

# inkeverse



**2023**  
INTERIM REPORT

**Inkeverse Group Limited**  
**映宇宙集团有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 3700.HK)

# Contents

CORPORATE INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)	12
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET	14
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	16
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	17
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION	19
OTHER INFORMATION	42



# 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. FUNG Po Ting  
Mr. XIAO Liming

## AUTHORIZED REPRESENTATIVES

Mr. FENG Yousheng  
Ms. FUNG Po Ting

## AUDITOR

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

## LEGAL ADVISOR

Paul Hastings  
22/F, Bank of China Tower  
1 Garden Road  
Hong Kong

## COMPANY'S WEBSITE

[www.inkeverse.com](http://www.inkeverse.com)

## STOCK CODE

03700

## HEADQUARTER 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 (the “**Board**”) of directors (the “**Director(s)**”) of Inkeverse Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (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		Period-to-Period Change*	For the year ended 31 December
	2023 (unaudited)	2022 (unaudited)	%	2022 (audited)
(RMB in thousands, except for percentages)				
Revenue	3,126,091	4,061,114	(23.0)	6,319,321
Cost of sales	(1,795,505)	(2,333,104)	(23.0)	(3,772,829)
Gross profit	1,330,586	1,728,010	(23.0)	2,546,492
Operating profit	201,967	27,245	641.3	(46,987)
Profit/(loss) for the period/year	192,584	(111,068)	273.4	(168,459)
Non-IFRS adjusted net profit**	205,734	402,187	(48.8)	387,679

\* 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/(loss) for the period/year eliminates the effects of non-cash share-based compensation expenses and impairment loss of goodwill.

## OPERATIONAL HIGHLIGHTS

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

	For the six months ended 30 June		Period-to-Period Change*	For the year ended 31 December
	2023	2022	%	2022
Average monthly active users (“ <b>MAUs</b> ”)** (in thousands)	28,094	29,799	(5.7)	26,712
Average monthly revenue per user (“ <b>ARPU</b> ”)** (in RMB)	18.5	22.7	(18.5)	19.7

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

\*\* Average MAUs and ARPU are based on the major products of the Group.

## BUSINESS OVERVIEW AND OUTLOOK

In the first half of 2023, in the face of the complex and changing economic environment and intensifying industry competition, the Group on one hand maintained deep cultivation in the pan-entertainment field and continuously improved the user experience, and on the other hand focused on product innovation and delivery of premium content in order to develop growth momentum in new markets and businesses.

As the consumption potential of users further unfolds, the Group will maintain a proactive and prudent approach. While polishing the business models of existing products, the Group will also capture the trend of technological advancements, continue to expand its business boundaries and further explore diverse development opportunities worldwide to create long-term value for its shareholders (the “Shareholders”) and collaborative partners.

## BUSINESS REVIEW

### 1. Continuous enhancement of live streaming and social networking ecosystems and explore diverse application scenarios

The Group further optimized the ecosystem of the “Inke APP” live streaming platform by optimizing the operational strategies, enhancing the efficiency of product iterations and enriching scenarios and gameplay to realise further improvement in the profit margin of live streaming business. In the interactive social networking sector, the Group continued to explore diverse application scenarios, expanded the social product matrix and deeply explored the needs of users in more vertical sub-segments, leading to a substantial enhancement in user stickiness. Furthermore, the Group kept exploring cutting-edge technologies, refined algorithmic models, upgraded underlying strategies and strengthened compliance review in order to cultivate a healthier and greener full-scene social networking platform for users.

### 2. Enhanced potential of dating match brand through synergistic online and offline initiatives

The Group continuously broadened the business layout of the dating match business by optimizing and refining the online products while accelerating the expansion of offline outlets by highlighting the high-quality features of online social networking sector. Concurrently, in order to strengthen user rights protection, improve the precision of dating match, the Group further consolidated the trust-based advantage. The Group’s “Super Like” (超級喜歡), catering to the post-90s single youths, offered users with a one-stop solution encompassing both online and offline dating match services. By hosting a multitude of large-scale dating match events, the Group not only enhanced its brand influence but also actively fulfilled its corporate social responsibility. As numbers of offline activities are progressively initiated, the Group will continue to expand the core operational cities of its offline outlets in order to further enhance the development potential of its brand and extend the reach to a broader spectrum of users.

### 3. Increased investment in playlet and other innovative business, and continued growth in revenue scale

The Group has maintained its focus on product innovation in the pan-entertainment field and continuously invested in the development of high-quality content services. Several projects in the Group’s innovation matrix have achieved preliminary commercial success since 2022. Take “Premium Playlet Project” as an example, with its in-depth understanding of the interactive entertainment industry and keen market insights, the Group started to deploy its business in the playlet market in the second half of 2022. Leveraging its mature and efficient middle and backstage systems, the Group streamlined industry chains and launched various products quickly. With the rapid growth in the volume of playlet market and the scale of user base so far this year, the Group’s products have ranked top in the industry by virtue of its first-mover advantage and substantial promotion and investment capacity, and the overall revenue scale has continued to grow.



### BUSINESS OUTLOOK

#### 1. Explore new overseas opportunities and accelerate business model validation

The social networking business is experiencing rapid growth worldwide, with audio and video social interactions emerging as a fundamental necessity for global internet users. With infrastructure like mobile payments continuing to develop, the overseas market presents increasingly extensive room for development. Leveraging the business experience accumulated over years in the audio and video social networking sector, the Group will focus on its core social business and expedite the validation of business models. Moreover, the Group is committed to propelling the localization of products in overseas markets, aiming to expand the user base, enhance product penetration, and strengthen the development in overseas markets.

#### 2. Capture the trend of technological advancements and promote the transformation of the pan-entertainment industry

Along with the upsurge of AI large models, numbers of innovative applications based on AIGC technology continue to emerge, bringing an entirely new business trend for the social and pan-entertainment sector. The Group will proactively pursue technological innovation through strategic collaborations with industry-leading enterprises, with focus on the development of interactive socializing, AI-powered music, AI-scripted content, AI-driven operations, live streaming of digital spokesmen and the metaverse, in order to diversify the spectrum of interactive entertainment scenarios. Furthermore, the Group will further establish vertical models based on industry data to support the AI-driven transformation of live streaming, social networking and other sectors, and push forward the upgrade and application of AIGC technology, striving to promote the transformation of the pan-entertainment industry empowered by technologies.

#### 3. Synergize upstream and downstream resources to unearth long-term value of the Group

The Group will maintain its market insights and closely monitor the development trend of the internet industry. Adhering to the principle of long-term vision, it seeks to integrate both upstream and downstream resources and continuously expand its business boundaries. By integrating corporate social responsibility with product services, the Group aims to drive sustainable innovation and unearth its long-term value.



## Financial Review

### Revenue

The Group's revenue for the Reporting Period amounted to approximately RMB3,126.1 million, representing a decrease of 23.0% from approximately RMB4,061.1 million recorded for the corresponding period in 2022, primarily because of the impact of the external environment and market competition on the Group since last year, the Group's revenue declined period-to-period. After the innovative projects actively invested in the development have been preliminarily commercially verified and a certain revenue scale has been achieved, the Group's revenue has rebounded, with revenue rising 38.4% quarter-on-quarter during the Reporting Period.

### Cost of sales

The Group's cost of sales decreased by 23.0% to approximately RMB1,795.5 million for the Reporting Period from approximately RMB2,333.1 million for the corresponding period in 2022, mainly attributable to the decrease in the revenue.

### Gross profit and gross profit margin

The Group's gross profit decreased by 23.0% to approximately RMB1,330.6 million for the Reporting Period from approximately RMB1,728.0 million for the corresponding period in 2022. The Group's gross profit margin for the Reporting Period was unchanged from 42.6% for the corresponding period in 2022.

