The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KUAISHOU TECHNOLOGY AND MORGAN STANLEY ASIA LIMITED, MERRILL LYNCH FAR EAST LIMITED AND CHINA RENAISSANCE SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Kuaishou Technology (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-121, which comprises the consolidated balance sheets as at December 31, 2017, 2018 and 2019, and September 30, 2020, the company balance sheets as at December 31, 2017, 2018 and 2019, and September 30, 2020, and the consolidated income statements, the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-121 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated January 26, 2021 (the "**Prospectus**") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2017, 2018 and 2019 and September 30, 2020, the consolidated financial position of the Group as at December 31, 2017, 2018 and 2019 and September 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated income statement, the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2019 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which states that no dividends have been paid by Kuaishou Technology in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, January 26, 2021

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended December 31,			Nine months ended September 30,	
		2017	2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenues	*6*	8,339,578	20,300,645	39,120,348	27,267,968	40,677,441
Cost of revenues	*9*	(5,728,748)	(14,498,423)	(25,016,774)	(17,798,136)	(25,366,636)
Gross profit		2,610,830	5,802,222	14,103,574	9,469,832	15,310,805
Selling and marketing expenses	*9*	(1,359,624)	(4,262,046)	(9,865,026)	(5,578,609)	(19,833,271)
Administrative expenses	*9*	(227,968)	(542,417)	(865,375)	(572,674)	(1,081,347)
Research and development expenses	*9*	(476,618)	(1,755,324)	(2,944,277)	(2,049,564)	(4,117,907)
Other income	*7*	19,290	107,575	292,631	183,139	396,151
Other gains/(losses), net	*8*	42,041	129,277	(32,843)	211,180	383,141
Operating profit/(loss)		607,951	(520,713)	688,684	1,663,304	(8,942,428)
Finance (expense)/income, net	*11*	(26,076)	52,164	(11,037)	6,284	(26,571)
Fair value changes of convertible redeemable preferred shares	*32*	(20,522,376)	(11,932,515)	(19,943,114)	(2,890,090)	(89,150,056)
Loss before income tax		(19,940,501)	(12,401,064)	(19,265,467)	(1,220,502)	(98,119,055)
Income tax (expenses)/benefits	*13*	(104,449)	(28,221)	(386,067)	(396,943)	747,593
Loss for the year/period attributable to equity holders of the Company		(20,044,950)	(12,429,285)	(19,651,534)	(1,617,445)	(97,371,462)
Loss per share for the loss attributable to the equity holders of the Company (expressed in RMB per share)	*14*					
Basic loss per share		(21.46)	(13.31)	(21.04)	(1.73)	(104.54)
Diluted loss per share		(21.46)	(13.31)	(21.04)	(1.73)	(104.54)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year ended December 31,			Nine months ended September 30,	
	Note	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Loss for the year/period		(20,044,950)	(12,429,285)	(19,651,534)	(1,617,445)	(97,371,462)
Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Fair value change on convertible redeemable preferred shares due to own credit risk	*32*	(58,351)	4,838	(17,338)	(10,186)	(903)
Currency translation differences		1,322,633	(1,708,857)	(828,082)	(1,185,842)	3,642,134
Items that may be reclassified subsequently to profit or loss						
Currency translation differences		(440,726)	(87,294)	(82,915)	(162,622)	306,524
Other comprehensive income/(loss) for the year/period, net of taxes		823,556	(1,791,313)	(928,335)	(1,358,650)	3,947,755
Total comprehensive loss for the year/period attributable to equity holders of the Company		(19,221,394)	(14,220,598)	(20,579,869)	(2,976,095)	(93,423,707)

