Maoyan Entertainment
貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1896

Annual Report 2023

Contents

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

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISORS

As to Hong Kong law:
Clifford Chance

As to Cayman Islands law:
Walkers (Hong Kong)

As to the law of the People's Republic of China:
Commerce & Finance Law Offices

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

STOCK CODE

1896

COMPANY'S WEBSITE

www.maoyan.com

CEO's Statement

I am pleased to present our annual results for the year ended December 31, 2023.

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 RMB50.232 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.

CEO's Statement

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.

CEO's Statement

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.

CEO's Statement

- 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.

Executive Director and Chief Executive Officer
ZHENG Zhihao

Hong Kong
March 21, 2024

Management Discussion and Analysis

2023 REVIEW

	Year ended December 31,			
	2023		2022	
	RMB million	**%**	RMB million	%
Revenue	**4,757.4**	**100.0**	2,319.5	100.0
Cost of revenue	**(2,372.5)**	**(49.9)**	(1,299.5)	(56.0)
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	**(3.2)**	**(0.1)**	0.6	0.0
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	**(18.4)**	**(0.4)**	–	–
Profit before income tax	**1,153.6**	**24.2**	181.3	7.8
Income tax expenses	**(245.8)**	**(5.2)**	(76.5)	(3.3)
Profit for the year	**907.8**	**19.0**	104.8	4.5
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 *(Note)*	**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.

Management Discussion and Analysis

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 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 box office revenue of the performance market in 2023 reached RMB50.232 billion, increased by 150.65% compared to the same period of 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		
	RMB million	**% of cost**	**% of revenue**	RMB million	% of cost	% of revenue
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	**2,372.5**	**100.0**	**49.9**	1,299.5	100.0	56.0

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.

Management Discussion and Analysis

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 RMB million	2022 RMB million
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)	**1,029.0**	232.7

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.

Management Discussion and Analysis

	Year ended December 31,	
	2023	2022
	RMB	RMB
	million	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 *(Note)*	**1,219.7**	311.3
Add:		
Share-based compensation	**30.0**	8.8
Adjusted EBITDA *(Note)*	**1,249.7**	320.1

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	250.0	1.30%~1.80%
Total	**250.0**	**1.30%~1.80%**

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.

Management Discussion and Analysis

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.

Profiles of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Zheng Zhihao (鄭志昊), aged 54, is an executive Director and the Chief Executive Officer of the Company and has held directorships and senior management positions at various subsidiaries within the Group, including as a director and the general manager of Tianjin Maoyan Weying since April 2016, and as an executive director, the legal representative as well as the manager of Maoyan Technology from February 2018 to July 2021.

Mr. Zheng has extensive experience in the Internet and media industries. From April 2001 to February 2005, Mr. Zheng served as a senior consultant in Microsoft Corporation, a company listed on the NASDAQ (Stock Code: MSFT). From February 2005 to September 2006, Mr. Zheng successively served as the senior program manager and the group manager in Microsoft (China) Co., Ltd. Shanghai Branch (微軟(中國)有限公司上海分公司). Mr. Zheng then served as a department general manager and the vice president of Tencent Technology (Shenzhen) Company Limited (騰訊科技(深圳)有限公司) from September 2006 to April 2015. Mr. Zheng also served as the president and the chief product officer at Dianping Holdings Ltd. between March 2014 and November 2015, responsible for its overall operations and the management of various products, including the development of the movie department and the management of the entertainment business such as the movie ticketing services business, and as the president of the platform business group of Meituan between November 2015 and April 2016, mainly in charge of the management of various products, including the movie ticketing services, product operations and technologies.

Mr. Zheng received a bachelor's degree in applied chemistry from Shandong University (山東大學) in Shandong, the PRC in July 1992 and a master's degree in science from University of Kentucky in Kentucky, the United States, in December 1996.

NON-EXECUTIVE DIRECTORS

Mr. Wang Changtian (王長田), aged 58, is a non-executive Director and the Chairman of the Company and the chairman of the board of Tianjin Maoyan Weying since July 2016. Mr. Wang also holds directorships and senior management positions in companies across various industries: in the media industry, Mr. Wang has served as the chairman of the board and general manager of Enlight Media since April 2000, and held directorships at its various subsidiaries, including Beijing Enlight Pictures Co., Ltd. (北京光線影業有限公司) ("Enlight Pictures") and Horgos Colorful (Enlight) Pictures Co., Ltd. (霍爾果斯彩條屋影業有限公司) ("Colorful Pictures") since October 2004 and July 2015, respectively; and in the finance sector, Mr. Wang has served as a director of China Renaissance Securities (China) Co., Ltd. (華興證券有限公司) and Beijing Zhongguancun Bank Co., Ltd. (北京中關村銀行股份有限公司) since August 2016 and June 2017, respectively.

Mr. Wang received a bachelor's degree in journalism from Fudan University (復旦大學) in Shanghai, the PRC in July 1988.

Profiles of Directors and Senior Management

Ms. Li Xiaoping (李曉萍), aged 49, is a non-executive Director of the Company and a director of Tianjin Maoyan Weying since September 2017. Ms. Li also holds directorships and senior management positions at various companies in the media industry where she has served as a deputy general manager of Enlight Media since October 1999 and as its director since July 2009, as the president of Enlight Pictures since March 2011, and also as a director of various other subsidiaries of Enlight Media including Beijing Chuanmei Zhiguang Advertising Co., Ltd. (北京傳媒之光廣告有限公司) and Beijing Enlight Yishi Internet Technology Co., Ltd. (北京光線易視網絡科技有限公司).

Ms. Wang Jian (王牮), aged 52, is a non-executive Director of the Company and holds directorships and senior management positions at various companies within the Group, including as a director of Tianjin Maoyan Weying since July 2016, as an executive director and the manager of Maoyan Pictures since August 2016, and as an executive director, the general manager as well as the legal representative of Beijing Maoyan since August 2016. Currently, Ms. Wang also holds directorships and senior management positions at various subsidiaries of Enlight Media, including as a director and the general manager of Shannan Enlight Pictures Co., Ltd. (山南光線影業有限公司) since August 2017. Ms. Wang has also served as a director at Enlight Holdings since January 2009.

Previously, Ms. Wang served as the chief financial officer of Enlight Media from June 2000 to September 2011 and from August 2012 to August 2018. She also served as a board secretary of Enlight Media from July 2009 to February 2016.

Mr. Sun Zhonghuai (孫忠懷), aged 50, has been appointed as a non-executive Director of the Company on November 16, 2022. Mr. Sun has approximately 20 years of experience in media industry and management. He joined Tencent in July 2003 and currently serves as vice president of Tencent and chief executive officer of Tencent Video. Mr. Sun was appointed as a director of Linmon Media Limited (檸萌影視傳媒有限公司, a company listed on the Stock Exchange under the stock code of 9857) on August 31, 2021, and re-designated as its non-executive director on September 24, 2021.

Mr. Sun obtained an Executive Master of Business Administration degree from Renmin University of China (中國人民大學) in June 2009.

Profiles of Directors and Senior Management

Mr. Chen Shaohui (陳少暉), aged 43, is a non-executive Director of the Company and a director of Tianjin Maoyan Weying since March 2017.

Mr. Chen has extensive experience in investment and strategic management. Between June 2004 and October 2005, he worked as an analyst at A.T. Kearney. From October 2005 to August 2008, he was employed as an investment manager at WI Harper Group (中經合集團). Between January 2011 and October 2014, he served as an investment director at Tencent. In November 2014, he joined Meituan and currently serves as its chief financial officer and senior vice president. Between July 2018 and March 2023, he served as a director at Enlight Media.

Mr. Chen received a bachelor's degree in economics from Peking University (北京大學) in Beijing, the PRC in June 2004 and a master's degree in business administration from Harvard Business School in Massachusetts, the United States, in May 2010.

Mr. Tang Lichun (唐立淳), aged 38, is a non-executive Director of the Company since January 15, 2020. Mr. Tang has over ten years of experience in media technology and investment. Mr. Tang has served as a director of FountainVest Partners Asia Limited since May 2012. Mr. Tang worked at PricewaterhouseCoopers from October 2007 to April 2012 and served as a manager.

Mr. Tang graduated from Shanghai Jiao Tong University (上海交通大學) in August 2007 with a bachelor degree in business administration.

Profiles of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Hua (汪華), aged 46, has been appointed as an independent non-executive Director of the Company on August 22, 2018, effective in January 2019.

Mr. Wang is the founder of and currently serves as a managing partner in the investment department of Sinovation Ventures (創新工場), an established Chinese technology-savvy investment firm. Mr. Wang has extensive experience in capital investment and information technology industry. He founded Shanghai Yinda Technology Co., Ltd. (上海音達科技集團有限公司), a company providing technical solutions to telecommunication carriers and equipment providers. Between September 2006 and October 2009, Mr. Wang served as the strategic partner manager in Google China.

Mr. Wang received a bachelor's degree in automation from Shanghai University of Electric Power (上海電力大學) in Shanghai, the PRC in July 1999 and a master's degree of business administration from Stanford University in California, the United States in June 2006.

Mr. Chan Charles Sheung Wai (陳尚偉), aged 70, has been appointed as an independent non-executive Director of the Company on August 22, 2018, effective in January 2019.

Mr. Chan holds directorships in various companies. Since December 20, 2022, Mr. Chan has served as an independent non-executive director of S.F. Holding Co., Ltd. (順豐控股股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002352). Since January 31, 2021, Mr. Chan has served as an independent non-executive director of Sun Art Retail Group Limited (高鑫零售有限公司), a company listed on the Stock Exchange (Stock Code: 6808). Since November 24, 2020, Mr. Chan has served as an independent non-executive director of Shanghai Bio-heart Biological Technology Co., Ltd., (上海百心安生物技術股份有限公司) a company listed on the Stock Exchange on December 23, 2021 (Stock Code: 2185). Since June 2019, Mr. Chan has served as an independent non-executive director of Hansoh Pharmaceutical Group Company Limited (翰森製藥集團有限公司), a company listed on the Stock Exchange (Stock Code: 3692). Between July 2012 and October 31, 2022, Mr. Chan served as an independent non-executive director of SRE Group Ltd. (上置集團有限公司), a company listed on the Stock Exchange (Stock Code: 1207).

Between 1977 and 1994, Mr. Chan worked in Arthur Andersen Canada. Between 1994 and 2002, Mr. Chan served as a partner and head of audit and business advisory division in Arthur Andersen China/Hong Kong, during which he had been a global partner since 1998. Between July 2002 and June 2012, he held various management positions at PricewaterhouseCoopers Zhong Tian CPAs Limited, including a partner in audit department.

Mr. Chan received a bachelor's degree in commerce from University of Manitoba in Manitoba, Canada in May 1977. Mr. Chan has been a Chartered Accountant in Canada and a Certified Public Accountant in Hong Kong since 1980 and 1995, respectively. Mr. Chan was a member of Council, Hong Kong Society of Accountants (now named Hong Kong Institute of Certified Public Accountants). Between 1998 and 2001, he was a member of Listing Committee of the Stock Exchange. Mr. Chan was a member of the First Election Committee for the Hong Kong Legislature in April 1998.

Profiles of Directors and Senior Management

Mr. Yin Hong (尹紅, alias: Yin Hong (尹鴻)), aged 62, has been appointed as an independent non-executive Director of the Company on October 28, 2020. Mr. Yin has been serving as a professor of Tsinghua University (清華大學) since 1999, and concurrently serving as a distinguished professor and the dean of Academy of Film at Macau University of Science and Technology (澳門科技大學) since 2017. Between December 1984 and August 1986, Mr. Yin served as a teaching assistant of Sichuan University (四川大學). Between September 1989 and August 1999, Mr. Yin served in Beijing Normal University (北京師範大學) with his last position as a professor. Mr. Yin is a well-known film theorist, critic, and planner in China. He has served as a consultant, producer, and art director for a number of film and television works, and concurrently assumes many important positions within several national associations and societies including the vice chairman of the China Literature and Art Critics Association (中國文藝評論家協會) and the vice chairman of the China Film Association (中國電影家協會).

Mr. Yin obtained the bachelor degree in Chinese language and the master degree in modern Chinese literature from Sichuan University (四川大學) in 1982 and 1984, respectively, and the doctoral degree in modern Chinese literature from Beijing Normal University (北京師範大學) in 1989. Mr. Yin received the Special Government Allowances of the State Council (國務院政府特殊津貼) from the State Council of the PRC in 2010 and was awarded the Top Ten Film Workers of Beijing (北京十佳電影工作者) by departments including Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局), Beijing Federation of Literary and Art Circles (北京市文學藝術界聯合會) and Beijing Television Artists Association (北京電視藝術家協會) in 2013.

Ms. Liu Lin (劉琳), aged 48, has been appointed as an independent non-executive Director of the Company on June 9, 2020. Between March 2016 and May 2020, Ms. Liu served as a senior vice president of Meituan. Between April 2003 and March 2016, Ms. Liu served as the general manager of the human resources department of Tencent and the general manager of Tencent Consulting successively.

Ms. Liu obtained a master degree in economics from Nankai University (南開大學) in December 2006.

CHANGE OF INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed in this Annual Report, for the year ended December 31, 2023, the Company does not have any information required for disclosure in accordance with Rule 13.51B(1) of the Listing Rules.

SENIOR MANAGEMENT

Mr. Zheng Zhihao (鄭志昊) is the executive Director and the Chief Executive Officer of the Company. See "Executive Director" above for his biographical details.

JOINT COMPANY SECRETARIES

Ms. Zheng Xia (鄭霞) was appointed as a Joint Company Secretary of the Company in August 2018. Ms. Zheng joined the Company in May 2018 and currently serves as vice president and other positions of the Company. Ms. Zheng has more than ten years of experience as a lawyer.

Ms. Zheng received a bachelor's degree in law and a master's degree in law from China University of Political Science and Law (中國政法大學) in Beijing, the PRC, in June 2004 and January 2011, respectively. Ms. Zheng also obtained a LL.M degree from the University of Southern California in May 2012. Ms. Zheng is qualified as a lawyer in New York, and has obtained the PRC legal professional qualification.

Mr. Cheng Ching Kit (鄭程傑) was appointed as a Joint Company Secretary of the Company in August 2018. Mr. Cheng is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services, and has over ten years of experience in corporate secretarial field. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

In addition, he holds a bachelor of commerce degree in finance from the University of Queensland, Australia and a master of laws degree in Chinese law from the University of Hong Kong.

Directors' Report

The Board presents the directors' report together with the audited consolidated financial statements of our Group for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

We are a leading provider of "Technology+Pan-Entertainment" service in China, offering online entertainment ticketing services, entertainment content services and advertising services and others.

RESULTS OF OPERATIONS

The results of our Group for the year ended December 31, 2023 are set out in the consolidated statement of comprehensive income on pages 102 to 103 of this Annual Report.

FINANCIAL SUMMARY

The financial summary of our Group between 2019 and 2023 is set out in the section headed "Financial Summary" on page 224 in this Annual Report.

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. Furthermore, the offline performance market also experienced a rapid recovery. 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. As China's leading service provider in "Technology+Pan-Entertainment", we will continue to grow firmly, aiming to provide higher-quality services to the industry and facilitate increased production of premium content.

For more details of the business development and performance of our Group for the Year, please refer to the sections headed "CEO's Statement" and "Management Discussion and Analysis" in this Annual Report.

Principal risks and uncertainties

Please refer to the section headed "Risk Management and Internal Control" in the corporate governance report in this Annual Report for the principal risks and uncertainties facing the Group.

Important events occurred since the end of the financial year

There have been no other significant events affecting the Company from December 31, 2023 up to the date of this Annual Report.

Future development

Looking to the future, we will adhere to the core 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 contribute more value to the industry. In terms of entertainment content services, we will continue to iterate and enhance our core strengths and capabilities in movie promotion and distribution and strengthen our horizontal and vertical involvement in the promotion and distribution, production and self-production of top-tier movies. In the live entertainment, we will also ride this market's robust recovery trend to boost our business, including ticketing services for live entertainment as well as the production and distribution of projects. In the movie ticketing business, we will continue to steadily develop our movie ticketing services while continuing to increase efficiency at lower costs to improve our profitability. In addition, based on our combined advantages covering technology services and the entertainment industry, we will actively explore other innovative business areas and regions. Furthermore, we will strengthen our exploration of the post-movie box office market.

For more details of the future development of the Group, please refer to "CEO's Statement" of this Annual Report.

Environmental policies and performance

We are not subject to significant environmental risks. During the year ended December 31, 2023 and up to the date of this Annual Report, we were not been subject to any fines or other penalties due to non-compliance with environmental regulations.

For more details of the environment policies and performance of the Company, please refer to the section headed "Environmental, Social and Governance Report" of this Annual Report.

Compliance with the relevant laws and regulations

Our Group is subject to applicable laws and regulations in the PRC in respect of its business operations, including but not limited to those relating to value-added telecommunications services, information security and privacy protection, film distribution, radio and television programs, and Internet advertisement. During the year ended December 31, 2023 and up to the date of this Annual Report, we had not been and were not involved in any non-compliance incidents that led to fines, coercive measures or other penalties that could, individually or in the aggregate, have a material adverse impact on our business, financial condition or results of operations, and had complied with all relevant PRC laws and regulations that are applicable to us in all material respects.

Directors' Report

Relationships with stakeholders

The Group's success depends on the support from key stakeholders which comprise our Directors and senior management members, employees, customers and suppliers.

Employees

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. As required under the PRC regulations, we participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments. We also purchase commercial health and accidental insurance for our employees, and provide regular and specialized trainings tailored to the needs of our employees in different departments as well, 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.

Customers

Our customers primarily include cinemas, entertainment content producers and distributors, and advertisers. Pursuant to the ticket sales agreements with cinemas, we typically act as a non-exclusive online ticketing service provider for tickets sold outside of cinemas.

Suppliers

Our suppliers primarily include ticketing system companies who help establish and maintain our connection with cinemas' ticketing systems. We generally enter into separate agreements with these ticketing system companies supplementary to our agreements with cinemas, to establish a connection between our platform and the ticketing system of each cinema and to ensure the smooth integration of its ticketing system into our network. The settlement period with ticketing system companies is typically one month.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended December 31, 2023, the percentage of the total revenue attributable to the five largest customers was less than approximately 30% of the total revenue of the Group, and the percentage of the total cost attributable to the five largest suppliers was approximately 38% of the total cost of the Group, while the percentage of the cost attributable to the largest suppliers was approximately 10% of the total cost of the Group. To the knowledge of the directors, during the Reporting Period, save for Meituan, a shareholder of the Company holding 7.21% of the shares of the Company as of December 31, 2023, and Tencent, a shareholder of the Company holding 13.71% of the shares of the Company as of December 31, 2023, being one of the five largest suppliers, respectively, none of the other directors (including those who resigned during the Reporting Period) and their associates or any shareholders holding more than 5% of the issued shares of the Company have any rights or interests in our five largest suppliers.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended December 31, 2023 are set out in Note 14 to the audited consolidated financial statements.

FINAL DIVIDEND

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

CLOSURES OF THE 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.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 35 to the audited consolidated financial statements.

Directors' Report

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended December 31, 2023 are set out in Note 27 to the audited consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and the Company during the year ended December 31, 2023 are set out in Notes 28 and 34 respectively to the audited consolidated financial statements.

DISTRIBUTABLE RESERVES

Details of the Company's reserves available for distribution to the Shareholders, calculated in accordance with the provisions of the Companies Act, as at December 31, 2023, are set out in Note 34 to the audited consolidated financial statements.

BORROWINGS

Details of the borrowings of the Group are set out in the paragraph headed "Liquidity, Financial Resources and Gearing" in the section headed "Management Discussion and Analysis" in this Annual Report and Note 24 to the audited consolidated financial statements.

ISSUE OF DEBENTURE

The Group has not publicly issued any debentures during the year ended December 31, 2023.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reasons of their holding of the Company's securities.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2023.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated, under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CHARITABLE DONATIONS

During the year ended December 31, 2023, the Group did not engage in any charity or make other donations.

DIRECTORS

The Directors during the Reporting Period and as of the date of this Annual Report are:

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[1] (resigned on March 23, 2023)
Mr. Tang Lichun

Independent Non-executive Directors

Mr. Wang Hua
Mr. Chan Charles Sheung Wai
Mr. Yin Hong
Ms. Liu Lin

Note:

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

The biographical details of the Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" in this Annual Report.

In accordance with Article 109(a) of the Articles of Association, Mr. Wang Changtian, Ms. Wang Jian, Mr. Chan Charles Sheung Wai and Mr. Yin Hong shall retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Our executive Director has entered into a service contract with the Company for term of three years from June 29, 2021. Either party has the right to give not less than three months' prior written notice to terminate the agreement.

Each of the non-executive Directors and independent non-executive Directors (excluding Mr. Sun Zhonghuai , Mr. Tang Lichun, Ms. Liu Lin and Mr. Yin Hong) has entered into an appointment letter with the Company. The term for their appointment shall be three years from June 29, 2021 or until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

Mr. Sun Zhonghuai has entered into an appointment letter with the Company on November 16, 2022; Mr. Tang Lichun has entered into an appointment letter with the Company on January 15, 2023; Ms. Liu Lin has entered into an appointment letter with the Company on June 9, 2023; and Mr. Yin Hong has entered into an appointment letter with the Company on October 28, 2023. The term for their appointment shall be three years from the date of their appointment or until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three months' prior notice in writing.

There was no service contract entered into/appointment letter signed by the Company and any Director to be re-elected at the forthcoming AGM which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Our Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to the factors set out in Rule 3.13 of the Listing Rules. The Company considers all of the independent non- executive Directors to be independent.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 36 to the Consolidated Financial Statements and in the section headed "Connected Transactions" of a Directors' Report in this Annual Report, no Director nor an entity connected with a Director has or had material beneficial interest, directly or indirectly in any transaction and arrangement or contract of significance subsisting as at December 31, 2023, or at any time during the year ended December 31, 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of December 31, 2023, Mr. Wang Changtian, our Chairman and non-executive Director, (i) indirectly held approximately 24.24% and 16.87% interests in our Company's issued share capital through Vibrant Wide Limited (a wholly owned subsidiary of Mr. Wang) and Hong Kong Pictures International Limited (a wholly owned subsidiary of Enlight Media), respectively; and (ii) directly held 95% interests in Enlight Holdings (in which the remaining 5% is held by Ms. Wang Jian, being Mr. Wang's sister), which owned approximately 37.4% interests in Enlight Media.

As disclosed in the Prospectus, Enlight Media is primarily engaged in investment and production of entertainment content, including movies, TV series, comics and animation, video, music and literature, as well as movie and TV series promotion and distribution. For details of the delineation of the businesses of our Group and of Enlight Media, please refer to the section headed "Relationship with Enlight and Tencent" in the Prospectus.

Saved as disclosed above, as of December 31, 2023, none of the Directors nor their respective close associates had interests in businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2023.

REMUNERATION OF DIRECTORS

In compliance with the CG Code, the Company has established the Remuneration Committee to formulate remuneration policies. Directors' remuneration is subject to Shareholders' approval at general meetings or shall be fixed by the Board with the authorization. Other emoluments are determined by the Board with reference to Directors' duties and responsibilities, the recommendations of the Remuneration Committee and the performance and results of the Group. No Director, or any of their respective associates, was involved in deciding his/her own remuneration.

Details of the remuneration of the Directors and the five highest paid individuals during the year ended December 31, 2023 are set out in Notes 9 and 36 to the audited consolidated financial statements respectively.

During the year ended December 31, 2023, none of the Directors had waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

EQUITY-LINKED AGREEMENT

Except for the employee incentive schemes as set out in this Annual Report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2023.

EMPLOYEE INCENTIVE SCHEMES

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 a series of employee incentive scheme, including Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, RSU Scheme and Restricted Share Agreement (collectively, the "ESOP Plan") on July 23, 2018 (the "Adoption Date").

The total number of Shares issued or issuable pursuant to the ESOP Plan shall not be more than 117,033,705 Shares, representing approximately 10.1% of the total issued share capital of the Company as at the date of this Annual Report.

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.

The Pre-IPO Share Option Scheme shall be valid and effective for the period of time commencing on the Adoption Date and unless amended, altered, suspended or terminated by the Board and Shareholders, the Pre-IPO Share Option Scheme shall continue in effect for a term of eight (8) years and shall terminate on the eighth anniversary of the Adoption Date. As of the date of this Annual Report, the Pre-IPO Share Option Scheme shall continue in effect for next two years, upon which any Pre-IPO Share Options granted or agreed to be granted pursuant to the Pre-IPO Share Option Scheme and any offer of such a grant shall be of no effect, and for which no claim whatsoever shall be made against the Company.

Participants of the Pre-IPO Share Option Scheme, (the "Pre-IPO Eligible Participants") include the directors, senior management and employees of the Group and any other persons as the Board may deem appropriate provided that such Pre-IPO Eligible Participants shall have satisfied certain conditions. Nil consideration is required to be paid by the grantee of Pre-IPO Share Option Scheme (the "Grantee") for the grant of any Pre-IPO Share Options under the Pre-IPO Share Option Scheme.

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 (which have been reserved by the Company), representing approximately 3.7% of the total issued share capital of the Company as at the date of this Annual Report.

A Grantee may exercise his or her option in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) at any time during the period which may be specified by the Board or the CEO in the grant letter (the "Pre-IPO Exercise Period") by the Grantee (or in the case of his death, his legal personal representatives) giving notice in writing to the Company stating that the Pre-IPO Share Options are thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of exercise price (the "Pre-IPO Exercise Price") for the Shares in respect of which the notice is given.

The vesting of the Pre-IPO Share Options to each Grantee shall follow the vesting schedule in each of such Grantee's grant letter. The vesting period shall commence on the date of the grant letter or any other date as the CEO may agree. Notwithstanding the foregoing, in order to match the vested options under the 2016 ESOP, certain Pre-IPO Share Options shall be vested to the Grantees upon the date of the grant letter but shall only become exercisable as and when permitted by applicable laws, which will be more specifically set out in the grant letter. All the underlying Shares pursuant to the share options granted and to be granted under the Pre-IPO Share Option Scheme are subject to lock-up for a period of six months following the Listing during which no employee shall dispose of the underlying Shares issued to such employee.

In the case of retirement, voluntary termination of employment or engagement of the Grantee, any unvested Pre-IPO Share Options at such termination will be automatically forfeited and any Pre-IPO Share Option not exercised prior to the expiry of the ninety-day period will lapse.

The Pre-IPO Share Options exercise price shall be as specified by the Board or the CEO in the grant letter and may be determined by reference of the market practice and the historical value of the Shares during the capitalisation period of the Company, which shall in no event be lower than the par value of the Shares in the Company.

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$)	Date of grant	Exercise period	Closing price immediately prior to grant	Outstanding as of January 1, 2023	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to exercise (HK$)	Lapsed during the period	Cancelled during the period	Outstanding as of December 31, 2023	Vesting Period (note)
	0.1009	2016/8/1 to 2018/3/1	Eight years from the date of grant	NA	685,580	–	221,900	8.7175	2,165	–	461,515	1(a)
Employee	14.8000	2018/2/1 to 2018/8/1	Eight years from the date of grant	NA	7,383,022	–	–	N/A	5,494,954	–	1,888,068	1(b)
		2018/4/11 to 2018/6/1		NA	7,710,890	–	–	N/A	–	–	7,710,890	1(a)
Total					**15,779,492**	**–**	**221,900**	**N/A**	**5,497,119**	**–**	**10,060,473**	

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

Vesting Date	Percentage that can be exercised
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

Vesting Date	Percentage that can be exercised
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 purpose of the Post-IPO Share Option Scheme is to provide incentives and rewards to directors, senior management and employees of the Group and any other eligible individuals and/or entities in order to provide incentives and rewards to them for their contribution, and to align the corporate objectives and interests between the Group and its key talents.

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. 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 in aggregate exceed 55,211,880 Shares ("Post-IPO Share Option and RSU Total Limit") (which have been reserved by the Company), representing approximately 4.8% of the total issued share capital of the Company as at the date of this Annual Report. The total number of Shares issued and which may be issued pursuant to the options granted or to be granted under the Post-IPO Share Option Scheme does not exceed 23,293,595 Shares (the "Post-IPO Share Option Scheme Limit") (which has been reserved by the Company), representing approximately 2.0% of the total issued share capital of the Company as at the date of this Annual Report.

The participants for the Post-IPO Share Option Scheme (the "Post-IPO Eligible Participants") include the directors, senior management and employees (whether full time or part time) of the Group (including persons who are granted Options under the Plan as an inducement to enter into employment contracts with the Group), provided that such participant shall have satisfied the relevant conditions, or any other conditions as agreed by the Board. The subscription price in respect of any option shall be a price determined by the Board which shall be no less than (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of the grant letter; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant letter of the relevant Post-IPO Share Options; and (iii) the par value of the Share on the date of the grant letter.

Where any grant of Options to a participant would result in the total number of Shares issued and to be issued in respect of all Awards and Options granted (excluding any Awards and Options lapsed in accordance with the terms of RSU Scheme and Share Option Scheme) under RSU Scheme and Share Option Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such participant and his/her close associate (or associates, if the participant is a connected person), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of the Options to be granted to such participant must be fixed before the approval of the Shareholders.

Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options, RSUs and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of RSU Scheme and Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by shareholders of the Company in general meeting (with such selected person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Subject to otherwise determined by the Board/the CEO (as the case may be) at its/his/her sole absolute discretion, the grantee is not required pay any grant or purchase price or make any other payment to the Company to accept the Options granted.

Subject to the terms of the Post-IPO Share Option Scheme and unless otherwise specified in the grant letter pursuant to Post-IPO Share Option Scheme, the granted Post-IPO Share Options shall vest 1) 25% per year within four (4) anniversary years or 2) 50% upon/within the second (2) anniversary year with an equal proportion of the remaining balance upon/within the third (3) and fourth (4) anniversary year, respectively. Save for other specified thereunder, the vesting period shall not be less than twelve months or other periods as may be required or permitted under the Listing Rules. The vesting period shall commence on the grant date or any other date as the Board or the CEO (as the case may be) may agree.

A person entitled to any Post-IPO Share Option in consequence of the death of the original grantee (or in the case of his death, his legal personal representatives) may exercise his Post-IPO Share Options in whole or in part (but if in part, only in respect of a board lot or any integral multiple thereof) at any time during the Post-IPO Exercise Period which may be specified by the Board in the grant letter in the manner by giving notice in writing (in such form as the Company may from time to time specify) to the Company stating that the Post-IPO Share Options are thereby exercised and the number of Shares in respect of which it is exercised with a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given.

Subject to the rules of the Post-IPO Share Option Scheme, options may be exercised by a Post-IPO Eligible Participant, in whole or in part, at any time during the period commencing from the grant date and such expiry date as determined by the Board in the grant letter (the "Post-IPO Exercise Period").

Subject to earlier termination by our Company in general meeting or by the Board, the Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the effective date. As of the date of this Annual Report, the Post-IPO Share Option Scheme shall continue in effect for next four years. After the expiration of the 10-year period, no further options will be granted by the provisions of the scheme, but the provisions of the scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

Amendments have been made to the Chapter 17 of the Listing Rules for the purpose of regulating share option schemes and share award schemes, with effect from January 1, 2023 (the "Amended Listing Rules"). The Company has amended the Post-IPO Share Option Scheme to bring it in line with the Amended Listing Rules. The adoption of the proposed amended Post-IPO Share Option Scheme was approved by the Shareholders on June 28, 2023 by way of an ordinary resolution at the AGM. For further details, please refer to the circular of the Company dated April 26, 2023.

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$)	Date of grant	Exercise Period	Closing price immediately prior to grant (HK$)	Outstanding as of January 1, 2023	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to the date of exercise of share options (HK$)	Lapsed during the period	Cancelled during the period	Outstanding as of December 31, 2023	Vesting Period (note)
Employee	16.2000	2019/5/2	Ten years from the date of grant	16.1000	–	–	–	N/A	–	–	–	1(b)
	14.7600	2019/5/10	Ten years from the date of grant	14.1000	1,702,230	–	–	N/A	123,820	–	1,578,410	1(b)
					138,795	–	–	N/A	–	–	138,795	1(a)
	11.4360	2019/11/1	Ten years from the date of grant	11.3200	–	–	–	N/A	–	–	–	1(b)
	10.5000	2020/4/29	Ten years from the date of grant	10.3200	1,719,646	–	450,000	11.4111	–	–	1,269,646	1(a)
					275,000	–	18,600	10.6800	6,400	–	250,000	1(b)
Director Zheng Zhihao	13.1360	2021/1/19	Ten years from the date of grant	12.6200	11,299,500	–	–	N/A	–	3,766,500	7,533,000	1(a)
Total					**15,135,171**	**–**	**468,600**	**N/A**	**130,220**	**3,766,500**	**10,769,851**	

Notes:

1. Please refer to note under sub-section headed "Pre-IPO Share Option Scheme" above.

2. As at January 1, 2023 and December 31, 2023, the total numbers of Post-IPO Share Options available for grant under the Post-IPO Share Option Scheme were 7,992,830 and 11,889,550, respectively.

