<b>170,000</b>	–	<b>170,000</b>	–	–*
<b>As at June 30, 2023</b>	<b>1,119,540,889</b>	<b>26,086,525</b>	<b>1,145,627,414</b>	<b>22.91</b>	<b>154</b>

\* The balance was rounded to the nearest thousand

# Notes to the Interim Condensed Consolidated Financial Information

## 24 RESERVES

(Unaudited)	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	Financial assets at fair value	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
				Currency translation differences through other comprehensive income RMB'000			
<b>As at January 1, 2022</b>	2,420,850	5,592,299	(60,577)	(44,122)	352,779	(12,076)	8,249,153
Issuance of new shares under share option scheme	4,282	-	-	-	(4,255)	-	27
Issuance of new shares under Post-IPO RSU Scheme	17,105	-	-	-	(17,105)	-	-
Currency translation difference	-	-	61,501	-	-	-	61,501
Changes in the financial assets at fair value through other comprehensive income	-	-	-	(27,269)	-	-	(27,269)
Transfer to retained earnings	-	-	-	71	-	-	71
Share-based compensation expenses	-	-	-	-	12,735	-	12,735
<b>As at June 30, 2022</b>	2,442,237	5,592,299	924	(71,320)	344,154	(12,076)	8,296,218
<b>As at January 1, 2023</b>	<b>2,445,022</b>	<b>5,592,299</b>	<b>65,403</b>	<b>(99,552)</b>	<b>337,140</b>	<b>(11,590)</b>	<b>8,328,722</b>
Issuance of new shares under share option scheme	1,987	-	-	-	(1,972)	-	15
Issuance of new shares under Post-IPO RSU Scheme	14,935	-	-	-	(14,935)	-	-
Currency translation difference	-	-	51,369	-	-	-	51,369
Changes in the financial assets at fair value through other comprehensive income (Note 4.4)	-	-	-	8,435	-	-	8,435
Share-based compensation expenses	-	-	-	-	5,404	-	5,404
<b>As at June 30, 2023</b>	<b>2,461,944</b>	<b>5,592,299</b>	<b>116,772</b>	<b>(91,117)</b>	<b>325,637</b>	<b>(11,590)</b>	<b>8,393,945</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 25 SHARE INCENTIVE PLAN

The share options and RSUs granted to directors and employees recognized during six months ended June 30, 2023 and 2022 are summarized in the following table:

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Share options and RSUs granted to directors and employees	5,404	12,735

### (a) ESOP Plan of the Company

In order to provide incentives and rewards to directors, senior management and employees of the Group and other eligible individuals and entities, the Company adopted the ESOP Plan on July 23, 2018. The ESOP Plan include Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and the Post-IPO RSU Scheme.

The total number of shares issued or issuable pursuant to the ESOP Plan shall not be more than 117,033,705 shares of the Company, representing approximately 10.2% of the total issued share capital of the Company as at June 30, 2023, out of which, the maximum number of shares that may be issued upon exercise of all options granted and to be granted under the Pre-IPO Share Option Scheme shall be no more than 42,544,600 shares, and the total number of shares which may be issued upon exercise of options that may be granted under the Post-IPO Share Option Scheme and the RSU Scheme shall not exceed 55,211,880 shares in aggregate.

# Notes to the Interim Condensed Consolidated Financial Information

## 25 SHARE INCENTIVE PLAN (Continued)

### (a) ESOP Plan of the Company (Continued)

#### (i) Pre-IPO Share Option Scheme

Movements of Pre-IPO share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price	Number of share options of the Company
<b>(Audited)</b>		
Outstanding balance as at January 1, 2022	RMB11.7912	17,447,514
Exercised	RMB0.0126	(350,245)
Lapsed	RMB5.0474	(510,059)
Forfeited	RMB12.1040	(807,718)
Outstanding balance as at January 1, 2023	RMB12.2547	15,779,492
<b>(Unaudited)</b>		
Exercised	RMB2.3262	(170,000)
Lapsed	RMB12.7586	(79,710)
Forfeited	RMB0.0000	–
Outstanding balance as at June 30, 2023	RMB12.3608	15,529,782

During the six months ended June 30, 2023, the market prices of the Company's shares as at the dates of exercise ranges from RMB6.42 per share to RMB10.62 per share (during the year ended December 31, 2022: RMB5.28 per share to RMB8.58 per share).

As at June 30, 2023, out of 15,529,782 share options, 15,529,782 share options were vested and exercisable.

