

inkeverse



Inkeverse Group Limited
映宇宙集团有限公司

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

2024
INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. LIU Xiaosong

Independent Non-Executive Directors

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

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

Mr. XIAO Liming
Ms. AU Wing Sze (*appointed on 30 August 2024*)
Ms. FUNG Po Ting (*resigned on 30 August 2024*)

AUTHORIZED REPRESENTATIVES

Mr. FENG Yousheng
Ms. AU Wing Sze (*appointed on 30 August 2024*)
Ms. FUNG Po Ting (*resigned on 30 August 2024*)

AUDITOR

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

LEGAL ADVISOR

DeHeng Law Offices (Hong Kong) LLP
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STOCK CODE

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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 2024 (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
	2024 (unaudited)	2023 (unaudited)	%	2023 (audited)
	(RMB in thousands, except for percentages)			
Revenue	3,533,173	3,126,091	13.0	6,844,788
Cost of sales	(1,873,214)	(1,795,505)	4.3	(4,011,689)
Gross profit	1,659,959	1,330,586	24.8	2,833,099
Operating profit	136,687	201,967	(32.3)	424,160
Profit for the period/year	135,115	192,584	(29.8)	400,558
Non-IFRSs adjusted net profit**	146,485	205,734	(28.8)	425,974

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

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

OPERATIONAL HIGHLIGHTS

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

	For the six months ended 30 June		Period-to-Period Change*	For the year ended 31 December
	2024	2023	%	2023
Average monthly active users (“ MAUs ”)** (in thousands)	24,045	28,094	(14.4)	22,808
Average monthly revenue per user (“ ARPU ”)** (in RMB)	24.5	18.5	32.1	25.0

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

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



BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, in the face of the complex and changing external environment and continued intensifying market competition, the Group adhered to the sustainable development strategy by taking the continued and steady development of the interactive entertainment business as the core. Relying on the product matrix approach, the Group kept consolidating its scale advantages in areas such as live streaming and social networking, steadily promoted the diversified exploration of innovative businesses such as playlets, and continuously accumulated overseas expansion experience, striving to maintain steady development in the highly competitive market and create long-term value for our users and shareholders (the “**Shareholder(s)**”). In the first half of 2024, the total revenue of the Group was approximately RMB3,533.2 million, increasing by 13.0% period-to-period.

In the future, the Group will continue to focus on its sustainable development strategy, consolidate the capabilities of its core product matrix, and rely on its stable cash flow reserves and healthy and active user ecosystem to continuously enhance the value of its core businesses and expand its scale advantages. In addition, the Group will seize overseas development opportunities, accelerate the realization of scaled revenue from overseas products, continue to explore cutting-edge technologies, explore new application scenarios, and open up more dimensional growth space.

BUSINESS REVIEW

Live streaming and social networking: facilitating virtuous cycles with its healthy and active ecosystem

We gained certain scale advantages and accumulated extensive operating experience in the live streaming and social networking business, the cornerstone business of the Group, after 9 years of deep cultivation. Although the current market environment was volatile, the Group created a healthy and active user atmosphere and maintained its brand advantage of “Inke APP” with its mature and systematic operating model and continuously optimized ecological structure. In the face of the ever-changing and increasingly segmented social needs of users, our product matrix was able to accurately and efficiently enter into new scenarios, cover more users in vertical fields, and continue to show strategic advantages. The long-term and stable operation of its core businesses established a virtuous business cycle for the Group.

Playlets: consolidating the leading position with its layout of the entire industrial chain

The steady advancement of the playlet business was an important reflection of the Group’s innovative capabilities. Since 2024, the competition in the field of playlets has become more and more intense. The vigorous development of the market attracted a great number of manufacturers and platforms to join. The market entry threshold rose accordingly, and the industry’s profit margins were further compressed. With its early entry, precise investment level, and efficient and integrated upstream and downstream collaboration capabilities, the Group quickly built a complete chain for playlets and maintained a stable revenue scale. Furthermore, the Group also cautiously explored the next stage of the development of playlets, attempted to deeply integrate playlets with culture and tourism, and created high-quality and refined playlets. Simultaneously, it grabbed new opportunities of overseas playlets, focused on the validation of commercialization paths, and promoted the diversified development of the playlet business.

Management Discussion and Analysis

Overseas: opening up more market spaces with its accumulated expansion experience

Persisting in going overseas was one of the key exploration directions of the Group. In overseas expansion, we focused on countries and regions with a large population, a relatively sound infrastructure such as mobile payment, and a general willingness to spend on interactive entertainment. Leveraging accumulated mature domestic experience, we quickly entered the market with a vertically segmented matrix approach. While adding localized elements to product gameplay and design, it gradually opened up new businesses in different markets. Previously, some of our products launched in Southeast Asia have completed commercial verification, providing relatively mature experience and models for expanding to other regions. Since this year, we have tried to explore markets such as the Middle East, launched some products and built up a certain number of users. By constantly adjusting product models and deepening our understanding of users, we significantly shortened the adaptation period to new markets, accumulated valuable localized operating experience, and provided strong support for subsequent overseas expansion.

BUSINESS OUTLOOK

Enriching social product matrix and strengthening core competitiveness

The current market is filled with opportunities and challenges. The Group will continue to understand users' needs, continuously enrich the social product matrix, and consolidate the Group's competitive advantages through synergistic matrix. At the same time, it will continue to leverage its innovation capabilities and actively explore new growth opportunities. In the field of interactive entertainment, we have gained extensive resources and experience and have a mature research and development team and an efficient middle office system, so we can quickly create new products and complete the verification of our business models in a short period of time. The Group is also actively paying attention to industry trends, creating novel interactive gameplay, optimizing content quality, and continuously improving users' experience and their loyalty to the platform. We believe that with its keen insights into industry trends and accurate grasp of users' needs, as well as its mature entrepreneurial mechanism and strong middle office support, the Group will continue to give instant response to market demands and maintain its core competitiveness in the dynamic market environment.