3. All the above grants were made prior to the effective date of the amendments to Chapter 17 of the Listing Rules.

4. There were no share options granted by the Company for the year ended December 31, 2023.

RSU SCHEME

The purposes of the RSU Scheme is to recognize and reward participants for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them to remain within the Group and further promote the success of its business.

An award of restricted share units under the RSU Scheme (the "Award(s)") gives a participant in the RSU Scheme a conditional right when the Award vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion. An Award may include, if so specified by the Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests.

The participants for the RSU Scheme (the "RSU Participants") include the directors, senior management and employees (whether full time or part time) of the Group (including persons who are granted RSU under the Scheme as an inducement to enter into employment contracts with the Group) provided that such participants shall have satisfied the following conditions, or any other conditions as agreed by the Board: having entered into the agreements with the Company in terms of employment, confidentiality, intellectual properties and non-competition in the form and content to the satisfaction of the Company

Where any grant of Awards to a participant would result in the total number of Shares issued and to be issued in respect of all Awards and Options granted (excluding any Awards and Options lapsed in accordance with the terms of Scheme and Share Option Scheme) under Scheme and Share Option Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such participant and his/her close associate (or associates, if the participant is a connected person), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of the Award to be granted to such participant must be fixed before the approval of the Shareholders.

Where any grant of RSUs under this Scheme to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the Shares issued and to be issued in respect of all RSUs and awards granted (excluding any RSUs lapsed in accordance with the terms of this Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of RSUs must be approved by shareholders of the Company in general meeting (with such participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Where any grant of RSUs to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all RSUs, options and awards granted (excluding any Awards and Options lapsed in accordance with the terms of Scheme and Share Option Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such further grant of RSUs must be approved by shareholders of the Company in general meeting (with such selected person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such event, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

Subject to otherwise determined by the Board/the CEO (as the case may be) at its/his/her sole absolute discretion, the grantee is not required pay any grant or purchase price or make any other payment to the Company to accept the RSUs granted. Subject to any early termination as may be determined by the Board and Shareholders, the RSU Scheme shall be valid and effective for the period of eight years commencing on the date of adoption (the "Term of the RSU Scheme"). As of the date of this Annual Report, the RSU Scheme shall continue in effect for next two years. Thereafter, no further Awards will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the Term of the RSU Scheme may continue to be exercisable in accordance with their terms of issue.

On and subject to the terms of the RSU Scheme and the terms and conditions that the Board and/or the CEO (as the case may be) imposes, the Board and the CEO shall be entitled at any time during the term of the RSU Scheme to make a grant to any RSU Participant as the Board or the CEO may in its respective absolute discretion determine. The amount of an Award may be determined at the sole and absolute discretion of the Board and the CEO (as the case may be) and may differ among selected participants.

No Award shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares (being in a board lot or an integral multiple thereof) (or, where cash is awarded in lieu of Shares, the aggregate number of Shares as are equivalent to the amount of cash so awarded) underlying all grants made pursuant to the RSU Scheme (excluding Awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) will exceed in total 31,918,285 Shares (the "RSU Scheme Limit") (which have been reserved by the Company), representing approximately 2.8% of the total issued share capital of the Company as at the date of this annual report.

The Company has appointed a professional Trustee (the "RSU Trustee") to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme.

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSUs granted in an Award shall vest 1) 25% per year within four (4) anniversary years; or 2) 50% upon/within the second (2) anniversary year with an equal proportion of the remaining balance upon/within the third (3) and fourth (4) anniversary year, respectively. Save for other specified thereunder, the vesting period shall not be less than twelve months or other periods as may be required or permitted under the Listing Rules. The vesting period shall commence on the grant date or any other date as the CEO may agree. All Awards granted as of the date of this Annual Report, have been settled or will be settled by way of new shares issued or to be issued by the Company.

Subject to the execution of documents by the grantee, the RSUs which have vested shall be satisfied at the Board's or the CEO's absolute discretion.

The RSU Scheme may be terminated at any time prior to the expiry of its term by the Board and Shareholders provided that the Company shall protect all subsisting rights of all grantees hereunder, including the repayment of consideration or transfer price payable under the RSU Scheme. In this event no further Awards shall be granted after the RSU Scheme is terminated but in all other respects the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.

The Company has amended the RSU Scheme to bring it in line with the Amended Listing Rules. The adoption of the proposed amendments to the RSU Scheme was approved by the Shareholders on June 28, 2023 by way of an ordinary resolution at the AGM. For further details, please refer to the circular of the Company dated April 26, 2023.

The award shares granted by the Company for the year ended December 31, 2023 are as follows:

Category	Date of grant	Total amount of award shares granted	Closing price immediately prior to grant of Awards (HK$)	Outstanding as of January 1, 2023	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding as of December 31, 2023	Vesting Period (note)
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	7,500	45,500	1,285,842	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	–	167,500	7,500	22,500	335,000	1(a)
		754,100		685,000	–	342,500	–	–	342,500	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)
	2023/9/20	8,150,000	11.6800		8,150,000	–	20,000	–	8,130,000	1(a)
	2023/11/1	237,600	9.3200	–	237,600				237,600	1(b)
Total				**4,462,986**	**9,290,333**	**2,116,644**	**174,700**	**228,000**	**11,233,975**	

Notes:

1. Please refer to note under sub-section headed "Pre-IPO Share Option Scheme" above.

2. As at January 1, 2023 and December 31, 2023, the total numbers of RSUs available for grant under the RSU Scheme were 22,131,193 and 13,243,560, respectively.

3. The fair value of Awards granted on May 4, 2023, September 20, 2023 and November 1, 2023 as at the grant dates were HK$8.34 per share, HK$11.68 per share and HK$9.32 per share, respectively. 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 date of the Awards vested during the year 2023 was HK$8.96 per share.

5. The purchase price per share of RSUs was nil.

6. There were no performance targets for all the Awards granted for the year ended December 31, 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 year divided by the weighted average number of the Shares in issue during the year is 0.81%.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at December 31, 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[1]	Interest in controlled corporations	Long Position	19,277,225	1.68
	Beneficial owner	Long Position	12,405,539[2]	1.08
Mr. Wang Changtian[3]	Interest in controlled corporations	Long Position	471,465,845	41.11
Ms. Wang Jian	Beneficial owner	Long Position	450,000	0.04

Notes:

1. As at December 31, 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 options granted by the Company to Mr. Zheng Zhihao under the Post-IPO Share Option Scheme on January 19, 2021, entitling him to subscribe for 7,533,000 shares of our Company. As of December 31, 2023, Mr. Zheng Zhihao has not exercised any options.

3. As at December 31, 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 approximately 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, as at December 31, 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.

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

As at December 31, 2023, so far as the Directors or the chief executive of the Company were aware, 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	No. of Shares	Approximate percentage of the issued share capital of the Company (%)
Vibrant Wide Limited	Beneficial owner	Long position	277,979,625	24.24
Hong Kong Pictures International Limited	Beneficial owner	Long position	193,486,220	16.87
Inspired Elite Investments Limited[1]	Beneficial owner	Long position	82,693,975	7.21
Meituan[1]	Interest in a controlled corporation	Long position	82,693,975	7.21
Crown Holdings Asia Limited[1]	Interest in a controlled corporation	Long position	82,693,975	7.21
Songtao Limited[1]	Interest in a controlled corporation	Long position	82,693,975	7.21
TMF (Cayman) Ltd.[1]	Trustee	Long position	82,693,975	7.21
Wang Xing[1]	Interest in a controlled corporation	Long position	82,693,975	7.21
Image Flag Investment (HK) Limited[2]	Beneficial owner	Long position	157,169,260	13.71
Tencent[2]	Interest in a controlled corporation	Long position	157,169,260	13.71
Interstellar Investment Ltd.[3]	Beneficial owner	Long position	66,127,317	5.77
NottingHill Investment Ltd.[3]	Interest in a controlled corporation	Long position	66,127,317	5.77
FountainVest China Capital Partners Fund III, L.P.[3]	Interest in a controlled corporation	Long position	66,127,317	5.77
FountainVest China Capital Partners GP3 Ltd.[3]	Interest in a controlled corporation	Long position	66,127,317	5.77

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.

Save as disclosed above, as at December 31, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Employee Incentive Schemes" above, at no time during the year ended December 31, 2023 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or any of its holding companies or any of subsidiaries of its holding companies a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

So far as the Directors or the chief executive of the Company were aware, the Company did not have any controlling shareholder for the year ended December 31, 2023.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in Note 9 to the audited consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange has granted the Company a waiver from strict compliance with the requirements of Rule 8.08(1)(a) of the Listing Rules. Based on the information that is publicly available to the Company and to the best knowledge and information of the Directors, as at the date of this Annual Report, the number of Shares in public hands of the total issued share capital of the Company satisfies the minimum percentage prescribed in the conditions imposed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08(1) of the Listing Rules.

CONNECTED TRANSACTIONS

Details of our Group's continuing connected transactions during the Reporting Period are set out as follows:

I. Continuing Connected Transactions with the Enlight Media Group

Non-Exempt Continuing Connected Transactions

As Enlight Media is an associate of Mr. Wang Changtian who is a non-executive Director and a substantial Shareholder of the Company, the transactions with Enlight Media constitute connected transactions of the Company.

1. Enlight Movie and TV series Production Cooperation Framework Agreement

We renewed the movie and TV series production cooperation framework agreement with Enlight Media (for itself and on behalf of its subsidiaries (the "Enlight Media Group")) (the "Enlight Movie and TV series Production Cooperation Framework Agreement") on August 20, 2021, pursuant to which we and the Enlight Media Group agreed to cooperate with each other in the arrangements including but not limited to:

- Making joint investment in the production of movies and TV series.
- Forming joint ventures or other joint arrangements (whether as a partnership, a company or in any other form) in connection with or for the purpose of the investment in production of movies and TV series.

The term of the Enlight Movie and TV series Production Cooperation Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB165.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.0 million.

2. Enlight Movie and TV series Promotion and Distribution Framework Agreement

2(a). Provision of Movie and TV series Promotion and Distribution Services by Our Group to the Enlight Media Group

We renewed the a movie and TV series promotion and distribution framework agreement with Enlight Media (for itself and on behalf of its subsidiaries) (the "Enlight Movie and TV series Promotion and Distribution Framework Agreement") on August 20, 2021, pursuant to which our Group will provide movie and TV series promotion and distribution services to the Enlight Media Group, and service fees will be paid to us in respect of such services.

- **Movies and TV series promotion services**: we will plan and coordinate various marketing and promotional activities to optimize the performance of movies and TV series, including but not limited to, conducting marketing and publicity campaigns as well as organizing fans gatherings and road shows.

- **Movies and TV series distribution services**: we will coordinate the distribution of marketing materials to cinemas and TV stations, configure marketing strategies and release plans, monitor box office performance and market feedback of movies and TV series.

The term of the Enlight Movie and TV series Promotion and Distribution Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB101.2 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB47.9 million.

2(b). Provision of Movie and TV series Promotion and Distribution Services by the Enlight Media Group to Our Group

Pursuant to the Enlight Movie and TV series Promotion and Distribution Framework Agreement, the Enlight Media Group will also provide movie and TV series promotion and distribution services to our Group, and we will pay service fees to the Enlight Media Group. The principal terms are substantially the same as the terms on which we provide movie and TV series promotion and distribution services to the Enlight Media Group.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB44.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB11.3 million.

3. *Enlight Business Collaboration and Services Framework Agreement*

We renewed the business collaboration and services framework agreement with Enlight Media (for itself and on behalf of its subsidiaries) (the "Enlight Business Collaboration and Services Framework Agreement") on August 20, 2021, pursuant to which our Group and the Enlight Media Group will engage in the following collaboration from time to time.

- **Provision of prepaid card and voucher:** the Enlight Media Group will purchase prepaid card and voucher from us;

- **Provision of advertising services:** we will provide advertising services to the Enlight Media Group, and Enlight Media Group will pay service fees for such advertisement services;

- **Purchase of video display services:** the Enlight Media Group will display movies and videos which are legally owned by us or movies and videos which we have the right to display, on its platform as we request;

- **Purchase of media materials:** our Group will purchase certain media materials from the Enlight Media Group that will be used in our advertising business and publicity activities during the movie and TV series distribution and promotion process;

- **Purchase of other forms of advertisement resources:** our Group will purchase other forms of advertisement resources to be used in our advertising business and publicity activities from the Enlight Media Group. For example, we started to engage artists and other relevant personnel managed by the Enlight Media Group to attend our publicity activities since the second half of 2018.

The term of the Enlight Business Collaboration and Services Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction of provision by the Group of products and services to Enlight Media Group for the year ended December 31, 2023 was RMB17.6 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB1.1 million.

The annual cap for the connected transaction of provision by Enlight Media Group of products and services to the Group for the year ended December 31, 2023 was RMB1.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.02 million.

II. Continuing Connected Transactions with the Represented Tencent Group

Non-exempt continuing connected transactions

As Tencent is a substantial Shareholder of the Company, the transactions with the Represented Tencent Group constitute connected transactions of the Company.

4. Tencent Movie and TV series Promotion and Distribution Framework Agreement

4(a). Provision of movie and TV series promotion and distribution services by our Group to the Represented Tencent Group

We renewed the movie and TV series promotion and distribution framework agreement with Tencent Computer (for itself and on behalf of its group members, excluding China Literature Limited and its subsidiaries, and Tencent Music Entertainment Group and its subsidiaries, (the "Represented Tencent Group")) (the "Tencent Movie and TV series Promotion and Distribution Framework Agreement") on August 20, 2021, pursuant to which we will provide movie and TV series promotion and distribution services to the Represented Tencent Group, and service fees will be paid to us in respect of such services:

- **Movies and TV series promotion services**: we will plan and coordinate various marketing and promotional activities to optimize the performance of movies and TV series, including but not limited to, conducting marketing and publicity campaigns as well as organizing fans gatherings and road shows.

- **Movies and TV series distribution services**: we will coordinate the distribution of marketing materials to cinemas and TV stations, configure marketing strategies and release plans, monitor box office performance and market feedback of movies and TV series.

The term of the Tencent Movie and TV series Promotion and Distribution Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the provision of movie and TV series promotion and distribution services by the Group to the Represented Tencent Group for the year ended December 31, 2023 was RMB231.7 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB2.0 million.

4(b). Provision of Movie and TV Series Promotion and Distribution Services by the Represented Tencent Group to our Group

Pursuant to the Tencent Movie and TV series Promotion and Distribution Framework Agreement, the Represented Tencent Group will also provide movie and TV series promotion and distribution services to our Group, and we will pay service fees to the Represented Tencent Group. The principal terms are substantially the same as the terms on which the Group provides movie and TV series promotion and distribution services to the Represented Tencent Group.

The annual cap for the connected transaction for the provision of movie and TV series promotion and distribution services by the Represented Tencent Group to the Group for the year ended December 31, 2023 was RMB60.0 million, and the actual transaction amount for the year ended December 31,2023 was approximately RMB2.7 million.

5. ***Payment Services Cooperation Framework Agreement***

We renewed the payment services cooperation framework agreement (the "Payment Services Cooperation Framework Agreement") with Tencent Computer (for itself and on behalf of the Represented Tencent Group) on August 20, 2021, pursuant to which the Represented Tencent Group will provide us with payment services through its payment channels so as to enable our users to conduct online transactions and we will pay service commissions to the Represented Tencent Group in respect of such services.

The term of the Payment Services Cooperation Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB110.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB91.7 million.

6. ***Cloud Services and Technical Services Framework Agreement***

We renewed the cloud services and technical services framework agreement (the "Cloud Services and Technical Services Framework Agreement") with Tencent Computer (for itself and on behalf of the Represented Tencent Group) on August 20, 2021, pursuant to which the Represented Tencent Group will provide cloud services and other technical services to us for service fees. Cloud services and other technical services include but not limited to provision of cloud services, cloud storage, technical support related to cloud services, and domain name resolution services.

The term of the Cloud Services and Technical Services Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB60.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB44.8 million.

7. ***Tencent Business Collaboration and Services Framework Agreement***

We renewed the business collaboration and services framework agreement with Tencent Computer (for itself and on behalf of the Represented Tencent Group) (the "Tencent Business Collaboration and Services Framework Agreement") on August 20, 2021, pursuant to which our Group and the Represented Tencent Group will engage in the following collaboration from time to time.

- **Provision of prepaid card and voucher:** the Represented Tencent Group will purchase prepaid card and voucher from us;

- **Licensing of broadcasting rights:** our Group will license the broadcasting rights of entertainment content, including movies, concerts, shows and events, to the Represented Tencent Group for a licensing fee;

- **Provision of advertising services:** we will provide advertising services to the Represented Tencent Group, and the Represented Tencent Group will pay service fees for such advertisement services;

- **Provision of online entertainment event ticketing services:** our Group will provide online ticketing services to the Represented Tencent Group for service fees;

- **Purchase of advertising services:** the Represented Tencent Group will provide advertising services to us for service fees;

- **Purchase of other forms of advertisement resources:** our Group will purchase other forms of advertisement resources to be used in our advertising business and publicity activities from the Represented Tencent Group. For example, we will engage artists managed by the Represented Tencent Group to attend our publicity activities.

The term of the Tencent Business Collaboration and Services Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction of provision by the Group of products and services to the Represented Tencent Group for the year ended December 31, 2023 was RMB62.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB4.4 million.

The annual cap for the connected transaction of provision by the Represented Tencent Group of products and services to the Group for the year ended December 31, 2023 was RMB1.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.4 million.

8. ***Tencent Entertainment Content Production Cooperation Framework Agreement***

We renewed the entertainment content production cooperation framework agreement with Tencent Computer (for itself and on behalf of the Represented Tencent Group) (the "Tencent Entertainment Content Production Cooperation Framework Agreement") on August 20, 2021, pursuant to which our Company (for itself and on behalf of our subsidiaries) and the Represented Tencent Group agreed to cooperate with each other in the joint arrangements including but not limited to:

- Making joint investment in the production of several types and formats of entertainment content, including but not limited to, movies, TV series, concerts and live shows.

- Forming joint ventures or other joint arrangements (whether as a partnership, a company or in any other form) in connection with or for the purpose of the joint investment in the production of several types of entertainment content mentioned above.

The term of the Tencent Entertainment Content Cooperation Framework Agreement is from January 1, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB364.0 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.0 million.

9. ***Tencent Marketing Promotion Framework Agreement:***

We entered into the marketing promotion framework agreement with Tencent Computer (for itself and on behalf of the Represented Tencent Group) ("Tencent Marketing Promotion Framework Agreement") on February 14, 2023, pursuant to which, the Represented Tencent Group will provide to us traffic support and ancillary technical support service by, including but not limited to, authorizing the Company to utilize the Represented Tencent Group's products, channels, software and intellectual property rights.

The term of the Tencent Marketing Promotion Framework Agreement is from February 14, 2023 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

From February 14, 2023 to December 31, 2023, the annual cap for the connected transaction in respect of the traffic support and ancillary technical support service provided by Tencent Group to the Group was RMB110.0 million, and the actual transaction amount for February 14, 2023 to December 31, 2023 was approximately RMB87.3 million.

III. Continuing Connected Transaction with China Literature Group

Non-exempt continuing connected transaction

As China Literature is a subsidiary of Tencent, the transaction with China Literature Group constitute connected transactions of the Company.

10. China Literature Entertainment Content Investment and Production Cooperation Framework Agreement

On August 18, 2022, we and Shanghai Yueting (for itself and on behalf of China Literature Group) entered into the Entertainment Content Investment and Production Cooperation Framework Agreement (the "China Literature Entertainment Content Investment and Production Cooperation Framework Agreement"), pursuant to which the Company (for itself and on behalf of our subsidiaries) and China Literature Group agreed to cooperate with each other in the joint investment for the production of movies.

The term of the China Literature Entertainment Content Investment and Production Cooperation Framework Agreement is from August 18, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for this connected transaction for the year ended December 31, 2023 was RMB381.0 million and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.0 million.

11. China Literature Movies Promotion and Distribution Framework Agreement

11(a). Provision of Movies Promotion and Distribution Services by our Group to China Literature Group

On August 18, 2022, we and Shanghai Yueting (for itself and on behalf of China Literature Group) entered into the Movies Promotion and Distribution Framework Agreement (the "China Literature Movies Promotion and Distribution Framework Agreement"), pursuant to which we will provide movies promotion and distribution services to China Literature Group:

- **Movies promotion services**: the Group will plan and coordinate various online or offline marketing and promotional activities, including but not limited to conducting movies marketing and publicity campaigns, such as organizing fans gatherings and road shows;

- **Movies distribution services**: the Group will coordinate the distribution of marketing materials, configure marketing strategies and release plans, negotiate with cinemas and cinema managers regarding release schedule, and monitor box office performance and market feedback of movies.

The term of the China Literature Movies Promotion and Distribution Framework Agreement is from August 18, 2022 to December 31, 2024, subject to renewal upon the mutual agreement of both parties.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB214.5 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.0 million.

11(b). Provision of Movies Promotion and Distribution Services by China Literature Group to our Group

Pursuant to the China Literature Movies Promotion and Distribution Framework Agreement, the China Literature Group will also provide movie and TV series promotion and distribution services to our Group:

- **Movies promotion services**: China Literature Group will plan and coordinate various online or offline marketing and promotional activities, including but not limited to conducting movies marketing and publicity campaigns, such as organizing fans gatherings and road shows;

- **Movies distribution services:** China Literature Group will coordinate the distribution of marketing materials, configure marketing strategies and release plans, negotiate with cinemas and cinema managers regarding release schedule, and monitor box office performance and market feedback of movies.

The annual cap for the connected transaction for the year ended December 31, 2023 was RMB18.8 million, and the actual transaction amount for the year ended December 31, 2023 was approximately RMB0.0 million.

ANNUAL REVIEW BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND THE AUDITOR

The independent non-executive Directors reviewed the aforesaid continuing connected transactions, and confirmed that these continuing connected transactions:

(a) were entered into in the ordinary and usual course of business of the Group;

(b) were either on normal commercial terms or better; and

(c) were conducted in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The auditor of the Company performed certain agreed-upon procedures regarding the continuing connected transactions entered into by the Group during the year ended December 31, 2023, in accordance with the Hong Kong Standard on Assurance Engagement 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA, as set out above and confirms that:

(a) Nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

(b) For transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(c) Nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(d) With respect to the aggregate amount of each of the continuing connected transactions (other than those transactions with Consolidated Affiliated Entities) set out in the attached list of continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company; and

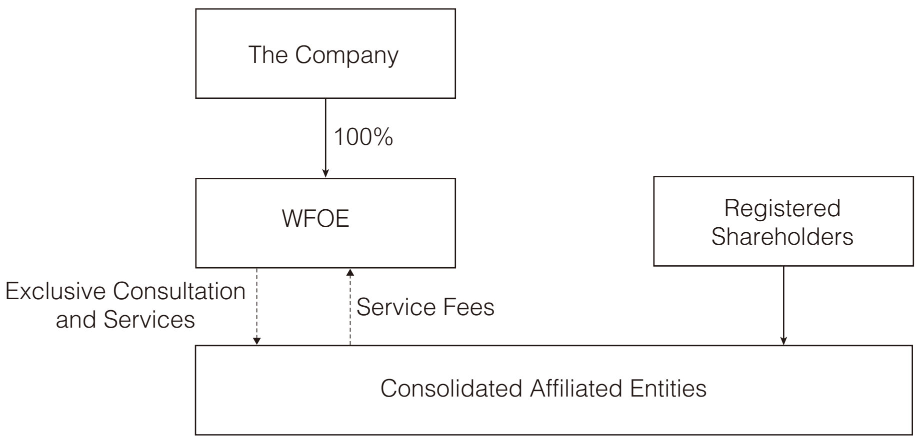
(e) With respect of the disclosed continuing connected transactions with Consolidated Affiliated Entities under the contractual arrangements, nothing has come to their attention that causes the auditor to believe that dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of the equity interests of Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

Saved as disclosed in this annual report, none of the related party transactions as disclosed in note 32 to the audited consolidated financial statements constituted as connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

CONTRACTUAL ARRANGEMENTS

Due to regulatory restrictions on foreign ownership in Relevant Businesses in the PRC, we conduct a portion of our business through our Consolidated Affiliated Entities in the PRC. We do not hold any equity interests in our Consolidated Affiliated Entities which are held by Enlight Holdings, Enlight Media, Shanghai Sankuai Technology, Weying Culture and Linzhi Lixin and Historical ESOP Platforms. The Contractual Arrangements enable us to (i) receive substantially all of the economic benefit from our Consolidated Affiliated Entities in consideration for the services provided by Maoyan Technology to the Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests in Consolidated Affiliated Entities when and to the extent permitted by PRC laws.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements as at December 31, 2023:



"⟶" denotes direct legal and beneficial ownership in the equity interest.

"- - - - - - - - ->" denotes contractual relationship.

SUMMARY OF MAJOR TERMS UNDER THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Consultation and Service Agreement

Pursuant to the amended and restated exclusive consultation and service agreement dated August 9, 2018 between Tianjin Maoyan Weying and the WFOE (the "Exclusive Consultation and Service Agreement"), Tianjin Maoyan Weying agreed to engage the WFOE as its exclusive provider of technical support, consultation and other services, including the following services:

- providing information consultation services in respect of the Consolidated Affiliated Entities' business;
- providing business management consultation;
- providing technical support and professional training services to relevant staff of the Consolidated Affiliated Entities;
- providing order management and customer services;
- providing marketing and promotion services;
- assisting Consolidated Affiliated Entities in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under PRC laws);
- design, development, maintenance and updating of software in respect of the Consolidated Affiliated Entities' business;
- license and authorization of use of the software, trademarks, domain names and various other types of intellectual properties owned by the WFOE;
- design, installation, daily management, maintenance and updating of network systems, hardware and database;

- maintenance of the local area network of the Consolidated Affiliated Entities' business and anti-virus and security management of the network of the Consolidated Affiliated Entities' business;

- assisting Consolidated Affiliated Entities for transfer, leasing and disposal of equipment and properties;

- providing on-site services upon request from the Consolidated Affiliated Entities, arranging engineers to provide on-site assistance for conferences and other relevant technical support and consultation services; and

- other relevant services requested by the Consolidated Affiliated Entities from time to time to the extent permitted under PRC laws.

Under the Exclusive Consultation and Service Agreement, the service fee shall consist of 100% of the total consolidated profit of the Consolidated Affiliated Entities, after deduction of any accumulated deficit of the Consolidated Affiliated Entities in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, the WFOE may adjust the scope and amount of service fees according to PRC tax law and tax practices, and Tianjin Maoyan Weying will accept such adjustments. The WFOE shall calculate the service fees on a monthly basis and issue a corresponding invoice to Tianjin Maoyan Weying. Tianjin Maoyan Weying shall make payment to the bank account designated by the WFOE within 10 days upon receipt of the invoice and send payment certificates to the WFOE.

In addition, absent the prior written consent of the WFOE, during the term of the Exclusive Consultation and Service Agreement, with respect to the services subject to the Exclusive Consultation and Service Agreement and other matters, the Consolidated Affiliated Entities shall not directly or indirectly accept the same or any similar services provided by any third party, establish cooperation relationships similar to that formed by the Exclusive Consultation and Service Agreement with any third party, or in its own initiative perform any acts which might affect the confidentiality of the technology and secrets involved in the service provided by the WFOE or the effectiveness and efficiency of the technical supports or allow any third party to do the same. The WFOE may appoint other parties, who may enter into certain agreements with the Consolidated Affiliated Entities, to provide the Consolidated Affiliated Entities with the services under the Exclusive Consultation and Service Agreement.

The Exclusive Consultation and Service Agreement also provide that the WFOE has the exclusive proprietary rights to and relevant interests in any and all intellectual property rights developed or created by the Consolidated Affiliated Entities during the performance of the Exclusive Consultation and Service Agreement.

The validity period of the Exclusive Consultation and Service Agreement shall start from the execution date and it shall remain effective for 20 years unless terminated (a) by agreement between the WFOE and Tianjin Maoyan Weying; or (b) by a written notice from the WFOE at least 30 days before termination. Tianjin Maoyan Weying is not entitled to unilaterally terminate the agreement. Upon expiration of the agreement and if the WFOE intends to extend it, Tianjin Maoyan Weying shall accept the extension without conditions.

Exclusive Option Agreement

Pursuant to the amended and restated exclusive equity transfer option agreement dated August 9, 2018 among Tianjin Maoyan Weying, the WFOE and the Registered Shareholders (the "Exclusive Option Agreement"), the WFOE has been granted an irrevocable, unconditional and exclusive right to require the Registered Shareholders to transfer any or all their equity interests in Tianjin Maoyan Weying to the WFOE and/or a third party designated by it, in whole or in part at any time and from time to time. Tianjin Maoyan Weying and the Registered Shareholders, among other things, have covenanted that:

- without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the constitutional documents of the Consolidated Affiliated Entities, increase or decrease their registered capital, or change the structure of their registered capital in other manner;

- they shall maintain the Consolidated Affiliated Entities' corporate existence in accordance with good financial and business standards and practices, obtain and maintain all necessary government licenses and permits by prudently and effectively operating their business and handling their affairs;

- without the prior written consent of the WFOE, they shall not and shall procure its subsidiaries not, at any time following the date when the Exclusive Option Agreement came into effect sell, transfer, pledge or dispose of in any manner any assets of more than RMB5,000,000, business, operation rights or legitimate interest in the income of Tianjin Maoyan Weying;

- without the prior written consent of the WFOE, the Consolidated Affiliated Entities shall not incur, inherit, guarantee or assume any debt, except for payables incurred in the ordinary course of business not generated from loans;

- the Consolidated Affiliated Entities shall always operate all of their businesses during the ordinary course of business to maintain their asset value and refrain from any action/omission that may adversely affect their operating status and asset value;

- without the prior written consent of the WFOE, they shall not cause the Consolidated Affiliated Entities to execute any material contract with a value of more than RMB5,000,000, except the contracts executed in the ordinary course of business;

- without the prior written consent of the WFOE, they shall not cause the Consolidated Affiliated Entities to provide any person with any loan or credit, or guarantee for any third-party debt;

- they shall provide the WFOE with information on the Consolidated Affiliated Entities' business operations and financial condition at the request of the WFOE;

- if requested by the WFOE, they shall procure and maintain insurance in respect of the Consolidated Affiliated Entities' assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses;

- without the prior written consent of the WFOE, they shall not cause or permit the Consolidated Affiliated Entities to merge, consolidate with, acquire or invest in any person;

- they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the Consolidated Affiliated Entities' assets, business or revenue, as well as any circumstances which may adversely affect the Consolidated Affiliated Entities' existence, business operation, financial situation, assets or goodwill;

- to maintain the ownership by the Consolidated Affiliated Entities of all of their assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

- without the prior written consent of the WFOE, the Consolidated Affiliated Entities shall not in any manner distribute profits or dividends to their shareholders, provided that upon the request of the WFOE, the Consolidated Affiliated Entities shall immediately distribute all distributable profits to their shareholders;

- at the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors, supervisors and senior management of the Consolidated Affiliated Entities, replace or remove the directors, supervisors and senior management of the Consolidated Affiliated Entities, and go through all relevant resolution procedures and filings;

- without the written consent of the WFOE, the Consolidated Affiliated Entities shall not engage in any business in competition with the WFOE or its affiliates;

- unless otherwise mandatorily required by PRC laws, the Consolidated Affiliated Entities shall not be dissolved or liquidated without prior written consent by the WFOE;

- if the exercise of the rights by the WFOE is obstructed due to the Consolidated Affiliated Entities' or any of their shareholders' non-compliance of their tax duties under applicable laws, the WFOE shall have the right to require them to fulfill such tax duties;

- in the event of bankruptcy, dissolution, liquidation, death or loss of legal capacity (if applicable) of any of Consolidated Affiliated Entities' shareholders, or other circumstances that may affect the Consolidated Affiliated Entities' equity interests, any successor of an existing shareholder shall be deemed to be a party to the Exclusive Option Agreement. The Consolidated Affiliated Entities shall, on or before the day of signing this agreement to make everything properly arranged and signed in order to ensure the documentations, in the event of bankruptcy, dissolution, liquidation, death, incapacity or divorce (if applicable) and any circumstance of their shareholders, will not affect or hinder the fulfillment of the Exclusive Option Agreement. The Exclusive Option Agreement and other contractual arrangements shall prevail any form of agreements relating to disposition of interests in the Consolidated Affiliated Entity unless prior written consent from the WFOE is obtained;

- without the prior written consent of the WFOE, the Consolidated Affiliated Entities will not and shall not assist or permit their shareholders to transfer or otherwise dispose of any option equity or to establish any security interest or other third-party rights on any option equity; and

- if signing and performance of the Exclusive Option Agreement and the stock transfer options granted under the Exclusive Option Agreement shall require any third party's consent, permission, waiver, authorization or any governmental agency's approval, license, immunity, registration or filing in accordance with the law, the Consolidated Affiliated Entities shall make every endeavour to help satisfy the above conditions.