# Notes to the Interim Condensed Consolidated Financial Information

## 25 SHARE INCENTIVE PLAN (Continued)

### (a) ESOP Plan of the Company (Continued)

#### (ii) Post-IPO Share Option Scheme

Movements of Post-IPO share options outstanding and their related exercise prices are as follows:

	Average exercise prices	Number of share options of the Company (after Subdivision)
<b>(Audited)</b>		
Outstanding balance as at January 1, 2022	RMB11.0514	19,780,999
Lapsed	RMB12.0742	(579,665)
Forfeited	RMB10.9798	(4,066,163)
Outstanding balance as at January 1, 2023	RMB11.0315	15,135,171
<b>(Unaudited)</b>		
Lapsed	RMB12.8424	(121,505)
Forfeited	RMB10.9906	(3,772,750)
Outstanding balance as at June 30, 2023	RMB11.0257	11,240,916

During the six months ended June 30, 2023, the market prices of the Company's shares as at the dates of exercise ranges from RMB6.42 per share to RMB10.62 per share (during the year ended December 31, 2022: RMB5.28 per share to RMB8.58 per share).

As at June 30, 2023, out of 11,240,916 share options, 5,058,713 share options were vested and exercisable.



# Notes to the Interim Condensed Consolidated Financial Information

## 25 SHARE INCENTIVE PLAN *(Continued)*

### (a) ESOP Plan of the Company *(Continued)*

#### ***(iii) Fair value of options***

The group used the Binomial Model and Monte Carlo Model to estimate the fair value of the options as at the respective grant dates during the prior financial years. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at June 30, 2023 and December 31, 2022, the Expected Retention Rate was assessed to be 96.2% and 95.8%, respectively.

#### ***(iv) Post-IPO RSU Scheme***

On May 4, 2023, the board of directors of the Company resolved to grant a total of 902,733 restricted share units under RSU Scheme to employees of the Group. A total of 129,600, 321,767, 225,683 and 225,683 of the restricted shares will vest on May 4, 2024, May 4, 2025, May 4, 2026 and May 4, 2027 respectively, subject to the accomplishment of certain service conditions. The fair value of the restricted shares amounted to RMB6,623,606 and was determined with reference to the share price of the Company on May 4, 2023 of HKD8.34 (equivalent to RMB7.34).

# Notes to the Interim Condensed Consolidated Financial Information

## 25 SHARE INCENTIVE PLAN (Continued)

### (a) ESOP Plan of the Company (Continued)

#### (iv) Post-IPO RSU Scheme (Continued)

Movements of the Post-IPO RSU granted are as follows:

	Fair value	Number of shares (after Subdivision)
<b>(Audited)</b>		
Outstanding balance as at January 1, 2022	RMB9.5469	7,215,974
Granted	RMB5.5037	280,000
Vested	RMB9.8147	(2,001,728)
Forfeited	RMB10.7306	(1,031,260)
Outstanding balance as at January 1, 2023	RMB8.8997	4,462,986
<b>(Unaudited)</b>		
Granted	RMB7.3373	902,733
Vested	RMB10.0557	(1,485,194)
Forfeited	RMB7.3407	(367,700)
Outstanding balance as at June 30, 2023	RMB8.1726	3,512,825

## 26 CAPITAL COMMITMENTS

As at June 30, 2023, capital expenditure contracted for but not yet incurred by the Group amounted to approximately RMB645,590,000 with respect to investments in certain movies and TV series.

# Notes to the Interim Condensed Consolidated Financial Information

## 27 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Name of the related parties	Nature of relationship
Meituan and its subsidiaries (collectively "Meituan Group")	One of the Company's shareholders
Enlight Holdings Limited and Beijing Enlight Media Co., Ltd. and their subsidiaries (collectively "Enlight Group")	One of the Company's shareholders
Tencent Holdings Limited and its subsidiaries (collectively "Tencent Group")	One of the Company's shareholders
Beijing Yaoying Movie Distribution Co., Ltd. ("Beijing Yaoying")	The associate of the Group
Shanghai Mila Television Culture Media Co., Ltd. ("Shanghai Mila")	The associate of the Group
Hangzhou Guanghe Zhizao Food Technology Co., Ltd. ("Hangzhou Guanghe")	The associate of the Group

Save as disclosed elsewhere in the interim condensed consolidated financial information, the following significant transactions were carried out between the Group and its related parties during the six months ended June 30, 2023. In the opinion of the Company's directors, the following related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

### (a) Revenue from transactions with related parties

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Meituan Group	13,611	627
Enlight Group	12,438	10,207
Tencent Group	4,475	14,952
Beijing Yaoying	150	–
	<b>30,674</b>	25,786

# Notes to the Interim Condensed Consolidated Financial Information

## 27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (b) Purchase of services

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Meituan Group	115,438	88,260
Tencent Group	99,059	19,721
Enlight Group	–	566
Hangzhou Guanghe	–	91
	<b>214,497</b>	108,638