### Selling and marketing expenses

The Group's selling and marketing expenses increased by 11.3% to approximately RMB962.0 million for the Reporting Period from approximately RMB864.5 million for the corresponding period in 2022, which was mainly due to the fact that the Group actively created innovative product matrix and intensified the marketing efforts, resulting in an increase in selling and marketing expenses.

### Administrative expenses

The Group's administrative expenses decreased by 83.8% to approximately RMB100.1 million for the Reporting Period from approximately RMB616.7 million for the corresponding period in 2022, which was mainly due to the fact that there was no impact of the provision for impairment of goodwill on the Group during the Reporting Period. If excluding the above impact, the Group's administrative expenses remain stable as compared to the corresponding period in 2022.

### Research and development expenses

The Group's research and development expenses decreased by 24.3% to approximately RMB142.5 million for the Reporting Period from approximately RMB188.2 million for the corresponding period in 2022, mainly due to the Group's continuous adjustment to its operational strategy for the optimization of its staff structure and a decrease in staff costs.

### Other gains/(losses) — net

The Group recorded net other gains of approximately RMB66.2 million for the Reporting Period, representing an increase of 274.7% as compared with the net other losses of approximately RMB37.9 million recorded in the corresponding period in 2022, which was primarily gains incurred by an increase in the gain of financial assets at fair value through profit or loss.

### Finance income — net

The Group recorded net finance income of approximately RMB11.2 million for the Reporting Period, representing an increase of 116.1% as compared to approximately RMB5.2 million for the corresponding period in 2022, mainly due to the increase in deposit interest income during the Reporting Period resulting from the Group's adjustment to its fund allocation strategy.



## Management Discussion and Analysis

### Share of profit/(loss) of investments accounted for using the equity method

The Group's share of profit of investments accounted for using the equity method was approximately RMB14.2 million for the Reporting Period, representing an increase of 126.3% from a share of loss of investments accounted for using the equity method of approximately RMB53.8 million for the corresponding period in 2022, primarily due to the profit from the investments in the associates and the joint ventures.

### Income tax (expense)

The Group recorded income tax expense of approximately RMB34.7 million for the Reporting Period, representing a decrease of 61.3% as compared to approximately RMB89.7 million for the corresponding period in 2022. The decrease in income tax expense was primarily due to the period-to-period decrease in net operating profit.

### Profit/(loss) for the period

The Group recorded profit of approximately RMB192.6 million for the Reporting Period, which reflected a turnaround from loss to profit when compared with the loss of approximately RMB111.1 million for the corresponding period in 2022.

### Non-IFRS Measure – Adjusted net profit

To supplement the Group's unaudited interim condensed consolidated financial information which is presented in accordance with the International Accounting Standard 34, "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	
	2023	2022
	RMB'000	RMB'000
Profit/(loss) for the period	192,584	(111,068)
Add: non-cash share-based compensation expenses <sup>(1)</sup>	13,150	27,278
Add: impairment loss of goodwill	—	485,977
Adjusted net profit <sup>(2)</sup>	205,734	402,187

#### Notes:

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

<sup>(2)</sup> To supplement our unaudited interim condensed consolidated financial information which are presented in accordance with the International Financial Reporting Standards ("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/(loss) for the period, and add back non-cash share-based compensation expenses and impairment loss of goodwill. 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/(loss) for the period.



## Liquidity and Capital Resources

For the Reporting Period, 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 its sustainable growth. As at 30 June 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 4.7, and the gearing ratio (total liabilities to total equity ratio) was 0.2, as compared with 4.6 and 0.2, respectively, as at 31 December 2022.

### Cash and cash equivalents and restricted cash

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB1,717.5 million (31 December 2022: approximately RMB1,634.7 million), which primarily consisted of cash at banks. Out of approximately RMB1,717.5 million, approximately RMB1,565.8 million is denominated in Renminbi and approximately RMB151.7 million is denominated in other currencies (primarily US Dollars). The Group independently adjusts its foreign currency holdings to ensure the smooth development of overseas business.

As of 30 June 2023, approximately RMB72.9 million of the restricted cash balance (31 December 2022: approximately RMB59.8 million) was mainly cash frozen by local authorities in connection with relevant investigations. Subsequent to balance sheet date, approximately RMB26.1 million was further released. The Company expects that the above funds would likely be released upon the completion of the investigation of relevant cases.

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

As of 30 June 2023, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,468.3 million (31 December 2022: approximately RMB1,477.8 million), mainly comprised (a) investments in wealth management products of approximately RMB1,305.5 million in aggregate (31 December 2022: approximately RMB1,322.5 million); and (b) investments in financial instruments with preferred rights of approximately RMB162.8 million (31 December 2022: approximately RMB155.4 million).

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Financial Assets</b>		
<b>Current</b>		
Investment in wealth management products <sup>(1)</sup>		
— Equity	166,020	103,515
— Fund	1,069,433	1,148,284
— Others	70,000	—
<b>Subtotal</b>	<b>1,305,453</b>	1,251,799
<b>Non-Current</b>		
Investment in equity interests with preferred rights of certain private companies	162,841	155,367
Investment in wealth management products <sup>(1)</sup>		
— Others	—	70,682
<b>Subtotal</b>	<b>162,841</b>	226,049
<b>Total</b>	<b>1,468,294</b>	1,477,848

Note:

<sup>(1)</sup> For the Reporting Period, no single wealth management product of the Group accounted for more than 5% of total assets of the Group.



## Management Discussion and Analysis

Subscriptions of wealth management products were made for treasury management purposes to maximise the return on the unutilised 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 financial products issued by commercial banks and other financial institutions. Prior to making an investment, the Company had also ensured that it would remain sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. The associated risk of these financial products were considered acceptable by the Group and are also in line with the internal risk management, cash management and investment policies of the Group. In accordance with the relevant accounting standards, these financial products were 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 manageable risk level and the flexible redemption terms or a relatively short term of maturity of the wealth management products, the Directors are of the view that the risk exposure of these financial products to the Group is controllable, 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. The Company believes that the above investment strategies and directions would continue to generate stable income to the Group.

### Capital expenditures

For the Reporting Period, the Group's capital expenditures amounted to approximately RMB20.3 million (six months ended 30 June 2022: approximately RMB7.6 million), which was mainly used for purchase of equipment and intangible assets. The Group funded its capital expenditure by using the cash flow generated from its operations.

### Contingent liabilities and guarantees

In connection with investigations initiated by local authorities on certain users' behaviours through online platforms operated by the Group, the Group's certain bank balances of approximately RMB72.9 million were restricted as of 30 June 2023. Subsequent to balance sheet date, approximately RMB26.1 million were further released.

The management of the Company taking into consideration of all available information and opinions received from its legal counsel, is of the view that the Group's business operations are in compliance with applicable rules and regulations in the People's Republic of China (the "PRC"). As of the date of this interim report, the Group has not received any subpoena to represent as a defendant in a lawsuit related to the aforesaid investigations. Therefore, the Group considered opinions received from its legal counsel and determined it is more likely that no present obligation exists as a result of such investigation. As of the date of this interim report, as the investigations are still ongoing with related details not being accessible by the Group, it is not practicable to assess or estimate the possible financial impact, therefore the Group has not made any provision in this matter.



## Pledge of assets

As of 30 June 2023, the Group did not have any pledge or charge on assets.

## Foreign exchange risk management

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

## Future Plan for Material Acquisition or Disposal and Major Investment

During the Reporting Period, 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 of 30 June 2023, the Group had a total of 1,552 full-time employees, mainly located in the PRC. In particular, 538 full-time employees for technology, research and development.

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 Reporting Period.