In addition, the Registered Shareholders, among other things, have covenanted that:

- without the written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in Tianjin Maoyan Weying, or allow the encumbrance thereon of any security interest, except for the Equity Pledge Agreement and the interests prescribed in the Proxy Agreement;

- for each exercise of the equity purchase option, they shall cause the shareholders' meeting and/or the board of directors of Tianjin Maoyan Weying to vote on the approval of the transfer of equity interests and any other action requested by the WFOE;

- Registered Shareholders whose equity interest has not been transferred shall relinquish the pre-emptive right (if any) it is entitled to in relation to the transfer of equity interest by any other shareholders to the WFOE and/or any entity or individual appointed by the WFOE pursuant to Exclusive Option Agreement;

- without the written consent of the WFOE, each of the Registered Shareholders shall not request Tianjin Maoyan Weying to distribute dividends or profits in any form, propose resolutions in relation to this at a general meeting, or vote to pass such resolutions. In any event, unless decided otherwise by the WFOE, if any Registered Shareholder receives corporate income, profits or dividends from Tianjin Maoyan Weying, they shall pay or transfer the received income, profits, dividends to the WFOE or any party designated by the WFOE to the extent allowed by the PRC laws; and

- Registered Shareholders shall also strictly comply with the provisions of the Exclusive Option Agreement between Registered Shareholders, the Consolidated Affiliated Entities and the WFOE, and shall faithfully perform the obligations under such agreements and shall not conduct any act and/or omission which shall affect the validity and enforceability of such agreements. If any Registered Shareholder retains any rights on the equities as in the Equity Pledge Agreement or the Proxy Agreement, it shall not exercise such rights unless instructed in writing by the WFOE.

The validity period of the Exclusive Option Agreement shall start from the execution date and it shall remain effective unless terminated if the entire equity interests held by the Registered Shareholders or their successors or the transferees in Tianjin Maoyan Weying have been transferred to the WFOE or their appointee(s).

Equity Pledge Agreement

Pursuant to the amended and restated equity pledge agreement dated August 9, 2018 entered into among the WFOE, Tianjin Maoyan Weying and each of the Registered Shareholders (the "Equity Pledge Agreement"), the Registered Shareholders agreed to pledge all their respective equity interests in Tianjin Maoyan Weying that they own, including any interest or dividend paid for the shares, to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of Tianjin Maoyan Weying takes effect upon the completion of change of registration with the relevant administration for industry and commerce and shall remain valid until after all the contractual obligations of the Registered Shareholders and Tianjin Maoyan Weying under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the Registered Shareholders and Tianjin Maoyan Weying under the relevant Contractual Arrangements have been fully paid.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreement), unless such default is cured within twenty days following the Registered Shareholders or Tianjin Maoyan Weying's receipt of the written notice which requests for the cure of such default, the WFOE shall have the right to exercise all such rights as a secured party under any applicable PRC law and the Equity Pledge Agreement, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the Registered Shareholders.

The equity pledge registrations under the Equity Pledge Agreement as required by the relevant laws and regulations have been completed in accordance with the Equity Pledge Agreement and PRC laws and regulations.

Proxy Agreement

Pursuant to the amended and restated proxy agreement dated August 9, 2018 entered into among the WFOE, Tianjin Maoyan Weying and the Registered Shareholders (collectively, the "Proxy Agreement"), pursuant to which, each of the Registered Shareholders irrevocably and exclusively appointed the persons designated by the WFOE (including but not limited to Directors of the WFOE's parent company, Maoyan Entertainment, and their successors and liquidators replacing the Directors but excluding those who are non-independent or who may give rise to conflict of interests) as its attorneys-in-fact to exercise on its behalf, any and all right that it has in respect of its equity interests in Tianjin Maoyan Weying, including without limitation:

- to propose to convene and to attend shareholders' meetings of Tianjin Maoyan Weying and to execute any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;

- to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of Tianjin Maoyan Weying, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in Tianjin Maoyan Weying;

- to nominate, elect, appoint or remove the legal representatives, directors, supervisors, general manager, chief financial officer and other senior management of Tianjin Maoyan Weying;

- to supervise business performance, approve annual budget, declare dividends, and consult financial information of Tianjin Maoyan Weying;

- to permit Tianjin Maoyan Weying to submit any registration documents to relevant governmental authorities and to file documents with company registry;

- to exercise voting rights on behalf of the shareholders on liquidation of Tianjin Maoyan Weying;

- If the act of directors and/or senior management harms the interests of Tianjin Maoyan Weying or its shareholders, to file a shareholder action against such directors and/or senior management or to take other legal actions;

- to approve amendments on the articles of association; and

- to exercise any other rights granted to shareholders pursuant to Tianjin Maoyan Weying's articles of association or relevant laws and regulations.

On June 30, 2019, NDRC and the MOFCOM issued Order No.25, and promulgated the Special Administrative Measures for Access of Foreign Investment (Negative List) (the "Negative List (2019)") (2019 Edition, which came into force from July 30, 2019). As advised by our PRC legal advisor, the Negative List (2019) has cancelled foreign investment restrictions for the performance brokerage business, and according to our communication with the competent culture department of Tianjin, it began to accept applications for performance brokerage licenses for wholly foreign-owned enterprises at the end of 2019. Based on this, the performance brokerage business of Maoyan Live JV, our Consolidated Affiliated Entity, is no longer subject to the limit of not more than 50% foreign investment at the time of its establishment. Accordingly, after seeking the advice of our PRC legal advisor, WFOE has established its wholly-owned subsidiaries, namely Tianjin Maoyan Entertainment Culture Co., Ltd. and Shanghai Maoyan Entertainment Culture Co., Ltd. and will apply for a commercial performance license in accordance with the law and take all internal performance business in the group upon meet legal qualifications. Subject to the progress in the implementation of government policies and the COVID-19 pandemic, the application was delayed and these subsidiaries are using their reasonable commercial efforts to obtain the commercial performance license. After the transfer of the performance brokerage business, Maoyan Live JV and its subsidiaries will gradually cease operations until it is deregistered.

For the year ended December 31, 2023, save for the release of the Special Administration Measures for Access of Foreign Investment (Negative List) (2021 Edition) (the "Negative List (2021)"), which was issued on December 27, 2021 and came into force from January 1, 2022 and replaced the aforesaid Negative List (2019) and the Company has therefore taken active measures, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2023, we had not encountered interference or encumbrance from any PRC governing bodies in operating our businesses through our Consolidated Affiliated Entities under the Contractual Arrangements.

The revenue of the Consolidated Affiliated Entities amounted to RMB2,312 million for the year ended December 31, 2023, representing a increase of 128.0% from RMB1,014 million for the year ended December 31, 2022. As of December 31, 2023, the total assets of the Consolidated Affiliated Entities amounted to RMB8,480 million, representing approximately 67.6% of the total assets of our Group.

Reasons for Adopting the Contractual Arrangements

Foreign investment activities in the PRC are mainly governed by the Catalogue of Encouraged Industries for Foreign Investment (2022 Edition) (the "Catalogue", which has replaced the Catalogue of Encouraged Industries for Foreign Investment (2020 Edition)) and the Negative List (2021), which have been promulgated and amended from time to time jointly by the MOFCOM and the NDRC. The Catalogue and the Negative List (2021) divide industries into four categories in terms of foreign investment, namely, "encouraged", "restricted", "prohibited" and "permitted" (the last category of which includes all industries not listed under the "encouraged", "restricted" and "prohibited" categories).

As advised by our PRC legal advisor, our (i) value-added telecommunication services business; (ii) movie distribution; and (iii) radio and television program production conducted by our Consolidated Affiliated Entities are subject to foreign investment restriction or prohibition in accordance with the Catalogue and the Negative List (2021).

In order to maintain our business operations in compliance with the applicable PRC laws and regulations, the Company, as a foreign investor under the current regulatory regime, has adopted the Contractual Arrangements, which allow the Company to exercise control over the business operation of our Consolidated Affiliated Entities and enjoy all the economic interests derived therefrom.

For details of the foreign investment restrictions relating to the Contractual Arrangements, please refer to the sections headed "Contractual Arrangements – PRC Regulatory Background" and "Contractual Arrangements – Qualification Requirements under the FITE Regulations" on pages 270 to 275, and the section headed "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment" on pages 291 to 295 of the Prospectus.

Risks Relating to the Contractual Arrangements

The Company believes the following risks are associated with the Contractual Arrangements:

- If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretation change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of our interest in our Consolidated Affiliated Entities.

- Our contractual arrangements may not be as effective in providing operational control as direct ownership. Tianjin Maoyan Weying or its shareholders may fail to perform their obligations under our contractual arrangements.

- We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entities that are material to our business operations if our Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.

- The shareholders and directors of Tianjin Maoyan Weying may have conflicts of interest with us, which may materially and adversely affect our business.

- If we exercise the option to acquire equity ownership or assets of Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

- Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our profit and the value of the Shareholders' investment.

Further details of these risks are set out in the section headed "Risk Factors – Risks Relating to Our Contractual Arrangement" on pages 59 to 65 of the Prospectus.

The Foreign Investment Law

The Foreign Investment Law (外商投資法) (the "FIL") promulgated by the National People's Congress on March 15, 2019 and Implementation Regulations for Foreign Investment Law promulgated by the State Council of China on December 26, 2019 (the "Implementation Regulations for FIL") have taken effect on January 1, 2020. The FIL replaces the existing laws regulating foreign investments in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law. The FIL and Implementation Regulations for FIL embody an expected regulatory trend in PRC to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL and Implementation Regulations for FIL do not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including "actual control" and "controlling through contractual arrangements" nor does it specify the regulation on controlling through contractual arrangements. Furthermore, the FIL and Implementation Regulations for FIL do not specifically stipulate rules on the Relevant Businesses. Instead, the FIL and Implementation Regulations for FIL stipulate that "foreign investors invest in PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council". In addition, the FIL and Implementation Regulations for FIL do not specify what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens. Therefore, as advised by our PRC legal advisor, our Contractual Arrangements are currently not affected by the FIL and Implementation Regulations for FIL.

Nevertheless, there are possibilities that future laws, administrative regulations or provisions of the State Council of PRC may stipulate contractual arrangements as a way of foreign investments, and then whether our Contractual Arrangements will be recognized as foreign investments, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be dealt with are uncertain.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(2) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(3) our Company will disclose the overall performance of and compliance with the Contractual Arrangements in our annual reports; and

(4) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and review the legal compliance of our WFOE and Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

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 annual report, 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.

WAIVERS GRANTED BY THE STOCK EXCHANGE

In respect of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Rules 14A.04 and 14A.105 of the Listing Rules; and(ii)the requirement of setting an annual cap for the transaction under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, for so long as our Share are listed on the Stock Exchange, subject to the certain conditions as disclosed on pages 253 to 256 of the Prospectus.

Confirmation from Independent Non-executive Directors

The Company's independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(i) the transactions carried out during the year ended December 31, 2023 have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended December 31, 2023; and

(iii) any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended December 31, 2023 are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

Directors' Report

Confirmations from the Auditor

The Auditor has confirmed in a letter to the Board that, with respect to the aforesaid Contractual Arrangements:

(i) nothing has come to their attention that causes the Auditor to believe that those transactions under the Contractual Arrangements have not been approved by the Board;

(ii) nothing has come to their attention that causes the Auditor to believe that those transactions under the Contractual Arrangements were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) nothing has come to their attention that causes the Auditor to believe that dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of the equity interests of Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the Board the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2023.

AUDITOR

The financial statements of the Group for the year ended December 31, 2023 have been audited by PricewaterhouseCoopers, auditor of the Company, who shall retire and, being eligible, have offered itself for re-appointment as auditor at the AGM. The Company has not changed auditor during any of the past three years.

A resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorize the Board to re-authorize the executive Director or the management to fix the remuneration of auditor.

By order of the Board
Maoyan Entertainment
Zheng Zhihao
Executive Director
Hong Kong, March 21, 2024

Corporate Governance Report

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 considered that the Company had complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period. Unless otherwise stated, reference of the code provisions made in this corporate governance report in relation to the Corporate Governance Code is referred to the provisions contained in the Appendix C1 to the Listing Rules in force during the year ended December 31, 2023.

COMPLIANCE WITH THE 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.

CORPORATE CULTURE

The Company promotes the values of "integrity, excellence, cooperation, and happiness", serving as the tenet of advancing our sustainability development and proactive progress. By adopting a number of policies and measures to promote the integration of corporate values into our business operations, including but not limited to promoting the cultural atmosphere of equality and win-win, the Company continues to deepen its service capabilities, strengthen infrastructure construction, and provide diversified services, creating more value for the industry. By doing so, we expect to become a brand trusted by users and partners in the market.

THE BOARD OF DIRECTORS

Board composition

The Board currently comprises one executive Director, six non-executive Directors and four independent non-executive Directors. The composition of the Board during the Reporting Period and as of the date of this Annual Report is set out as follows:

Executive Director

Mr. Zheng Zhihao *(Chief Executive Officer)*

Non-Executive Directors

Mr. Wang Changtian[1] *(Chairman)*
Ms. Li Xiaoping
Ms. Wang Jian[2]
Mr. Sun Zhonghuai
Mr. Chen Shaohui
Mr. Lin Ning (resigned on March 23, 2023)
Mr. Tang Lichun

Independent Non-Executive Directors

Mr. Wang Hua
Mr. Chan Charles Sheung Wai
Mr. Yin Hong
Ms. Liu Lin

Notes:

1. Mr. Wang Changtian is the brother of Ms. Wang Jian.

2. Ms. Wang Jian is the sister of Mr. Wang Changtian.

The biographical details of the Directors are set out in the section headed "Profiles of Directors and Senior Management" in this Annual Report.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, and independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his or her independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Chairman and Chief Executive Officer

The positions of the chairman of the Board ("Chairman") and the chief executive officer ("Chief Executive Officer") of the Company are held separately. The role of Chairman is held by Mr. Wang Changtian, and the role of Chief Executive Officer is held by Mr. Zheng Zhihao. The Chairman is responsible for chairing the general meetings and board meetings of the Company, making decision on and guiding the Company for the significant matters in respect of the Company's external affairs and financial planning and the Company's important business activities. The Chief Executive Officer is responsible for operating management and the daily management of Company's business, making decision on the Company's major plan and development and investment proposals, and leading and managing the Company's business with the delegated power.

The division of responsibilities between the Chairman and the Chief Executive Officer is defined and established in writing.

Board Meetings, Board Committees Meetings and General Meetings

The attendance record of each director at the board meetings, general meetings and board committee meetings held during the Reporting Period is set out in the table below:

	Number of meetings attended/held[1]				
Name of directors	**Board meeting**	**General meeting**	**Audit committee**	**Nomination committee**	**Remuneration committee**
Executive Director					
Mr. Zheng Zhihao	7/7	1/1	N/A	1/1	2/2
Non-executive Directors					
Mr. Wang Changtian	7/7	1/1	N/A	N/A	N/A
Ms. Li Xiaoping	7/7	1/1	N/A	N/A	N/A
Ms. Wang Jian	7/7	1/1	N/A	N/A	N/A
Mr. Sun Zhonghuai[2]	5/7	0/1	N/A	N/A	N/A
Mr. Chen Shaohui[3]	4/7	0/1	N/A	N/A	N/A
Mr. Lin Ning (resigned on March 23, 2023)	2/3	N/A	N/A	N/A	N/A
Mr. Tang Lichun	7/7	1/1	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Wang Hua	6/7	1/1	2/3	1/1	2/2
Mr. Chan Charles Sheung Wai	7/7	1/1	3/3	1/1	N/A
Mr. Yin Hong	7/7	0/1	N/A	N/A	N/A
Ms. Liu Lin	6/7	0/1	3/3	N/A	2/2

Notes:

1. Excluding the number of meetings attended by the appointed representatives.
2. Due to business engagement, Mr. Sun Zhonghuai appointed an representative to attend two meetings.
3. Due to business engagement, Mr. Chen Shaohui appointed an representative to attend three meetings.

During the Reporting Period, the Company held 7 board meetings, and the chairman held one meeting with the independent non-executive Directors without the presence of other Directors.

The 2023 annual general meeting of the Company was held at No. 3 Building, Yonghe Hangxing Garden, No. 11 Hepingli East Street, Dongcheng District, Beijing, the PRC on June 28, 2023, considered and approved the resolutions regarding audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors of the Company and auditor for the year ended December 31, 2022, re-election of retiring directors and authorizing the Board to fix remuneration of the Directors, re-appointment of PricewaterhouseCoopers as the auditor of the Company and authorizing the Board to delegate the executive Director or the management of the Company to fix the remuneration of the auditor, granting of general mandates to issue new shares and to repurchase shares, approval and adoption of the RSU Scheme with the amended terms, approval and adoption of the Post-IPO Share Option with the amended terms, and approval of the proposed amendments to the existing amended and restated memorandum and articles of association of the Company and adoption of the second amended and restated memorandum and articles of association of the Company.

Appointment, Re-election and Removal of Directors

Each of the Directors (including the non-executive Directors and independent non-executive Directors) has entered into a service contract or appointment letter with the Company. Terms of the Directors are set out in the section headed "Directors' Report – Directors' Service Contracts" of this Annual Report.

In accordance with the Articles of Association, all Directors appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with Article 109(a) of the Articles of Association, Mr. Wang Changtian, Ms. Wang Jian, Mr. Chan Charles Sheung Wai and Mr. Yin Hong shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The reporting responsibilities of the Company's external auditor on the financial statements of the Group are set out in the section headed "Independent Auditor's Report" in this Annual Report.

Responsibilities of and Delegation by the Board

The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports at the general meetings, implementing the resolutions passed at the general meetings, determining the operational plans and investment plans of the Group, determining the annual financial budgets and final accounts of the Group, determining the fundamental management systems of the Group, formulating profit distribution plans and loss recovery plans of the Group, and exercising other powers and functions as conferred by the Articles of Association.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation of the Group and management of the Company are delegated to the management of the Company.

The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or the management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

Continuous Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period, the internal audit and inspection department of the Company provided online training to the Directors, including, among others, Director's management on ESG and integrity construction as well as other matters.

Directors	Attending training session	Reading regulatory materials
Executive Director		
Mr. Zheng Zhihao	✔	✔
Non-executive Directors		
Mr. Wang Changtian	✔	✔
Ms. Li Xiaoping	✔	✔
Ms. Wang Jian	✔	✔
Mr. Sun Zhonghuai	✔	✔
Mr. Chen Shaohui	✔	✔
Mr. Lin Ning (resigned on March 23, 2023)	N/A	N/A
Mr. Tang Lichun	✔	✔
Independent Non-executive Directors		
Mr. Wang Hua	✔	✔
Mr. Chan Charles Sheung Wai	✔	✔
Mr. Yin Hong	✔	✔
Ms. Liu Lin	✔	✔

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

– to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

– to review and monitor the training and continuous professional development of Directors and senior management;

– to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

– to review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report under the Listing Rules.

The Board has reviewed the policies and practices on corporate governance and this corporate governance report.

BOARD COMMITTEES

The Company has established three Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Audit Committee 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 terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are as follows:

1. to review significant financial policies of the Company and their implementation, and supervise the financial activities of the Company;

2. to review the financial information and relevant disclosures of the Company;

3. to consider and approve the risk management and internal control evaluation proposal of the Company, and supervise and evaluate the risk management and internal control of the Company;

4. to consider and approve the audit budget, remuneration of staff and appointment and dismissal of major officers of the Company, supervise and evaluate the work of internal audit of the Company and formulate the medium- to long-term audit plan, annual working plan and internal audit system setting plan of the Company as authorized by the Board, and report to the Board;

5. to propose the appointment or dismissal of an external accounting firm, supervise the work of the external accounting firm, and evaluate the report of the external accounting firm to ensure that the external accounting firm undertakes its audit responsibilities;

6. to facilitate communications and monitor the relationship between the internal audit and supervision department and the external accounting firm;

7. to monitor the non-compliance of the Company in respect of the financial reports and the risk management and internal control; and

8. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where our Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Audit Committee held three meetings, at each of which, the external auditor was invited without the presence of the executive Directors.

The Audit Committee held a meeting on March 23, 2023 and reviewed, among other things, the audited consolidated results of the Group for the year ended December 31, 2022 and the effectiveness of the risk management and internal control systems of the Company, etc. On August 17, 2023, another meeting was held to review, inter alia, the unaudited consolidated results of the Group for the six months ended June 30, 2023, etc.

PricewaterhouseCoopers ("PwC") is the appointed auditor of the Group. The Audit Committee annually reviews the relationship between the Company and PwC. In addition, the Audit Committee has also reviewed the effectiveness of external audit procedures and the independence and objectiveness of PwC, and is satisfied with the existence of the good relationship. As a result, the Audit Committee recommends the reappointment of PwC at the forthcoming AGM.

Nomination Committee

The Nomination Committee consists of two independent non-executive Directors, namely Mr. Wang Hua and Mr. Chan Charles Sheung Wai and one executive Director, namely Mr. Zheng Zhihao. Mr. Wang Hua currently serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee are as follows:

1. to formulate procedures and standards for the election of Directors and senior management and make recommendations to the Board on the proposed procedures and standards;

2. to make recommendations to the Board on the nomination of candidates for Directors, Presidents and secretary of the Board;

3. to preliminarily examine the eligibility of candidates for Directors and senior management;

4. to make recommendations to the Board on the nomination of candidates for chairmen and members of the Board committees; and

5. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where our Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Nomination Committee held one meeting.

The Nomination Committee held a meeting on March 23, 2023 and reviewed, among other things, the structure, size and composition of the Board, assessed the independence of independent non-executive Directors to determine their eligibility and discussed re-election of retiring directors and succession planning for directors, assessed whether non-executive directors are devoting sufficient time to their duties and reviewed the Board Diversity Policy and Nomination Policy, etc.

Remuneration Committee

The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Wang Hua and Ms. Liu Lin, and one executive Director, namely Mr. Zheng Zhihao. Mr. Wang Hua currently serves as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee are as follows:

1. to organize and formulate the remuneration policy and plan of Directors and senior management and submit to the Board for approval, and propose the remuneration distribution plan according to the performance evaluation of Directors and senior management and submit to the Board for approval; and

2. other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where our Shares are listed and the requirements of the Articles of Association, and as authorized by the Board.

During the Reporting Period, the Remuneration Committee held two meetings.

The Remuneration Committee held a meeting on March 23, 2023 to consider and review, among other things, the RSU Scheme and the Post-IPO Share Option Scheme of the Company, consider the renewal of the director's service contract with our Independent Non-executive Director, Ms. Liu Lin and her remuneration, and make recommendations as to the amendments to the aforesaid transactions to the Board. A second meeting was held on December 20, 2023 to review, among other things, the remuneration package of the Directors and the remuneration policy and structure of the Group's senior management, as well as make recommendations to the Board in these regard.

BOARD DIVERSITY POLICY

The Group adopted a board diversity policy (the "Board Diversity Policy") on January 10, 2019. A summary of this policy is disclosed as below:

The purpose of the Board Diversity Policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

The Nomination Committee has primary responsibility for identifying candidates, formulating selection standards and procedures, and examining candidates for directors and senior management of the Company, and providing recommendations on the selection. The Nomination Committee will give adequate consideration to this policy in identifying and selecting suitably qualified candidates to become directors of the Company.

Selection of director candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee is responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The Nomination Committee shall review the Board Diversity Policy and the measurable objectives at least annually to ensure the continuing effectiveness of the Board.

As of the date of this Annual Report, the Company has a total of 11 Directors, covering different gender and a broad age distribution. There is a diverse mix of experience and background including Internet and media, information technology, human resource, investment and accounting. The Nomination Committee has reviewed the Board Diversity Policy and considers that, appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives.

EMPLOYEE DIVERSITY

The Company follows the concept of diversity in hiring and has a roughly equal gender ratio among employees (including senior management). As of December 31, 2023, males account for approximately 46.07% and females account for approximately 53.93% of the 890 employees of the Company. To maintain gender diversity in the workforce, we welcome individuals of all genders and promise to provide equal opportunities in recruitment, training and development, promotion, and compensation and benefits for all employees regardless of gender. The Company believes that we have achieved a satisfactory level of gender diversity in our current workforce composition.

MECHANISMS FOR ENSURING INDEPENDENT VIEWS AND INPUT

The Company recognises that independence of the Board is a key element of good corporate governance. The Company has established effective mechanisms, including but not limited to entitling the Directors to seek independent professional advice on matters relating to the Company where appropriate at the Company's expense, to ensure independent views are available to the Board. These mechanisms in place are subject to annual review by the Board that underpins a strong independent Board.

NOMINATION POLICY

The Company adopted a policy for nomination (the "Nomination Policy") on March 25, 2019, pursuant to which, the Nomination Committee shall advise the Board on the appointment of any director in accordance with the following procedures and process:

1. The Nomination Committee shall, upon completing the assessment over the current composition and size of the Board, produce a description of the responsibilities and capabilities required for the specific appointment with reference to the findings of such assessment.

2. Taking into consideration these conditions of identifying or selecting suitable candidates, the Nomination Committee may seek any source of assistance as it sees fit, including referrals from existing directors, use of public advertisement or external consultancy services, and recommendations from the shareholders of the Company.

3. The Nomination Committee shall conduct preliminary review over the qualifications and conditions of the candidates for directorship before recommending suitable candidates for directorship to the Board, while the Remuneration Committee shall review the letter of appointment or major terms of such appointment in regard to the candidates for directorship.

4. As for the procedures for shareholders to nominate a person for election as a director, please refer to the "Procedures for Shareholders to Nominate a Person for Election as a Director" set out on the website of the Company.

5. The Board is entitled to final decision in connection with all matters involving election of the recommended candidates at a general meeting.

In assessing the candidates, the Nomination Committee shall take into the following factors, including but not limited to:

- reputation for individual character, integrity, and others;

- achievements and experiences in the related industry;

- time available for performing duties;

– diversity of the Board in various aspects, including but not limited to gender, age, cultural and education backgrounds, ethnicity, professional experiences, skills, knowledge, and length of services;

– independence from the Company, as well as potential or actual conflict of interest; and

– potential contributions to the Board.

REMUNERATION OF THE MEMBERS OF THE SENIOR MANAGEMENT BY BAND

Details of the remuneration of the Directors are set out in Note 36 to the audited consolidated financial statements. Save as disclosed therein, there is other individual of senior management. Pursuant to paragraph E.1.5 of the CG Code, their remuneration by band for the year ended December 31, 2023 is set out below:

Remuneration bands	Number of individual
RMB1 to RMB5,000,000	–
RMB5,000,001 to RMB10,000,000	–
RMB10,000,001 to RMB50,000,000	1
RMB50,000,001 to RMB100,000,000	–

EXTERNAL AUDITOR’S REMUNERATION

The remunerations paid or payable to the external auditor of the Company in respect of audit and non-audit services provided to the Group for the year ended December 31, 2023 are set out as below. The non-audit services conducted by the Auditor mainly include professional services on tax advisory and environmental, social and governance report advisory.

	Fees payable or paid RMB’000
Services Category	
Audit Services	5,800
Non-audit Services	462
Total Fees	6,262

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control systems of the Company. The Board is committed to implementing an effective and sound risk management and internal control system to safeguard the interest of our shareholders and the assets of the Company. The Board has appointed the management to implement the risk management and internal control system within the delegated scope, as well as to review all control and risk management functions in respect to finance, operation, and compliance with laws and rules.

The Board acknowledges that it is the responsibility of the Board to ensure that the Company has established and maintained adequate and effective risk management and internal control systems and to review their effectiveness. The Board delegates its responsibility to the Audit Committee to review the practices of management with respect to risk management and internal control, including the design, implementation and supervision of the risk management and internal control systems on an annual basis. Furthermore, the Audit Committee also reviews the effectiveness of the risk management and internal control systems.

To ensure that the risk management and internal control systems are effective, the Company, under the supervision and guidance of the Board and factoring the actual needs of the Company, has adopted the "Three Lines" model as an official organizational structure for risk management and internal control.

1. First Line – Core Business Departments

The First Line is comprised of various business departments of the Company, which is responsible for daily operation and management of related business lines of the Company, and related positions of departments are responsible for design and implementation of related risk management measures and internal control systems for their respective departments. The head of each business segment is responsible for leading and directing the operations and works and completing the Company's organizational and operational objectives, and the overall monitoring of the structure and processes for the Company's operations and risk management of relate business lines to ensure compliance with legal, regulatory and ethical requirements by business departments.

2. Second Line – Functional Departments

The Second Line is comprised of various functional departments of the Company, which is responsible for supporting management in establishing business functions and management processes, continuously overseeing the enforcement of policies related to the risk management and internal control of the Company, assisting the First Line in establishing and improving its risk management and internal control system. The Second Line is also responsible for providing necessary support and training to achieve a uniform understanding and standardized implementation of risk management and internal control across the Company, as well as discharging supervisory functions of the Company in respect of risk management and internal control across various functional departments. Furthermore, reasonable queries will be raised on risk management related work, and corresponding solutions and proposals shall be communicated.

3. Third Line – Internal Audit Department

The Third Line is established by the internal audit and supervision department of the Company, which is responsible for providing independent assessment and verification of the effectiveness of risk management measures and internal control systems of the Company as a whole. In addition to assisting the business departments and functional departments in establishing and improving internal control systems and risk management measures, the Third Line regularly monitors, supervises, and assesses the implementation of the relevant systems and measures to ensure that the Company will continue to improve and enhance the risk management and internal control work of the Company. The Third Line provides independent and objective confirmation and advice to management and organizational governance bodies on the accuracy and effectiveness of risk management and internal control efforts, while performing other functions including supervision, monitoring, investigation, and assessment. Besides assisting the Company in achieving its organizational and operational goals, the Third Line will promote and assist the Company to continue with the optimization and improvement of risk management and internal control systems.

These organizational structures are designed to manage rather than eliminate the risk of failure to achieve organizational and operational targets, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management

The Company has been committed to continuously improving the risk management system, including structure, process and culture, through the enhancement of risk management ability, to ensure the business compliance and sustainable development of the Company.

The Company has established a risk management system (including the "Three Lines" internal monitoring model as detailed above) which sets out the roles and responsibilities of each relevant party as well as establishment of risk management measures and development of relevant internal control systems. Each operation line of the Company, on a regular basis, identifies and assesses risk factors that may negatively impact the achievement of its objectives, and formulates appropriate response measures. The Company's staff also attends training in relation to risk management and internal controls on a regular basis.

Risk Management Process

The Company has established a dynamic risk management process:

- Business and functional departments of each operation line identify, assess and respond to risks in the course of operation in a systematic manner and communicate results to the internal audit and supervision department;

- The internal audit and supervision department collects, analyses, and consolidates a list of significant risks at the company level, and provides input on risk response strategies and control measures for such risks. The corresponding risk responses and control measures against these significant risks will be reviewed by the Audit Committee before reporting to the Board;

- The internal audit and supervision department tracks, reviews and evaluates the responses to significant risks from time to time, and reports to the Audit Committee at least once a year; and

- The Audit Committee, on behalf of the Board, assesses and determines the nature and level of the risks that the Company is willing to take in order to achieve the organization and operational targets of the Company and formulates appropriate response strategies which include designating responsible departments for handling each significant risk. The Audit Committee provides guidance to the Company's management to implement effective risk management system with supports from the internal audit and supervision department.