Optimizing overseas operating strategies and opening up scale growth paths

In the expansion of overseas markets, the Group will further deepen localized operations based on the existing social products, explore regional growth potential, and increase accumulated experience efficiency. Moreover, it will continue to enrich product forms, launch more products and gameplay such as social networking + live streaming, and attract more users with broad interactive forms. Besides, we will increase our expansion efforts in Southeast Asia, the Middle East and other regions, continue exploring emerging markets, and unlock more opportunities. With the continuous deepening of overseas expansion, the Group will focus on the optimization of overseas business models and the improvement of user conversion rates. While expanding in regions, it will continue to polish the business models and open up scale growth paths.

Exploring cutting-edge technologies and leading the future of the industry

A new round of technological transformation and digital upgrades are accelerating. The Group always adheres to technological innovation and actively participates in the layout of emerging fields. In the Web2.0 era, the Group created a product matrix based on different scenarios and users' needs, hence accumulating extensive experience. With the advent of the Web3.0 era, the Group continued to absorb emerging technologies, actively created a brand new product model, and set up a new era of interactive entertainment experience. Stepping into the Web3.0 era, the Group intends to strategically hold cryptocurrencies for a long time in order to provide underlying support for entering this emerging field. On top of that, the Group will continue to focus on the development of AI technology, promote the implementation of AI applications through self-research + cooperation, create a unique entertainment and social ecosystem, and lead the future development of the industry.



Financial Review

Revenue

The Group's revenue for the Reporting Period amounted to approximately RMB3,533.2 million, representing an increase of 13.0% from approximately RMB3,126.1 million recorded for the corresponding period in 2023. The growth in revenue is mainly benefited from the fact that the Group has been committed to the development strategy of product matrix, consolidating the scale advantage of core businesses, and steadily promoting the diversified exploration of innovative businesses such as playlets.

Cost of sales

The Group's cost of sales increased by 4.3% to approximately RMB1,873.2 million for the Reporting Period from approximately RMB1,795.5 million for the corresponding period in 2023, mainly attributable to the increase in the revenue.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by 24.8% to approximately RMB1,660.0 million for the Reporting Period from approximately RMB1,330.6 million for the corresponding period in 2023. The Group's gross profit margin increased to approximately 47.0% for the Reporting Period from approximately 42.6% for the corresponding period in 2023.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 34.1% to approximately RMB1,289.7 million for the Reporting Period from approximately RMB962.0 million for the corresponding period in 2023. The Group's selling and marketing expenses as a percentage of the Group's revenue increased from 30.8% for the corresponding period in 2023 to 36.5% for the Reporting Period, primarily because the Group increased the marketing and advertising efforts, resulting in an increase in the selling and marketing expenses.

Administrative expenses

The Group's administrative expenses increased by 31.4% to approximately RMB131.5 million for the Reporting Period from approximately RMB100.1 million for the corresponding period in 2023, which was mainly due to the Group's adjustment of its staff structure, which led to an increase in employee welfare expenses in the short term.

Research and development expenses

The Group's research and development expenses decreased by 30.4% to approximately RMB99.1 million for the Reporting Period from approximately RMB142.5 million for the corresponding period in 2023. Such decrease was primarily 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 (losses)/gains — net

The Group's other (losses)/gains — net decreased from a net gain of approximately RMB66.2 million for the corresponding period in 2023 to a net loss of approximately RMB18.5 million for the Reporting Period, primarily due to the change in the fair value on certain financial assets held at fair value through profit or loss, which is affected by market fluctuations.

Finance income — net

The Group recorded net finance income of approximately RMB20.5 million for the Reporting Period, representing an increase of 83.6% as compared to approximately RMB11.2 million for the corresponding period in 2023, mainly due to the adjustment of the Group's capital allocation strategy, resulting in an increase in the bank interest income during the Reporting Period.

Management Discussion and Analysis

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

The Group's share of loss of investments accounted for using the equity method was approximately RMB1.3 million for the Reporting Period, and the share of profit of investments accounted for using the equity method was approximately RMB14.2 million for the corresponding period in 2023. The loss was mainly came from the decrease in the investment income recognized during the Reporting Period by the associates and joint ventures invested by the Group.

Income tax expense

During the Reporting Period, the Group's income tax expense was approximately RMB20.8 million, representing a decrease of 40.0% as compared to approximately RMB34.7 million for the corresponding period in 2023. The decrease in income tax expense was primarily due to the period-to-period decrease in the net operating profit.

Profit for the period

As a result of the foregoing, the Group recorded a profit of approximately RMB135.1 million for the Reporting Period, representing a decrease of 29.8% from a profit for the period of approximately RMB192.6 million for the corresponding period in 2023.

Non-IFRSs measure – Adjusted net profit

To supplement the Group's unaudited interim condensed consolidated financial information which is presented in accordance with the International Financial Reporting Standards (the "IFRSs"), 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	
	2024	2023
	RMB'000	RMB'000
Profit for the period	135,115	192,584
Add: non-cash share-based compensation expenses ⁽¹⁾	11,370	13,150
Adjusted net profit ⁽²⁾	146,485	205,734

Notes:

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

⁽²⁾ To supplement our unaudited interim condensed consolidated financial information which is presented in accordance with the IFRSs, 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-IFRSs 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 by using profit for the period and adding back non-cash share-based compensation expenses. The term of adjusted net profit is not defined under the IFRSs. The use of adjusted net profit has material limitations as an analytical tool as it does not include all items that impact our net profit for the period.



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 2024, the current ratio (the current assets to current liabilities ratio) of the Group was 4.6, and the gearing ratio (the total liabilities to total equity ratio) was 0.2, as compared to 4.9 and 0.2, respectively, as at 31 December 2023.

Cash and cash equivalents and restricted cash

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB2,009.2 million (31 December 2023: approximately RMB2,362.3 million), which primarily consisted of cash at banks. Out of approximately RMB2,009.2 million, approximately RMB1,603.5 million is denominated in Renminbi and approximately RMB405.7 million is denominated in other currencies (primarily United States dollars ("USD")). The Group independently adjusts its foreign currency holdings to ensure the smooth development of overseas business.

