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Maoyan Entertainment

貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1896)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board of directors (the “**Board**”) of Maoyan Entertainment (the “**Company**”) is pleased to announce the audited consolidated results of the Company, its subsidiaries and the Consolidated Affiliated Entities (the “**Group**”) for the year ended December 31, 2023. The results have been audited by the auditor of the Company in accordance with International Standards on Auditing, and have also been reviewed by the Audit Committee.

PERFORMANCE HIGHLIGHTS

	Year ended December 31,		Year-on-year change %
	2023	2022	
	RMB million	RMB million	
Revenue	4,757.4	2,319.5	105.1
Gross profit	2,384.9	1,020.0	133.8
Operating profit	1,098.2	162.1	577.5
Profit for the year	907.8	104.8	766.2
Adjusted EBITDA	1,249.7	320.1	290.4
Adjusted net profit ^(Note)	1,029.0	232.7	342.2

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

FINANCIAL HIGHLIGHTS

Our revenue increased by 105.1% to RMB4,757.4 million in 2023 from RMB2,319.5 million in 2022. Our gross profit increased by 133.8% to RMB2,384.9 million in 2023 from RMB1,020.0 million in 2022. Our profit for the year in 2023 was RMB907.8 million whereas our profit for the year in 2022 was RMB104.8 million, representing a year-over-year increase of 766.2%. Our adjusted EBITDA in 2023 was RMB1,249.7 million, increasing from adjusted EBITDA of RMB320.1 million in 2022, representing a year-over-year increase of 290.4%. Our adjusted net profit^(Note) was RMB1,029.0 million in 2023, increasing from adjusted net profit^(Note) of RMB232.7 million in 2022, representing a year-over-year increase of 342.2%.

BUSINESS REVIEW

In 2023, the entertainment industry witnessed a robust recovery and significant growth. The film market was lively and vibrant, with the development of high-quality films progressing steadily. According to data released by the China Film Administration (國家電影局), the total box office of the film market in the PRC in 2023 was RMB54.915 billion, representing a year-over-year increase of 82.64%. Domestic movies achieved an annual box office of RMB46.005 billion, marking a new historical high. In particular, the box office in the 2023 Lunar New Year season amounted to RMB6.758 billion, ranking second in history, and in the Summer-holiday Movie Season, it broke the record for consecutive days with ticket sales exceeding RMB100 million, reaching a record high for the same period in history with a box office performance of RMB20.619 billion. The offline performance market also experienced a rapid recovery, with the RMB 50.232 billion in the full-year box office revenue, increasing by 150.65% compared to the same period of 2019, according to the National Performance Market Development Briefing for 2023 (《2023年全國演出市場發展簡報》) released by the China Association of Performing Arts (中國演出行業協會).

In the midst of this strong industry recovery, the Company has capitalised on the opportunity to achieve continuous breakthroughs and developments in its business, with a number of business and financial indicators reaching record highs over the same period in history. These results reflect the Company's ongoing excellence in business operations and profitability. During the Reporting Period, the Company has consistently improved its strength, exceeding historical levels in terms of revenue and profitability. Of particular note is the remarkable growth in the entertainment content services segment in terms of business results and financial performance, with further improvement in its promotion and distribution service capability and market coverage. The Company experienced stable growth in its revenue performance for three consecutive years, further confirming its exceptional development capabilities and expertise in the entertainment content field.

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

Entertainment content services

As a leading promoter and distributor of domestic movies, as well as a premier movie producer and self-developer in China, we actively serve the industry and contribute to the distribution, production and development of various genres of domestic movies. In 2023, we were involved in a total of 54 released domestic movies, which achieving historical highs in terms of the movie number, cumulative box office and market coverage of films we participated in. We also increased the number of top-tier movies we participated in and deepened our vertical involvement. It is worth noting that out of the top ten Chinese movies at the box office in 2023, Maoyan acted as a lead distributor for four movies and as a lead producer for five. In total, we participated in the production of eight out of ten movies, with the box office contribution of the films we were involved in hitting a historical high during the same period.

During the Reporting Period, we have continuously refined our promotion and distribution capabilities and products, maintaining a keen sense of project evaluation and an innovative approach to embrace change. We have leveraged our practical experience from numerous projects and iterated our methodologies accordingly. By combining film genres and their own unique characteristics, as well as utilizing our cross-platform resources and data analysis capabilities, we have developed “one strategy for one movie,” “one strategy for one city,” and “one strategy for one moment” for precise marketing. We also proposed innovative promotional and marketing service solutions in the industry, contributing to increased industry acknowledgment and the exploration of diversified distribution approaches. These efforts have greatly assisted a number of films in achieving impressive box office results. 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. For *Creation of the Gods I: Kingdom of Storms* (封神第一部：朝歌風雲), we introduced an extended promotional campaign that included offline events and real-time online streaming, and successfully generated continuous buzz and increased the film’s popularity through a “co-creation marketing” strategy. As for *Shining For One Thing* (一閃一閃亮星星), we created a special New Year’s snowfall ceremony and promoted the film through “interactive promotion and distribution” to achieve outstanding results across multiple dimensions, such as box office performance and popularity. Furthermore, we actively integrated our promotion and distribution resources and pioneered the “Seasonal Marketing” strategy for the movies released in the 2024 New Year’s Eve season. Through collaborative creation, platform collaboration, user collaboration, as well as online and offline cinema collaborations, we developed integrated promotion and distribution plans for six movies during the season, which expanded the market potential during the season and helped the movies released in the New Year’s Eve season set new historical records in terms of box office, screenings, and audience attendance. In addition, we continuously improved our product capabilities and regularly updated various promotional tools to provide more diverse and flexible options for film promotion and distribution. For example, our “Cloud Block Booking” (雲包場) service gained widespread recognition in the industry, serving over 200 theatrical films during the year and propelling a year-over-year increase of 227% in their box office compared with that of 2022.