Significant Risks of the Company

In 2023, the management identified three significant risks in accordance with the abovementioned risk management process. The Board has monitored the overall risk exposure of the Company and reviewed the nature and severity of such significant risks facing the Company. The Board is of opinion that the management has implemented appropriate measures to address and manage these significant risks to such a level acceptable to the management.

Set out below is a summary over the significant risks currently facing the Company and the countermeasures implemented against these risks. As a result of changes in the external landscape, the Company also identified changes in the significant risks during the year, and the risk exposure against the Company may at any time change. Therefore, the list as follows is not exhaustive.

1. Legal and policy risks

The industry in which the Company operates has certain influence on the dissemination of social opinion, network platforms and data security, and remains subject to the supervision and management of relevant national laws and regulations and industry policies. In recent years, China has been constantly strengthening policies and regulations related to cybersecurity and data security, and may be expected to further optimize, adjust and upgrade its regulatory policies in the areas of content censorship in the entertainment industry, anti-money laundering, film contract standardization, and tainted celebrity blacklist management. In line with our strategic arrangements for overseas business development and the introduction of our overseas ticketing system, the Company is still required to satisfy the relevant laws, legislations, and regulatory requirements in the overseas markets, which requires our proper responses to local regulatory requirements. Any company that fails to identify, respond to and comply with these laws and regulations, or undertakes insufficient work to ensure overseas compliance may be subject to administrative penalties or litigation, which may constrain its business development and affect its reputation.

The Company adheres to the principle of compliance, and has set up a legal department and a government affairs department and hired external legal advisors to study and learn the policies and regulations, and constantly review and make necessary adjustments in the light of its own situation in order to reduce the compliance risks related to laws and policies. The government affairs department is responsible for timely obtaining various rules and regulations issued by the government and regulatory bodies, keeping track of policy information, fully understanding the relevant industrial regulations, and transmitting the information to the departments of the relevant business lines. The business departments will exercise strict control over content production to ensure that the subject matters of such entertainment contents are positive in intent and convey positive energy, and that actual contents are in compliance with the relevant legal and regulatory requirements without any improper inducement. Meanwhile, the legal department reviews and updates the company's business qualifications in a timely manner in accordance with the latest policies, and updates the company's relevant contract terms to ensure business standardization.

2. *Uncertainty risks in investment, distribution and promotion of films and television works*

The Company is committed to exploring and investing in outstanding film and television works, contributing more premium film and television contents to the industry. The entertainment content industry is influenced by consumer preferences, and market trends may undergo irregular changes. Factors such as long production cycles and possible large initial investments in film and television content can all have uncontrollable impacts on a company's content investment and promotion projects. This could result in scenarios, such as the delayed release of the Company's invested, promoted and distributed film and television works, or poor box office performance after release due to intense competition during release schedules. Such scenarios may lead to the inability to achieve expected returns or recoup investments, thereby affecting the Company's operating performance and financial conditions.

Based on our advantaged position in the industry and extensive investment experience, the Company has developed a set of scientific investment methodology, and established a professional investment project management team to control the pre- investment, investment and post-investment stages, gradually enhancing our capabilities to identify and control the premium contents. The Company has established an intelligent product promotion and distribution system and formed a promotion and distribution service matrix by integrating professional experience with technological capabilities. By constantly optimizing data collection and technological input, the Company continuously enhances its capabilities of promotion and distribution and consolidate its advantages.

3. *Market competition risks*

The entertainment industry is rapidly evolving, with emerging entertainment forms such as performances, short plays, and stand-up comedy continuously iterating. Consumer scenarios are further expanding to include new channels such as mini-programs, online live streaming, and private domain traffic, leading to diverse consumer behaviors among target users. Failure to timely and accurately grasp changes in user behavior and market conditions, and adjust business strategies accordingly, may result in the Company's poor performance in competition, thereby affecting its capability to achieve expected returns or recoup investments, and impacting its operating performance and financial conditions.

By tapping into our extensive experience in analyzing the film and television industry and user demands, the Company has established a professional user research and survey team to conduct regular market research and data analysis. Such team identifies new trends in user demand, accumulates AI box office forecasting capabilities and big data technologies, and serves the film industry through "technology + big data". On this basis, the Company continuously launches rich products and service contents, expands business channels and consumption methods through cooperation with different partners, accurately controls user demand, and constantly optimizes and adjusts operating strategies. These efforts help the Company continuously improve its competitive advantages while providing more premium services to the industry.

Internal Control

The management of the Company is responsible for the formulation, implementation and maintenance of the effectiveness of risk management and internal control systems. The Board and the Audit Committee are responsible for monitoring and overseeing the performance of the internal control systems by the management to ensure it is appropriate and effective.

The Company's internal control systems clearly define roles and responsibilities of each party as well as authorizations and approvals required for key actions of the Company. Policies and procedures are put in place for the key business processes. Such information is also clearly shared with employees. All employees must strictly follow the policies which cover, amongst other things, financial, legal and operational issues that set the control standards for the management of each business process.

The functional departments assist the business departments in the construction work involving the risk management and internal control systems, as well as carrying out the risk management work, and ensure that appropriate management measures are implemented. The internal audit and supervision department, serving as the independent third line, provides independent and objective confirmation and consultation on the effectiveness of the Company's risk management and internal control systems, while performing the supervisory, monitoring, investigational, and assessment functions, the findings or results of which will be reported to the Audit Committee.

Inside Information

The Company has established an inside information policy, and actively reminded the Directors and employees of due compliance with all policies regarding inside information. To ensure adequate attention to whistleblowing, the Company has established a reporting mechanism to handle and discuss internal whistleblowing of financial, operational, internal control and fraud issues. Major internal control deficiencies or whistle-blowing issues will be submitted to the Audit Committee.

Effectiveness of Risk Management and Internal Control Systems

The Board conducted an annual review over the effectiveness of risk management and internal control systems of the Company for the year ended December 31, 2023, and the management confirmed the effectiveness of the risk management and internal control systems within their terms of reference during the year. As a result, the Board is confident, without any evidence to the contrary, that the Company has provided reasonable assurance as to compliance with the risk management and internal control systems for the year ended December 31, 2023, which has prevented any significant financial misstatement or loss, and included protection of assets, appropriate maintenance of accounting records, reliability of financial data, compliance with applicable laws and regulations, and identification and control of business risks. In connection with the effectiveness of risk management and internal control systems, the Board has confirmed that no significant areas of concern have been identified and believes that the system remains effective and adequate, including accounting, internal audit, and financial reporting functions.

JOINT COMPANY SECRETARIES

The joint company secretaries of the Company are Ms. Zheng Xia and Mr. Cheng Ching Kit.

Ms. Zheng Xia joined the Company in May 2018 and currently serves as vice president of the Company and other positions. Mr. Cheng Ching Kit is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specialising in corporate services, and has over ten years of experience in corporate secretarial field. Mr. Cheng Ching Kit's primary corporate contact person at the Company is Ms. Zheng Xia.

During the Report Period, Ms. Zheng Xia and Mr. Cheng Ching Kit were fully in compliance with the Rule 3.29 of the Listing Rules as both received no less than 15 hours of professional training.

SHAREHOLDERS' RIGHTS

The Company encourages the Shareholders to attend the general meetings of the Company.

The Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM") and for Putting Forward Proposals at General Meeting

Pursuant to Article 64 of the Articles of Association, an extraordinary general meeting of the Company shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company at the headquarter of the Company in the PRC, which is presently situated at No. 3 Building, Yonghe Hangxing Garden, No. 11 Hepingli East Street, Dongcheng District, Beijing, PRC, for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition and signed by the requisitionist(s) (the "Requisitionist(s)").

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 114 of the Articles of Association provides that no person, other than a retiring director of the Company, shall, unless recommended by the Board of the Company for election, be eligible for election to the office of director of the Company (the "Director") at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodging the notices as required under the Articles of Association will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Accordingly, if a shareholder wishes to nominate a person to stand for election as a director of the Company at the general meeting, the following documents must be validly served at the registered office of the Company, namely (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness to be elected; (3) the nominated candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's written consent to the publication of his/her personal data.

DIVIDEND POLICY

The Company adopted a dividend policy on March 25, 2019.

The Company intends to achieve a balance between maintaining sufficient capital for the Group's business development and operation and rewarding the shareholders of the Company with dividends.

In accordance with the dividend policy, in deciding whether to propose the payment of dividends and the amount of dividend payable, the Board will take into consideration the following factors affecting the Group, including but not limited to:

- actual and expected financial results of the Group;
- distributable profits of the Company and other subsidiaries of the Group;
- dividend income attributable to subsidiaries;
- future operation and profitability;
- capital requirements, earnings, and future expansion plans;
- the overall financial conditions of the Group, including the level of debts, liquidity, and future commitments;
- any contractual limitation on payment of dividends by the Company or payment of dividends by subsidiaries of the Company to the Company;
- taxation factors, as well as legal and regulatory restrictions; and
- other factors as the Board may consider.

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

To promote effective communication, the Company adopts a shareholders' communication policy, which aims at establishing a two-way relationship and communication between the Company and the Shareholders. During the Reporting Period, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy. The Company also maintains a website of the Company (https://ir.maoyan.com/), where the Company's announcements, financial information and other information are available for public access.

Shareholders, investors and members of the public should direct their questions about their shareholdings to the Company's Hong Kong Share Registrar. The contact details for the Hong Kong Share Registrar are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong
Telephone: (852) 2862 8555
Fax: (852) 2865 0990
Email: hkinfo@computershare.com.hk

Should any questions as to the Company arise, shareholders and investors who wish to make inquiries with the Board may contact the Company. The contact details of the Company are as follows:

Maoyan Entertainment
No. 3 Building, Yonghe Hangxing Garden
No. 11 Hepingli East Street
Dongcheng District
Beijing, PRC
Email: ir@maoyan.com

CONSTITUTIONAL DOCUMENTS

Reference is made to the announcement of the Company dated March 23, 2023, the circular dated April 26, 2023, and the announcement of the poll results dated June 28, 2023. The Company adopted a new set of amended and restated memorandum and articles of association of the Company at the annual general meeting of the Company held on June 28, 2023.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Maoyan Entertainment

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Maoyan Entertainment (the "Company") and its subsidiaries (the "Group"), which are set out on pages 102 to 223, comprise:

- the consolidated statement of financial position as at December 31, 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of goodwill

- Expected credit losses assessment of accounts and other receivables

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to Notes 2.2.2, 4(a) and 16 to the consolidated financial statements. As at December 31, 2023, there was goodwill with carrying amount of approximately RMB4,505 million arising from the acquisitions of Beijing Weige Shidai Entertainment Technology Co., Ltd, Shenzhen Ruihai Fangyuan Technology Co., Ltd. and Hangzhou Soushi Network Co., Ltd in the previous years, which represented approximately 35.9% of the total assets of the Group. Management performed goodwill impairment test by comparing the recoverable amounts of cash generating unit ("CGU") to the carrying amounts. Management determined the recoverable amounts of the CGU based on value in use ("VIU"), which is the present value of the future cash flows expected to be derived from the Group's CGU. Based on the assessments, management considered no impairment is necessary in respect of the goodwill as at December 31, 2023. We focused on this area due to the magnitude of the carrying amounts of goodwill and the fact that significant judgements were required by management as the VIU of the related CGU is determined based on assumptions used in the cash flow forecast. The key assumptions adopted by management include the revenue growth rate, gross margin, terminal growth rate and pre-tax discount rate.	Our procedures in relation to impairment assessment of goodwill included: – We obtained an understanding of management's internal control and process of the estimation of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity; – We evaluated and tested management's key controls in respect of the goodwill impairment assessment, including the determination of CGU, the valuation model and assumptions used in the calculation of VIU; – We evaluated the historical accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; – We evaluated the reasonableness of the key assumptions used in the cash flow forecast, such as revenue growth rate, terminal growth rate and gross margin taking into account industry forecasts and market developments, the Group's management approved budget, plan and historical performance; – We involved our internal valuation expert to evaluate the pre-tax discount rate applied in the calculation by comparing with the industry or market data to assess whether the pre-tax discount rate applied was within the range of those adopted by comparable companies in the same industry and check the calculation of the pre-tax discount rate; and – We evaluated management's sensitivity analysis over the revenue growth rate, gross margin, terminal growth rate and pre-tax discount rate as adopted in the impairment test so as to assess the potential implication on the results of the impairment test for changes of assumptions within a reasonable range. Based on the above procedures, we considered that the key assumptions adopted in management's impairment assessment of goodwill were supportable by the evidence we obtained.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Expected credit losses assessment of accounts and other receivables Refer to Notes 3.1(b), 21 and 22 to the consolidated financial statements. As at December 31, 2023, the gross amount of the Group's accounts and other receivables amounted to approximately RMB2,473 million which represented approximately 19.7% of the total assets of the Group. Management has estimated the expected credit losses ("ECL") on the accounts and other receivables and a loss allowance of approximately RMB812 million was made against the accounts and other receivables as at December 31, 2023. The loss allowances for accounts and other receivables reflected management's best estimate to determine the ECL at the balance sheet date under IFRS Accounting Standards 9. For accounts receivables that do not share same risk characteristics with others, management assessed their expected credit losses on an individual basis. For accounts receivables that share same risk characteristics with others, the management applied the simplified approach to provide for their ECL, by first grouping accounts receivables based on their nature and risk characteristics and then recalculating their historical credit loss information before further incorporating forward-looking adjustments to reflect the management's forecasts of macroeconomic factors in different scenarios as this affects the debtors' abilities to settle the receivables. For other receivables, the management assessed whether their credit risk had increased significantly since their initial recognition and applied the three-stage approach to provide for their ECL using a modelling approach that incorporated key parameters and assumptions (including probability of default, loss given default, exposure at default, etc.). We focused on this area due to the magnitude of the balance of accounts and other receivables and the fact that significant judgements were required by management in assessing the ECL of accounts and other receivables.	Our procedures in relation to management's assessment on the ECL of accounts and other receivables include: – We obtained an understanding of management's internal control and process of the estimation of the ECL on accounts and other receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity; – We evaluated and tested management's key control in relation to the estimate of the ECL on accounts and other receivables; – We performed the following procedures regarding the reasonableness of methods and assumptions used and judgements made by management: • We assessed the appropriateness of the ECL provisioning methodology adopted by management; • We tested, on a sample basis, the accuracy of the key data inputs such as the aging schedules of accounts and other receivables; • We evaluated the reasonableness of grouping of accounts receivables, including those assessed on an individual basis, and staging determination for other receivables against their nature and risk characteristics; • We challenged the reasonableness of the detailed application of key ECL model parameters and assumptions including possibility of default, loss given default, exposure at default by considering, the historical default rates and past collection information; • We evaluated the appropriateness of forward looking information with reference to independent data and our industry knowledge including multiple economic scenarios and parameters; and • We tested, on a sample basis, the mathematical accuracy of the calculations of expected credit loss rates based on the historical loss and forward-looking information. Based on the above procedures, we considered that the significant judgements and estimates made by management in relation to the assessment of the ECL on accounts and other receivables were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Yu Keung.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, March 21, 2024

Consolidated Statement of Comprehensive Income

		Year ended December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
Revenue	*6*	**4,757,369**	2,319,477
Cost of revenue	*7*	**(2,372,504)**	(1,299,507)
Gross profit		**2,384,865**	1,019,970
Selling and marketing expenses	*7*	**(842,476)**	(480,092)
General and administrative expenses	*7*	**(371,606)**	(299,964)
Net impairment losses on financial assets	*3.1(b)*	**(120,547)**	(83,349)
Net impairment losses on non-financial assets		**–**	(33,672)
Other income	*8*	**51,129**	38,551
Other (losses)/gains, net	*8*	**(3,140)**	643
Operating profit		**1,098,225**	162,087
Finance income	*10*	**81,039**	39,263
Finance costs	*10*	**(5,120)**	(17,138)
Finance income, net	*10*	**75,919**	22,125
Share of losses of investments accounted for using the equity method	*17*	**(2,073)**	(2,921)
Impairment losses of investments accounted for using the equity method	*17*	**(18,392)**	–
Profit before income tax		**1,153,679**	181,291
Income tax expenses	*11*	**(245,842)**	(76,479)
Profit for the year		**907,837**	104,812
Profit is attributable to:			
– Owners of the Company		**910,412**	105,190
– Non-controlling interests		**(2,575)**	(378)
		907,837	104,812

Consolidated Statement of Comprehensive Income

		Year ended December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
Earnings per share attributable to owners of the Company			
(expressed in RMB per share)			
– Basic earnings per share	*12*	**0.79**	0.09
– Diluted earnings per share	*12*	**0.79**	0.09
Profit for the year		**907,837**	104,812
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss			
Currency translation differences from foreign operations		**(26,426)**	597
Items that will not be reclassified to profit or loss			
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	*3.3, 19*	**(74,557)**	(55,501)
Other comprehensive (loss)/income for the year, net of tax		**(71,995)**	70,479
Total comprehensive income for the year		**835,842**	175,291
Total comprehensive income attributable to:			
– Owners of the Company		**838,417**	175,669
– Non-controlling interests		**(2,575)**	(378)
Total comprehensive income for the year		**835,842**	175,291

The notes on pages 110 to 223 are integral parts of these consolidated financial statements.

Consolidated Statement of Financial Position

		As at December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**28,338**	18,477
Right-of-use assets	*15*	**27,084**	37,596
Intangible assets	*16*	**4,855,105**	4,947,969
Investments accounted for using the equity method	*17*	**14,401**	44,946
Financial assets at fair value through profit or loss	*3.3*	**36,857**	23,245
Financial assets at fair value through other comprehensive income	*3.3*	**458,866**	430,552
Deferred income tax assets	*19*	**34,741**	–
Prepayments, deposits and other receivables	*22*	**11,947**	62,560
		5,467,339	5,565,345
Current assets			
Inventories	*20*	**39,431**	19,274
Accounts receivables	*21*	**747,741**	436,922
Prepayments, deposits and other receivables	*22*	**2,564,857**	1,782,797
Prepaid income tax		**20,090**	9,828
Financial assets at fair value through profit or loss	*3.3*	**15,264**	42,476
Restricted bank deposits	*23*	**261,104**	165,216
Term deposits with original maturity over three months	*23*	**1,277,048**	515,285
Cash and cash equivalents	*23*	**2,147,222**	1,720,875
		7,072,757	4,692,673
Total assets		**12,540,096**	10,258,018
EQUITY			
Equity attributable to owners of the Company			
Share capital	*27*	**154**	154
Reserves	*28*	**8,353,274**	8,328,722
Retained earnings/(accumulated losses)		**687,760**	(156,516)
		9,041,188	8,172,360
Non-controlling interests		**(2,911)**	1,415
Total equity		**9,038,277**	8,173,775

Consolidated Statement of Financial Position

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*19*	**90,586**	111,184
Lease liabilities	*15*	**11,705**	23,719
		102,291	134,903
Current liabilities			
Borrowings	*24*	**250,000**	335,000
Accounts payables	*25*	**880,584**	386,670
Other payables, accruals and other liabilities	*26*	**2,182,673**	1,178,284
Lease liabilities	*15*	**16,766**	14,333
Current income tax liabilities		**69,505**	35,053
		3,399,528	1,949,340
Total liabilities		**3,501,819**	2,084,243
Total equity and liabilities		**12,540,096**	10,258,018

The notes on pages 110 to 223 are integral parts of these consolidated financial statements.

The consolidated financial statements on pages 102 to 223 were approved for issue by the Board of Directors on March 21, 2024 and were signed on its behalf.

Zheng Zhihao
Executive Director and Chief Executive Officer

Li Li
Senior Financial Director

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					
		Share capital	Reserves	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023		**154**	**8,328,722**	**(156,516)**	**8,172,360**	**1,415**	**8,173,775**
Profit for the year		–	–	910,412	910,412	(2,575)	907,837
Currency translation differences		–	2,562	–	2,562	–	2,562
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	*3.3, 19*	–	(74,557)	–	(74,557)	–	(74,557)
Total comprehensive income		**–**	**(71,995)**	**910,412**	**838,417**	**(2,575)**	**835,842**
Transfer of gain upon disposal of equity investments at fair value through other comprehensive income to retained earning		–	(1,039)	1,039	–	–	–
Transactions with owners of the Company							
Issuance of new shares under share option scheme	*27, 28*	–	63	–	63	–	63
Share-based compensation expenses		–	30,348	–	30,348	(279)	30,069
Profit appropriations to statutory reserves		–	67,175	(67,175)	–	–	–
Liquidation of a subsidiary *(a)*		–	–	–	–	(1,472)	(1,472)
Total transactions with owners of the Company		**–**	**97,586**	**(67,175)**	**30,411**	**(1,751)**	**28,660**
As at December 31, 2023		**154**	**8,353,274**	**687,760**	**9,041,188**	**(2,911)**	**9,038,277**

Note:

(a) In December 2023, the Group liquidated a subsidiary with the non-controlling shareholder withdrew RMB1,472,000 after the liquidation.

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
As at January 1, 2022		154	8,249,153	(261,635)	7,987,672	–	7,987,672
Profit for the year		–	–	105,190	105,190	(378)	104,812
Currency translation differences		–	125,980	–	125,980	–	125,980
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	*3.3, 19*	–	(55,501)	–	(55,501)	–	(55,501)
Total comprehensive income		–	70,479	105,190	175,669	(378)	175,291
Transfer of loss upon disposal of equity investments at fair value through other comprehensive income to accumulated loss		–	71	(71)	–	–	–
Transactions with owners of the Company							
Issuance of new shares under share option scheme	*27, 28*	–	29	–	29	–	29
Share-based compensation expenses		–	8,504	–	8,504	279	8,783
Transaction with non-controlling interests		–	486	–	486	(486)	–
Capital injection by non-controlling interests *(a)*		–	–	–	–	2,000	2,000
Total transactions with owners of the Company		–	9,019	–	9,019	1,793	10,812
As at December 31, 2022		154	8,328,722	(156,516)	8,172,360	1,415	8,173,775

Note:

(a) In November 2022, the Group received RMB2,000,000 as capital injection from an independent minority shareholder for a non-wholly owned subsidiary.

The notes on pages 110 to 223 are integral parts of these consolidated financial statements.

Consolidated Statement of Cash Flows

		Year ended December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash generated from operations	*30(a)*	**1,773,739**	194,780
Interest paid	*10*	**(3,752)**	(16,296)
Income tax paid		**(274,478)**	(103,268)
Net cash generated from operating activities		**1,495,509**	75,216
Cash flows from investing activities			
Purchases of property, plant and equipment	*14*	**(22,398)**	(5,629)
Purchases of intangible assets	*16*	**(2,240)**	(6,678)
Payments for financial assets at fair value through profit or loss	*3.3*	**(34,999)**	(13,676)
Proceeds from disposals of financial assets at fair value through profit or loss	*3.3*	**28,944**	96,022
Payments for financial assets at fair value through other comprehensive income	*3.3*	**(106,146)**	(148,257)
Proceeds from disposals of financial assets at fair value through other comprehensive income	*3.3*	**8,383**	2,929
Interest received		**72,655**	26,261
Advance of receivables from investments in movies and TV series		**–**	(21,136)
Repayment of receivables from investments in movies and TV series		**14,467**	2,808
Advance of loans to third parties		**(69,314)**	(48,788)
Repayment of loans to third parties		**17,392**	11,333
Payments for term deposits with original maturity over three months		**(2,588,188)**	(1,169,473)
Proceeds from disposals of term deposits with original maturity over three months		**1,847,787**	747,513
Proceeds from disposals of investments accounted for using the equity method	*17*	**4,381**	5,386
Dividend received	*17*	**36**	45
Payment for investments accounted for using the equity method	*17*	**(2,000)**	(7,500)

Consolidated Statement of Cash Flows

		Year ended December 31,	
		2023	2022
	Note	**RMB'000**	RMB'000
Net cash used in investing activities		**(831,240)**	(528,840)
Cash flows from financing activities			
Proceeds from short-term borrowings	*30(b)*	**250,000**	335,000
Repayments of short-term borrowings	*30(b)*	**(335,000)**	(512,500)
Repayment of loans from third parties	*30(b)*	**–**	(84,526)
Capital injection from non-controlling interests		**–**	2,000
Principal elements of lease payments	*15(d), 30(b)*	**(14,432)**	(14,885)
Proceeds from disposals of restricted bank deposits		**106,000**	23,600
Payments for restricted bank deposits		**(250,000)**	(164,349)
Issuance of new shares under share option scheme	*27, 28*	**63**	29
Net cash used in financing activities		**(243,369)**	(415,631)
Net increase/(decrease) in cash and cash equivalents		**420,900**	(869,255)
Cash and cash equivalents at beginning of year		**1,720,875**	2,519,989
Exchange gain on cash and cash equivalents		**5,447**	70,141
Cash and cash equivalents at end of year		**2,147,222**	1,720,875

The notes on pages 110 to 223 are integral parts of these consolidated financial statements.

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 People's Republic of China (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 AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

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.

New and amended standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting period 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 periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
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 IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies

2.2.1 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

Office equipment	3–5 years
Computer equipment	3 years
Leasehold improvements	the shorter of their useful lives and the lease terms

2.2.2 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.2 Intangible assets *(continued)*

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date. Trademarks and licenses have finite useful lives and are carried at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives. The Group determined the acquired trademarks and licenses to have useful lives of 9 to 10 years based on the brand awareness of acquiree, expected future renewal rates and the best estimate of the Group.

(c) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Considering this acquired software licenses are well-developed off the shelf software, there is no contractual term of these software license, and the Group can use the software as long as it can meet the Group's business needs. Based on the current functionalities equipped by this software and the daily operation needs, the Group considers a useful life of 3 -10 years is the best estimation under current business needs.

(d) Business cooperation agreement

Business cooperation agreement represents platform agreement with Tencent. It has a finite life and is carried at cost less accumulated amortization.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.2 Intangible assets *(continued)*

(e) Contractual customer relationship

Contractual customer relationships acquired in a business combination are recognized at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization. The Group determined the acquired contractual customer relationship to have a useful life of 10 to 15 years based on the rule-of-thumb approach, considering the increase rate of revenue from these customers and customer churn rate, to determine the estimated benefit period of the contractual customer relationship.

The group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Trademarks and licenses	9–10 years
Software	3–10 years
Business cooperation agreement	5 years
Contractual customer relationship	10–15 years

2.2.3 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.4 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.4 Financial assets (continued)

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.4 Financial assets (continued)

(c) Measurement (continued)

Debt instruments ((continued))

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within "other gains/(losses), net" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.4 Financial assets *(continued)*

(c) Measurement *(continued)*

Equity instruments (continued)

Changes in the fair value of financial assets at FVPL are recognized in "other gains/(losses), net" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group has types of financial assets subject to IFRS 9's expected credit loss model:

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

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.4 Financial assets *(continued)*

(d) Impairment *(continued)*

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. 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. There has been no recent history of default in relation to these financial institutions.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.5 Accounts receivables and other receivables

Accounts receivables are amounts due from customers for services performed or inventories sold in the ordinary course of business. If collection of accounts and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Accounts receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See Note 2.2.4(d) for a description of the Group's impairment policy for accounts receivables.

2.2.6 Revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group uses the output methods to measure the progress towards, recognizing revenue based on direct measurements of the value transferred to the customer. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition (continued)

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract assets or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

The Group principally derives revenue from movie services, merchandising and membership business, advertising business and other entertainment services.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition *(continued)*

(a) Online entertainment ticketing services

Online entertainment ticketing services consist primarily of online movie ticketing as well as entertainment event ticketing service.

(i) Online movie ticketing

The Group provides an e-commerce platform that enables cinemas to sell their movie tickets to users through the platform. Users can select cinemas, movies, order the seats and pay for the tickets through the Group's platform. The Group identifies cinemas as the customers for the online movie ticketing services.

Revenue from online movie ticketing services is recognized on a net basis as the Group is not regarded as the primary obligor and not responsible for film shown and does not have the ability to determine the pricing of the tickets. The Group only receives commission fee from the cinemas.

The payments from users are cancellable and refundable before the films are shown. The Group initially recorded the payments from the users as other payables and recognizes commission revenue when the films are shown.

The Group offers ticket refund and exchange services on the platform for some cinemas and receive extra service fee from cinemas. The payments arising from ticket refund and exchange are non-refundable. Revenue is recognized when the cinemas complete the ticket refund and exchange for users.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition (continued)

(a) Online entertainment ticketing services *(continued)*

(ii) Online entertainment event ticketing

The Group offers ticketing services for entertainment events, such as concerts, live performances, exhibitions and sports events on its platform. Subject to the capabilities of the theaters and other venues, the Group provides online seat area selection for certain entertainment events.

The Group works with event promoters including theaters and other venues. Tickets are sold on the Group's platform at the face value determined by the event promoters. The Group provides the event promoters with convenient and stable ticketing system and managerial assistance through the system.

The Group identifies theaters and other venues as the customers for online entertainment event ticketing services.

Ticket refund and exchange, as well as the extra service fee, are subject to the terms and conditions made by the event promoters. If events are cancelled or postponed, the event promoters will refund the value of the ticket prices to our users through the Group, and the event promoters are responsible for any expenses, liability claims, disputes and litigation resulting from such cancellation.

Revenue is recognized on a net basis as the Group is not regarded as the primary obligor and is not responsible for the event and does not take inventory risk. The Group only receives commission fee from the theaters and other venues.

The Group initially recorded the payments from the users as other payables and recognizes commission revenue when the events are started.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition *(continued)*

(b) Entertainment content services

The Group operates an integrated platform to provide entertainment content services, including distribution, promotion to production, for various entertainment formats including movies, entertainment events, TV series, web series, web movies and variety shows.

(i) Movie distribution and promotion services

The Group offers movie distribution and promotion services for content producers which are identified as customers of the Group. Movie distribution and promotion carried out by the Group include tailored audience incentive programs, promotion campaign in cooperation with movie fans club, movie presale and test screenings.

Since the Group normally has the ability to determine the pricing of the services and has taken responsibility for monitoring the quality of services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognizes revenue from movie distribution and promotion services on a gross basis.

Revenue from distribution and promotion is generated from the following sources: (i) a fixed-amount distribution cost as payment for the Group's distribution and promotion expenses, which is normally deducted from box office proceeds prior to payments to movie producers; and (ii) a distribution fee which can be either a fixed amount or a percentage of the movie, after deducting all necessary costs and expenses for production and distribution.

Revenue from distribution and promotion is recognized over the movie schedule according to the process of box office revenue. The Group uses the output methods to measure the progress towards, recognizing revenue based on direct measurements of the value transferred to the producers. Accounts receivable is recorded when revenue is recognized due to the Group has an unconditional right to consideration.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition (continued)

***(b) Entertainment content services** (continued)*

(ii) Movies production/investment

The Group provides market-oriented advice to the production crew on the shooting and edition processes, leveraging the Group's big data analytical capabilities and extensive experience of movie distribution and promotion, and makes capital investment in the production as a co-producer or a producer.

When the Group is not involved in the determination of idea origination, production crew and cast selection, shooting and post-production but only participates in the distribution and promotion. The Group is not considered to be involved in the movie production process and the main purpose of the investment in the movies is to obtain the distribution right of the movies from the movie production companies and to earn the distribution fee. Given that distribution services are provided by the Group to the producers/movie production companies, and the investment in the relevant movie made by the Group is also paid to the same producer/movie production company, such investment cost is considered as in substance a consideration payable to a customer of the Group, and as a result, such investment cost shall be accounted for as a reduction of revenue. Therefore, revenue from this type of investment in movie projects arising from the revenue share of the movie, based on the interest percentage owned by the Group, is recognized over the movie screening period according to the box office, after the reduction of the Group's investment cost (on a net basis). Accounts receivables are recorded when revenue recognized due to the Group has an unconditional right to consideration.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition *(continued)*

(b) Entertainment content services *(continued)*

(ii) Movies production/investment (continued)

When the Group is fully involved as a principal in the determination of idea origination, production crew and cast selection, shooting and post-production. The Group controlled the movie production process and is considered to be a producer. Therefore, revenue from this type of movie production represents the Group's share of box office sales from movies exhibited in movie theatres, after the payment of taxes and other charges by movie theatres and associates of movie theatres, is recognized over the movie screening period according to the box office (on a gross basis).

