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

2019

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
Mr. Chen Shaohui
Mr. Lin Ning

Independent Non-executive Directors

Mr. Wang Hua
Mr. Chan Charles Sheung Wai
Mr. Ma Dong
Mr. Luo Zhenyu

AUDIT COMMITTEE

Mr. Chan Charles Sheung Wai *(Chairman)*
Mr. Wang Hua
Mr. Ma Dong

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Wang Hua *(Chairman)*
Mr. Ma Dong
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
22/F, Prince's Building
Central
Hong Kong

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

LEGAL ADVISORS

As to Hong Kong law:
Clifford Chance

As to PRC law :
Commerce & Finance Law Offices

As to Cayman Islands law:
Walkers (Hong Kong)

COMPLIANCE ADVISOR

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

Corporate Information

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

Standard Chartered Bank, Tianjin Branch
PingAn 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, 2019.

FINANCIAL HIGHLIGHTS

Our revenue grew to RMB1,984.6 million in the first half of 2019 from RMB1,895.2 million in the first half of 2018, representing an increase of 4.7%. Our gross profit remained relatively stable at RMB1,186.8 million in the first half of 2019, compared with RMB1,185.6 million in the first half of 2018. Our net profit was RMB257.4 million in the first half of 2019, compared with net loss of RMB231.1 million in the first half of 2018. Our adjusted EBITDA was RMB511.7 million in the first half of 2019, compared with negative RMB64.2 million in the first half of 2018, whereas our adjusted net profit* was RMB380.4 million in the first half of 2019, compared with adjusted net loss of RMB20.6 million in the first half of 2018.

- In the first half of 2018 and 2019, we defined adjusted net profit/(loss) as net profit/(loss) for the six months by adding back share-based compensation, net losses of convertible bonds and financial liabilities at fair value through profit or loss, listing expenses, the amortization of intangible assets resulting from business combinations and the impairment provision of goodwill resulting from business combinations.

BUSINESS REVIEW

Online Entertainment Ticketing Services

In the first half of 2019, China's movie industry underwent an adjustment phase. As of June 30, 2019, China's gross box office was RMB31.17 billion, representing a year-on-year decrease of 2.7%, while the movie theater attendance was 808 million, representing a year-on-year decrease of 10.3%. We strived to further develop our capability in operating our ticketing platform. Leveraging our big data capabilities, we explored market growth potential. We attracted and encouraged more theater attendance through improved user experience as we focus on user behavior and preference. As of June 30, 2019, we remained the largest online movie ticketing service provider in China. Compared to the first half of 2018, our market share improved. Our market share by GMV of movie tickets sold online was over 60% in the first half of 2019.

Our online entertainment event ticketing services achieved rapid growth with a 40.5% year-on-year increase in GMV. We expanded upstream into online entertainment event and build our online and offline integrated promotional capability to provide promotional support to artists and entertainment content in the live entertainment sector. In the first half of 2019, we provided innovative marketing and promotional services to artists and entertainment contents such as concerts of top-tier industry professionals including Leehom Wang, Miriam Yeung, JJ Lin and Karen Mok, and well-known dramas including *Duan Jin (斷金)* starred by Zhang Guoli, Wang Gang and Zhang Tielin and *Balcony (陽台)* starred by Chen Peisi.

CEO's Statement

Entertainment Content Services

We are dedicated to providing valuable industry insights and services to industry partners along the entertainment industry value chain. We continued to expand our service platform capabilities and improve our technology infrastructure empowering the industry with diversified services. Maoyan Pro (貓眼專業版) was able to expand into the comprehensive entertainment industry, providing professional industry data and information for various players along the entertainment value chain, including movies, TV series, web content and short videos. In the first half of 2019, the average MAU of Maoyan Pro experienced a year-on-year increase of 26.6%. Maoyan Research Institute (貓眼研究院) has become a leading analysis platform in entertainment industry. It provides in-depth data-based analytics on market environment, casting, script analysis, test screening, as well as promotion and distribution to facilitate industry professionals in their decision-making. Leveraging our extensive data analysis capabilities, Maoyan Research Institute has entered into strategic partnerships with IMAX, Sony, Tencent Pictures, etc. We also provided data analysis services for over 100 movies including *Pegasus (飛馳人生)* and *Spider-Man: Far from Home (蜘蛛俠：英雄遠征)*. In addition, we launched a big data and AI technology platform, Maoyantong (貓眼通), which provides industry partners with comprehensive intelligent project management tools covering the project initiation phase, production phase, promotion and distribution phase and screening phase and thus enables them to achieve one-stop project management. In the first half of 2019, the platform provided professional services for over 120 movie and TV series.

We achieved a major breakthrough in our content production, distribution and promotion capabilities. In the first half of 2019, the gross box office of movies in which we acted as the lead distributor was RMB4.1 billion. We were the lead distributor for *Kill Mobile (來電狂響)* which ranked No.1 during the New Year; *White Snake (白蛇緣起)*, which received the highest Maoyan rating in the first half of 2019 among all domestic animated movie; *Pegasus (飛馳人生)* ranked No.3 during the Chinese New Year; *P Storm (反貪風暴4)* ranked No.1 during the Qingming Festival; and *Song of Youth (老師好)* was a box office dark horse in the first half of 2019. We were also a co-distributor for *Boonie Bears: Blast into the Past (熊出沒·原始時代)*, the No.1 animated movie during the Spring Festival; and *My Best Summer (最好的我們)* which ranked No.1 during the Dragon Boat Festival. In addition, we invested in the highest-grossing movie in the first half of 2019, *The Wandering Earth (流浪地球)*. We are also actively developing our TV and web series business. We co-produced *The Longest Day in Chang'an (長安十二時辰)* which became one of the most popular web series in the first half of 2019. We were also involved in high-quality TV series including *Traditional Chinese Medicine (老中醫)* and *Unbeatable You (逆流而上的你)*. We expanded further up the value chain to capture the sources for value creation. Through investing in Huanxi Media Group Limited (a renowned film company) and Erdong Pictures Group Limited (a renowned film company) and strengthening our cooperation with the FIRST International Film Festival (a platform for young filmmakers), we enhanced our connection with entertainment content producers to better empower the production of high-quality contents.

E-commerce Services and Advertising Services and Others

Our e-commerce business offers membership subscriptions and in-venue food and beverage preordering to cater to users' needs before and during the movie and IP-derivative merchandise to cater to their needs after the movie. During the first half of 2019, our revenue from advertising and other businesses experienced a significant year-on-year increase of 78.1%, primarily driven by continuous investments in our marketing and financing platforms. We integrate extensive online and offline marketing resources to reach the target audience. The online resources include Maoyan's online access portals such as Weixin, QQ, Meituan, Dianping, Maoyan and Gewara, which cover social media, e-commerce and daily consumer services and mini program matrix with large and highly-engaged user base. During the same time, we grew to be a leading entertainment media platform. Our media contents are among the most popular ones with high traffic on various social media platforms like Tik Tok and Weibo with approximately 200 million followers. We also established sound cooperation relationship with 9,500 cinemas and have over one million exposures in 460 universities and 130 central business districts across 42 cities in China. In the first half of 2019, we provided integrated marketing services for a number of famous brands, including General Motors, Yum China and JD.com. Recently, we launched comprehensive entertainment financing platform, providing industry participants along the value chain with financial support, addressing the industry pain points such as limited availability of financing and slow financing resources circulation, fostering our new profit growth potential.

OUTLOOK

We seek to continuously expand our presence in the comprehensive entertainment industry. In 2019, we launched "Cat Claw Strategic Model" to further develop our competencies on the five platforms, namely comprehensive entertainment ticketing platform, product platform, data platform, marketing platform and financing platform. We intend to transplant our success model in the movie industry to the comprehensive entertainment industry value chain across TV and web series, online entertainment events, music, video, short video and KOL content, creating greater value for the entertainment industry. We plan to improve our capabilities catering to core needs of different industries and our specific plans are as follows: (i) we hope to become a comprehensive entertainment ticketing platform, extending our ticketing capabilities to various entertainment consumption areas including online entertainment events and enabling more market potential with our insightful big data analytical capabilities; (ii) we plan to continue developing our product matrix such as Maoyantong (猫眼通) and Changguantong (場館通) so as to help our partners across the entertainment industry to refine their management; (iii) we plan to further improve our data analysis capabilities and analytical tools to build a solid foundation for our comprehensive entertainment data platform; (iv) we continue to build a marketing and promotion platform, integrating online and offline capabilities to provide a diversified marketing solution for content producers and brand advertisers; and (v) we are committed to facilitating the production of more high-quality content, supporting our industry partners with the financing platform.

We believe that the entertainment industry in China will continue to prosper and we will grow alongside our peers, both domestically and overseas. Finally, I would like to express our sincere gratitude to all of our employees, shareholders and stakeholders for their support along this creative journey.

