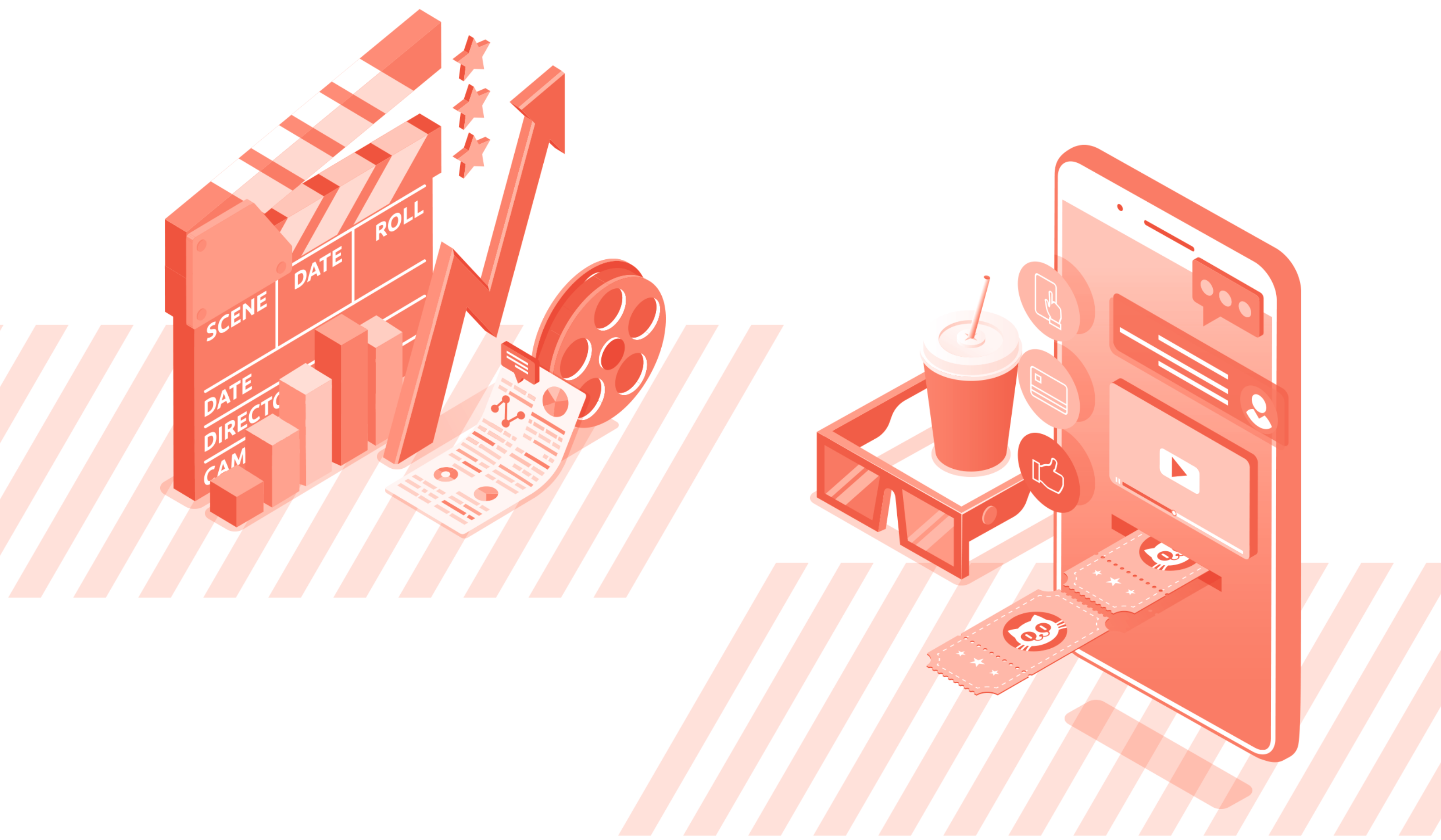
MAOYAN ENTERTAINMENT
貓眼娛樂

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：1896

2020
Interim Report 中期報告

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. Zhan Weibiao (resigned on June 9, 2020)
Mr. Cheng Wu (appointed on June 9, 2020)
Mr. Chen Shaohui
Mr. Lin Ning
Mr. Tang Lichun, Troy (appointed on January 15, 2020)

Independent Non-executive Directors

Mr. Wang Hua
Mr. Chan Charles Sheung Wai
Mr. Ma Dong
Mr. Luo Zhenyu (resigned on June 9, 2020)
Ms. Liu Lin (appointed on June 9, 2020)

AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai *(Chairman)*
Mr. Wang Hua
Mr. Ma Dong (resigned with effect from August 18, 2020)
Ms. Liu Lin (appointed with effect from August 18, 2020)

NOMINATION COMMITTEE

Mr. Wang Hua *(Chairman)*
Mr. Chan Charles Sheung Wai
Mr. Zheng Zhihao

REMUNERATION COMMITTEE

Mr. Wang Hua *(Chairman)*
Mr. Ma Dong (resigned with effect from August 18, 2020)
Ms. Liu Lin (appointed with effect from August 18, 2020)
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
Cayman Corporate Centre
27 Hospital Road
George Town
Grand Cayman KY1-9008
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No.3 Building, Yonghe Hangxing Garden
No.11 Hepingli East Street
Dongcheng District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Sunlight Tower
No. 248 Queen's Road East
Wanchai, Hong Kong

Corporate Information

LEGAL ADVISORS

As to Hong Kong law:
Clifford Chance

As to Cayman Islands law:
Walkers (Hong Kong)

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

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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
Cayman Corporate Centre
27 Hospital Road
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 half-year results for the six months ended June 30, 2020.

FINANCIAL HIGHLIGHTS

Our revenue decreased to RMB203.1 million in the first half of 2020 from RMB1,984.6 million in the first half of 2019. Our gross loss was RMB20.6 million in the first half of 2020, compared with the gross profit of RMB1,186.8 million in the first half of 2019. Our net loss for the period was RMB430.7 million in the first half of 2020, compared with the net profit for the period of RMB257.4 million in the first half of 2019. Our adjusted EBITDA for the period was negative RMB283.6 million in the first half of 2020, compared with RMB511.7 million in the first half of 2019, whereas our adjusted net loss* was RMB307.1 million in the first half of 2020, compared with the adjusted net profit of RMB380.4 million in the first half of 2019.

BUSINESS REVIEW AND OUTLOOK

Since the beginning of this year, the COVID-19 pandemic has caused certain negative impact on the Chinese and even global movie industries. Thanks to the disease control and prevention measures implemented by the Chinese government have been highly effective, industries across the board have gradually resumed their operations. Since July 20, 2020, cinemas in mainland China have also started to reopen in an orderly manner.

As a major player in the pan entertainment industry in China, we have firmly upheld our social responsibilities, taken active measures to mitigate the negative impact of the pandemic, and cooperated with our industry partners to overcome those challenges caused by the COVID-19 outbreak. We remain committed to improving our services and products, expediting our consolidation of online and offline resources, and unleashing Maoyan's integrated value in the pan entertainment sector.

Our Pandemic Response Measures

During the pandemic, we prioritized fulling our social responsibilities and protecting our users' interests. After movies were withdrawn from showing during the 2020 Chinese New Year holiday, we immediately announced unconditional refunds for all Maoyan users and advanced cash to our cinema partners to expedite their refund process. Within only 3 days, we completed all ticket refunds for those movies withdrawn during the Chinese New Year holiday, cumulatively refunding more than 5 million tickets worth of over RMB200 million.

We have continuously provided a variety of assistance to support the movie industry's recovery and growth, including but not limited to:

- leveraging our own resource advantages and assisting cinemas to tap into Meituan's platform so that they sell through home delivery services their food inventory accumulated ahead of the Chinese New Year holiday.

* In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

- conducting research and sharing industry data continuously to stimulate interactions among industry participants. Through Maoyan Research Institute (貓眼研究院), we have published dozens of research reports as well as relevant industrial ranking list and provided our industry partners with a number of online training seminars and business idea exchanges free of charge. In collaboration with China Movie Association, Ocean Engine, iQIYI and others, we have also published a series of industrial research reports to help our industry partners to make rational judgements about market trends and formulate effective strategies in response to changes.

- implementing a variety of measures to help cinemas and other offline entertainment venues to expedite their business reopening. Such measures include upgrading our cinema service solutions, providing social distancing ticketing functions, supporting dispersed seating arrangements, and enhancing real name authentication to minimize risks arising from movie viewing during the pandemic. In addition, through the Maoyan platform, we launched "Safe Cinema (安心影院)" labels to certify those cinemas compliant with pandemic prevention and control protocols, including full premise sanitization, all staff testing, and mask wearing, so that we can help to ensure the health and safety of the audience when they watch a movie or a live performance.

- continuing to provide cinemas and other industry partners with supply chain financing and related services to alleviate their capital constraints.

- hosting movie-viewing events in partnership with local governments, trade unions, and other institutions at discounted prices, and providing free movie-viewing events jointly with Huaxia Film for medical workers and middle and high school students, with a goal of encouraging audiences to return to cinemas and helping businesses to resume operations.

In addition, as we give top priority to the health and safety of our employees, we have promptly adopted flexible work-from-home policies. We also have stocked up sufficient health supplies for pandemic prevention and control. We also implemented strict cost control measures and channeled our resources towards revenue-generating activities.

Our Product Enhancement and Market Penetration

Cinemas nationwide have gradually reopened in an orderly manner since July 20, 2020. Building on the foundation we laid during the first half of 2020 in functionality grade and platform optimization for our online ticketing system, we launched a series of new products including "Safe Cinema (安心影院)" to support movie theaters' speedy reopening. We also made timely adjustment in our ticketing and settlement systems to stay compliant with the business resumption protocols mandated by local authorities. In addition, we further strengthened our collaboration with the relevant ticketing system operator and broadened our ticketing system's interface with cinemas. We plan to continue our technology advancement and improve our ticketing system's compatibility and functionality.

CEO's Statement

To accelerate our offline entertainment venue partners' digitization process at a low cost, we fortified our technology advancement in smart stadiums and completed a system-wide upgrade. In preparation for the new entertainment consumption contexts emerging post pandemic, we have expanded our offerings and started to serve as the ticketing agency for tourist attraction entertainment performances. Also, to enlarge our reservoir of live entertainment events, we have entered into several agreements to invest in and act as the ticketing agency for large-scale offline concerts performed by leading artists. We will release those live events in a methodical manner as the pandemic further subsides. Meanwhile, we are actively exploring new business models related to online entertainment performances. For example, we recently acted as the exclusive ticketing agency and distribution partner for "Rocket Girls 101", a live concert event done by the popular music group backed by Tencent Video.

In the first half of 2020, we devoted substantial resources to developing premium movie and TV content both through self production and in collaboration with partners. As a result, we have built up an abundant reserve of content. For offline cinemas, we have participated in the production or distribution of dozens of movies. For example, we self-produced a number of movies that are either in active production or ready for paced market releases, such as Back to The Wharf *(風平浪靜)* (which was nominated for the Golden Goblet Awards in the 23rd Shanghai International Film Festival), On Your Mark *(起跑)*, Moses on The Plain *(平原上的摩西)*, and Game of Genius *(天才遊戲)*. In addition, we are the co-producer and/or co-distributor for a number of notable movie titles such as the Rescue *(緊急救援)*, G Storm *(反貪風暴 5)*, One Second *(一秒鐘)*, Wade Through Angry Seas *(涉過憤怒的海)* and Warriors of Future *(明日戰記)*, all of which will be released at opportune times. On the television front, we are actively utilizing our original content development capabilities and collaborating with industry partners to produce high-quality content. For example, we have co-produced a number of TV series such as Inside Man *(局中人)* and Shichahai *(什刹海)*, both of which were released in the first half of 2020 and generated great performance. Also, some of our co-produced series, such as the Legendary Tavern *(老酒館)*, have won multiple awards at the 26th Shanghai TV Festival. We are also in the midst of active co-productions with Tencent Video for TV dramas such as Miss Crow and Mr. Lizard *(烏鴉小姐與蜥蜴先生)* as well as Babel *(通天塔)*. In addition, leveraging our high professional standard and content development expertise, we have increased our self production of TV series. We are currently in active production of tiles such as Defense Out of Court *(庭外辯護)* and Chess Prodigy *(天才棋士)*. Executing our long-term growth strategy while also taking into consideration the pandemic's potential impact, we have increased our investment in movie streaming and other types of online content. To date, we act as the co-producer or co-distributor of several streaming movies in genres ranging from action to suspense, historical drama, thriller, science fiction, and many more.