The corresponding movie production costs are initially capitalised under "Contract fulfilment costs for movie productions" in Note 22 and stated at cost less any provision for impairment losses. Provisions are made for costs which are in excess of the expected future revenues generated by these films. They are subsequently amortised to profit or loss under cost of revenue in the same pattern of the aforesaid revenue recognition when the associated movies are exhibited in movie theatres.

The Group also strategically invested in movies and TV series as one of the principal activities of the Group. Therefore, the Group has presented the changes in fair value on the investment in movies, TV series and entertainment events as revenue of the Group in the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition (continued)

(b) Entertainment content services *(continued)*

(iii) Licensing of broadcasting rights of television series

When the Group controls the television series production process by determined the idea origination, production crew and cast selection, shooting and post-production, the Group determines it's a principal and therefore records revenue on a gross basis. After completing the idea origination and preliminary work, the Group negotiate with online video platforms to sale the license of television series rights.

Revenue from the licensing of broadcasting rights of television series is recognized at the point in time when the television series are available to the licensee and the licensee is able to use and benefit from the license, generally on delivery of the drama series after the approval from the National Radio and Television Administration of the PRC ("the NRTA") or receipt of the licence for distribution of television series from the provincial counterpart of the NRTA when a customer is provided with a right to broadcast the television series as it exists at the point in time when the licence is granted.

In certain agreements with online video platform customers, the Group is entitled to additional bonus based on the actual broadcasting performance. Revenue from such additional bonus is recognized when the amount is determined and confirmed by the customers.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition *(continued)*

(c) Advertising services and others

The Group's platform offers online ordering of in-cinema food and beverage, sale of IP-centric movie merchandise and movie ticket membership subscriptions for the cinemas. Users can order the food, beverage and others and pay for it through the Group's platform in advance.

The varieties and price of food, beverage and other items are determined by the individual cinemas. The Group also acts as an agent in the transaction and only earns pre-agreed commission revenue from cinemas. Revenue from e-commerce services is recognized on a net basis as the Group is not regarded as the primary obligor.

The payments from users are cancellable and refundable before the users enjoy the goods or services. The Group initially records the payments from the users as other payables and recognizes commission revenue when the users enjoy the goods and services.

The Group provides advertising services to advertisers as well as advertising agencies in both the movie industry and other industries.

The Group also provides other advertising services, including advertisements incorporated into the entertainment content in the form of news feeds and articles published through the official accounts across several social media platform, as well as various offline marketing resources such as cinemas, movie roadshows, and cross-industry advertisement cooperation.

Advertising revenue mainly comprise revenue derived from displaying advertisements on its platform. The Group recognizes the revenue on a straight-line basis over the contracted period with customers in which the advertisements are displayed.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.6 Revenue recognition *(continued)*

(c) Advertising services and others *(continued)*

Since the Group has the ability to determine the pricing of the advertising services and to take responsibility for monitoring the quality of advertising services provided and to negotiate the service terms, the Group is regarded as the primary obligor and recognizes revenue from advertising on a gross basis.

Advertisers usually pay the advertisement after the display is completed. The Group records accounts receivables when the revenue recognized since the Group has unconditional rights to payments of advertising services which are due according to the contract terms.

(d) Transaction price allocated to the remaining performance obligation

The transaction price allocated to the performance obligations that are unsatisfied, or partially unsatisfied, has not been disclosed, as substantially all of the Group's contracts have a duration of 1 year or less.

2.2.7 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting *(continued)*

(a) Subsidiaries *(continued)*

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 arrangement 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 arrangement.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting (continued)

(a) Subsidiaries *(continued)*

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 arrangement, 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 consolidated financial statements of the Group during the years ended December 31, 2023 and 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.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see 2.2.7(d) below), after initially being recognized at cost.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting *(continued)*

(c) Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group has assessed the nature of its certain investments in movie production and determined them to be joint operations. The Group recognizes its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the revenue recognition related to investments in movie production classified as joint operation are set out in Note 2.2.6(b) (ii).

Interests in joint ventures are accounted for using the equity method (see 2.2.7(d) below), after initially being recognized at cost in the consolidated balance sheet.

(d) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting (continued)

***(d) Equity method** (continued)*

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognized at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognized in the profit or loss in the period in which the additional interest are acquired.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.2.3.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting *(continued)*

(e) Changes in ownership interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions–that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration received/paid and the relevant share disposed/acquired of the carrying value of net assets of the subsidiary is recorded in equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting (continued)

(f) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

For business combinations in which the acquisition date is on or after January 1, 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognized.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.7 Principles of consolidation and equity accounting *(continued)*

(f) Business Combinations *(continued)*

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.8 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.9 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Reporting Period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.9 Current and deferred income tax *(continued)*

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the Reporting Period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.9 Current and deferred income tax *(continued)*

(c) Offsetting

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.2.10 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the Reporting Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as payroll and welfare payable in the balance sheet.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the Reporting Period. Employee entitlements to sick and maternity leave are not recognized until the time of leave.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.10 ***Employee benefits*** *(continued)*

(c) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

The Group operates several equity-settled share-based compensation plans (including share option scheme and restricted stock units ("RSUs") scheme), under which the Group receives service from its employees in exchange for the equity instruments of the Group. As disclosed in Note 29, during the years ended December 31, 2023 and 2022. The fair value of the employee service received in exchange for the grant of share options and RSUs is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

– Including any market performance conditions (e.g., the entity's share price);

– Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

– Including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holdings shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.10 ***Employee benefits*** *(continued)*

(c) Pension obligations *(continued)*

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

(d) Share-based benefits of the Group

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.11 Research and development expenses

Research expenditure is recognized as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when the following recognition criteria are fulfilled:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet those criteria are recognized as expenses as incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs are amortized from the point at which the assets are ready for use on a straight-line basis over their estimated useful lives.

2 BASIS OF PREPARATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Summary of material accounting policies *(continued)*

2.2.12 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 FINANCIAL RISK MANAGEMENT

3.1 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. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

The Group's 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. The Group did not enter into any forward contract to hedge its exposure to foreign currency risk for the years ended December 31, 2023 and 2022.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) ***Market risk*** *(continued)*

(i) ***Foreign exchange risk*** *(continued)*

The following table shows the Group's monetary assets and liabilities (in RMB equivalent) that are denominated in foreign currencies other than the functional currencies of respective group entities:

	Assets		Liabilities	
	As at December 31,		As at December 31,	
Currency denomination	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000
SGD	**99**	–	**–**	–
USD	**7,937**	7,802	**–**	–
HKD	**59,468**	176,695	**6,560**	2,328
	67,504	184,497	**6,560**	2,328

The Group may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with monetary assets shown above. The Group has not used any means to hedge the exposure.

If RMB had weakened/strengthened by 5% against the foreign currency dollars with all other variables held constant, profit before income tax for the year ended December 31, 2023 would have been RMB3,047,000 higher/lower (2022: RMB9,108,000).

(ii) ***Fair value interest rate risk***

The Group's interest rate risk arises from interest-bearing bank deposits and bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings at fixed rates expose the Group to fair value interest rate risk.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Fair value interest rate risk *(continued)*

Other than interest-bearing bank deposits, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at December 31, 2023 and 2022, the Group's interest-bearing borrowings are all at fixed rates.

(iii) Price risk

The Group is exposed to price risk in respect of the long-term investments and short-term investments measured at FVPL and FVOCI held by the Group. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment was managed by senior management on a case by case basis.

(b) 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.

(i) 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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***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 mainly placed in reputable institutions in Hong Kong and mainland China with sound credit ratings.

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 share credit risk characteristics and the days past due.

The expected loss rates are based on the aging profiles of accounts receivables over a period before the December 31, 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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Accounts receivables (continued)

On such basis, the loss allowance as at December 31, 2023 and 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
As at December 31, 2023						
On collective basis						
Expected loss rate	7.29%	12.09%	15.67%	30.90%	73.12%	16.26%
Gross carrying amount	625,909	112,534	24,703	30,386	99,376	892,908
Loss allowance provision	45,635	13,610	3,871	9,389	72,662	145,167
On individual basis						
Expected loss rate	–	–	–	–	100.00%	100.00%
Gross carrying amount	–	–	–	–	225,115	225,115
Loss allowance provision	–	–	–	–	225,115	225,115
Total						
Expected loss rate	7.29%	12.09%	15.67%	30.90%	91.77%	33.12%
Gross carrying amount	625,909	112,534	24,703	30,386	324,491	1,118,023
Loss allowance provision	45,635	13,610	3,871	9,389	297,777	370,282

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***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
As at December 31, 2022						
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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Accounts receivables (continued)

The loss allowances for accounts receivables as at December 31, reconcile to the opening loss allowances as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**252,530**	198,729
Impairment provision	**117,752**	53,801
At the end of the year	**370,282**	252,530

The directors of the Company have carefully re-assessed the lifetime expected credit loss of accounts receivables as at December 31, 2023 and 2022, and accounts receivable are written off where there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in repayment plan with the Group.

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 consider the probability of default upon initial recognition of assets and whether there has been significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares 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:

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Other receivables (continued)

- 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 borrower, including changes in the payment status of borrowers and changes in the operating results of the borrower.

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 recognized in profit or loss.

Management uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) *Credit risk* *(continued)*

(ii) *Impairment of financial assets* *(continued)*

Other receivables (continued)

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

Category	The Group's definition of category	Basis for recognition of expected credit loss provision
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 that 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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Other receivables (continued)

The Group provides for credit losses against other receivables as follows:

As at December 31, 2023	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross carrying amount				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	463,602	–	223,354	686,956
Loans to third parties	80,810	–	115,065	195,875
Amounts due from related parties	180,354	–	4,717	185,071
Receivables for investment in movies and TV series	74,196	–	60,432	134,628
Deposits for rental and others	55,727	–	–	55,727
Receivable from transfer of investment in movies and TV series	30,897	–	–	30,897
Others	41,386	–	24,372	65,758
	926,972	–	427,940	1,354,912

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Loss allowance				
Deposits and receivables for online entertainment ticketing, e-commerce and other services	9,179	–	223,354	232,533
Loans to third parties	1,090	–	115,065	116,155
Amounts due from related parties	290	–	4,717	5,007
Receivables for investment in movies and TV series	407	–	60,432	60,839
Deposits for rental and others	1,491	–	–	1,491
Receivable from transfer of investment in movies and TV series	1,040	–	–	1,040
Others	693	–	24,372	25,065
	14,190	–	427,940	442,130
Expected credit loss rate	1.53%	–	100.00%	32.63%

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Other receivables (continued)

The Group provides for credit losses against other receivables as follows (continued):

As at December 31, 2022	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross carrying amount				
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
Receivable from transfer of investment in movies and TV series	386	–	–	386
Others	17,921	–	19,696	37,617
	485,176	12,078	432,881	930,135

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Loss allowance				
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
Receivable from transfer of investment in movies and TV series	4	–	–	4
Others	187	–	19,696	19,883
	2,361	4,097	432,877	439,335
Expected credit loss rate	0.49%	33.92%	100.00%	47.23%

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) ***Credit risk*** *(continued)*

(ii) ***Impairment of financial assets*** *(continued)*

Other receivables (continued)

The loss allowances for other receivables as at December 31, reconcile to the opening loss allowances as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**439,335**	438,746
Impairment provision	**2,795**	29,548
Write-off	**–**	(28,959)
At the end of the year	**442,130**	439,335

As at December 31, 2023, the maximum credit risk exposure of other receivables amounted to approximately RMB1,354,912,000 (2022: RMB930,135,000).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and marketable securities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Total RMB'000**
As at December 31, 2023				
Accounts payables	**880,584**	**–**	**–**	**880,584**
Other payables, accruals and other liabilities (excluding accrual for payroll and welfare payable and other taxes liabilities)	**2,042,767**	**–**	**–**	**2,042,767**
Borrowings	**253,510**	**–**	**–**	**253,510**
Lease liabilities	**17,785**	**13,336**	**1,406**	**32,527**
	3,194,646	**13,336**	**1,406**	**3,209,388**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at December 31, 2022				
Accounts payables	386,670	–	–	386,670
Other payables, accruals and other liabilities (excluding accrual for payroll and welfare payable and other taxes liabilities)	1,060,093	–	–	1,060,093
Borrowings	337,651	–	–	337,651
Lease liabilities	14,665	14,870	10,591	40,126
	1,799,079	14,870	10,591	1,824,540

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance owners' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors 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 lease liabilities, less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As at December 31, 2023 and 2022, the Group has a net cash position.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2023 and 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the Group's assets that are measured at fair value as at December 31, 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
Investment in movies, TV series and entertainment events	**–**	**–**	**15,264**	**15,264**
Unlisted investments	**–**	**–**	**36,857**	**36,857**
	–	**–**	**52,121**	**52,121**
Financial assets at fair value through other comprehensive income				
Listed investments	**234,592**	**–**	**–**	**234,592**
Unlisted investments	**–**	**–**	**224,274**	**224,274**
	234,592	**–**	**224,274**	**458,866**

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

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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.

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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

Valuation processes of the Group

The Group has a team of personnel who performs valuation on these level 3 instruments for financial reporting purposes. On an 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 investment 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 investment in movies, TV series and entertainment events mainly represent the investments in certain movies, TV series and entertainment events. The Group used DCF approach to evaluate the fair value of the investment in movies, TV series and entertainment events as at year end. Based on the Group's evaluation, fair value losses of the investments amounting to approximately RMB3,167,000 had been recognized under "revenue" for the year ended December 31, 2023.

The unlisted investments represent the investments in certain privately owned companies. The Group used market approach and DCF approach to evaluate the fair value of the unlisted investments as at December 31, 2023. Besides, management is of the view that there is no significant change in fair value of the unlisted investments which are acquired close to December 31, 2023, during the year ended December 31, 2023, unless there is available information about latest round of financing.

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 and other receivables, accounts payables, other payables and borrowings approximate to their fair values due to their short maturities.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

Valuation processes of the Group *(continued)*

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

Description	Fair value at December 31, 2023 RMB'000	Fair value at December 31, 2022 RMB'000	Unobservable inputs	Range of inputs 2023	Range of inputs 2022	Key inputs and relationships of unobservable inputs to fair value
Investment in movies, TV series and entertainment events	**15,264**	42,476	Discount rate	**10.0%-11.0%**	11.0%-14.5%	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	**261,131**	241,030	Discount rate	**5.00%-12.00%**	5.00%-12.00%	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.
			Discount rate for lack of marketability	**16.0%-20.0%**	15.0%-20.0%	Reference to a combination of unobservable inputs, including market multiples, discount rate for lack of marketability, etc.
			Price-to-Book Ratio	**4.77x**	5.30x	The lower the discount rate for lack of marketability the higher the fair value
			Enterprise value/ Sales	**6.29x-89.25x**	7.11x-92.28x	The higher the market multiples, the higher the fair value.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

The following table presents the movements in investments in movies, TV series and entertainment events, investments in listed equity securities and unlisted equity securities for the years ended December 31, 2023 and 2022:

	Financial assets at fair value through profit or loss		
	Investment in movies, TV series and entertainment events RMB'000	**Investments in unlisted equity securities RMB'000**	**Total RMB'000**
As January 1, 2022	93,306	23,245	116,551
Additions	13,676	–	13,676
Disposals	(96,022)	–	(96,022)
Fair value gains	31,516	–	31,516
As at December 31, 2022	42,476	23,245	65,721
As January 1, 2023	**42,476**	**23,245**	**65,721**
Additions	**34,999**	**–**	**34,999**
Disposals	**(28,944)**	**–**	**(28,944)**
Reclassification	**(30,100)**	**–**	**(30,100)**
Fair value (losses)/gains	**(3,167)**	**13,612**	**10,445**
As at December 31, 2023	**15,264**	**36,857**	**52,121**

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 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
As January 1, 2022	240,931	73,701	314,632
Additions	–	148,257	148,257
Disposals	–	(2,929)	(2,929)
Transfer to listed investments	19,128	(19,128)	–
Fair value (losses)/gains	(70,646)	17,884	(52,762)
Currency translation differences	23,354	–	23,354
As at December 31, 2022	212,767	217,785	430,552
As January 1, 2023	**212,767**	**217,785**	**430,552**
Additions *(a)*	**85,223**	**20,923**	**106,146**
Disposals	**(6,383)**	**(2,000)**	**(8,383)**
Fair value losses	**(61,753)**	**(15,317)**	**(77,070)**
Currency translation differences	**4,738**	**2,883**	**7,621**
As at December 31, 2023	**234,592**	**224,274**	**458,866**

Note:

(a) During the year ended December 31, 2023, the Group invested certain listed companies at a consideration of approximately RMB85,223,000 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management of the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Recoverability of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. Details of impairment charge, key assumptions which are made by the management and third-party valuer and impact of possible changes in key assumptions are disclosed in Note 16. Based on assessment, the management and directors of the Company are of the view that there is no impairment of goodwill as at December 31, 2023.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group’s financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(b) Measurement of the expected credit losses

The measurement of the expected credit losses for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss is further detailed in Notes 3.1(b).

A number of judgements are also required in applying the accounting requirements for measuring expected credit loss, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit loss; and
- Establishing the number and relative weightings for forward-looking scenarios and the associated expected credit loss.

(c) Recognition of share-based compensation expenses

The fair value of options is determined by the Binomial model or Monte Carlo model at the grant date, and is expected to be expensed over the respective vesting period. Significant estimate on assumptions, including underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors and the third-party valuer.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(d) Current and deferred income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing, by assuming taxation authority will examine those amounts and will have full knowledge of all relevant information. When the Group concludes that it is probable that a particular tax treatment is accepted, the Group determines taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit/(tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group assesses its judgements and estimates if facts and circumstances change.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Fair value measurement of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The fair value determination of such financial assets for which there is no observable market price requires the use of valuation techniques. The inputs to the valuation models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Details of the key assumptions and inputs used are disclosed in Note 3.3.

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, being the executive directors of the Group.

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 December 31, 2023 and 2022, substantially all of the non-current assets were located in the PRC.

6 REVENUE

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue from contract with customers under IFRS 15		
Entertainment content services	**2,303,584**	1,081,947
Online entertainment ticketing services	**2,258,565**	1,067,722
Advertising services and others	**198,387**	138,292
	4,760,536	2,287,961
(Losses)/gains on movies, TV series investments and entertainment events *(Note 3.3)*	**(3,167)**	31,516
Total revenue	**4,757,369**	2,319,477

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue over time	**2,418,361**	1,176,403
Revenue at a point in time	**2,342,175**	1,111,558
Revenue from contract with customers under IFRS 15	**4,760,536**	2,287,961

7 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 share units granted to directors and employees *(Note 9)*	**399,756**	352,247
Amortization of intangible assets *(Note 16)*	**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 *(Note 9)*	**30,348**	8,504
Office expenses	**22,385**	5,700
Tax and levies	**20,584**	11,805
Depreciation of right-of-use assets *(Note 15)*	**13,995**	13,396
Depreciation of property, plant and equipment *(Note 14)*	**12,364**	14,190
Rental expense for short-term and low-value leases *(Note 15)*	**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
Total cost of revenues, selling and marketing expenses and general and administrative expenses	**3,586,586**	2,079,563

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).

8 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	**8,425**	10,922
	51,129	38,551
Other (losses)/gains, net		
Fair value gains on unlisted investments classified as financial assets at fair value through profit or loss *(Note 3.3)*	**13,612**	–
Losses on disposals of property, plant and equipment *(Note 14)*	**(173)**	(192)
(Losses)/gains on disposals of investments accounted for using the equity method *(Note 17)*	**(7,663)**	273
Foreign currency exchange (losses)/gains, net	**(9,680)**	1,603
Others	**764**	(1,041)
	(3,140)	643

9 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Wages, salaries and bonuses	**321,837**	268,482
Share options and RSUs granted to directors and employees *(Note 29)*	**30,348**	8,504
Welfare, medical and other expenses	**48,219**	53,467
Contributions to pension plans	**29,700**	30,298
	430,104	360,751

(a) Pensions – defined contribution plans

Majority of the Group's contributions to pension plans are related to the local employees in the PRC. All local employees of the subsidiaries in the PRC participate in employee social security plans established in the PRC, which cover pension, medical and other welfare benefits. The plans are organised and administered by the governmental authorities. The Group also participates in the Mandatory Provident Fund Scheme in Hong Kong, under which the Group and relevant employees are required to contribute to the scheme monthly, and the Group has no further payment obligations once the contributions have been paid. The Group's contributions to the Mandatory Provident Fund Scheme are expensed as incurred. Except for the contributions made to these social security plans, the Group has no other material commitments owing to the employees. According to the relevant regulations, the portion of premium and welfare benefit contributions that should be borne by the companies within the Group as required by the above social security plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are paid to the respective labor and social welfare authorities and are expensed as incurred.

9 EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1 director for the year ended December 31, 2023 (2022: 1), whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining 4 individuals during year ended December 31, 2023 (2022: 4) are as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Bonuses	**9,000**	3,300
Share-based compensation expenses	**6,988**	8,444
Basic wages and salaries	**5,370**	5,674
Welfare, medical and other expenses	**331**	304
Contributions to pension plans	**259**	223
	21,948	17,945

9 EMPLOYEE BENEFIT EXPENSES *(continued)*

(b) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Number of individuals	
	Year ended December 31,	
	2023	2022
Emolument bands		
HKD3,000,001 – HKD3,500,000	**–**	1
HKD3,500,001 – HKD4,000,000	**–**	–
HKD4,000,001 – HKD4,500,000	**1**	1
HKD4,500,001 – HKD5,000,000	**–**	2
HKD5,000,001 – HKD5,500,000	**–**	–
HKD5,500,001 – HKD6,000,000	**1**	–
HKD6,000,001 – HKD6,500,000	**–**	1
HKD6,500,001 – HKD7,000,000	**1**	–
HKD7,000,001 – HKD7,500,000	**–**	–
HKD7,500,001 – HKD8,000,000	**1**	–
HKD11,500,001-HKD12,000,000	**1**	–

During the years ended December 31, 2023 and 2022, no director or the five highest paid individuals received any emolument from the Group as an inducement to join or upon joining the Group, leave the Group or as compensation for loss of office.

10 FINANCE INCOME, NET

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Finance income:		
– Interest income from bank deposits	**81,039**	39,263
Finance costs:		
– Interest expense on bank borrowings	**(3,752)**	(16,296)
– Unwinding of interest on lease liabilities *(Note 15(c))*	**(1,368)**	(842)
	(5,120)	(17,138)
Finance income, net	**75,919**	22,125

11 INCOME TAX EXPENSES

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Current income tax	**298,668**	85,501
Deferred income tax *(Note 19)*	**(52,826)**	(9,022)
Income tax expenses	**245,842**	76,479

11 INCOME TAX EXPENSES *(continued)*

A reconciliation of the tax expense applicable to profit tax at the statutory rate in Mainland China to the tax expense at the effective rate is as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**1,153,679**	181,291
Share of losses of investments accounted for using the equity method	**2,073**	2,921
	1,155,752	184,212
Tax calculated at a tax rate of 25%	**288,938**	46,053
Tax effects of:		
– Effects of different tax rates applicable to different subsidiaries of the Group	**(70,763)**	(13,103)
– Expenses not deductible for tax purposes	**6,402**	1,230
– Tax losses and temporary differences not recognized for deferred tax assets	**29,673**	53,190
– Reversal of previously recognized deferred tax assets	**–**	14,549
– Utilisation of tax losses previously not recognized as deferred tax assets	**(6,030)**	(1,611)
– Overprovision for prior years	**(2,378)**	(23,829)
Income tax expenses	**245,842**	76,479

(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.

11 INCOME TAX EXPENSES *(continued)*

(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.

12 EARNINGS PER SHARE

(a) Basic earnings per share

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

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.

12 EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

	Year ended December 31,	
	2023	2022
Profit attributable to owners of the Company (RMB'000)	**910,412**	105,190
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)	**2,442**	2,394
Weighted average number of shares for diluted earnings per share (thousand)	**1,148,080**	1,146,535
Diluted earnings per share (in RMB)	**0.79**	0.09

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 (Note 29). 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 Accounting Standards that have not yet been charged to income statement) are incremental share 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 Accounting Standards that have not yet been charged to income statement) are incremental share issued for nil consideration which causes dilution to earnings per share.

13 DIVIDENDS

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

14 PROPERTY, PLANT AND EQUIPMENT

	Office equipment RMB'000	Computer equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Year ended December 31, 2022				
Opening net book amount	4,411	20,668	2,151	27,230
Additions	187	5,026	416	5,629
Disposals	(15)	(177)	–	(192)
Depreciation	(1,646)	(10,369)	(2,175)	(14,190)
Closing net book amount	2,937	15,148	392	18,477
As at December 31, 2022				
Cost	18,069	49,996	16,508	84,573
Accumulated depreciation	(15,132)	(34,848)	(16,116)	(66,096)
Net book amount	2,937	15,148	392	18,477
Year ended December 31, 2023				
Opening net book amount	**2,937**	**15,148**	**392**	**18,477**
Additions	**14,549**	**7,849**	**–**	**22,398**
Disposals	**(43)**	**(130)**	**–**	**(173)**
Depreciation	**(3,985)**	**(8,239)**	**(140)**	**(12,364)**
Closing net book amount	**13,458**	**14,628**	**252**	**28,338**
As at December 31, 2023				
Cost	**31,826**	**56,516**	**16,508**	**104,850**
Accumulated depreciation	**(18,368)**	**(41,888)**	**(16,256)**	**(76,512)**
Net book amount	**13,458**	**14,628**	**252**	**28,338**

14 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of revenue	**9,506**	9,459
Selling and marketing expenses	**1,229**	1,914
General and administrative expenses	**1,629**	2,817
	12,364	14,190

15 LEASES

(a) Right-of-use assets

Leased properties

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Opening net book amount	**37,596**	7,972
Additions	**3,483**	43,020
Depreciation charge	**(13,995)**	(13,396)
Closing net book amount	**27,084**	37,596

15 LEASES *(continued)*

(b) Lease liabilities

Lease properties

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Current portion	**16,766**	14,333
Non-current portion	**11,705**	23,719
Total lease liabilities	**28,471**	38,052

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

(c) Amounts recognized in the consolidated statement of comprehensive income relating to leases

	Year ended December 31,	
	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use assets	**13,995**	13,396
Unwinding of interests on lease liabilities	**1,368**	842
Rental expenses for short-term and low-value leases	**8,422**	6,353

15 LEASES *(continued)*

(d) Amounts recognized in the consolidated statement of cash flows relating to leases

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Payments for short-term and low-value leases *(i)*	**8,422**	6,353
Payments for interest elements of lease liabilities	**1,368**	842
Cash flows used in financing activities		
Principal elements of lease payments	**14,432**	14,885

Note:

(i) Payments for short-term and low-value leases were not shown separately, but included in the line of "profit before income tax" in respect of the net cash used in operations which were presented in Note 30(a) using the indirect method.

16 INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Software RMB'000	Business cooperation agreement RMB'000	Contractual customer relationship RMB'000	Licenses RMB'000	Total RMB'000
Year ended December 31, 2022							
Opening net book amount	4,504,884	387,573	3,306	32,688	105,958	28,519	5,062,928
Additions	–	–	6,678	–	–	–	6,678
Amortization	–	(68,396)	(2,729)	(30,174)	(15,894)	(4,444)	(121,637)
Closing net book amount	4,504,884	319,177	7,255	2,514	90,064	24,075	4,947,969
As at December 31, 2022							
Cost	4,504,884	683,955	12,496	245,111	174,832	40,000	5,661,278
Accumulated amortization	–	(364,778)	(5,241)	(242,597)	(84,768)	(15,925)	(713,309)
Net book amount	4,504,884	319,177	7,255	2,514	90,064	24,075	4,947,969
Year ended December 31, 2023							
Opening net book amount	**4,504,884**	**319,177**	**7,255**	**2,514**	**90,064**	**24,075**	**4,947,969**
Additions	**–**	**–**	**2,240**	**–**	**–**	**–**	**2,240**
Amortization	**–**	**(68,396)**	**(3,856)**	**(2,514)**	**(15,894)**	**(4,444)**	**(95,104)**
Closing net book amount	**4,504,884**	**250,781**	**5,639**	**–**	**74,170**	**19,631**	**4,855,105**
As at December 31, 2023							
Cost	**4,504,884**	**683,955**	**14,736**	**245,111**	**174,832**	**40,000**	**5,663,518**
Accumulated amortization	**–**	**(433,174)**	**(9,097)**	**(245,111)**	**(100,662)**	**(20,369)**	**(808,413)**
Net book amount	**4,504,884**	**250,781**	**5,639**	**–**	**74,170**	**19,631**	**4,855,105**

16 INTANGIBLE ASSETS *(continued)*

Amortization expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Cost of revenue	**91,250**	118,908
General and administrative expenses	**3,447**	871
Selling and marketing expenses	**407**	1,858
	95,104	121,637

Goodwill impairment

The goodwill balance mainly arose from the acquisition of 100% equity interests in Beijing Weige Shidai Entertainment Technology Co., Ltd ("Beijing Weige Shidai") and Shenzhen Ruihai Fangyuan Technology Co., Ltd. ("Ruihai Fangyuan") in 2017, and the acquisition of Hangzhou Soushi Network Co., Ltd ("Hangzhou Soushi") in 2019. Goodwill is attributable to the acquired market share and economies of scale expected to be derived from combining with the operations of the Group.

Upon completion of acquisition of 100% equity interest in Beijing Weige Shidai and Ruihai Fangyuan in 2017, and Hangzhou Soushi in 2019, the Group integrated the business (including the management, assets, customers, users and systems) of Beijing Weige Shidai, Ruihai Fangyuan and Hangzhou Soushi with the Group's movie ticketing business in order to improve the operation efficiency. The management considers that the business of Beijing Weige Shidai, Ruihai Fangyuan, Hangzhou Soushi and the Group's remaining business represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets. As a result, goodwill of approximately RMB4,504,884,000 arising from the acquisition of Beijing Weige Shidai, Ruihai Fangyuan and Hangzhou Soushi was allocated to the CGU of the Group.

Impairment review on the goodwill of the Group has been conducted by the management as at December 31, 2023. For the purpose of impairment review, the recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five-year period.

16 INTANGIBLE ASSETS *(continued)*

Goodwill impairment *(continued)*

The key parameters used for value-in-use calculations on the Group include revenue growth rates, gross margin, terminal growth rate, and pre-tax discount rate:

	As at December 31, 2023	As at December 31, 2022
Annual revenue growth rate for five-year period	**2.2%-13.2%**	9.9%-39.1%
Gross margin	**45.0%-49.0%**	47.2%-50.8%
Terminal growth rate	**2.2%**	2.3%
Pre-tax discount rate	**17.74%**	16.68%

i) Revenue growth rates

Revenue is directly related to the value of paid transactions on the Group' platform and box office of the Group's business partners. The revenue growth rates are estimated with reference to the industry growth forecast for the market in which the Group operates. When estimating the revenue growth rate of the five-year period, the directors of the Company referred to the industry outlook of China's movie market.

ii) Gross Margin

The budgeted gross margin of the five years between 45.0% and 49.0% (2022: 47.2% and 50.8%) was determined by the management based on past performance, the current market conditions and its expectation for market development. For items of cost of revenue that are related to gross merchandise value of the Group, the Group referred to current fee rate and gross merchandise value projection to project the ticket system cost and internet infrastructure cost.

iii) Terminal growth rate

Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates of 2.2% (2022: 2.3%).

16 INTANGIBLE ASSETS *(continued)*

Goodwill impairment *(continued)*

iv) Discount rate

The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. With the assistance of a valuation performed by a third-party independent valuer, the directors used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the changes in market conditions during the period, The directors of the Company considered the uncertainty in PRC entertainment industry due to the enhancement of government regulations and a pre-tax discount rate of 17.74% (2022: 16.68%) was applied.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business far exceeded its carrying amount as at December 31, 2023 by approximately RMB5,005,078,000 (2022: RMB4,511,927,000).