ZHENG Zhihao
Executive Director and Chief Executive Officer

Hong Kong
August 23, 2019

Management Discussion and Analysis

INTERIM PERIOD REVIEW

	Six months ended June 30,			
	2019		2018	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
Revenue	1,984.6	100.0	1,895.2	100.0
Cost of revenue	(797.8)	(40.2)	(709.6)	(37.4)
Gross profit	1,186.8	59.8	1,185.6	62.6
Selling and marketing expenses	(610.7)	(30.8)	(1,145.5)	(60.4)
General and administrative expenses	(184.9)	(9.3)	(205.6)	(10.9)
Net impairment losses on financial assets	(7.9)	(0.4)	(2.8)	(0.2)
Other losses, net	(0.0)	(0.0)	(48.7)	(2.6)
Operating profit/(loss)	383.3	19.3	(217.0)	(11.5)
Finance income	11.8	0.6	1.2	0.1
Finance costs	(29.5)	(1.5)	–	–
Finance (costs)/income, net	(17.7)	(0.9)	1.2	0.1
Share of losses of investments accounted for using equity method	(0.4)	(0.0)	(1.4)	(0.1)
Profit/(Loss) before income tax	365.2	18.4	(217.2)	(11.5)
Income tax expenses	(107.8)	(5.4)	(13.9)	(0.7)
Profit/(Loss) for the period	257.4	13.0	(231.1)	(12.2)
Non-IFRS Measures:				
EBITDA	457.5	23.1	(141.7)	(7.5)
Adjusted EBITDA	511.7	25.8	(64.2)	(3.4)
Adjusted net profit/(loss)*	380.4	19.2	(20.6)	(1.1)

Note:

* In the first half of 2018 and 2019, we defined adjusted net profit/(loss) as net profit/(loss) for the six months by adding back share-based compensation, net losses of convertible bonds and financial liabilities at fair value through profit or loss, listing expenses, the amortization of intangible assets resulting from business combinations and the impairment provision of goodwill resulting from business combinations.

Management Discussion and Analysis

Revenue

Our revenue increased by 4.7% from RMB1,895.2 million in the first half of 2018 to RMB1,984.6 million in the first half of 2019. This increase was primarily a result of increases in the revenue from both the entertainment content services and the advertising services and others, partially offset by decreases in the revenue from online entertainment ticketing services and e-commerce services. The following table sets forth our revenues by service in the first half of 2018 and 2019.

	Six months ended June 30,			
	2019		2018	
	RMB million (Unaudited)	%	RMB million (Unaudited)	%
Revenue				
Online entertainment ticketing services	1,083.0	54.6	1,148.4	60.6
Entertainment content services	665.7	33.5	560.6	29.6
E-commerce services	79.5	4.0	98.4	5.2
Advertising services and others	156.4	7.9	87.8	4.6
Total	1,984.6	100.0	1,895.2	100.0

Online Entertainment Ticketing Services

Revenue from our online entertainment ticketing business decreased by 5.7% from RMB1,148.4 million in the first half of 2018 to RMB1,083.0 million in the first half of 2019. Such decrease was primarily a result of the decrease in the gross box office and the movie theater attendance in China in the first half of 2019 compared to the first half of 2018.

Entertainment Content Services

Revenue from our entertainment content services increased by 18.7% from RMB560.6 million in the first half of 2018 to RMB665.7 million in the first half of 2019. Such increase was mainly because of the continued expansion of our movie distribution, promotion and production business, reflecting the increasing recognition of our strong content services platform in the industry that has availed us of more opportunities to participate in movies with commercial success and undertake key roles. In the first half of 2019, we participated as a co-producer or lead distributor in blockbusters such as *Kill Mobile (來電狂響)*, *White Snake (白蛇·緣起)*, *Pegasus (飛馳人生)*, *Boonie Bears: Blast into the Past (熊出沒·原始時代)*, *P storm 4 (反貪風暴4)* and *My Best Summer (最好的我們)*.

E-commerce Services

Revenue from our e-commerce services decreased by 19.2% from RMB98.4 million in the first half of 2018 to RMB79.5 million in the first half of 2019, primarily due to decreases in the sales of food and beverages as a result of the decrease in the gross box office and the movie theater attendance in China in the first half of 2019 compared to the first half of 2018.

Advertising Services and Others

Revenue from our advertising services and others increased by 78.1% from RMB87.8 million in the first half of 2018 to RMB156.4 million in the first half of 2019, which was primarily due to an increase in the number of advertisers who recognized the efficiency of our advertising solutions.

Cost of revenue

Our cost of revenue increased by 12.4% from RMB709.6 million in the first half of 2018 to RMB797.8 million in the first half of 2019. The increase in our cost of revenue was mainly due to an increase in both the content production cost and the content distribution and promotion cost reflecting the continued growth of our entertainment content services. The increase in our cost of revenue was partially offset by the decrease in the ticketing system cost which was in line with the decrease in our revenue from online movie ticketing 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,					
	2019			2018		
	RMB million (Unaudited)	%	% of revenue	RMB million (Unaudited)	%	% of revenue
Ticketing system cost	254.5	31.9	12.8	283.7	39.9	15.0
Internet infrastructure cost	115.3	14.5	5.8	103.0	14.5	5.4
Content distribution and promotion cost	187.5	23.5	9.4	159.5	22.5	8.4
Content production cost	133.7	16.8	6.7	56.5	8.0	3.0
Amortization of intangible assets	67.0	8.4	3.4	66.8	9.4	3.5
Depreciation of property, plant and equipment	3.2	0.4	0.2	1.8	0.3	0.1
Other expenses	36.6	4.5	1.9	38.3	5.4	2.0
Total	797.8	100.0	40.2	709.6	100.0	37.4

Gross Profit and Gross Margin

Our gross profit increased by 0.1% from RMB1,185.6 million in the first half of 2018 to RMB1,186.8 million in the first half of 2019, and our gross margin was 62.6% and 59.8% in the first half of 2018 and 2019, respectively. The decrease in our gross margin was primarily due to the change in our revenue mix. In 2019, we continued to expand our entertainment content services with the aim to optimize our service portfolio. As a result, revenue from our entertainment content services, which have generally lower gross margin, accounted for a higher percentage of our total revenue.

Selling and Marketing Expenses

Our selling and marketing expenses significantly decreased by 46.7% from RMB1,145.5 million in the first half of 2018 to RMB610.7 million in the first half of 2019, primarily due to the decrease in user incentive. The percentage of selling and marketing expenses to our revenue also decreased from 60.4% to 30.8%.

Management Discussion and Analysis

General and Administrative Expenses

Our general and administrative expenses decreased by 10.1% from RMB205.6 million in the first half of 2018 to RMB184.9 million in the first half of 2019 primarily due to the decrease in listing expenses as we completed listing in February 2019.

Other Losses, Net

We had net other losses of RMB29.0 thousand in the first half of 2019, compared to net other losses of RMB48,683.0 thousand in the first half of 2018, which was primarily because (i) we had goodwill impairment resulted from our disposal of equity interest in Beijing Jietong Wuxian Technology Co., Ltd. in the first half of 2018, while there was no impairment provision in the first half of 2019; (ii) in the first half of 2019, our gain from tax credits of input tax additional deduction allowed under certain new tax deduction measures issued by the Ministry of Finance was offset by the loss from liquidation of a subsidiary, Weying MTel Ltd.

Operating Profit/(Loss)

As a result of the foregoing, our operating profit was RMB383.3 million in the first half of 2019, compared to an operating loss of RMB217.0 million in the first half of 2018.

Finance (Costs)/Income, Net

We had net finance costs of RMB17.7 million in the first half of 2019, compared to our net finance income of RMB1.2 million in the first half of 2018. The change was primarily due to the interest expenses on bank borrowings in the first half of 2019 while we did not have bank borrowings in the first half of 2018.

Income Tax Expenses

Our income tax expenses increased significantly from RMB13.9 million in the first half of 2018 to RMB107.8 million in the first half of 2019 primarily due to our improved 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 profit/(loss) 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 profit/(loss) 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.

Management Discussion and Analysis

ADJUSTED NET PROFIT/(LOSS), EBITDA, AND ADJUSTED EBITDA

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

	Six months ended June 30,	
	2019 RMB million (Unaudited)	2018 RMB million (Unaudited)
Reconciliation of net profit/(loss) to adjusted net profit/(loss):		
Net profit/(loss) for the period	**257.4**	(231.1)
Add:		
Share-based compensation	**51.0**	65.6
Net losses of convertible bonds and financial liabilities at fair value through profit or loss	**1.6**	–
Listing expenses	**3.2**	11.9
Amortization of intangible assets resulting from business combinations	**67.2**	70.2
Impairment provision of goodwill resulting from business combinations	**–**	62.8
Adjusted net profit/(loss)	**380.4**	(20.6)

Note: In the first half of 2018 and 2019, we defined adjusted net profit/(loss) as net profit/(loss) for the six months by adding back share-based compensation, net losses of convertible bonds and financial liabilities at fair value through profit or loss, listing expenses, the amortization of intangible assets resulting from business combinations and the impairment provision of goodwill resulting from business combinations.