Leveraging our high-quality promotion and distribution services, as well as our long-standing and continuously evolving movie selection and data capabilities, we continue to increase our investment in high quality movies in terms of both breadth and depth. During the Reporting Period, the number of movies in which we served as the producer/distributor and their cumulative box office performance reached the highest levels ever recorded for the same period. Our coverage across major release periods also continued to expand. Additionally, our projects generated historically high investment returns, validating our business growth and profitability. Notably, during the Reporting Period, we participated in the promotion and distribution of 52 domestic movies, among which we acted as a lead distributor for 30 domestic movies, setting new records in terms of both the number of movies and the box office. Many of these films performed exceptionally well, such as *Creation of the Gods I : Kingdom of Storms* (封神第一部：朝歌風雲), which recorded a box office of RMB2.634 billion and became the champion for the Chinese-action movie box-office results for the year, *Never Say Never* (八角籠中), which recorded a box office of RMB2.207 billion and was a surprise hit during the Summer-holiday Movie Season, *Godspeed* (人生路不熟), which recorded a box office of RMB1.184 billion and became the box office champion during the Labor Day holiday, and the top three movies in terms of box office performance during the New Year's Eve season, namely *Shining For One Thing* (一閃一閃亮星星), *Johnny Keep Walking!* (年會不能停!) and *The Goldfinger* (金手指). Many of these movies also received awards and nominations at the Asian Film Awards, the China Golden Rooster Awards, the Hong Kong Film Awards and the Changchun Film Festival. Furthermore, during the last four consecutive Lunar New Year seasons, from 2021 to 2024, the movies for which we acted as lead distributor achieved outstanding performances and claimed the top two spots in the corresponding film seasons, including *Pegasus 2* (飛馳人生2) in 2024, *Full River Red* (滿江紅) (ranking sixth in China's movie history) in 2023, *Too Cool To Kill* (這個殺手不太冷靜) in 2022, and *Hi, Mom* (你好，李煥英) (ranking third in China's movie history) in 2021. These successes demonstrate our consistent and reliable ability to identify and capture high-quality content.

In 2024, we have continued to capitalise on our strengths in content promotion, distribution and production. We participated in the top three movies in terms of box office performance during the New Year's Day Holiday Season, including *Johnny Keep Walking!* (年會不能停!), *Shining For One Thing* (一閃一閃亮星星) and *The Goldfinger* (金手指). During the Lunar New Year season, we produced and served as the lead distributor for *Pegasus 2* (飛馳人生2), which secured the second spot in the box office. We were also involved in distributing *YOLO* (熱辣滾燙) and *Boonie Bears: Time Twist* (熊出沒 • 逆轉時空). Currently, a series of movies in which we participated as the distributor/producer have been scheduled for release, including *The Victims* (黃雀在後!), *Super Villain* (大“反”派) and *The Last Frenzy* (末路狂花錢). We also continue to maintain a diverse and abundant pipeline of movie content across varied themes. An array of movies in our pipeline are steadily progressing, such as *The Murderer* (醬園弄), *High Forces* (危機航線), *Casual Revenge* (即興謀殺), *Burning Star* (盜火者), *Project P* (P計劃), *Decoded* (解密), *Life Hotel* (來福大酒店) and *Reversed Destiny* (沙漏), as well as over 10 movies we self-produced, such as *Fire on the Plain* (平原上的火焰), *Chongsheng* (重生), *Game Start* (天才遊戲), *Endless Journey of Love* (時間之子), and *Sanshaonv* (傘少女).

Online Entertainment Ticketing Services

In 2023, we continued to provide high-quality ticketing services to the industry. Our online movie ticketing business maintained its market-leading position and continued to consolidate its competitiveness. First, we continued to enhance our service capabilities for film festivals and government cultural activities, providing various high-quality services such as thematic promotions and ticketing services for events including the 13th Beijing International Film Festival, the 5th Hainan Island International Film Festival and the 10th Silk Road International Film Festival. We also provided service support for over 40 provincial, municipal and district-level film and live performance-related government initiatives, facilitating their consumer-focused cultural activities. In addition, we continued to deepen our presence in cinema scenarios, helping theaters fully leverage their multifunctional characteristics. For instance, we collaborated with theaters to organise special marketing events such as themed events and promotional activities, and we provided theaters with diverse and effective marketing solutions to support their membership and merchandise sales businesses.