By advancing our content production capabilities, enriching our industry resources, and augmenting our domain expertise, we have laid the groundwork to form a movie-TV soundtrack value chain in the first half of 2020. We have entered into an exclusive partnership with Tencent Music Entertainment Group ("TME") for soundtrack copyright, and developed original soundtracks for various movies and TV series in collaboration with the top-tier producers and musicians. During the period, for example, we reached an exclusive copyright sharing agreement with TME regarding the original soundtrack for Shichahai *(什刹海)*, a popular TV series simultaneously broadcasted on CCTV 1, Tencent Video, iQIYI, and Youku on July 10, 2020.

The promotion and distribution prowess that we attained through years of experience has enabled us to serve as the distributor of those movies accounting for over 90% of box office nationwide. In the first half of 2020, we further expanded our online promotion and distribution capabilities by integrating data analysis, technology automation, and advanced services. As a result, we have developed a highly integrated, one-stop, online-offline marketing solution that encompasses the entire lifecycle from strategy formation to promotion execution, channel marketing, and smart distribution. In addition, we introduced several new promotion and distribution products, such as "Maoyan Online Chat (貓眼雲聊)", "Fast 24 Hours (極速24小時)" and "the Story Behind the Movie: Please Answer (電影背後的故事: 大咖請回答)". In July 2020, we launched in Maoyan Pro (貓眼專業版) a new feature suite called "Smart Promotion and Distribution (智能宣發)", which included 33 functionalities in 8 different categories such as data consultation, smart promotion and distribution, targeted marketing and distribution assistant.

To facilitate the healthy growth of the pan entertainment industry, we are constructing a solid foundational infrastructure through augmentation of our data platform and expansion of our data sources. In April 2020, we launched in Maoyan Pro a TV-Movie rating list by TikTok so that our users can improve their promotion and distribution efficiency by accessing and analyzing extensive platform data. In June 2020, Maoyan Pro officially interfaced with Tencent Video to exchange data about online movie revenue split between partners. Thus we became the first platform in China that have integrated access to the online movie box office data from Tencent Video, iQIYI, and Youku. In July 2020, under the "Tencent and Maoyan Alliance", Maoyan Pro launched the "Uni Chart" by TME, which syndicates data on movie MV lists, movie soundtrack lists, TV series MV lists, TV series soundtrack lists, and variety show soundtrack lists to help our industry partners easily monitor the effectiveness of their music marketing initiatives.

In addition, we further advanced the synchronization between pre-screening advertising and offline entertainment advertising. Through a portfolio marketing approach that combines ticket promotion with on premise advertisement and pre-screening advertisement, we have integrated advertising into all major entertainment formats including movies, live performances, and other contexts for entertainment consumption. We are able to showcase advertisements through the entire closed loop of entertainment consumption cycle including ticket purchases, ticket claims, and in-person viewing. To lock in premier industry resources, we entered into business cooperation with thousands of cinemas and a large number of brand advertisers in the first half of 2020. As movie theaters reopen and as their audiences gradually return, we believe that our unique competitive advantages in integrated marketing and advertising will become further accentuated.

CEO's Statement

Looking Forward with Full Confidence

During the pandemic, the Chinese state and local authorities unveiled a series of policies to support the recovery and growth of the pan entertainment industry. Since the reopening of cinemas on 20 July, 2020, daily box office has been growing steadily, and weekly box office surpassed the RMB100 million mark within the first week of reopening. Such rapid recovery in box office not only reveals the potency of pent-up consumer demand for offline movie watching, but also instills strong confidence in movie industry participants. Besides cinemas, other offline entertainment activities are also gradually coming back to life. For example, we are acting as the exclusive general ticketing agency for the "2020 Honor of Kings World Final Championship Cup", which is scheduled to take place in August 2020. All aforementioned developments have given us the conviction that the pandemic will end eventually, that the pan entertainment industry will advance unabated, and that high-quality content will always win audiences.

In support of the pan entertainment industry's speedy recovery and sustainable growth, we will continue augmenting our domain expertise, executing our "Cat Claw Strategic Model", and further developing our platform's capabilities. In addition, we plan to further enhance our internet-native advantages, expand our online service offerings such as our brand new product called "Maoyan Screening Room" (貓眼放映廳) on July 31, 2020, refine our online-offline promotion and distribution services, and deliver more optimized and suitable derivative services of the value chain. Moreover, we will continue to boost the synergy and coordination among our various business segments, enhance our resilience against market risks, raise our ceiling for growth, and bolster our overall competitive advantages.

As the adage goes: no winter lasts forever, and no spring skips its turn. Being the leading pan entertainment portal, and as the mainstream platform for entertainment distribution, data, and products, we will stand side by side with our partners, support our users, help to accelerate the recovery of the pan entertainment industry, and blaze a trail to a brighter tomorrow for all. Last but not least, we would like to express our sincere gratitude to all of our colleagues, shareholders and partners for their unwavering support and generous assistance. Let us work together and generate greater values for our industry!

Executive Director and Chief Executive Officer
ZHENG Zhihao

Hong Kong
August 17, 2020

Management Discussion and Analysis

INTERIM PERIOD REVIEW

	Six months ended June 30,			
	2020		2019	
	RMB million (Unaudited)	**%**	RMB million (Unaudited)	%
Revenue	**203.1**	**100.0**	1,984.6	100.0
Cost of revenue	**(223.7)**	**(110.1)**	(797.8)	(40.2)
Gross (loss)/profit	**(20.6)**	**(10.1)**	1,186.8	59.8
Selling and marketing expenses	**(170.8)**	**(84.1)**	(610.7)	(30.8)
General and administrative expenses	**(204.3)**	**(100.6)**	(184.9)	(9.3)
Net impairment losses on financial and other assets	**(135.6)**	**(66.8)**	(7.9)	(0.4)
Other income	**122.0**	**60.1**	9.6	0.5
Other losses, net	**(15.2)**	**(7.5)**	(9.6)	(0.5)
Operating (loss)/profit	**(424.5)**	**(209.0)**	383.3	19.3
Finance income	**12.3**	**6.1**	11.8	0.6
Finance costs	**(20.1)**	**(9.9)**	(29.5)	(1.5)
Finance costs, net	**(7.8)**	**(3.8)**	(17.7)	(0.9)
Share of losses of investments accounted for using equity method	**(0.3)**	**(0.1)**	(0.4)	(0.0)
(Loss)/profit before income tax	**(432.6)**	**(212.9)**	365.2	18.4
Income tax credits/(expenses)	**1.9**	**0.9**	(107.8)	(5.4)
(Loss)/profit for the period	**(430.7)**	**(212.0)**	257.4	13.0
Non-IFRS Measures:				
EBITDA	**(338.1)**	**(166.5)**	457.5	23.1
Adjusted EBITDA	**(283.6)**	**(139.6)**	511.7	25.8
Adjusted net (loss)/profit*	**(307.1)**	**(151.2)**	380.4	19.2

Note:

* In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

Management Discussion and Analysis

Revenue

Our revenue decreased from RMB1,984.6 million in the first half of 2019 to RMB203.1 million in the first half of 2020. This decrease was primarily due to decreases in the revenue from the online entertainment ticketing services, the entertainment content services and the advertising services and others as a result of the coronavirus epidemic. The following table sets forth our revenues by service in the first half of 2019 and 2020.

	Six months ended June 30,			
	2020		2019	
	RMB million (Unaudited)	**%**	RMB million (Unaudited)	%
Revenue				
Online entertainment ticketing services	**103.8**	**51.1**	1,083.0	54.6
Entertainment content services *(note)*	**15.6**	**7.7**	665.7	33.5
Advertising services and others	**83.7**	**41.2**	235.9	11.9
Total	**203.1**	**100.0**	1,984.6	100.0

Note: This amount included fair value gain on the Group's investment in movie and TV series amounting to RMB10.7 million for the six months ended June 30, 2020.

Online entertainment ticketing services

Revenue from our online entertainment ticketing business decreased from RMB1,083.0 million in the first half of 2019 to RMB103.8 million in the first half of 2020. Such decrease was primarily a result of the obvious decrease in the gross box office and the movie theater attendance in China in the first half of 2020 compared to the first half of 2019, which was due to the temporary closure of movie theaters in China as a result of the prevention and control measures adopted by the government.

Entertainment content services

Revenue from our entertainment content services decreased from RMB665.7 million in the first half of 2019 to RMB15.6 million in the first half of 2020. Such decrease was mainly because of the withdrawing of all movies for Spring Festival holiday we participated in the production, promotion and distribution and the failure to release other projects on schedule resulting from the coronavirus epidemic.

Advertising services and others

Revenue from our advertising services and others decreased by 64.5% from RMB235.9 million in the first half of 2019 to RMB83.7 million in the first half of 2020, which was primarily due to the decreases in advertising demand of advertisers during the pandemic.

Cost of revenue

Our cost of revenue decreased by 72.0% from RMB797.8 million in the first half of 2019 to RMB223.7 million in the first half of 2020. The decrease in our cost of revenue was mainly due to a decrease in ticketing system cost (which was in line with the decrease in our revenue from online movie ticketing services) as well as a decrease in content production cost and content distribution and promotion cost (which was in line with the decrease in our revenue from entertainment content services).

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 period indicated:

	Six months ended June 30,					
	2020			2019		
	RMB million (Unaudited)	**%**	**% of revenue**	RMB million (Unaudited)	%	% of revenue
Ticketing system cost	**38.9**	**17.4**	**19.2**	254.5	31.9	12.8
Internet infrastructure cost	**53.4**	**23.9**	**26.3**	115.3	14.5	5.8
Content distribution and promotion cost	**28.3**	**12.7**	**13.9**	187.5	23.5	9.4
Content production cost	**8.5**	**3.8**	**4.2**	133.7	16.8	6.7
Amortization of intangible assets	**68.9**	**30.8**	**33.9**	67.0	8.4	3.4
Depreciation of property, plant and equipment	**4.1**	**1.8**	**2.0**	3.2	0.4	0.2
Other expenses	**21.6**	**9.6**	**10.6**	36.6	4.5	1.9
Total	**223.7**	**100.0**	**110.1**	797.8	100.0	40.2

Gross (Loss)/Profit and Gross Margin

We had gross loss of RMB20.6 million in the first half of 2020, compared to gross profit of RMB1,186.8 million in the first half of 2019. Our gross margin was 59.8% and negative 10.1% in the first half of 2019 and 2020, respectively. The changes in our gross profit and gross margin were primarily due to a significant decrease in our revenue resulting from the epidemic whereas the fixed cost in our cost failed to decrease at the same proportion as the revenue, resulting in a significant decrease in the gross profit and gross margin.

Selling and Marketing Expenses

Our selling and marketing expenses significantly decreased by 72.0% from RMB610.7 million in the first half of 2019 to RMB170.8 million in the first half of 2020, primarily due to the decrease in user incentive.