### (c) Movie cards consideration received on behalf of the Group

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Enlight Group	324	1,243
Meituan Group	–	890
Tencent Group	–	175
	<b>324</b>	2,308

# Notes to the Interim Condensed Consolidated Financial Information

## 27 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

### (d) Balances with related parties

	As at June 30, 2023 (Unaudited) RMB'000	As at December 31, 2022 (Audited) RMB'000
Receivables from related parties		
– Accounts receivable		
Tencent Group	13,297	19,801
Enlight Group	400	–
Beijing Yaoying	356	256
Hangzhou Guanghe	95	95
Shanghai Chengxin Television Media Co., Ltd (“Shanghai Chengxin”) (i)	–	21,641
	<b>14,148</b>	41,793
Less: allowance for impairment	<b>(5,909)</b>	(29,371)
	<b>8,239</b>	12,422
– Deposits and other receivables		
Meituan Group	153,923	93,277
Tencent Group	21,207	10,770
Hangzhou Guanghe	15,000	15,000
Shanghai Mila	4,717	4,717
Enlight Group	20	1,142
	<b>194,867</b>	124,906
Less: allowance for impairment	<b>(5,055)</b>	(4,938)
	<b>189,812</b>	119,968
Payables to related parties		
– Account payables		
Hangzhou Guanghe	95	95
Enlight Group	3	33
Tencent Group	–	5,200
	<b>98</b>	5,328
– Other payables, accruals and other liabilities		
Tencent Group	83,575	25,878
Meituan Group	31,979	40,434
Enlight Group	24,050	19,809
Beijing Yaoying	100	–
	<b>139,704</b>	86,121

- (i) During the six months ended June 30, 2023, the Group disposed 20% equity of Shanghai Chengxin to a third party. Upon this transaction, Shanghai Chengxin is no longer an associate of the Group and is not considered to be related.

# Notes to the Interim Condensed Consolidated Financial Information

## 27 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

### (e) Key management compensation

	Six months ended June 30,	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Wages, salaries and bonuses	1,695	3,238
Share-based compensation expenses	—	5,204
Welfare, medical and other expenses	—	39
Contributions to pension plans	—	22
	<b>1,695</b>	<b>8,503</b>

## 28 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING CULTURAL MEDIA CO., LTD.

As disclosed in Note 2.3, Tianjin Maoyan Weying is a PRC subsidiary controlled by the Group through Contractual Arrangements. Beijing Shiji Weying Culture Development Co., Ltd. (“Beijing Shiji Weying”) is a registered shareholder of Tianjin Maoyan Weying and holds approximately 26.9% equity interests (the “Equity Interests”) of Tianjin Maoyan Weying. As at June 30, 2023, the Equity Interests were frozen due to the following case:

- Beijing Weying Shidai Technology Co., Ltd. (“Beijing Weying Shidai”), an affiliated company of Beijing Shiji Weying, which transferred the Equity Interests to Beijing Shiji Weying in 2018 for preparation the listing of the company (the “Transfer”). Prior to the Transfer, Beijing Weying Shidai originally entered into contractual agreements with the WFOE, Tianjin Maoyan Weying and its registered shareholders in July 2018. Subsequent to the Transfer, Beijing Shiji Weying signed the contractual agreements in August 2018 as part of the Contractual Arrangements as disclosed in Note 2.3.
- Since Beijing Weying Shidai was involved in certain debt disputes involving approximately USD6,058,000 (approximately RMB40.2 million, the “Debt”) with a creditor who initiated lawsuits against Beijing Weying Shidai as defendant, a court in the PRC issued a civil paper (Document 2021 Jing 04 Zhi 480) (“Civil Paper 480”), pursuant to which the Equity Interests were frozen for the purpose of cancelling the Transfer and transferring the Equity Interests back to Beijing Weying Shidai.

# Notes to the Interim Condensed Consolidated Financial Information

## **28 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING CULTURAL MEDIA CO., LTD. (Continued)**

In May 2022, Beijing Shiji Weying and Beijing Weying Shidai have entered into settlement agreement with the debtor. As at June 30, 2023 and the approval date of this Interim Financial Information, Beijing Shiji Weying and Beijing Weying Shidai are in the process of settling the Debt, RMB20.1 million out of the total RMB40.2 million debt has already been settled.

As at June 30, 2023 and the approval date of this Interim Financial Information, the Equity Interests are remained frozen by this case.