## Training Scheme

In order to expand the Company's talent team, strengthen the capability of talents at different levels and provide intellectual support to the sustainable development of the Company, the Group has developed an efficient and systematic talent training and development plan. The Group believes that a systematic training program will help the Company's employees acquire the necessary professional skills and effectively improve their professional ethics. Major training programs revolve around the targeted training of the recruited graduates, new employees, junior management, mid-level management and senior management.

## Dividends

The Board does not declare any payment of interim dividend for the Reporting Period.



# Interim Condensed Consolidated Statement of Comprehensive Income/(Loss)

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Revenue	7	3,126,091	4,061,114
Cost of sales	8	(1,795,505)	(2,333,104)
<b>Gross profit</b>		<b>1,330,586</b>	<b>1,728,010</b>
Selling and marketing expenses	8	(961,999)	(864,475)
Administrative expenses	8	(100,097)	(616,671)
Research and development expenses	8	(142,541)	(188,199)
Net impairment losses on financial assets	8	(4,571)	(25,170)
Other income	10	14,411	31,629
Other gains/(losses) — net	9	66,178	(37,879)
<b>Operating profit</b>		<b>201,967</b>	<b>27,245</b>
Finance income		12,131	9,817
Finance costs		(954)	(4,644)
Finance income — net		11,177	5,173
Share of profit/(loss) of investments accounted for using the equity method		14,151	(53,793)
<b>Profit/(loss) before income tax</b>		<b>227,295</b>	<b>(21,375)</b>
Income tax (expense)	11	(34,711)	(89,693)
<b>Profit/(loss) for the half-year</b>		<b>192,584</b>	<b>(111,068)</b>
<b>Profit/(loss) attributable to:</b>			
— The owners of the Company		190,349	(109,915)
— Non-controlling interests		2,235	(1,153)
		192,584	(111,068)



## Interim Condensed Consolidated Statement of Comprehensive Income/(Loss) (Continued)

	Notes	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss:			
Currency translation differences		589	(64)
Items that will not be reclassified to profit or loss:			
Currency translation differences		33,611	41,847
<b>Other comprehensive income for the half-year, net of tax</b>		<b>34,200</b>	<b>41,783</b>
<b>Total comprehensive income/(loss) for the half-year, net of tax</b>		<b>226,784</b>	<b>(69,285)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
– The owners of the Company		224,549	(68,132)
– Non-controlling interests		2,235	(1,153)
		<b>226,784</b>	<b>(69,285)</b>
<b>Earnings/(loss) per share attributable to the shareholders of the Company (expressed in RMB per share):</b>			
– Basic earnings/(loss) per share	12(a)	0.10	(0.06)
– Diluted earnings/(loss) per share	12(b)	0.10	(0.06)

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



# Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	24,118	26,379
Investment properties	16	227,535	210,609
Intangible assets	15	66,029	62,779
Investments accounted for using the equity method	17	492,817	475,614
Financial assets at fair value through profit or loss	18	162,841	226,049
Deferred tax assets		63,848	68,881
Right-of-use assets	24	36,603	48,836
Loans, other receivables, prepayments, deposits and other assets	20	10,658	28,700
<b>Total non-current assets</b>		<b>1,084,449</b>	<b>1,147,847</b>
<b>Current assets</b>			
Inventories		11,870	14,070
Trade receivables	19	58,066	64,059
Loans, other receivables, prepayments, deposits and other assets	20	545,616	487,728
Financial assets at fair value through profit or loss	18	1,305,453	1,251,799
Cash and cash equivalents	21	1,717,485	1,634,708
Term deposits		144,516	—
Restricted cash	21	92,248	60,403
<b>Total current assets</b>		<b>3,875,254</b>	<b>3,512,767</b>
<b>Total assets</b>		<b>4,959,703</b>	<b>4,660,614</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the Company</b>			
Share capital		12,803	12,803
Other reserves		4,040,171	3,996,074
Accumulated profit/(deficits)		35,124	(155,225)
		4,088,098	3,853,652
<b>Non-controlling interests</b>		<b>6,498</b>	<b>(1,210)</b>
<b>Total equity</b>		<b>4,094,596</b>	<b>3,852,442</b>



## Interim Condensed Consolidated Balance Sheet (Continued)

	Notes	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	24	10,060	21,121
Deferred tax liabilities		28,582	24,737
<b>Total non-current liabilities</b>		<b>38,642</b>	<b>45,858</b>
<b>Current liabilities</b>			
Accounts payables	22	463,182	444,680
Other payables and accruals		145,513	145,055
Current income tax liabilities		34,522	33,758
Contract liabilities		160,023	119,912
Lease liabilities	24	21,964	18,809
Provisions		1,261	100
<b>Total current liabilities</b>		<b>826,465</b>	<b>762,314</b>
<b>Total liabilities</b>		<b>865,107</b>	<b>808,172</b>
<b>Total equity and liabilities</b>		<b>4,959,703</b>	<b>4,660,614</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 owners of the Company			Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Other reserves RMB'000	Accumulated (deficits)/ profit RMB'000			
<b>Balance at 1 January 2022</b>	13,262	3,905,672	10,876	3,929,810	1,338	3,931,148
<b>Profit and other comprehensive income</b>						
Total (loss) and other comprehensive income	—	41,783	(109,915)	(68,132)	(1,153)	(69,285)
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	—	27,278	—	27,278	—	27,278
Shares repurchased	—	(15,778)	—	(15,778)	—	(15,778)
Shares cancelled	(459)	459	—	—	—	—
Acquisition of non-controlling interests in a subsidiary	—	—	—	—	(190)	(190)
<b>Total transactions with owners in their capacity as owners</b>	(459)	11,959	—	11,500	(190)	11,310
<b>Balance at 30 June 2022 (Unaudited)</b>	12,803	3,959,414	(99,039)	3,873,178	(5)	3,873,173
<b>Balance at 1 January 2023</b>	12,803	3,996,074	(155,225)	3,853,652	(1,210)	3,852,442
<b>Profit and other comprehensive income</b>						
Total profit and other comprehensive income	—	34,200	190,349	224,549	2,235	226,784
<b>Transactions with owners in their capacity as owners</b>						
Share-based compensation expenses	—	13,150	—	13,150	—	13,150
Shares repurchased	—	(530)	—	(530)	—	(530)
Capital injection from non-controlling interests	—	—	—	—	3,750	3,750
Acquisition of non-controlling interests in a subsidiary	—	(2,723)	—	(2,723)	1,723	(1,000)
<b>Total transactions with owners in their capacity as owners</b>	—	9,897	—	9,897	5,473	15,370
<b>Balance at 30 June 2023 (Unaudited)</b>	12,803	4,040,171	35,124	4,088,098	6,498	4,094,596

# Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		171,029	435,339
Interest received		10,409	13,597
Income tax paid		(19,133)	(68,225)
<b>Net cash inflow from operating activities</b>		<b>162,305</b>	<b>380,711</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(12,674)	(1,014)
Payments for property, plant and equipment	14	(5,600)	(5,843)
Payments for investment property		—	(724)
Payments for acquisition of subsidiaries, net of cash acquired		(6,071)	—
Payments for acquisition of non-controlling interests in a subsidiary		(1,000)	—
Payments for investments in associates and joint ventures		(21,402)	(14,336)
Payments for investments in non-current financial assets at fair value through profit or loss		(3,336)	(298,807)
Payments for investments in current financial assets at fair value through profit or loss		(1,062,885)	(1,144,289)
Payments for short-term deposits		(144,516)	—
Proceeds from disposal of investments in associates and joint ventures		42,990	—
Proceeds from disposal of investments in current financial assets at fair value through profit or loss		1,139,097	1,175,615
Proceeds from disposal of short-term deposits		—	50,000
Proceeds from disposal of non-current financial assets at fair value through profit or loss		—	50,761
Proceeds from disposal of property, plant and equipment and intangible assets		3,041	1,340
Loans to third parties		(3,663)	(1,807)
Loans to related parties		(36,226)	(32,039)
Repayment of loans from third parties		1,524	1,255
Repayment of loans from related parties		19,000	31,000
Net cash outflow due to disposal of subsidiaries		(1,608)	(2,069)
Dividends received		5	—
<b>Net cash outflow from investing activities</b>		<b>(93,324)</b>	<b>(190,957)</b>