Since 2023, the offline performance market has experienced robust growth, and we have seized opportunities arising from the market recovery by increasing our investments and development efforts. As a result, our competitiveness in the ticketing business for live performances has increased. During the Reporting Period, the total revenue and GMV of our offline performances reached new highs compared to the same period in previous years. In particular, we made significant progress in various categories of large-scale performance events. For example, as the general ticketing agent, we provided comprehensive ticketing services for over 100 concerts, including a number of performances featuring top artists such as Jacky Cheung (張學友), Eason Chan (陳奕迅), Jay Chou (周杰倫), and JJ Lin (林俊傑). We also offered high-quality services for over a hundred esports tournaments, such as the LPL 2023 Spring Playoffs (2023英雄聯盟職業聯賽春季賽季後賽) and the Honor of Kings International Championship (KIC) 2023 Qualifiers (2023年王者榮耀世界冠軍杯淘汰賽). Additionally, we served more than 300 sports events, including top events such as the 2023 CBA All-Star Weekend Rookie Challenge (2023年CBA全明星週末星銳挑戰賽). Meanwhile, we continued to explore overseas markets. In addition to providing ongoing support for various performance events in Hong Kong through URBTIX, we officially launched our UUTIX ticketing platform in the second half of 2023 to start our own ticketing business in Hong Kong. Moreover, we established strategic partnerships with Tencent Video and Sands China in Macau, engaging in comprehensive and in-depth cooperation in areas such as large-scale offline events, content recording for leisure and entertainment programmes, and online marketing promotions.

Advertising Services and Others

We continue to integrate industry resources and expand our communication channels to enhance the breadth and depth of our promotion and distribution efforts. In 2023, we deepened cooperation with multiple internet platforms, covering various scenarios including gaming, lifestyle services, social media and transportation. We also pioneered a new model of integrated live-streaming marketing, encompassing the top domestic internet ecosystems. In addition, we enhanced brand building and commercial capabilities through live-streaming channels. Meanwhile, we upgraded our presence in new media by consistently delivering high-quality content across platforms such as video channels, Douyin and Weibo. This boosted our movie promotion and distribution efforts, resulting in a cumulative fan base of over 80 million and hundreds of millions of daily video views. As a result, we have become the top-ranked film and television account on several platforms.

We continuously develop a globally leading, transparent, accurate and real-time data system, and consistently iterate our products to serve the film industry with “technology + big data” solutions. During the Reporting Period, our Maoyan Pro (貓眼專業版) continued to grow and strengthen its industry influence. Maoyan Pro (貓眼專業版) introduced multiple data-driven products, providing industry users with more visualised industry information exposure capabilities and multidimensional support throughout the movie production, promotion and distribution process. These products include the “Project Filing Inquiry (備案立項查詢),” which enriches industry information visualisation, and the “Box Office Map (票房地圖),” which showcases real-time market competition dynamics. Furthermore, Maoyan Pro (貓眼專業版) continued to increase its investment in AI and big data technologies. For example, we developed AI video content production and distribution capabilities to capitalize on the short video trend in movie promotion and distribution. We also consistently iterated our AI-powered box office prediction capabilities, providing more robust support for film distributors in adjusting their promotion and distribution strategies. In addition, Maoyan Pro (貓眼專業版) upgraded its cinema services, promoted the adoption of targeted release policies, and provided services for specific customer profiles, real-time precise competitive intelligence, and a one-click application for targeted release. These services helped cinemas and film distributors make informed choices and drive box office growth.

Our Maoyan Research Institute (貓眼研究院) is committed to providing in-depth and systematic data services, as well as timely insights into user demands and industry trends for films across various stages with its precise and scientific data capabilities. During the Reporting Period, as a bridge connecting film distributors, cinemas and audiences, Maoyan Research Institute engaged in deep collaborations with major platforms, providing market trend analysis reports for the film and television industry. We also offered content marketing solutions such as test screenings, buzz monitoring, and promotion and distribution recommendations to industry partners, to help the industry efficiently reach audiences and maximise the value of movie content.

OUTLOOK

Looking back at 2023, the Chinese film market moved in a positive direction and exhibited strong vitality from the demand side, supply side and distribution side, showcasing the immense resilience and potential of the entertainment market. With the combined efforts of government support, market regulations, enterprises’ enhanced efficiency and increased audience participation, the film industry has come together and made consistent efforts to forge ahead, striving to drive the prosperous development of the film market with enhanced professional capabilities. Since the beginning of 2024, we have witnessed a steady stream of high-quality films hitting the screens, and the New Year’s Day Holiday and the Lunar New Year releases achieved outstanding box office of RMB1.533 billion and RMB8.016 billion, respectively, setting new records for box office performance during these periods in China’s movie history.

As a key participant in China’s film industry, we have witnessed the high-quality development and strong momentum of the Chinese film market, and we eagerly anticipate an even more exciting future for Chinese movies. 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 provide audiences and the industry with the entertainment industry’s very best entertainment products, entertainment platform services, and technological value.

- We will further strengthen and leverage our leading advantages and capabilities in movie promotion and distribution. We will increase our participation in the lead distribution and production of blockbusters during key movie periods while optimising the operational efficiency of our content business and enhancing financial performances.
- Live entertainment is one of our Company’s strategic development focuses, and we aim to continuously enhance market engagement and competitiveness in this area. Riding on the momentum of the strong market recovery, we will increase investments in key performance projects while continuing to strengthen the infrastructure and service capabilities of our performance business.
- We will also continue to strengthen our exploration of innovative businesses and embrace new technologies, including the implementation of AI technology in various segments across the entertainment industry chain, particularly innovative applications in movie production, promotion and distribution. In addition, we will continue to explore and develop the post-box office market with initiatives such as integrating movie IP with theater and gaming, providing diversified commercial monetisation channels for movies. Furthermore, building upon our business cooperation and development in Hong Kong and Macau, we will further expand commercial cooperation in other countries and regions as part of our campaign to identify new growth opportunities and possibilities 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 propel the high-quality development of the film industry and the establishment of China as a major cinematic player.

