Inke Limited
映客互娛有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3700)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference is made to the annual report of Inke Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2018 (the "**2018 Annual Report**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2018 Annual Report.

Further to the 2018 Annual Report, the Board wishes to provide the following information regarding (i) a breakdown and description of the intended use of the unutilised proceeds from the Listing and the expected timeline pursuant to Paragraph 11(8) of Appendix 16 to the Listing Rules; and (ii) the financial assets at fair value through profit or loss pursuant to Paragraph 32 of Appendix 16 to the Listing Rules.

NET PROCEEDS FROM THE LISTING

The Company was listed on the Main Board of the Stock Exchange on 12 July 2018 and the net proceeds raised by the Company from the Listing were approximately HK$1,229 million (the "**Net Proceeds**"). Summary of the usages and amounts of the Net Proceeds utilised as at 31 December

2018 and the intended use and expected timeline for utilising the remaining Net Proceeds is set out as follows:

Intended use of the Net Proceeds	Amount of the Net Proceeds for each intended usage	Amount of the utilised Net Proceeds as at 31 December 2018	Amount of the remaining Net Proceeds as at 31 December 2018	Expected timeline for the remaining Net Proceeds to be utilised[Note 1] for the year ending 31 December 2019	for the year ending 31 December 2020
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Diversify our product and content offerings	245.8	19.83	225.97	122.24	103.73
Marketing initiatives	368.7	136.02	232.68	196.69	35.99
Technology, research and development capabilities	245.8	0.00	245.8	201.99	43.81
Strategic investment and acquisition opportunities	245.8	0.00	245.8	157.00[Note 2]	88.80
General working capital	122.9	0.00	122.9	0.00	122.90
Total	**1,229**	**155.85**	**1,073.15**	**677.92**	**395.23**

Note 1: The expected timeline for utilising the remaining Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

Note 2: The Company entered into a share purchase agreement dated 14 July 2019 and other documents to acquire (i) the entire issued share capital of Social Network Technology Co., Ltd. and (ii) all rights in the equity interest of Beijing Blueberry Technology Co., Ltd.* (北京藍莓時節科技有限公司) for a total consideration of US$85 million, which has utilised approximately HK$157 million of the Net Proceeds. Please refer to the Company's announcements dated 15 July 2019 and 22 August 2019, respectively, for further details.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As disclosed in the 2018 Annual Report, the financial assets at fair value through profit or loss as at 31 December 2018 (the "**Financial Assets**") amounted to approximately RMB1,194 million in aggregate. Details of Financial Assets are set out as below:

Financial Assets	Principal amount *(RMB' 000)*	Unrealised gain *(RMB' 000)*	Realised gain *(RMB' 000)*	Interest/ investment income received *(RMB' 000)*	Balance as at 31 December 2018 *(RMB' 000)*
Current					
Investments in structured deposits with floating interest rates	760,000	3,020	37,264	(37,264)*(Note 3)*	763,020
Investment in wealth management product*(Note 4)*	163,270	—	8,487	(8,487)	163,270
Convertible bond	10,000	750	—	—	10,750
Subtotal	**933,270**	**3,770**	**45,751**	**(45,751)**	**937,040**
Non-current					
Investments in equity interests with preferred rights of certain private companies	50,830	5,676	—	—	56,506
Investment in wealth management product	200,000	482	6,948	(6,948)	200,482
Subtotal	250,830	6,158	6,948	(6,948)	256,988
Total	**1,184,100**	**9,928**	**52,699**	**(52,699)**	**1,194,028**

Note 3: This investment income was generated from the structured deposits invested by the Group with floating interest rates prior to the Listing. As at 31 December 2018, the structured deposits invested by the Group with floating interest rates after the Listing had not matured and therefore such investments had not generated any investment incomes as at 31 December 2018.

Note 4: The wealth management product under the current Financial Assets was invested in a money market fund which would generate compound interest to the Group on a daily basis. The investment income generated thereunder had remained in the account and had become an additional principal amount of such product on a daily basis. The Group had deposited money into and withdrawn money from the account from time to time, therefore the principal amount of such product was not fixed throughout the year of 2018. On this basis, the total ending balance of such product as of 31 December 2018 was considered to be the principal amount of such product. Based on the nature of this product, the realised gain of approximately RMB8.5 million of such product is the total compound interest generated from such wealth management product.

As at 31 December 2018, the Financial Assets of the Group consisted of current and non-current investments.