	Six months ended June 30,	
	2019 RMB million (Unaudited)	2018 RMB million (Unaudited)
Reconciliation of operating profit/(loss) to EBITDA and adjusted EBITDA		
Operating profit/(loss) for the period	**383.3**	(217.0)
Add:		
Depreciation of property, plant and equipment	**6.7**	5.1
Amortization of intangible assets	**67.5**	70.2
EBITDA	**457.5**	(141.7)
Add:		
Share-based compensation	**51.0**	65.6
Listing expenses	**3.2**	11.9
Adjusted EBITDA	**511.7**	(64.2)

Note: In the first half of 2018 and 2019, we defined EBITDA as operating profit/(loss) for the period adjusted for depreciation and amortization expenses. We added back share-based compensation and listing expenses to EBITDA to derive adjusted EBITDA.

Management Discussion and Analysis

OTHER FINANCIAL INFORMATION

Capital Structure

The Company continued to maintain a healthy and sound financial position. Our total assets grew from RMB9,076.4 million as of December 31, 2018 to RMB11,501.0 million as of June 30, 2019, whilst our total liabilities changed from RMB3,369.9 million as of December 31, 2018 to RMB3,493.3 million as of June 30, 2019. Liabilities-to-assets ratio decreased from 37.1% as of December 31, 2018 to 30.4% as of June 30, 2019.

As of June 30, 2019, we pledged bank deposits of USD47.5 million (equivalent to approximately RMB326.2 million) and wealth management products of RMB208.7 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 minimize cost of funds, our treasury activities are centralized. Cash is generally placed in bank deposits and 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, 2019, we had cash and cash equivalents of RMB2,451.3 million, which were predominantly denominated in Renminbi and US dollars. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities and other funds raised from the capital markets from time to time.

As of June 30, 2019, our total borrowings were RMB1,150.0 million, which were all bank borrowings denominated in Renminbi. The following table sets forth further details of our banking borrowings as of June 30, 2019:

	RMB million	**Interest rate**
Secured	400.0	4.31%~4.35%
Guaranteed	650.0	4.35%~5.4375%
Unsecured	100.0	4.959%
Total	**1,150.0**	**NA**

As of June 30, 2019, we had unutilized banking facilities of RMB250.0 million.

As of June 30, 2019, we did not have any significant contingent liabilities.

As of June 30, 2019, we had a gearing ratio[1] of 14.4% compared to 16.8% as of December 31, 2018.

Note:

1 Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings and financial liabilities at fair value through profit or loss. Total capital is calculated as "equity" as shown in the consolidated statement of financial position.

Management Discussion and Analysis

Capital Expenditure

Our capital expenditures primarily included purchase of property, plant, equipment and intangible assets. Our capital expenditures increased by 206.4% to RMB14.4 million in the first half of 2019 from RMB4.7 million in the first half of 2018. We plan to fund our planned capital expenditures using cash generated from operations.

Material Acquisitions, Disposals and Future Plans for Major Investments

On March 12, 2019, we entered into a subscription agreement and a strategic cooperation agreement with Huanxi Media Group Limited. Pursuant to the subscription agreement, we have conditionally agreed to subscribe for, and Huanxi Media Group Limited has conditionally agreed to allot and issue to us, 236,600,000 shares at a total consideration of HK$390,555,620. Under such agreements, we planned to establish strategic cooperation with Huanxi Media Group Limited in entertainment content services. On March 19, 2019, the subscription was completed and the consideration was duly paid. For further details, please see our announcement dated March 13, 2019 and our annual report dated April 25, 2019.

Save as disclosed above, the Group did not have any other plans for major investments and capital assets as of June 30, 2019. During the six months ended June 30, 2019, we did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Significant Investments Held

Except for our strategic cooperation with Huanxi Media Group Limited as mentioned above, as of June 30, 2019, the Company did not hold any significant investments.

Foreign Exchange Risk Management

Our businesses are principally conducted in Renminbi, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than Renminbi. 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 2019.

Employees and Remuneration Policy

As of June 30, 2019, we had 1,062 full-time employees, 1,059 of whom were based in 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

No important events affecting the Company occurred since June 30, 2019 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, 2019.

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 Relevant 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 Relevant Period.

AUDIT COMMITTEE

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

The Audit Committee, together with management and the Auditor, have reviewed the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2019.

CHANGES TO DIRECTORS' INFORMATION

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 Relevant 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 February 4, 2019 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.

As of June 30, 2019, the Company had utilized approximately HK$401.4 million for funding investments and acquisitions, the use of which is in line with the intended purposes as stated in the Prospectus.s

Save as disclosed above, since February 4, 2019, 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. Please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus for details.

Other Information

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

As of June 30, 2019, the interests or short positions of the Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Name of Directors/ Chief Executive	Capacity	Nature of interests	No. of Shares	Approximate percentage of the issued share capital of the Company (%)
ZHENG Zhihao *(Note 1)*	Interest in controlled corporations	Long position	19,277,225	1.71
WANG Changtian *(Note 2)*	Interest in controlled corporations	Long position	471,465,845	41.86
WANG Jian	Beneficial owner	Long position	450,000	0.04

Notes:

1. As of June 30, 2019, Rhythm Brilliant Limited directly held 19,277,225 Shares in our Company. Rhythm Brilliant Limited is owned by Mr. ZHENG Zhihao as to 100% of its equity interests. Therefore, 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 of June 30, 2019, Vibrant Wide Limited and Hong Kong Pictures International Limited directly held 277,979,625 Shares and 193,486,220 Shares in our Company, respectively. Vibrant Wide Limited is owned by Mr. WANG Changtian as to 100% of its equity interests. Hong Kong Pictures International Limited is a wholly-owned subsidiary of Enlight Media, which is owned by Enlight 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 of June 30, 2019, none of the Directors and chief executives of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Other Information

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

As of June 30, 2019, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial Shareholders	Capacity	Nature of interests	No. of Shares	Approximate percentage of the issued share capital of the Company (%)
Vibrant Wide Limited	Beneficial owner	Long position	277,979,625	24.68
Hong Kong Pictures International Limited	Beneficial owner	Long position	193,486,220	17.18
Inspired Elite Investments Limited *(Note 1)*	Beneficial owner	Long position	82,693,975	7.34
Meituan Dianping *(Note 1)*	Interest in a controlled corporation	Long position	82,693,975	7.34
Crown Holdings Asia Limited *(Note 1)*	Interest in a controlled corporation	Long position	82,693,975	7.34
Songtao Limited *(Note 1)*	Interest in a controlled corporation	Long position	82,693,975	7.34
TMF (Cayman) Ltd. *(Note 1)*	Trustee	Long position	82,693,975	7.34
Wang Xing *(Note 1)*	Interest in a controlled corporation	Long position	82,693,975	7.34
Image Flag Investment (HK) Limited *(Note 2)*	Beneficial owner	Long position	157,169,260	13.95
Tencent Holdings Limited *(Note 2)*	Interest in a controlled corporation	Long position	157,169,260	13.95
Weying (BVI) Limited	Beneficial owner	Long position	157,602,375	13.99

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 is 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.

Save as disclosed above, as of June 30, 2019, the Directors and the chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

EMPLOYEE INCENTIVE SCHEME

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, 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2019	Vesting Period *(Notes)*
Employee	0.1009	Between August 1, 2016 and March 1, 2018	Eight years from the date of grant	NA	15,112,335	0	0	0	825,885	14,286,450	1(a)
	14.8000	Between February 1, 2018 and August 1, 2018	Eight years from the date of grant	NA	17,217,425	0	0	0	692,890	16,524,535	1(b)
	14.8000	Between April 11, 2018 and June 1, 2018	Eight years from the date of grant	NA	8,096,435	0	0	0	385,545	7,710,890	1(a)
Total					**40,426,195**	**0**	**0**	**0**	**1,904,320**	**38,521,875**	

Note:

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

   a. Category A

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

   b. Category B

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

Other Information

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, 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as of June 30, 2019	Vesting Period *(Notes)*
Employee	16.2000	May 2, 2019	10 years from the date of grant	16.2000	0	100,000	0	0	0	100,000	1(b)
	14.7600	May 10, 2019	10 years from the date of grant	14.7600	0	4,975,690	0	0	92,535	4,883,155	1(b)
Total					**0**	**5,075,690**	**0**	**0**	**92,535**	**4,983,155**	

Note:

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	Total amount of award shares granted	Closing price immediately prior to grant	Outstanding as of January 1, 2019	Granted during the period	Vested during the period	Lapsed during the period	Outstanding as of June 30, 2019
Employee	May 2, 2019	655,425	16.2000	NA	655,425	0	0	655,425

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, the applicant's annual reports for the past three years, satisfactory proof of the Qualification Requirements and business development plan. The guidance memorandum does not provide any further guidance on the proof, record or document 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 one trademark in Hong Kong whilst another is under publication and pending registration; 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 21 to 65, 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, 2019 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 15, 2019