CONSOLIDATED BALANCE SHEETS

	Note	As of December 31,			As of September 30,
		2017	2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property and equipment	*15*	1,057,278	2,420,770	6,232,305	7,021,382
Right-of-use assets	*16*	865,623	1,272,218	4,352,638	5,394,482
Intangible assets	*17*	34,875	1,045,816	1,120,308	1,253,694
Financial assets at fair value through profit or loss	*20*	49,200	677,919	2,258,272	3,998,760
Deferred tax assets	*31*	7,811	161,920	860,185	2,151,821
Long-term time deposits	*23*	—	—	110,000	610,000
Other non-current assets		37,466	117,738	169,594	208,828
		2,052,253	5,696,381	15,103,302	20,638,967
Current assets					
Trade receivables	*21*	136,641	129,045	1,107,440	1,812,648
Prepayments, other receivables and other current assets	*22*	92,557	724,950	2,032,754	2,179,047
Financial assets at fair value through profit or loss	*20*	2,472,037	4,273,517	8,902,270	8,546,045
Short-term time deposits	*23*	—	—	1,270,994	10,634,150
Restricted cash	*23*	251,893	285,274	1,386	5,253
Cash and cash equivalents	*23*	2,688,512	5,370,332	3,996,236	7,703,012
		5,641,640	10,783,118	17,311,080	30,880,155
Total assets		7,693,893	16,479,499	32,414,382	51,519,122

CONSOLIDATED BALANCE SHEETS (continued)

	Note	As of December 31,			As of September 30,
		2017	2018	2019	2020
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	30	30	30	30
Other reserves	25	1,016,820	(28,397)	(321,281)	4,437,845
Accumulated losses		(23,202,335)	(35,676,115)	(55,407,785)	(152,779,247)
Total equity		(22,185,485)	(35,704,482)	(55,729,036)	(148,341,372)
LIABILITIES					
Non-current liabilities					
Lease liabilities	16	695,784	892,257	3,287,984	3,945,201
Deferred tax liabilities	31	—	37,885	37,500	33,589
Convertible redeemable preferred shares	32	26,652,555	47,211,431	69,444,163	52,389,987
		27,348,339	48,141,573	72,769,647	56,368,777
Current liabilities					
Borrowings		—	—	—	300,000
Accounts payables	28	1,802,517	2,025,563	9,055,133	10,913,350
Other payables and accruals	29	271,324	844,619	3,027,568	4,092,739
Advances from customers	30	190,074	475,553	1,529,608	3,031,158
Income tax liabilities		91,923	198,132	424,414	435,136
Convertible redeemable preferred shares	32	—	—	—	122,847,844
Lease liabilities	16	175,201	498,541	1,337,048	1,871,490
		2,531,039	4,042,408	15,373,771	143,491,717
Total liabilities		29,879,378	52,183,981	88,143,418	199,860,494
Total equity and liabilities		7,693,893	16,479,499	32,414,382	51,519,122

COMPANY BALANCE SHEETS

	Note	As of December 31,			As of September 30,
		2017	2018	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Investments in subsidiaries	*18*	467,167	1,168,768	1,911,071	2,844,173
		467,167	1,168,768	1,911,071	2,844,173
Current assets					
Prepayments, other receivables and other current assets	*22*	1,107,031	5,624,083	9,191,993	23,826,694
Financial assets at fair value through profit or loss		1,203,868	1,737,542	294,081	2,073,170
Short-term time deposits	*23*	—	—	1,270,994	3,541,252
Restricted cash		251,893	264,576	—	—
Cash and cash equivalents	*23*	1,672,129	3,683,005	1,940,474	3,533,397
		4,234,921	11,309,206	12,697,542	32,974,513
Total assets		4,702,088	12,477,974	14,608,613	35,818,686
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	*24*	30	30	30	30
Other reserves	*25*	1,112,231	109,813	(180,292)	4,272,310
Accumulated losses		(23,063,046)	(34,844,663)	(54,655,746)	(143,706,322)
Total equity		(21,950,785)	(34,734,820)	(54,836,008)	(139,433,982)

COMPANY BALANCE SHEETS (continued)

		As of December 31,			As of September 30,
	Note	**2017**	**2018**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Convertible redeemable preferred shares	*32*	26,652,555	47,211,431	69,444,163	52,389,987
		26,652,555	47,211,431	69,444,163	52,389,987
Current liabilities					
Accounts payables		—	1,029	119	227
Other payables and accruals		318	334	339	14,610
Convertible redeemable preferred shares	*32*	—	—	—	122,847,844
		318	1,363	458	122,862,681
Total liabilities		26,652,873	47,212,794	69,444,621	175,252,668
Total equity and liabilities		4,702,088	12,477,974	14,608,613	35,818,686

