



# Inke Limited

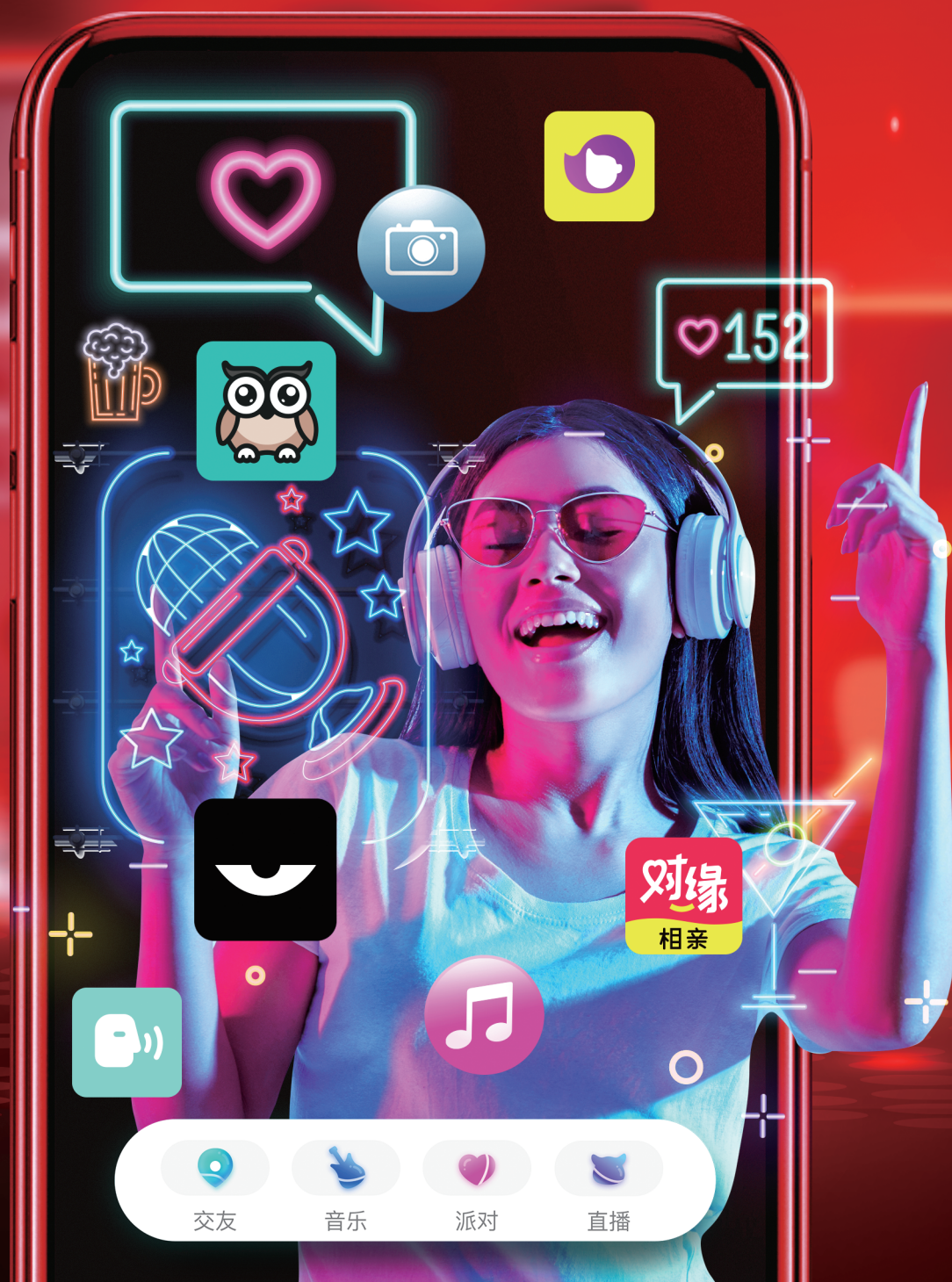
## 映客互娱有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code : 3700 HK

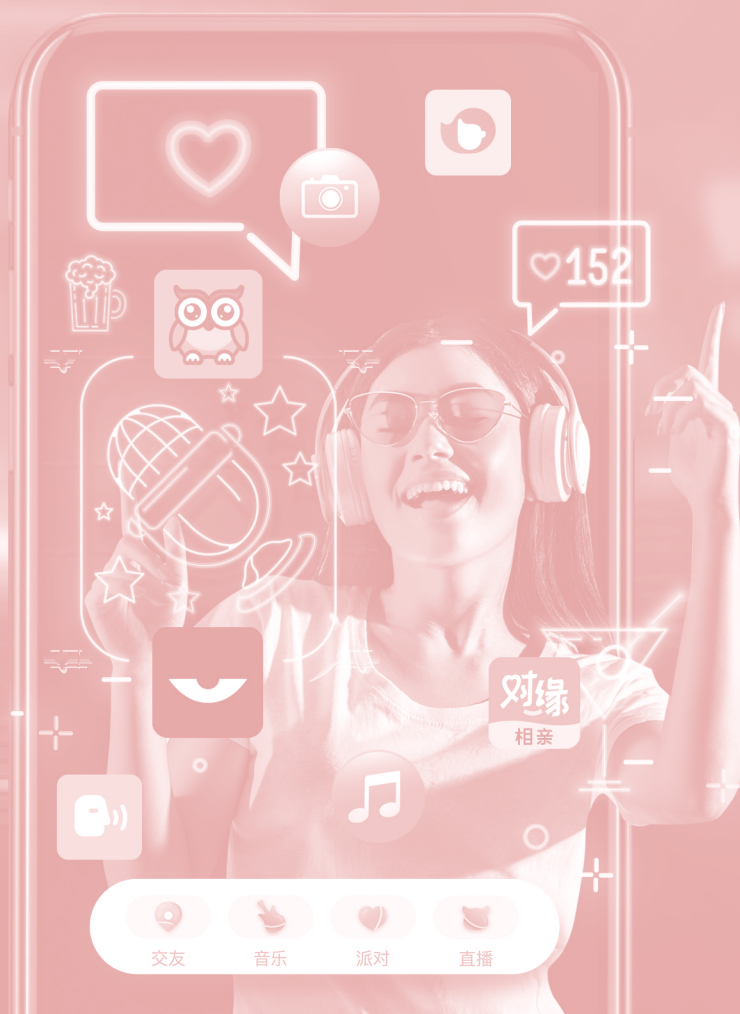
# 2021

## INTERIM REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. FENG Yousheng (*Chairman and Chief Executive Officer*)  
Mr. HOU Guangling

### Non-Executive Director

Mr. LIU Xiaosong

### Independent Non-Executive Directors

Mr. David CUI  
Mr. DU Yongbo  
Dr. LI Hui

## AUDIT COMMITTEE

Mr. David CUI (*Chairman*)  
Mr. LIU Xiaosong  
Dr. LI Hui

## NOMINATION COMMITTEE

Mr. FENG Yousheng (*Chairman*)  
Mr. DU Yongbo  
Dr. LI Hui

## REMUNERATION COMMITTEE

Mr. DU Yongbo (*Chairman*)  
Mr. LIU Xiaosong  
Mr. David CUI

## JOINT COMPANY SECRETARIES

Ms. SZETO Kar Yee Cynthia  
Mr. XIAO Liming

## AUTHORIZED REPRESENTATIVES

Mr. FENG Yousheng  
Ms. SZETO Kar Yee Cynthia

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## COMPLIANCE ADVISOR

Lego Corporate Finance Limited  
Room 1601, 16/F, China Building  
29 Queen's Road Central  
Hong Kong

## LEGAL ADVISOR

Ashurst Hong Kong  
11/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

## COMPANY'S WEBSITE

<https://www.inke.com/>

## STOCK CODE

3700

## HEADQUARTERS IN THE PRC

Zone C, Block A, Greenland Center  
Area 4, Wangjing East Garden  
Chaoyang District  
Beijing, 100102  
PRC

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall, Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands



## **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

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

The offices of Maples Corporate Services Limited  
PO Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## **PRINCIPAL BANKS**

China Merchants Bank, Shouti Branch  
China Merchants Bank, Wanda Branch





# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “Board”) of Inke Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results (the “Interim Results”) of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Reporting Period”). The Interim Results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the “Audit Committee”).

## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2021 (unaudited)	2020 (unaudited)	Period- to-Period Change* %	For the year ended 31 December 2020 (audited)
	(RMB in thousands, except for percentages)			
Revenue	4,032,211	2,202,636	83.1	4,949,440
Cost of sales	(2,625,505)	(1,718,395)	52.8	(3,752,305)
Gross profit	1,406,706	484,241	190.5	1,197,135
Operating profit	125,858	52,270	140.8	54,730
Profit for the period/year	142,311	73,231	94.3	203,204
Non-IFRS				
Adjusted net profit**	153,431	82,647	85.6	220,724

\* Period-to-Period Change represents a comparison between the current reporting period and the corresponding period last year.