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30, 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue	*7*	**1,984,614**	1,895,225
Cost of revenue	*8*	**(797,847)**	(709,598)
Gross profit		**1,186,767**	1,185,627
Selling and marketing expenses	*8*	**(610,656)**	(1,145,469)
General and administrative expenses	*8*	**(184,855)**	(205,636)
Net impairment losses on financial assets		**(7,919)**	(2,854)
Other losses, net	*9*	**(29)**	(48,683)
Operating profit/(loss)		**383,308**	(217,015)
Finance (costs)/income, net	*10*	**(17,681)**	1,163
Share of losses of investments accounted for using the equity method	*15*	**(439)**	(1,308)
Profit/(loss) before income tax		**365,188**	(217,160)
Income tax expense	*11*	**(107,779)**	(13,967)
Profit/(loss) for the period		**257,409**	(231,127)
Profit/(loss) attributable to:			
– Equity holders of the Company		**262,008**	(230,423)
– Non-controlling interests		**(4,599)**	(704)
		257,409	(231,127)
Earnings/(losses) per share attributable to equity holders of the Company (expressed in RMB per share)			
– Basic earnings/(losses) per share	*12*	**0.24**	(0.24)
– Diluted earnings/(losses) per share	*12*	**0.24**	(0.24)

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended June 30, 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Profit/(loss) for the period		257,409	(231,127)
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		34,960	53
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	16	(25,113)	–
Other comprehensive income for the period, net of tax		9,847	53
Total comprehensive income/(loss) for the period		267,256	(231,074)
Total comprehensive income/(loss) attributable to:			
– Equity holders of the Company		271,855	(230,291)
– Non-controlling interests		(4,599)	(783)
Total comprehensive income/(loss) for the period		267,256	(231,074)

The accompanying notes on pages 28 to 65 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 Financial Position

	Note	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	31,681	30,910
Right-of-use assets	*3*	31,709	–
Intangible assets	*14*	5,414,720	5,390,766
Investments accounted for using the equity method	*15*	36,858	37,297
Financial assets at fair value through other comprehensive income	*16*	316,173	–
Financial assets at fair value through profit or loss	*17*	71,656	38,801
Deferred income tax assets	*18*	8,756	4,142
		5,911,553	5,501,916
Current assets			
Inventories		26,825	13,472
Accounts receivable	*19*	366,977	324,587
Prepayments, deposits and other receivables	*20*	1,791,605	1,315,251
Financial assets at fair value through profit or loss	*17*	626,526	384,716
Restricted bank deposits	*21*	326,173	–
Cash and cash equivalents	*21*	2,451,315	1,536,456
		5,589,421	3,574,482
Total assets		11,500,974	9,076,398
EQUITY			
Share capital	*26*	152	130
Reserves	*27*	8,200,641	6,156,971
Accumulated losses		(193,144)	(455,152)
Equity attributable to equity holders of the Company		8,007,649	5,701,949
Non-controlling interests		–	4,599
Total equity		8,007,649	5,706,548

Interim Condensed Consolidated Statement of Financial Position

	Note	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*18*	195,214	196,997
Lease liabilities	*3*	22,200	–
		217,414	196,997
Current liabilities			
Borrowings	*22*	1,150,000	600,000
Financial liabilities at fair value through profit or loss	*23*	1,226	358,005
Lease liabilities	*3*	11,072	–
Accounts payable	*24*	264,113	295,195
Other payables, accruals and other liabilities	*25*	1,808,575	1,904,830
Current income tax liabilities		40,925	14,823
		3,275,911	3,172,853
Total liabilities		3,493,325	3,369,850
Total equity and liabilities		11,500,974	9,076,398

The accompanying notes on pages 28 to 65 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	Note	Attributable to equity holders of the Company					
		Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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		–	34,960	–	34,960	–	34,960
– Changes in the fair value of equity investments at fair value through other comprehensive income		–	(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	*26, 27*	18	1,632,213	–	1,632,231	–	1,632,231
Issuance of new shares for conversion of convertible bond	*26, 27*	3	350,660	–	350,663	–	350,663
Share-based compensation expenses		–	50,950	–	50,950	–	50,950
Vested restricted shares	*28*	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

Interim Condensed Consolidated Statement of Changes in Equity

(Unaudited)	*Note*	Attributable to equity holders of the Company Share capital RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at January 1, 2018		–	5,838,285	(318,064)	5,520,221	11,062	5,531,283
Comprehensive loss							
Loss for the period		–	–	(230,423)	(230,423)	(704)	(231,127)
Other comprehensive income							
– Currency translation differences		–	132	–	132	(79)	53
Total comprehensive loss		–	132	(230,423)	(230,291)	(783)	(231,074)
Transactions with equity holders of the Company							
Share-based compensation expenses		–	65,646	–	65,646	–	65,646
Liquidation of a subsidiary		–	–	–	–	(1,078)	(1,078)
Total transactions with equity holders of the Company		–	65,646	–	65,646	(1,078)	64,568
As at June 30, 2018		–	5,904,063	(548,487)	5,355,576	9,201	5,364,777

The accompanying notes on pages 28 to 65 form an integral part of the interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Six months ended June 30, 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Cash flows from operating activities			
Cash used in operations		(119,437)	(1,207,192)
Interest paid		(28,526)	–
Income tax paid		(98,074)	(17,392)
Net cash used in operating activities		(246,037)	(1,224,584)
Cash flows from investing activities			
Purchases of property, plant and equipment	*14*	(7,161)	(4,469)
Purchases of intangible assets	*14*	(7,163)	(161)
Payments for financial assets at fair value through profit or loss	*17*	(343,650)	(2,931,500)
Proceeds from disposals of financial assets at fair value through profit or loss	*17*	70,975	3,713,241
Interest received		11,768	1,163
Payment for financial assets at fair value through other comprehensive income	*16*	(334,111)	–
Acquisition of subsidiaries	*29*	(79,216)	–
Net cash (used in)/generated from investing activities		(688,558)	778,274
Cash flows from financing activities			
Proceeds from issuance of new shares	*26*	1,675,285	–
Payment for listing related expenses		(43,054)	–
Proceeds from borrowings		600,000	–
Repayments of borrowings		(50,000)	–
Principal elements of lease payments		(5,496)	–
Liquidation of a subsidiary		–	(1,078)
Increase in restricted bank deposits	*21*	(326,173)	–
Net cash generated from/(used in) financing activities		1,850,562	(1,078)
Net increase/(decrease) in cash and cash equivalents		915,967	(447,388)
Cash and cash equivalents at beginning of the period		1,536,456	1,170,130
Exchange losses on cash and cash equivalents		(1,108)	(73)
Transfer to assets of disposal group classified as held for sale		–	(17,337)
Cash and cash equivalents at end of the period		2,451,315	705,332

The accompanying notes on pages 28 to 65 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, e-commerce 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 (the "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 15, 2019 and has not been audited.

2 BASIS OF PREPARATION

The Interim Financial Information for the six months ended June 30, 2019 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, 2018 (the "2018 Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The accounting policies applied are consistent with those of the 2018 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of new and amended standards as set out below.

2.1 New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the 2018 Financial Statements, except for the adoption of new and revised IFRSs effective as of January 1, 2019.

- IFRS 16 Leases
- Annual improvements 2015-2017 Cycle
- IFRIC 23 Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28, and
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19.

Other than as explained below regarding the impact of IFRS 16 Leases, the new and revised standards above will not have a material effect on the Interim Financial Information.

Notes to the Interim Condensed Consolidated Financial Information

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from January 1, 2019 in Note 3.2 below.

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

3.1 Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 5.4375%.

	2019 RMB'000
Operating lease commitments disclosed as at December 31, 2018	43,369
Discounted using the lessee's incremental borrowing rate at the date of initial application	39,796
(Less): short-term leases recognized on a straight-line basis as expense	(1,878)
(Less): low-value leases recognized on a straight-line basis as expense	(72)
Lease liability recognized as at January 1, 2019	37,846
Of which are:	
Current lease liabilities	10,909
Non-current lease liabilities	26,937
	37,846

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. All the recognized right-of-use assets relate to leased properties.

Notes to the Interim Condensed Consolidated Financial Information

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.1 Adjustments recognized on adoption of IFRS 16 *(Continued)*

The recognized right-of-use assets relate to the following types of assets:

	June 30, 2019 RMB'000	January 1, 2019 RMB'000
Properties	31,709	37,846

After the adoption of this policy, the adjusted EBITDA increased by approximately RMB923,000 for the six months ended June 30, 2019, as the operating lease payments were included in EBITDA, but the amortization of the right-of-use assets and interest on the lease liability are excluded from this measure. As at June 30, 2019, the total assets and liabilities also increased by approximately RMB31,709,000 and RMB33,272,000, respectively.