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			
		Share capital	Other reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2017		30	(162,709)	(3,097,947)	(3,260,626)
Loss for the year		—	—	(20,044,950)	(20,044,950)
Other comprehensive income/(loss)					
Fair value change on convertible redeemable preferred shares due to own credit risk	*25*	—	(58,351)	—	(58,351)
Currency translation differences	*25*	—	881,907	—	881,907
Total comprehensive income/(loss) for the year		—	823,556	(20,044,950)	(19,221,394)
Transactions with owners in their capacity as owners					
Share-based compensation	*27*	—	296,535	—	296,535
Appropriations to statutory reserves	*25*	—	59,438	(59,438)	—
Total transactions with owners in their capacity as owners		—	355,973	(59,438)	296,535
Balance at December 31, 2017		30	1,016,820	(23,202,335)	(22,185,485)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Attributable to owners of the Company			
		Share capital	Other reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2018		30	1,016,820	(23,202,335)	(22,185,485)
Loss for the year		—	—	(12,429,285)	(12,429,285)
Other comprehensive income/(loss)					
Fair value change on convertible redeemable preferred shares due to own credit risk	*25*	—	4,838	—	4,838
Currency translation differences	*25*	—	(1,796,151)	—	(1,796,151)
Total comprehensive loss for the year		—	(1,791,313)	(12,429,285)	(14,220,598)
Transactions with owners in their capacity as owners					
Share-based compensation	*27*	—	701,601	—	701,601
Appropriations to statutory reserves	*25*	—	44,495	(44,495)	—
Total transactions with owners in their capacity as owners		—	746,096	(44,495)	701,601
Balance at December 31, 2018		30	(28,397)	(35,676,115)	(35,704,482)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

		Attributable to owners of the Company			
	Note	**Share capital**	**Other reserves**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2019		30	(28,397)	(35,676,115)	(35,704,482)
Loss for the year		—	—	(19,651,534)	(19,651,534)
Other comprehensive loss					
Fair value change on convertible redeemable preferred shares due to own credit risk	*25*	—	(17,338)	—	(17,338)
Currency translation differences	*25*	—	(910,997)	—	(910,997)
Total comprehensive loss for the year		—	(928,335)	(19,651,534)	(20,579,869)
Transactions with owners in their capacity as owners					
Share-based compensation	*27*	—	742,303	—	742,303
Appropriations to statutory reserves	*25*	—	80,136	(80,136)	—
Net exercise of share options	*25*	—	(186,988)	—	(186,988)
Total transactions with owners in their capacity as owners		—	635,451	(80,136)	555,315
Balance at December 31, 2019		30	(321,281)	(55,407,785)	(55,729,036)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Note	Attributable to owners of the Company			
		Share capital	Other reserves	Accumulated losses	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)					
Balance at January 1, 2019		30	(28,397)	(35,676,115)	(35,704,482)
Loss for the period		—	—	(1,617,445)	(1,617,445)
Other comprehensive loss					
Fair value change on convertible redeemable preferred shares due to own credit risk	*25*	—	(10,186)	—	(10,186)
Currency translation differences	*25*	—	(1,348,464)	—	(1,348,464)
Total comprehensive loss for the period		—	(1,358,650)	(1,617,445)	(2,976,095)
Transactions with owners in their capacity as owners					
Share-based compensation	*27*	—	564,039	—	564,039
Total transactions with owners in their capacity as owners		—	564,039	—	564,039
Balance at September 30, 2019		30	(823,008)	(37,293,560)	(38,116,538)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