As of 30 June 2024, the restricted cash balance of the Group was approximately RMB159.4 million (31 December 2023: approximately RMB58.4 million), primarily consisting of security deposits of RMB101.9 million, with the remainder comprising frozen cash and other restricted items. Within the total restricted cash balance, approximately RMB34.5 million (31 December 2023: approximately RMB34.5 million) were cash frozen by the local regulatory authorities in connection with the relevant investigation in 2022 related to the case as disclosed in the section headed "Contingent liabilities and guarantees" in this interim report. 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 2024, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,354.4 million (31 December 2023: approximately RMB924.1 million), mainly comprised (a) investments in wealth management products of approximately RMB1,158.2 million in aggregate (31 December 2023: approximately RMB725.5 million); and (b) investments in financial instruments with preferred rights of approximately RMB196.2 million (31 December 2023: approximately RMB198.6 million).

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Financial Assets		
Current		
Investments in wealth management products ⁽¹⁾		
– Listed equity	183,513	130,663
– Funds	728,670	543,227
– Others	246,000	51,612
Subtotal	1,158,183	725,502
Non-current		
Unlisted preference shares	196,217	198,643
Subtotal	196,217	198,643
Total	1,354,400	924,145

Note:

⁽¹⁾ For the Reporting Period, no single wealth management product of the Group accounted for more than 5.0% of the 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 were 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 RMB69.6 million (six months ended 30 June 2023: approximately RMB20.3 million), which were mainly used for the acquisition of equipment, leasehold improvements 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 the investigations initiated by the local regulatory authorities in 2022 on certain users' behaviours through online platforms operated by the Group, the Group's certain bank balances of approximately RMB34.5 million were restricted as of 30 June 2024.

The management of the Company, taking into consideration 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 that it is more likely that no present obligation exists as a result of such investigations. As at 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 2024, the Group did not have any pledge of 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 USD, 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.

Significant Investments Held

As of 30 June 2024, there was no significant investment held by the Group, and none of each individual investment held by the Group contributed 5.0% or more of the Group's total assets.

For details of the financial assets at fair value through profit or loss, please refer to Note 18 to the unaudited interim condensed consolidated financial information.

Employees and Remuneration Policy

As of 30 June 2024, the Group had a total of 1,440 full-time employees, mainly located in the PRC. In particular, 479 full-time employees are responsible 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 it maintains a good working relationship with the employees and has not experienced any material labour disputes during the Reporting Period.

In order to expand the Company's talent team, strengthen the capability of talents in different levels and provide intellectual support to the sustainable development of the Company, the Company has developed an efficient and systematic talent training and development plan. The Group believes that a systematic training program will help our 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.

Interim Dividend

The Board resolved not to declare any payment of interim dividend for the Reporting Period (six months ended 30 June 2023: Nil).

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Revenue	7	3,533,173	3,126,091
Cost of sales	8	(1,873,214)	(1,795,505)
Gross profit		1,659,959	1,330,586
Selling and marketing expenses	8	(1,289,739)	(961,999)
Administrative expenses	8	(131,544)	(100,097)
Research and development expenses	8	(99,140)	(142,541)
Net impairment reversal/(losses) on financial assets	8	1,574	(4,571)
Other income	10	14,104	14,411
Other (losses)/gains — net	9	(18,527)	66,178
Operating profit		136,687	201,967
Finance income		24,221	12,131
Finance costs		(3,705)	(954)
Finance income — net		20,516	11,177
Share of (loss)/profit of investments accounted for using the equity method		(1,274)	14,151
Profit before income tax		155,929	227,295
Income tax expense	11	(20,814)	(34,711)
Profit for the half-year		135,115	192,584
Profit attributable to:			
— The owners of the Company		120,599	190,349
— Non-controlling interests		14,516	2,235
		135,115	192,584



Interim Condensed Consolidated Statement of Comprehensive Income (Continued)



	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		(795)	589
Items that will not be reclassified to profit or loss			
Currency translation differences		6,624	33,611
Other comprehensive income for the half-year, net of tax		5,829	34,200
Total comprehensive income for the half-year, net of tax		140,944	226,784
Total comprehensive income attributable to:			
— The owners of the Company		126,428	224,549
— Non-controlling interests		14,516	2,235
		140,944	226,784
Earnings per share attributable to the shareholders of the Company (expressed in RMB per share):			
— Basic earnings per share	12(a)	0.06	0.10
— Diluted earnings per share	12(b)	0.06	0.10

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

Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	96,768	73,869
Right-of-use assets	24	21,350	30,585
Investment properties	16	163,747	203,059
Intangible assets	15	57,208	56,585
Deferred tax assets		65,951	65,798
Investments accounted for using the equity method	17	514,233	502,937
Financial assets at fair value through profit or loss	18	196,217	198,643
Other receivables, deposits and other assets	20	5,999	10,266
Term deposits		25,000	25,000
Total non-current assets		1,146,473	1,166,742
Current assets			
Inventories		10,546	10,243
Other receivables, prepayments, deposits and other assets	20	521,769	567,280
Trade receivables	19	135,362	56,945
Financial assets at fair value through profit or loss	18	1,158,183	725,502
Term deposits		163,916	198,316
Restricted cash	21	159,376	58,391
Cash and cash equivalents	21	2,009,154	2,362,290
Total current assets		4,158,306	3,978,967
Total assets		5,304,779	5,145,709
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		12,803	12,803
Other reserves		3,962,391	4,022,026
Accumulated profit		351,903	231,304
		4,327,097	4,266,133
Non-controlling interests		30,532	15,710
Total equity		4,357,629	4,281,843



Interim Condensed Consolidated Balance Sheet (Continued)



	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	24	4,815	8,700
Deferred tax liabilities		33,938	36,006
Total non-current liabilities		38,753	44,706
Current liabilities			
Trade and notes payables	22	603,310	508,366
Other payables and accruals		157,330	162,475
Contract liabilities		114,546	93,041
Current income tax liabilities		19,307	35,368
Lease liabilities	24	11,496	17,502
Provisions		2,408	2,408
Total current liabilities		908,397	819,160
Total liabilities		947,150	863,866
Total equity and liabilities		5,304,779	5,145,709