3.2 The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, all leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities mostly include the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

3.2 The Group's leasing activities and how these are accounted for *(Continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4 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 2018 Financial Statements.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 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 2018 Financial Statements.

There have been no material changes in the risk management policies since December 31, 2018.

5.2 Liquidity risk

Compared to the year ended December 31, 2018, there was no material change in the contractual undiscounted cash outflows for financial liabilities. The Group exercises prudent liquidity risk management by maintaining sufficient cash and bank balances. The Group's liquidity risk is further mitigated through the availability of financing through its own cash resources and the availability of banking facilities to meet its financial commitments. In the opinion of the Directors, the Group does not have any significant liquidity risk.

Notes to the Interim Condensed Consolidated Financial Information

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

5.3 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.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at June 30, 2019.

(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	–	–	478,736	478,736
Investments in movies and TV series	–	–	147,790	147,790
Unlisted investments	–	–	71,656	71,656
	–	–	698,182	698,182
Financial assets at fair value through other comprehensive income				
Listed investments	316,173	–	–	316,173
Financial liabilities at fair value through profit or loss				
Movies and TV series investments from business partners	–	–	1,226	1,226

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

5.3 Fair value estimation *(Continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2018.

(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	–	–	276,269	276,269
Investments in movies and TV series	–	–	108,447	108,447
Unlisted investments	–	–	38,801	38,801
	–	–	423,517	423,517
Financial liabilities at fair value through profit or loss	–	–	358,005	358,005

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

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

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

Specific valuation techniques used to value financial instruments include:

- 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, 2019 and the year ended December 31, 2018, there was no transfer between level 1 and 2 for recurring fair value measurements.

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

5.3 Fair value estimation *(Continued)*

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, unlisted investments convertible bond and movies and TV series investments from business parties. 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 1.55% to 4.1% 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 broadcasted in the six months ended June 30, 2019 had recognized RMB10,721,000 as fair value loss (Note 17(b)).

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, 2019.

On July 24, 2018, the Company issued a convertible bond in the principal amount of USD50,955,200 (equivalent to approximately RMB350,011,000) with 5% interest rate per annum and maturity date on July 28, 2019. The convertible bond would be classified as a financial liability and designated as financial liabilities at fair value through profit or loss (Note 23). The initial value of the financial liability of approximately RMB350,011,000 was calculated using a market interest rate and the expect listing date. The financial liability is subsequently stated at fair value until conversion or maturity of the bond. The changes of the fair value were recognized to the consolidated statement of comprehensive income. As at February 4, 2019, the convertible bond was automatically and mandatorily converted into ordinary shares.

If the fair values of financial assets and liabilities at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the six months ended June 30, 2019 would have been approximately RMB69,696,000 higher/lower (the loss before income tax for the six months ended June 30, 2018 would have been approximately RMB19,215,000 lower/higher).

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

5.3 Fair value estimation *(Continued)*

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

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

6 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, 2019, substantially all of the non-current assets were located in the PRC.

7 REVENUE

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Online entertainment ticketing	**1,082,985**	1,148,390
Entertainment content services	**665,679**	560,586
E-commerce services	**79,482**	98,443
Advertising services and others	**156,468**	87,806
Total revenue	**1,984,614**	1,895,225

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue at a point in time	**1,162,467**	1,246,833
Revenue over time	**822,147**	648,392
Total revenue	**1,984,614**	1,895,225

8 EXPENSES BY NATURE

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Marketing and promotion expenses	**479,363**	1,055,440
Ticketing system cost	**254,508**	283,656
Staff costs excluding share options granted to directors and employees	**216,140**	180,190
Content distribution and promotion cost	**187,482**	159,516
Content production cost	**133,720**	56,450
Internet infrastructure cost	**115,258**	103,029
Amortization of intangible assets *(Note 14)*	**67,517**	70,155
Share options granted to directors and employees *(Note 28)*	**50,950**	65,646
Tax and levies	**11,846**	14,845
Depreciation of property,plant and equipment *(Note 14)*	**6,656**	5,073
Provision for impairment of inventory *(Note(b))*	**4,978**	–
Listing expenses	**3,243**	11,913
Auditors' remuneration	**1,665**	223
Other expenses	**60,032**	54,567
Total cost of revenue, selling and marketing expenses, general and administrative expenses	**1,593,358**	2,060,703

(a) During the six months ended June 30, 2019, the Group incurred expenses for the purpose of research and development of approximately RMB100,560,000 (during the six months ended June 30, 2018: RMB99,982,000), which comprised employee benefits expenses of RMB94,957,000 (during the six months ended June 30, 2018: RMB99,636,000).

No significant development expenses had been capitalised for the six months ended June 30, 2019 (six months ended June 30, 2018: Nil).

(b) During the six months ended June 30, 2019, the Group recognized a provision of RMB4,978,000 for inventory impairment and was included in "cost of revenue".

9 OTHER LOSSES, NET

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Loss on liquidation of a subsidiary *(Note (a))*	**(9,185)**	–
Government subsidies	**5,386**	1,018
Tax credit of input tax additional deduction	**4,168**	–
Fair value loss on financial liabilities at fair value through profit or loss *(Note 23)*	**(1,607)**	–
Net foreign exchange losses	**(1,172)**	–
Fair value gain on financial assets at fair value through profit or loss *(Note 17)*	**1,990**	12,960
Impairment of goodwill arising from the acquisition of Beijing Jietong Wuxian Technology Co., Ltd. ("Jietong Wuxian") *(Note 14)*	**–**	(62,763)
Others	**391**	102
	(29)	(48,683)

(a) Weying MTel Ltd. was liquidated in 2019, and the Group recognized loss of approximately RMB9,185,000.

10 FINANCE (COSTS)/INCOME, NET

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Finance income:		
– Interest income from bank deposits	**11,768**	1,163
Finance costs:		
– Interest expense on lease liabilities	**(923)**	–
– Interest expense on bank borrowings	**(28,526)**	–
Finance (costs)/income, net	**(17,681)**	1,163

Notes to the Interim Condensed Consolidated Financial Information

11 INCOME TAX EXPENSES

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current income tax	**124,176**	27,091
Deferred income tax *(Note 18)*	**(16,397)**	(13,124)
Income tax expenses	**107,779**	13,967

(i) Cayman Islands corporate income tax ("CIT")

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

(ii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the six months ended June 30, 2019 (for the six months ended June 30, 2018: 16.5%).

(iii) PRC corporate income tax

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended June 30, 2019 (for the six months ended June 30, 2018: 25%). According to the relevant tax circulars issued by the PRC tax authorities, a subsidiary of the Group is entitled to tax concessions and is exempted from CIT during the period from its incorporation to December 31, 2020.

(iv) BVI income tax

No provision for income tax in BVI has been made as the Group has no income assessable to income tax in BVI for the six months ended June 30, 2019 (for the six months ended June 30, 2018: Nil).

Notes to the Interim Condensed Consolidated Financial Information

12 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**262,008**	(230,423)
Weighted average number of ordinary shares in issue (thousand) *(Note 26)*	**1,080,308**	922,752
Weighted average number of preferred shares in issue (thousand) *(Note 26)*	**–**	24,156
Weighted average number of vested restricted shares in issue (thousand) *(Note 26)*	**14,976**	12,851
Total weighted average number of shares in issue (thousand)	**1,095,284**	959,759
Basic earnings/(losses) per share (in RMB)	**0.24**	(0.24)

Basic earnings/(losses) per share are calculated by dividing the earnings/(losses) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue, weighted average number of preferred shares in issue and weighted average number of vested restricted shares in issue during the respective periods. The weighted average number of shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganization for the initial public offering and listing of the Company (the "Reorganization").

On January 11, 2019, the shareholders of the Company resolved that all the issued and unissued ordinary shares and preferred shares were to be redesignated as ordinary shares on a one-for-one basis (the "Redesignation") immediately before listing. Following the Redesignation, each issued and unissued ordinary share of then par value of USD0.0001 each will be subdivided into five shares of par value of USD0.00002 each (the "Subdivision"). On February 4, 2019, the Group was listed and the Subdivision has been adjusted retrospectively in the calculation of earnings/(losses) per share as if the Subdivision was effective since the beginning of the period ended June 30, 2018.

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

(b) Diluted earnings/(losses) per share

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

For the six months ended June 30, 2019, the Company had dilutive potential ordinary shares of share options and restricted share units ("RSUs") granted to employee (Note 28). The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could 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 share issues for no consideration which causes dilution to earnings/(losses) 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.

For the six months ended June 30, 2018, the Company had dilutive potential ordinary shares of share options granted to employees (Note 28). As the Group incurred losses for the six months ended June 30, 2018, 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 losses per share for the six months ended June 30, 2018 are the same as basic loss per share.

	Six months ended June 30,	
	2019 (Unaudited)	2018 (Unaudited)
Profit/(loss) attributable to equity holders of the Company (RMB'000)	**262,008**	(230,423)
Total weighted average number of shares in issue (thousand)	**1,095,284**	959,759
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)	**1,108,816**	959,759
Diluted earnings/(losses) per share (in RMB)	**0.24**	(0.24)

13 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2019 (during the six months ended June 30, 2018: Nil).