\*\* Non-IFRS adjusted net profit was calculated using profit for the period/year eliminates the effects of non-cash share-based compensation expenses.

## OPERATIONAL HIGHLIGHTS

The following table sets forth the key operating data for the Company’s APPs:

	For the six months ended 30 June 2021	2020	Period-to-Period Change* %	For the year ended 31 December 2020
	(in thousands, except for percentages)			
Average monthly active users ("MAUs")**	46,428	32,974	40.8	36,470

\* Period-to-Period Change represents a comparison between the first half of 2021 and the corresponding period last year.

\*\* Average MAUs is based on the major products of the Group.



## BUSINESS OVERVIEW AND OUTLOOK

In the first half of 2021, we continued to adhere to our strategy of developing a matrix of social networking products. Our social networking products grew rapidly with significantly improved results: (1) the revenue of the Group for the first half of 2021 was approximately RMB4,032.2 million, representing a Period-to-Period increase of 83.1% as compared to approximately RMB2,202.6 million for the corresponding period of 2020; the revenue from our social networking product matrix for the first half of 2021 was approximately RMB2,690.7 million, accounting for 66.7% of the total revenue for the first half of 2021; and (2) the net profit of the Group for the first half of 2021 was approximately RMB142.3 million, representing a Period-to-Period increase of 94.3% as compared to approximately RMB73.2 million for the corresponding period of 2020.

Since the adoption of the strategy of developing a matrix of social networking products, the Group has successfully transformed its product offering from a single product to a matrix of products to drive the growth in results. Our advanced technology and well-established team are our core competitiveness. We will further increase investment in the middle platform system to boost the future development of the Company. In the first half of 2021, we continued to repurchase shares, reflecting our confidence in our long-term growth. We maintained a strong level of net cash for further development opportunities.

### Business Review for the First Half of 2021

#### I. Developing a social networking product matrix to satisfy the rapidly growing personalized needs of users

In the internet age, users have strong personalized needs for social networking products in terms of contents, forms and experience. Through in-depth study of various user groups profiles, our product development team introduced dozens of social networking products in the forms of audio, video and others for different user groups, to cater for the needs of users of different regions, ages and interests for dating, making friends, communicating, and sharing. Such as Duiyuan (對緣) APP, a dating APP, has established a good reputation in the industry and recorded more than one million rounds of online dating per month. Jimu (積目) APP, an emerging social networking product among the post-95 generation, has always been a top-ranked interest-based social networking platform.

Leveraging on our advanced technologies and commercialization capabilities, we introduced a wide range of social networking products rapidly and maintained the rapid growth of our operating income. In the first half of 2021, revenue from social networking products amounted to approximately RMB2,690.7 million, accounting for 66.7% of the income for the Reporting Period. In addition, Inke APP, maintained its strong vitality and stable growth in both revenue and number of users through technology upgrade, innovative operation and improvement in users experience. It continued to generate stable cash flows and user base to the Group.

#### II. Middle platform system becoming the cornerstone of the replicable and sustainable business model in our Company

As a technology-based company, our “OPENSEA” middle platform system has developed optimized modules by integrating the common elements of our products in general operation through abstract selection, which significantly enhanced our capability and efficiency from product research and development to commercialization:

- professional outsourcing services enable efficient research and development, the “OPENSEA” middle platform connects with various function providers of projects to promote and coordinate rapid interaction among all parties through gear shifting to streamline transition process to achieve low-cost integration of general capabilities.
- standardized procedures to reduce management cost, self-serviced and semi-automatic project setting of business and enhanced accessibility of the middle platform to enable fast access to the whole process of business to middle platform, and to cover all business scenarios of professional audio and video interaction which are readily compatible to new business.



## Management Discussion and Analysis

- accurate selection of users under our growth model which allows smart introduction of products and rapid user acquisition by using our precise user profiles and intelligent digital operation.

The mature development of our “OPENSEA” middle platform system allows efficient new product development, verification, accurate acquisition of users and commercialization, which provides important support to the implementation of strategies and ensures the rapid new product development to satisfy market demand.

### III. Online and offline integration creating new model of social networking scenario

In view of the expansion of the user base of our social networking product matrix and containment of the pandemic, we opened the first online and offline integrated bar in Changsha in July 2021 to meet users’ needs of offline social networking scenarios. In addition to cross diversion of online and offline traffic through business operation, we also created unique offline interactive games and new consumption functions. We expect to replicate the individual store business model in the near future and to establish comprehensive online and offline social networking scenario to foster new growth curve of the Group with new model of social networking scenario.

### Business Outlook

We will adhere to the core strategy of social networking product matrix by capitalizing on our advanced technology. Continuous effort will be made to expand product layout in different market segments and vertical target groups. We will promote our growth with our social networking products, maintain stable operation of live streaming business and explore new business model in order to achieve sustainable and rapid growth of operating income and become one of the most influential social networking platforms of all scenarios.

- **Continuously expanding the social networking product matrix**

We will continuously develop new products to meet the social networking needs of different groups. Through the formulation of product matrix, we strive to establish a social networking platform with a broader coverage of users and markets and achieve a sustainable and rapid growth of revenues.

- **Exploring new social networking scenarios**

We will create new social networking scenarios to cover online and offline users and to improve our traffic acquisition efficiency. We will keep abreast of the trend of Generation Z users and create a social networking platform of all scenarios so as to gain new momentum for business growth.

- **Seeking opportunities in upstream and downstream sectors**

We constantly pay close attention to opportunities in the domestic and overseas upstream and downstream sectors related to our business chain. Our targets are products and opportunities which can have synergy effects with our development and have significant user group with high potential of operating income.

- **Further strengthening our technology capabilities**

We will continue to invest in technology and innovation to strengthen our “OPENSEA” middle platform. Efforts will be made in the research and development of various scenarios for diversified social networking and development of technologies for management and accurate traffic acquisition. We will keep abreast of the development of new technologies such as 5G and AI and continue to capitalize our technology advantages to maintain our leading position, whereby fostering our strategic development.





# Management Discussion and Analysis

## Financial Review

### Revenue

The Group's revenue for the six months ended 30 June 2021 amounted to approximately RMB4,032.2 million, representing an increase of 83.1% from approximately RMB2,202.6 million recorded for the corresponding period in 2020. Revenue from value-added services increased by 81.1% to approximately RMB3,921.2 million for the six months ended 30 June 2021 from approximately RMB2,165.1 million for the corresponding period in 2020. The increase in revenue was primarily caused by the launch of social networking products from the product pipeline of the Group which facilitated the sustainable and rapid growth in revenue.

### Cost of sales

The Group's cost of sales increased by 52.8% to approximately RMB2,625.5 million for the six months ended 30 June 2021 from approximately RMB1,718.4 million for the corresponding period in 2020, mainly affected by the increase in the revenue. The Group's cost of sales as a percentage of revenue decreased to 65.1% from 78.0% for the corresponding period in 2020, primarily due to the stabilising revenue sharing policies of the new products launched by the Company, resulting in a decrease the ratio of the revenue sharing cost.

### Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by 190.5% to approximately RMB1,406.7 million for the six months ended 30 June 2021 from approximately RMB484.2 million for the corresponding period in 2020, and the Group's gross profit margin increased to 34.9% for the six months ended 30 June 2021 from 22.0% for the corresponding period in 2020, primarily due to the stabilising revenue sharing policies of the new products launched by the Company, resulting in a higher gross profit margin.

### Selling and marketing expenses

The Group's selling and marketing expenses increased by 293.9% to approximately RMB1,012.2 million for the six months ended 30 June 2021 from approximately RMB257.0 million for the corresponding period in 2020, which was mainly due to the increase in investment of the Group for developing social networking product matrix.

### Administrative expenses

The Group's administrative expenses increased by 38.4% to approximately RMB93.1 million for the six months ended 30 June 2021 from approximately RMB67.2 million for the corresponding period in 2020, which was mainly due to the increase in labour cost.

### Research and development expenses

The Group's research and development expenses increased by 25.9% to approximately RMB202.9 million for the six months ended 30 June 2021 from approximately RMB161.1 million for the corresponding period in 2020. The increase was primarily due to the increase in investment of research and development arising from the increase of investment of social networking product matrix by the Company.

### Other (losses)/gains — net

The Group recorded net other losses of approximately RMB7.1 million for the six months ended 30 June 2021, which was primarily loss incurred by current financial assets at fair value through profit or loss. In the corresponding period in 2020, the Group recorded net other gains of approximately RMB22.2 million. Please refer to sub-section headed “— Liquidity and Capital Resources — Financial assets at fair value through profit or loss” below for details.



## Management Discussion and Analysis

### Finance income – net

The Group recorded net finance income of approximately RMB10.4 million for the six months ended 30 June 2021, which was mainly due to the interest from time deposit. In the corresponding period in 2020, the Group recorded net finance income of approximately RMB4.0 million.