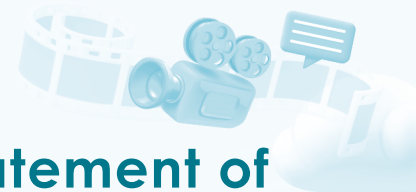
The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

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 profit/ (deficits) RMB'000			
Balance at 1 January 2023	12,803	3,996,074	(155,225)	3,853,652	(1,210)	3,852,442
Profit and other comprehensive income						
Total profit and other comprehensive income	–	34,200	190,349	224,549	2,235	226,784
Transactions with owners in their capacity as owners						
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)
Total transactions with owners in their capacity as owners	–	9,897	–	9,897	5,473	15,370
Balance at 30 June 2023 (Unaudited)	12,803	4,040,171	35,124	4,088,098	6,498	4,094,596
Balance at 1 January 2024	12,803	4,022,026	231,304	4,266,133	15,710	4,281,843
Profit and other comprehensive income						
Total profit and other comprehensive income for the period	–	5,829	120,599	126,428	14,516	140,944
Transactions with owners in their capacity as owners						
Share-based compensation expenses	–	11,370	–	11,370	–	11,370
Cash dividends	–	(72,885)	–	(72,885)	–	(72,885)
Acquisition of non-controlling interests in subsidiaries	–	(3,949)	–	(3,949)	3,949	–
Dividends paid to non-controlling interests in subsidiaries	–	–	–	–	(3,643)	(3,643)
Total transactions with owners in their capacity as owners	–	(65,464)	–	(65,464)	306	(65,158)
Balance at 30 June 2024 (Unaudited)	12,803	3,962,391	351,903	4,327,097	30,532	4,357,629



Interim Condensed Consolidated Statement of Cash Flows



	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	169,305	171,029
Interest received	25,246	10,409
Income tax paid	(61,555)	(19,133)
Net cash inflow from operating activities	132,996	162,305
Cash flows from investing activities		
Payments for intangible assets	(63,251)	(12,674)
Payments for property, plant and equipment	(6,396)	(5,600)
Payments for investments in associates and joint ventures	(8,337)	(21,402)
Payments for investments in non-current financial assets at fair value through profit or loss	(3,000)	(3,336)
Payments for investments in current financial assets at fair value through profit or loss	(3,017,976)	(1,062,885)
Payments for short-term deposits	(163,916)	(144,516)
Cash acquired/(payments) for acquisition of subsidiaries, net of cash acquired	51	(6,071)
Payments for acquisition of non-controlling interests in a subsidiary	—	(1,000)
Proceeds from disposal of investments in associates and joint ventures	51	42,990
Proceeds from disposal of investments in current financial assets at fair value through profit or loss	2,593,541	1,139,097
Proceeds from disposal of short-term deposits	198,316	—
Proceeds from disposal of non-current financial assets at fair value through profit or loss	993	—
Loans to third parties	(2,200)	(3,663)
Loans to related parties	(8,104)	(36,226)
Repayment of loans from third parties	3,599	1,524
Repayment of loans from related parties	9,123	19,000
Net cash inflow/(outflow) due to disposal of subsidiaries	284	(1,608)
Dividends received	876	5
Proceeds from disposal of property, plant and equipment and intangible assets	—	3,041
Net cash outflow from investing activities	(466,346)	(93,324)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

	Notes	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
Cash flows from financing activities			
Acquisition of treasury shares	23	—	(530)
Capital contribution from non-controlling interests		—	3,750
Proceeds from borrowings		106	2,040
Repayments of borrowings		—	(32)
Dividends paid to non-controlling interests in subsidiaries		(3,643)	—
Payment of lease liabilities		(13,229)	(8,450)
Net cash outflow from financing activities		(16,766)	(3,222)
Net (decrease)/increase in cash and cash equivalents		(350,116)	65,759
Effects of exchange rate changes on cash and cash equivalents		(3,020)	17,018
Cash and cash equivalents at beginning of period		2,362,290	1,634,708
Cash and cash equivalents at end of the period	21	2,009,154	1,717,485

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

Inkeverse Group Limited (the “**Company**”), previously known as Inke Limited, and its subsidiaries (together referred as to the “**Group**”) are principally engaged in value-added service and entertainment content service through operating the matrix 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 are 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 2024 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all types of notes normally included in the annual consolidated financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the Company’s annual report for the year ended 31 December 2023 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, the adoption of new and amended standards and the accounting policies adopted for acquisitions of cryptocurrencies 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 interim reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3. Changes in accounting policies (continued)

(c) Impact of standards issued but not yet applied by the entity

Certain new accounting standards, amendments to existing accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(d) Accounting policies adopted for acquisitions of cryptocurrencies

Cryptocurrencies purchased and held by the Group are accounted for as intangible assets under the cost model. The Group has ownership of and control over the cryptocurrencies held. The cryptocurrencies held by the Group are considered to have indefinite lives. They are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The accounting policies applied for impairment of cryptocurrencies are consistent with those for impairment of non-financial assets, as described in the annual financial statements for the year ended 31 December 2023. Cryptocurrencies that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period. The increased carrying amount of cryptocurrencies attributable to a reversal of impairment loss, which is recognized in profit or loss, will not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the cryptocurrencies in prior accounting periods.

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.

Accounting of cryptocurrencies

International Financial Reporting Standards do not specifically address accounting for cryptocurrencies. Accordingly, for the preparation of the interim condensed consolidated financial information, management needs to apply judgment in determining appropriate accounting policies based on the facts and circumstances of the Group's acquisition and holding of cryptocurrencies.

Given the Group's purpose for holding cryptocurrencies, management considered that cryptocurrencies purchased and held by the Group should be accounted for as indefinite-lived intangible assets accounted for under the cost model.

In determining the fair values used for impairment tests, management needs to apply judgment to identify the relevant available markets for the trading of cryptocurrencies and to consider accessibility to and activity within those markets in order to identify the principal cryptocurrency markets and thus ascertain the respective fair market values.

Save as disclosed above, 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 2023.





5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price 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 2023.