		Attributable to owners of the Company			
	Note	**Share capital**	**Other reserves**	**Accumulated losses**	**Total**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2020		30	(321,281)	(55,407,785)	(55,729,036)
Loss for the period		—	—	(97,371,462)	(97,371,462)
Other comprehensive income/(loss)					
Fair value change on convertible redeemable preferred shares due to own credit risk	*25*	—	(903)	—	(903)
Currency translation differences	*25*	—	3,948,658	—	3,948,658
Total comprehensive income/(loss) for the period		—	3,947,755	(97,371,462)	(93,423,707)
Transactions with owners in their capacity as owners					
Share-based compensation	*27*	—	933,102	—	933,102
Re-designation of ordinary shares to Preferred Shares	*24*	—	(121,731)	—	(121,731)
Total transactions with owners in their capacity as owners		—	811,371	—	811,371
Balance at September 30, 2020		30	4,437,845	(152,779,247)	(148,341,372)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Nine months ended September 30,	
	Note	**2017**	**2018**	**2019**	**2019**	**2020**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from operating activities						
Cash generated from/(used in) operations	*34*	2,075,755	1,897,613	8,882,368	6,511,003	(93,382)
Income tax paid		(20,337)	(78,359)	(862,278)	(399,033)	(675,035)
Net cash generated from/(used in) operating activities		2,055,418	1,819,254	8,020,090	6,111,970	(768,417)
Cash flows from investing activities						
Purchase of property, equipment and intangible assets		(376,105)	(2,866,421)	(2,548,294)	(860,710)	(4,376,282)
Proceeds from disposal of property, equipment and intangible assets		256	315	739	194	275
Purchase of investments in non-current financial assets at fair value through profit or loss		(47,924)	(628,899)	(1,909,437)	(1,887,072)	(1,738,386)
Proceeds from disposal of non-current financial assets at fair value through profit or loss		—	—	20,000	—	12,800
Purchase of investments in current financial assets at fair value through profit or loss		(5,849,487)	(17,428,746)	(55,382,981)	(37,620,546)	(44,329,687)
Proceeds from disposal of investments in current financial assets at fair value through profit or loss		3,376,458	15,785,767	51,079,255	32,086,139	44,961,282
Purchase of time deposits with initial terms over three months		—	—	(1,735,524)	(434,530)	(14,905,760)
Proceeds from maturity of time deposits with initial terms over three months		—	—	354,530	354,530	4,767,082
Interest income received		—	—	5,581	3,622	38,388
Acquisition of subsidiaries, net of cash acquired	*33*	—	(485,100)	(32,429)	—	—
Net cash used in investing activities		(2,896,802)	(5,623,084)	(10,148,560)	(8,358,373)	(15,570,288)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Note	Year ended December 31,			Nine months ended September 30,	
		2017	2018	2019	2019	2020
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash flows from financing activities						
Proceeds from issuance of convertible redeemable preferred shares		2,419,863	6,300,116	1,273,032	—	20,956,542
Release of restricted cash from issuance of convertible redeemable preferred shares		—	—	253,723	253,723	—
Proceeds from borrowings		—	—	—	—	300,000
Payments for principal elements of lease and related interest		(25,304)	(265,758)	(641,716)	(406,097)	(1,169,302)
Payment for net exercise of share options		—	—	(186,988)	—	—
Finance costs paid		(36,323)	(826)	—	—	(20,176)
Net cash generated from/(used in) financing activities		2,358,236	6,033,532	698,051	(152,374)	20,067,064
Net increase/(decrease) in cash and cash equivalents		1,516,852	2,229,702	(1,430,419)	(2,398,777)	3,728,359
Cash and cash equivalents at the beginning of the year/period	*23(a)*	1,301,005	2,688,512	5,370,332	5,370,332	3,996,236
Effects of exchange rate changes on cash and cash equivalents		(129,345)	452,118	56,323	126,676	(21,583)
Cash and cash equivalents at the end of the year/period	*23(a)*	2,688,512	5,370,332	3,996,236	3,098,231	7,703,012

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information and reorganization

1.1 General information

Kuaishou Technology (the "**Company**") was incorporated in the Cayman Islands on February 11, 2014 as an exempted company with limited liability. The registered office is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the "**Group**"), provides live streaming services, online marketing services and other services to its customers.

There is no ultimate controlling shareholder of the Company as of the date of the report.

1.2 History and reorganization of the Group

Prior to the incorporation of the Company, the Group commenced operations of live streaming services through Beijing One Smile Technology and Development Co., Ltd. ("**Beijing One Smile**") in the People's Republic of China (the "**PRC**").

On February 11, 2014, the Company was incorporated in the Cayman Islands with an authorized share capital of US dollar ("**USD**") 50,000, consisting of 9,405,270,000 ordinary shares (100,000,000 ordinary shares before the share split in February 2018) of USD0.0000053 par value (USD0.0005 par value before the share split in February 2018) each, of which 940,527,000 shares had been issued (10,000,000 shares before share split).