14 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
As at January 1, 2018			
Cost	42,390	4,569,254	1,130,915
Accumulated depreciation/amortization	(10,595)	–	(45,015)
Impairment	–	(46,931)	–
Net book amount	31,795	4,522,323	1,085,900
Six months ended June 30, 2018 (Unaudited)			
Opening net book amount	31,795	4,522,323	1,085,900
Additions	4,469	–	161
Depreciation and amortization	(5,073)	–	(70,155)
Impairment of goodwill arising from the acquisition of the Jietong Wuxian	–	(62,763)	–
Currency translation differences	2	–	123
Transfer to held for sale	(2,011)	(7,586)	(12,365)
Closing net book amount	29,182	4,451,974	1,003,664
As at June 30, 2018			
Cost	36,686	4,451,974	1,118,353
Accumulated depreciation/amortization	(7,504)	–	(114,689)
Net book amount	29,182	4,451,974	1,003,664
Six months ended June 30, 2019 (Unaudited)			
Opening net book amount	**30,910**	**4,451,974**	**938,792**
Business combinations *(Note 29)*	**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**

The Company normally performs goodwill impairment test in the fourth quarter of each year, and there is no indicator for impairment of goodwill as of June 30, 2019. For details of goodwill impairment assessment for the year ended December 31, 2018, please refer to the 2018 Financial Statements.

Notes to the Interim Condensed Consolidated Financial Information

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	37,297	39,073
Share of losses	(439)	(1,308)
At the end of the period	36,858	37,765

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	–	–
Additions	334,111	–
Changes in fair value	(25,113)	–
Currency translation differences	7,175	–
At the end of the period	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 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 investments is held in ordinary shares without trading purpose, management designated this investment as financial assets at fair value through other comprehensive income.

The fair value of investment in Huanxi Media is based on quoted market price as at reporting date. As at June 30, 2019, the closing stock price of Huanxi Media was HKD1.52.

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Current assets		
Investments in wealth management products *(Note (a))*	478,736	276,269
Investments in movies and TV series *(Note (b))*	147,790	108,447
	626,526	384,716
Non-current assets		
Unlisted investments *(Note (c))*	71,656	38,801
	698,182	423,517

(a) Investments in wealth management products

Movements of investments in wealth management products are as follows:

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	276,269	963,139
Additions	259,600	2,925,500
Disposals	(69,844)	(3,713,241)
Changes in fair value	12,711	12,960
Transfer to disposal group classified as held for sale	–	(35,007)
At the end of the period	478,736	153,351

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

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

The investment in wealth management products mainly represent the investments in several wealth management products issued by banks in the PRC with expected investment income rates for the six months ended June 30, 2019 ranging from 1.55%~4.1% (the year ended December 31, 2018: 1.55%~4.66%). The 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 at the reporting date 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 of investments in movies and TV series are as follows:

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	**108,447**	–
Additions	**51,195**	–
Disposals	**(1,131)**	–
Changes in fair value	**(10,721)**	–
At the end of the period	**147,790**	–

(c) Unlisted investments

The Group's unlisted investments assets include investments in certain privately owned companies. Movements of unlisted investments are as follows:

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	**38,801**	32,801
Additions	**32,855**	6,000
At the end of the period	**71,656**	38,801

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX

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

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Total gross deferred tax assets	8,756	4,372
Offsetting	–	(230)
Net deferred tax assets	8,756	4,142
– to be recovered within 12 months	–	1,521
– to be recovered after 12 months	8,756	2,621
	8,756	4,142
Total gross deferred tax liabilities	195,214	197,227
Offsetting	–	(230)
Net deferred tax liabilities	195,214	196,997
– to be recovered within 12 months	24,439	23,328
– to be recovered after 12 months	170,775	173,669
	195,214	196,997
Deferred tax liabilities, net	(186,458)	(192,855)

Notes to the Interim Condensed Consolidated Financial Information

18 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income tax assets and liabilities during the six months ended June 30, 2019 and 2018, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Change in fair value of financial assets at fair value through profit or loss RMB'000	Impairment of accounts receivable and inventory RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2018	–	2,238	1,614	3,852
Charge to consolidated statement of comprehensive income	–	715	(10)	705
Transfer to disposal group classified as held for sale	–	–	(85)	(85)
As at June 30, 2018 (Unaudited)	–	2,953	1,519	4,472
As at January 1, 2019	**–**	**2,851**	**1,521**	**4,372**
Charge to consolidated statement of comprehensive income	**2,680**	**3,225**	**(1,521)**	**4,384**
As at June 30, 2019 (Unaudited)	**2,680**	**6,076**	**–**	**8,756**

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 combinations RMB'000	Total RMB'000
As at January 1, 2018	785	221,346	222,131
Charge to consolidated statement of comprehensive income	(695)	(11,724)	(12,419)
Transfer to disposal group classified as held for sale	(2)	(3,087)	(3,089)
As at June 30, 2018 (Unaudited)	88	206,535	206,623
As at January 1, 2019	**2,357**	**194,870**	**197,227**
Business combinations *(Note 29)*	**–**	**10,000**	**10,000**
Charge to consolidated statement of comprehensive income	**(256)**	**(11,757)**	**(12,013)**
As at June 30, 2019 (Unaudited)	**2,101**	**193,113**	**195,214**

Deferred income tax assets are recognized for tax losses carrying forward and deductible temporary differences to the extent that realization of the related tax benefits through future taxable profits is probable. As at June 30, 2019, the Group did not recognize deferred income tax assets in respect of losses and deductible temporary differences of approximately RMB148,869,000 (as at December 31,2018: RMB124,625,000). These tax losses will expire from 2019 to 2023.

Notes to the Interim Condensed Consolidated Financial Information

19 ACCOUNTS RECEIVABLE

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Related parties *(Note 30)*	63,136	30,158
Third parties	323,164	305,833
	386,300	335,991
Less: allowance for impairment	(19,323)	(11,404)
	366,977	324,587

(a) The carrying amounts of the accounts receivable balances approximated to their fair value as at June 30, 2019 and as at December 31, 2018. All the accounts receivable balances were denominated in RMB.

(b) Online advertising customers and agencies are usually granted with a credit period of 90 days after full execution of the contracted advertisement orders. Aging analysis of the gross accounts receivable based on recognition date is as follows:

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
0-90 days	112,157	82,063
91-180 days	48,564	80,486
181-365 days	82,983	83,257
Over 365 days	142,596	90,185
	386,300	335,991

19 ACCOUNTS RECEIVABLES *(Continued)*

(c) 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 receivable. To measure the expected credit losses, accounts receivable 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, 2019 and as at December 31, 2018 are determined as follows:

	Current RMB'000	Up to 3 months past due RMB'000	3 to 6 months past due RMB'000	Over 6 months past due RMB'000	Total RMB'000
As at June 30, 2019 (Unaudited)					
Expected loss rate	**0.05%**	**1.00%**	**2.00%**	**7.66%**	
Gross carrying amount	**1,991**	**110,635**	**48,445**	**225,229**	**386,300**
Loss allowance provision	**1**	**1,106**	**969**	**17,247**	**19,323**
As at December 31, 2018 (Audited)					
Expected loss rate	0.05%	1.00%	2.00%	5.24%	
Gross carrying amount	10,592	71,800	80,652	172,947	335,991
Loss allowance provision	5	718	1,613	9,068	11,404

Since the actual loss rates for each type of the accounts receivable and the adjustments for forward looking macroeconomic data did not have significant changes during the six months ended June 30, 2019 and the year ended December 31, 2018, the directors of the Company consider that the changes in the expected credit loss rate for provision matrix are insignificant throughout the six months ended June 30, 2019 and the year ended December 31, 2018.

Notes to the Interim Condensed Consolidated Financial Information

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Amounts due from related parties *(Note 30)*	221,784	434,221
Deposits and prepayments for online entertainment ticketing and e-commerce services	822,065	363,489
Prepayment for investments in movies and TV series	559,495	395,808
Value-added tax allowance	44,661	56,167
Staff advances	23,835	13,199
Prepaid income tax	4,208	19,525
Prepayment for ticketing system cost	50,830	14,151
Receivables on factoring	30,194	–
Others	34,533	18,691
Less: allowance for impairment of other receivables	–	–
	1,791,605	1,315,251

The carrying amounts of the prepayments, deposits and other receivables (excluding prepayments) approximated to their fair value as at June 30, 2019 and as at December 31, 2018. Their recoverability was assessed with reference to the credit status of the recipients, and there is no expected credit loss for future 12 months.