There have been no changes in the risk management policies since 31 December 2023.

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 about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price already used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate, such as rising interest rates and inflation, as well as changes due to Environmental, Social and Governance ("ESG") risk. 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 calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, wealth management products not traded in active markets nor with quoted net worth and for instruments where ESG risk gives rise to a significant unobservable adjustment.

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 financial assets that are measured at fair value as of 31 December 2023 and 30 June 2024:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 30 June 2024 (Unaudited)				
Non-current:				
Unlisted preference shares	–	–	196,217	196,217
Current:				
Investments in wealth management products	183,513	728,670	246,000	1,158,183
Total	183,513	728,670	442,217	1,354,400
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 31 December 2023 (Audited)				
Assets				
Non-current:				
Unlisted preference shares	–	–	198,643	198,643
Current:				
Investments in wealth management products	130,663	543,227	51,612	725,502
Total	130,663	543,227	250,255	924,145

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 (losses)/gains – net" in the interim condensed consolidated statement of comprehensive income. As of 30 June 2024, 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 are 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 2024:

	Financial assets at FVPL	
	Current RMB'000	Non-current RMB'000
As of 1 January 2024	51,612	198,643
Additions	246,500	3,000
Disposals	(53,511)	(993)
Changes in fair value*	1,399	(4,433)
As of 30 June 2024 (Unaudited)	246,000	196,217
* Includes unrealised loss recognised in profit or loss attributable to balances held at the end of the reporting period	–	(4,433)

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 as of 30 June 2024 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
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Financial assets at FVPL – Non-current

Investments in equity interests with preferred rights of certain private companies	196,217	Expected volatility	34.86%–52.73%	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 RMB391,000 and RMB398,000, respectively.
		Discount for lack of marketability (“DLOM”)	0.08%–17.94%	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 RMB778,000 and RMB1,179,000, respectively.
		Risk-free rate	1.59%–1.72%	If the risk-free rate for each of the investments were 1% higher or lower, the total fair value would decrease or increase by RMB1,000 and RMB2,000, respectively.

Total **196,217**

Financial assets at FVPL – Current

Investments in wealth management products	246,000	Expected rate of return/discount rate	1.54%–3.67%	The higher the expected rate of return, the higher the fair value. The lower the discount rate, the higher the fair value. A change in the expected rate of return or the discount rate by 1% for each of the investments would not result in a significant change in the fair values.
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Total **246,000**





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-yearly reporting periods, the Group would use valuation techniques to determine the fair value of the Group's Level 3 instruments. External valuation experts will be involved when necessary.

(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
As of 30 June 2024 (Unaudited)				
– Investment properties	–	–	163,747	163,747
As of 31 December 2023 (Audited)				
– Investment properties	–	–	203,059	203,059

(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 are 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) Fair value as of 30 June 2024 RMB'000	Valuation technique	Unobservable inputs	Range of inputs RMB'000
Investment properties				
Geographic Hong Kong	153,374	direct comparison	price per square metre	722~854
Geographic Sanya	10,373	direct comparison	price per square metre	52~58

6. Segment information

The Group's business activities are mainly in value-added service and entertainment content service business, 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 of 30 June 2024 and 31 December 2023, substantially all of the non-current assets of the Group were located in mainland China and Hong Kong.





7. Revenue

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Value-added service	2,601,174	2,314,679
Entertainment content service	642,749	472,199
Others	289,250	339,213
	3,533,173	3,126,091

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue recognised at a point in time	3,419,944	3,073,508
Revenue recognised over time	113,229	52,583
	3,533,173	3,126,091

8. Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue sharing to streamers	1,458,817	1,366,849
Promotion and advertising expenses	1,259,338	940,119
Employee benefit expenses	296,385	330,010
Cost of goods sold	97,004	102,504
Amortization of intangible assets (Note 15)	61,599	21,037
Payment handling costs	61,007	46,035
Bandwidth and server custody costs	50,170	57,283
Technical support and professional service fees	39,710	38,083
Travelling, entertainment and general office expenses	27,496	25,489
Depreciation of right-of-use assets (Note 24)	11,991	11,952
Taxes and surcharges	7,411	6,106
Depreciation of property, plant and equipment (Note 14)	6,631	5,463
Outsourced development costs	4,026	4,436
Content costs	3,110	36,030
Expenses relating to short-term lease not included in lease liabilities (Note 24)	2,104	773
Expected credit loss (reversal)/allowance	(1,574)	4,571
Others	6,838	7,973
	3,392,063	3,004,713

9. Other (losses)/gains – net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Fair value gains/(losses) of financial assets at FVPL		
– Investments in current financial assets at FVPL	6,539	43,524
– Investments in non-current financial assets at FVPL	(4,433)	4,805
Net foreign exchange losses	(289)	(426)
Fair value loss of investment properties	(16,119)	–
Donations	(50)	(250)
Gain/(loss) on disposal of investment in subsidiaries	2,010	(3,302)
(Loss)/gain on disposal of investments accounted for using the equity method	(6,011)	22,947
Others	(174)	(1,120)
	(18,527)	66,178

10. Other income

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Government grants		
– Subsidies based on certain amount of tax paid	1,318	8,374
– Subsidies granted by various local governments in relation to the Group's achievement and development expenses	12,786	6,037
	14,104	14,411

11. Income tax expense

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	(23,035)	(29,064)
Deferred income tax credit/(expense)	2,221	(5,647)
Income tax expense	(20,814)	(34,711)





12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

	Unaudited Six months ended 30 June	
	2024	2023
Profit attributable to owners of the Company (<i>RMB'000</i>)	120,599	190,349
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	1,858,163	1,841,205
Basic earnings per share attributable to the shareholders of the Company (<i>expressed in RMB per share</i>)	0.06	0.10

(b) Diluted earnings per share

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

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

	Unaudited Six months ended 30 June	
	2024	2023
Profit attributable to owners of the Company (<i>RMB'000</i>)	120,599	190,349
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	1,858,163	1,841,205
Add: Adjustment for restricted share units granted to employees (<i>thousand shares</i>)	13,649	16,429
Weighted average number of ordinary shares for calculation of diluted earnings per share (<i>thousand shares</i>)	1,871,812	1,857,634
Diluted earnings per share attributable to the shareholders of the Company (<i>expressed in RMB per share</i>)	0.06	0.10

13. Dividends

A final dividend in respect of the year ended 31 December 2023 of HKD0.0412 per share (year ended 31 December 2022: Nil) was proposed pursuant to a resolution passed by the board of directors of the Company on 26 March 2024 and was approved by the shareholders of the Company at the 2023 annual general meeting of the Company held on 13 June 2024. Such final dividend for the year ended 31 December 2023 amounted to approximately HKD79,858,000 (equivalent to approximately RMB72,885,000) in aggregate (year ended 31 December 2022: Nil) were paid on 16 July 2024.