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

	Note	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Acquisition of treasury shares	23	(530)	(15,778)
Capital contribution from non-controlling interests		3,750	—
Proceeds from borrowings		2,040	250
Repayments of borrowings		(32)	(3,680)
Payment of lease liabilities		(8,450)	(22,066)
<b>Net cash outflow from financing activities</b>		<b>(3,222)</b>	<b>(41,274)</b>
Net increase in cash and cash equivalents		65,759	148,480
Effects of exchange rate changes on cash and cash equivalents		17,018	21,399
Cash and cash equivalents at beginning of period		1,634,708	1,993,306
<b>Cash and cash equivalents at end of the period</b>		<b>1,717,485</b>	<b>2,163,185</b>

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



# Notes to the Interim Condensed Consolidated Financial Information

## 1. General information

In June 2022, Inke Limited changed its corporate name from Inke Limited to Inkeverse Group Limited (the “**Company**”).

The Company and its subsidiaries (together referred as to the “**Group**”) are principally engaged in value-added service and entertainment content service through operating the matrix of online platforms and providing an internet infrastructure to enable the users to interact through the platforms in the People’s Republic of China (the “**PRC**” or “**China**”).

The Company is a limited liability company incorporated in 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’s shares was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2. Basis of preparation of interim condensed consolidated financial information

This interim condensed consolidated financial information for the half-year reporting period ended 30 June 2023 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the Company’s annual report for the year ended 31 December 2022 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, except for the estimation of income tax and the adoption of new and amended standards as set out below.

### (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.

### (b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.



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

## 4. Estimates

The preparation of interim condensed consolidated 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 expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated 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 2022.

## 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, 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 statements, and should be read in conjunction with the annual report for the year ended 31 December 2022.

There have been no changes in the risk management policies since 31 December 2022.

### 5.2 Fair value estimate

#### (a) Financial assets

##### (i) 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 of 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 price 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.

Level 3: If one or more 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.



## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (a) Financial assets (continued)

##### (i) Fair value hierarchy (continued)

The following table presents the Group's level 3 assets and liabilities that are measured at fair value as at 31 December 2022 and 30 June 2023:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>				
<b>Non-current:</b>				
Unlisted preference shares	—	—	162,841	162,841
<b>Current:</b>				
Investment in wealth management products	166,020	1,139,433	—	1,305,453
<b>Total</b>	<b>166,020</b>	<b>1,139,433</b>	<b>162,841</b>	<b>1,468,294</b>
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 31 December 2022 (Audited)</b>				
<b>Non-current:</b>				
Unlisted preference shares	—	—	155,367	155,367
<b>Current:</b>				
Investment in wealth management products	103,515	1,218,966	—	1,322,481
<b>Total</b>	<b>103,515</b>	<b>1,218,966</b>	<b>155,367</b>	<b>1,477,848</b>

The investments in wealth management products were mainly issued by banks and financial institutions in the PRC. Changes in fair value (realised and unrealised) of these financial assets had been recorded in "other gains/(losses)-net" in the interim condensed consolidated statement of comprehensive income/(loss). As at 30 June 2023, the Group's financial assets that are measured at fair value and classified in level 1 represent investments in certain wealth management products invested in shares of listed company. The Group's financial assets that are measured at fair value and classified in level 2 represent investments in certain wealth management products 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 wealth management products is considered observable, they are included in level 2 as such wealth management products 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.



## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (a) Financial assets (continued)

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- for wealth management products — 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.

(iii) 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 (“**FVPL**”) for the six months ended 30 June 2023:

	Financial assets at FVPL	
	Current RMB' 000	Non-current RMB' 000
<b>Opening balance 1 January 2023</b>	—	155,367
Additions	—	3,335
Changes in fair value *	—	4,139
<b>Closing balance 30 June 2023 (Unaudited)</b>	—	162,841
* Includes unrealised gain recognised in profit or loss attributable to balances held at the end of the reporting period	—	4,139



## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (a) Financial assets (continued)

(iii) 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	(Unaudited) Fair value at 30 June 2023 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
<b>Financial assets at FVPL – Non-current</b>				
Investments in equity interests with preferred rights of certain private companies	162,841	Expected volatility	43.88%–46.12%	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 RMB577 thousand and RMB459 thousand, respectively.
		Discount for lack of marketability (“DLOM”)	15.26%–15.96%	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 RMB1,451 thousand and RMB1,451 thousand, respectively.
		Risk-free rate	2.19%	If risk-free rate for each of the investments were 1% higher or lower, the total fair value would decrease or increase by RMB3 thousand and RMB4 thousand, respectively.
<b>Total</b>	<b>162,481</b>			



## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (a) Financial assets (continued)

##### (iv) 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-year 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.

#### (b) Non-financial assets

##### (i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 5.2(a)(i).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2023 (Unaudited)</b>				
— Investment properties	—	—	227,535	227,535
<b>As at 31 December 2022 (Audited)</b>				
— Investment properties	—	—	210,609	210,609

##### (ii) Valuation techniques used to determine level 3 fair values

The Group's investment properties were measured at fair value using direct comparison method.

The best evidence of fair value is current prices in an active market of similar properties. Where such information is not available, the management considers information from a variety of sources including:

- current prices in an active market for properties of a different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

## 5. Financial risk management (continued)

### 5.2 Fair value estimate (continued)

#### (b) Non-financial assets (continued)

(iii) Fair value measurements using significant unobservable inputs (Level 3)

The changes in investment properties is detailed in Note 16.

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see Note 5.2(b)(ii) above for the valuation techniques adopted):

Description	(Unaudited)	Valuation technique	Unobservable inputs	Range of inputs
	Fair value at 30 June 2023 RMB'000			
<b>Investment properties</b>				
<b>Geographic HK</b>	170,958	direct comparison	price per square metre	797-963
<b>Geographic GZ</b>	46,203	direct comparison	price per square metre	86-110
<b>Geographic SY</b>	10,374	direct comparison	price per square metre	52-58

## 6. Segment information

The Group's business activities are mainly value-added service, for which financial statements are available, and are regularly reviewed and evaluated by the chief operating decision maker (the "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 2023 and 31 December 2022, substantially all of the non-current assets of the Group were located in the PRC.