### Share of profit of investments accounted for using the equity method

The Group's share of profit of investments accounted for using the equity method was approximately RMB21.4 million for the six months ended 30 June 2021, primarily due to the profit from the investments in the associates and the joint ventures. The Group recorded profits of approximately RMB22.4 million for the corresponding period in 2020.

### Income tax expense

The Group's recorded income tax expense of approximately RMB15.3 million for the six months ended 30 June 2021 and income tax expense of approximately RMB5.4 million for the corresponding period in 2020, primarily due to increase in profit before income tax for the six months ended 30 June 2021.

### Profit for the period

As a result of the foregoing, the Group's profit for the period was approximately RMB142.3 million for the six months ended 30 June 2021. In comparison, the Group recorded an approximately RMB73.2 million profit for the corresponding period in 2020.

### Non-IFRS Measure – Adjusted net profit

To supplement the Group's unaudited condensed consolidated interim financial information which is presented in accordance with the International Accounting Standard 34 ("IAS"), "Interim financial reporting", the Group also uses adjusted net profit as an additional financial measure. The Group's adjusted net profit eliminates the effect of non-cash share based compensation expenses. The table below sets forth the reconciliation of adjusted net profit for the periods indicated:

	Unaudited For the six months ended 30 June	
	2021	2020
	(RMB'000)	
Profit for the period	142,311	73,231
Add: non-cash share-based compensation expenses <sup>1</sup>	11,120	9,416
Adjusted net profit <sup>2</sup>	153,431	82,647

(1) Refers to share-based compensation benefits provided to certain employees via the employee share scheme.

(2) To supplement our unaudited condensed consolidated interim financial information which are presented in accordance with IFRS, we also use Adjusted Net Profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our operating performance. We also believe that this non-IFRS measure provides useful data to investors and others in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. Adjusted Net Profit is calculated using profit for the period, and add back non-cash share-based compensation expenses. The term of Adjusted Net Profit is not defined under IFRS. The use of Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the period.



## Management Discussion and Analysis

### Liquidity and Capital Resources

For the six months ended 30 June 2021, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through organic and sustainable growth. As at 30 June 2021 and 31 December 2020, the current ratio (the ratio of current assets and current liabilities) of the Group was 3.0 and 3.4, respectively, while the gearing ratio (the ratio of total liability and total equity) of the Group was 0.3 and 0.3, respectively.

#### Cash and cash equivalents and restricted cash

As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB1,093.6 million (31 December 2020: approximately RMB1,360.3 million), which primarily consisted of cash at banks. Out of the RMB1,093.6 million, approximately RMB982.3 million is denominated in Renminbi and approximately RMB111.3 million is denominated in other currencies (primarily US dollars). The Group currently does not hedge transactions undertaken in foreign currencies.

As at 30 June 2021, the restricted cash balance was approximately RMB5.6 million (31 December 2020: approximately RMB14.4 million), which was mainly cash frozen by local regulators subject to resolutions of disputes with certain users of the Group's online platform. The Group has recognised a provision of RMB5.0 million related to the disputes.

#### Financial assets at fair value through profit or loss

As of 30 June 2021, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,087.2 million (31 December 2020: approximately RMB1,210.1 million), mainly comprised (a) investments in wealth management products and structured deposits of approximately RMB1,008.0 million in aggregate (31 December 2020: approximately RMB1,170.0 million), (b) investments in financial instruments with preferred rights of approximately RMB79.2 million (31 December 2020: approximately RMB40.1 million).

	Balance as at 30 June 2021 unaudited (RMB'000)	Balance as at 31 December 2020 audited (RMB'000)
<b>Financial Assets</b>		
<b>Current</b>		
Investments in structured deposits with floating interest rates	100,041	—
Investments in wealth management products	812,717	1,169,996
<b>Subtotal</b>	<b>912,758</b>	1,169,996
<b>Non-current</b>		
Investments in equity interests with preferred rights of certain private companies	79,172	40,122
Investments in wealth management products	95,287	—
<b>Subtotal</b>	<b>174,459</b>	40,122
<b>Total</b>	<b>1,087,217</b>	1,210,118





## Management Discussion and Analysis

For the six months ended 30 June 2021, no single investment of the Group accounted for more than 5% of the total assets of the Group. The following are the details of the investment accounted for more than 2% of the total assets of the Group:

Product name	Category	Principal (RMB'000)	Changes in fair value (RMB'000)	Realised gain (RMB'000)	Unrealized gain (RMB'000)	Balances	Percentage
						as at 30 June 2021 (RMB'000)	of total assets of the Group as at 30 June 2021
New China Multi- Strategy Fund 3 Segregated Portfolio	Wealth management	129,202	1,569	2,928	1,569	130,771	2.74%
金雪球悦享3號	Wealth management	104,000	365	—	365	104,365	2.18%

Subscriptions of wealth management products were made for treasury management purposes to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company had in the past selected short-term financial products issued by reputable commercial banks that had relatively low associated risk. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. The financial products were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group. The Company had, in the past, totally recovered the principal and received the expected returns upon the redemption or maturity of similar financial products. In addition, the financial products were with flexible redemption terms or a relatively short term of maturity. In accordance with the relevant accounting standards, the financial products are accounted for as financial assets at fair value through profit or loss.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the low risk nature and the flexible redemption terms or a relatively short term of maturity of the wealth management products, the directors of the Company (the "Directors") are of the view that these financial products pose little risk to the Group and the terms and conditions of each of the subscriptions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

### Capital expenditures

For the six months ended 30 June 2021, the Group's capital expenditures amounted to approximately RMB218.6 million (six months ended 30 June 2020: approximately RMB2.6 million), which was mainly used for the acquisition of property, plant, equipment and intangible assets. The Group funded its capital expenditure by using the cash flow generated from its operations.

### Contingent liabilities and guarantees

Except for those disclosed in the sub-section headed "Cash and cash equivalents and restricted cash" above, as at 30 June 2021, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.



## Management Discussion and Analysis

### Pledge of Assets

As at 30 June 2021, the Group did not have any pledge or charge on assets.

### Foreign exchange risk management

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is USD and the functional currency of subsidiaries operated in the PRC is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

### Future Plan for Material Acquisition and Major Investment

During the six months ended 30 June 2021, the Group did not carry out any material acquisition or disposal. Save as disclosed otherwise, the Group currently does not have any specific plan for material investment or acquisition of major assets or other businesses. The Group will continue to seek new opportunity for business development.

### Employees and Remuneration Policy

As at 30 June 2021, the Group had a total of 2,022 full-time employees, mainly located in mainland China. In particular, 350 employees are responsible for the Group's business operations, 143 for sales and marketing, 372 for content monitoring, 115 for customer service, 821 for technology, research and development, and 221 for general and administrative functions.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share-based payment and other employee benefits, and is determined with reference to their experience, qualification and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group believes that we maintain a good working relationship with our employees, and we have not experienced any material labour disputes during the six months ended 30 June 2021.

### Dividends

The Board does not declare any payment of interim dividend for the six months ended 30 June 2021.



# Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	7	4,032,211	2,202,636
Cost of sales	8	(2,625,505)	(1,718,395)
<b>Gross profit</b>		<b>1,406,706</b>	484,241
Selling and marketing expenses	8	(1,012,195)	(256,964)
Administrative expenses	8	(93,051)	(67,249)
Research and development expenses	8	(202,914)	(161,116)
Other (losses)/gains-net	9	(7,134)	22,165
Other income	10	34,446	31,193
<b>Operating profit</b>		<b>125,858</b>	52,270
Finance income-net		10,351	3,965
Share of profit of investments accounted for using the equity method	16	21,404	22,432
<b>Profit before income tax</b>		<b>157,613</b>	78,667
Income tax expense	11	(15,302)	(5,436)
<b>Profit for the half-year</b>		<b>142,311</b>	73,231
<b>Profit attributable to:</b>			
— The owners of the Company		123,076	73,265
— Non-controlling interests		19,235	(34)
		<b>142,311</b>	73,231
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Currency translation differences		5,733	121,246
Items that will not be reclassified to profit or loss			
Currency translation differences		(9,237)	(114,144)
<b>Other comprehensive (loss)/income for the half-year, net of tax</b>		<b>(3,504)</b>	7,102
<b>Total comprehensive income for the half-year, net of tax</b>		<b>138,807</b>	80,333





## Interim Condensed Consolidated Statement of Comprehensive Income (continued)

		Unaudited Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
<b>Total comprehensive income attributable to:</b>			
— The owners of the Company		119,572	80,367
— Non-controlling interests		19,235	(34)
		138,807	80,333
<b>Earnings per share attributable to the shareholders of the Company (expressed in RMB per share)</b>			
— Basic earnings per share	12	0.07	0.04
— Diluted earnings per share	12	0.07	0.04