The board of directors of the Company resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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
As of 31 December 2023						
(Audited)						
Cost	32,573	1,837	7,570	51,927	37,658	131,565
Accumulated depreciation	(23,749)	(530)	(1,498)	(1,257)	(30,662)	(57,696)
Net book amount	8,824	1,307	6,072	50,670	6,996	73,869
Six months ended						
30 June 2024 (Unaudited)						
Opening net book amount	8,824	1,307	6,072	50,670	6,996	73,869
Additions	2,355	227	1,525	24,193	2,289	30,589
Disposals	(253)	(191)	(537)	–	(78)	(1,059)
Depreciation charge (Note 8)	(2,666)	(150)	(885)	(707)	(2,223)	(6,631)
Closing net book amount	8,260	1,193	6,175	74,156	6,984	96,768
As of 30 June 2024						
(Unaudited)						
Cost	34,675	1,873	8,558	76,120	39,869	161,095
Accumulated depreciation	(26,415)	(680)	(2,383)	(1,964)	(32,885)	(64,327)
Net book amount	8,260	1,193	6,175	74,156	6,984	96,768





15. Intangible assets

	Cryptocurrencies RMB'000	Software RMB'000	Copyright RMB'000	User base RMB'000	Trademark RMB'000	Others RMB'000	Total RMB'000
As of 31 December 2023 (Audited)							
Cost	–	28,685	105,030	25,500	74,311	4,898	238,424
Accumulated amortization and impairment	–	(18,941)	(104,712)	(23,100)	(31,887)	(3,199)	(181,839)
Net book amount	–	9,744	318	2,400	42,424	1,699	56,585
Six months ended 30 June 2024 (Unaudited)							
Opening net book amount	–	9,744	318	2,400	42,424	1,699	56,585
Additions	8,544	1,018	53,689	–	–	–	63,251
Disposals	–	(1,018)	–	–	(11)	–	(1,029)
Amortization charge (Note 8)	–	(2,354)	(53,503)	(1,600)	(3,813)	(329)	(61,599)
Closing net book amount	8,544	7,390	504	800	38,600	1,370	57,208
As of 30 June 2024 (Unaudited)							
Cost	8,544	28,685	158,719	25,500	74,210	4,898	300,556
Accumulated amortization and impairment	–	(21,295)	(158,215)	(24,700)	(35,610)	(3,528)	(243,348)
Net book amount	8,544	7,390	504	800	38,600	1,370	57,208

16. Investment properties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
At the beginning of the period/year	203,059	210,609
Additions	–	35,079
Transfer to property, plant and equipment	(24,193)	(46,203)
Exchange gains	1,000	2,993
Changes in fair value	(16,119)	581
At the end of the period/year	163,747	203,059

17. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Associates (a)	299,884	290,120
Joint ventures (b)	214,349	212,817
	514,233	502,937

(a) Associates

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	290,120	266,903
Additions	8,337	21,402
Share of net profit of associates	1,943	14,559
Dividend	(465)	–
Disposals	(51)	(5,053)
At the end of the period	299,884	297,811





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

(b) Joint ventures

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At the beginning of the period	212,817	208,711
Dividend	–	(5)
Disposals	–	(14,990)
Share of net profit of joint ventures	1,532	1,290
At the end of the period	214,349	195,006

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 2024 RMB'000	Audited 31 December 2023 RMB'000
Unlisted preference shares	196,217	198,643

(ii) Current

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Investments in wealth management products		
– Listed equity	183,513	130,663
– Fund	728,670	543,227
– Others	246,000	51,612
	1,158,183	725,502

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

(b) Amounts recognised in profit or loss

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Fair value gains at FVPL recognised in other (losses)/gains – net		
– Unlisted preference shares	(4,433)	4,805
– Listed equity	(12,242)	37,044
– Fund	17,382	5,452
– Others	1,399	1,028
	2,106	48,329

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 the trade receivables at the end of each reporting period based on invoice date is as follows:

	Unaudited	Audited
	30 June 2024 RMB'000	31 December 2023 RMB'000
Trade receivables		
– Up to 3 months	130,139	56,950
– 3 to 6 months	8,479	879
– 6 months to 1 year	1,025	93
– Over 1 year	1,186	1,355
	140,829	59,277
Less: allowance for impairment of trade receivables	(5,467)	(2,332)
	135,362	56,945

As of 30 June 2024 and 31 December 2023, the carrying amount of trade receivables is primarily denominated in RMB and approximate to their fair values at each of the reporting dates.





20. Other receivables, prepayments, deposits and other assets

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Non-current:		
Loans to third parties	324	3,609
Rental and other deposits	5,764	5,802
Amounts arising from disposal of a joint venture	5,802	5,901
Others	–	873
Less: loss allowance	(5,891)	(5,919)
	5,999	10,266
Current:		
Loans to related parties	88,888	100,730
Loans to third parties	38,146	36,260
Prepayment to suppliers	156,096	200,264
Prepayments for promotion and advertising	47,447	63,523
Deductible input value-added tax	156,683	161,686
Prepaid income tax	36,719	14,260
Interest receivable	14,427	15,452
Other deposits	31,479	21,523
Others	15,494	21,873
Less: loss allowance	(63,610)	(68,291)
	521,769	567,280

21. Cash and cash equivalents

(a) Cash and cash equivalents

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Cash and cash equivalents at banks and held at third party payment platforms	2,009,154	2,362,290

(b) Restricted Cash

As of 30 June 2024, restricted cash balance amounted to approximately RMB159,376,000 (31 December 2023: approximately RMB58,391,000), primarily consisting of security deposits of approximately RMB101,869,000, with the remainder comprising frozen cash and other restricted items. Within the total restricted cash balance, approximately RMB34,495,000 (31 December 2023: approximately RMB34,495,000) was frozen by the local authorities in connection with the investigations disclosed in Note 25 "Contingencies".