The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

The Group performs the sensitivity analysis based on the assumptions that revenue growth rate, gross margin, terminal growth rate or the discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Revenue growth rate decreases by 10%	**2,954,000**	1,751,000
Gross margin decreases by 10%	**4,686,000**	2,577,000
Terminal growth rate decreases by 10%	**4,880,000**	4,377,000
Discount rate increases by 5%	**4,423,000**	3,890,000

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
At the beginning of the year	**44,946**	46,225
Additions	**2,000**	7,500
Impairment provision *(c)*	**(18,392)**	–
Disposals of associates *(b)*	**(12,044)**	(5,813)
Share of losses	**(2,073)**	(2,921)
Dividend received	**(36)**	(45)
At the end of the year	**14,401**	44,946

Set out below are the major associates of the Group as at December 31, 2023, which, in the opinion of the directors, none of the associates was individually significant to the Group. The associates as listed below have capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

			Percentage of ownership interest attributable to the Group		
Company name	Date of incorporation	Registered capital (RMB'000)	As at December 31, 2023	As at December 31, 2022	Principal activities and place of operation
Shanghai Mila Television Culture Media Co., Ltd. (上海敉辣影視文化傳播有限公司)	August 14, 2017	6,250	**20%**	20%	The PRC; Film and television culture communication
Beijing Yaoying Movie Distribution Co., Ltd. (北京耀影電影發行有限公司)	June 3, 2016	19,600	**25%**	25%	The PRC; Film distribution
Ningbo Zhenhai Changxiangyuefu Culture Media Co., Ltd. (寧波鎮海唱享樂府文化傳播有限公司)	February 24, 2017	1,000	**30%**	30%	The PRC; Cultural and artistic communication

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Company name	Date of incorporation	Registered capital (RMB'000)	Percentage of ownership interest attributable to the Group As at December 31, 2023	As at December 31, 2022	Principal activities and place of operation
Xinjiang Weying Network Technology Co., Ltd. (新疆微影網絡科技有限公司)	December 1, 2015	5,000	**30%**	30%	The PRC; Movie ticketing services and performance ticketing services
Ningbo Meishan Bonded Port Area Chenhaiwenjia Investment Management Limited Partnership (寧波梅山保稅港區辰海文嘉投資管理合夥企業(有限合夥))	July 18, 2016	6,000	**30%**	30%	The PRC; Economic and trade consultation, Strategic investment
Hangzhou Guanghe Zhizao Food technology Co., Ltd. (杭州光合植造食品科技有限公司) *(a)*	February 26, 2021	1,053	**5%**	5%	The PRC; Imports and exports, sales of pre-packaged food

The English names of the associates represent the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

The Group determined that it does not have controlling financial interest in above investees, but rather possesses significant influence. The associates as listed above are private companies and insignificant to the Group. There are no quoted market prices available for their shares. There is no contingent liabilities relating to the Group's interest in the associates.

17 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Notes:

(a) Management determined that the Group can exercise significant influence over Hangzhou Guanghe Zhizao Food Technology Co., Ltd. through the board representation, notwithstanding the shareholdings are 5%.

(b) During the year ended December 31, 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.

(c) 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 year ended December 31, 2023, an aggregate impairment loss of approximately RMB18,392,000 (2022: Nil) had been recognized for three associates with impairment indicators. All of these associates were unlisted companies.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Financial assets-fair value		
– Financial assets at fair value through profit or loss	**52,121**	65,721
– Financial assets at fair value through other comprehensive income	**458,866**	430,552
Financial assets-amortized cost		
– Accounts receivables	**747,741**	436,922
– Deposit and other receivables	**912,782**	490,800
– Term deposits with original maturity over three months	**1,277,048**	515,285
– Restricted bank deposits	**261,104**	165,216
– Cash and cash equivalents	**2,147,222**	1,720,875
	5,856,884	3,825,371
Financial liabilities-amortized cost		
– Accounts payables	**880,584**	386,670
– Other payables, accruals and other liabilities (excluding accrual for content production, payroll and welfare payable and other taxes liabilities)	**2,042,767**	1,060,093
– Borrowings	**250,000**	335,000
– Lease liabilities	**28,471**	38,052
	3,201,822	1,819,815

19 DEFERRED INCOME TAX

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

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Total gross deferred income tax assets	**41,512**	9,399
Offsetting	**(6,771)**	(9,399)
Net deferred income tax assets	**34,741**	–
– to be recovered within 12 months	**–**	–
– to be recovered after 12 months	**34,741**	–
	34,741	–
Total gross deferred income tax liabilities	**97,357**	120,583
Offsetting	**(6,771)**	(9,399)
Net deferred income tax liabilities	**90,586**	111,184
– to be recovered within 12 months	**22,183**	22,299
– to be recovered after 12 months	**68,403**	88,885
	90,586	111,184
Deferred income tax liabilities, net	**(55,845)**	(111,184)

19 DEFERRED INCOME TAX *(continued)*

The movement in deferred income tax assets and liabilities during the years ended December 31, 2023 and 2022, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Impairment of accounts receivables and other receivables RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2022	13,305	1,993	1,244	16,542
(Charged)/credited to consolidated statement of comprehensive income	(13,305)	7,406	(1,244)	(7,143)
As at December 31, 2022	–	9,399	–	9,399
As at January 1, 2023	**–**	**9,399**	**–**	**9,399**
Credited/(charged) to consolidated statement of comprehensive income	**34,741**	**(2,628)**	**–**	**32,113**
As at December 31, 2023	**34,741**	**6,771**	**–**	**41,512**

19 DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities

	Change in fair value of financial assets at fair value through other comprehensive income RMB'000	Change in fair value of financial assets at fair value through profit or loss RMB'000	Intangible assets acquired in business combination RMB'000	Lease liabilities RMB'000	Total RMB'000
As at January 1, 2022	–	–	132,016	1,993	134,009
Charged/(credited) to consolidated statement of comprehensive income	2,739	–	(23,571)	7,406	(13,426)
As at December 31, 2022	2,739	–	108,445	9,399	120,583
As at January 1, 2023	**2,739**	**–**	**108,445**	**9,399**	**120,583**
(Credited)/charged to consolidated statement of comprehensive income	**(2,513)**	**4,214**	**(22,299)**	**(2,628)**	**(23,226)**
As at December 31, 2023	**226**	**4,214**	**86,146**	**6,771**	**97,357**

Deferred income tax assets are recognized for tax losses carrying forward and deductible temporary differences to the extent that realisation of the related tax benefits through future taxable profits is probable. As at December 31, 2023, the Group did not recognize deferred income tax assets in respect of losses and deductible temporary differences of approximately RMB1,190,382,000 (2022:RMB1,246,383,000). All of these tax losses will expire within 5 years.

As at December 31, 2023, the PRC subsidiaries of the Group has undistributed earnings of approximately RMB2,093,658,000 (2022: RMB1,737,073,000), which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognized as the parent entity is able to control the timing of distributions of dividends from the PRC subsidiary and is not expected to distribute these profits in the foreseeable future.

20 INVENTORIES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Marketing materials	**21,318**	5,026
Television and movie scripts	**16,001**	10,780
Movie service related merchandises, low-value consumables, and others	**2,112**	3,468
	39,431	19,274

21 ACCOUNTS RECEIVABLES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Related parties *(Note 32)*	**17,690**	41,793
Third parties	**1,100,333**	647,659
	1,118,023	689,452
Less: allowance for impairment *(Note 3.1(b))*	**(370,282)**	(252,530)
	747,741	436,922

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

21 ACCOUNTS RECEIVABLES *(continued)*

(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
	1,118,023	689,452

22 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
Total of prepayments	**1,835,921**	1,458,473
Less: Impairment for prepayments *(a)*	**(171,899)**	(103,916)
Total of prepayments – net	**1,664,022**	1,354,557
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 *(Note 32)*	**185,071**	124,906
Receivables from investments in movies and TV series *(f)*	**134,628**	89,357
Deposits for rentals and others	**55,727**	26,591
Receivable from transfer of investment in movies and TV series	**30,897**	386
Others	**65,758**	37,617
Total of deposits and other receivables	**1,354,912**	930,135
Less: Impairment for deposits and other receivables *(Note 3.1 (b))*	**(442,130)**	(439,335)
Total of deposits and other receivables – net	**912,782**	490,800
Total of prepayment, deposits and other receivables – net	**2,576,804**	1,845,357
Less: non-current portion	**(11,947)**	(62,560)
	2,564,857	1,782,797

22 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Notes:

(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, TV series and entertainment events, which are capitalised movie production and distribution costs subject to impairment assessment. During the year ended December 31, 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 RMB82,183,000, which were recognized in cost of revenue, against prepayments for investments and productions in movies, TV series and entertainment events based on the expected recoverable amount estimated by the directors in light of the aforementioned considerations; and reverse RMB14,200,000 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 December 31, 2023, the carrying amount 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.

23 CASH AND BANK BALANCES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Cash and bank balances	**3,685,374**	2,401,376
Restricted bank deposits *(a)*	**(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
Maximum exposure to credit risk	**3,685,374**	2,401,376

Notes:

(a) As at December 31, 2023, the restricted bank deposits of RMB250,000,000 (2022: RMB106,662,000) are held by the accounts as securities for bank borrowings (Note 24). The restricted bank deposits of RMB4,196,000 (2022: RMB58,554,000) represent cash received from users and placed in a bank supervised account for payments to customers. The restricted bank deposits of RMB6,908,000 are restricted due to a subsidiary is under liquidation.

(b) Bank balances are denominated in the following currencies:

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
RMB	**2,144,690**	1,618,288
USD	**1,486,156**	613,566
HKD	**54,429**	169,522
SGD	**99**	–
	3,685,374	2,401,376

24 BORROWINGS

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Bank borrowings – due within one year		
– Secured *(a)*	**250,000**	190,000
– Guaranteed *(b)*	**–**	80,000
– Unsecured *(c)*	**–**	65,000
	250,000	335,000

Notes:

(a) As at December 31, 2023, bank borrowings of RMB250,000,000 were secured by restricted bank deposits of RMB250,000,000, with fixed rates of 1.30%-1.80% 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 RMB80,000,000 were guaranteed by the Company, with fixed rates of 3.70% to 3.85% per annum.

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

25 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
	RMB'000	RMB'000
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
	880,584	386,670

26 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
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 *(Note 32)*	**110,829**	86,121
Other tax liabilities	**11,474**	8,112
Others	**26,018**	30,494
	2,182,673	1,178,284

27 SHARE CAPITAL

	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
Issued and fully paid:					
As at January 1, 2022	1,119,020,644	22,599,603	1,141,620,247	22.83	154
Restricted shares vested	–	2,001,728	2,001,728	0.04	–*
Issuance of new shares under share option scheme	350,245	–	350,245	0.01	–*
As at December 31, 2022	1,119,370,889	24,601,331	1,143,972,220	22.88	154
As at January 1, 2023	**1,119,370,889**	**24,601,331**	**1,143,972,220**	**22.88**	**154**
Restricted shares vested	**–**	**2,116,644**	**2,116,644**	**0.04**	**–***
Issuance of new shares under share option scheme	**690,500**	**–**	**690,500**	**0.01**	**–***
As at December 31, 2023	**1,120,061,389**	**26,717,975**	**1,146,779,364**	**22.93**	**154**

* The balance was rounded to the nearest thousand

As of December 31, 2023 and 2022, the Company's authorized share capital amounted to USD50,000 divided into 2,500,000,000 shares of USD0.00002 each.

28 RESERVES

	Share premium RMB'000	Capital reserves RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Convertible bonds RMB'000	Share-based compensation reserve RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2022	2,420,850	5,592,299	(44,122)	(3,676)	352,779	–	(60,577)	(8,400)	8,249,153
Issuance of new shares under share option scheme	4,526	–	–	–	(4,497)	–	–	–	29
Issuance of new shares under RSU scheme	19,646	–	–	–	(19,646)	–	–	–	–
Share-based compensation expenses	–	–	–	–	8,504	–	–	–	8,504
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax *(Note 3.3 and 19)*	–	–	(55,501)	–	–	–	–	–	(55,501)
Transfer of losses upon disposal of equity investments at fair value through other comprehensive income to accumulated losses	–	–	71	–	–	–	–	–	71
Transaction with non- controlling interest	–	–	–	–	–	–	–	486	486
Currency translation difference	–	–	–	–	–	–	125,980	–	125,980
As at December 31, 2022	2,445,022	5,592,299	(99,552)	(3,676)	337,140	–	65,403	(7,914)	8,328,722

28 RESERVES *(continued)*

	Share premium RMB'000	Capital reserves RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Convertible bonds RMB'000	Share-based compensation reserve RMB'000	Statutory reserves RMB'000	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2023	2,445,022	5,592,299	(99,552)	(3,676)	337,140	–	65,403	(7,914)	8,328,722
Issuance of new shares under share option scheme	4,803	–	–	–	(4,740)	–	–	–	63
Issuance of new shares under RSU scheme	19,936	–	–	–	(19,936)	–	–	–	–
Share- based compensation expenses	–	–	–	–	30,348	–	–	–	30,348
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax *(Note 3.3 and 19)*	–	–	(74,557)	–	–	–	–	–	(74,557)
Transfer of gains upon disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	(1,039)	–	–	–	–	–	(1,039)
Profit appropriations to statutory reserves	–	–	–	–	–	67,175	–	–	67,175
Currency translation difference	–	–	–	–	–	–	2,562	–	2,562
As at December 31, 2023	2,469,761	5,592,299	(175,148)	(3,676)	342,812	67,175	67,965	(7,914)	8,353,274

29 SHARE INCENTIVE PLAN

The share options and RSUs granted to directors and employees recognized during years ended December 31, 2023 and 2022 are summarized in the following table:

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Share options and RSUs granted to directors and employees	**30,348**	8,504

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 December 31, 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 55,221,880 shares in aggregate.

29 SHARE INCENTIVE PLAN *(continued)*

ESOP Plan of the Company *(continued)*

(a) ***Pre-IPO Share Option Scheme*** *(continued)*

The Pre-IPO Share Option Scheme was adopted by the Company as a continuation and restructuring of 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 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**
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 December 31, 2022	RMB12.2547	15,779,492
Exercised	**RMB0.0869**	**(221,900)**
Lapsed	**RMB12.7711**	**(5,497,119)**
Outstanding balance as at December 31, 2023	**RMB12.2408**	**10,060,473**

During the year ended December 31, 2023, the market price of the Company's shares as at the dates of exercise ranges from RMB5.78 per share to RMB10.96 per share (during the year ended December 31, 2022: RMB5.28 per share to RMB8.58 per share).

As at December 31, 2023, out of 10,060,473 share options, 10,060,473 share options were vested and exercisable.

29 SHARE INCENTIVE PLAN *(continued)*

ESOP Plan of the Company *(continued)*

(b) Post-IPO Share Option Scheme

Since the initial public offering day, February 4, 2019, the Company granted share options to certain employees and directors under the 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)**
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 December 31, 2022	RMB11.0315	15,135,171
Exercised	**RMB9.5783**	**(468,600)**
Lapsed	**RMB12.6820**	**(130,220)**
Forfeited	**RMB10.9930**	**(3,766,500)**
Outstanding balance as at December 31, 2023	**RMB11.0883**	**10,769,851**

During the year ended December 31, 2023, the market price of the Company's shares as at the dates of exercise ranged from RMB5.78 per share to RMB10.96 per share (during the year ended December 31, 2022: RMB5.28 per share to RMB8.58 per share).

As at December 31, 2023, out of 10,769,851 share options, 2,704,398 share options were vested and exercisable.

29 SHARE INCENTIVE PLAN *(continued)*

ESOP Plan of the Company *(continued)*

(b) Post-IPO Share Option Scheme *(continued)*

Expected retention rate

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 December 31, 2023, such retention rate was assessed to be close to 99.1% (2022: 95.8%).

(c) Post-IPO RSU Scheme

On May 4, September 20 and November 1, 2023, the Company granted RSUs to certain of the Group's employees (the "Grantees") subject to Post-IPO RSU Scheme, representing ordinary shares of par value USD0.00002 each in the share capital of the Company. The RSUs awarded are subject to a vesting scale in tranches from the grant date over certain period of employment with the Group or period of service to the Group, on the condition that employees remain employed and continue to provide service to the Group without any performance requirements. Once the vesting conditions underlying the respective RSUs are met and the RSUs are released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

29 SHARE INCENTIVE PLAN *(continued)*

ESOP Plan of the Company *(continued)*

(c) ***Post-IPO RSU Scheme*** *(continued)*

Details of RSUs are as follows:

Grant date	Number of RSUs	Vesting condition
May 4, 2023	384,333	50% are to be vested 24 months from the Grant Date 25% are to be vested 36 months from the Grant Date 25% are to be vested 48 months from the Grant Date
May 4, 2023	518,400	25% are to be vested 12 months from the Grant Date 25% are to be vested 24 months from the Grant Date 25% are to be vested 36 months from the Grant Date 25% are to be vested 48 months from the Grant Date
September 20, 2023	8,150,000	25% are to be vested 12 months from the Grant Date 25% are to be vested 24 months from the Grant Date 25% are to be vested 36 months from the Grant Date 25% are to be vested 48 months from the Grant Date
November 1, 2023	237,600	50% are to be vested 24 months from the Grant Date 25% are to be vested 36 months from the Grant Date 25% are to be vested 48 months from the Grant Date

The exercise price is nil per share and will be paid by the Grantees upon the vesting and settlement of each of the RSUs.

29 SHARE INCENTIVE PLAN *(continued)*

ESOP Plan of the Company *(continued)*

(c) ***Post-IPO RSU Scheme*** *(continued)*

Expected retention rate

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of the vesting periods in order to determine the amount of share-based compensation expenses charged to the combined statement of comprehensive income. As at December 31, 2023, such retention rate was assessed to be close to 98.0% (2022: 87.1%).

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

	Fair value	Number of shares (after Subdivision)
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 December 31, 2022	RMB8.8997	4,462,986
Granted	**RMB9.5437**	**9,290,333**
Vested	**RMB9.4186**	**(2,116,644)**
Forfeited	**RMB7.5072**	**(402,700)**
Outstanding balance as at December 31, 2023	**RMB9.3844**	**11,233,975**

30 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Profit before income tax	**1,153,679**	181,291
Adjustments for:		
– Share options and RSUs granted to directors and employees *(Note 9)*	**30,348**	8,504
– Expenses from other share-based payment transaction	**(279)**	279
– Depreciation of property, plant and equipment *(Note 14)*	**12,364**	14,190
– Amortization of intangible assets *(Note 16)*	**95,104**	121,637
– Depreciation of right-of-use asset *(Note 15)*	**13,995**	13,396
– Unwinding of interest on lease liabilities *(Note 15)*	**1,368**	842
– Loss on disposals of property, plant and equipment *(Note 8)*	**173**	192
– Share of losses of investments accounted for using the equity method *(Note 17)*	**2,073**	2,921
– (Losses)/gains on disposals of investments accounted for using the equity method *(Note 8)*	**7,663**	(273)
– Interest income *(Note 10)*	**(81,039)**	(39,263)
– Interest expense on bank borrowings *(Note 10)*	**3,752**	16,296
– Net impairment losses on financial assets *(Note 3.1(b))*	**120,547**	83,349
– Net impairment losses on prepayment *(Note 22)*	**67,983**	33,672
– Impairment losses on investments accounted for using the equity method *(Note 17)*	**18,392**	–
– Fair value changes on financial assets at fair value through profit or loss *(Notes 3.3)*	**(10,445)**	(31,516)
Cash generated from operations before changes in working capital	**1,435,678**	405,517
Changes in working capital:		
– Restricted cash	**48,626**	–
– Inventories	**(20,157)**	15,775
– Accounts receivables	**(410,899)**	419,139
– Prepayments, deposits and other receivables	**(788,360)**	48,949
– Accounts payables	**493,914**	93,298
– Other payables, accruals and other liabilities	**1,014,937**	(787,898)
	1,773,739	194,780

30 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Reconciliation of liabilities arising from financing activities

	Borrowings RMB'000	Loans from third parties RMB'000	Lease liabilities RMB'000	Total RMB'000
As at January 1, 2022	512,500	84,526	9,075	606,101
Proceeds from borrowings	335,000	–	–	335,000
Proceeds from loans from third parties	–	(84,526)	–	(84,526)
Repayment of borrowings	(512,500)	–	–	(512,500)
Principal elements of lease payments	–	–	(14,885)	(14,885)
Interest expenses on lease liabilities	–	–	842	842
Addition of lease liabilities	–	–	43,020	43,020
As at December 31, 2022	335,000	–	38,052	373,052
As at January 1, 2023	**335,000**	**–**	**38,052**	**373,052**
Proceeds from borrowings	**250,000**	**–**	**–**	**250,000**
Repayment of borrowings	**(335,000)**	**–**	**–**	**(335,000)**
Principal elements of lease payments	**–**	**–**	**(14,432)**	**(14,432)**
Interest expenses on lease liabilities	**–**	**–**	**1,368**	**1,368**
Addition of lease liabilities	**–**	**–**	**3,483**	**3,483**
As at December 31, 2023	**250,000**	**–**	**28,471**	**278,471**

31 CAPITAL AND OTHER COMMITMENTS

As at December 31, 2023, capital expenditure contracted for but not yet incurred by the Group amounted to approximately RMB553,237,000 with respect to investments and productions in certain movies and TV series and equity interest company (2022: RMB485,563,000).

32 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 Investment and Enlight Media and their subsidiaries (collectively "Enlight Group")	One of the Company's shareholders
Tencent 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
Shanghai Chengxin Television Media Co., Ltd. ("Shanghai Chengxin")	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 consolidated financial statements, the following significant transactions were carried out between the Group and its related parties during years ended December 31, 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.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(a) Revenue from transactions with related parties

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Enlight Group	**46,015**	12,681
Meituan Group	**17,154**	840
Tencent Group	**6,093**	29,560
Beijing Yaoying	**141**	–
Hangzhou Guanghe	**–**	90
	69,403	43,171

(b) Purchase of management and infrastructure services

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Meituan Group	**245,681**	154,997
Tencent Group	**215,571**	49,076
Enlight Group	**19**	18
Hangzhou Guanghe	**–**	90
	461,271	204,181

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

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Enlight Group	**994**	2,318

32 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(d) Content distribution costs

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Enlight Group	**11,250**	–

(e) Balances with related parties

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Receivables from related parties		
– Accounts receivables		
Tencent Group	**10,684**	19,801
Enlight Group	**6,526**	–
Beijing Yaoying	**256**	256
Meituan Group	**224**	–
Hangzhou Guanghe	**–**	95
Shanghai Chengxin	**–**	21,641
	17,690	41,793
Less: allowance for impairment	**(8,657)**	(29,371)
	9,033	12,422

32 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(e) Balances with related parties *(continued)*

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
– Deposits and other receivables		
Meituan Group	**153,980**	93,277
Hangzhou Guanghe	**15,000**	15,000
Tencent Group	**10,516**	10,770
Shanghai Mila	**4,717**	4,717
Enlight Group	**858**	1,142
	185,071	124,906
Less: allowance for impairment	**(5,007)**	(4,938)
	180,064	119,968
Payables to related parties		
– Accounts payables		
Tencent Group	**88,090**	5,200
Meituan Group	**8,285**	–
Hangzhou Guanghe	**–**	95
Enlight Group	**–**	33
	96,375	5,328
– Other payables, accruals and other liabilities		
Tencent Group	**55,626**	25,878
Enlight Group	**28,104**	19,809
Meituan Group	**27,099**	40,434
	110,829	86,121

The receivables and payables due from/to related parties are unsecured, interest-free and are repayable on demand.

32 SIGNIFICANT RELATED PARTY TRANSACTIONS *(continued)*

(f) Key management compensation

	Year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Share-based compensation expenses	**7,284**	–
Wages, salaries and bonuses	**4,489**	5,811
Welfare, medical and other expenses	**–**	61
Contributions to pension plans	**–**	32
	11,773	5,904

33 CONTINGENCIES

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

34 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY

	Note	As at December 31, 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current asset			
Investment in a subsidiary	*(a)*	**10,347,194**	10,317,000
Financial assets at fair value through other comprehensive income		**279,838**	359,024
		10,627,032	10,676,024
Current assets			
Prepayments, deposits and other receivables		**486,941**	782,792
Bank deposits with the maturity over three months		**1,226,898**	392,894
Cash and cash equivalents		**225,693**	310,364
		1,939,532	1,486,050
Total assets		**12,566,564**	12,162,074
EQUITY			
Share capital		**154**	154
Reserves	*(b)*	**24,529,458**	24,554,810
Accumulated losses		**(12,454,355)**	(12,441,519)
Total equity		**12,075,257**	12,113,445
LIABILITIES			
Current liabilities			
Other payables, accruals and other liabilities		**491,307**	48,629
Total liabilities		**491,307**	48,629
Total equity and liabilities		**12,566,564**	12,162,074

The financial position of the Company was approved for issue by the Board of Directors on March 21, 2024 and were signed on its behalf.

Zheng Zhihao
Executive Director and Chief Executive Officer

Li Li
Senior Financial Director

34 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY *(continued)*

(a) Investment in a subsidiary

	As at December 31,	
	2023	2022
	RMB'000	RMB'000
Investment in a subsidiary *(i)*	**22,200,000**	22,200,000
Deemed investments arising from share-based compensation expenses *(ii)*	**409,796**	379,602
Less: allowance for impairment of investment in a subsidiary *(i)*	**(12,262,602)**	(12,262,602)
	10,347,194	10,317,000

Notes:

(i) As at December 31, 2023, the Company recognized impairment provision of approximately RMB12,262,602,000 (2022: RMB12,262,602,000) on investment in a subsidiary according to the valuation on the recoverable amount of the investment in a subsidiary. The recoverable amount was determined based on value-in-use calculations which use cash flow projections based on financial budgets.

(ii) The amount represents share-based compensation expenses arising from the grant of share options of the Company to employees of the subsidiaries (Note 29) in exchange for their services provided to these subsidiaries, which were deemed to be investments made by the Company into these subsidiaries.

Notes to the Consolidated Financial Statements

34 STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY *(continued)*

(b) Reserve movement of the Company

	Share premium RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2022	2,420,850	(44,122)	(7,303)	22,137,701	24,507,126
Issuance of new shares under share option scheme	4,526	–	–	(4,497)	29
Issuance of new shares under RSU scheme	19,646	–	–	(19,646)	–
Share-based compensation expenses	–	–	–	8,504	8,504
Changes in the fair value of equity investments at fair value through other comprehensive income	–	(70,646)	–	–	(70,646)
Currency translation differences	–	–	109,797	–	109,797
As at December 31, 2022	2,445,022	(114,768)	102,494	22,122,062	24,554,810
As at January 1, 2023	**2,445,022**	**(114,768)**	**102,494**	**22,122,062**	**24,554,810**
Issuance of new shares under share option scheme	**4,803**	**–**	**–**	**(4,740)**	**63**
Issuance of new shares under RSU scheme	**19,936**	**–**	**–**	**(19,936)**	**–**
Share-based compensation expenses	**–**	**–**	**–**	**30,348**	**30,348**
Changes in the fair value of equity investments at fair value through other comprehensive income	**–**	**(84,751)**	**–**	**–**	**(84,751)**
Currency translation differences	**–**	**–**	**28,988**	**–**	**28,988**
As at December 31, 2023	**2,469,761**	**(199,519)**	**131,482**	**22,127,734**	**24,529,458**

35 SUBSIDIARIES

The Company's major subsidiaries (including controlled and structured entities) as at December 31, 2023 and 2022 are set out below. Unless otherwise stated, they have capital consisting solely of ordinary shares that are held directly by the Group. The place of establishment/incorporation is also their principal place of business.

Company name	Place of incorporation and kind of legal entity	Principal activities	Date of establishment/ incorporation	Particulars of registered capital/ issued capital	Ownership interest held by the Group As at December 31, 2023	2022
Maoyan Entertainment (BVI) Ltd.	BVI, limited liability company	Investment holding	December 12, 2017	USD50,000	**100%**	100%
Maoyan Entertainment HK	Hong Kong, limited liability company	Investment holding	January 4, 2018	HKD10,000	**100%**	100%
Hong Kong Maoyan Live Entertainment Limited (香港猫眼現場娛樂有限公司)	Hong Kong, limited liability company	Movie ticketing services, Performance ticketing services	June 18, 2019	HKD10,000	**100%**	100%
Tianjin Maoyan Weying (天津猫眼微影文化傳媒有限公司)	PRC, limited liability company	Movie ticketing services, Film investment and distribution	May 27, 2015	RMB86,457,811	**100%**	100%
Beijing Maoyan (北京猫眼文化傳媒有限公司)	PRC, limited liability company	Online ticketing platform services, Film investment and distribution	November 12, 2015	RMB10,000,000	**100%**	100%
Xinjiang Maoyan Network Technology Co. Ltd. (新疆猫眼網絡科技有限公司)	PRC, limited liability company	Movie ticketing services	November 10, 2016	RMB10,000,000	**100%**	100%
Tianjin Maoyan Pictures Co., Ltd. (天津猫眼影業有限公司)	PRC, limited liability company	TV series investment and distribution	June 8, 2015	RMB50,000,000	**100%**	100%
Maoyan Enterprise (天津猫眼企業管理咨詢有限公司)	PRC, limited liability company	Economic and trade consultation, Strategic investment	March 1, 2017	RMB1,000,000	**100%**	100%
Beijing Weige Shidai (北京微格時代娛樂科技有限公司)	PRC, limited liability company	Movie ticketing services, Performance ticketing services	March 9, 2016	RMB5,000,000	**100%**	100%
Ruihai Fangyuan (深圳市瑞海方圓科技有限公司)	PRC, limited liability company	Online movie ticketing services	July 13, 2017	RMB200,000,000	**100%**	100%

35 SUBSIDIARIES *(continued)*

Company name	Place of incorporation and kind of legal entity	Principal activities	Date of establishment/ incorporation	Particulars of registered capital/ issued capital	Ownership interest held by the Group As at December 31, 2023	2022
Tianjin Maoyan Weying Technology Co., Ltd. (天津猫眼微影科技有限公司)	PRC, limited liability company	Computer technology research, development, advisory; Ticket agency; Film project technology advisory etc.	February 5, 2018	USD200,000,000	**100%**	100%
Maoyan Live JV (天津猫眼現場科技有限公司)	PRC, limited liability company	Computer technology research, development, advisory, Performance ticketing services etc.	June 19, 2018	RMB5,000,000	**100%**	100%
Beijing Maoyan Weying Technology Co., Ltd. (北京猫眼微影科技有限公司)	PRC, limited liability company	Computer technology research, development, advisory; Ticket agency; Film project technology advisory etc.	April 29, 2019	RMB5,000,000	**100%**	100%
Shanghai Maoyan Pictures Co., Ltd. (上海猫眼影業有限公司)	PRC, limited liability company	Film investment and distribution	May 15,2019	RMB50,000,000	**100%**	100%
Hangzhou Soushi Network Technology Co., Ltd. (杭州搜視網絡有限公司)	PRC, limited liability company	Network technology service, development, advisory; Ticket agency; e-Business etc.	April 23,2008	RMB10,000,000	**100%**	100%
Shanghai Xizhongren Cultural Entertainment Co., Ltd. (上海戲中人文化娛樂有限公司)	PRC, limited liability company	Acting agent; literary creation and performance	January 26, 2022	RMB5,000,000	**61%**	61%

36 DIRECTORS' REMUNERATION

The remuneration of each director for the year ended December 31, 2023 are set out as follows:

	Director's fee RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Pension costs-defined contribution plan RMB'000	Other employee benefits RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive director							
– Mr. ZHENG Zhihao	–	2,153	1,076	–	–	7,284	10,513
Non-executive directors							
– Mr. TANG Lichun	–	–	–	–	–	–	–
– Mr. Sun Zhonghuai *(a)*	–	–	–	–	–	–	–
– Mr. WANG Changtian	–	–	–	–	–	–	–
– Ms. LI Xiaoping	–	–	–	–	–	–	–
– Ms. WANG Jian	–	–	–	–	–	–	–
– Mr. CHEN Shaohui	–	–	–	–	–	–	–
– Mr. LIN Ning *(b)*	–	–	–	–	–	–	–
Independent non-executive directors							
– Mr. WANG Hua	315	–	–	–	–	–	315
– Mr. CHAN Charles Sheung Wai	315	–	–	–	–	–	315
– Ms. LIU Lin	315	–	–	–	–	–	315
– Mr. YIN Hong	315	–	–	–	–	–	315
	1,260	2,153	1,076	–	–	7,284	11,773

36 DIRECTORS' REMUNERATION *(continued)*

The remuneration of each director for the year ended December 31, 2022 are set out as follows:

	Director's fee RMB'000	Salaries and wages RMB'000	Bonuses RMB'000	Pension costs-defined contribution plan RMB'000	Other employee benefits RMB'000	Share-based compensation RMB'000	Total RMB'000
Executive director							
– Mr. ZHENG Zhihao	–	2,153	720	–	–	–	2,873
Non-executive directors							
– Mr. TANG Lichun	–	–	–	–	–	–	–
– Mr. Sun Zhonghuai *(a)*	–	–	–	–	–	–	–
– Mr. WANG Changtian	–	–	–	–	–	–	–
– Ms. LI Xiaoping	–	–	–	–	–	–	–
– Ms. WANG Jian	–	–	–	–	–	–	–
– Mr. CHEN Shaohui	–	–	–	–	–	–	–
– Mr. LIN Ning *(b)*	–	–	–	–	–	–	–
Independent non-executive directors							
– Mr. WANG Hua	313	–	–	–	–	–	313
– Mr. CHAN Charles Sheung Wai	313	–	–	–	–	–	313
– Ms. LIU Lin	313	–	–	–	–	–	313
– Mr. YIN Hong	313	–	–	–	–	–	313
	1,252	2,153	720	–	–	–	4,125

Notes:

(a) Mr. SUN Zhonghuai has been appointed as a non-executive Director with effect from November 16, 2022.