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



# Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	23,333	14,657
Investment properties		150,461	—
Intangible assets	15	605,476	676,108
Investments accounted for using the equity method	16	545,965	395,225
Financial assets at fair value through profit or loss	5.2	174,459	40,122
Deferred tax assets		64,784	60,547
Term deposits		50,000	47,000
Right-of-use assets	22	177,493	150,832
Loans, other receivables, prepayments, deposits and other assets	18	86,240	29,376
<b>Total non-current assets</b>		<b>1,878,211</b>	<b>1,413,867</b>
<b>Current assets</b>			
Inventories		11,718	11,522
Trade receivables	17	29,467	53,774
Loans, other receivables, prepayments, deposits and other assets	18	449,410	295,750
Financial assets at fair value through profit or loss	5.2	912,758	1,169,996
Cash and cash equivalents		1,093,607	1,360,333
Term deposits		397,000	350,000
Restricted cash		5,610	14,377
<b>Total current assets</b>		<b>2,899,570</b>	<b>3,255,752</b>
<b>Total assets</b>		<b>4,777,781</b>	<b>4,669,619</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital		13,262	13,262
Other reserves		3,910,294	3,906,228
Accumulated deficits		(281,429)	(404,505)
		3,642,127	3,514,985
<b>Non-controlling interests</b>		<b>2,748</b>	<b>28,568</b>
<b>Total equity</b>		<b>3,644,875</b>	<b>3,543,553</b>



## Interim Condensed Consolidated Balance Sheet (continued)

	Notes	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	22	151,717	125,910
Deferred tax liabilities		23,146	26,787
Other payables and accruals		3,188	3,137
<b>Total non-current liabilities</b>		<b>178,051</b>	<b>155,834</b>
<b>Current liabilities</b>			
Accounts payables	19	568,135	638,794
Other payables and accruals		216,668	147,312
Current income tax liabilities		16,524	16,017
Contract liabilities		119,975	120,730
Lease liabilities	22	28,389	33,318
Provisions		5,164	14,061
<b>Total current liabilities</b>		<b>954,855</b>	<b>970,232</b>
<b>Total liabilities</b>		<b>1,132,906</b>	<b>1,126,066</b>
<b>Total equity and liabilities</b>		<b>4,777,781</b>	<b>4,669,619</b>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.





# Interim Condensed Consolidated Statement of Changes In Equity

	Attributable to the owner of the Company				Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Other reserves RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000		
<b>Balance at 1 January 2020 (Audited)</b>	13,351	4,050,234	(598,411)	3,465,174	(3,450)	3,461,724
<b>Profit and other comprehensive income</b>						
Total profit and other comprehensive income	—	7,102	73,265	80,367	(34)	80,333
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expense (Note 21)	—	7,976	—	7,976	—	7,976
Shares repurchased	—	(78,739)	—	(78,739)	—	(78,739)
Shares cancelled	(89)	89	—	—	—	—
Acquisition of non-controlling interests in a subsidiary	—	(7,504)	—	(7,504)	3,484	(4,020)
<b>Total transactions with owners in their capacity as owners</b>	(89)	(78,178)	—	(78,267)	3,484	(74,783)
<b>Balance at 30 June 2020 (Unaudited)</b>	13,262	3,979,158	(525,146)	3,467,274	—	3,467,274
<b>Balance at 1 January 2021 (Audited)</b>	13,262	3,906,228	(404,505)	3,514,985	28,568	3,543,553
<b>Profit and other comprehensive income</b>						
Total profit and other comprehensive income	—	(3,504)	123,076	119,572	19,235	138,807
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expense (Note 21)	—	11,120	—	11,120	—	11,120
Shares repurchased	—	(3,627)	—	(3,627)	—	(3,627)
Deconsolidation of a subsidiary (Note 16(a)(i))	—	—	—	—	(30,597)	(30,597)
Dividend paid to non-controlling interests in subsidiaries	—	—	—	—	(15,273)	(15,273)
Acquisition of non-controlling interests in subsidiaries	—	77	—	77	(485)	(408)
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	1,300	1,300
<b>Total transactions with owners in their capacity as owners</b>	—	7,570	—	7,570	(45,055)	(37,485)
<b>Balance at 30 June 2021 (Unaudited)</b>	13,262	3,910,294	(281,429)	3,642,127	2,748	3,644,875

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



# Interim Condensed Consolidated Statement of Cash Flows

		Unaudited Six months ended 30 June	
		2021	2020
	Notes	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		22,753	1,387
Interest received		5,857	6,774
Income tax paid		(21,060)	(23,128)
<b>Net cash generated from/(used in) operating activities</b>		<b>7,550</b>	<b>(14,967)</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets	15	(1,333)	(634)
Payments for property, plant and equipment	14	(13,644)	(1,933)
Payments for investment property		(203,594)	—
Payments for acquisition of a subsidiary		—	(10,094)
Payments for investments in associates and joint ventures	16	(59,000)	—
Payments for long-term deposits		(50,000)	—
Payments for investments in non-current financial assets at fair value through profit or loss		(61,000)	(2,977)
Payments for investments in current financial assets at fair value through profit or loss		(695,417)	(1,418,590)
Proceeds from disposal of investments in current financial assets at fair value through profit or loss		927,076	1,277,867
Proceeds from disposal of short-term deposits		—	184,756
Proceeds from disposal of non-current financial assets at fair value through profit or loss		—	213,607
Proceeds from disposal of property, plant and equipment and intangible assets		223	497
Loans to third parties		(7,284)	(16,600)
Loans to related parties	23(a)	(157,733)	(23,100)
Repayment of loans from related parties	23(a)	109,000	86,100
Net cash outflow due to disposal of a subsidiary		(21,530)	—
Dividends received		841	—
<b>Net cash (used in)/generated from investing activities</b>		<b>(233,395)</b>	<b>288,899</b>



## Interim Condensed Consolidated Statement of Cash Flows (continued)

	Notes	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Cash flows from financing activities</b>			
Acquisition of treasury shares	20	(3,627)	(78,739)
Capital contribution from non-controlling interests		1,300	—
Acquisition of non-controlling interests		(408)	—
Proceeds from borrowing		8,571	—
Dividends paid to non-controlling interests in subsidiaries		(15,273)	—
Payment of lease liabilities		(28,121)	(21,261)
<b>Net cash used in financing activities</b>		<b>(37,558)</b>	<b>(100,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(263,403)</b>	<b>173,932</b>
Effects of exchange rate changes on cash and cash equivalents		(3,323)	2,957
Cash and cash equivalents at beginning of period		1,360,333	603,932
<b>Cash and cash equivalents at end of the period</b>		<b>1,093,607</b>	<b>780,821</b>

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



# Notes to the Condensed Consolidated Interim Financial Information

## 1. General information

Inke Limited (the “Company”) was incorporated in the Cayman Islands on 24 November 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 PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as to the “Group”) are principally engaged in operating live streaming platforms, social networking platforms and provision of advertising services in the People’s Republic of China (the “PRC” or “China”).

The condensed consolidated interim financial information comprises the condensed consolidated balance sheet as at 30 June 2021, the condensed consolidated statement of comprehensive income for the six months ended 30 June 2021, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2021, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

## 2. Basis of preparation of Interim Financial Information

This condensed consolidated interim financial information for the half-year reporting period ended 30 June 2021 has been prepared in accordance with International Accounting Standard 34 (“IAS”), “Interim Financial Reporting”.

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial information is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period.

## 3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The income taxes for the interim period are accrued using the tax rates would be applicable to the expected total annual assessable profits.

### (a) Income tax

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 4. Estimates

The preparation of interim financial information requires management to make judgements, 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 condensed consolidated interim financial information, the significant judgements 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 consolidated financial statements for the year ended 31 December 2020.

### 5. Financial risk management

#### 5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statement, and should be read in conjunction with the annual report for the year ended 31 December 2020.

There have been no changes in the risk management policies since 31 December 2020.

#### 5.2 Fair value estimate

##### (a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (a) Fair value hierarchy (continued)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, wealth management products not traded in active markets nor with quoted net worth and structured deposits.

The following table presents the Group's level 3 assets and liabilities that are measured at fair value as of 31 December 2020 and 30 June 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As of 30 June 2021 (Unaudited)</b>				
<b>Non-current:</b>				
Unlisted preference shares	—	—	79,172	79,172
Investment in wealth management products	—	95,287	—	95,287
<b>Current:</b>				
Structured deposits	—	—	100,041	100,041
Investment in wealth management products	126,485	592,936	93,296	812,717
<b>Total</b>	<b>126,485</b>	<b>688,223</b>	<b>272,509</b>	<b>1,087,217</b>
<b>As of 31 December 2020 (Audited)</b>				
<b>Non-current:</b>				
Unlisted preference shares	—	—	40,122	40,122
<b>Current:</b>				
Investment in wealth management products	46,790	607,186	516,020	1,169,996
<b>Total</b>	<b>46,790</b>	<b>607,186</b>	<b>556,142</b>	<b>1,210,118</b>

The investment in wealth management products were mainly issued by reputable banks and financial institutions in the PRC. Changes in fair value (realised and unrealised) of these financial assets had been recorded in "other (losses)/gains-net" in the condensed consolidated statement of comprehensive income. As at 30 June 2021, the Group's financial assets that are measured at fair value using level 2 inputs represent investments in certain wealth management products ("WMPs") with quoted net worth (i.e. the unit return) provided by the respective financial institutions. Although the quoted net worth (i.e. the unit return) of these WMPs are considered observable, they are included in level 2 as such WMPs are not traded in an active market. Those wealth management products not traded in active markets nor with quoted net worth are included in level 3.





## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 5. Financial risk management (continued)

#### 5.2 Fair value estimate (continued)

##### (b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- for wealth management products and structured deposits — income approach to use a discounted cash flow analysis with an expected rate of return, and
- for equity interests with preferred rights of certain private companies — market approach.

##### (c) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items of financial instruments with preferred rights and financial assets at fair value through profit or loss for the 30 June 2021:

	Assets	
	Financial assets at fair value through profit or loss — Current RMB'000	Financial assets at fair value through profit or loss — Non-current RMB'000
<b>Opening balance 1 January 2021 (Audited)</b>	516,020	40,122
Additions	210,000	33,000
Disposals	(544,225)	—
Change in fair value *	11,542	6,050
<b>Closing balance 30 June 2021 (Unaudited)</b>	193,337	79,172
* Includes unrealised gain recognised in profit or loss attributable to balances held at the end of the reporting period	3,337	6,050



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (c) Fair value measurements using significant unobservable inputs (Level 3) (continued)

##### (i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 June 2021 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
<b>Financial assets at fair value through profit or loss — Non-current</b>				
Investments in equity interests with preferred rights of certain private companies	79,172	Expected volatility	50.44%~58.66%	A decrease or increase in the expected volatility by 5% for each of the investments would result in an increase or decrease in the total fair value by RMB414 thousand and RMB436 thousand, respectively.
		Discount for lack of marketability ("DLOM")	10.67%~29.60%	A decrease or increase in the DLOM by 5% for each of the investments would result in an increase or decrease in the total fair value by RMB2,540 thousand, respectively.
		Risk-free rate	2.55%~2.78%	If risk-free rate for each of the investments were 5% higher or lower, the total fair value would decrease or increase by RMB12 thousand, respectively.



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 5. Financial risk management (continued)

#### 5.2 Fair value estimate (continued)

##### (c) Fair value measurements using significant unobservable inputs (Level 3) (continued)

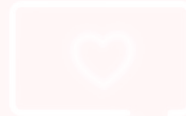
###### (i) Valuation inputs and relationships to fair value (continued)

Description	Fair value at 30 June 2021 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investments in wealth management products	93,296	Expected rate of return/ discount rate	5.20%~7.20%	The higher the expected rate of return, the higher the fair value. The lower the discount rate, the higher the fair value. A change in the expected rate of return or the discount rate by 1% for each of the investment would not result in a significant change in the fair values.
Investments in structured deposits	100,041	Expected rate of return/ discount rate	2.90%~3.30%	The higher the expected rate of return, the higher the fair value. The lower the discount rate, the higher the fair value. A change in the expected rate of return or the discount rate by 1% for each of the investment would not result in a significant change in the fair values.
<b>Total</b>	<b>272,509</b>			

###### (ii) Valuation process

The Group manages the valuation exercise of level 3 instruments for financial reporting purpose.

The Group manages the valuation exercise of the investments on a case by case basis. At least once every 6 months in line with the Group's half-yearly reporting periods, the Group would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 6. Segment information

The Group's business activities are mainly in value added service (formerly known as "live streaming") business, for which discrete financial statements are available, and are regularly reviewed and evaluated by the chief operating decision maker ("CODM") which are the chief executive officers and the vice presidents of the Group. As a result of this evaluation, the CODM considered 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 revenues from external customers attributed to the PRC.

As at 30 June 2021 and 31 December 2020, substantially all of the non-current assets of the Group were located in the PRC.

### 7. Revenue

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Value added service (formerly known as "live streaming")	3,921,204	2,165,085
Others	111,007	37,551
	4,032,211	2,202,636



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 8. Expenses by nature

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue sharing to streamers (formerly known as “streamers cost”)	2,362,312	1,571,921
Promotion and advertising expenses	989,957	245,732
Employee benefit expenses	324,245	207,445
Payment handling costs	71,754	34,285
Bandwidth and server custody costs	68,036	44,631
Travelling, entertainment and general office expenses	21,963	15,193
Technical support and professional service fees	19,949	18,306
Amortization of intangible assets (Note 15)	18,586	13,005
Depreciation of right-of-use assets (Note 22)	17,994	15,650
Taxes and surcharges	10,546	8,276
Outsourced development costs	10,318	21,202
Impairment of goodwill (Note 15)	6,916	—
Depreciation of property, plant and equipment (Note 14)	4,791	5,817
Expenses relating to short-term lease not included in lease liabilities (Note 22)	713	1,247
Content and copyright costs	232	166
Other expenses	5,353	848
	3,933,665	2,203,724

### 9. Other (losses)/gains — net

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Fair value (losses)/gains of financial assets at fair value through profit or loss (“FVTPL”)		
— Investments in current financial assets at FVTPL	(6,354)	33,178
— Investments in non-current financial assets at FVTPL	1,337	(14,824)
Net foreign exchange (losses)/gains	(1,297)	59
Loss for claims and legal proceedings	(378)	(164)
Donations	(15)	(1,202)
Others	(427)	5,118
	(7,134)	22,165



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 10. Other income

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Government grants		
– Subsidies based on certain amount of tax paid	26,988	23,826
– Subsidies granted by various local governments to encourage the Group to operate where these governments are located	7,458	7,145
– Deferred government grant	—	222
	34,446	31,193

## 11. Income tax expense

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax	(23,180)	(5,184)
Deferred income tax	7,878	(252)
Income tax expense	(15,302)	(5,436)

## 12. Earnings per share

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares.

	Unaudited Six months ended 30 June	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	123,076	73,265
Weighted average number of ordinary shares in issue (thousand shares)	1,869,020	1,957,291
Basic earnings per share attributable to the ordinary equity holders of the Company (expressed in RMB per share)	0.07	0.04





## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 12. Earnings per share (continued)

#### (b) Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Unaudited Six months ended 30 June	
	2021	2020
Earnings (RMB'000)		
Profit for the period	123,076	73,265
Profit used to determine diluted earnings per share	123,076	73,265
Weighted average number of ordinary shares (thousand shares)		
Weighted average number of ordinary shares in issue for basic earnings per share	1,869,020	1,957,291
Adjustments for:		
Restricted share units	18,824	6,235
Weighted average number of ordinary shares for diluted earnings per share	1,887,844	1,963,526
Diluted earnings per share (expressed in RMB per share)	0.07	0.04

The 10,000,000 options granted on 28 May 2021 and the 50,000,000 options granted on 29 June 2021 are not included in the calculation of diluted earnings per share because they are antidilutive for the six months ended 30 June 2021. These options could potentially dilute basic earnings per share in the future.

### 13. Dividends

No dividends have been paid or declared by the Company for each of the periods ended 30 June 2021 and 2020.



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 14. Property, plant and equipment

	Computer equipment RMB'000	Office equipment and furniture fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>At 31 December 2020 (Audited)</b>					
Cost	37,356	833	823	27,493	66,505
Accumulated depreciation	(27,031)	(463)	(258)	(24,096)	(51,848)
Net book amount	10,325	370	565	3,397	14,657
<b>Six months ended 30 June 2021 (Unaudited)</b>					
Opening net book amount	10,325	370	565	3,397	14,657
Additions	6,110	434	446	6,654	13,644
Disposals	(175)	(2)	—	—	(177)
Depreciation charge (Note 8)	(3,122)	(86)	(98)	(1,485)	(4,791)
Closing net book amount	13,138	716	913	8,566	23,333
<b>At 30 June 2021 (Unaudited)</b>					
Cost	42,479	1,265	1,269	34,147	79,160
Accumulated depreciation	(29,341)	(549)	(356)	(25,581)	(55,827)
Net book amount	13,138	716	913	8,566	23,333