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

### 7. Revenue

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Value-added service	2,314,679	3,912,337
Content service	472,199	—
Others	339,213	148,777
	<b>3,126,091</b>	<b>4,061,114</b>

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue recognised at a point in time	3,073,508	4,007,621
Revenue recognised over time	52,583	53,493
	<b>3,126,091</b>	<b>4,061,114</b>



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

## 8. Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue sharing to streamers	1,366,849	2,072,599
Promotion and advertising expenses	940,119	836,394
Employee benefit expenses	330,010	388,240
Cost of goods sold	102,504	2,035
Bandwidth and server custody costs	57,283	63,941
Payment handling costs	46,035	38,806
Technical support and professional service fees	38,083	25,614
Content and copyright costs	36,030	3,020
Travelling, entertainment and general office expenses	25,489	24,427
Amortization of intangible assets (Note 15)	21,037	7,416
Depreciation of right-of-use assets (Note 24)	11,952	17,881
Other expenses	7,973	2,274
Taxes and surcharges	6,106	6,813
Depreciation of property, plant and equipment (Note 14)	5,463	5,848
Expected credit loss allowance	4,571	25,170
Outsourced development costs	4,436	12,065
Expenses relating to short-term lease not included in lease liabilities (Note 24)	773	3,197
Impairment of intangible assets	—	5,902
Impairment of goodwill	—	485,977
	<b>3,004,713</b>	<b>4,027,619</b>



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

### 9. Other gains/(losses) – net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Fair value gains/(losses) of financial assets at FVPL (Note 18)		
– Investments in current financial assets at FVPL	43,524	(47,907)
– Investments in non-current financial assets at FVPL	4,805	4,971
Fair value gain of investment properties	–	3,895
Net foreign exchange losses	(426)	(494)
Loss for claims and legal proceedings	(1,161)	(43)
Donations	(250)	(1,013)
(Loss)/gain on disposal of investment in subsidiaries	(3,302)	1,046
Gain on disposal of investment in investments accounted for using the equity method	22,947	–
Others	41	1,666
	<b>66,178</b>	<b>(37,879)</b>

### 10. Other income

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Government grants		
– Subsidies based on certain amount of tax paid	8,374	22,299
– Subsidies granted by various local governments to encourage the Group to operate where these governments are located	6,037	9,330
	<b>14,411</b>	<b>31,629</b>

### 11. Income tax (expense)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current income tax (expense)	(29,064)	(101,765)
Deferred income tax (expense)/credit	(5,647)	12,072
<b>Income tax (expense)</b>	<b>(34,711)</b>	<b>(89,693)</b>



## 12. Earnings/(loss) per share

### (a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

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

	Unaudited Six months ended 30 June	
	2023	2022
Profit/(loss) attributable to owners of the Company ( <i>RMB'000</i> )	190,349	(109,915)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	1,841,205	1,857,624
Basic earnings/(loss) per share attributable to the shareholders of the Company ( <i>expressed in RMB per share</i> )	0.10	(0.06)

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) 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	
	2023	2022
Profit/(loss) attributable to owners of the Company ( <i>RMB'000</i> )	190,349	(109,915)
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	1,841,205	1,857,624
Add: Adjustment for restricted share units granted to employees ( <i>thousand shares</i> )	16,429	—
Weighted average number of ordinary shares for calculation of diluted earnings/(loss) per share ( <i>thousand shares</i> )	1,857,634	1,857,624
Diluted earnings/(loss) per share attributable to the shareholders of the Company ( <i>expressed in RMB per share</i> )	0.10	(0.06)



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

### 13.Dividends

No dividends have been paid or declared by the Company for each of the period ended 30 June 2023 and 2022.

### 14.Property, plant and equipment

	Computer equipment RMB'000	Office equipment and furniture fixtures RMB'000	Motor vehicles RMB'000	Apartments RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>At 31 December 2022 (Audited)</b>						
Cost	38,060	1,012	2,416	5,724	32,830	80,042
Accumulated depreciation	(24,477)	(410)	(604)	(23)	(28,149)	(53,663)
Net book amount	13,583	602	1,812	5,701	4,681	26,379
<b>Six months ended 30 June 2023 (Unaudited)</b>						
Opening net book amount	13,583	602	1,812	5,701	4,681	26,379
Additions	1,455	38	1,836	—	2,271	5,600
Disposals	(1,960)	(45)	—	—	(393)	(2,398)
Depreciation charge (Note 8)	(3,523)	(71)	(286)	(136)	(1,447)	(5,463)
Closing net book amount	9,555	524	3,362	5,565	5,112	24,118
<b>At 30 June 2023 (Unaudited)</b>						
Cost	37,555	1,005	4,252	5,724	34,708	83,244
Accumulated depreciation	(28,000)	(481)	(890)	(159)	(29,596)	(59,126)
Net book amount	9,555	524	3,362	5,565	5,112	24,118

# Notes to the Interim Condensed Consolidated 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 2022 (Audited)</b>							
Cost	1,270	17,051	60,090	25,500	74,311	4,898	183,120
Accumulated amortization and impairment	—	(14,439)	(59,148)	(19,900)	(24,313)	(2,541)	(120,341)
Net book amount	1,270	2,612	942	5,600	49,998	2,357	62,779
<b>Six months ended 30 June 2023 (Unaudited)</b>							
Opening net book amount	1,270	2,612	942	5,600	49,998	2,357	62,779
Deconsolidation of a subsidiary	(1,270)	—	—	—	—	—	(1,270)
Additions	—	12,883	12,674	—	—	—	25,557
Amortization charge (Note 8)	—	(2,417)	(12,861)	(1,600)	(3,830)	(329)	(21,037)
Closing net book amount	—	13,078	755	4,000	46,168	2,028	66,029
<b>At 30 June 2023 (Unaudited)</b>							
Cost	—	29,934	72,764	25,500	74,311	4,898	207,407
Accumulated amortization and impairment	—	(16,856)	(72,009)	(21,500)	(28,143)	(2,870)	(141,378)
Net book amount	—	13,078	755	4,000	46,168	2,028	66,029



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

### 16. Investment properties

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
At the beginning of the period	210,609	193,606
Addition	10,865	1,345
Capitalized subsequent expenditure	21	—
Exchange gains	6,040	11,679
Changes in fair value	—	3,979
At the end of the period	227,535	210,609

### 17. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Associates (a)	297,811	266,903
Joint ventures (b)	195,006	208,711
	492,817	475,614

#### (a) Associates

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
At the beginning of the period	266,903	272,626
Additions	21,402	30,889
Share of net profit/(loss) of associates	14,559	(10,821)
Dividend	—	(25,500)
Disposal	(5,053)	—
Impairment	—	(291)
At the end of the period	297,811	266,903

## 17. Investments accounted for using the equity method (continued)

### (b) Joint ventures

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
At the beginning of the period	208,711	228,091
Additions	—	17,833
Dividend	(5)	(3,413)
Disposal	(14,990)	—
Share of net profit/(loss) of joint ventures	1,290	(33,800)
At the end of the period	195,006	208,711

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

### (a) Financial assets measured at FVPL include the following:

#### (i) Non-current

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Unlisted preference shares	162,841	155,367
Investment in wealth management products — Others	—	70,682
	162,841	226,049

#### (ii) Current

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Investment in wealth management products		
— Listed equity	166,020	103,515
— Fund	1,069,433	1,148,284
— Others	70,000	—
	1,305,453	1,251,799



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

### 18. Financial assets at fair value through profit or loss (continued)

#### (b) Amounts recognised in profit or loss

	Unaudited 30 June 2023 RMB'000	Unaudited 30 June 2022 RMB'000
Fair value gains at FVPL recognised in other gains/(losses) — net (Note 9)		
— Unlisted equity	4,805	2,623
— Listed equity	37,044	(34,905)
— Fund	5,452	(12,635)
— Others	1,028	1,981
	<b>48,329</b>	<b>(42,936)</b>

### 19. Trade receivables

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Trade receivables		
— Up to 3 months	51,102	62,782
— 3 to 6 months	4,555	2,736
— 6 months to 1 year	6,644	658
— Over 1 year	547	290
	<b>62,848</b>	<b>66,466</b>
Less: allowance for impairment of trade receivables	<b>(4,782)</b>	<b>(2,407)</b>
	<b>58,066</b>	<b>64,059</b>

As at 30 June 2023 and 31 December 2022, the carrying amount of trade receivables are primarily denominated in RMB and approximate to their fair values at each of the reporting dates.