In response to the above case, Beijing Shiji Weying and Beijing Weying Shidai co-issued a letter of confirmation (the “Confirmation”) to Tianjin Maoyan Weying and WFOE, pursuant to which they agreed to comply and fulfil all the terms and conditions, responsibilities and obligations under the contractual agreements including but not limited to fully cooperating when WFOE exercises its irrevocable and exclusive right to purchase the Equity Interests, or transfer the Equity Interests to WFOE’s assignee at WFOE’s request.

The directors of the Company, based on the advice of its PRC legal advisors, considered that the Contractual Arrangements disclosed in the Note 2.3 and the Confirmation are in compliance with relevant PRC laws and regulations and are legally binding and enforceable. There is no significant change for these contractual arrangements and the consolidation of Tianjin Maoyan Weying.

## **29 CONTINGENCIES**

The Group had no material contingent liabilities as at June 30, 2023 and December 31, 2022.

## **30 SUBSEQUENT EVENT**

No significant events took place after June 30, 2023.

# Definition and Glossary

Unless the context otherwise requires, the following expressions in this interim report shall have the following meanings:

“Adoption Date”	July 23, 2018, the date on which the Company adopted the ESOP Plan
“Audit Committee”	the audit committee of the Company
“Auditor”	the external auditor of the Company
“Board”	the board of directors of the Company
“Company”, “our 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)
“Confirmation”	In response to the lawsuits in which Weying acted as defendants and the equity interests held by Weying Culture in Tianjin Maoyan Weying were therefore frozen as disclosed in the 2021 annual results announcement, 2021 annual report, 2022 interim results announcement, 2022 interim report, 2022 annual results announcement, 2022 annual report and 2023 interim results announcement of the Company dated March 24, 2022, April 26, 2022, August 18, 2022, September 15, 2022, March 23, 2023, April 25, 2023 and August 17, 2023, the confirmation letter co-issued by Weying Technology and Weying Culture 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
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and its registered shareholders
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Enlight Holdings”	Enlight Holdings Limited (光線控股有限公司), one of our Pre-IPO Investors and one of the registered shareholders of Tianjin Maoyan Weying



# Definition and Glossary

“Enlight Media”	Beijing Enlight Media Co., Ltd. (北京光線傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300251), one of our Pre-IPO Investors and one of the registered shareholders of Tianjin Maoyan Weying
“ESOP Plan”	a series of employee incentive scheme adopted by the Company on July 23, 2018, including Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, RSU Scheme and Restricted Share Agreement
“GMV”	the value of paid transactions on our platform, including the service fees and without regard to any refunds
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the consolidated affiliated entities
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Listing”	listing of the Shares on the Main Board of the Stock Exchange of Hong Kong
“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 of Hong Kong Limited
“Meituan”	Meituan (美團) (HKEx Stock Code: 3690), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 15, 2015, or Meituan Dianping and its subsidiaries and consolidated affiliated entities, as the case may be
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company

## Definition and Glossary

“Post-IPO Share Option Scheme”	the post-IPO share option scheme of our Company as approved on July 23, 2018, which was adopted by the Company to provide incentives and rewards to individuals and/or entities for their contribution, and was amended by the Shareholders’ resolution on June 28, 2023
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this interim report only, unless the context otherwise requires, excludes Hong Kong, Macau Special Administrative Region and Taiwan region
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of our Company as approved on July 23, 2018, which was adopted by the Company as a continuation and restructuring of the employee share incentive scheme originally adopted by Tianjin Maoyan Weying on November 8, 2016
“Prospectus”	the prospectus of the Company dated January 23, 2019
“Remuneration Committee”	the remuneration committee of the Company
“Reorganization”	the offshore and onshore reorganization as set out in section headed “History and Reorganization – Reorganization” of the Prospectus
“Reporting Period”	the six months ended June 30, 2023
“Restricted Share Agreement”	the restricted share agreement entered into among the Company, Mr. Zheng Zhihao and Rhythm Brilliant Limited, a wholly-owned subsidiary of Mr. Zheng Zhihao, on July 23, 2018 to recognize and reward the contribution of Mr. Zheng Zhihao to the Group
“RMB”	Renminbi, the lawful currency of the PRC
“RSU Scheme”	The RSU Scheme of our Company as approved on July 23, 2018, which was adopted by the Company to reward participants for their contribution to the Group and attract best available personnel, and was amended by the Shareholders’ resolution on June 28, 2023
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

# Definition and Glossary

“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)
“State Council”	State Council of the People’s Republic of China (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tencent”	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
“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, which is a consolidated affiliated entity and 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”	Weying Culture and Weying Technology
“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
“Weying Technology”	Beijing Weying Shidai Technology Co., Ltd. (北京微影時代科技有限公司), a company incorporated under the laws of the PRC with limited liability, and/or its subsidiaries, as the case may be
“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
“%”	per cent



**Maoyan Entertainment**

**貓眼娛樂**