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 15. Intangible assets

	Goodwill RMB'000	Software RMB'000	Copyright RMB'000	User base RMB'000	Trademark RMB'000	Others RMB'000	Total RMB'000
<b>At 31 December 2020 (Audited)</b>							
Cost	575,136	15,522	49,156	35,000	74,000	7,226	756,040
Accumulated amortization and impairment	—	(10,739)	(45,925)	(13,500)	(9,250)	(518)	(79,932)
Net book amount	575,136	4,783	3,231	21,500	64,750	6,708	676,108
<b>Six months ended 30 June 2021 (Unaudited)</b>							
Opening net book amount	575,136	4,783	3,231	21,500	64,750	6,708	676,108
Deconsolidation of a subsidiary (Note 16(a)(ii))	(46,463)	—	—	—	—	—	(46,463)
Impairment charge (Note 8)	(6,916)	—	—	—	—	—	(6,916)
Additions	—	5	1,226	—	102	—	1,333
Amortization charge (Note 8)	—	(1,287)	(1,538)	(10,500)	(4,678)	(583)	(18,586)
Closing net book amount	521,757	3,501	2,919	11,000	60,174	6,125	605,476
<b>At 30 June 2021 (Unaudited)</b>							
Cost	528,673	14,427	50,382	16,000	74,102	7,226	690,810
Accumulated amortization and impairment	(6,916)	(10,926)	(47,463)	(5,000)	(13,928)	(1,101)	(85,334)
Net book amount	521,757	3,501	2,919	11,000	60,174	6,125	605,476



# Notes to the Condensed Consolidated Interim Financial Information (continued)



## 16. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Associates (a)	264,831	152,443
Joint ventures (b)	281,134	242,782
	545,965	395,225

### (a) Associates

	Unaudited Six month ended 30 June 2021 RMB'000
At the beginning of the period	152,443
Additions (i)	93,539
Share of net profit of associates	23,052
Dividend distribution	(841)
Disposal	(3,362)
At the end of the period	264,831

- (i) In 2020, the Group acquired 40% equity interest of Guangzhou Meiguang Shengshi Technology Co., Ltd. ("Meiguang") from certain independent third parties. The Group considered it has sufficient power to control Meiguang with 55% equity voting power. In April 2021, the Group deconsolidated the financial results of Meiguang and accounted for the investment under equity method as a result of loss of 15% voting power.

### (b) Joint ventures

	Unaudited Six month ended 30 June 2021 RMB'000
At the beginning of the period	242,782
Additions	40,000
Share of net loss of joint ventures	(1,648)
At the end of the period	281,134



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 17. Trade receivables

Majority of the Group's debtors are granted with credit periods mainly ranged from 1 to 3 months. An aging analysis of trade receivables based on invoice date is as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Trade receivables		
— Up to 3 months	28,884	52,874
— 3 to 6 months	81	1,573
— 6 months to 1 year	970	1,116
— Over 1 year	166	99
Less: allowance for impairment of trade receivables	(634)	(1,888)
	29,467	53,774

As at 30 June 2021 and 31 December 2020, the carrying amount of trade receivables are primarily denominated in RMB and approximate to their fair values at each of the reporting dates.

### 18. Loans, other receivables, prepayments, deposits and other assets

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>Non-current:</b>		
Loans to related parties (Note 23(b))	17,293	42,314
Loans to third parties	3,284	—
Rental and other deposits	6,700	5,815
Amounts arising from disposal of a joint venture	5,716	5,716
Prepayment for investment property	53,133	—
Others	494	658
Less: Loss allowance	(380)	(25,127)
	86,240	29,376
<b>Current:</b>		
Loans to related parties (Note 23(b))	51,440	10,000
Loans to third parties	16,000	15,600
Prepayment to suppliers	164,765	108,160
Prepayments for promotion and advertising	83,149	56,888
Deductible input VAT	81,734	66,641
Prepaid income tax	17,847	19,460
Interest receivable	31,746	24,714
Other deposits	14,747	4,204
Others	958	5,544
Less: Loss allowance	(12,976)	(15,461)
	449,410	295,750



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 19. Accounts payables

Aging analysis of the accounts payables at the end of each reporting period are as follows:

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
— Up to 3 months	400,462	476,259
— 3 to 6 months	20,670	8,072
— 6 months to 1 year	17,712	5,864
— Over 1 year	129,291	148,599
	568,135	638,794

## 20. Movements in treasury shares

	Six months ended 30 June 2021 Shares'000	Six months ended 30 June 2020 Shares'000	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
<b>Movements in treasury shares during the half-year</b>				
Acquisition of shares by the Company				
Employee Share Trust	(2,538)	(81,407)	(3,627)	(78,739)
Employee share scheme issued	2,664	1,670	4,307	2,802
Net movement	126	(79,737)	680	(75,937)





## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 21. Share-based payments

#### (a) Share Option Scheme

On 28 May 2021, the Company offered 60,000,000 share options to certain eligible persons under the share option scheme of the Company adopted on 23 June 2018 (the "Share Option Scheme"). Of the 60,000,000 share options, 10,000,000 share options were granted to employees effective on 28 May 2021 and the remaining 50,000,000 share options were granted to the directors and substantial shareholders of the Company upon approval by shareholders of the Company in general meeting held on 29 June 2021.

Movements in the number of share options outstanding under this scheme and their weighted average exercise prices are as follows:

	Unaudited Six months ended 30 June 2021	
	Weighted average exercise price per share option	Number of options Shares'000
As at 1 January	—	—
Granted	HK\$3.90	60,000
As at 30 June	HK\$3.90	60,000
Exercisable at 30 June	—	—

No options exercised, forfeited, or expired during the six months ended 30 June 2021.

Share options outstanding at 30 June 2021 have the following expiry date and exercise prices:

Expiry date	Unaudited 30 June 2021	
	Exercise price	Number of options Share'000
11 July 2028	HK\$3.90	60,000
Weighted average remaining contractual life of options outstanding at end of period		7.04 years



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 21. Share-based payments (Continued)

### (a) Share Option Scheme (Continued)

#### (i) Fair value of options granted

The Group has used Binomial option pricing model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Unaudited Six months ended 30 June 2021	
Grant date	28 May 2021	29 June 2021
Fair value per ordinary share	HK\$2.26	HK\$2.18
Exercise price	HK\$3.90	HK\$3.90
Risk-free interest rate	0.91%	1.05%
Dividend yield	—	—
Expected volatility	62.53%	62.08%
Expected terms	10 years	10 years

The weighted-average fair value of granted share options was HK\$0.97 per option for the six months ended 30 June 2021.

The fair value of the granted share options is charged to the consolidated statement of comprehensive income over the vesting period of the share option. The total expense recognized in the condensed consolidated statement of comprehensive income was RMB525,000 for the six months ended 30 June 2021.

### (b) Restricted Share Units ("RSUs")

Pursuant to a resolution passed by the Board of Directors of the Company on 18 November 2018, the Company set up a restricted share unit scheme ("RSU Scheme") with the objective to incentivize employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

#### (i) Grant of the RSUs in 2020

On 22 January 2020, 1,564,200 RSUs under the RSU Scheme were granted to employees.

#### (ii) Grant of the RSUs in 2021

On 29 April 2021, 11,181,626 RSUs under the RSU Scheme were granted to employees.

#### (iii) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board of Directors of the Company on 18 November 2018, the Company entered into a trust deed (the "Trust Deed") with Computershare Hong Kong Trustees Limited (the "RSU Trustee") to assist with the administration of the RSU Scheme. For the six months ended 30 June 2021, the Group repurchased nil ordinary shares. The RSU Trustee held these shares for the benefit of eligible participants pursuant to the RSU Scheme and the Trust Deed.



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 21. Share-based payments (Continued)

#### (b) Restricted Share Units ("RSUs") (Continued)

##### (iv) Fair value of RSUs

1. The fair value of RSUs granted on 22 January 2020 was assessed to approximate to the market price of the grant date at the amount of HK\$1.37 each (equivalent to RMB3,041,000 in total).
2. The fair value of RSUs granted on 29 April 2021 was assessed to approximate to the market price of the grant date at the amount of HK\$2.60 each (equivalent to RMB24,238,000 in total).

Movements in the number of RSUs granted and related fair value are as follows:

Restricted Share Units	Unaudited Six months ended 30 June			
	2021		2020	
	Number of shares	Weighted average fair value (per share) RMB	Number of shares	Weighted average fair value (per share) RMB
Opening balance	25,723,562	1.26	11,032,121	1.94
Granted	11,181,626	2.17	2,504,200	1.21
Vested	(2,671,425)	1.48	(1,670,383)	1.84
Forfeited	(1,394,210)	1.80	(673,747)	1.83
<b>Closing balance</b>	<b>32,839,553</b>	<b>1.52</b>	<b>11,192,191</b>	<b>1.81</b>

The weighted average contractual life of the RSU outstanding at 30 June 2021 and 30 June 2020 are 559 days and 367 days.

The costs and expenses recognized in the consolidated income statements for RSUs for the six months ended 30 June 2021 and 2020 are as follows:

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Cost of sales	1,820	1,616
Administrative expenses	3,807	3,558
Selling and marketing expenses	281	758
Research and development expenses	4,686	3,484
<b>Total</b>	<b>10,595</b>	<b>9,416</b>



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 22. Lease

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Right-of-use assets		
— Buildings	177,493	150,832
Lease liabilities		
— Current	28,389	33,318
— Non-current	151,717	125,910
	180,106	159,228
	Unaudited Six months ended 30 June 2021 RMB'000	
Depreciation charge of right-of-use assets (Note 8)	17,994	
Interest expense	4,337	
Expense relating to short-term leases (Note 8)	713	
	23,044	



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 23. Related party transactions

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

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of the business and terms negotiated between the Group and the respective related parties.