MANAGEMENT DISCUSSION AND ANALYSIS

2023 Review

	Year ended December 31,			
	2023		2022	
	<i>RMB</i>		<i>RMB</i>	
	<i>million</i>	<i>%</i>	<i>million</i>	<i>%</i>
Revenue	4,757.4	100.0	2,319.5	100.0
Cost of revenue	<u>(2,372.5)</u>	<u>(49.9)</u>	<u>(1,299.5)</u>	<u>(56.0)</u>
Gross profit	2,384.9	50.1	1,020.0	44.0
Selling and marketing expenses	(842.5)	(17.7)	(480.1)	(20.7)
General and administrative expenses	(371.6)	(7.8)	(300.0)	(12.9)
Net impairment losses on financial assets	(120.5)	(2.5)	(83.3)	(3.6)
Net impairment losses on non-financial assets	–	–	(33.7)	(1.5)
Other income	51.1	1.1	38.6	1.7
Other (losses)/gains, net	<u>(3.2)</u>	<u>(0.1)</u>	<u>0.6</u>	<u>0.0</u>
Operating profit	1,098.2	23.1	162.1	7.0
Finance income	81.0	1.7	39.2	1.7
Finance costs	(5.1)	(0.1)	(17.1)	(0.7)
Finance income, net	75.9	1.6	22.1	1.0
Share of losses of investments accounted for using the equity method	(2.1)	(0.1)	(2.9)	(0.2)
Impairment loss on investments accounted for using the equity method	<u>(18.4)</u>	<u>(0.4)</u>	<u>–</u>	<u>–</u>
Profit before income tax	1,153.6	24.2	181.3	7.8
Income tax expenses	<u>(245.8)</u>	<u>(5.2)</u>	<u>(76.5)</u>	<u>(3.3)</u>
Profit for the year	<u>907.8</u>	<u>19.1</u>	<u>104.8</u>	<u>4.5</u>
Non-IFRS Measures:				
EBITDA	1,219.7	25.6	311.3	13.4
Adjusted EBITDA	1,249.7	26.3	320.1	13.8
Adjusted net profit <i>(Note)</i>	1,029.0	21.6	232.7	10.0

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

Revenue

Our revenue increased by 105.1% to RMB4,757.4 million in 2023 from RMB2,319.5 million in 2022. The increase was primarily a result of an increase in revenue from entertainment content services and online entertainment ticketing services due to a recovery in the entertainment industry in 2023. The following table sets forth our revenues by service for the years ended December 31, 2023 and 2022.

	Year ended December 31,			
	2023		2022	
	RMB million	%	RMB million	%
Revenue				
Entertainment content services ^(Note)	2,300.4	48.4	1,113.5	48.0
Online entertainment ticketing services	2,258.6	47.5	1,067.7	46.0
Advertising services and others	198.4	4.1	138.3	6.0
Total	4,757.4	100.0	2,319.5	100.0

Note: This amount included fair value loss on the Group's investment in movie and TV series amounting to RMB3.2 million for the year ended December 31, 2023 and fair value gain on the Group's investment in movie and TV series amounting to RMB31.5 million for the year ended December 31, 2022.

Entertainment Content Services

Revenue from our entertainment content services increased by 106.6% to RMB2,300.4 million in 2023 from RMB1,113.5 million in 2022. Such increase was mainly due to that the number of movies which we acted as a lead distributor and the box office share of such movies hitting historical record high for the same period, and a number of domestic movies that the Group participated in the distribution/production achieved excellent box office performance.

Online Entertainment Ticketing Services

Revenue from our online entertainment ticketing business increased by 111.5% to RMB2,258.6 million in 2023 from RMB1,067.7 million in 2022. According to the data released by the China Film Administration (國家電影局), the total box office of the PRC film market in 2023 reached RMB54.915 billion, representing an increase by 82.6% from RMB30.067 billion in 2022. The offline performance market has experienced a comprehensive recovery. According to data released by the China Association of Performing Arts (中國演出行業協會), the number of cumulative attendance for the first three quarters of 2023 reached 111 million, surpassing that of the full year ended December 31, 2019.

Advertising Services and Others

Revenue from our advertising services and others increased by 43.5% to RMB198.4 million in 2023 from RMB138.3 million in 2022, which was mainly due to the full recovery in the domestic film market in 2023.

Cost of Revenue

Our cost of revenue increased by 82.6% to RMB2,372.5 million in 2023 from RMB1,299.5 million in 2022. The increase in our cost of revenue was mainly due to an increase in content distribution, promotion and production cost (which was in line with the increase in the revenue from our entertainment content services); an increase in internet infrastructure cost and an increase in the cost of ticketing system (which was in line with the increase in the revenue of our online movie ticketing service).