22. Trade and notes payables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade payables	501,441	508,366
Notes payables	101,869	–
	603,310	508,366

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

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
– Up to 3 months	351,425	269,811
– 3 to 6 months	14,967	89,486
– 6 months to 1 year	13,497	9,693
– Over 1 year	121,552	139,376
	501,441	508,366

23. Movements in treasury shares

	Six months ended 30 June 2024 Shares'000	Six months ended 30 June 2023 Shares'000	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Movements in treasury shares during the half-year				
Acquisition of shares by the Company Employee Share Trust	–	(839)	–	(530)
Employee share scheme issued	12,558	9,239	15,022	11,362
Net movement	12,558	8,400	15,022	10,832





24. Lease

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Right-of-use assets		
– Buildings	21,350	30,585
Lease liabilities		
– Current	11,496	17,502
– Non-current	4,815	8,700
	16,311	26,202

	Unaudited Six months ended 30 June 2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets (Note 8)	11,991	11,952
Interest expense	468	757
Expense relating to short-term leases (Note 8)	2,104	773
	14,563	13,482

25. Contingencies

In connection with the investigations initiated by the local authorities on certain users' behaviours through online platforms operated by the Group, the Group's certain bank balances of approximately RMB34,495,000 were restricted as of 30 June 2024 (31 December 2023: approximately RMB34,495,000). 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 has considered opinions received from its legal counsel and determined it is more likely that no present obligation exists as a result of such investigations. Therefore, no provision was made as of 30 June 2024 (31 December 2023: Nil). However, as the investigations are still ongoing and related details not being accessible by the Group, the management of the Company is not able to predict the status or the results of the investigations at this stage and cannot make a reliable estimate of the amount of any possible obligation.

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) (“ Duomi Online ”)	Significant influence over Beijing Meelive Network Technology Co., Ltd. (“ Beijing Meelive ”) (Note)
Shenzhen Qianhai Aisi Information Consulting Co., Ltd. (深圳前海愛思信息諮詢有限公司) (“ Shenzhen Qianhai Aisi ”)	Significant influence over Shenzhen Qianhai Aisi
Beijing 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
Guangzhou 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	
	2024 RMB'000	2023 RMB'000
(i) Sales of goods and services		
Associates of the Group	15,256	7,215
Other related parties of the Group	1,119	6,143
	16,375	13,358
(ii) Purchases of goods and services		
Associates of the Group	5,691	4,028
Other related parties of the Group	82	113
	5,773	4,141

26. Related party transactions (continued)

(b) Balances with related parties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
(i) Trade receivables from related parties		
Associates of the Group	2,533	1,120
(ii) Other receivables from related parties		
Associates of the Group	83,912	97,048
Other related parties of the Group	11,373	11,373
Less: loss allowance	(38,298)	(43,203)
	56,987	65,218
(iii) Trade payables due to related parties		
Associates of the Group	2,042	1,434
Other related parties of the Group	157	157
	2,199	1,591
(iv) Other payables due to related parties		
Associates of the Group	9,457	10,727
Other related parties of the Group	15	15
	9,472	10,742





26. Related party transactions (continued)

(c) Loans to/from related parties

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Loans to related parties		
At the beginning of the period	107,048	91,801
Loans advanced	3,402	39,326
Loan repayment received	(9,123)	(19,000)
Interest charged	2,300	653
Interest received	(3,594)	(38)
Loan converted to equity investment	(6,121)	–
Loss allowance	(36,925)	(31,198)
At the end of the period	56,987	81,544

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Loans from related parties		
At the beginning of the period	9,311	9,076
Loans advanced	106	140
Loan repayments made	–	(32)
At the end of the period	9,417	9,184

(d) Key management personnel compensations

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

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries, other social security costs and housing benefits	3,142	3,592

27. Events after the reporting period

There is no material subsequent events undertaken by the Group after 30 June 2024 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 OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors or the chief executive of the Company in the shares (the "Share(s)"), 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 C3 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 ⁽¹⁾	Approximate percentage of shareholding interest
Mr. FENG Yousheng ("Mr. FENG")	Founder of a discretionary trust	358,798,000 ⁽²⁾	18.51%
Mr. LIU Xiaosong ("Mr. LIU")	Interest in a controlled corporation	250,000,000 ⁽³⁾	12.90%
Mr. HOU Guangling ("Mr. HOU")	Interest in a controlled corporation	80,409,000 ⁽⁴⁾	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% of the 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 Option(s)") 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 70.11% 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 2024, 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	27.07%
Beijing Meelive Network Technology Co., Ltd.	Duomi Online	RMB250,000	14.59%

Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executive 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 or 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, 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 and the Stock Exchange 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 ⁽¹⁾	Approximate percentage of shareholding interest
Fantastic Live Holdings Limited	Beneficial owner	358,798,000 ⁽²⁾	18.51%
Fairy Story Holdings Limited	Interest in a controlled corporation	358,798,000 ⁽²⁾	18.51%
TMF (Cayman) Ltd.	Trustee	358,798,000 ⁽²⁾	18.51%
Duomi Online	Interest in a controlled corporation	250,000,000 ⁽³⁾	12.90%
Feiyang Hong Kong Limited	Beneficial owner	250,000,000 ⁽³⁾	12.90%
Ms. WANG Meilin	Interest of spouse	80,409,000 ⁽⁴⁾	4.15%

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 holds 99.9% of the issued share capital of Fantastic Live Holdings Limited. Fantastic Live Holdings Limited in turn holds 358,798,000 Shares.
- (3) Mr. LIU indirectly holds 70.11% 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.