On March 25, 2014, Fortune Ever Global Limited. ("**Fortune Ever**") was established by the Company, as a wholly-owned subsidiary of the Company located in Hong Kong.

On July 2, 2014, Beijing Dajia Information Technology Co., Ltd. ("**Beijing Dajia**") was established by Fortune Ever, as a wholly foreign-owned enterprise (the "**WFOE**") of the Company located in the PRC.

On July 14, 2014, Beijing Dajia, Beijing One Smile and its shareholders entered into a series of contractual arrangements (the "**Contractual Arrangements**"), which enable Beijing Dajia and the Company to exercise power over Beijing One Smile, receive variable returns from its involvement in Beijing One Smile, have the ability to affect those returns through its power over Beijing One Smile. Therefore, Beijing Dajia and the Company control Beijing One Smile. Consequently, the Company regards Beijing One Smile as controlled structured entities. Pursuant to the Contractual Arrangements, the live streaming business is transferred to and held by the Company. The Company has not been involved in any other business before the transfer and do not meet the definition of a business. Thus, this is merely a recapitalization of the streaming business with no change in management of such business and the ultimate owners of the live streaming business remain the same. Accordingly, the Group resulting from the recapitalization is regarded as a continuation of the live streaming business and, for the purpose of this report, the carrying amounts of the assets, liabilities and results of operations of Beijing One Smile are included in the consolidated financial information of the Group.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the structured entity. Uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the structured entity. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements among Beijing Dajia, Beijing One Smile and its equity holders are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

Other Contractual Arrangements were also executed for other operating companies in the PRC established by the Group. All of these operating companies are treated as controlled structured entities of the Company and their financial statements have also been consolidated by the Company. See details in Note 12.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies applied in the preparation of the Historical Financial Information. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and interpretations issued by International Accounting Standards Board ("**IASB**") applicable to companies reporting under IFRSs.

The Historical Financial Information has been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

As of December 31, 2017, 2018 and 2019, the Group was in a net liability position of RMB22.2 billion, RMB35.7 billion and RMB55.7 billion, respectively. As of September 30, 2020, the Group was in a net current liability position of RMB112.6 billion. The Group assesses its liquidity by its ability to generate cash from operating activities and attract additional capital and/or finance funding. Historically, the Group has relied principally on both operational sources of cash and non-operational sources of financing from investors (e.g. convertible redeemable preferred shares) to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from existing and new investors.

In October 2020, all preferred shareholders agreed to modify the redemption commencement date of the convertible redeemable preferred shares to April 30, 2022. After the modification, the Group is no longer in a net current liability position.

Based on the above considerations, the Group's historical performance and management's operating and financing plans, the Group believes the cash and cash equivalents, time deposits, wealth management products and the operating and financing cash flows are sufficient to meet the cash requirements to fund planned operations and other obligations for at least the next twelve months after December 31, 2017, 2018 and 2019 and September 30, 2020. Therefore, the Historical Financial Information have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

2.1.1 Change in accounting policy and disclosures

All effective standards, amendments to standards and interpretations, which are mandatorily effective for the financial year beginning on January 1, 2020, are consistently applied to the Group for the Track Record Period, except for IFRS 9 — Financial Instruments ("**IFRS 9**"). In preparation of the Historical Financial Information, the Group has adopted IFRS 15 — Revenue from Contracts with Customers ("**IFRS 15**") and IFRS 16 — Leases ("**IFRS 16**") consistently throughout the Track Record Period. IFRS 9 is mandatorily effective and applied by the Group for financial year beginning on January 1, 2018. Upon adopting IFRS 9 on January 1, 2018, there was no change on the classification of categories of financial assets for the Group since the Group has continued to classify its investments in listed and unlisted companies and investments in wealth management products as "investments measured at fair value through profit and loss". In addition, the impact on the adoption of new IFRS 9 expected credit loss model on trade and other receivables was not material to the opening retained earnings at January 1, 2018.

The Group adopted a full retrospective application of IFRS 15, which have been applied on a consistent basis throughout the Track Record Period. Based on the Group's assessment, the Group's Directors concluded that the adoption of IFRS 15 did not have any significant impact on the Group's financial position and performance during the Track Record Period.