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

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

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
<b>Non-current:</b>		
Loans to related parties	325	7,325
Rental and other deposits	5,933	4,745
Amounts arising from disposal of a joint venture	5,716	5,716
Prepayment for investment property	—	10,372
Others	4,459	6,640
Less: Loss allowance	(5,775)	(6,098)
	<b>10,658</b>	<b>28,700</b>
<b>Current:</b>		
Loans to related parties	105,169	85,750
Loans to third parties	37,630	28,491
Prepayment to suppliers	166,400	165,012
Prepayments for promotion and advertising	82,543	48,443
Deductible input value-added tax	136,289	139,495
Prepaid income tax	19,639	28,805
Interest receivable	8,974	7,252
Other deposits	19,088	17,798
Others	27,746	22,096
Less: Loss allowance	(57,862)	(55,414)
	<b>545,616</b>	<b>487,728</b>

### 21. Cash and cash equivalents

#### (a) Cash and cash equivalents

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Cash and cash equivalents at banks and held at third party payment platforms	1,717,485	1,634,708

#### (b) Restricted cash

As of 30 June 2023, bank balance of RMB72,895,000 from total restricted cash of RMB92,248,000 was frozen by the local authorities in connection with their investigations. Please refer to Note 25 "Contingencies" for details.



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

### 22.Accounts payables

An ageing analysis of the accounts payables based on invoice date at the end of each reporting period is as follows:

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
– Up to 3 months	298,048	285,735
– 3 to 6 months	11,080	23,065
– 6 months to 1 year	23,330	7,523
– Over 1 year	130,724	128,357
	<b>463,182</b>	<b>444,680</b>

### 23.Movements in treasury shares

	Six months ended 30 June 2023 Shares '000	Six months ended 30 June 2022 Shares '000	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
<b>Movements in treasury shares during the half-year</b>				
Acquisition of shares by the Company				
Employee Share Trust	(839)	(13,105)	(530)	(15,778)
Employee share scheme issued	9,239	5,082	11,362	6,152
Net movement	<b>8,400</b>	<b>(8,023)</b>	<b>10,832</b>	<b>(9,626)</b>



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

## 24. Lease

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
Right-of-use assets		
– Buildings	<b>36,603</b>	48,836
Lease liabilities		
– Current	<b>21,964</b>	18,809
– Non-current	<b>10,060</b>	21,121
	<b>32,024</b>	39,930

  

	Unaudited 30 June 2023 RMB'000	Unaudited 30 June 2022 RMB'000
Depreciation charge of right-of-use assets (Note 8)	<b>11,952</b>	17,881
Interest expense	<b>757</b>	4,370
Expense relating to short-term leases (Note 8)	<b>773</b>	3,197
Total	<b>13,482</b>	25,448

## 25. Contingencies

In connection with investigations initiated by local authorities on certain user's behaviours through online platforms operated by the Group, the Group's certain bank balances of RMB72,895,000 were restricted as of 30 June 2023. Subsequent to balance sheet date, RMB26,135,000 was further released.

The management of the Company taking into consideration of all available information and opinions received from its legal counsel, is of the view that the Group's business operations are in compliance with applicable rules and regulations in China. As of the date of this interim report, the Group has not received any subpoena to represent as a defendant in a lawsuit related to the aforesaid investigations. Therefore, the Group considered opinions received from its legal counsel and determined it is more likely that no present obligation exists as a result of such investigation. Therefore, no provision was made as of 30 June 2023. However, as the investigations are still ongoing and related details not being accessible by the Group, hence the management of the Company is not able to predict the status or the results of the investigation at this stage and cannot make a reliable estimate of the amount of any possible obligation.



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

### 26. 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	Founder of the Group
Mr. Hou Guangling	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 Network Technology Co., Ltd. ("Beijing Meelive") (Note)
Beijing Yingtianxia Network Technology Co., Ltd. (北京映天下網絡科技有限公司)	An associate of the Group
Hunan Inke Property Limited (湖南映客置業有限公司)	An associate of the Group
Beijing Laoyou Duozhi Internet Information Service Co., Ltd. (北京老柚多汁互聯網信息服務有限公司)	An associate of the Group
Changsha Zhuohua Senior High School (長沙卓華高級中學有限公司)	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
Gaungzhou Meiguangshengshi Technology Co., Ltd. (廣州美光盛世科技有限公司)	An associate of the Group
MiDo International Holding Ltd.	An associate of the Group
Changsha Yuhua Cultural Technology Co., Ltd. (長沙市毓華文化科技有限公司)	An associate of the Group

Note: Duomi Online has significant influence over Beijing Meelive as a shareholder with 14.59% of shares and occupies a seat in the board of directors.



## 26. 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	
	2023 RMB'000	2022 RMB'000
(i) Sales of services		
Associates of the Group	7,215	3,312
Other related parties of the Group	6,143	—
<b>Total</b>	<b>13,358</b>	<b>3,312</b>
(ii) Purchases of services		
Associates of the Group	4,028	125
Other related parties of the Group	113	—
<b>Total</b>	<b>4,141</b>	<b>125</b>



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

### 26. Related party transactions (continued)

#### (b) Balances with related parties

	Unaudited 30 June 2023 RMB'000	Audited 31 December 2022 RMB'000
(i) Trade receivables from related parties		
Associates of the Group	2,915	3,823
<b>Total</b>	<b>2,915</b>	<b>3,823</b>
(ii) Other receivables from related parties		
Associates of the Group	70,527	50,923
Other related parties	11,017	10,969
<b>Total</b>	<b>81,544</b>	<b>61,892</b>
(iii) Trade payables due to related parties		
Associates of the Group	925	167
Other related parties	248	157
<b>Total</b>	<b>1,173</b>	<b>324</b>
(iv) Other payables due to related parties		
Associates of the Group	9,250	9,142
Other related parties	25	25
<b>Total</b>	<b>9,275</b>	<b>9,167</b>



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

## 26. Related party transactions (continued)

### (c) Loans to/from related parties

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loans to related parties		
At the beginning of the period	91,801	89,944
Loans advanced	39,326	32,540
Loan repayment received	(19,000)	(31,000)
Interest charged	653	2,517
Interest received	(38)	(1,676)
Loss allowance	(31,198)	(11,405)
At the end of the period	81,544	80,920

	Unaudited Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Loans from related parties		
At the beginning of the period	9,076	35,904
Loans advanced	140	250
Loan repayments made	(32)	(3,680)
Interest charged	—	127
At the end of the period	9,184	32,601

### (d) 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	
	2023	2022
	RMB'000	RMB'000
Salaries, other social security costs and housing benefits	3,592	4,012
Bonus	—	510
	3,592	4,522

## 27. Events after the reporting period

Except as disclosed elsewhere in this report, there are no material subsequent events undertaken by the Group after 30 June 2023 and up to the date of this interim report.



# Other Information

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

As at 30 June 2023, the interests and short positions of the Directors or the chief executives of the Company in the shares (the “Shares”), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under Divisions 7 and 8 of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or were required to be notified to the Company and 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 (the “Listing Rules”) were as follows:

### (a) Interests in the Company

Name of Director/ chief executive of the Company	Nature of interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding interest
Mr. FENG Yousheng (“Mr. FENG”)	Founder of a discretionary trust	358,798,000 <sup>(2)</sup>	18.51%
Mr. LIU Xiaosong (“Mr. LIU”)	Interest in controlled corporation	250,000,000 <sup>(3)</sup>	12.90%
Mr. HOU Guangling (“Mr. HOU”)	Interest in controlled corporation	80,409,000 <sup>(4)</sup>	4.15%

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. 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 (the “Share Options”) granted by the Company under the share option scheme of the Company (the “Share Option Scheme”). As of the date of this interim report, the Share Options have not yet been exercised.
- (3) Mr. LIU indirectly holds 65.69% of the capital stock of Shenzhen Kuaitonglian Technology Co., LTD. (“Kuaitonglian”), a subsidiary of A8 New Media Group, which in turn holds 22.51% of the total capital stock of Beijing Duomi Online Technology Co., Ltd. (“Duomi Online”). In addition, Mr. LIU directly holds 28.71% of Duomi Online’s total capital stock. Duomi Online directly holds the entire share capital of Feiyang Hong Kong Limited and Feiyang Hong Kong Limited 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. Mr. HOU is also interested in 20,000,000 Share Options granted by the Company under the Share Option Scheme. As of the date of this interim report, the Share Options have not yet been exercised.