General and Administrative Expenses

Our general and administrative expenses increased by 10.5% from RMB184.9 million in the first half of 2019 to RMB204.3 million in the first half of 2020 primarily due to the increase in employee benefits expenses for the purpose of research and development.

Management Discussion and Analysis

Net impairment losses on financial and other assets

We had net impairment losses on financial and other assets of RMB135.6 million in the first half of 2020, compared to our net impairment losses on financial and other assets of RMB7.9 million in the first half of 2019. We have carefully assessed the expected loss of financial and other assets as at June 30, 2020 and made impairment provisions to reflect the adverse impact of coronavirus disease to the macroeconomic environment and the PRC entertainment industry.

Other Income and Other Losses, Net

We had other income and other losses, net of RMB106.8 million in the first half of 2020, compared to other income and other losses, net of negative RMB29 thousand in the first half of 2019, which was primarily due to an increase in government subsidies in the first half of 2020 as compared to that in the first half of 2019.

Operating (Loss)/Profit

As a result of the foregoing, our operating loss was RMB424.5 million in the first half of 2020, compared to an operating profit of RMB383.3 million in the first half of 2019.

Finance Costs, Net

We had finance costs, net of RMB7.8 million in the first half of 2020, compared to our finance costs, net of RMB17.7 million in the first half of 2019. The change was primarily due to a decrease in the interest expenses resulting from the decrease in bank borrowings.

Income Tax Credits/(Expenses)

We had income tax credits of RMB1.9 million in the first half of 2020, compared to the income tax expenses of RMB107.8 million in the first half of 2019. This was primarily due to our decreased overall profitability.

Non-IFRS Financial Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use EBITDA/adjusted EBITDA and adjusted net (loss)/profit as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures 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 (loss)/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 (Loss)/Profit, EBITDA, and Adjusted EBITDA

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

	Six months ended June 30,	
	2020	2019
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of net (loss)/profit to adjusted net (loss)/profit:		
Net (loss)/profit for the period	**(430.7)**	257.4
Add:		
Share-based compensation	**54.5**	51.0
Net losses of convertible bonds classified as financial liabilities at fair value through profit or loss	**–**	1.6
Listing expenses	**–**	3.2
Amortization of intangible assets resulting from business combinations	**69.1**	67.2
Adjusted net (loss)/profit	**(307.1)**	380.4

Note: In the first half of 2020 and 2019, we defined adjusted net (loss)/profit as net (loss)/profit for the six months adjusted by adding back share-based compensation, net losses of convertible bonds classified as financial liabilities at fair value through profit or loss, listing expenses and the amortization of intangible assets resulting from business combinations.

	Six months ended June 30,	
	2020	2019
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Reconciliation of operating (loss)/profit to EBITDA and adjusted EBITDA		
Operating (loss)/profit for the period	**(424.5)**	383.3
Add:		
Depreciation of property, plant and equipment	**8.9**	6.7
Amortization of intangible assets	**70.7**	67.5
Depreciation of right-of-use assets	**6.8**	–
EBITDA	**(338.1)**	457.5
Add:		
Share-based compensation	**54.5**	51.0
Listing expenses	**–**	3.2
Adjusted EBITDA	**(283.6)**	511.7

Note: In the first half of 2020 and 2019, we defined EBITDA as operating (loss)/profit for the period adjusted for depreciation and amortization expenses. We added back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

OTHER FINANCIAL INFORMATION

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets changed from RMB11,351.2 million as of December 31, 2019 to RMB10,150.3 million as of June 30, 2020, whilst our total liabilities decreased from RMB3,063.2 million as of December 31, 2019 to RMB2,204.1 million as of June 30, 2020. Liabilities-to-assets ratio decreased from 27.0% as of December 31, 2019 to 21.7% as of June 30, 2020.

As of June 30, 2020, we pledged bank deposits of USD23.5 million (equivalent to approximately RMB166.4 million) and bank deposits of RMB64.0 million as security for bank borrowings.

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 Renminbi 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 June 30, 2020, we had cash and cash equivalents and other forms of bank deposits of RMB1,401.7 million, meanwhile, we also had wealth management products valued at RMB20.5 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, other funds raised from the capital markets from time to time and the net proceeds received from the global offering of the Company.

As of June 30, 2020, our total borrowings were approximately RMB780.0 million, which were all bank borrowings denominated in Renminbi. The following table sets forth further details of our banking borrowings as of June 30, 2020:

	RMB million	Interest rate
Secured	310.0	3.92%
Guaranteed	470.0	3.92%~5.26%
Total	**780.0**	**N/A**

As of June 30, 2020, we had unutilized banking facilities of RMB876.2 million and banking facilities of RMB1,656.2 million.

As of June 30, 2020, 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 June 30, 2020 and December 31, 2019, the Group has a net cash position.

Management Discussion and Analysis

Capital Expenditure

Our capital expenditures primarily included purchase of equipments and intangible assets. Our capital expenditures decreased by 47.9% to RMB7.5 million in the first half of 2020 from RMB14.4 million in the first half of 2019. We plan to fund our planned capital expenditures using cash generated from operations.

Material Acquisitions, Disposals and Future Plans for Major Investments

The Group did not have any plans for major investments and capital assets as of June 30, 2020. During the six months ended June 30, 2020, we did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Significant 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, our annual reports dated April 25, 2019 and April 28, 2020.

Save as disclosed above, as of June 30, 2020, the Company did not hold any significant investments.

Foreign Exchange Risk Management

Our businesses are principally conducted in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from recognized assets and liabilities and net investments in foreign operations. We manage foreign exchange risk by performing regular reviews of our foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary. We did not enter into any forward contract or other financial instruments to hedge our exposure to foreign currency risk in the first half of 2020.

Employees and Remuneration Policy

As of June 30, 2020, we had 1,002 full-time employees, 999 of whom were based in mainland China, 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. 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.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the public announcement made by the China Film Administration in July 2020, cinemas in low-risk areas in the PRC have orderly reopened since July 20, 2020 and begun to report gross box office results amid certain epidemic prevention measures which still restrict the cinemas' operating capacity. Pursuant to the public announcement issued by the Ministry of Culture and Tourism of the PRC in August 2020, commercial performance activities with medium size or below can be organized in the low risk areas subject to the approval from the relevant local authorities and conditional upon the effective prevention and control of the epidemic. The Group will continue to monitor the latest development of the COVID-19 epidemic and react actively to its impact on the operations and financial position of the Group.

Save as disclosed above, no other important events affecting the Company occurred since June 30, 2020 and up to the date of this interim report.

Other Information

INTERIM DIVIDEND

The Board has resolved not to pay any interim dividend for the six months ended June 30, 2020.

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.

During the Reporting Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code and adopted most of the best practices set out therein.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" contained in Appendix 10 to the Listing Rules as its code of conduct for directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standard as set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Chan Charles Sheung Wai, Mr. Wang Hua, Mr. Ma Dong (ceased to be a member of the Audit Committee with effect from August 18, 2020), Ms. Liu Lin (appointed as a member of the Audit Committee with effect from August 18, 2020). Mr. Chan Charles Sheung Wai currently serves as the chairman of the Audit Committee.

The Audit Committee (Mr. Chan Charles Sheung Wai, Mr. Wang Hua and Mr. Ma Dong), together with management and the Auditor, have reviewed the unaudited condensed consolidated results of the Group for the six months ended June 30, 2020.

CHANGES TO DIRECTORS' INFORMATION

On January 15, 2020, Mr. Tang Lichun, Troy has been appointed as a non-executive Director of the Company and the appointment took effect from the same day. On June 8, 2020, Mr. Zhan Weibiao resigned as a non-executive Director of the Company; Mr. Luo Zhenyu resigned as an independent non-executive Director of the Company; Mr. Cheng Wu has been appointed as a non-executive Director of the Company; and Ms. Liu Lin has been appointed as an independent non-executive Director of the Company. The above resignations and appointments were effective from June 9, 2020.

For details of the above changes of Directors, please refer to the announcements of the Company dated January 15, 2020 and June 8, 2020.

On August 18, 2020, Mr. Ma Dong ceased to be and Ms. Liu Lin has been appointed as a member of the Audit Committee and the Remuneration Committee.

For details of the above changes of composition of the Board committees, please refer to the relevant announcement of the Company dated August 17, 2020.

Mr. Chan Charles Sheung Wai, an independent non-executive Director of the Company, has ceased to be an independent non-executive director of Changyou.com Ltd.(暢遊有限公司), a company listed on the NASDAQ (Stock Code: CYOU) with effect from April 27, 2020.

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

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

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

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK$1,839.3 million after deducting underwriting commissions and all related expenses. The following table sets forth the Company's use of the proceeds from the Listing and the planned timetable as of June 30, 2020.

Intended use of net proceeds	Allocation of net proceeds	Amount of net proceeds utilized as of June 30, 2020	Balance of net proceeds as of June 30, 2020	Expected timeline for balance of net proceeds
		HK$ in millions		
Funding for improving integrated platform capabilities	551.8	209.5	342.3	By December 31, 2022
Research and development and technical infrastructure	551.8	219.1	332.7	By December 31, 2022
Funding potential investments and acquisitions	551.8	401.4	150.4	By December 31, 2021
Working capital and general corporate purposes	183.9	163.4	20.5	By December 31, 2020

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds, and will gradually utilize the net proceeds in accordance with the intended purposes as stated in the Prospectus.

Other Information

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

As at June 30, 2020, 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	1.70
	Beneficial owner	Long Position	4,872,539	0.43
Mr. WANG Changtian[2]	Interest in controlled corporations	Long Position	312,722,773	27.63
		Short Position	158,743,072	14.03
Ms. WANG Jian	Beneficial owner	Long Position	450,000	0.04

Notes:

1. As at June 30, 2020, 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. As at June 30, 2020, Vibrant Wide Limited and Hong Kong Pictures International Limited directly held 277,979,625 Shares (among which 158,743,072 Shares were provided as security to a person other than a qualified lender) 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 Investment as to 44.06% 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 June 30, 2020, 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 June 30, 2020, 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	119,236,553	10.54
		Short Position	158,743,072	14.03
Hong Kong Pictures International Limited	Beneficial owner	Long Position	193,486,220	17.1
Inspired Elite Investments Limited[1]	Beneficial owner	Long Position	82,693,975	7.31
Meituan Dianping [1]	Interest in controlled corporations	Long Position	82,693,975	7.31
Crown Holdings Asia Limited [1]	Interest in controlled corporations	Long Position	82,693,975	7.31
Songtao Limited [1]	Interest in controlled corporations	Long Position	82,693,975	7.31
TMF (Cayman) Ltd.[1]	Trustee	Long Position	82,693,975	7.31
Wang Xing[1]	Interest in controlled corporations	Long Position	82,693,975	7.31
Image Flag Investment (HK) Limited[2]	Beneficial owner	Long Position	157,169,260	13.89
Tencent Holdings Limited [2]	Interest in controlled corporations	Long Position	157,169,260	13.89
Weying (BVI) Limited	Beneficial owner	Long Position	110,198,429	9.74
Interstellar Investment Ltd.[3]	Beneficial owner	Long Position	66,127,317	5.84
NottingHill Investment Ltd.[3]	Interest in controlled corporations	Long Position	66,127,317	5.84
FountainVest China Capital Partners Fund III, L.P.[3]	Interest in controlled corporations	Long Position	66,127,317	5.84
FountainVest China Capital Partners GP3 Ltd.[3]	Interest in controlled corporations	Long Position	66,127,317	5.84

Other Information

Notes:

1. Inspired Elite Investments Limited is wholly-owned by Meituan Dianping, which is owned as to 40.42% by Crown Holdings Asia Limited, which is in turn wholly-owned by Songtao Limited, and in turn wholly-owned by Mr. WANG Xing. Therefore, Meituan Dianping, 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 Holdings Limited. Therefore, Tencent Holdings Limited 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 June 30, 2020, so far as the Directors were aware, no other persons (other than the Directors or chief executive) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

EMPLOYEE INCENTIVE SCHEMES

Pre-IPO Share Option Scheme

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

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$)	Date of grant	Exercise period	Closing price immediately prior to grant	Outstanding as of January 1, 2020	Granted during the period	Exercised during the period	Weighted average closing price immediately prior to exercise (HK$)	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2020	Vesting Period *(note)*
Employee	0.1009	Between August 1, 2016 and March 1, 2018	Eight years from the date of grant	NA	10,347,445	0	1,987,081	13.1628	428	44,352	8,315,584	1(a)
	14.8	Between February 1, 2018 and August 1, 2018	Eight years from the date of grant	NA	15,905,750	0	0	–	53,011	548,908	15,303,831	1(b)
	14.8	Between April 11, 2018 and June 1, 2018	Eight years from the date of grant	NA	7,710,890	0	0	–	–	–	7,710,890	1(a)
Total					**33,964,085**	**0**	**1,987,081**	**N/A**	**53,439**	**593,260**	**31,330,305**	

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 options granted
First anniversary of first vesting date	Up to 75% of the options granted
Second anniversary of first vesting date	Up to all of the options granted

Post-IPO Share Option Scheme

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

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	Outstanding as of January 1, 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2020	Vesting Period *(Notes)*
Employee	16.2000	May 2, 2019	Eight years from the date of grant	16.1000	100,000	–	0	0	50,000	50,000	1(b)
	14.7600	May 10, 2019	Eight years from the date of grant	14.1000	4,048,850	–	0	46,265	796,670	3,205,915	1(b)
					331,570	–	0	9,638	28,917	293,015	1(a)
	11.4360	November 1, 2019	Eight years from the date of grant	11.3200	480,200	–	0	0	–	480,200	1(b)
	10.5000	April 29, 2020	Eight years from the date of grant	10.3200	–	2,372,822	0	0	–	2,372,822	1(a)
					–	275,000	0	0	–	275,000	1(b)
Total					**4,960,620**	**2,647,822**	**0**	**55,903**	**875,587**	**6,676,952**	

Notes:

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

RSU Scheme

The RSU Scheme is adopted on the Adoption Date and not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Scheme does not involve the grant of options by our Company to subscribe for new Shares.

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

Category	Date of grant	Closing price immediately prior to grant	Outstanding as of January 1, 2020	Granted during the period	Vested during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2020
Employee	May 2, 2019	16.1000	655,425	0	0	0	0	655,425
	October 8, 2019	12.0200	3,336,336	0	0	0	0	3,336,336
	November 1, 2019	11.3200	729,200	0	0	0	0	729,200
	April 29, 2020	10.3200	–	8,608,779	0	0	133,000	8,475,779
Total			**4,720,961**	**8,608,779**	**0**	**0**	**133,000**	**13,196,740**

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

Other Information

QUALIFICATION REQUIREMENTS

Updates in Relation to the Qualification Requirements

On December 11, 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "FITE Regulations"), which were amended on September 10, 2008 and February 6, 2016. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in and a proven track record of operating value-added telecommunications businesses overseas (the "Qualification Requirements"). Foreign investors that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the PRC ("MIIT") and the Ministry of Commerce of the PRC or their authorized local counterparts which retain considerable discretion in granting such approvals. Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements. MIIT issued a guidance memorandum on the application requirement for establishing foreign-invested value-added telecommunications enterprises in the PRC on its website. According to this guidance memorandum, an applicant is required to provide, among other things, its foreign investor's previous value-added telecommunication business track record, such as previous permit, filing or experience of operating well-known websites or Apps or previous telecommunications business licenses issued by the relevant local authorities and satisfactory proof of the Qualification Requirements. The guidance memorandum does not provide clear guidance on how such filing requirement can be fulfilled, and does not provide any further interpretation or guidance on more proof or record required to support the proof satisfying the Qualification Requirements. Further, this guidance memorandum does not purport to provide an exhaustive list on the application requirements.

Efforts and Actions Undertaken to Comply with the Qualification Requirements

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we are gradually building up our track record of overseas telecommunications business operations and had taken the following steps:

- we set up a subsidiary in Hong Kong, namely Hong Kong Maoyan Live Entertainment Limited, to operate our overseas online ticketing business;
- we have successfully registered a series of trademarks; and
- we are operating our overseas website, www.entertainmentplus.hk, which is positioned to further attract and build up overseas customer base.

Report on Review of Interim Financial Information

羅兵咸永道

To the Board of Directors of Maoyan Entertainment
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 79, which comprises the interim condensed consolidated statement of financial position of Maoyan Entertainment (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, August 17, 2020

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Revenue	*6*	**203,050**	1,984,614
Cost of revenue	*7*	**(223,609)**	(797,847)
Gross (loss)/profit		**(20,559)**	1,186,767
Selling and marketing expenses	*7*	**(170,827)**	(610,656)
General and administrative expenses	*7*	**(204,379)**	(184,855)
Net impairment losses on financial and other assets	*19,20*	**(135,555)**	(7,919)
Other income	*8*	**121,986**	9,554
Other losses, net	*8*	**(15,174)**	(9,583)
Operating (loss)/profit		**(424,508)**	383,308
Finance costs, net	*9*	**(7,758)**	(17,681)
Share of losses of investments accounted for using the equity method	*15*	**(367)**	(439)
(Loss)/profit before income tax		**(432,633)**	365,188
Income tax credits/(expenses)	*10*	**1,979**	(107,779)
(Loss)/profit for the period		**(430,654)**	257,409
(Loss)/profit attributable to:			
– Equity holders of the Company		**(430,654)**	262,008
– Non-controlling interests		**–**	(4,599)
		(430,654)	257,409
(Losses)/earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic (losses)/earnings per share	*11*	**(0.38)**	0.24
– Diluted (losses)/earnings per share	*11*	**(0.38)**	0.24

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
(Loss)/profit for the period		**(430,654)**	257,409
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Currency translation differences from the Company	*26*	**28,814**	34,960
Changes in the fair value of equity investments at fair value through other comprehensive income	*16*	**5,388**	(25,113)
Other comprehensive income for the period, net of tax		**34,202**	9,847
Total comprehensive (loss)/income for the period		**(396,452)**	267,256
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		**(396,452)**	271,855
– Non-controlling interests		**–**	(4,599)
Total comprehensive (loss)/income for the period		**(396,452)**	267,256

The accompanying notes on pages 36 to 79 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*13*	**29,962**	34,421
Right-of-use assets	*14*	**28,472**	35,305
Intangible assets	*13*	**5,273,473**	5,341,073
Investments accounted for using the equity method	*15*	**39,290**	37,558
Financial assets at fair value through other comprehensive income	*16*	**362,019**	356,371
Financial assets at fair value through profit or loss	*17*	**45,832**	53,322
Deferred income tax assets	*18*	**8,348**	10,430
Prepayments, deposits and other receivables	*20*	**112,568**	113,787
		5,899,964	5,982,267
Current assets			
Inventories		**25,819**	28,232
Accounts receivable	*19*	**220,529**	551,647
Prepayments, deposits and other receivables	*20*	**2,362,018**	2,335,593
Financial assets at fair value through profit or loss	*17*	**240,300**	481,723
Restricted bank deposits	*21*	**230,368**	331,369
Term deposit with original maturity over three months	*21*	**–**	100,000
Cash and cash equivalents	*21*	**1,171,325**	1,540,414
		4,250,359	5,368,978
Total assets		**10,150,323**	11,351,245
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*25*	**153**	152
Reserves	*26*	**8,371,775**	8,283,031
(Accumulated losses)/retained earnings		**(425,659)**	4,860
Total equity		**7,946,269**	8,288,043

Interim Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*18*	**174,001**	185,673
Lease liabilities	*14*	**15,644**	22,282
		189,645	207,955
Current liabilities			
Borrowings	*22*	**780,000**	1,161,600
Lease liabilities	*14*	**14,465**	14,027
Accounts payable	*23*	**198,434**	367,657
Other payables, accruals and other liabilities	*24*	**1,018,710**	1,238,638
Current income tax liabilities		**2,800**	73,325
		2,014,409	2,855,247
Total liabilities		**2,204,054**	3,063,202
Total equity and liabilities		**10,150,323**	11,351,245

The accompanying notes on pages 36 to 79 form an integral part of the interim condensed consolidated financial information.

On behalf of the Board

ZHENG Zhihao
Executive Director and Chief Executive Officer

SHI Kangping
Chief Financial Officer

Interim Condensed Consolidated Statement of Changes in Equity

		Attributable to equity holders of the Company					
(Unaudited)	*Note*	Share capital RMB'000	Reserves RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2020		152	8,283,031	4,860	8,288,043	–	8,288,043
Comprehensive loss							
Loss for the period		–	–	(430,654)	(430,654)	–	(430,654)
Other comprehensive income							
– Currency translation differences	*26*	–	28,814	–	28,814	–	28,814
– Changes in the fair value of equity investments at fair value through other comprehensive income	*16*	–	5,388	–	5,388	–	5,388
Total comprehensive loss		–	34,202	(430,654)	(396,452)	–	(396,452)
– Transfer of gain upon disposal of equity investments at fair value through other comprehensive income to retained earnings	*16*	–	(135)	135	–	–	–
Transactions with equity holders of the Company							
Issuance of new shares under share option scheme	*25, 26*	1	190	–	191	–	191
Share-based compensation expenses	*27*	–	54,487	–	54,487	–	54,487
Transfer to statutory reserves		–	–	–	–	–	–
Total transactions with equity holders of the Company		1	54,677	–	54,678	–	54,678
As at June 30, 2020		153	8,371,775	(425,659)	7,946,269	–	7,946,269

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity holders of the Company					
As at January 1, 2019		130	6,156,971	(455,152)	5,701,949	4,599	5,706,548
Comprehensive income							
Profit for the period		–	–	262,008	262,008	(4,599)	257,409
Other comprehensive income							
– Currency translation differences	*26*	–	34,960	–	34,960	–	34,960
– Changes in the fair value of equity investments at fair value through other comprehensive income	*16*	–	(25,113)	–	(25,113)	–	(25,113)
Total comprehensive income		–	9,847	262,008	271,855	(4,599)	267,256
Transactions with equity holders of the Company							
Issuance of new shares	*25, 26*	18	1,632,213	–	1,632,231	–	1,632,231
Issuance of new shares for conversion of convertible bond	*25, 26*	3	350,660	–	350,663	–	350,663
Share-based compensation expenses	*27*	–	50,950	–	50,950	–	50,950
Restricted shares vested	*25*	1	–	–	1	–	1
Total transactions with equity holders of the Company		22	2,033,823	–	2,033,845	–	2,033,845
As at June 30, 2019		152	8,200,641	(193,144)	8,007,649	–	8,007,649