The Group leases internet data centers and office buildings. The Group applied the lessee accounting requirements of IFRS 16 retrospectively during the Track Record Period. Under IFRS 16, leases, which have previously been classified as "operating leases" under IAS 17, are recognised as right-of-use assets and corresponding lease liabilities at the date of which the leased assets are available for use by the Group. Each lease payment is allocated between the lease liabilities and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liabilities of each period. The right-of-use assets are depreciated over the lease term on a straight-line basis.

(a) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been issued but are not yet effective for the year beginning on January 1, 2020 and have not been early adopted by the Group during the Track Record Period. 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.

Standards and amendments	Effective for annual years beginning on or after
Amendments to IAS 1, Presentation of financial statements on classification of liabilities	January 1, 2023
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	January 1, 2022
Amendments to IFRS 10 and IAS 28 — Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 33).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.1 Subsidiaries controlled through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of internet content and other restricted businesses, the Group operates its website and other restricted businesses in the PRC through certain PRC operating entities, whose equity interests are held by certain management members of the Group ("**Nominee Shareholders**"). The Group signed Contractual Arrangements with the PRC operating entities. The Contractual Arrangements include exclusive technical consultation and service agreements, exclusive option agreements, equity pledge agreements and powers of attorney, which enable the Group to:

- govern the financial and operating policies of the PRC operating entities;
- exercise equity holder voting rights of the PRC operating entities;
- receive substantially all of the economic interest returns generated by the PRC operating entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;
- obtain an irrevocable and exclusive right to purchase part or all of the equity interests in the PRC operating entities at any time and from time to time, at the minimum consideration permitted by the relevant law in China at the time of transfer; and
- obtain a pledge over all of its equity interests from its respective Nominee Shareholders as collateral for all of the PRC entities' payments due to the Group to secure performance of entities' obligation under the Contractual Arrangements.

Accordingly, the Group has rights to control these entities. As a result, they are presented as entities controlled by the Group.

2.2.2 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and

- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gain or loss arising from such remeasurement is recognised in profit or loss.

2.2.3 Company's separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. The Group's investments in associates in the form of redeemable instruments are designated as financial assets at fair value through profit or loss. All investments in associates in the form of ordinary shares with significant influence are accounted for using the equity method of accounting, after initially being recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. During the Track Record Period, all associates of the Group are accounted for as financial assets at fair value through profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of the Group.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company and certain of its overseas subsidiaries is USD. The Company's primary subsidiaries and structured entities are incorporated in the PRC and for these subsidiaries and structured entities, the RMB is the functional currency. The Group's presentation currency is RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements on a net basis within "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gains or losses. For example, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in consolidated income statements as part of the "other gains/(losses), net".

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting currency translation differences are recognised in other comprehensive income or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.6 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses (if any). Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of residual values, over their estimated useful lives, as follows:

• Servers, computers and equipment	3 years
• Office equipment	3-5 years
• Leasehold improvements	the shorter of the term of the lease or the estimated useful lives of the assets

Property and equipment arising from business acquisition is depreciated over the remaining useful life.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

A carrying amount of property and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses), net" in the consolidated income statements.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate purchase consideration transferred, the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses (if any).

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The carrying value of the CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the sale value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and domain names, licenses and copyrights, software

Separately acquired domain names, trademarks, internet audio/video program transmission licenses, operating licenses copyrights and software are initially recognised and measured at historical cost. The assets acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization and impairment losses (if any).

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. For details, refer to Note 2.7(d).

(c) Other intangible assets

Other intangible assets mainly include customer relationships and non-compete agreements. They are initially recognised and measured at estimated fair value of intangible assets acquired through business combinations.

(d) Research and development

Research expenditures are recognised as an expense as incurred. Costs incurred on development projects are capitalized as intangible assets when recognition criteria are met, including (a) it is technically feasible to complete the software so that it will be available for use; (b) management intends to complete the software and use or sell it; (c) there is an ability to use or sell the software; (d) it can be demonstrated how the software will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and (f) the expenditure attributable to the software during its development can be reliably measured. Other development costs that do not meet those criteria are expensed as incurred. There were no development costs meeting these criteria and capitalized as intangible assets as of December 31, 2017, 2018 and 2019 and September 30, 2020.

(e) Amortisation methods and periods

Length of estimated useful life is determined to be the shorter of the period of contractual rights or estimated period during which such intangible assets can bring economic benefits to the Group.