Names of the major related parties	Nature of relationship
Mr. Feng Yousheng ("Mr. Feng")	Founder of the Group
Mr. Hou Guangling ("Mr. Hou")	Founder of the Group
Beijing Duomi Online Technology Co., Ltd. (北京多米在線科技股份有限公司) (previously known as Beijing Caiyun Zaixian Technology Development Co., Ltd. (北京彩雲在線技術開發有限公司) ("Duomi Online")	Significant influence over Beijing Meelive (Note)
Beijing Yingtianxia Network Technology Co., Ltd. (北京映天下 網絡科技有限公司) ("Beijing Yingtianxia")	An associate of the Group
Hunan Inke Property Limited (湖南映客置業有限公司) ("Hunan Inke Property")	An associate of the Group
Beijing Laoyou Duozi Internet Information Service Co., Ltd. (北京老柚多汁互聯網信息服務有限公司) ("Beijing Laoyou Duozi")	An associate of the Group
Hunan Jiyou Technology Co., Ltd. (湖南機友科技有限公司) ("Hunan Jiyou")	An associate of the Group
Changsha Zhuohua Senior High School (長沙卓華高級中學 有限公司) ("Changsha Zhuohua")	An associate of the Group
Shenzhen Qianhai Aisi Information Consulting Co., Ltd. (深圳前海愛思信息諮詢有限公司) ("Shenzhen Qianhai Aisi")	Significant influence over Shenzhen Qianhai Aisi
Beijing Mantong Information Technology Co., Ltd. (北京漫通信息科技有限公司) ("Beijing Mantong")	Significant influence over Beijing Mantong
Shangyi Interactive (Harbin) Network Technology Co., Ltd. (上億互動(哈爾濱)網絡科技有限公司) ("Shangyi Interactive (Harbin)")	An associate of the Group
Guangzhou Wanke Information Technology Co., Ltd. (廣州玩客信息技術有限公司) ("Guangzhou Wanke")	An associate of the Group
Changsha Zhihe Restaurant Management Co., Ltd. (長沙只禾餐飲管理有限公司) ("Changsha Zhihe")	An associate of the Group
Beijing Weilaixuqu Cultural Media Co., Ltd. (北京未來序曲文化傳播有限公司) ("Beijing Weilaixuqu")	An associate of the Group
Gaungzhou Meiguang Shengshi Technology Co., Ltd. (廣州美光盛世科技有限公司) ("Meiguang")	An associate of the Group

Note: Duomi Online has significant influence over Beijing Meelive as shareholder with 15.49% of shares and occupied a seat in board of directors.



# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 23. Related party transactions (continued)

The following transactions were carried out with related parties:

### (a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Loans to related parties		
— Hunan Inke Property	111,000	—
— Beijing Yingtianxia	23,000	18,000
— Changsha Zhuohua	14,440	5,100
— Beijing Weilaixuqu	6,293	—
— Changsha Zhihe	3,000	—
	157,733	23,100
Repayments from related parties		
— Hunan Inke Property	109,000	81,600
— Beijing Yingtianxia	—	3,000
— Beijing Mantong	—	1,500
	109,000	86,100
Interest income from related parties		
— Beijing Yingtianxia	1,660	566
— Shenzhen Qianhai Aisi	248	377
— Beijing Weilaixuqu	124	—
— Changsha Zhihe	33	—
	2,065	943
Loans from related parties		
— Meiguang	8,571	—
	8,571	—
Interests expense to related parties		
— Meiguang	106	—
	106	—



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 23. Related party transactions (continued)

#### (a) Significant transactions with related parties (continued)

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Sales of services to related parties		
— Beijing Yingtianxia	—	566
— Hunan Inke Property	—	708
— Beijing Laoyou Duozhi	149	149
— Hunan Jiyou	—	5
	149	1,428
Purchases of services from related parties		
— Guangzhou Wanke	1,321	—
	1,321	—

#### (b) Balances with related parties

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Other receivables from related parties		
— Beijing Yingtianxia (i)	41,000	18,000
— Shenzhen Qianhai Aisi (ii)	10,000	10,000
— Changsha Zhuohua (iii)	6,440	24,314
— Beijing Weilaixuqu (iv)	6,293	—
— Changsha Zhihe (v)	3,000	—
— Hunan Inke Property (vi)	2,000	—
— Duomi Online (vii)	1,373	1,373
	70,106	53,687

- (i) The balance represents several loans lent to Beijing Yingtianxia. The balance of RMB6,000,000 is unsecured and bears an interest rate at 8% per annum over one year, the balance of RMB35,000,000 is secured and bears interest rates ranged from 8% to 12% per annum within one year.
- (ii) The balance represents the loan lent to Shenzhen Qianhai Aisi with terms of 1 year and an interest rate at 8% per annum. The Loan is overdue and secured by two properties.





# Notes to the Condensed Consolidated Interim Financial Information (continued)

## 23. Related party transactions (continued)

### (b) Balances with related parties (continued)

- (iii) The balance represents the loan lent to Changsha Zhuohua, the balance of RMB6,440,000 is unsecured and bears no interest within one year.
- (iv) The balance represents the loan lent to Beijing Weilaixuqu, the balance of RMB6,293,000 is unsecured and bears an interest rate at 8% per annum with one year.
- (v) The balance represents the loan lent to Changsha Zhihe, the balance of RMB3,000,000 is unsecured and bears an interest rate at 8% per annum within one year.
- (vi) The balance represents the loan lent to Hunan Inke Property, the balance of RMB2,000,000 is unsecured and bears no interest within one year.
- (vii) The balance represents the deposit paid to Duomi Online.

	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Accounts receivables due from related parties		
— Hunan Inke Property	—	1,415
— Beijing Laoyou Duozhi	26	26
	26	1,441
Prepayment to related parties		
— Guangzhou Wanke	—	1,080
	—	1,080
Account payables due to related parties		
— Guangzhou Wanke	—	58
	—	58
Other payables due to related party		
— Hunan Inke Property	51,000	—
— Meiguang	8,677	—
— Shangyi Interactive (Harbin)	20	20
— Duomi Online	15	15
	59,712	35



## Notes to the Condensed Consolidated Interim Financial Information (continued)

### 23. Related party transactions (continued)

#### (b) Balances with related parties (continued)

Outstanding balances of trade receivables from related parties, accounts payables to related parties and other payables to related party excluding Meiguang are unsecured and interest-free. Other payables to Meiguang is unsecured and bears an interest rate at 3% per annum within one year.

#### (c) Key management personnel compensations

Key management includes directors (executive and non-executive). The compensations paid or payable to key management for employee services are shown below:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, other social security costs and housing benefits	4,225	2,830
Bonus	704	334
	4,929	3,164

### 24. Subsequent Events

Except as disclosed elsewhere in this report, there are no material subsequent events undertaken by the Group after 30 June 2021.



## Other Information

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

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

#### (a) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest
Mr. FENG Yousheng ("Mr. Feng")	Beneficial owner; Founder of a discretionary trust	388,798,000 <sup>(2)</sup>	19.37%
Mr. LIU Xiaosong ("Mr. Liu")	Interest in controlled corporation	250,000,000 <sup>(3)</sup>	12.46%
Mr. HOU Guangling ("Mr. Hou")	Beneficial owner; Interest in controlled corporation	187,155,000 <sup>(4)</sup>	9.33%

Notes:

- (1) All interests stated are long positions.
- (2) Mr. Feng is the founder of a discretionary trust which through its trustee TMF (Cayman) Ltd., holds the entire issued share capital of Fairy Story Holdings Limited. Fairy Story Holdings Limited holds 99.9% issued share capital of Fantastic Live Holdings Limited. Fantastic Live Holdings Limited in turn holds 358,798,000 shares of the Company (the "Shares"). Accordingly, Mr. Feng is deemed to be interested in the 358,798,000 Shares held by Fantastic Live Holdings Limited. Mr. Feng is also interested in 30,000,000 share options granted by the Company under the Share Option Scheme (as defined hereinafter).
- (3) Mr. Liu holds 54.85% of the total share capital of Shenzhen Kuai Tong Lian Technology Co., Ltd, which holds 22.08% of the total share capital of Beijing Duomi Online Technology Co., Ltd. ("Duomi Online"). In addition, Mr. Liu directly holds another 22.8% of the total share capital of Duomi Online. Moreover, Duomi Online, through Hunan Feiyang Network Information Services Co., Ltd., holds the entire share capital of Feiyang Hong Kong Limited, which in turn directly holds 250,000,000 Shares.
- (4) Mr. Hou holds the entire share capital of Horizon Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Mr. Hou, through Horizon Live Holdings Limited, holds 97.99% of the total issued share capital of Evergreen live LIMITED, which in turn directly holds 86,746,000 Shares. Mr. Hou is also interested in 20,000,000 share options granted by the Company under the Share Option Scheme (as defined hereinafter).