The following table sets forth our cost of revenue by amount, as a percentage of total cost of revenue and as a percentage of total revenues for the years indicated:

	Year ended December 31,					
	2023			2022		
	<i>RMB</i>	<i>% of</i>	<i>% of</i>	<i>RMB</i>	<i>% of</i>	<i>% of</i>
	<i>million</i>	<i>cost</i>	<i>revenue</i>	<i>million</i>	<i>cost</i>	<i>revenue</i>
Content distribution and promotion cost	779.8	32.9	16.4	329.5	25.4	14.2
Ticketing system cost	528.1	22.3	11.1	258.2	19.9	11.1
Internet infrastructure cost	459.5	19.4	9.7	170.6	13.1	7.4
Content production cost	408.0	17.2	8.6	337.7	26.0	14.6
Amortization of intangible assets	91.2	3.8	1.9	118.9	9.1	5.1
Depreciation of property, plant and equipment	9.5	0.4	0.2	9.5	0.7	0.4
Other expenses	96.4	4.0	2.0	75.1	5.8	3.2
Total	<u>2,372.5</u>	<u>100.0</u>	<u>49.9</u>	<u>1,299.5</u>	<u>100.0</u>	<u>56.0</u>

Gross Profit and Gross Margin

Our gross profit increased by 133.8% to RMB2,384.9 million in 2023 from RMB1,020.0 million in 2022, and our gross margin was 44.0% and 50.1% in 2022 and 2023, respectively. The increase in our gross profit were mainly due to an increase of RMB2,437.9 million in our revenue for 2023 without a corresponding increase in fixed costs in our cost of revenue.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 75.5% to RMB842.5 million in 2023 from RMB480.1 million in 2022, primarily due to the increase in marketing and promotion expenses.

General and Administrative Expenses

Our general and administrative expenses increased by 23.9% to RMB371.6 million in 2023 from RMB300.0 million in 2022, primarily due to the increase in staff costs.

Net Impairment Loss on Financial Assets

We recorded net impairment loss on financial assets of RMB120.5 million in 2023, as compared to net impairment loss of financial assets of RMB83.3 million in 2022. For accounts receivables, an impairment loss of RMB117.7 million was recognised for the year ended December 31, 2023, representing an increase of RMB64.0 million compared to RMB53.8 million in 2022, primarily due to an increase of RMB428.6 million in the gross carrying amount of accounts receivables as of December 31, 2023 as compared to December 31, 2022. For other receivables, an impairment loss of RMB2.8 million was recognised for the year ended December 31, 2023, representing a decrease of RMB26.7 million compared to RMB29.5 million in 2022. We evaluated the expected credit loss of financial assets as at December 31, 2023 on prudent basis, and made provisions for the impairments.

Other Income and Other (Losses)/Gains, Net

We had other income and net other losses in total of RMB47.9 million in 2023, compared to other income and net other gains in total of RMB39.2 million in 2022, mainly for government subsidies.

Operating Profit

As a result of the foregoing, our operating profit was RMB1,098.2 million in 2023, compared to an operating profit of RMB162.1 million in 2022.

Finance Income, Net

Our net finance income had increased from RMB22.1 million in 2022 to RMB75.9 million in 2023, primarily due to the improvement of fund management efficiency, which in turn resulted in an increase in finance income and a decrease in finance costs.

Income Tax Expenses

We had income tax expenses of RMB245.8 million in 2023, compared to the income tax expenses of RMB76.5 million in 2022. This was primarily due to the increase in our operating profit.

Profit for the Year

As a result of the foregoing, our profit for the year was RMB907.8 million in 2023, compared to profit for the year of RMB104.8 million in 2022.

Non-IFRS Financial Measure

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 years presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended December 31,	
	2023	2022
	<i>RMB million</i>	<i>RMB million</i>
Reconciliation of net profit to adjusted net profit		
Net profit for the year	907.8	104.8
Add:		
Share-based compensation	30.0	8.8
Amortization of intangible assets resulting from business combinations	91.2	119.1
Adjusted net profit ^(Note)	<u>1,029.0</u>	<u>232.7</u>

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

	Year ended December 31,	
	2023	2022
	RMB million	RMB million
Reconciliation of operating profit to EBITDA and adjusted EBITDA		
Operating profit for the year	1,098.2	162.1
Add:		
Depreciation of property, plant and equipment	12.4	14.2
Amortization of intangible assets	95.1	121.6
Depreciation of right-of-use assets	14.0	13.4
EBITDA <i>(Note)</i>	<u>1,219.7</u>	<u>311.3</u>
Add:		
Share-based compensation	30.0	8.8
Adjusted EBITDA <i>(Note)</i>	<u>1,249.7</u>	<u>320.1</u>

OTHER FINANCIAL DATA AND INFORMATION

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets increased from RMB10,258.0 million as of December 31, 2022 to RMB12,540.1 million as of December 31, 2023, whilst our total liabilities increased from RMB2,084.2 million as of December 31, 2022 to RMB3,501.8 million as of December 31, 2023. Our liabilities-to-assets ratio increased from 20.3% in 2022 to 27.9% in 2023.

As of December 31, 2023, we pledged bank deposits of RMB250.0 million as securities for bank borrowings.

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

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 US dollars. Our liquidity and financing requirements are reviewed regularly. We will consider new financing while maintaining an appropriate level of gearing in anticipation of new investments or maturity of bank loans.

As of December 31, 2023, we had cash and cash equivalents and other forms of bank deposits of RMB3,685.4 million, which were predominantly denominated in RMB and US dollars. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, and other funds raised from the capital markets from time to time.

As of December 31, 2023, our total borrowings were approximately RMB250.0 million, which were all bank borrowings denominated in RMB. The following table sets forth further details of our banking borrowings as of December 31, 2023:

	RMB million	Interest rate
Secured	<u>250.0</u>	<u>1.30%~1.80%</u>
Total	<u>250.0</u>	<u>1.30%~1.80%</u>

As of December 31, 2023, we had unutilized banking facilities of RMB700.0 million.