21 CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Cash and cash equivalents	2,451,315	1,536,456
Restricted bank deposits *(Note (a))*	326,173	–
Cash and cash equivalents and restricted bank deposits	2,777,488	1,536,456
Maximum exposure to credit risk	2,777,488	1,536,456

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

Notes to the Interim Condensed Consolidated Financial Information

22 BORROWINGS

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Current		
Bank borrowings		
– Secured *(Note (a))*	400,000	200,000
– Guaranteed *(Note (b))*	650,000	300,000
– Unsecured	100,000	100,000
	1,150,000	600,000

(a) As at June 30, 2019, the bank borrowing amounting to RMB200,000,000 was secured by the wealth management products of RMB208,700,000, and the bank borrowing amounting to RMB182,000,000 was secured by the restricted bank deposits of USD44,499,995 (equivalent to approximately RMB305,573,000), and RMB18,000,000 was secured by the restricted bank deposits of USD3,000,000 (equivalent to approximately RMB20,600,000).

(b) Bank borrowing amounting to RMB650,000,000 was guaranteed by subsidiaries of the Group.

(c) The borrowings as at June 30, 2019 were all denominated in RMB and with fixed rate. The effective interest rate for the six months ended June 30, 2019 was 4.8673% (for the six months ended June 30, 2018: Nil).

23 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Convertible bonds *(Note (a))*	–	358,005
Movies and TV series investments from business partners	1,226	–
	1,226	358,005

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
At the beginning of the period	358,005	–
Additions	1,226	–
Changes in fair value	1,607	–
Currency translation differences	(8,949)	–
Converted to ordinary shares	(350,663)	–
At the end of the period	1,226	–

(a) On July 24, 2018, the Company and Cheshire Investments Fund entered into a convertible bond subscription agreement which was further amended on July 30, 2018 (the "Subscription Agreement"), pursuant to which, the Company agreed to issue, and Cheshire Investments Fund agreed to subscribe for a convertible bond in the principal amount of USD50,955,200 (equivalent to approximately RMB350,011,000) with 5% interest rate per annum and maturity date on July 28, 2019.

According to the Subscription Agreement, upon the listing of the Company, the principal amount and the accrued but unpaid interest of the convertible bond shall be mandatorily and automatically converted to the Company's shares at the offer price. As the amount of the liabilities fluctuates in response to the listing date and the number of shares to be issued by the Company to settle the liabilities is variable in response to the offer price rather than a fixed number, the convertible bond was classified as a financial liability and designated as financial liabilities at fair value through profit or loss.

The initial value of the financial liability of approximately RMB350,011,000 was calculated using market interest rate and the expected listing date. The financial liability is subsequently measured at fair value until conversion or maturity of the bond. The changes of the fair value was recognized in "Other losses, net".

Upon the listing of the Company on February 4, 2019, the convertible bond with a fair value of USD52,274,451 (equivalent to approximately RMB350,663,000) was mandatorily and automatically converted to 27,702,280 shares of the Company at the final offer price of HKD14.80 per share, among which, USD554 (equivalent to approximately RMB3,000) were recognized as share capital and USD52,273,897 (equivalent to approximately RMB350,660,000) were recognized as share premium.

Notes to the Interim Condensed Consolidated Financial Information

24 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, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
0-90 days	116,370	192,186
91-180 days	78,888	27,310
181-365 days	13,785	43,678
Over 365 days	55,070	32,021
	264,113	295,195

25 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Amounts due to related parties *(Note 30)*	154,671	184,717
Payables in respect of online entertainment ticketing and e-commerce services *(Note (a))*	1,068,845	1,313,657
Other notes payable	259,600	–
Payables in respect of share in the box office receipts *(Note (b))*	218,361	252,008
Payroll and welfare payable	57,139	65,814
Other tax liabilities	11,966	32,675
Others	37,993	55,959
	1,808,575	1,904,830

(a) It represents the cash paid by the users for the movie/event ticket, after deducting the commission fee entitled by the Group, it will be remitted back to cinemas/theaters. As such amount is paid to cinemas/theaters, which are the Group's customers instead of the suppliers. The Group recognizes it as "Other payables".

(b) It represents the box office share received on behalf of the movie producers. This amount will be paid to the movie producers and others and therefore is not considered as accounts payable to the Group's suppliers.

26 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	19.2	130
Share subdivision *(Note (b))*	922,752,145	24,156,925	19,277,225	(4,819,305)	961,366,990	19.2	130
Share redesignation *(Note (b))*	24,156,925	(24,156,925)	–	–	–	–	–
Issuance of new shares *(Note (d))*	132,377,000	–	–	–	132,377,000	2.6	18
Issuance of new shares for conversion of convertible bond *(Note (d))*	27,702,280	–	–	–	27,702,280	0.6	3
Vested restricted shares	–	–	–	3,212,870	3,212,870	0.1	1
As at June 30, 2019	1,106,988,350	–	19,277,225	(1,606,435)	1,124,659,140	22.5	152

(Unaudited)	Number of ordinary shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000
Issued and fully paid:			
As at January 1 and June 30, 2018	1	–	–

(a) The Company was incorporated in the Cayman Islands on December 8, 2017 with authorized share capital of USD50,000 divided into 500,000,000 shares of USD0.0001 each.

(b) On January 11, 2019, the shareholders of the Company resolved that all the issued and unissued ordinary shares and preferred shares were to be redesignated as ordinary shares on a one-for-one basis immediately before listing (the "Redesignation"). Following the Redesignation, each issued and unissued ordinary share of then par value of USD0.0001 each will be subdivided into five shares of par value of USD0.00002 each (the "Subdivision"). Upon listing and the completion of the redesignation and Subdivision, the authorized share capital of the Company would increase to 2,500,000,000 ordinary shares of par value USD0.00002 each (the "Subdivision Shares").

(c) As part of the Reorganization, 3,855,445 ordinary shares were issued to Rhythm Brilliant Limited, a wholly-owned subsidiary of Mr. ZHENG Zhihao, pursuant to the restricted share agreement and were fully paid on July 23, 2018. As at June 30, 2019, 3,534,157 (equivalent to 17,670,790 after the Subdivision) ordinary shares were vested and the remaining 321,287 (equivalent to 1,606,435 after the Subdivision) unvested shares are accounted for as the treasury shares of the Company (Note 28).

26 SHARE CAPITAL *(Continued)*

(d) On February 4, 2019, upon the listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 132,377,000 new ordinary shares at par value of USD0.00002 per share for cash consideration of HKD14.8 each, and raised gross proceeds of approximately HKD1,959,180,000 (equivalent to approximately RMB1,675,285,000). Meanwhile, the convertible bond was mandatorily and automatically converted to 27,702,280 new ordinary shares at par value of USD0.00002 per share (Note 23(a)).

27 RESERVES

	Share premium RMB'000	Capital reserves RMB'000	Currency translation differences RMB'000	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, 2018	–	5,435,899	(140)	–	(3,676)	414,602	(8,400)	5,838,285
Currency translation differences	–	–	132	–	–	–	–	132
Share-based compensation expenses	–	–	–	–	–	65,646	–	65,646
As at June 30, 2018 (Unaudited)	–	5,435,899	(8)	–	(3,676)	480,248	(8,400)	5,904,063
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 *(Note (a))*	(43,054)	–	–	–	–	–	–	(43,054)
Other comprehensive income	–	–	–	(25,113)	–	–	–	(25,113)
Currency translation differences	–	–	34,960	–	–	–	–	34,960
Share-based compensation expenses	–	–	–	–	–	50,950	–	50,950
Vested restricted shares	228,229	–	–	–	–	(228,229)	–	–
As at June 30, 2019 (Unaudited)	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

28 SHARE INCENTIVE PLAN

The share-based compensation expenses recognized during six months ended June 30, 2019 and 2018 are summarized in the following table:

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Share-based compensation expenses	**50,950**	65,646

(a) 2016 ESOP of Tianjin Maoyan Weying

Before the Reorganization and since 2016, Tianjin Maoyan Weying Cultural Media Co., Ltd. ("Tianjin Maoyan Weying"), a subsidiary of the Company, adopted 2016 ESOP, under which Tianjin Maoyan Weying granted share options to its qualified employees and directors on annual basis. Under the 2016 ESOP, Tianjin Maoyan Weying's total equity will be divided to 8.3 billion virtual shares, among which 830 million virtual shares held by the ESOP Platforms for the purpose of share-based payments. The vesting period of the share options under the 2016 ESOP is 4 years.

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

	Average exercise price	**Number of virtual share options**	**Equivalent number of share options of the Company**
(Audited)			
Outstanding balance as at January 1, 2018	RMB0.0067	438,694,805	6,765,454
Granted	RMB1.4800	350,938,992	5,412,104
Forfeited	RMB0.4382	(15,359,723)	(236,874)
Transfer to the share options of the company under Pre-IPO Share option scheme	RMB0.5541	(524,274,074)	(8,085,239)
Transfer to restricted shares	RMB0.0067	(250,000,000)	(3,855,445)
Outstanding balance as at December 31, 2018	–	–	–

28 SHARE INCENTIVE PLAN *(Continued)*

(b) 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.

(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.