Save as disclosed above, as at 30 June 2024, 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 and the Stock Exchange 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 SCHEMES

Share Option Scheme

On 23 June 2018, the Share Option Scheme was approved and adopted by the Shareholders. The purpose of the Share Option Scheme is to incentivise and reward the employees (whether full time or part-time) or directors of 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 total number of 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 the 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 the 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 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 total number of 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 the 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 announcement of the Company dated 30 May 2021.

Other Information

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

Grantees/Capacity	Date of grant	Number of Share Options				As at 30 June 2024	Price of the Shares before the date of grant (HK\$ per Share)	Exercise price (HK\$ per Share)	Vesting period	Exercise period
		As at 1 January 2024	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 ⁽¹⁾	2022.5.28–2028.7.11
Mr. HOU	2021.06.29	20,000,000	—	—	—	20,000,000	2.19	3.9	2021.6.29–2025.5.28 ⁽¹⁾	2022.5.28–2028.7.11
Other employees	2021.05.28	10,000,000	—	—	—	10,000,000	2.40	3.9	2021.5.28–2025.5.28 ⁽¹⁾	2022.5.28–2028.7.11

Note:

(1) 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. The remaining life of the Share Option Scheme is around 3 years and 10 months.

Restricted Share Unit Scheme

On 23 June 2018, a restricted share unit scheme of the Company (the "RSU Scheme") was approved and adopted by the Board. The purpose of the RSU Scheme is to incentivise Directors, senior management and employees 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.



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 (the “**INED(s)**”) 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 RSUs, 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 RSUs 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-script 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 to the trustee of the RSU Scheme and copied to the 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).

Subject to the Listing Rules, there is no maximum entitlement of Shares of each participant under the RSU Scheme.

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 3 years and 10 months.

During the Reporting Period, the trustee of the RSU Scheme did not purchase any Shares on the Stock Exchange.

Other Information

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

Type of grantees	Date of grant	Number of RSUs					As at 30 June 2024	Closing price of the Shares immediately before the date of grant (HK\$ per Share) ⁽³⁾	Vesting period	Consideration
		As at 1 January 2024	Granted during the Reporting Period	Lapsed during the Reporting Period ⁽¹⁾	Vested during the Reporting Period ⁽²⁾	As at 30 June 2024				
Employees of the Group	2020.09.17	2,744,500	—	73,000	917,500	1,754,000	1.17	2021.01.01–2024.07.01 ⁽⁴⁾	Nil	
	2021.04.29	2,687,594	—	—	—	2,687,594	2.80	2021.07.01–2025.06.01 ⁽⁵⁾	Nil	
	2022.01.01	11,925,845	—	519,595	4,298,125	7,108,125	1.68	2022.06.01–2026.06.01 ⁽⁶⁾	Nil	
	2023.08.28	16,841,941	—	610,000	4,632,656	11,599,285	0.87	2023.08.28–2027.06.01 ⁽⁷⁾	Nil	
	2024.04.02	—	14,108,750	100,000	1,172,188	12,836,562	0.85	2024.04.02–2028.06.01 ⁽⁸⁾	Nil	

Notes:

- (1) No RSUs were cancelled during the Reporting Period.
- (2) Weighted average closing price of Shares immediately before the vesting date is HK\$0.80 per Share.
- (3) The fair value of the RSUs was calculated based on the market price of the Shares at the respective grant date. The fair value of the services received in exchange for the grant of the RSUs is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the Shares granted as at the date of grant. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to equity. For relevant accounting standard and policy adopted in respect of fair value of RSUs granted, please refer to Note 2 to the unaudited interim condensed consolidated financial information.
- (4) 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.
- (5) 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.



(6) 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.

(7) Those RSUs are vested in the following ways:

- i. 100% vested on 28 August 2023;
- ii. 50% vested on 1 December 2024, and 25% vested in each 12 months from the first month after 1 December 2025, respectively;
- iii. 50% vested on 28 August 2023, 25% vested on 1 June 2024, and 25% vested on 1 June 2025;
- iv. 50% vested on 1 June 2024, and 25% vested in each 12 months from the first month after 1 June 2025, respectively;
- v. 25% vested on 28 August 2023, 25% vested on 1 March 2024, and 25% vested in each 12 months from the first month after 1 March 2025, respectively;
- vi. 25% vested on 1 June 2024, and 25% vested in each 12 months from the first month after 1 June 2025, respectively; and
- vii. 50% vested on 1 December 2023, and 50% vested on 1 December 2024.

(8) Those RSUs are vested in the following ways:

- i. 25% vested on 1 June 2024, 25% vested on 1 March 2025, and 25% vested in each 12 months from the first month after 1 March 2025, respectively;
- ii. 25% vested on 1 June 2025, and 25% vested in each 12 months from the first month after 1 June 2026, respectively; and
- iii. 50% vested on 1 September 2025, and 25% vested in each 12 months from the first month after 1 September 2026.

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

Other Information

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.

The purpose of the 2022 RSU Scheme is to incentivise eligible persons who are existing Directors (whether executive or non-executive, but excluding INEDs), 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.

Unless otherwise specified in the Listing Rules, there is no maximum entitlement of Shares of each participant under the 2022 RSU Scheme.

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 7 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 255,219,638 and 242,413,483 as at 1 January 2024 and 30 June 2024, respectively.

During the Reporting Period, the Company did not grant 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 (including sale of treasury shares) during the Reporting Period. As of 30 June 2024, the Company holds 863,000 treasury shares.

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 Company 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 C1 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 recommended best 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 four 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 set forth in Appendix C3 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

Other Information

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed this interim report, and confirms that the applicable accounting principles, standards and requirements have been complied with and that adequate disclosures have been made. The interim condensed consolidated financial information for the Reporting Period is unaudited but has 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.

Save as disclosed in this interim report, from 1 January 2024 to 30 June 2024, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

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

There has been no change in the Directors’ biographical details which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules 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 were no other material subsequent events affecting the Group since 30 June 2024.

By order of the Board

FENG Yousheng

Chairman and Executive Director

Hong Kong, 30 August 2024