As of December 31, 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, net of cash and cash equivalent, restricted bank deposits and term deposit with original maturity over three months. Total capital is calculated as “equity” as shown in the consolidated statement of financial position. As at December 31, 2023 and 2022, the Group had a net cash position.

Capital Expenditure

Our capital expenditures primarily included purchase of equipment and intangible assets. Our capital expenditures increased by 100.0% to RMB24.6 million in 2023 from RMB12.3 million in 2022. We plan to fund our planned capital expenditures using cash generated from operations.

Material Acquisitions and Future Plans for Major Investments

As of December 31, 2023, the Group did not have any plans for major investments and capital assets. During the year ended December 31, 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 December 31, 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 2023.

Employees and Remuneration Policy

As of December 31, 2023, we had 872 full-time employees, all of whom 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.

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 for the year ended December 31, 2023, and there was no forfeited contribution available to reduce the contribution. 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 December 31, 2023 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended December 31,	
		2023	2022
		RMB'000	RMB'000
Revenue	4	4,757,369	2,319,477
Cost of revenue	5	<u>(2,372,504)</u>	<u>(1,299,507)</u>
Gross profit		2,384,865	1,019,970
Selling and marketing expenses	5	(842,476)	(480,092)
General and administrative expenses	5	(371,606)	(299,964)
Net impairment losses on financial assets		(120,547)	(83,349)
Net impairment losses on non-financial assets	11	–	(33,672)
Other income	6	51,129	38,551
Other (losses)/gains, net	6	<u>(3,140)</u>	<u>643</u>
Operating profit		1,098,225	162,087
Finance income		81,039	39,263
Finance costs		<u>(5,120)</u>	<u>(17,138)</u>
Finance income, net		75,919	22,125
Share of losses of investments accounted for using the equity method		(2,073)	(2,921)
Impairment loss on investments accounted for using the equity method		<u>(18,392)</u>	<u>–</u>
Profit before income tax		1,153,679	181,291
Income tax expenses	7	<u>(245,842)</u>	<u>(76,479)</u>
Profit for the year		<u>907,837</u>	<u>104,812</u>
Profit is attributable to:			
– Owners of the Company		910,412	105,190
– Non-controlling interests		<u>(2,575)</u>	<u>(378)</u>
		<u>907,837</u>	<u>104,812</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic earnings per share	8	0.79	0.09
– Diluted earnings per share	8	<u>0.79</u>	<u>0.09</u>

	Year ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>907,837</u>	<u>104,812</u>
Other comprehensive (loss)/income:		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences from foreign operations	(26,426)	597
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences from the Company	28,988	125,383
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	<u>(74,557)</u>	<u>(55,501)</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(71,995)</u>	<u>70,479</u>
Total comprehensive income for the year attributable to equity holders of the Company	<u>835,842</u>	<u>175,291</u>
Total comprehensive income/(loss) attributable to:		
– Owners of the Company	838,417	175,669
– Non-controlling interests	<u>(2,575)</u>	<u>(378)</u>
Total comprehensive income for the year	<u>835,842</u>	<u>175,291</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at December 31,	
		2023	2022
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		28,338	18,477
Right-of-use assets		27,084	37,596
Intangible assets		4,855,105	4,947,969
Investments accounted for using the equity method		14,401	44,946
Financial assets at fair value through profit or loss		36,857	23,245
Financial assets at fair value through other comprehensive income		458,866	430,552
Deferred income tax assets		34,741	–
Prepayments, deposits and other receivables	11	11,947	62,560
		5,467,339	5,565,345
Current assets			
Inventories		39,431	19,274
Accounts receivables	10	747,741	436,922
Prepayments, deposits and other receivables	11	2,564,857	1,782,797
Prepaid income tax		20,090	9,828
Financial assets at fair value through profit or loss		15,264	42,476
Restricted bank deposits		261,104	165,216
Term deposits with original maturity over three months		1,277,048	515,285
Cash and cash equivalents		2,147,222	1,720,875
		7,072,757	4,692,673
Total assets		12,540,096	10,258,018

	<i>Note</i>	As at December 31,	
		2023	2022
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		154	154
Reserves		8,353,274	8,328,722
Retained earnings/(accumulated losses)		<u>687,760</u>	<u>(156,516)</u>
Equity attributable to owners of the Company		9,041,188	8,172,360
Non-controlling interests		<u>(2,911)</u>	<u>1,415</u>
Total equity		<u>9,038,277</u>	<u>8,173,775</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		90,586	111,184
Lease liabilities		<u>11,705</u>	<u>23,719</u>
		<u>102,291</u>	<u>134,903</u>
Current liabilities			
Borrowings	<i>12</i>	250,000	335,000
Accounts payables	<i>13</i>	880,584	386,670
Other payables, accruals and other liabilities	<i>14</i>	2,182,673	1,178,284
Lease liabilities		16,766	14,333
Current income tax liabilities		<u>69,505</u>	<u>35,053</u>
		<u>3,399,528</u>	<u>1,949,340</u>
Total liabilities		<u>3,501,819</u>	<u>2,084,243</u>
Total equity and liabilities		<u>12,540,096</u>	<u>10,258,018</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Maoyan Entertainment (the “**Company**”) was incorporated in the Cayman Islands on December 8, 2017 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is Walkers Corporate Limited, 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 PRC.