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

So far as the Directors were aware, as at 30 June 2023, 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%

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executives of the Company had 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) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or were required to be 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 2023, 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 pursuant to section 336 of the SFO:

Name of Shareholder	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>	18.51%
Fairy Story Holdings Limited	Interest in controlled corporation	358,798,000 <sup>(2)</sup>	18.51%
TMF (Cayman) Ltd.	Trustee	358,798,000 <sup>(2)</sup>	18.51%
Duomi Online	Interest in controlled corporation	250,000,000 <sup>(3)</sup>	12.90%
Feiyang Hong Kong Limited	Beneficial owner	250,000,000 <sup>(3)</sup>	12.90%
Ms. WANG Meilin	Interest of spouse	80,409,000 <sup>(4)</sup>	4.15%
Mr. CHEN Yingyi	Interest of spouse	167,155,000 <sup>(5)</sup>	8.62%
Luckystar Live Holdings limited	Beneficial owner; Interest in controlled corporation	167,155,000 <sup>(6)</sup>	8.62%
Ms. LIAO Jieming (" <b>Ms. LIAO</b> ")	Interest in controlled corporation; Founder of a discretionary trust	167,155,000 <sup>(6)</sup>	8.62%



## Other Information

### 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 indirectly holds 65.69% of the capital stock of Kuaitonglian, a subsidiary of A8 New Media Group, which in turn holds 22.51% of the total capital stock of Duomi Online. In addition, Mr. LIU directly holds 28.71% of Duomi Online's total capital stock. Duomi Online directly holds the entire share capital of Feiyang Hong Kong Limited and Feiyang Hong Kong Limited 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, is the founder of a discretionary trust which through its trustee TMF Trust (HK) Limited holds the total share capital in Generous Live LIMITED, which in turn directly holds 86,746,000 Shares.

Save as disclosed above, as at 30 June 2023, 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 pursuant to 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 Reporting Period.

## SHARE OPTION SCHEME AND RESTRICTED SHARE UNIT SCHEME

### Share Option Scheme

On 23 June 2018, a Share Option Scheme 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 Person(s)**”) 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 the Share Options to subscribe for such number of Shares as the Board may determine to an Eligible Person.

No options shall be granted to any Eligible Person under the Share Option Scheme and any other schemes of the Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him/her under all options granted to him/her (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.



An amount of HK\$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

Subject to any adjustment made as described in the rules of Share Option Scheme, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and
- (iii) the nominal value of Shares.

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.

On 28 May 2021 (the "**Date of Grant**"), the Company granted a total of 60 million ordinary Shares at a nominal value of US\$0.001 per Share, representing approximately 3.1% of the Shares in issue as at the date of this interim report, under the Share Option Scheme to Eligible Persons who are entitled to be conditionally granted with Share Options. Among the 60 million Share Options, 30 million Share Options, 20 million Share Options and 10 million Share Options were granted to Mr. FENG, Mr. HOU and other employees, respectively. The grant of a total of 50 million Share Options to Mr. FENG and Mr. HOU was approved by the independent Shareholders at the extraordinary general meeting of the Company held on 29 June 2021. For details about this grant of Share Options, please refer to the Company's announcement dated 30 May 2021.



## Other Information

The following table discloses movements in the Share Options granted pursuant to the Share Option Scheme during the Reporting Period:

Grantees/Capacity	Date of grant	As at 1 January 2023	Number of Share Options			As at 30 June 2023	Price of the Shares before the date of grant (HK\$ per Share)	Exercise price (HK\$ per Share)	Vesting period	Exercise period
			Granted during the Reporting Period	Cancelled/lapsed during the Reporting Period	Exercised during the Reporting Period					
Mr. FENG	2021.06.29	30,000,000	–	–	–	30,000,000	2.19	3.9	2021.6.29–2025.5.28 <sup>(1)</sup>	2021.6.29–2028.7.11
Mr. HOU	2021.06.29	20,000,000	–	–	–	20,000,000	2.19	3.9	2021.6.29–2025.5.28 <sup>(1)</sup>	2021.6.29–2028.7.11
Other employees	2021.05.28	10,000,000	–	–	–	10,000,000	2.40	3.9	2021.5.28–2025.5.28 <sup>(1)</sup>	2021.5.28–2028.7.11

The remaining life of the Share Option Scheme is around 4 years and 10 months.

Note:

<sup>(1)</sup> The vesting schedule of such Share Options is as follows:

Vesting Date	Accumulated percentage of Share Options vested
2022.5.28	25%
2023.5.28	50%
2024.5.28	75%
2025.5.28	100%

The total number of Shares available for issue under the Share Option Scheme is 201,556,400 Shares, representing approximately 10.40% of the Company's issued share capital as at the date of this interim report.

### 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.

Persons eligible to receive restricted share units (the “**RSU(s)**”) 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 (the “**RSU Eligible Person(s)**”). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

The RSU grant letter will specify the manner of acceptance of the RSU, the number of RSUs granted and the number of underlying Shares represented by the RSUs, the vesting criteria and conditions, the vesting schedule, the exercise price of the RSUs (where applicable) and such other details as the Board considers necessary, and will require the RSU Eligible Person to undertake to hold the RSU on the terms on which it is granted and to be bound by the provisions of the RSU Scheme.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice (the “**Vesting Notice**”) to each of the relevant RSU participants. The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

RSUs held by a RSU participant that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the RSU participant serving an exercise notice in writing on the trustee of the RSU Scheme and copied to our Company. Any exercise of RSUs must be in respect of a board lot of 1,000 Shares each or an integral multiple thereof (except where the number of RSUs which remains unexercised is less than one board lot).

Participants of RSUs are not required to pay any consideration to apply for or accept authorization.

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 of the Company dated 28 June 2018.

The total number of Shares available for grant under the RSU Scheme is 100,778,200 Shares, representing approximately 5.2% of the Company’s issued share capital as at the date of this interim report. The remaining life of the RSU Scheme is around 4 years and 10 months.

During the Reporting Period, the trustee of the RSU Scheme has purchased a total of 839,000 Shares on the Stock Exchange.



## Other Information

The following table discloses movements in the RSUs granted pursuant to the RSU Scheme during the Reporting Period:

Type of grantees	Date of grant	Number of RSUs				As of 30 June 2023	Closing price of the Shares immediately before the Date of Grant (HK\$ per Share)	Vesting period	Consideration
		As at 1 January 2023	Granted during the Reporting Period	Lapsed during the Reporting Period <sup>(1)</sup>	Vested during the Reporting Period <sup>(2)</sup>				
Employees of the Group	2018.11.18	177,616	–	–	–	177,616	2.19	2019.02.01–2022.08.01 <sup>(3)</sup>	Nil
	2019.06.03	–	–	–	–	–	1.68	2019.06.11	Nil
	2020.01.22	245,000	–	22,500	72,500	150,000	1.34	2020.02.01–2023.10.01 <sup>(4)</sup>	Nil
	2020.09.17	5,984,000	–	215,000	942,500	4,826,500	1.17	2021.01.01–2024.07.01 <sup>(5)</sup>	Nil
	2021.04.29	4,900,188	–	145,000	1,795,094	2,960,094	2.80	2021.07.01–2025.06.01 <sup>(6)</sup>	Nil
	2021.07.10	59,999	–	3,333	56,666	–	1.94	2021.08.01–2023.06.01 <sup>(7)</sup>	Nil
	2022.01.01	18,373,565	–	355,000	4,518,125	13,500,440	1.68	2022.06.01–2026.06.01 <sup>(8)</sup>	Nil