#### (b) Interests in other members of the Group

So far as the Directors were aware, as at 30 June 2021, the following persons (excluding the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Total share capital held by the shareholder	Approximate percentage of interest
Beijing Meelive Network Technology Co., Ltd.	Mr. Feng	RMB358,798	20.94%
Beijing Meelive Network Technology Co., Ltd.	Duomi Online	RMB250,000	14.59%



## Other Information

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2021, so far as was known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest
Fantastic Live Holdings Limited	Beneficial owner	358,798,000 <sup>(2)</sup>	17.88%
Fairy Story Holdings Limited	Interest in controlled corporation	358,798,000 <sup>(2)</sup>	17.88%
TMF (Cayman) Ltd.	Trustee	358,798,000 <sup>(2)</sup>	17.88%
Duomi Online	Interest in controlled corporation	250,000,000 <sup>(3)</sup>	12.46%
Hunan FeiYang Network Information Services Co., Ltd.	Interest in controlled corporation	250,000,000 <sup>(3)</sup>	12.46%
FeiYang Hong Kong Limited	Beneficial owner	250,000,000 <sup>(3)</sup>	12.46%
Wang Meilin	Interest of spouse	187,155,000 <sup>(4)</sup>	9.33%
Chen Yingyi	Interest of spouse	167,155,000 <sup>(5)</sup>	8.33%
Luckystar Live Holdings limited	Beneficial owner; Interest in controlled corporation	167,155,000 <sup>(6)</sup>	8.33%
Horizon Live Holdings Limited	Beneficial owner; Interest in controlled corporation	167,155,000 <sup>(7)</sup>	8.33%
Ms. Liao Jieming ("Ms. Liao")	Interest in controlled corporation	167,155,000 <sup>(6)</sup>	8.33%

### Notes:

- (1) All interests stated are long positions.
- (2) Mr. Feng is the founder of a discretionary trust which through its trustee TMF (Cayman) Ltd., holds the entire issued share capital of Fairy Story Holdings Limited. Fairy Story Holdings Limited Ltd holds 99.9% issued share capital of Fantastic Live Holdings Limited. Fantastic Live Holdings Limited in turn holds 358,798,000 Shares.
- (3) Mr. Liu holds 54.85% of the total share capital in Shenzhen Kuai Tong Lian Technology Co., Ltd, which holds 22.08% of the total share capital in Duomi Online. In addition, Mr. Liu directly holds another 22.8% of the total share capital in Duomi Online. Moreover, Duomi Online, through Hunan Feiyang Network Information Services Co., Ltd., holds the entire share capital of Feiyang HongKong Limited, which in turn directly holds 250,000,000 Shares.
- (4) Ms. Wang Meilin is the spouse of Mr. Hou.
- (5) Mr. Chen Yingyi is the spouse of Ms. Liao.
- (6) Ms. Liao holds the entire share capital of Luckystar Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Ms. Liao, through Luckystar Live Holdings Limited, holds 89.99% of the total share capital in Generous Live LIMITED, which in turn directly holds 86,746,000 Shares.
- (7) Mr. Hou holds the entire share capital of Horizon Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Mr. Hou through Horizon Live Holdings Limited, holds 97.99% of the total issued share capital in Evergreen live LIMITED, which in turn directly holds 86,746,000 Shares.



Save as disclosed above, as at 30 June 2021, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

## SHARE OPTION SCHEME AND RESTRICTED SHARE UNIT SCHEME

### Share Option Scheme

On 23 June 2018, a share option scheme (the “Share Option Scheme”) of the Company was approved and adopted by the shareholders. The purpose of the Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors or members of the Group or associated companies of the Company (the “Eligible Persons”) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company as the Board may determine to an Eligible Person.

Further details of the principal terms of the Share Option Scheme are set forth in the section headed “Statutory and General Information — D. Share Incentive Schemes — 1. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 28 June 2018 (the “Prospectus”).

On 29 June 2021, the Company has conditionally granted 30 million and 20 million share options (the “Share Options”) under the Share Option Scheme to Mr. Feng and Mr. Hou, respectively. On 28 May 2021 (the “Date of Grant”), the Company offered to grant an aggregate of 10 million Share Options under the Share Option Scheme to other eligible employees who are entitled to be conditionally granted with Share Options. For details of the grant of Share Options, please refer to the announcement of the Company dated 30 May 2021.

Exercise price of the Share Options : HK\$3.9 per Share, which is higher than the following:

- (i) the closing price of HK\$2.26 per Share as stated in the Stock Exchange’s daily quotations sheet on the Date of Grant;
- (ii) the average closing price of HK\$2.33 per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Date of Grant; and
- (iii) the nominal value of US\$0.001 per Share.

Closing price of the Shares : HK\$2.26 per Share  
on the Date of Grant



## Other Information

Validity period of the Share Options : From 28 May 2021 to 11 July 2028 (both dates inclusive), save and except for the Share Options to be granted to Mr. Feng and Mr. Hou.

In respect of the Share Options granted to Mr. Feng and Mr. Hou, from the date upon obtaining independent shareholders' approval at the extraordinary general meeting of the Company which was held on 29 June 2021.

Vesting schedule:	:	Vesting Date	Accumulated percentage of Share Options vested
		28 May 2022	25%
		28 May 2023	50%
		28 May 2024	75%
		28 May 2025	100%

As at 30 June 2021, a total of 60 million Share Options have been granted by the Company under the Share Option Scheme, all of which were not exercised, cancelled or lapsed. The remaining life of the Share Option Scheme is around 6 years and 10 months.

### Restricted Share Unit Scheme

On 23 June 2018, a restricted share unit scheme of the Company (the "RSU Scheme") was approved and adopted by the Board. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The RSU Scheme will be valid and effective for a period of 10 years, commencing from 12 July 2018 (the "Listing Date") (unless it is terminated earlier in accordance with its terms).

Persons eligible to receive restricted share units (the "RSUs") under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of the Company or any of its subsidiaries ("RSU Eligible Persons"). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

Further details of the RSU Scheme are set forth in the section headed "Statutory and General Information — D. Share Incentive Schemes — 2. RSU Scheme" in Appendix IV to the Prospectus.

During the six months ended 30 June 2021, the trustee of the RSU Scheme did not repurchase any Shares on the Stock Exchange.

### Details of the RSUs granted and outstanding under the RSU Scheme

The Board has authorized (i) the Company to direct and procure the appointed RSU trustee to purchase up to 115,882,916 ordinary Shares on market (accounting for approximately 5.77% of the issued ordinary Shares on market as at the date on which the Shares have been listed on the Stock Exchange) from time to time during the period from 12 November 2018 to 1 August 2022 and (ii) Mr. FENG Yousheng to determine the price at which the RSU trustee may purchase the Shares on market and to determine the maximum amount of cash to be provided to the RSU trustee for the purchase of the Shares on market.



In addition, the Board has authorized the Company to grant RSUs in respect of the Shares to 654 selected participants under the RSU Scheme (the “Grantees”), none of the Grantees is a Director, chief executive or substantial shareholder of the Company, nor an associate of any of them. The Grantees are not required to pay for the grant of any RSUs.

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

During the six months ended 30 June 2021, the Company has repurchased 2,538,000 Shares on the Stock Exchange at an aggregate consideration of HK\$4,364,460. The highest price paid per Share is HK\$2.11, and the lowest price paid per Share is HK\$1.03. Details of the Shares repurchased during the six months ended 30 June 2021 are as follows:

Date of repurchase	Number of Shares repurchased	Price of repurchase (HK\$)		Total payment (HK\$)
		Highest price	Lowest price	
5 January 2021	130,000	1.04	1.03	134,200
6 January 2021	125,000	1.05	1.05	131,250
7 January 2021	180,000	1.05	1.04	187,490
8 January 2021	357,000	1.05	1.03	370,780
7 May 2021	792,000	2.11	2.05	1,645,900
10 May 2021	402,000	2.07	2.04	786,100
13 May 2021	552,000	2.02	2.00	1,108,740

Except as disclosed above, during the six months ended 30 June 2021, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities.

## COMPETING INTERESTS

During the six months ended 30 June 2021, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2021, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the best practices set out therein, except for a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive should be separated and should not be performed by the same individual.



## Other Information

Mr. Feng is the chairman and chief executive officer of the Company. With extensive experience in the internet industry, Mr. Feng is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company's growth and business expansion since its establishment in 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Feng), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independent element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

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

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

## AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at the date of this interim report, the Audit Committee comprises two independent non-executive Directors, Mr. David CUI and Dr. LI Hui, and one non-executive Director, Mr. LIU Xiaosong. Mr. David CUI is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the unaudited condensed consolidated interim results and the interim report of the Company for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The interim results for the Reporting Period are unaudited, but have been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board.

## CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B (1) OF THE LISTING RULES

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 30 June 2021 and up to the date of this report.