The financial statements for the year ended December 31, 2023 are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated. The financial statements for the year ended December 31, 2023 have been approved for issue by the Company’s board of directors (the “**Board**”) on March 21, 2024.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and the requirements of the Hong Kong Companies Ordinance Cap.622. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

(a) New and amended standards and interpretations adopted by the Group

The Group has applied new and amended standards effective for the financial year beginning on January 1, 2023. The adoption of these new and revised standards does not have any impact on amounts recognized in prior periods and are not expected to significantly affect the current or future period.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended December 31, 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting period and on foreseeable future transactions.

5 EXPENSES BY NATURE

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Content distribution and promotion cost	779,834	329,536
Marketing and promotion expenses	631,690	321,411
Ticketing system cost	528,138	258,211
Internet infrastructure cost	459,476	182,347
Content production cost	408,041	337,654
Staff costs excluding share options and restricted stock units (“RSUs”) granted to directors and employees	399,756	352,247
Amortization of intangible assets	95,104	121,637
Other professional expenses	65,810	31,555
Outsourcing expenses	40,756	34,038
Share options and RSUs granted to directors and employees	30,348	8,504
Office expenses	22,385	5,700
Tax and levies	20,584	11,805
Depreciation of right-of-use asset	13,995	13,396
Depreciation of property, plant and equipment	12,364	14,190
Rental expense for short-term and low-value leases	8,422	6,353
Auditor’s remuneration	6,262	6,665
– Audit services	5,800	6,300
– Other services	462	365
Other expenses	63,621	44,314
	<hr/>	<hr/>
Total cost of revenues, selling and marketing expenses and general and administrative expenses	3,586,586	2,079,563
	<hr/> <hr/>	<hr/> <hr/>

During the year ended December 31, 2023, the Group incurred expenses for the purpose of research and development of approximately RMB215,409,000 (2022: RMB195,633,000), which comprised employee benefits expenses of approximately RMB199,172,000 (2022: RMB170,520,000).

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Other income		
Government subsidies	42,704	27,629
Tax credit of input tax additional deduction	<u>8,425</u>	<u>10,922</u>
	<u>51,129</u>	<u>38,551</u>
Other (losses)/gains, net		
Fair value gains on unlisted investments classified as financial assets at fair value through profit or loss	13,612	–
Losses on disposals of property, plant and equipment	(173)	(192)
(Losses)/gains on disposals of investments accounted for using the equity methods	(7,663)	273
Net foreign exchange (losses)/gains	(9,680)	1,603
Others	<u>764</u>	<u>(1,041)</u>
	<u>(3,140)</u>	<u>643</u>

7 INCOME TAX EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Current income tax	298,668	85,501
Deferred income tax	<u>(52,826)</u>	<u>(9,022)</u>
Income tax expenses	<u>245,842</u>	<u>76,479</u>

(a) Cayman Islands corporate income tax (“CIT”)

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023 and 2022.

(c) **PRC corporate income tax**

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the years ended December 31, 2023 and 2022. According to the relevant tax circulars issued by the PRC tax authorities, one subsidiary of the Group is taxed at a preferential tax rate of 15% (2022: 15%) under the relevant PRC tax rules and regulations.

(d) **BVI income tax**

No provision for income tax in BVI has been made as the Group has no income assessable to income tax in BVI for the years ended December 31, 2023 and 2022.

8 EARNINGS PER SHARE

(a) **Basic earnings per share**

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	<u>910,412</u>	<u>105,190</u>
Weighted average number of ordinary shares outstanding (thousand)	1,119,668	1,119,298
Weighted average number of vested restricted shares outstanding (thousand)	<u>25,751</u>	<u>24,404</u>
Total weighted average number of shares outstanding (thousand)	<u>1,145,419</u>	<u>1,143,702</u>
Basic earnings per share (in RMB)	<u>0.79</u>	<u>0.09</u>

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 years.

(b) **Diluted earnings per share**

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	<u>910,412</u>	<u>105,190</u>
Total weighted average number of shares outstanding (thousand)	1,145,419	1,143,702
Adjustments for share-based compensation – share options (thousand)	219	439
Adjustments for share-based compensation – RSUs (thousand)	<u>2,442</u>	<u>2,394</u>
Weighted average number of shares for diluted earnings per share (thousand)	<u>1,148,080</u>	<u>1,146,535</u>
Diluted earnings per share (in RMB)	<u><u>0.79</u></u>	<u><u>0.09</u></u>

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 years ended December 31, 2023 and 2022, the Company had dilutive potential ordinary shares of share options and RSUs granted to employees.

9 DIVIDENDS

No dividends have been paid or declared by the Company during the years ended December 31, 2023 and 2022.

10 ACCOUNTS RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Related parties	17,690	41,793
Third parties	<u>1,100,333</u>	<u>647,659</u>
	1,118,023	689,452
Less: allowance for impairment	<u>(370,282)</u>	<u>(252,530)</u>
	<u><u>747,741</u></u>	<u><u>436,922</u></u>

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

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
0-90 days	545,240	313,706
91-180 days	172,129	50,431
181-365 days	76,163	138,441
Over 365 days	324,491	186,874
	<u>1,118,023</u>	<u>689,452</u>