(b) Mr. Lin Ning has tendered his resignation as a non-executive Director with effect from March 23, 2023.

36 DIRECTORS' REMUNERATION *(continued)*

(a) Directors' remuneration

During the years ended December 31, 2023 and 2022, no directors received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office; no directors and senior management waived or has agreed to waive any emoluments.

(b) Directors' retirement benefit

During the years ended December 31, 2023 and 2022, no retirement benefits paid to the directors of the Company by a defined benefit pension plan operated by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

(c) Directors' termination benefit

During the years ended December 31, 2023 and 2022, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

During the years ended December 31, 2023 and 2022, the Company did not provide to any third party for making available director's services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended December 31, 2023 and 2022, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended December 31, 2023 and 2022.

37 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING

As disclosed in Note 2.2.7, 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 December 31, 2023, the Equity Interests were frozen due to the following cases:

(a) Frozen case 480

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 on the Main Board of The Stock Exchange of Hong Kong Limited (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 2.2.7.

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.

In May 2022, Beijing Shiji Weying and Beijing Weying Shidai have entered into settlement agreement with the debtor and agreed to repay the amounts by instalments before March 30, 2024. As at the approval date of this financial statements, Beijing Shiji Weying and Beijing Weying Shidai has repaid RMB20.1 million out of the total RMB40.2 million but failed to repay the next instalment of RMB10.1 million as agreed in the settlement agreement. The final instalment of RMB10.0 million is to be settled before March 30, 2024 according to the settlement agreement.

37 FROZEN EQUITY INTERESTS OF TIANJIN MAOYAN WEYING *(continued)*

(b) Frozen case 1258

Beijing Weying Shidai was involved in another debt disputes involving a principal of approximately RMB75 million and relevant interest calculated at an interest rate of 12% per annum with a shareholder of Beijing Weying Shidai who initiated an arbitration against Beijing Weying Shidai as respondent, a court in the PRC issues a civil paper (Document 2022 Jing 01 Zhi 1258) ("Civil Paper 1258"), pursuant to which the Equity Interests were frozen due to above mentioned debt.

Beijing Shiji Weying and Beijing Weying Shidai are still in the process of negotiating with the creditors on the settlement of the debt in dispute. As at December 31, 2023 and the date of approval of the financial statement, the Equity Interests are remained frozen and cannot be changed due to above cases.

In response to the above cases, 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 2.2.7 and the Confirmation are in compliance with relevant PRC laws and regulations and are legally binding and enforceable. The Company considers the risk of the Equity Interests been disposed due to above two cases is remote. There is no significant change for these contractual arrangements and the consolidation of Tianjin Maoyan Weying.

Financial Summary

RESULTS

	For the Year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Continuing operations					
Revenue	4,267,514	1,365,690	3,323,415	2,319,477	**4,757,369**
Gross profits	2,657,147	537,334	1,842,231	1,019,970	**2,384,865**
Profits/(losses) before income tax	661,541	(628,621)	534,844	181,291	**1,153,679**
Income tax expenses	(202,684)	(17,651)	(166,342)	(76,479)	**(245,842)**
Profits/(losses) for the year from continuing operations	458,857	(646,272)	368,502	104,812	**907,837**
Profits/(losses) attributable to:					
Owners of the Company	463,456	(646,272)	368,502	105,190	**910,412**
Non-controlling interests	(4,599)	–	–	(378)	**(2,575)**

ASSETS AND LIABILITIES

	As at December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	11,351,245	10,608,542	11,028,335	10,258,018	**12,540,096**
Total liabilities	(3,063,202)	(2,985,483)	(3,040,663)	(2,084,243)	**(3,501,819)**
Total equity	8,288,043	7,623,059	7,987,672	8,173,775	**9,038,277**
Non-controlling interests	–	–	–	1,415	**(2,911)**
Equity attributable to equity holders of the Company	8,288,043	7,623,059	7,987,672	8,172,360	**9,041,188**

Environmental, Social and Governance Report

I. ABOUT THE REPORT

This report is aimed at disclosing the performance and results in respect of environmental, social and governance ("ESG") of Maoyan Entertainment (the "Company", or "our Company" or "We" or "Us") to all the stakeholders in 2023. It is prepared in accordance with the Appendix C2 "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of the Listing Rules of the Stock Exchange of Hong Kong Limited and in compliance with the requirements of principles of "materiality", "quantitative" and "consistency" set out in the Guide.

(1) Materiality: Internal and external stakeholders were invited to participate in the materiality assessment of ESG-related issues of the Company, and the Board reviewed the results of the assessment and disclosed the results of the latest stakeholder communication and materiality assessment in this report.

(2) Quantitative: This report disclosed relevant quantitative environmental and social data, as well as the standards and methods used for their statistics and calculations.

(3) Consistency: The data disclosed in this report adopted the same statistical methodology as previous years to ensure the comparability of its contents.

This report covers the period from January 1, 2023 to December 31, 2023, with some data being retrospect to previous years. The information contained in this Report is mainly derived from the statistical data and related documents of the Company. We confirm that this Report does not contain any false records and misleading statements, and we shall be responsible for the authenticity, accuracy and completeness of its content.

Unless otherwise stated, based on materiality considerations, the scope of disclosure in this report includes the Company and its subsidiaries in China, and covers the same scope as 2022.

This report is issued together with the annual report. For the content of corporate governance, readers are reminded to read this report in conjunction with the section headed "Corporate Governance Report" in the annual report.

II. BOARD STATEMENT

The Company highly recognizes the importance of ESG matters, by incorporating the ESG philosophy into our corporate strategic planning to continue enhancing our ESG management standard. The Company has established an ESG management organizational structure, which is comprised of the Board of Directors, ESG taskforce and various business departments to achieve synergistic collaboration. As the highest decision-making body of ESG that is responsible for supervising and formulating the Company's overall ESG governance strategy, the Board of Directors of the Company also takes responsibility for identifying, assessing, monitoring, and managing the ESG risks, while reviewing ESG strategies, policies, goals, key tasks and management priorities. In addition, the Board of Directors regularly examines the progress made in its ESG goals to ensure that the Company has been steadily advancing all ESG work. The ESG taskforce (the "Taskforce"), which is composed of the internal audit department, legal affairs department, human resources, administration, and other departments, is responsible for assisting the Board in coordinating the implementation of the specific ESG work, making regular reports to the Board of Directors on ESG risks and progress made in the predetermined goals, and other ESG-related work.

III. ESG MANAGEMENT PHILOSOPHY AND STRATEGY

As an important participant in the Chinese film industry, we persist in the core development strategy of "Technology + Pan-Entertainment", and strive to integrate the ESG management philosophy into our overall strategy, policy and business plan, to provide consumers with premium entertainment contents, while continuing to innovate online entertainment ticketing services. Furthermore, we explore the integration of technologies into the entertainment industry, and continuously produce high quality contents that disseminate a positive social value proposition. With reference to our corporate culture, operation features, and ESG management status, we continue to optimize the ESG management in parallel with the growth the entertainment industry.

Given our ESG management philosophy, we propose the following ESG management strategies:

- Environmental protection: to implement the notion of green office practices, by carrying out low-carbon, energy-saving, and environmental measures, and actively responding to climate change risks.

- Talent management: to improve the talent management system, keep abreast of employee health and development, and grow together with employees.

- Consumer protection: to protect intellectual property rights, conduct responsible marketing, create a healthy content ecosystem, keep track of data security and privacy protection, and stay informed of customer feedback.

- Community care: to engage in community charity, and support the healthy development of the film industry.

IV. ACTIVELY RESPOND TO THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals ("SDGs") of the United Nations aim to comprehensively and completely resolve the key development issues in society, economy and environment from 2015 to 2030, ultimately transitioning towards the roadmap for sustainable development. Taking into due consideration the Company's business characteristics and our ESG management philosophy, we have identified 5 SDGs priorities by analyzing and sorting out the correlation between our own sustainable development and SDGs. We commit to integrating the sustainable development into our business operations, and continue to report and communicate our progress in aligning with the SDGs, as part of our joint efforts with the stakeholders to support and implement the sustainable development actions.

We actively respond to SDGs and "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development", and have taken the following actions in the identified key areas of SDGs to facilitate the achievement of the SDGs.

SDGs	China's National Plan of SDGs[1]	Our Sustainable Development Actions
3 GOOD HEALTH AND WELL-BEING	• Ensure equality and accessibility of basic health care services.	• Focus on the health and safety of employees, provide them with health and safety protection such as medical care insurance. • Enhance the management of office areas to provide employees with a safe and comfortable working environment. • Improve the first aid response system, with first aid equipment equipped and being intact.
5 GENDER EQUALITY	• Raise public awareness of gender equality and eradicate all forms of discrimination and prejudice against women and girls.	• Create a fair and just working environment. • Resolutely oppose any form of gender discrimination, and provide equal opportunities for female employees.

Note:

1. The contents are abstracted from "China's National Plan on Implementation of the 2030 Agenda for Sustainable Development".

SDGs	China's National Plan of SDGs[1]	Our Sustainable Development Actions
8 DECENT WORK AND ECONOMIC GROWTH	• Ensure moderate-and high-speed economic growth and moderate-and high-level of production. • Crack down on illegal and criminal activities such as child labor and forced labor in accordance with law and provide special protection for underage workers aged between 16 and 18. • Protect workers' legitimate rights and interests such as remuneration, vacation, social security, and etc. • Improve employment and entrepreneurship services and launch a lifelong vocational training initiative.	• Continue to devote ourselves to the pan-entertainment industry, practice based on core development strategy "Technology + Pan-Entertainment", continuously improve competitiveness and innovation capacity, grow together with industry partners and contribute to economic development • Expand campus recruitment positions to provide graduates with more high-quality job opportunities. • Strictly prohibit child labor and forced labor. • Protect the legitimate rights and interests of employees, continue to regulate the recruitment systems, and provide a competitive package of remuneration and benefits and welfare, as well as reasonable length of leave. • Increase employee communication channels, and actively respond to employee needs through bilateral communication. • Optimize an employee training system to support their development and growth.

SDGs	China's National Plan of SDGs[1]	Our Sustainable Development Actions
13 CLIMATE ACTION	• Improve education and publicity on climate change mitigation and environmental protection, spread knowledge about climate change and low-carbon development, and encourage public participation in climate actions.	• Evangelize about green office, and actively promote the concept of resource conservation and environmental protection to raise employees' awareness of environmental protection. • Identify climate change risks, capitalize on opportunities arising from climate change, and actively take countermeasures.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Resolutely correct improper conduct that harms the interests of the general public, and punish corruption. Maintain the pressure and strengthening accountability and enforcement.	• Create a corporate culture of honesty, integrity and fairness. • Regulate employee conducts through internal systems and administrative mechanism. • Carry out audit procedures to strengthen the business ethics oversight • Operate in compliance and conduct business with integrity.

V. STAKEHOLDERS RESEARCH AND COMMUNICATION

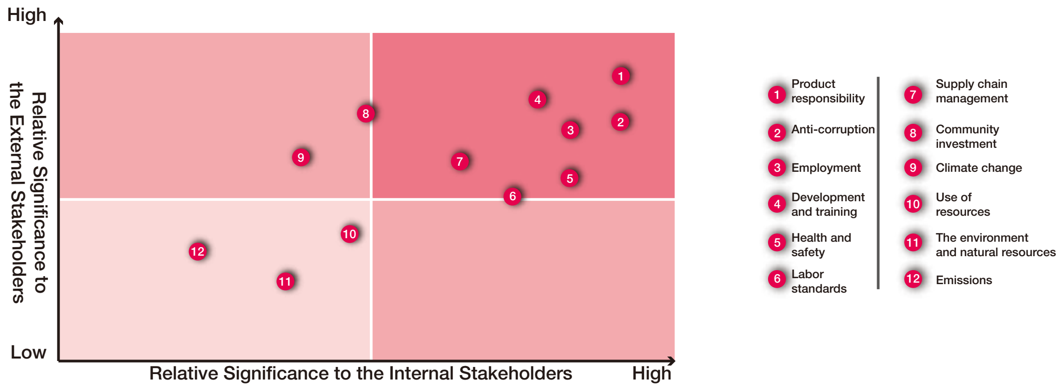
To strengthen the communication and collaboration between the Company and all stakeholders across the society for our better fulfilment of commitments to various stakeholders, we take the initiative to establish multiple and regular communication channels with stakeholders, including the government and regulatory authorities, shareholders and investors, customers, employees, suppliers, communities, media and non-governmental organizations, through which we actively heed the propositions and expectations from various stakeholders, while continuing to optimize our ESG working system so as to enhance our performance in the sustainable development.

Stakeholders	Major ESG topics of concern	Major communication channels
Government and regulatory authorities	• Employment • Supply chain management • Product responsibility • Anti-corruption	• Implementation of policies, laws and regulations • Written documents or reports • Official website of the Company • Visitor reception • Regular or irregular face-to-face communications • Regular or irregular supervision and inspection
Shareholders and investors	• Employment • Product responsibility • Anti-corruption • Climate change	• General meeting of Shareholders • Periodic reports • Results announcements • Official website of the Company • Investor relations mailbox
Customers	• Product responsibility	• Periodic reports • Customer hotline and email • Routine operation and communication • Customer visits

Stakeholders	Major ESG topics of concern	Major communication channels
Employees	• Employment • Health and safety • Development and training • Labor standards	• Employee handbook • Internal announcement/ email/office system • Internal meetings with employees • Employee training • Team building activities • Performance assessment and feedback • Employees' feedback mechanism • Daily communication
Suppliers	• Supply chain management • Anti-corruption	• Supplier management system • Supplier evaluation and examination • Public tenders for suppliers • Supplier cooperation agreement • Daily meetings and discussions
Communities	• Use of resources • Community investment	• Participation in charity activities • Volunteer work • Social media • Community visit and communication
Media and non-governmental organizations	• Employment • Product responsibility • Community investment • Supply chain management • Emissions • Use of resources • Climate change	• Social media • Company official websites • Press conferences • Formal or informal communication meetings

VI. MATERIALITY ASSESSMENT

Taking into due consideration all propositions from the stakeholders in combination with the industrial features and the actual conditions of our business operations, the Company identified a total of 12 material issues, including product responsibility, anti-corruption, employment, development and training, health and safety, labor standards, supply chain management, community investment, climate change, use of resources, the environment and natural resources and emissions during the year according to the ESG Reporting Guide and SDGs by analyzing and evaluating. We ranked such material issues by their importance, the results of which were considered and approved by the Board of Directors.



VII. ENVIRONMENT

The Company takes the initiative to assume its responsibility for environmental protection. The Company incorporates the green and low-carbon philosophy into our daily management policies, including the requirements of green office practices as specified in the Employee Manual and Environmental Management System in Office Areas, and implements various measures for energy conservation and emission reduction to reduce the impacts on the environment and actively responds to challenges from climate change in strict compliance with the requirements of relevant laws and regulations, such as the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Law on Prevention and Control of Water Pollution of the People's Republic of China, and the Law on Prevention and Control of Air Pollution of the People's Republic of China, etc.

1. Emissions Management

As an office enterprise engaged in the entertainment industry, the Company's daily operations do not involve any production or manufacturing processes, and therefore there are limited environmental impacts related to emissions of exhaust gases and greenhouse gases, discharges to water and land, and generation of hazardous or non-hazardous wastes. Non-hazardous wastes generated primarily include office waste, disposed office supplies, while hazardous wastes primarily include waste toner cartridges and waste toners of printing devices.

The Company continues to optimize the emission management processes and systems, implementing appropriate management measures in all aspects of daily operations to fulfill the requirements for green office practices:

- Wastewater: The Company's wastewater primarily originates from sewage produced by daily office operations. It is discharged into the urban sewer pipeline in accordance with national and local regulations and then transported to wastewater treatment plants for processing before being released.

- Non-hazardous wastes: In response to national waste sorting policies for domestic and office waste, we have placed categorized waste bins in office areas, and adopted methods such as posting waste sorting posters and looping waste sorting promotional videos to strengthen employees' awareness of waste sorting and increase their participation in waste sorting actions. The sorted domestic and office waste is then collectively transported by the property management to designated waste recycling sites for processing; discarded electronic waste is collected by electronic equipment suppliers for proper disposal.

- Hazardous Waste: Waste toners, waste toner cartridges, waste ink catridges and other hazardous waste are handed over to qualified third-party partners for recycling or disposal.

2. Use and Management of Resources

Our Company adheres to the principles of maximizing utility, comprehensive and circular use of resources, and is dedicated to creating a sustainable operation model focusing on resource conservation and efficiency. The main resources consumed in our operations are electricity, water, and office paper:

- Electricity saving: We have established corresponding administrative rules in the Employee Manual to regulate employees' use of electricity, advocate for the prompt shutdown of lighting, TVs, air conditioners, projectors, etc. after work or meetings. Security personnel regularly patrol to check the use of lighting and electronic devices, so that unused equipment can be timely turned off to reduce unnecessary electricity consumption. We encourage the use of natural lighting in office areas, replacement of high-energy-consuming lights with energy-efficient ones, setting reasonable air conditioning temperatures to effectively reduce electricity consumption and increase utilization efficiency.

- Water saving: We focus on cultivating the water saving awareness among our employees, by posting water-saving signs in office areas as reminders to integrate water saving practices into daily work. In terms of hardware, we use water-saving faucets to reduce water consumption and regularly check the integrity of water supply facilities. Any anomaly, including leaks or drips, is promptly reported to the property management office for repair to avoid wasting water resources.

- Paper saving: During the year, we further improved our paperless office model, achieving online processing of electronic invoices. Furthermore, we encouraged employees to use online platforms and systems for work submissions. Moreover, we promoted double-sided printing, set permissions for color printing, and placed wastepaper baskets next to printers to collect scrap paper to meet the requirements for discounted bills, achieving efficient recycling of paper.

3. Environmental Goals

The Company, by taking into consideration its specific circumstances, has set three environmental goals focusing on energy conservation, water saving, and paper saving, the progress of which is subject to annual review. Furthermore, we continue to promote the implementation of measures for energy saving and emission reduction.

Subject of goals	Content of goals	Progress review
Energy conservation	Electricity consumption per capita of the Company shall be no more than 1.2 MWh per year in the next three to five years based on past consumption per capita.	The goal was achieved during the year. The Company continued to implement various measures for electricity saving to gradually reduce per capita electricity consumption.
Water saving	Water consumption per capital of the Company shall be no more than 10 tonnes per year in the next three to five years based on past consumption per capita.	The goal was achieved during the year. The Company implemented the water saving measures, while continuously raising the water-saving awareness among employees.
Paper saving	We shall gradually realize the systematic paperless management and online function development, such as online approval of qualifications and licenses, electronic customer invoices, etc. on top of existing electronic signature for employee labor contracts and merchant studio contracts.	During the year, the Company realized the application of electronic customer invoices, and continued to develop the systematic paperless management and online functionalities.

4. Environment and Natural Resources

Taking into account our business model and operation characteristics, the Company does not involve large-scale production activities. In the process of our expanding business and operations, we will continue to implement the green and environmental protection philosophy, and pay close attention to and conscientiously consider environmental and natural resource issues, so as to minimize any substantial impact brought by our daily operations on the environment and natural resources.

5. Climate Change

Amid the growing international attention to climate change issues, there is a consensus across all sectors on the importance of actively addressing climate change for low-carbon transformation development. In response to the challenges of climate change, the Company proactively identifies and assesses climate change risks, combs our current operations, and develops response measures in line with our ESG management philosophy. Meanwhile, we fully understand that climate governance presents both challenges and opportunities. Therefore, we actively implement low-carbon and environmental protection measures, and seize the opportunities presented by climate change, so as to promote our continuous and healthy development.

The principal climate change risks identified by the Company and the corresponding measures are as follow:

Risk Categories	Risk factors	Timeframe[2]	Level of impact	Loss scale	Probability	Risk Description	Corresponding Measures
Transformation Risk	Government regulatory risks	Short-, mid-, and long- term	Medium	Medium	Medium	The government's growing attention to climate change leads to the introduction or updating of related policy requirements; regulatory bodies continue to raise demands for climate change-related information disclosure. The Company's failure to timely identify, address, and comply with relevant laws, regulations, and regulatory requirements may result in administrative penalties and increased operational costs.	Regularly keep track of and study the laws, regulations, and regulatory requirements in the fields of climate change, energy conservation, and environmental protection. By combining these with our own operational characteristics, the Company identifies the potential impact of relevant changes on the Company and promptly communicate key information to the responsible departments to formulate appropriate response strategies and measures.
	Market competition risks	Mid- and long- term	Low	Low	Medium	As consumers become increasingly interested in and raise demands for issues related to climate change, low-carbon practices, and environmental protection, products and services that are environmentally friendly and low in carbon are gaining popularity. The Company's failure to promptly recognize shifts in consumer preferences could result in poor performance in market competition, thereby impacting business performance.	Actively conduct surveys on users' green and environmental preferences and needs, and collaborate with content producers, distributors, cinemas, and other third parties to develop products and innovate services related to low carbon and environmental protection.

Note:

2. Short-term：1 to 3 years；Mid-term：3 to 10 years；Long-term：10 years or above

Risk Categories	Risk factors	Timeframe[2]	Level of impact	Loss scale	Probability	Risk Description	Corresponding Measures
	Brand and reputational risks	Long-term	Medium	Medium	Medium	As public awareness of climate change and sustainable development issues increases, the Company may face reputational risks when its operations have an impact on the environment. This can lead to questioning and criticism from stakeholders, which can damage the Company's reputation.	The Company actively implements energy conservation and emissions reduction measures to phase out high-energy-consuming filming equipment, proactively accepts social public opinion supervision, and regularly conducts reputation risk assessments.
Physical Risk	Acute risks	Short-term	Low	Medium	Low	Sudden extreme weather and natural disasters may lead to suspensions of the Company's projects which the Company developed/invested in, or property and personnel damage, resulting in economic loss.	• Include relevant provisions in project contracts to address force majeure events. • In response to different extreme weather conditions, business managers should immediately synchronize their emergency response teams to formulate contingency plans and supervise employees to adjust their shooting plans in a timely and flexible manner, so as to minimize the impact of extreme weather and natural disasters on property and personnel safety. • Regularly conduct natural disaster preparedness knowledge dissemination to employees to enhance their awareness of safety prevention.

The opportunities as identified by the Company in principal climate change risks and relevant explanation are as follow:

Type of opportunities	Timeframe	Level of impact	Probability	Description
Opportunities from market competition	Mid- and long- term	Medium	Medium	• Actively implement various low-carbon and environmentally friendly measures in daily operations to conserve resources and reduce operating costs. • Develop low-carbon and environmentally friendly products and services to enhance market competitiveness.

6. Environmental Key Performance Data

The environmental key performance data of the Company during the Reporting Period are set out below. Unless otherwise stated, these data cover the Company's offices in Beijing and Shanghai.

Emissions

Indicators	2022 Figures	**2023 Figures**
Total Greenhouse Gas ("GHG") emissions (scope 1 and 2) (tonnes CO2e)[1]	560.12	**580.14**
Total Greenhouse Gas ("GHG") emissions (scope 2) (tonnes CO2e)	560.12	**580.14**
Including: purchased electricity	560.12	**580.14**
Total GHG emissions per capita (tonnes CO2e per capita)[2]	0.91	**0.78**
Total GHG emissions per floor area (tonnes CO2e per square metre)	0.08	**0.08**
Total hazardous waste production (tonnes)[3]	0.01	**0.02**
Hazardous waste production per capita (kg per capita)[2]	0.02	**0.02**
Total non-hazardous waste production (tonnes)[4]	31.17	**33.06**
Non-hazardous waste production per capita (tonnes per capita)[2]	0.05	**0.04**

Notes:

1. GHG emissions include carbon dioxide, methane and nitrous oxide, mainly originating from the purchased electricity, which falls into Scope 2 GHG emissions. The Company did not generate Scope 1 GHG emissions during the reporting year. GHG emissions are presented in carbon dioxide equivalents and calculated based on the 2021 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the People's Republic of China and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 revision) issued by the Intergovernmental Panel on Climate Change (IPCC).

2. Hazardous wastes involved in the operation of the Company primarily include waste toner cartridges and waste toners of printing devices.

3. The total GHG emissions per capita, hazardous waste production per capita and non-hazardous waste production per capita of the Company are based on the total number of employees in the Beijing and Shanghai office areas (including labor contract employees, labor dispatch employees, retired personnel rehired, and long-term outsourced personnel).

4. Non-hazardous wastes involved in the operation of the Company primarily include office waste and disposed office supplies.

Resource consumption

Indicators	2022 Figures	2023 Figures
Total energy consumption (MWh)[1]	827.42	**869.79**
Indirect energy consumption (MWh)	827.42	**869.79**
Total energy consumption per capita (MWh per capita)[2]	1.35	**1.17**
Total energy consumption per floor area (MWh per square metre)	0.11	**0.12**
Water consumption (tonnes)[3]	5,115.13	**5,311.50**
Water consumption per capital (tonnes per capital)[2]	8.34	**7.17**
Water consumption per floor area (tonnes per square metre)	0.70	**0.73**
Total consumption of A4 paper (tonnes)	1.54	**1.46**

Notes:

1. Total energy consumption is calculated based on the consumption of electricity, and the conversion factors provided in the national standard of the People's Republic of China, i.e. the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589–2020).

2. The total energy consumption per capita and water consumption per capital of the Company are based on the total number of employees in the Beijing and Shanghai office areas (including labor contract employees, labor dispatch employees, retired personnel rehired, and long-term outsourced personnel).

3. The water consumption includes tap water and reclaimed water. Of which, water consumption of the regional office in Shanghai is controlled by the property management office where it is located, and the water charges are included in property charges. As water consumption cannot be measured separately, we have estimated the water consumption with reference to the national standard, i.e. the Standard for Design of Building Water Supply and Drainage (GB50015–2019) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China.

4. Packaging data does not apply to the Company.

VIII. RECRUITMENT AND LABOR STANDARDS

The Company consistently regards talents as the instrumental element in advancing our sustainable development, and therefore strictly complies with various laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, Social Insurance Law of the People's Republic of China and Law of the People's Republic of China on the Protection of Women's Rights and Interests. By upholding the cultural values of "integrity, excellence, cooperation, and happiness", we continue to improve the employee management system. Furthermore, we are committed to providing equal employment opportunities, compensation management system and fair promotion mechanism, while advocating for employment diversity as part of our commitment to cultivating a cultural atmosphere of openness, inclusivity, and respect. Moreover, we highly appreciate the physical and mental health of employees, by continuing to improve the safety and comfort of our office premises. Additionally, we pay attention to individual development of our employees by offering a variety of training programs to empower their growth and enhance their sense of well-being and accomplishment.

1. Recruitment, Dismissal and Labor Standards

The Company upholds the philosophy of "recruiting talents", and continues to improve its employment management system by expressly stipulating the recruitment, dismissal and employment policies in the "Policy on Human Resources Management" in the Employee Manual. Opposed any form of discrimination or harassment, we follow the employment principles of fairness, transparency and integrity, and offer equal job opportunities for talents of different ages, genders, physical conditions, ethnic groups, nations, races, or religious beliefs. Through channels like campus recruitment and social hiring, we disseminate job information, aiming to build a diverse and excellent team and create a fair, diverse, inclusive, and healthy workplace atmosphere. We actively cultivate young talents for the industry, by attracting outstanding talents through campus recruitment and graduate training programs, which will inject fresh blood into the industry's development. During the year, we expanded the range of positions available for campus recruitment and offered lectures on business and technology-related courses for graduates.

The Company prohibits any form of illegal employment. During the recruitment process, we require job candidates to provide valid identification documents, such as ID cards and graduation certificates, for verification purposes, so as to check their actual age and identity information, which will prevent the occurrence of child labor. At the same time, the Company undertakes that the labor willingness of employees will be respected, and work will be reasonably allocated, eliminating any form of forced labor. During the Reporting Period, there was no child labor or forced labor in the Company. In case that any child labor and forced labor (if any) is identified, the Company will forthwith terminate such employment relationship and strictly deal with it in accordance with the relevant laws and regulations.

During the year, the total number of employees of the Company was 890. Set out below is the breakdown of employees by gender, employment type, age groups and regions:

	Data for 2023 (employee(s))
By gender	
Male	**410**
Female	**480**
By employment type	
Full-time	**872**
Part-time	**18**
By age groups	
Total number of employees at 30 or below	**425**
Total number of employees at 31 to 50	**459**
Total number of employees at over 50	**6**
By regions	
Beijing	**506**
Shanghai	**160**
Other regions	**224**

The turnover rate[1] of employees by gender, age groups and regions are shown as below:

	Data for 2023(%)
By gender	
Male	**12.20**
Female	**20.59**
By age groups	
Total number of employees at 30 or below	**24.77**
Total number of employees at 31 to 50	**10.00**
Total number of employees at over 50	**0.00**
By regions	
Beijing	**15.92**
Shanghai	**22.06**
Other regions	**14.44**

Note:

1. Employee turnover data covers full-time employees, excluding part-time employees.

2. Remuneration, Development and Benefits

The Company is committed to providing a platform for employees to achieve self-realisation in their professional value, and continuously enhances its compensation and welfare system and incentive mechanisms to attract, retain and motivate outstanding employees.

- Compensation and Benefits: The Company strictly complies with national and regulatory requirements and enters into labor contracts with employees in accordance with the law. We adopt the principle of position-based salary and provide fair and competitive compensation to employees at different positions taking into account employees' education background, professional capabilities and overall job performance. We offer an employee share ownership plan for our core employees, enabling them to share in the Company's development. We pay social insurance and housing fund in full for employees, and provide additional commercial insurance and annual physical examination. On top of the national statutory holidays, we provide annual paid leave and paid sick leave based on the working age and length of service, as well as paid maternity leave and parental leave for female employees and paid paternity leave for male employees.

  The Company values employee care and fosters a warm team atmosphere through various collective activities to enrich employees' leisure time and strengthen corporate culture. During the year, we organized themed events for festivals such as "Children's Day" and "Programmer's Day", conducted an employee basketball tournament and "7th anniversary" celebration, and provided welfare benefits to all employees, including Mid-Autumn Festival gift boxes and movie vouchers, to enhance their sense of well-being and belonging and increase team cohesion.

- Performance: The Company conducts regular performance evaluations to assess and provide timely feedback on employee performance, and provides employees with corresponding performance bonuses based on the evaluation results. At the same time, we have set up awards for outstanding individuals and projects to recognize employees' work achievements, stimulate their potential, and boost their enthusiasm and job satisfaction. This approach helps us attract and retain talent.

- Promotion: The Company adheres to objective and fair promotion principles, providing employees with a transparent and smooth career development path. We continuously optimise the talent promotion process and mechanisms, standardise promotion rules, and encourage employees to independently plan their career paths to realise the common growth of individuals and the Company.

3. Work-life Balance

The Company encourages employees to balance work and life, and establishes an attendance management system based on the nature of positions and job requirements. Generally, we follow standard working hours while implementing a flexible working hours system for some special positions. In principle, overtime is not encouraged. If overtime is necessary due to special circumstances, employees are required to apply in advance and obtain approval before working overtime.