The accompanying notes on pages 36 to 79 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cash flows from operating activities			
Cash used in operations		**(426,337)**	(119,437)
Interest paid	*9*	**(19,248)**	(28,526)
Income tax paid		**(78,136)**	(98,074)
Net cash used in operating activities		**(523,721)**	(246,037)
Cash flows from investing activities			
Purchases of property, plant and equipment	*13*	**(4,449)**	(7,161)
Purchases of intangible assets	*13*	**(3,119)**	(7,163)
Acquisition of subsidiaries (net of cash and cash equivalent acquired)		**–**	(79,216)
Payments for financial assets at fair value through profit or loss	*17*	**(140,754)**	(343,650)
Payments for financial assets at fair value through other comprehensive income	*16*	**–**	(334,111)
Proceeds from disposals of financial assets at fair value through profit or loss	*17*	**395,225**	70,975
Proceeds from disposals of financial assets at fair value through other comprehensive income	*16*	**4,523**	–
Interest received	*9*	**12,307**	11,768
Advance of receivables from investments in movies and TV series	*20*	**(37,195)**	–
Repayment of receivables from investments in movies and TV series	*20*	**20,950**	–
Advance of loans to third parties	*20*	**(49,316)**	–
Repayment of loans to third parties	*20*	**57,141**	–
Decrease in term deposit with original maturity over three months	*21*	**100,000**	–
Payment for investments accounted for using the equity method	*15*	**(2,099)**	–
Net cash generated from/(used in) investing activities		**353,214**	(688,558)

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30, 2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
Cash flows from financing activities			
Proceeds from issuance of new shares	*25,26*	**–**	1,675,285
Payments of ordinary shares issuance costs	*26*	**–**	(43,054)
Proceeds from borrowings	*22*	**480,000**	600,000
Repayments of borrowings	*22*	**(861,600)**	(50,000)
Proceeds from third party of loans	*24*	**74,580**	–
Principal elements of lease payments		**(7,016)**	(5,496)
Increase in restricted bank deposits	*21*	**101,001**	(326,173)
Issuance of new shares under share option scheme	*25,26*	**191**	–
Net cash (used in)/generated from financing activities		**(212,844)**	1,850,562
Net (decrease)/increase in cash and cash equivalents		**(383,351)**	915,967
Cash and cash equivalents at beginning of the period		**1,540,414**	1,536,456
Exchange gains/(losses) on cash and cash equivalents		**14,262**	(1,108)
Cash and cash equivalents at end of the period		**1,171,325**	2,451,315

The accompanying notes on pages 36 to 79 form an integral part of the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Maoyan Entertainment (the "Company") was incorporated in the Cayman Islands on December 8, 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, 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, entertainment content services, advertising services and others (the "Listing Business") to users in the People's Republic of China (the "PRC").

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

This Interim Financial Information was approved for issue by the board of directors on August 17, 2020 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended June 30, 2020 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and should be read in conjunction with the annual consolidated financial statements for year ended December 31, 2019 ("2019 Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Since early 2020, the Group's business operations in the entertainment industry have been adversely affected by the outbreak of Coronavirus Disease 2019 ("COVID-19"), which resulted in significant decrease in commercial activities, lockdown and social distancing measures imposed by the PRC government. The COVID-19 pandemic has led to temporary shut-down of cinemas, suspension of productions of films and TV series, and delay in films' release schedule, all of which have created challenges for the upstream and downstream activities across the entertainment's industry value chain.

During the six months ended June 30, 2020, the Group experienced significant decline in revenue and recorded a net loss and net operating cash outflow of approximately RMB430,654,000 and RMB523,721,000 respectively. Starting from 20 July 2020, cinemas in the PRC have gradually reopened and commenced operations amid certain pandemic prevention measures such as restriction of the cinemas' operating capacity will continue meanwhile.

2 BASIS OF PREPARATION *(Continued)*

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfil its financial obligations to continue as a going concern. The directors of the Company have reviewed the Group's cash flow projections, which covers a period of not less than twelve months from June 30, 2020. The directors are of the opinion that, having taken into account the anticipated cashflows generated from the Group's operations, as well as the possible changes in its operating performance and possible impact of COVID-19 pandemic, the Group's internal financial resources, availability of existing bank facilities, the Group will have sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from June 30, 2020. Accordingly, the directors consider that the Group will be able to continue as a going concern; and thus have prepared the condensed consolidated financial information on a going concern basis.

2.1 New and amended standards adopted by the Group

The accounting policies applied are consistent with those of the 2019 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and revised IFRSs effective as of January 1, 2020.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

The new and revised standards above did not have a material effect on this interim condensed consolidated financial information.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2019 Financial Statement.

In addition, management also identified the impairment of trade and other receivables as a critical accounting estimate which are made based on assumptions about the risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical default history, existing market conditions, as well as forward looking information at the end of each reporting period. The identification of impairment of receivables requires the use of judgment and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of receivables and loss for the impairment of receivables recognized in the periods in which such estimates have been changed.

Notes to the Interim Condensed Consolidated Financial Information

4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

4.1 Financial risk factors

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

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the 2019 Financial Statements.

There have been no material changes in the risk management policies since December 31, 2019.

4.2 Liquidity risk

Compared to the year ended December 31, 2019, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The Group exercises prudent liquidity risk management by maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources, the availability of banking facilities to meet its financial commitments and realising certain financial assets held by the Group through disposal, if considered necessary.

As at June 30, 2020, the Group held cash and cash equivalents of approximately RMB1,171,325,000 (Note 21), listed equity investments of approximately RMB303,707,000 (Note 16), wealth management products of RMB20,500,000 (Note 17) and other assets that are expected to readily generate cash inflows for managing liquidity risk.

As at June 30, 2020, the Group has unutilised bank facilities of approximately RMB876,193,000 and bank facility contract of approximately RMB1,656,193,000.

The Group is expected to be able to generate sufficient cash flows to cover its operating costs and meet its financial obligations as and when they fall due in the coming twelve months from the date of these financial statements.

4.3 Fair value estimation

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

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

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

4.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value as at June 30, 2020.

(Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
Investments in wealth management products	–	–	20,500	20,500
Investment in movies and TV series	–	–	219,800	219,800
Unlisted investments	–	–	41,911	41,911
Listed investments	3,921	–	–	3,921
	3,921	–	282,211	286,132
Financial assets at fair value through other comprehensive income				
Listed investments	303,707	–	–	303,707
Unlisted investments	–	–	58,312	58,312
	303,707	–	58,312	362,019

Notes to the Interim Condensed Consolidated Financial Information

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

4.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets that are measured at fair value at December 31, 2019.

(Audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
Investments in wealth management products	–	–	267,717	267,717
Investment in movies and TV series	–	–	214,006	214,006
Unlisted investments	–	–	48,568	48,568
Listed investments	4,754	–	–	4,754
	4,754	–	530,291	535,045
Financial assets at fair value through other comprehensive income				
Listed investments	298,369	–	–	298,369
Unlisted investments	–	–	58,002	58,002
	298,369	–	58,002	356,371

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.

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

4.3 Fair value estimation *(Continued)*

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments, and
- for other financial instruments – discounted cash flow analysis.

During the six months ended June 30, 2020 and the year ended December 31, 2019, there was no transfer between level 1, 2 and 3 for recurring fair value measurements.

Valuation processes of the Group (Level 3)

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

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

The investments in wealth management products mainly represent the investments in wealth management products issued by banks in the PRC with non-guaranteed principal and floating return of investments. The Group used discounted cash flows approach to the fair value of the financial product as at period end. Due to the short period and low expected return rate ranging from 3.27% to 3.3% per annum, the Group considered the fair value of financial product to be approximately to the cost with interest accrued.

The investments in movies and TV series mainly represent the investments in certain movies and TV series that the Group is not considered to be involved in the movie production process or as the distributor. The Group used discounted cash flows approach to evaluate the fair value of the investments in movies and TV series as at period end. A certain amount of the investments which were mainly broadcasted in the six months ended June 30, 2020 had recognized approximately RMB10,676,000 as fair value gain (Note 17(b)).

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

4.3 Fair value estimation *(Continued)*

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

The unlisted investments represent the investments in certain privately owned companies. The Group used discounted cash flows approach to evaluate the fair value of the unlisted investments as at June 30, 2020.

If the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the six months ended June 30, 2020 would have been approximately RMB28,613,000 lower/higher (the profit before income tax for the six months ended June 30, 2019 would have been approximately RMB69,696,000 higher/lower).

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, restricted bank deposits, accounts receivable, other receivables, accounts payable, other payables and borrowings approximate to their fair values due to their short maturities.

5 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers.

As a result of this evaluation, the executive directors of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenue from external customers in the PRC.

As at June 30, 2020, substantially all of the non-current assets other than financial assets at fair value through other comprehensive income were located in the PRC.

6 REVENUE

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Online entertainment ticketing	**103,806**	1,082,985
Advertising services and others	**83,610**	235,950
Entertainment content services	**4,958**	665,679
	192,374	1,984,614
Income from movies and TV series investment *(Note 17(b))*	**10,676**	–
Total revenue	**203,050**	1,984,614

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue at a point in time	**109,269**	1,162,467
Revenue over time	**83,105**	822,147
Total revenue (excluding income from movies and TV series investment)	**192,374**	1,984,614

7 EXPENSES BY NATURE

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Staff costs excluding share options granted to directors and employees	**198,143**	216,140
Amortization of intangible assets *(Note 13)*	**70,719**	67,517
Marketing and promotion expenses	**70,239**	479,363
Internet infrastructure cost	**53,444**	115,258
Share options granted to directors and employees *(Note 27)*	**54,487**	50,950
Ticketing system cost	**38,932**	254,508
Content distribution and promotion cost	**28,306**	187,482
Depreciation of property,plant and equipment *(Note 13)*	**8,906**	6,656
Content production cost	**8,548**	133,720
Depreciation of right-of-use assets *(Note 14)*	**6,833**	6,137
Tax and levies	**2,949**	11,846
Rental expenses for short-term and low-value leases *(Note 14)*	**2,026**	–
Provision for impairment of inventory	**–**	4,978
Listing expenses	**–**	3,243
Auditors' remuneration	**600**	1,665
Other expenses	**54,683**	53,895
Total cost of revenue, selling and marketing expenses, general and administrative expenses	**598,815**	1,593,358

During the six months ended June 30, 2020, the Group incurred expenses for the purpose of research and development of approximately RMB119,120,000 (during the six months ended June 30, 2019: approximately RMB100,560,000), which comprised employee benefits expenses of approximately RMB115,785,000 (during the six months ended June 30, 2019: approximately RMB94,957,000).

During the six months ended June 30, 2020, the Group did not recognize provision for inventory impairment in "cost of revenue" (during the six months ended June 30, 2019: approximately RMB4,978,000).

No significant development expenses had been capitalised for the six months ended June 30, 2020 and 2019.

8 OTHER INCOME AND OTHER LOSSES, NET

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Other income		
Government subsidies *(a)*	**114,510**	5,386
Tax credit of input tax additional deduction	**7,476**	4,168
	121,986	9,554
Other losses, net		
Fair value changes on wealth management products, listed and unlisted investments classified as financial assets at fair value through profit or loss *(Note 17)*	**(5,328)**	1,990
Net foreign exchange losses	**(11,876)**	(1,172)
Loss on disposal of property, plant and equipment	**(2)**	(1,607)
Loss on liquidation of a subsidiary	**–**	(9,185)
Others	**2,032**	391
	(15,174)	(9,583)

(a) During the six months ended June 30, 2020, the Group received unconditional subsidies amounting to a total of approximately RMB113,806,000 in respect of certain corporate development funding programs operated by the PRC government of which certain of the Group's key operating subsidiaries were eligible and successfully applied.

Notes to the Interim Condensed Consolidated Financial Information

9 FINANCE COSTS, NET

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Finance income:		
– Interest income from bank deposits	**12,307**	11,768
Finance costs:		
– Interest expense on lease liabilities *(Note 14)*	**(817)**	(923)
– Interest expense on bank borrowings	**(19,248)**	(28,526)
Finance costs, net	**(7,758)**	(17,681)

10 INCOME TAX (CREDITS)/EXPENSES

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	**7,611**	124,176
Deferred income tax *(Note 18)*	**(9,590)**	(16,397)
Income tax (credits)/expenses	**(1,979)**	107,779

11 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(430,654)**	262,008
Weighted average number of ordinary shares in issue (thousand)	**1,110,973**	1,080,308
Weighted average number of vested restricted shares in issue (thousand) *(Note 25)*	**19,277**	14,976
Total weighted average number of shares in issue (thousand)	**1,130,250**	1,095,284
Basic (losses)/earnings per share (in RMB)	**(0.38)**	0.24

Basic (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue and weighted average number of vested restricted shares in issue during the respective periods.