During the six months ended June 30, 2019, no share options under the Pre-IPO Share Option Scheme have been granted, meanwhile, no share options under the Pre-IPO Share Option Scheme have been exercised. As at June 30, 2019, out of 38,521,875 share options, 11,004,947 share options were exercisable.

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, 2018	–	–
Transfer from the share options of 2016 ESOP of Tianjin Maoyan Weying	RMB35.9278	8,085,239
Outstanding balance as at January 1, 2019	RMB35.9278	8,085,239
(Unaudited)		
Subdivision of shares and modification of exercise price (Note 26(b))	RMB8.0326	40,426,195
Forfeited	RMB7.2729	(1,904,320)
Outstanding balance as at June 30, 2019	RMB8.0701	38,521,875

Notes to the Interim Condensed Consolidated Financial Information

28 SHARE INCENTIVE PLAN *(Continued)*

(b) 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.

(ii) ***Restricted share agreement***

As part of the Reorganization, and the continuation/replacement of the virtual share options granted to Mr. ZHENG Zhihao under 2016 ESOP of Tianjin Maoyan Weying, the Company, Mr. ZHENG Zhihao and Rhythm Brilliant Limited, a wholly-owned subsidiary of Mr. ZHENG Zhihao, entered into a restricted share agreement on July 20, 2018 by payment of exercise price of virtual shares of USD386 which was approved by the shareholders on July 23, 2018 (the "Adoption Date"). Subject to the restricted share agreement, a total of 3,855,445 shares of the Company as at Adoption Date, owned by Mr. ZHENG Zhihao through Rhythm Brilliant Limited, were designated as restricted shares. The restricted share agreement was a continuation of the 2016 ESOP to provide incentives and rewards to Mr. ZHENG Zhihao, as the CEO of the Company, with same vesting period, condition and no incremental benefit was given to Mr. ZHENG Zhihao under the restricted share agreement.

As at June 30, 2019, after the Subdivision upon listing, out of 19,277,225 restricted shares, 17,670,790 shares were vested. The remaining 1,606,435 shares represented the treasury shares of the Group as at June 30, 2019 (Note 26).

28 SHARE INCENTIVE PLAN *(Continued)*

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

(iii) 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, 2019, out of 4,983,155 share options, 96,386 share options were exercisable.

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

	Average exercise price	Number of share options of the Company (after the Subdivision)
(Unaudited)		
Outstanding balance as at January 1, 2019	–	–
Granted	RMB12.8633	5,075,690
Forfeited	RMB12.8424	(92,535)
Outstanding balance as at June 30, 2019	RMB12.8637	4,983,155

(iv) Post-IPO RSU Scheme

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

	Fair value	Number of share options of the Company (after the Subdivision)
(Unaudited)		
Outstanding balance as at January 1, 2019	–	–
Granted	RMB13.9058	655,425
Outstanding balance as at June 30, 2019	RMB13.9058	655,425

28 SHARE INCENTIVE PLAN *(Continued)*

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

(v) 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 share options granted by Maoyan Entertainment during the six months ended June 30, 2019 was RMB4.78 per share option (during the six months ended June 30, 2018: RMB0.58 per virtual share, equivalent to approximately RMB7.52 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,	
	2019	2018
Risk free rate	**1.6%~1.7%**	3.2%~4.2%
Dividend yield	**0.00%**	0.00%
Expected volatility	**35%**	40%

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, 2019 and 2018, the Expected Retention Rate was assessed to be 96% and 96%, respectively.

Notes to the Interim Condensed Consolidated Financial Information

29 BUSINESS COMBINATIONS

On May 31, 2019, Beijing Maoyan Cultural Media Co., Ltd. acquired 100% equity interests of Hangzhou Soushi Network Co., Ltd. from a third party at a total consideration of RMB80,000,000 in cash.

Goodwill of approximately RMB52,910,000 recognized represents the excess of purchase consideration over the fair value of the net identifiable assets acquired and is attributable to the economies of scale expected to be derived from combining with the operations of the Group. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Purchase consideration in cash	80,000
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	378
Intangible assets	40,259
Domain name, trademark and online video license	40,000
Software	259
Prepayments,deposits and other receivables	122
Cash and cash equivalents	784
Other payables, accruals and other liabilities	(4,453)
Deferred income tax liabilities	(10,000)
Total identifiable net assets	27,090
Goodwill	52,910
	80,000

The acquired business contributed net loss of RMB1,178,000 to the Group for the period from the acquisition date to June 30, 2019. The acquisition-related costs were not significant and had been charged to general and administrative expenses in the interim condensed consolidated statement of comprehensive income for the six months ended June 30, 2019.

If the acquisition had occurred on January 1, 2019, pro-forma profit for the six months ended June 30, 2019 would have been decreased by RMB2,956,000.

Notes to the Interim Condensed Consolidated Financial Information

30 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 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")	One of the Group's Associates
Shanghai Mila Television Culture Media Co., Ltd. ("Shanghai Mila")	One of the Group's Associates
Shanghai Chengxin Television Media Co., Ltd. ("Shanghai Chengxin")	One of the Group's Associates

Save as disclosed elsewhere in this condensed consolidated interim financial information, the following transactions were carried out with 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.

(b) Revenue from transactions with related parties

	Six months ended June 30,	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Meituan Dianping Group	**–**	906
Enlight Group	**24,341**	22,743
Beijing Weying Shidai Group	**3,539**	168
Tencent Group	**294**	294
Beijing Yaoying	**13,584**	–
	41,758	24,111

Notes to the Interim Condensed Consolidated Financial Information

30 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(c) Purchase of management services

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Meituan Dianping Group	**98,796**	86,449
Enlight Group	**1,448**	943
Beijing Weying Shidai Group	**600**	–
Tencent Group	**20,419**	24,538
	121,263	111,930

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

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Meituan Dianping Group	**2,983**	9,112
Enlight Group	**795**	1,793
Beijing Weying Shidai Group	**6,536**	37,858
Tencent Group	**1,787**	158
	12,101	48,921

30 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(e) Balances with related parties

	As at June 30, 2019 (Unaudited) RMB'000	As at December 31, 2018 (Audited) RMB'000
Receivables from related parties		
– Accounts receivable		
Enlight Group	59,209	29,408
Beijing Weying Shidai Group	1,812	360
Tencent Group	2,115	390
	63,136	30,158
– Prepayments, deposits and other receivables		
Meituan Dianping Group	137,659	336,945
Beijing Weying Shidai Group	33,530	46,801
Tencent Group	458	2,554
Enlight Group	772	3,020
Shanghai Chengxin	44,649	40,185
Shanghai Mila	4,716	4,716
	221,784	434,221
Payables to related parties		
– Other payables, accruals and other liabilities		
Meituan Dianping Group	126,400	140,263
Enlight Group	12,000	1,200
Beijing Weying Shidai Group	12,192	34,648
Tencent Group	4,079	8,606
	154,671	184,717

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

30 SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(f) Key management compensation

	Six months ended June 30,	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Wages, salaries and bonuses	**4,122**	3,159
Share-based compensation expenses	**28,988**	40,956
Welfare, medical and other expenses	**100**	92
Contributions to pension plans	**74**	63
	33,284	44,270

31 CONTINGENCIES

The Group did not have any material contingent liabilities as at June 30, 2019.

32 SUBSEQUENT EVENT

No significant events took place after June 30, 2019.

Definition and Glossary

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

"Adoption Date"	July 23, 2018, the date on which the Company adopted the ESOP Plan
"Audit Committee"	the audit committee of the Company
"Auditor"	the external auditor of the Company
"Board"	the board of Directors of the Company
"Company" or "our Company" or "the 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)
"Director(s)"	director(s) of our 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
"GMV"	the value of paid transactions on our platform, including the service fees and without regard to any refunds
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries and the Consolidated Affiliated Entities
"HK$"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Listing"	listing of the Shares on the Main Board of the Hong Kong 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

Definition and Glossary

"MAU"	monthly active users who access our platform through our apps or our self-operated channels on third-party platforms at least once during the calendar month in question. If the same person accesses two different apps or service portals on third-party platforms of ours over the course of a calendar month, this person would, under this methodology, be counted as two MAUs
"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
"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. For the purposes of this document only and except where the context requires otherwise, 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
"Relevant Period"	the period from the date of listing to the end of the Reporting Period
"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, 2019
"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

Definition and Glossary

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	The RSU Scheme of our Company as approved on July 23, 2018, which was adopted by the Company to reward participants for their contribution to the Group and attract best available personnel
"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
"Share(s)"	ordinary shares in the share capital of our Company with a par value of US$0.00002
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Stock Exchange" or "SSE"	Shenzhen Stock Exchange (深圳證券交易所)
"State Council"	State Council of the People's Republic of China (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Tencent"	Tencent Holdings Limited (HKEx Stock Code: 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
"US$"	U.S. dollars, the lawful currency of the United States of America
"%"	per cent

Maoyan Entertainment
貓眼娛樂