In particular, the current investments of the Group comprised:

(i) the principal guaranteed structured deposits with floating interest rates amounted to a principal amount of approximately RMB760 million. In particular, on 20 November 2018 and 23 November 2018, Beijing Meelive Network Technology Co.,Ltd.* (北京蜜萊塢網絡科技有限公司), a variable interest entity of the Company subscribed for three financial products (the "**CMB Financial Products**") with an aggregate principal of approximately RMB732 million from China Merchants Bank Co., Ltd., (招商銀行股份有限公司) ("**China Merchants Bank**"). The investments of the CMB Financial Products are principal guaranteed structured deposits with floating interest rate. Details of the performance of the CMB Financial Products up to 31 December 2018 are set out as follows:

CMB Financial Products	**Investment term** *(days)*	**Principal amount** *(RMB'000)*	**Unrealised gain**[*(Note 5)*] *(RMB'000)*	**Realised gain** *(RMB'000)*	**Interest/ investment income received**[*(Note 6)*] *(RMB'000)*	**Balance as at 31 December 2018** *(RMB'000)*
CMB Structured Deposits CBJ03654	181	150,000	657	—	—	150,657
CMB Structured Deposits CBJ3679	181	250,000	1,015	—	—	251,015
CMB Structured Deposits CBJ3670	182	332,000	1,348	—	—	333,348
Total		**732,000**	**3,020**	**—**	**—**	**735,020**

Note 5: The unrealised gain for each of the CMB Financial Products was calculated based on the actual annual return rate, accumulated investment days during the year of 2018 and principal amount of the respective CMB Financial Products.

Note 6: Based on the terms of the CMB Financial Products, the Group could only receive investment income upon the maturity date of the respective CMB Financial Products.

The CMB Financial Products are structured deposits with guaranteed rate of return of 1.55% per annum and an additional floating rate of return of up to 2.35% per annum. During the respective investment term of the CMB Financial Products, the Company could not terminate any of the relevant subscription agreements (the "**Subscription Agreements**") with China Merchants Bank, redeem or withdraw the principal amount prior to the respective maturity dates of the CMB Financial Products. China Merchants Bank has not had the right to terminate any of the Subscription Agreements either.

The CMB Financial Products were considered to have relatively low risk and were also in line with the internal risk management, cash management and investment policies of the Group. The three products of the CMB Financial Products have already matured on 20 May 2019, 23 May 2019 and 24 May 2019 (the "**Maturity Dates**"), respectively and the Company has already received the aggregate principal of approximately RMB732 million with approximately RMB14.19 million realised gain upon the Maturity Dates of the CMB Financial Products. The Company is satisfied that the subscriptions for the CMB Financial Products could generate stable income for the Company referencing to its principal-guaranteed and fixed-return nature. On this basis, the Company has further subscribed for other financial products with similar nature as the CMB Financial Products from China Merchants Bank after the Maturity Dates. Please refer to the Company's announcements dated 23 November 2018, 27 May 2019 and 28 May 2019 for further details;

(ii) the short-term investments in wealth management products issued by Zhejiang E-Commerce Bank Co. Ltd (浙江網商銀行) amounted to a principal amount of approximately RMB163.27 million; and

(iii) the convertible bond issued by a private company amounted to a principal amount of approximately RMB10 million.

The Group had, in the past, totally recovered the principals and received the expected returns upon the redemption or maturity of similar financial products. In view of an upside of earning with a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the risk nature and the relatively short term of maturity or flexible redemption terms of those financial products, the Directors are of the view that the Company selected products with strong liquidity and safety features issued by licensed reputable banks and financial institutions, supplemented by certain long-term safe investments, in order to maximise investment returns and minimise potential risks. Subscription of the wealth management products and guaranteed structured deposits were funded by the Group's surplus cash, therefore they would not affect the working capital nor the operation of the Company.

The non-current investments of the Group comprised:

(i) the equity investments in certain private companies with preferred rights for approximately RMB50.83 million. Considering the Company's strategy about audio and video technology and application development and "live streaming+" expansion, the Group invested in several private companies with preferred rights which are expected to generate synergies with the business of the Group. As at 31 December 2018, these equity investments in private companies with preferred rights have a carrying amount of approximately RMB56 million in aggregate, slightly higher than their original investment costs. The Group plans to continuously seek strategic investments opportunities with synergy effects in the future; and

(ii) investment in wealth management products issued by TTCO Trust Corporation Limited* (西藏信託有限公司) with a principal amount of approximately RMB200 million which was made before the Listing. As at 31 December 2018, the Company has received an interest income of approximately RMB6.9 million from this investment. The Company has established an internal monitoring process to manage this investment systematically and effectively and plans to continue the process in order to ensure that the principal and interest can be repaid on time.

The Company believes that the above investment strategies and directions would continue to generate stable income to the Group.

This announcement does not affect any information contained in the 2018 Annual Report, all contents of the 2018 Annual Report remain true and accurate.

By order of the Board
Inke Limited
Feng Yousheng
Chairman and Executive Directors

Hong Kong, 30 August 2019

As at the date of this announcement, the executive Directors are Mr. FENG Yousheng, Ms. LIAO Jieming and Mr. HOU Guangling; the non-executive Director is Mr. LIU Xiaosong; and the independent non-executive Directors are Mr. David CUI, Mr. DU Yongbo and Dr. LI Hui.

* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*