4. Health and Safety

The health and safety of our employees has always been a priority for our Company. We have formulated our policies and systems, such as the Employee Code of Conduct, Visitor Entrance Procedures, Fire Safety Management System, Fire Emergency Plan and No-Smoking Regulations in strict compliance with national laws and regulations including the Labor Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China, and the Regulations of Beijing Municipality on Fire Control, to continuously improve the safety and comfort of our office environment and ensure the physical and mental well-being of our employees.

Focus on employee health and well-being:

- We have designated smoking areas in non-office areas and strictly prohibit employees and visitors from smoking or the use of e-cigarettes in our office premises, to avoid any discomfort for other employees.

- We care about the mental health of our employees and have engaged professional psychological counseling agencies to provide EAP[3] counseling services to our employees, to help employees deal with emotional or psychological problems. We regularly promote EAP services to employees and encourage them to seek help proactively, assisting them in resolving work and life-related challenges.

Ensuring employee office safety:

- We continuously enhance the fire safety management in the office area. We strictly prohibit any obstruction or misuse of fire protection facilities and equipment or the piling up of miscellaneous objects in fire exits. We also increase the frequency of inspections of fire exits. We require employees to be familiar with emergency evacuation routes and safety doors in the office areas. We raise employee awareness of fire safety by posting the fire evacuation signs, playing fire safety knowledge promotion videos on a rolling basis and other methods.

- We have installed automated external defibrillator (AED) equipment in our office areas in Beijing and Shanghai and regularly check the functionality of the equipment to safeguard our emergency response capabilities in case of a medical emergency.

Note:

3. EAP, namely Employee Assistance Program.

	Data for 2021	Data for 2022	**Data for 2023**
Total number of work-related fatalities (employee(s))	0	0	**0**
Rate of work-related fatalities (%)	0	0	**0**
Number of work-related injuries (employee(s))	0	1	**1**
Lost days due to work-related injuries (days)	0	51	**41**

5. Employee Training

The Company continuously enhances and improves the employee training system and training platform, providing necessary support and resources for the personal growth of its employees. We have developed differentiated and diversified training courses based on the responsibilities of different departments and positions, covering general capabilities, professional knowledge, anti-corruption, and other areas, which helps employees to enhance their overall capabilities. In addition, we offer customised personal development plans to assist employees in planning their future career growth, promoting mutual growth for both employees and the Company. During the year, we continued to promote the refinement and digital management of employee training-related data to further improve the construction of the employee training system.

The Company provides employees with abundant online learning resources to meet their diverse and personalized development needs. Tailored training courses and programmes are offered based on the job characteristics of employees in different ranks and positions. We conduct induction training for new employees to help them understand the Company's corporate culture, strategic planning, rules and regulations, facilitating a smooth transition from campus to the workplace and enhancing their sense of belonging. Furthermore, we offer leadership-related training programmes such as Everything DiSC.

To help employees better meet job requirements and enhance their professional capabilities, the Company encourages employees to participate in external training programs and obtain position-related qualifications and certifications. We commit to providing resources and support, including funding for certification exams, to motivate employees to improve their professional skills and elevate their professional competence.

During the Reporting Period, a total of 582 employees received trainings, and the percentage of employees trained by gender and employment types is as follows:

	2023 Figures (%)
By gender	
Percentage of male employees trained	**64.76**
Percentage of female employees trained	**68.44**
By employment types	
Percentage of management employees trained	**25.00**
Percentage of non-management employees trained	**67.72**

During the Reporting Period, the average training hours per employee was 4.43 hours, and the breakdown of the average training hours per employee by gender and employment types is as follows:

	2023 Figure(hour)
By gender	
Average training hours per male employee	**4.12**
Average training hours per female employee	**4.70**
By employment types	
Average training hours per management employee	**1.16**
Average training hours per non-management employee	**4.51**

6. Employee Communications

We encourage employees to actively engage in communication and have established diverse communication and feedback channels, including online work communication groups, offline exchange and sharing session, and online platforms, to better understand their demands and create a harmonious and positive work atmosphere. We have established a two-way communication mechanism for our team, requiring executive officers to communicate with employees in a timely manner regarding their personal development and training plans, promotions, performance, and provide timely feedback on performance assessment results. We also encourage employees to voice their needs and suggestions, fostering trust through interaction and communication.

We have also set up a complaint and reporting platform, allowing all employees to provide feedback to the Company anonymously or with their identities through various channels such as complaint mailbox and telephone. We encourage employees to provide valuable suggestions that contribute to the long-term development of the Company and listen to their genuine concerns.

IX. SUPPLIER MANAGEMENT

The Company collaborates with supplier partners to build a high-quality, clean and honest, green and sustainable supply chain. We have formulated the Supplier Information Form, Supplier Management Rules and Supplier Procurement Practices in compliance with the Law of the People's Republic of China on Bid Invitation and Bidding, the Implementation Regulations of the People's Republic of China on Bid Invitation and Bidding and other laws and regulations, for the purpose of continuously enhancing the standardisation of supplier management processes, strictly controlling the environmental and social risks associated with supplier development and admission, evaluation and grading, and daily management. We implement green procurement principles, focusing on suppliers' fulfillment of environmental and social responsibilities at all stages of the procurement process. We aim to build a harmonious and mutually beneficial relationship with our suppliers.

1. Supplier Development and Admission

The Company strictly complies with the Supplier Management Rules and other systems and regulations, actively conducts supplier access qualification audits through information retrieval, business negotiation, on-site inspection, etc., and strictly implements the requirements of supplier access management. When selecting suppliers, in addition to focusing on the suppliers' basic background information such as their scale, product and service quality, delivery time and price, we pay attention to the suppliers' performance in environmental and social aspects. We prioritize suppliers with relevant environmental qualifications, such as ISO environmental management certification and European standards certification. For electrical equipment procurement, we commit to prioritizing suppliers who provide energy-efficient equipment and strictly restrict the access of suppliers with problems in the environmental or social fields.

2. Evaluation and Grading of Suppliers

The Company regularly conducts evaluations of the products and services provided by suppliers, as well as their environmental and social performance using methods such as updating the Supplier Information Form, Supplier Interview Form, and Regular Supplier Review Form, as well as written or face-to-face negotiations. The evaluation results are considered as an important reference factor for subsequent cooperation with suppliers and an important criterion for suppliers grading. Suppliers who fail to fulfill their contractual obligations are eliminated in time to strictly control supplier quality.

3. Maintenance and Management of Supplier Database

The Company has established a supplier database, regularly updated and backed up supplier qualifications, supplier list, files and other relevant information, and made clear provisions for the storage and updating of supplier data, enabling efficient management of suppliers. In addition, we regularly identify and continuously monitor the ESG-related risks and performance of suppliers. If a current supplier has abnormal operation, environmental and administrative penalties, legal disputes, or is blacklisted by the relevant authorities, we will promptly remove them from the database and cooperate with stand-by suppliers or newly developed suppliers to ensure our ability to provide uninterrupted quality services, so as to avoid the risk of supply chain disruption.

4. Supplier Integrity Management

The Company adheres to the principles of openness, fairness and impartiality in its business operations and is concerned about the performance of suppliers in terms of clean business practices, so as to work together with suppliers to build a clean and ethical business environment. During the contract signing process, we require all suppliers to sign an Integrity Cooperation Agreement and inform them of our reporting channels to regulate supplier behaviour and firmly oppose any form of bribery and corruption. In the course of contract performance, we demand that suppliers abide by principles of honesty, trustworthiness, integrity and self-discipline. If any form of fraud, bribery or misconduct is found, we will take appropriate measures such as isolation, recovery, or termination of cooperation, and reserve the right to pursue legal actions to maintain a fair and clean cooperative environment.

During the Reporting Period, the Company maintained long-term good relationships with 942 suppliers[1], with specific geographical region as follows:

	2023 Figure (supplier)
Number of suppliers by geographical region	
Number of suppliers in China	**912**
Numbers of suppliers in Hong Kong, Macau and Taiwan	**24**
Number of suppliers in other regions	**6**

Note:

1. The scope of supplier statistics is all types of qualified suppliers in the supplier database at the end of the reporting period.

X. PRODUCT RESPONSIBILITY

Adhering to a customer-centric and responsible operational philosophy in the process of business operations, the Company provides customers with high-quality products and services. The Company strictly complies with laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and relevant industry requirements. We continuously improve our intellectual property protection management system, strengthen advertising compliance, regulate network content review management, protect user privacy and data security, actively fulfil our social responsibilities, establish a good brand image, and promote the sustainable development of the Company.

The Company is not involved in the recall of sold or shipped products for safety and health reasons, nor is involved in the quality verification or the recall process of products.

1. Intellectual Property Rights Protection

Our Company deeply understands that protecting intellectual property is crucial for stimulating innovation. The Company strictly complies with the relevant laws such as the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and the Implementing Regulations of the Trademark Law of the People's Republic of China, the Implementing Regulations of the Copyright Law of the People's Republic of China, and the Implementing Regulations of the Patent Law of the People's Republic of China, and has established a robust intellectual property management system. We respect the intellectual property rights of others while paying attention to the protection of our own intellectual property rights.

The main categories of the Company's intellectual property include trademarks, domain names, copyrights, and patents. We reasonably safeguard our rights and interests through prompt application, registration or record of our intellectual property rights, and continuous monitoring of the term of use of intellectual property to ensure timely renewal upon the expiration of the valid period. In cases where fonts, images, and other elements are involved in business cooperation, we employ methods such as searching, analyzing, making judgments, and signing contracts with suppliers to maximize the avoidance of infringing upon others' intellectual property rights and protect the rights of all parties involved.

Meanwhile, we actively conduct knowledge dissemination, training, and promotional activities related to intellectual property rights to enhance employees' ability to identify and respond to infringement incidents. We provide specific business training and education on intellectual property rights to employees in relevant departments such as legal department, so as to improve their awareness of intellectual property protection and prevent infringement events. In the event of infringement of the Company's intellectual property rights, we will protect our legitimate rights and interests through legal means according to the law.

2. Advertising Compliance

In strict compliance with all the related laws and regulations, like the Advertising Law of the People's Republic of China, Regulation on the Administration of Advertising of the People's Republic of China and Measures for the Administration of Internet Advertising, the Company has formulated administration system such as the Maoyan Advertisement Review Standards and Maoyan Advertisement Resource Application Standards to clarify marketing review criteria and processes and strengthen the compliance management of advertising.

Adhering to the concept of fair marketing, we strictly review the authenticity, legality, and expression of advertising content, with a focus on the promotional and display materials and external promotional terms of high risk industries including finance, pharmaceuticals, healthcare, and real estate, etc., in order to avoid misleading consumers with advertising content and marketing terms. While providing society with high-quality products and services, we also fulfill our corresponding social responsibilities of creating good advertising market order.

3. Content Management

The Company has established a standardized content governance mechanism to actively fulfill its main responsibility as a network information content service platform and provide consumers with healthy and high-quality content. The Company has partnered with multiple third-party review teams to conduct cross-checks on the text, images and videos published on platforms such as the Maoyan APP and Maoyan mini-program. Leveraging the three key technologies of content compliance recognition, user behavior review and blacklist keyword identification, we aim to minimize the occurrence of overlooked or misjudged reviews. Meanwhile, we have set unified requirements for third-party review teams regarding content review, review frequency and review standards, in order to standardize the review system and improve the quality of reviews. In dealing with non-compliant content, we primarily rely on manual intervention through the management backend and user reports. We have established reporting channels and encourage users to proactively report any violations, working together to maintain a healthy online content ecosystem.

4. Data Security and Privacy Protection

The Company attaches great importance to the protection of personal privacy and data security. We strictly comply with the national laws, regulations and normative documents such as Cyber Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Data Security Law of the People's Republic of China, the Measures for Determining the Illegal Collection and Use of Personal Information through Apps (《App違法違規收集使用個人信息行為認定方法》) and the Regulation of Necessary Personal Information Scope by Common Mobile Internet Application (《常見類型移動互聯網應用程序必要個人信息範圍規定》), as well as special action requirements of industry regulators, and have enhanced our information security management framework by developing a series of policies and regulations. We implemented corresponding management measures and strengthened employee education and training to effectively protect users' data security and privacy.

- ***Privacy and Data Security Management Organization***

  The Company has established a Data Security Management Committee, which is responsible for determining the overall direction, principles and strategies of information security work, and overseeing all aspects of the information security work of the Company. The Chief Technology Officer of the Company serves as the highest leader of the Data Security Management Committee, and is supported by the leaders of the operations and maintenance department and the heads of other first-level departments who serve as members. The operations and maintenance department serves as the executive body for information security management work, responsible for consistently implementing various tasks assigned by the information security management committee. During the year, the Data Security Management Committee strictly enforced online content review standards, expanded the coverage of security protection services, strengthened the inspection of personal data and privacy compliance, and continuously enhanced its capabilities in information security and privacy protection.

- ***Privacy and Data Security Management System***

  To protect user privacy and ensure data security, the Company has formulated regulations and systems such as the Privacy Policy, the Data Security and Confidentiality Regulations, the Data Security Management Regulations and the Sensitive Information Definition Standards and Approval Process of Sensitive Information Acquisition, which clearly define management strategies and responsibilities and set strict regulations for the collection, use, storage, protection and management of user information and data.

- ***Privacy and Data Security Management Measures***

  - **Information and data security classified protection:** We set different access rights and adopt different security strategies for information and data of different sensitivity levels according to the security policy. Meanwhile, for the acquisition of sensitive information, corresponding approval processes and approvers have been established. If it is necessary to access sensitive information from other departments, approval must be given by at least two heads or supervisors of first-level department. We have made detailed provisions for information storage security, transmission security, release and destruction security, account security, office network security, and PC security. Furthermore, we provide feedback channels as well as rewards and punishments to prevent the divulgence of internal information.

  - **Third party data management:** We adhere to the principle of "minimum necessary" and ensure that all information is collected and used only to the extent necessary. We proactively notify our users the approach, type, purpose, and scope of personal information to be collected, used, stored, and protected. The information is only collected with users' permission and users have the right to read, edit and delete their personal information, as well as the right to terminate their user accounts. We promise not to rent, sell or provide any personal data to third parties.

  - **Emergency response system:** To ensure the business continuity, we have established the emergency leadership team to activate the emergency decision- making mechanism for emergencies after assessing the categories and ratings of information security incidents. Furthermore, we have also established the Network and Information Security Emergency Response Plan, the Standards for Security Vulnerability Rating and Response Processing, and other systems and regulations, which regulates the security vulnerability rating, response time and restoration time, as well as the procedures of system security emergencies.

  - **Information security audit:** During the year, the Company conducted an information security protection level assessment. The assessment covered secure network communications, server and terminal security, application and data security, and security management systems, the results of which was satisfactory.

  - **Information security personnel training:** We also incorporate information security and confidentiality training for new employees into their induction training program, and periodically share information security protection contents with all employees through our internal communication tools. For instance, based on security risk event cases, we disseminate educational reminders to raise employees' awareness of safeguarding customer privacy and information security.

During the Reporting Period, there were no incidents of consumer privacy or user data leakage.

5. Customer Services

Adhering to the "Customer-centric" principle, the Company has established diverse communication channels for our customers, whereby carefully listening to customer opinions, and responding to customer demands in a timely manner. Based on customer feedback, we continue to improve product and service quality. Furthermore, the Company continues to improve our customer complaint handling mechanism, and optimize multiple communication channels for the users, e.g. online portals, WeChat mini programs, hotlines and user questionnaire survey. As for user complaints, we conduct multiple follow-up procedures and verifications, and improve our service quality and efficiency in handling customer feedback.

We continuously update and improve the customer service quality assessment system, evaluating the customer service team on key performance indicators such as response speed, daily call volume, first-call resolution rate, and customer satisfaction. Based on the assessment results, we strengthen weak indicators to enhance overall service quality. We regularly compile data on complaint volume, complaint rate, resolution rate, satisfaction, government complaint volume, and connection rate, and summarize these findings in weekly and monthly reports. We analyze projects with concentrated customer complaints and high-risk cases, so as to develop effective solutions to increase customer satisfaction. During the year, we optimized the user feedback process by discontinuing the post-call feedback prompt and instead collecting customer satisfaction data via text message to enhance the autonomy and authenticity of user evaluations. In addition to the existing customer service entry on WeChat Pay, we added a service entry on the Maoyan APP platform in 2023, providing online consultation services to users without orders, and expanding our customer service coverage, which has improved the customer experience. We conduct training for new staff each month and management training related to customer service quarterly, covering issues such as business overview, service standards, system use, and upgrade processes to improve the customer service team's expertise and communication efficiency.

During the Reporting Period, we have received a total of 1,165 customer complaints regarding our products or feedback[4], with a 100% customer complaint resolution rate and an overall user satisfaction rate of 88%.

Note:

4. The statistical scope of the number of customer complaints is the data of complaints received by the Company from the Administration for Industry and Commerce, 12315 and 12345 hotline in 2023.

XI. ANTI-CORRUPTION

The Company continues to improve the anti-corruption management mechanism, commits itself to fostering an incorruptible and honest operation ecosystem, and staunchly opposes any misconduct that violates business ethics, such as corruption, bribery, fraud, extortion, deception and money laundering. In strict compliance with the Anti-Unfair Competition Law of the People's Republic of China and the Interim Provisions on Prohibition of Commercial Bribery, etc., we have formulated internal rules and regulations such as the Maoyan Entertainment Anti-Corruption Policy and the Maoyan Entertainment Whistleblower Regulations, to cultivate the workplace of integrity, positivity, and transparency.

The Company has clear provisions in the Employee Manual regarding issues with respect to misconducts, including graft and bribery, and requires all employees to read, confirm and comply with the relevant contents of the handbook. We conduct regular integrity training for the new hires, incumbent employees, and Directors every year, the content of which includes the impact of integrity on individuals and the Company, the norms and interpretation of the Company's systems, and sharing of relevant job crime cases, and anti-corruption dynamics in the industry, which instills a professional ethical view of integrity and honesty into our employees. During the Reporting Period, a total of 11 Directors and 173 employees participated in integrity training, with the average training hours of 2 hours and 0.5 hour, respectively.

We regularly disseminate articles on integrity-related themes, such as "Spending a Clean Mid-Autumn and National Day" and "Industry Anti-Corruption Dynamics", through our corporate public account to all employees, aiming to strengthen their anti-corruption awareness. Furthermore, we engage in distributing integrity surveys and setting up anti-fraud exhibition stands to integrate the concept of incorruptibility and integrity into employees' leisure activities. Our routine internal control and audit projects cover employee compliance and corruption risks, which are aimed at closely monitoring employee conduct, and reinforcing our oversight of business ethics.

We have established a standardized whistleblowing management mechanism, whereby clarifying the whistleblowing channels, procedures, whistleblower protection. The internal audit and supervision department is responsible for the implementation and execution of the said mechanism, which is in return supervised by the Audit Committee of the Board. We explicitly require that reports of disciplinary offences are investigated by a designated officer from internal audit and supervision department of the Company, and that all related information about acceptance, investigation and decision on the cases must be filed faithfully. We provide various whistleblowing channels, and encourage our employees and suppliers to report any improper action such as graft and fraud through an email address for reporting clues for fraud on the homepage of our website, a whistleblowing hotline, official accounts such as Daxiang and other channels. We highly appreciate the privacy protection of our whistleblowers, provide real-name whistleblowing and anonymous whistleblowing methods, and strictly keep the whistleblower's information on a need-to-know basis. Save for consent by the whistleblower in writing, information about the whistleblower will not be publicized. The Company strictly prohibits any form of retaliation against whistleblowers, such as obstruction, threats, intimidation, or harm, and any such behavior will be dealt with seriously in accordance with the law once discovered. For cases that are confirmed, we will impose corresponding punishments based on the degree of discipline violations, and if the behavior has violated the relevant laws and regulations, we will report to the higher authorities and affix legal liabilities on them as appropriate.

We have joined the Trust and Integrity Enterprise Alliance, an industry autonomous organization of Internet enterprises for anti-corruption, and the Tencent Sunshine Cloud Platform (騰訊陽光雲平台), an anti-fraud information sharing platform initiated by Tencent, and is committed to strengthening the construction of our integrity system through online channels.

During the Reporting Period, there was no corruption-specific lawsuit filed and completed against the Company.

XII. COMMUNITY INVESTMENTS

The Company adheres to the responsible business philosophy and actively assumes social responsibility. While providing high-quality entertainment content to consumers, we collaborate with all stakeholders to participate in community construction, engage in public welfare and charity, and create mutually beneficial and win-win community relations. In line with our business characteristics, we proactively coordinate resources and conduct charitable activities in various fields to enhance social welfare. By supporting outstanding film and television talents and works, we drive the development of the industry. Furthermore, we shoulder industrial responsibilities to create social value for the film and television industry, and contribute to building a better society.

■ Thanksgiving Charity Sale

During the year, we held a Thanksgiving charity sale under the theme "Righteous Hearts, Beautiful Entertainment", calling on all employees to actively participate in online and offline charity sales. All proceeds raised were allocated for the rehabilitation of disabled children and the rescue of stray animals. We also organized a volunteer group to visit charitable organizations, expressing our gesture of care and spreading love.

■ Supporting Film Industry Development

While pursuing our commercial value, we persist in supporting cooperation with new directors and small to medium-sized promotion and distribution companies, as our continuing effort to inject new momentum into the industry. We support outstanding film works by strengthening promotion and distribution activities and expanding business models, thereby constructing a high-quality content ecosystem for the film industry.

■ Fulfilling Social Responsibility

As a leading provider of entertainment services, we continue to explore innovations in the film genre selection, as our commitment to offering consumers diverse films with positive values. We actively participate in films with a sense of social responsibility, aiming to harness the power of films to increase public awareness and reflection on real-world issues, thereby fulfilling our corporate social responsibility.

Definitions and Glossary

"AGM"	the Annual General Meeting of the Company to be held on June 26, 2024
"Articles of Association"	the second amended and restated memorandum and articles of association of the Company adopted on June 28, 2023
"Audit Committee"	the audit committee of the Company
"Beijing Maoyan"	Beijing Maoyan Cultural Media Co., Ltd. (北京貓眼文化傳媒有限公司), a company incorporated under the laws of the PRC on November 12, 2015 with limited liability and a Consolidated Affiliated Entity
"Beijing Weige Shidai"	Beijing Weige Shidai Entertainment Technology Co., Ltd. (北京微格時代娛樂科技有限公司), a company incorporated under the laws of the PRC on March 9, 2016 with limited liability and a Consolidated Affiliated Entity
"Board"	the Board of Directors of the Company
"BVI"	the British Virgin Islands
"Cayman Companies Act" or "Companies Act"	the Companies Act of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"China Literature Group"	China Literature Limited, its subsidiaries and its consolidated affiliated entities from time to time
"China Literature"	China Literature Limited (閱文集團), an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 772)
"Company" or "our Company"	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)

Definitions and Glossary

"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 report, 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, including the Onshore Operating Company, Maoyan Enterprise, Maoyan Network, Beijing Maoyan, Beijing Weige Shidai, Maoyan Pictures, Maoyan Live JV, Shanghai Maoyan Network, Tianjin Meimao, Ruihai Fangyuan, Jiangsu Maoyan, Time Machine, Zhejiang Maoyan Pictures, Soushi Network, Haoying Network, Shanghai Maoyan Pictures and Miaojuju as of December 31, 2023
"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
"Enlight"	for illustration purpose, means Mr. Wang Changtian, himself and his controlled entities, including Enlight Holdings and Enlight Media, for the purpose of investment in our Company
"Enlight Holdings"	Enlight Holdings Limited
"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), our substantial shareholder

Definitions and Glossary

"Equity Pledge Agreement"	the amended and restated equity pledge agreement dated August 9, 2018 entered into among the WFOE, Tianjin Maoyan Weying and each of the Registered Shareholders
"Exclusive Consultation and Service Agreement"	the amended and restated exclusive consultation and service agreement dated August 9, 2018 between Tianjin Maoyan Weying and the WFOE
"Exclusive Option Agreement"	the amended and restated exclusive equity transfer option agreement dated August 9, 2018 among Tianjin Maoyan Weying, the WFOE and the Registered Shareholders
"Global Offering" or "Initial Public Offering"	the offering by the Company of its Shares for subscription by the public in Hong Kong and the offering of Shares by the international underwriters outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act and in the United States to QIBs only in accordance with Rule 144A or any other available exemption from the registration requirement under the U.S. Securities Act in January to February 2019
"gross box office"	box office and the service fees paid for online movie ticketing services
"Group", "our Group", "we" or "us"	the Company, its subsidiaries and the Consolidated Affiliated Entities
"Haoying Network"	Zhejiang Haoying Network Technology Co., Ltd. (浙江浩影網絡有限公司), a company incorporated with limited liability under the laws of the PRC on June 24, 2004, and a Consolidated Affiliated Entity
"Historical ESOP Platforms"	Tianjin Caiyi, Tianjin Caixuan, Tianjin Caiying, Tianjin Caichuang and Tianjin Guanghong
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the 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

"Jiangsu Maoyan"	Jiangsu Maoyan Culture Media Co., Ltd. (江蘇貓眼文化傳媒有限公司), a company incorporated with limited liability under the laws of the PRC on March 27, 2020, and a Consolidated Affiliated Entity
"Linzhi Lixin"	Linzhi Lixin Information Technology Co., Ltd. (林芝利新信息技術有限公司), a company incorporated under the laws of the PRC on October 26, 2015 with limited liability and a company designated by Tencent to hold interests in Tianjin Maoyan Weying
"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 Enterprise"	Tianjin Maoyan Enterprise Management and Consulting Co., Ltd. (天津貓眼企業管理諮詢有限公司), a company incorporated under the laws of the PRC on March 1, 2017 with limited liability and a Consolidated Affiliated Entity. Maoyan Enterprise is an investment holding company which holds, directly or indirectly, minority equity investments, amounted to approximately RMB35.0 million, in certain companies ("Investee Companies") which engage in businesses subject to foreign investment prohibition or restriction, including value-added telecommunication service, radio and television program production and internet audio-visual programs. Most of the investments are passive. As advised by our PRC legal advisor, foreign investors are either prohibited or restricted from holding equity interest in companies conducting such businesses. The financial results of the Investee Companies are not consolidated into our financial statements and do not form part of our Group, and our minority investment interests in the Investee Companies are immaterial to our financial and operational results.
"Maoyan Live JV"	Tianjin Maoyan Live Technology Co., Ltd. (天津貓眼現場科技有限公司), a company incorporated under the laws of the PRC on June 19, 2018 with limited liability and a joint venture held by the WFOE and Tianjin Maoyan Weying as to 49% and 51% of its equity interests, respectively, and a Consolidated Affiliated Entity

Definitions and Glossary

"Maoyan Network"	Xinjiang Maoyan Network Technology Co., Ltd. (新疆貓眼網絡科技有限公司), a company incorporated under the laws of the PRC on November 10, 2016 with limited liability and a wholly-owned subsidiary of Beijing Maoyan, and a Consolidated Affiliated Entity
"Maoyan Pictures"	Tianjin Maoyan Pictures Co., Ltd. (天津貓眼影業有限公司), a company incorporated under the laws of the PRC on June 8, 2015 with limited liability and a Consolidated Affiliated Entity
"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
"Meituan"	Meituan (美團) (SEHK Stock Code: 3690), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 15, 2015, or Meituan and its subsidiaries and consolidated affiliated entities, as the case may be
"Miaojuju"	Xiamen Miaojuju Media Co., Ltd. (廈門喵劇劇傳媒有限公司), a company incorporated with limited liability under the laws of the PRC on April 2, 2021, and a Consolidated Affiliated Entity
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NASDAQ"	National Association of Securities Dealers Automated Quotations
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Company
"Post-IPO Share Options"	options granted under the Post-IPO Share Option Scheme
"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

Definitions and Glossary

"PRC" or "China"	the People's Republic of China, which, for the purpose of this Annual Report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region of the PRC
"Pre-IPO Share Options"	options granted under the Pre-IPO Share Option Scheme
"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
"Proxy Agreement"	the amended and restated proxy agreement dated August 9, 2018 entered into among the WFOE, Tianjin Maoyan Weying and the Registered Shareholders
"Registered Shareholders"	Enlight Holdings, Enlight Media, Shanghai Sankuai Technology, Weying Culture, Linzhi Lixin and the Historical ESOP Platforms
"Relevant Businesses"	the businesses of value-added telecommunication services business, movie distribution and radio and television program production, etc.
"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"	period from January 1, 2023 to December 31, 2023
"Restricted Share Agreement"	the restricted share agreement entered into among the Company, Mr. Zheng Zhihao and Rhythm Brilliant Limited 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

Definitions and Glossary

"Ruihai Fangyuan"	Shenzhen Ruihai Fangyuan Technology Co., Ltd (深圳市瑞海方圓科技有限公司), a company incorporated under the laws of the PRC on July 13, 2017 with limited liability and a Consolidated Affiliated Entity
"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
"Shanghai Maoyan Network"	Shanghai Maoyan Network Technology Co., Ltd. (上海貓演網絡科技有限公司), a company incorporated under the laws of the PRC on February 13, 2019 with limited liability, a wholly-owned subsidiary of Maoyan Live JV
"SGD"	Singapore Dollar, the lawful currency of Singapore
"Shanghai Maoyan Pictures"	Shanghai Maoyan Pictures Co., Ltd. (上海貓眼影業有限公司), a company incorporated with limited liability under the laws of the PRC on May 15, 2019, and a Consolidated Affiliated Entity
"Shanghai Sankuai Technology"	Shanghai Sankuai Technology Co., Ltd. (上海三快科技有限公司), a company incorporated under the laws of the PRC on December 19, 2012 with limited liability, an operating entity of Meituan and one of our Registered Shareholders
"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)
"Shenzhen Stock Exchange" or "SSE"	Shenzhen Stock Exchange (深圳證券交易所)
"Soushi Network"	Hangzhou Soushi Network Technology Co., Ltd. (杭州搜視網絡有限公司), a company incorporated with limited liability under the laws of the PRC on April 23, 2008, and a Consolidated Affiliated Entity
"Stock Exchange" or "SEHK"	the Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited (SEHK Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be

Definitions and Glossary

"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司), a company established in the PRC on November 11, 1998 and a wholly-owned subsidiary of Tencent
"Tencent Group"	Tencent and its subsidiaries from time to time
"Tianjin Caichuang"	Tianjin Caichuang Enterprise Management and Consultation Partnership (Limited Partnership) (天津彩創企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on May 6, 2016 and one of our Historical ESOP Platforms
"Tianjin Caixuan"	Tianjin Caixuan Enterprise Management and Consultation Partnership (Limited Partnership) (天津彩絢企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on May 6, 2016 and one of our Historical ESOP Platforms
"Tianjin Caiyi"	Tianjin Caiyi Enterprise Management and Consultation Partnership (Limited Partnership) (天津彩溢企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on May 5, 2016 and one of our Historical ESOP Platforms
"Tianjin Caiying"	Tianjin Caiying Enterprise Management and Consultation Partnership (Limited Partnership) (天津彩盈企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on May 6, 2016 and one of our Historical ESOP Platforms
"Tianjin Guanghong"	Tianjin Guanghong Enterprise Management and Consultation Partnership (Limited Partnership) (天津光鴻企業管理諮詢合夥企業(有限合夥)), a limited partnership incorporated under the laws of the PRC on May 6, 2016 and one of our Historical ESOP Platforms
"Tianjin Maoyan Weying" or "Onshore Operating Company"	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

Definitions and Glossary

"Tianjin Meimao"	Tianjin Meimao Cultural Media Co., Ltd. (天津美貓文化傳媒有限公司), a company incorporated under the laws of the PRC on November 22, 2018, with the limited liability and a Consolidated Affiliated Entity
"Time Machine"	Hangzhou Maoyan Time Machine Pictures Ltd.(杭州貓眼時光機影業有限公司), a company incorporated with limited liability under the laws of the PRC on January 13, 2023, and a Consolidated Affiliated Entity
"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
"Year"	the year ended December 31, 2023
"Zhejiang Maoyan Pictures"	Zhejiang Maoyan Pictures Co., Ltd. (浙江貓眼影業有限公司), a company incorporated with limited liability under the laws of the PRC on January 13, 2020, and a Consolidated Affiliated Entity
"%"	per cent

Maoyan Entertainment