11 (LOSSES)/EARNINGS PER SHARE *(Continued)*

(b) Diluted (losses)/earnings per share

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(430,654)**	262,008
Total weighted average number of shares in issue (thousand)	**1,130,250**	1,095,284
Adjustments for share-based compensation – share options (thousand)	**–**	12,131
Adjustments for share-based compensation – RSUs (thousand)	**–**	1,401
Weighted average number of shares for diluted earnings per share (thousand)	**1,130,250**	1,108,816
Diluted (losses)/earnings per share (in RMB)	**(0.38)**	0.24

Diluted (losses)/earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. As the Group incurred loss for six months ended June 30, 2020, the potential ordinary shares were not included in the calculation of the diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for six months ended June 30, 2020, is the same as basic loss per share.

For the six months ended June 30, 2019, the Company had dilutive potential ordinary shares of share options and restricted stock units ("RSUs") granted to employee (Note 27). 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 fair value (determined as the average market share price of the Company's shares) for the same amount of proceed are diluted share issues for no consideration which causes dilution to earnings per share, and the RSU could have been acquired at fair value (determined as the closing price of the share on the date of the grant) based on the monetary value of the subscription rights attached to the outstanding RSUs assuming to have been fully vested and released from restrictions with no impact on earnings.

12 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2020 (during the six months ended June 30, 2019: Nil).

13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Six months ended June 30, 2019 (Unaudited)			
Opening net book amount	30,910	4,451,974	938,792
Business combinations	378	52,910	40,259
Additions	7,161	–	7,163
Liquidation of a subsidiary	(112)	–	(8,861)
Depreciation and amortization	(6,656)	–	(67,517)
Closing net book amount	31,681	4,504,884	909,836
As at June 30, 2019			
Cost	51,522	4,504,884	1,155,511
Accumulated depreciation/amortization	(19,841)	–	(245,675)
Net book amount	31,681	4,504,884	909,836
Six months ended June 30, 2020 (Unaudited)			
Opening net book amount	**34,421**	**4,504,884**	**836,189**
Additions	**4,449**	**–**	**3,119**
Disposals	**(2)**	**–**	**–**
Depreciation and amortization	**(8,906)**	**–**	**(70,719)**
Closing net book amount	**29,962**	**4,504,884**	**768,589**
As at June 30, 2020			
Cost	**58,267**	**4,504,884**	**1,155,104**
Accumulated depreciation/amortization	**(28,305)**	**–**	**(386,515)**
Net book amount	**29,962**	**4,504,884**	**768,589**

Notes to the Interim Condensed Consolidated Financial Information

13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS *(Continued)*

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 Beijing Weige Shidai and Ruihai Fangyuan in 2017, and acquired 100% equity interests of 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 cash generating unit ("CGU") of the Group.

The following is a summary of goodwill allocation for the Group:

	Goodwill **RMB'000**
Year ended December 31, 2019 (Audited)	
Opening	4,451,974
Addition	52,910
Closing	4,504,884
Six months ended June 30, 2020 (Unaudited)	
Opening	**4,504,884**
Addition	**–**
Closing	**4,504,884**

Impairment review on the goodwill of the Group has been conducted by the management as at June 30, 2020. For the purpose of impairment review, the recoverable amount of CGUs 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 seven-year period. Cash flows beyond the seven-year period are extrapolated using the estimated terminal growth rates of 3.0%.

The key parameters used for value-in-use calculations on the Group include revenue growth rates, discount rate, gross margin and terminal growth rate.

13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS *(Continued)*

Goodwill impairment *(Continued)*

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 first five years, the directors of the Company are of the view that while the total revenue of 2020 will decrease by 67.8% as compared to 2019 due to the impact of COVID-19 outbreak, the PRC entertainment industry will recover substantially in 2021 and PRC movie box office will at least return to 2019 historic level. As such, the directors of the Company estimated that the total revenue of 2021 will rebound to 2019 historic level. From 2022 onwards, the directors of the Company estimated that PRC movie box office will recapture the growth momentum and exceed the 2019 historic level. Hence, revenue growth rates from 2022 to 2024 are estimated to range between 17.8% and 19.2%.

The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry. The directors have considered the adverse impact of COVID-19 to the estimation of pre-tax discount rate. With the assistance of a valuation performed by a third-party independent valuer, the directors assessed that the pre-tax discount rate for the impairment assessment as at June 30, 2020 should be increased to 20.1% from the 16.8% used as at December 31, 2019.

The budgeted gross margin between 57.1% and 60.3% was determined by the management based on past performance and its expectation for market development.

Under paragraph 33(b) of IAS 36, a period longer than five years can be used as projections if it is justifiable, and the management of the Group used a seven-year period, which takes into account the length of the post projection period for the cash flow forecast will be perpetuity, and this shall be achieved by identifying a 'steady state' set of assumptions for the cash flows in the last year of the forecasts and applying a terminal value multiple to those cash flows. Therefore, given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state, which is likely after a seven-year period of gradually declining revenue growth. As a result, management considered that before the projections move into a long term stable period, such momentum of revenue growth until 2024 will continue for another two years after 2024, during which the annual revenue growth rate will gradually drop from 18.0% in year 2024 to 16.3% in year 2025 and will further drop to a 12.4% in year 2026.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business far exceeded its carrying amount as at June 30, 2020. 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.

13 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS *(Continued)*

Goodwill impairment *(Continued)*

The key assumptions used in the value in use calculations are as follows:

- Revenue is directly related to the value of paid transactions on the Group' platform and box office of the Group's business partners. When predicting revenue, the Group referred to the forecast of China's movie market, as well as the service fee rate and the Group's market share in China.

- For items of cost of revenue that are related to GMV of the Group, the Group referred to current fee rate and GMV projection to project the ticket system cost and internet infrastructure cost.

- The gross margin is determined by the management based on past performance and current market conditions.

- Selling and marketing expenses and general and administrative expenses are based on the Group's structure, business plan and the management's estimates.

- A terminal growth rate of 3.0% has been used in estimating cash flows beyond a period of 7 years.

- The cash flow projections are discounted using a pre-tax discount rate of 20.1%. The discount rate reflects the current market assessments of the time value of money and is based on the estimated cost of capital.

14 LEASES

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

Right-of-use assets

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**35,305**	37,846
Depreciation	**(6,833)**	(6,137)
At the end of the period	**28,472**	31,709

Lease liabilities

	As at June 30, 2020	As at December 31, 2019
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Current portion	**(14,465)**	(14,027)
Non-current portion	**(15,644)**	(22,282)
Total lease liabilities	**(30,109)**	(36,309)

As at June 30, 2020 and December 31, 2019, the carrying amounts of the Group's lease liabilities were denominated in RMB.

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

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation of right-of-use assets *(Note 7)*	**6,833**	6,137
Unwinding of interests on lease liabilities *(Note 9)*	**817**	923
Rental expenses for short-term and low-value leases *(Note 7)*	**2,026**	–

Notes to the Interim Condensed Consolidated Financial Information

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**37,558**	37,297
Additions	**2,099**	–
Share of losses	**(367)**	(439)
At the end of the period	**39,290**	36,858

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**356,371**	–
Additions	**–**	334,111
Disposals	**(4,523)**	–
Changes in fair value	**5,388**	(25,113)
Currency translation differences	**4,783**	7,175
At the end of the period	**362,019**	316,173

On March 12, 2019, the Company and Huanxi Media Group Limited ("Huanxi Media"), a company listed on Main Board of the Stock Exchange of Hong Kong Limited, entered into a subscription agreement, pursuant to which, the Company has conditionally agreed to subscribe for, and Huanxi Media has conditionally agreed to allot and issue to the Company 236,600,000 shares of Huanxi Media representing 7.5% equity interest in Huanxi Media at a total consideration of HKD390,555,620 (equivalent to approximately RMB334,111,000). On March 19, 2019, the subscription was completed, and the Company paid all of the consideration. Since the Group has no board seat in the listed company 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.

The fair value of the Group's investment in Huanxi Media is based on quoted market price as at reporting date. During the six months ended June 30, 2020, the Group disposed portion of the investment in Huanxi Media in the stock market at a consideration of approximately RMB4,523,000 and realised a gain of approximately RMB135,000 which was transferred to retained earnings (Note 26). As at June 30, 2020, the closing balance of the Group's investment in Huanxi Media is approximately RMB303,707,000 (as at December 31, 2019: approximately RMB298,369,000).

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Current assets		
Investments in wealth management products *(a)*	**20,500**	267,717
Investments in movies and TV series *(b)*	**219,800**	214,006
	240,300	481,723
Non-current assets		
Investment in unlisted investments *(c)*	**41,911**	48,568
Investment in listed investments *(d)*	**3,921**	4,754
	45,832	53,322

(a) Investments in wealth management products

Movements in investment in wealth management products were as follows:

	Six months ended June 30,	
	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
At the beginning of the period	**267,717**	276,269
Additions	**128,900**	259,600
Disposals	**(378,489)**	(69,844)
Changes in fair value	**2,372**	12,711
At the end of the period	**20,500**	478,736

Notes to the Interim Condensed Consolidated Financial Information

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(a) Investments in wealth management products *(Continued)*

The investments in wealth management products mainly represent the investment in wealth management products issued by banks in the PRC with expected investment return rate as at June 30, 2020 was 3.27% (as at December 31, 2019: 2.65%~4.10%). The principals and returns on all of these wealth management products are not guaranteed, and therefore the Group designated them as financial assets at fair value through profit or loss. The fair values are based on cash flows discounted using the expected return based on management judgment and are within level 3 of the fair value hierarchy. Changes in fair value (realized and unrealized) of these financial assets are recognized in "Other losses, net" in the condensed consolidated statement of comprehensive income.

The maximum exposure to credit risk as at June 30, 2020 is the carrying value of these investments in wealth management products. None of the investments is either past due or impaired.