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Prepayments for:		
– investments and productions in movies, TV series and entertainment events (a)	1,576,488	1,246,817
– contract fulfilment costs for movie productions (b)	180,057	126,340
– operating expenses (c)	62,811	74,531
– others	16,565	10,785
	<u>1,835,921</u>	<u>1,458,473</u>
Total of prepayments	1,835,921	1,458,473
Less: Impairment for prepayments (a)	<u>(171,899)</u>	<u>(103,916)</u>
Total of prepayments – net	<u>1,664,022</u>	<u>1,354,557</u>
Deposits and other receivables:		
Deposits and receivables for online entertainment ticketing, e-commerce and other services (d)	686,956	508,345
Loans to third parties (e)	195,875	142,933
Amounts due from related parties	185,071	124,906
Receivables from investments in movies and TV series (f)	134,628	89,357
Deposits for rentals and others	84,904	26,591
Others	67,478	38,003
	<u>1,354,912</u>	<u>930,135</u>
Total of deposits and other receivables	<u>1,354,912</u>	<u>930,135</u>
Less: Impairment for financial assets at amortised cost	<u>(442,130)</u>	<u>(439,335)</u>
Total of deposits and other receivables – net	<u>912,782</u>	<u>490,800</u>
Total of prepayment, deposits and other receivables – net	2,576,804	1,845,357
Less: non-current portion	<u>(11,947)</u>	<u>(62,560)</u>
	<u>2,564,857</u>	<u>1,782,797</u>

- (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, TV series and entertainment events 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. As of December 31, 2023, due to factors including but not limited to major actors of certain projects being 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 RMB82,183,000, 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 reversal of contract fulfilment costs for movie productions of RMB14,200,000 in respect of cash recovery of certain impaired investments.
- (b) The contract fulfilment costs for movie productions represent the certain movie production costs when the Group controls the movie production process and is considered to be a producer.
- (c) The amounts mainly represent 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 December 31, 2023, the loans to third party are repayable within 1 year. Except for interest-free and unsecured loans amounting to approximately RMB32,100,000, 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 RMB50,907,000 are secured by the debtors' certain receivables.
- (f) The amounts mainly represent the investments with fixed returns in certain movies and TV series projects.

12 BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	<i>RMB'000</i>
Bank borrowings – due within one year		
– Secured	250,000	190,000
– Guaranteed	–	80,000
– Unsecured	–	65,000
	<u>250,000</u>	<u>335,000</u>

13 ACCOUNTS PAYABLES

Aging analysis of the accounts payables based on invoice date at the respective statement of financial position date is as follows:

	As at December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	298,753	117,718
91-180 days	160,449	68,959
181-365 days	164,824	72,158
Over 365 days	256,558	127,835
	<u>880,584</u>	<u>386,670</u>

14 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Payables in respect of online entertainment ticketing, e-commerce services and advance in respect of content production	1,471,069	691,042
Payables in respect of share in the box office receipts	434,851	252,436
Payroll and welfare payable	128,432	110,079
Amounts due to related parties	110,829	86,121
Other tax liabilities	11,474	8,112
Others	26,018	30,494
	<u>2,182,673</u>	<u>1,178,284</u>

OTHER INFORMATION

Final Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2023 (2022: Nil).

Compliance with Corporate Governance Code

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 considered that the Company had complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities

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

Audit Committee

The Audit Committee has, together with the Board of the Company, reviewed the consolidated financial statements of the Group for the year ended December 31, 2023. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to, among others, the auditing, risk management, internal control and financial reporting of the Company. Based on the above review and discussion, the Audit Committee is satisfied that the consolidated financial statements of the Group for the year ended December 31, 2023 have been prepared in accordance with the applicable accounting principles and practices.

Scope of Work of the Company’s Auditor on the Results Announcement

The figures in respect of the consolidated financial statements of the Group and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been agreed by the Company’s auditor, PricewaterhouseCoopers, to the amounts set out in the consolidated financial statements of the Group for the year ended December 31, 2023. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by the Company’s auditor on this announcement.

Frozen Equity Interests of Tianjin Maoyan Weying

Weying Culture, one of the Registered Shareholders holding 26.9% equity interests in Tianjin Maoyan Weying, and its affiliated company, Weying Technology, have been involved in certain lawsuits as defendants in the PRC. The plaintiffs of the lawsuits applied for, and the relevant PRC courts granted, orders to freeze the equity interests held by Weying Culture in Tianjin Maoyan Weying (the “**Frozen Equity Interests**”) (i.e. Document 2021 Jing 04 Zhi 480 and Document 2022 Jing 01 Zhi 1258), as shown on National Enterprise Credit Information Publicly System. As of the date of this announcement, Weying’s debts under the above lawsuits have not been paid off and the freezes are not released.

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

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

Closure of Register of Members

The Company will hold the AGM on Wednesday, June 26, 2024. The register of members of the Company will be closed from Friday, June 21, 2024 to Wednesday, June 26, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no share transfers will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, June 20, 2024.

Publication of the Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoyan.com), and the annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoyan.com) in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held on June 26, 2024
“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“Company” or “Maoyan”	Maoyan Entertainment, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1896)

“Confirmation Letter”	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 this announcement, 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
“Consolidated Affiliated Entities”	entities whose financial have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and the Registered Shareholders
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and the Consolidated Affiliated Entities
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee

“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	February 4, 2019, the date on which the Shares became listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maoyan Technology/WFOE”	Tianjin Maoyan Weying Technology Co., Ltd. (天津貓眼微影科技有限公司), a company incorporated under the laws of the PRC on February 5, 2018 with limited liability and a wholly owned subsidiary of our Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registered Shareholders”	as defined in the prospectus of the Company dated January 23, 2019
“Reporting Period”	year ended December 31, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00002
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “SEHK”	the Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

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

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director

Hong Kong, March 21, 2024

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