Notes:

- (1) No RSUs were cancelled during the Reporting Period.
- (2) Weighted average closing price of Shares immediately before vesting date is HK\$0.88 per Share.
- (3) Those RSUs are vested in the following ways:
  - i. 50% vested on 1 February 2019, 25% vested on 1 August 2019 and 25% vested on 1 August 2020;
  - ii. 50% vested on 1 February 2019, and 25% vested in each 12 months from the first month after 1 February 2019, respectively;
  - iii. 25% vested on 1 February 2019, 25% vested on 1 August 2019, and 25% vested in each 12 months from the first month after 1 August 2019, respectively;
  - iv. 25% vested on 1 February 2019, and 25% vested in each 12 months from the first month after 1 February 2019, respectively; and
  - v. 25% vested on 1 August 2019, and 25% vested in each 12 months from the first month after 1 August 2019, respectively.
- (4) Those RSUs are vested in the following ways:
  - i. 37.5% vested on 1 February 2020, 12.5% vested on 1 August 2020 and 25% vested in each 12 months from the first month after 1 August 2020, respectively;
  - ii. 25% vested on 1 February 2020, and 25% vested in each 12 months from the first month after 1 February 2020, respectively;
  - iii. 25% vested on 1 May 2020, and 25% vested in each 12 months from the first month after 1 May 2020, respectively;
  - iv. 25% vested on 1 July 2020, and 25% vested in each 12 months from the first month after 1 July 2020, respectively;
  - v. 50% vested on 1 July 2021, and 25% vested in each 12 months from the first month after 1 July 2021, respectively; and
  - vi. 50% vested on 1 October 2021, and 25% vested in each 12 months from the first month after 1 October 2021, respectively.

- (5) Those RSUs are vested in the following ways:
- i. 100% vested on 1 January 2021;
  - ii. 25% vested on 1 January 2021, and 25% vested in each 12 months from the first month after 1 January 2021, respectively;
  - iii. 25% vested on 1 July 2021, and 25% vested in each 12 months from the first month after 1 July 2021, respectively;
  - iv. 50% vested on 1 April 2022, and 25% vested in each 12 months from the first month after 1 April 2022, respectively; and
  - v. 50% vested on 1 July 2022, and 25% vested in each 12 months from the first month after 1 July 2022, respectively.
- (6) Those RSUs are vested in the following ways:
- i. 38.1% vested on 1 July 2021, 20.6% vested on 1 June 2022, and 20.6% vested in each 12 months from the first month after 1 June 2022, respectively;
  - ii. 25% vested on 1 June 2022, and 25% vested in each 12 months from the first month after 1 June 2022, respectively;
  - iii. 50% vested on 1 June 2022, and 25% vested in each 12 months from the first month after 1 June 2022, respectively;
  - iv. 50% vested on 1 September 2022, and 25% vested in each 12 months from the first month after 1 September 2022, respectively; and
  - v. 50% vested on 1 December 2022, and 25% vested in each 12 months from the first month after 1 December 2022, respectively.
- (7) Those RSUs are vested in the following way:
- 33.3% (one-third) vested on 1 August 2021, 33.3% (one-third) vested on 1 June 2022 and 33.3% (one-third) vested on 1 June 2023.
- (8) Those RSUs are vested in the following ways:
- i. 25% vested on 1 June 2022, 25% vested on 1 March 2023, and 25% vested in each 12 months from the first month after 1 March 2023, respectively;
  - ii. 50% vested on 1 June 2022, and 50% vested on 1 June 2023;
  - iii. 50% vested on 1 September 2022, and 25% vested in each 12 months from the first month after 1 September 2022, respectively;
  - iv. 50% vested on 1 March 2023, and 25% vested in each 12 months from the first month after 1 March 2023, respectively;
  - v. 50% vested on 1 June 2023, and 25% vested in each 12 months from the first month after 1 June 2023, respectively;
  - vi. 50% vested on 1 September 2023, and 25% vested in each 12 months from the first month after 1 September 2023, respectively;
  - vii. 50% vested on 1 December 2023, and 25% vested in each 12 months from the first month after 1 December 2023, respectively;
  - viii. 25% vested on 1 June 2023, and 25% vested in each 12 months from the first month after 1 June 2023, respectively; and
  - ix. 50% vested on 1 March 2024, and 25% vested in each 12 months from the first month after 1 March 2024, respectively.

As of the date of this interim report, all the granted RSUs pursuant to the RSU Scheme were/will be satisfied by existing Shares.

### The 2022 RSU Scheme

A restricted share unit scheme (the “**2022 RSU Scheme**”) was adopted by the Board on 12 May 2022, the principle terms of which are set out in the announcement of the Company dated 12 May 2022. The 2022 RSU Scheme will be in parallel with other share incentive schemes which have been or may be adopted by the Company.

Pursuant to the 2022 RSU Scheme, the Company may direct and procure the trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the restricted share units (the “**2022 RSU(s)**”) granted to any selected persons (regardless of whether such selected persons are connected or non-connected persons) upon exercise. The Company shall procure that sufficient funds are provided to the trustee by whatever means as the Board may in its absolute discretion determine to enable the trustee to satisfy its obligations in connection with the administration of the 2022 RSU Scheme. On 13 May 2022, the Company appointed Tricor Trust (Hong Kong) Limited as the trustee to hold Shares for the 2022 RSU Scheme.



## Other Information

The purpose of the 2022 RSU Scheme is to incentivize eligible persons who are existing Directors (whether executive or non-executive, but excluding independent non-executive Directors), senior management or officers of the Company or any subsidiaries of the Company 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 Board may determine the vesting criteria, conditions and the time schedule when the 2022 RSUs will vest and such criteria, conditions and time schedule shall be stated in the grant letter. Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board shall send the vesting notice to each of the relevant participants.

The vesting notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

Participants of 2022 RSUs are not required to pay any consideration to apply for or accept authorization.

The total number of Shares available for grant under the 2022 RSU Scheme is 96,872,100 Shares, representing approximately 5.0% of the Company's issued share capital as at the date of this interim report. The remaining life of the 2022 RSU Scheme is around 8 years and 7 months.

During the Reporting Period, no 2022 RSUs were granted under the 2022 RSU Scheme.

The remuneration committee of the Company has reviewed and confirmed that the terms under the Share Option Scheme, the RSU Scheme and the 2022 RSU Scheme remain valid and applicable.

The number of Share Options and restricted share units available for grant under all the share schemes of the Company was 271,990,069 and 272,730,902 as at 1 January 2023 and 30 June 2023, respectively.

During the Reporting Period, the Company has not granted any Share Options, RSUs and 2022 RSUs for the potential issuance of new Shares.

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

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

## COMPETING INTERESTS

During the Reporting Period, none of the Directors, the controlling Shareholders 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 (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the best recommended practices set out therein, except for a deviation from code provision C.2.1 of the CG Code which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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 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 Reporting Period.

## 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. Mr. David CUI is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the 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 of the Company 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.



## Other Information

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

Mr. David CUI ceased to be the chief financial officer of Vipshop Holdings Limited (NYSE: VIPS), a company listed on the New York Stock Exchange, since May 2023.

Save as disclosed above, 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 during the Reporting Period and up to the date of this interim report.

### EVENTS AFTER THE REPORTING PERIOD

As of the date of this interim report, there have been no other significant events affecting the Group since 30 June 2023.

By order of the Board

**FENG Yousheng**

*Chairman and Executive Director*

Hong Kong, 25 August 2023