(b) Investments in movies and TV series

Movements in investments in movies and TV series were as follows:

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**214,006**	108,447
Additions	**11,854**	51,195
Disposals	**(16,736)**	(1,131)
Changes in fair value	**10,676**	(10,721)
At the end of the period	**219,800**	147,790

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

(c) Unlisted investments

The Group's unlisted investments assets include investments in certain private companies. Movements of unlisted investments were as follows:

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**48,568**	38,801
Additions	**–**	32,855
Fair value changes	**(6,801)**	–
Currency translation differences	**144**	–
At the end of the period	**41,911**	71,656

(d) Listed investments

Movements in listed investments were as follows:

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At the beginning of the period	**4,754**	–
Fair value changes	**(899)**	–
Currency translation differences	**66**	–
At the end of the period	**3,921**	–

18 DEFERRED INCOME TAX

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

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Total gross deferred tax assets	**14,589**	14,549
Offsetting	**(6,241)**	(4,119)
Net deferred income tax assets	**8,348**	10,430
– to be recovered within 12 months	**–**	–
– to be recovered after 12 months	**8,348**	10,430
	8,348	10,430
Total gross deferred tax liabilities	**180,242**	189,792
Offsetting	**(6,241)**	(4,119)
Net deferred income tax liabilities	**174,001**	185,673
– to be recovered within 12 months	**12,220**	24,439
– to be recovered after 12 months	**161,781**	161,234
	174,001	185,673
Deferred tax liabilities, net	**(165,653)**	(175,243)

18 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income tax assets and liabilities during the six months ended June 30, 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Impairment of accounts receivables and other receivables RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2019	2,851	1,521	4,372
Credit to consolidated statement of comprehensive income	3,225	1,159	4,384
As at June 30, 2019 (Unaudited)	6,076	2,680	8,756
As at January 1, 2020	**13,305**	**1,244**	**14,549**
Credit to consolidated statement of comprehensive income	**40**	**–**	**40**
As at June 30, 2020 (Unaudited)	**13,345**	**1,244**	**14,589**

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX *(Continued)*

Deferred tax liabilities

	Change in fair value of financial assets at fair value through profit or loss RMB'000	Intangible assets acquired in business combination RMB'000	Total RMB'000
As at January 1, 2019	2,357	194,870	197,227
(Credit) to consolidated statement of comprehensive income	(256)	(11,757)	(12,013)
Business combinations	–	10,000	10,000
As at June 30, 2019 (Unaudited)	2,101	193,113	195,214
As at January 1, 2020	**8,898**	**180,894**	**189,792**
Charge/(credit) to consolidated statement of comprehensive income	**2,670**	**(12,220)**	**(9,550)**
As at June 30, 2020 (Unaudited)	**11,568**	**168,674**	**180,242**

19 ACCOUNTS RECEIVABLE

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Related parties *(Note 29)*	**10,605**	11,427
Third parties	**318,528**	592,020
	329,133	603,447
Less: allowance for impairment	**(108,604)**	(51,800)
	220,529	551,647

(a) The carrying amounts of the accounts receivable balances approximated to their fair value as at June 30, 2020 and as at December 31, 2019. All the accounts receivable balances were denominated in RMB.

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

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
0-90 days	**2,611**	362,516
91-180 days	**42,324**	44,811
181-365 days	**131,777**	30,401
Over 365 days	**152,421**	165,719
	329,133	603,447

19 ACCOUNTS RECEIVABLE *(Continued)*

(c) Movements on the Group's allowance for impairments of accounts receivables are as follows:

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
At the beginning of the period/year	**(51,800)**	(11,404)
Provision for the period/year	**(56,804)**	(40,396)
At the end of the period/year	**(108,604)**	(51,800)

(d) The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all accounts receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses below have also incorporated forward looking information. The loss allowance provisions as at June 30, 2020 and as at December 31, 2019 are determined as follows:

	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 June 30, 2020 (Unaudited)						
Expected loss rate	**4.10%**	**8.81%**	**8.92%**	**9.09%**	**63,49%**	
Gross carrying amount	**83,702**	**2,611**	**26,003**	**64,396**	**152,421**	**329,133**
Loss allowance provision	**3,432**	**230**	**2,320**	**5,856**	**96,766**	**108,604**
As at December 31, 2019 (Audited)						
Expected loss rate	3.46%	3.14%	3.95%	4.26%	24.71%	
Gross carrying amount	314,265	60,139	36,556	48,822	143,665	603,447
Loss allowance provision	10,888	1,887	1,443	2,081	35,501	51,800

The directors of the Company have carefully re-assessed the lifetime expected credit loss of accounts receivables as at June 30, 2020, and increased the expected credit loss rate as at June 30, 2020 to reflect the adverse impact of COVID-19 outbreak to the macroeconomic environment and the PRC entertainment industry.

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Deposits and prepayments for online entertainment ticketing and e-commerce services	**1,151,523**	998,089
Prepayments for investments in movies and TV series *(a)*	**746,505**	766,662
Loans to third parties *(b)*	**216,933**	224,758
Amounts due from related parties *(Note 29)*	**140,272**	164,501
Receivables from investments in movies and TV series	**135,107**	118,862
Others	**164,451**	177,962
	2,554,791	2,450,834
Less: non-current portion	**(112,568)**	(113,787)
Current portion	**2,442,223**	2,337,047
Less: allowance for impairment of prepayments, deposits and other receivables *(c)*	**(80,205)**	(1,454)
	2,362,018	2,335,593

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

(a) The Group offers distribution and promotion services, which is considered one of the principal activities of the Group. The investments in movie and TV series with distribution and promotion services are designated as prepayments.

(b) The loans to third parties are repayable within 1 year. Except for an interest-free and unsecured loan amounting to approximately RMB75,675,000, the remaining loans are interest-bearing at fixed rates ranging from 5% to 13% per annum and are secured by the debtors' certain receivables.

(c) The allowance for impairment mainly represents impairment of prepayments and deposits paid by the Group to its business partners for the Group's online entertainment ticketing business of which the directors assessed to be irrecoverable after considering relevant factors such as the corresponding contractual terms or mutually agreed arrangements, the credit status of these companies, and the overall market conditions.

The provision is the excess amount of the carrying amount of prepayment and deposits over the expected recoverable amount based on the directors' assessment with reference to the aforementioned relevant factors.

During the six months ended June 30, 2020, the Group made impairment provision of approximately RMB78,751,000 against prepayments and deposits paid to a number of business partners based on the expected recoverable amount estimated by the directors in light of the adverse impact of COVID-19 outbreak to the macroeconomic environment and the PRC entertainment industry.

21 CASH AND CASH EQUIVALENTS, TERM DEPOSIT WITH ORIGINAL MATURITY OVER THREE MONTHS, AND RESTRICTED BANK DEPOSITS

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Cash and bank balances	**1,401,693**	1,971,783
Restricted bank deposits *(a)*	**(230,368)**	(331,369)
Term deposit with original maturity over three months	**–**	(100,000)
Cash and cash equivalents	**1,171,325**	1,540,414
Maximum exposure to credit risk	**1,401,693**	1,971,783

(a) The restricted bank deposits are held by the bank in segregated accounts as securities for bank borrowings (Note 22).

22 BORROWINGS

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Current		
Bank borrowings – due within one year		
– Secured *(a)*	**310,000**	511,600
– Guaranteed *(b)*	**470,000**	650,000
	780,000	1,161,600

22 BORROWINGS *(Continued)*

(a) As at June 30, 2020, the bank borrowing of RMB150,000,000 was interest-bearing at a fixed rate of 3.92% per annum and was secured by restricted bank deposits of USD23,500,000 (equivalent to approximately RMB166,368,000) and the bank borrowing of RMB160,000,000 was interest-free and secured by bank deposits of RMB64,000,000.

As at December 31, 2019, bank borrowings of RMB252,000,000 were interest-bearing at fixed rate of 4.31% per annum and secured by restricted bank deposits of USD47,499,995 (equivalent to approximately RMB331,369,000) and bank borrowings of RMB259,600,000 were interest-free and secured by certain investment in wealth management products amounting to RMB259,600,000.

(b) As at June 30, 2020, these bank borrowings were guaranteed by subsidiaries of the Group, among which, RMB100,000,000 was under a fixed rate of 4.96% per annum; RMB200,000,000 was under a fixed rate of 3.92% per annum; RMB100,000,000 was under a fixed rate of 5.22% per annum, and RMB70,000,000 was under a fixed rate of 5.26% per annum.

As at December 31, 2019, these bank borrowings were guaranteed by subsidiaries of the Group, among which RMB200,000,000 was with fixed rate of 5.44% per annum, RMB200,000,000 with fixed rate of 3.92% per annum, RMB100,000,000 with fixed rate of 5.22% per annum, RMB100,000,000 with fixed rate of 4.96% per annum, and RMB50,000,000 was with fixed rate of 4.35% per annum.

(c) The borrowings on June 30, 2020 and December 31, 2019 were all denominated in RMB with fixed rates.

23 ACCOUNTS PAYABLE

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

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
0-90 days	**3,440**	222,405
91-180 days	**47,920**	45,012
181-365 days	**55,353**	32,641
Over 365 days	**91,721**	67,599
	198,434	367,657

24 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Payables in respect of online entertainment ticketing and e-commerce services	**485,733**	831,386
Amounts due to related parties *(Note 29)*	**192,517**	107,865
Payables in respect of share in the box office receipts	**163,057**	147,690
Loans from third parties *(a)*	**74,580**	–
Payroll and welfare payable	**68,650**	88,772
Other tax liabilities	**7,550**	21,736
Others	**26,623**	41,189
	1,018,710	1,238,638

(a) The loans from third parties are interest-free, unsecured and repayable within 1 year.

Notes to the Interim Condensed Consolidated Financial Information

25 SHARE CAPITAL

(Unaudited)	Number of ordinary shares	Number of preferred shares	Number of ordinary shares pursuant to restricted share agreement	Share held for 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, 2019	184,550,429	4,831,385	3,855,445	(963,861)	192,273,398	19.20	130
Share subdivision	922,752,145	24,156,925	19,277,225	(4,819,305)	961,366,990	19.20	130
Share redesignation	24,156,925	(24,156,925)	–	–	–	–	–
Issuance of new shares upon listing	132,377,000	–	–	–	132,377,000	2.60	18
Issuance of new shares for conversion of convertible bond	27,702,280	–	–	–	27,702,280	0.60	3
Restricted shares vested	–	–	–	3,212,870	3,212,870	0.10	1
As at June 30, 2019	1,106,988,350	–	19,277,225	(1,606,435)	1,124,659,140	22.50	152

(Unaudited)	**Number of ordinary shares**	**Number of preferred shares**	**Number of ordinary shares pursuant to restricted share agreement**	**Share held for 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, 2020	**1,110,489,075**	**–**	**19,277,225**	**–**	**1,129,766,300**	**22.50**	**152**
Issuance of new shares under share option scheme	**1,987,081**	**–**	**–**	**–**	**1,987,081**	**0.04**	**1**
As at June 30, 2020	**1,112,476,156**	**–**	**19,277,225**	**–**	**1,131,753,381**	**22.54**	**153**

26 RESERVES

(Unaudited)	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Convertible bonds RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2019	–	5,592,299	296	–	(3,676)	576,452	(8,400)	6,156,971
Issuance of new shares	1,675,267	–	–	–	–	–	–	1,675,267
Issuance of new shares for conversion of convertible bond	350,660	–	–	–	–	–	–	350,660
Share issuance costs *(a)*	(43,054)	–	–	–	–	–	–	(43,054)
Changes in the financial assets at fair value through other comprehensive income	–	–	–	(25,113)	–	–	–	(25,113)
Currency translation difference	–	–	34,960	–	–	–	–	34,960
Share-based compensation expenses	–	–	–	–	–	50,950	–	50,950
Transfer of vested restricted share unit from treasury shares	228,229	–	–	–	–	(228,229)	–	–
As at June 30, 2019	2,211,102	5,592,299	35,256	(25,113)	(3,676)	399,173	(8,400)	8,200,641

(a) Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the listing. Incremental costs that are directly attributable to the issue of the new shares amounting to approximately RMB43,054,000 was treated as a deduction against the share premium arising from the issuance.

Notes to the Interim Condensed Consolidated Financial Information

26 RESERVES *(Continued)*

(Unaudited)	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Convertible bonds RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
As at January 1, 2020	**2,276,898**	**5,592,299**	**67,011**	**(27,052)**	**(3,676)**	**385,951**	**(8,400)**	**8,283,031**
Issuance of new shares under share option scheme	26,543	–	–	–	–	(26,353)	–	190
Currency translation difference	–	–	28,814	–	–	–	–	28,814
Changes in the financial assets at fair value through other comprehensive income	–	–	–	5,388	–	–	–	5,388
Transfer to retained earnings	–	–	–	(135)	–	–	–	(135)
Share-based compensation expenses	–	–	–	–	–	54,487	–	54,487
As at June 30, 2020	**2,303,441**	**5,592,299**	**95,825**	**(21,799)**	**(3,676)**	**414,085**	**(8,400)**	**8,371,775**

27 SHARE INCENTIVE PLAN

The share-based compensation expenses recognized during six months ended June 30, 2020 and 2019 are summarized in the following table:

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Share-based compensation expenses	**54,487**	50,950

(a) ESOP Plan of the Company

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

The total number of shares issued or issuable pursuant to the ESOP Plan shall not be more than 117,033,705 shares of the Company, representing approximately 10.3% of the total issued share capital of the Company as at June 30, 2020, out of which, the maximum number of shares that may be issued upon exercise of all options granted and to be granted under the Pre-IPO Share Option Scheme shall be no more than 42,544,600 shares, and the total number of shares which may be issued upon exercise of options that may be granted under the Post-IPO Share Option Scheme and the RSU Scheme shall not exceed 55,211,880 shares in aggregate.

(i) Pre-IPO Share Option Scheme

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.

27 SHARE INCENTIVE PLAN *(Continued)*

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

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

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
(Audited)		
Outstanding balance as at January 1, 2019	RMB35.9278	8,085,239
Subdivision of shares and modification of exercise price *(Note 25(b))*	RMB8.0326	40,426,195
Exercised	RMB0.0869	(3,500,725)
Forfeited	RMB7.3593	(2,961,385)
Outstanding balance as at January 1, 2020	RMB8.9102	33,964,085
(Unaudited)		
Exercised	RMB0.0869	(1,987,081)
Lapsed	RMB12.6745	(53,439)
Forfeited	RMB11.8275	(593,260)
Outstanding balance as at June 30, 2020	RMB9.4081	31,330,305

During the year ended December 31, 2018, 8,085,239 share options under the Pre-IPO Share Option Scheme have been granted as part of the Reorganization and as a replacement of the granted virtual share options to the employees under 2016 ESOP plan of Tianjin Maoyan Weying, and there were no incremental benefit with same vesting period, condition and exercise price granted to the employee under the Pre-IPO Share Option Scheme.

27 SHARE INCENTIVE PLAN *(Continued)*

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

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

On January 17, 2019, the board of directors of the Company resolved to modify the exercise price of certain share options, which have been granted to a designated group of employees under the Pre-IPO Share Option Scheme, from HKD24.0367 of each Subdivision Shares to the lower of HKD24.0367 and the final offering price per share in connection with the listing (the "Offer Price"), and the Offer Price was HKD14.80. The incremental fair value of such granted share options at date of modification is approximately RMB34,081,000 and is recognized as expense and charged to the consolidated statement of comprehensive income and amortized over the remaining vesting period.

As at June 30, 2020, out of 31,330,305 share options, 13,941,489 share options were vested and exercisable.

(ii) 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. As at June 30, 2020, out of 6,676,952 share options, 160,002 share options were vested and exercisable.

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)**
(Audited)		
Outstanding balance as at January 1, 2019	–	–
Granted	RMB12.6398	5,555,890
Forfeited	RMB12.8424	(595,270)
Outstanding balance as at January 1, 2020	RMB12.6155	4,960,620
(Unaudited)		
Granted	RMB9.5783	2,647,822
Lapsed	RMB12.8424	(55,903)
Forfeited	RMB12.9031	(875,587)
Outstanding balance as at June 30, 2020	RMB11.3715	6,676,952

27 SHARE INCENTIVE PLAN *(Continued)*

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

(iii) Fair value of options

The Group has used the Binomial Model to determine the fair value of the options as at the respective grant dates, which is to be expensed over the relevant vesting period. The weighted average fair value of share options granted by Maoyan Entertainment during the year ended June 30, 2020 was RMB4.35 per share option (during the year ended December 31, 2019: RMB4.76 per share option).

Other than the exercise price mentioned above, significant judgement on parameters, such as risk free rate, dividend yield and expected volatility, are required to be made by the directors in applying the Binomial Model, which are summarized as below.

	Six months ended June 30,	
(Unaudited)	**2020**	2019
Risk free rate	**0.6%**	1.6%~1.7%
Dividend yield	**0.00%**	0.00%
Expected volatility	**40%**	35%

The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the comparable companies.

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 June 30, 2020 and December 31, 2019, the Expected Retention Rate was assessed to be 94.5% and 92%, respectively.

27 SHARE INCENTIVE PLAN *(Continued)*

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

(iv) Post-IPO RSU Scheme

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

	Fair value	Number of shares (after Subdivision)
(Audited)		
Outstanding balance as at January 1, 2019	–	–
Granted	RMB10.9967	4,720,961
Outstanding balance as at January 1, 2020	RMB10.9967	4,720,961
(Unaudited)		
Granted	RMB9.5783	8,608,779
Forfeited	RMB9.5783	(133,000)
Outstanding balance as at June 30, 2020	RMB10.0857	13,196,740

28 CAPITAL COMMITMENTS

As at June 30, 2020, capital expenditure contracted for but not yet incurred by the Group amounted to approximately RMB103,705,000 with respect to investments in certain movies and TV series.

29 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 Dianping and its subsidiaries (collectively "Meituan Dianping Group")	One of the Company's shareholders
Enlight Investment and Enlight Media and their subsidiaries (collectively "Enlight Group")	One of the Company's shareholders
Beijing Weying Shidai and its subsidiaries (collectively "Beijing Weying Shidai 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

Save as disclosed elsewhere in the consolidated financial statements, the following significant transactions were carried out between the Group and its related parties during the six months ended June 30, 2020. In the opinion of the Company's directors, the following related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) In May 2016, the Group entered into a strategic cooperation agreement and formed a strategic partnership with the shareholder, Meituan Dianping. As part of the strategic partnership, Meituan Dianping and the Group agreed to cooperate in a number of areas with no charge. The strategic cooperation agreement has a term of five years and applies within the PRC.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Revenue from transactions with related parties

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Meituan Dianping Group	**78**	–
Enlight Group	**142**	24,341
Beijing Weying Shidai Group	**–**	3,539
Tencent Group	**2,251**	294
Beijing Yaoying	**–**	13,584
Shanghai Chengxin	**1,474**	–
	3,945	41,758

(c) Purchase of management services

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Meituan Dianping Group	**61,221**	98,796
Enlight Group	**2**	1,448
Beijing Weying Shidai Group	**–**	600
Tencent Group	**6,298**	20,419
	67,521	121,263

(d) Movie cards consideration received on behalf of the Group

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Meituan Dianping Group	**13**	2,983
Enlight Group	**428**	795
Beijing Weying Shidai Group	**101**	6,536
Tencent Group	**1,613**	1,787
	2,155	12,101

Notes to the Interim Condensed Consolidated Financial Information

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(e) Balances with related parties

	As at June 30, 2020 (Unaudited) RMB'000	As at December 31, 2019 (Audited) RMB'000
Receivables from related parties		
– Accounts receivable		
Enlight Group	**443**	443
Beijing Weying Shidai Group	**360**	360
Tencent Group	**9,632**	10,377
Beijing Yaoying	**170**	209
Meituan Dianping Group	**–**	38
	10,605	11,427
– Prepayments, deposits and other receivables		
Meituan Dianping Group	**56,216**	81,461
Beijing Weying Shidai Group	**28,696**	29,227
Tencent Group	**–**	–
Enlight Group	**3**	20
Shanghai Chengxin	**50,640**	49,077
Shanghai Mila	**4,717**	4,716
	140,272	164,501
Payables to related parties		
– Other payables, accruals and other liabilities		
Meituan Dianping Group	**161,544**	94,646
Enlight Group	**7,112**	–
Beijing Weying Shidai Group	**336**	336
Tencent Group	**23,525**	12,883
	192,517	107,865

The receivables and payables due from/to related parties are unsecured, interest-free and are repayable on demand.

29 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(f) Key management compensation

	Six months ended June 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Wages, salaries and bonuses	**4,090**	4,122
Share-based compensation expenses	**22,525**	28,988
Welfare, medical and other expenses	**89**	100
Contributions to pension plans	**25**	74
	26,729	33,284

30 CONTINGENCIES

The Group had no material contingent liabilities as at June 30, 2020 and December 31, 2019.

31 SUBSEQUENT EVENT

Pursuant to the public announcement made by the China Film Administration in July 2020, cinemas in low-risk areas in the PRC have orderly reopened since July 20, 2020 and begun to report gross box office results amid certain epidemic prevention measures which still restrict the cinemas' operating capacity. Pursuant to the public announcement issued by the Ministry of Culture and Tourism of the PRC in August 2020, commercial performance activities with medium size or below can be organized in the low risk areas subject to the approval from the relevant local authorities and conditional upon the effective prevention and control of the epidemic. The Group will continue to monitor the latest development of the COVID-19 epidemic and react actively to its impact on the operations and financial position of the Group.

Definition and Glossary

Unless the context otherwise requires, the following expressions in this Interim Report shall have the following meanings:

"Adoption Date"	July 23, 2018, the date on which the Company adopted the ESOP Plan
"Audit Committee"	the audit committee of the Company
"Auditor"	the external auditor of the Company
"Beijing Shiji Weying"	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
"Board"	the board of directors of the Company
"Company", "our Company" or "Maoyan"	Maoyan Entertainment, an exempted company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1896)
"Consolidated Affiliated Entities"	entities whose financial have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements
"Contractual Arrangements"	the series of contractual arrangements entered into by, among others, the WFOE, Tianjin Maoyan Weying and the Registered Shareholders
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Enlight Investment"	Shanghai Enlight Investment Holding Co., Ltd. (上海光線投資控股有限公司), one of our Pre-IPO Investors and one of our Registered Shareholders
"Enlight Media"	Beijing Enlight Media Co., Ltd. (北京光線傳媒股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300251), one of our Pre-IPO Investors and one of our Registered Shareholders
"ESOP Plan"	a series of employee incentive scheme adopted by the Company on July 23, 2018, including Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, RSU Scheme and Restricted Share Agreement

Definition and Glossary

"GMV"	the value of paid transactions on our platform, including the service fees and without regard to any refunds
"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
"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"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"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 of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"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 Dianping"	Meituan Dianping (美團點評) (HKEx Stock Code: 3690), an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 15, 2015, or Meituan Dianping and its subsidiaries and consolidated affiliated entities, as the case may be

Definition and Glossary

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company
"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
"PRC" or "China"	the People's Republic of China, which, for the purpose of this interim report only, excludes Hong Kong, Macau and Taiwan
"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
"Registered Shareholders"	Enlight Investment, Enlight Media, Shanghai Sankuai Technology, Beijing Shiji Weying (or its affiliates, as the case may be), Linzhi Lixin and the Historical ESOP Platforms
"Remuneration Committee"	the remuneration committee of the Company
"Reorganization"	the offshore and onshore reorganization as set out in section headed "History and Reorganization – Reorganization" of the Prospectus
"Reporting Period"	the six months ended June 30, 2020
"Restricted Share Agreement"	the restricted share agreement entered into among the Company, Mr. Zheng Zhihao and Rhythm Brilliant Limited, a wholly-owned subsidiary of Mr. Zheng Zhihao, on July 23, 2018 to recognize and reward the contribution of Mr. Zheng Zhihao to the Group
"RMB"	Renminbi, the lawful currency of the PRC

Definition and Glossary

"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
"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 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
"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)
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
"Tianjin Maoyan Weying"	Tianjin Maoyan Weying Cultural Media Co., Ltd. (天津貓眼微影文化傳媒有限公司), formerly known as Tianjin Maoyan Cultural Media Co., Ltd. (天津貓眼文化傳媒有限公司), a company incorporated under the laws of the PRC on May 27, 2015 with limited liability and a Consolidated Affiliated Entity, which is a holding company of all the other Consolidated Affiliated Entities of our Group
"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

Definition and Glossary

"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
"US$" or "US dollars" or "USD"	U.S. dollars, the lawful currency of the United States of America
"%"	per cent

Maoyan Entertainment
貓眼娛樂