The Group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Licenses and copyrights	2-10 years	Shorter of contractual license and copyrights period or the estimated period during which such intangible assets can bring economic benefits
Trademarks and domain name	2-10 years	The period of effective registration during which such trademark and domain name can bring economic benefits
Software	2-7 years	Shorter of the period of contractual rights or estimated period during which such software can bring economic benefits
Others	3-4 years	Shorter of the period of contractual rights or estimated period during which such assets can bring economic benefits

2.8 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life 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. Other assets including property and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.9 Investments and other financial assets

Before adoption of IFRS 9

(a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired, management's intentions and whether the assets are quoted in an active market. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The Group classified investments in listed and unlisted companies, and investments in wealth management products (with no guaranteed returns) in this category (refer to Note 3.3 for details).

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

(iii) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term.

Financial assets that are not classified into any of the other categories are also included in the available-for-sale category.

(b) Recognition and measurement

Regular purchases and sales of investments are recognised on trade date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statements. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest on loans and receivables is calculated using the effective interest method and is recognised in the consolidated income statements as part of interest income.

After adoption of IFRS 9

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value (either through other comprehensive income/(loss) or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("**OCI**"). For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("**FVOCI**").

See Note 19 for details of each type of financial assets.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows ("**pass through**" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are immediately expensed.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statements.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses), net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), net and impairment expenses are presented as separate line item in the income statements.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses), net in the consolidated income statements as applicable.

(d) Impairment

The Group has two types of financial assets that are subject to IFRS 9's new expected credit losses (the "**ECL**") model (Note 3.1 (b)):

- trade receivables; and

- Other receivables (including loan receivables).

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 21 for further information about the Group's accounting for trade receivables, Note 22 for further information about other receivables and Note 2.9(d) for a description of the Group's impairment policies.

2.12 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, cash held at third party payment platform that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The re-designation of ordinary shares held by certain employees to Preferred Shares was accounted for as deemed repurchase of ordinary shares and deemed issuance of Series F-2 Preferred Shares. The deemed repurchase of ordinary shares is measured at fair value of ordinary shares and debited to share capital and other reserves accordingly, and the deemed issuance of Series F-2 Preferred Shares is measured at fair value of the Preferred Shares issued. The difference between fair value of ordinary shares and Preferred Shares is recognized as share-based compensation expenses according to IFRS 2 since the holders of ordinary shares deemed to be repurchased are employees of the Group.

Convertible redeemable preferred shares are classified as financial liabilities, see Note 2.15 and Note 3.3.

2.14 Accounts and other payables

Accounts and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Convertible redeemable preferred shares ("Preferred Shares")

Preferred Shares issued by the Company are redeemable at the option of the holder upon occurrence of certain events. These instruments can also be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon occurrence of an initial public offering of the Company. For details, refer to Note 32 (b).

The Group designated the Preferred Shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised in profit or loss. Fair value changes relating to market risk are recognised in profit or loss, the component of fair value changes relating to the Company's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to accumulated losses when realized.

The Preferred Shares were classified as non-current liabilities unless the Preferred Shares' holders can demand the Company to redeem the Preferred Shares within 12 months after the end of the reporting period.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings costs are expensed in the period in which they are incurred.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and structured entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The Group establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets is realized or the deferred tax liabilities is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that they relate to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

2.18 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations, which are included in other payables and accruals in the consolidated balance sheets.

(b) Pension obligations

The Group has a defined contribution plan in which the Group pays fixed contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

2.19 Share-based compensation

The Group operates a Share Incentive Plan (the "**Pre-IPO ESOP Plan**"), under which it receives services from employee in exchange for equity instruments of the Company.

The fair value of options granted under the Pre-IPO ESOP Plan is recognised as employee benefits expenses over the requisite service period, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted on grant date by using binomial option-pricing models:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, using graded vesting method. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.20 Revenue recognition

The Group derives revenue from sales of virtual items on its live streaming platform, online marketing services and other services. The Group recognises revenue when or as the control of the promised goods or services is transferred to a customer, net of value-added taxes ("**VAT**"), rebates and certain sales incentives. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates transaction price to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers.

2.20.1 The accounting policy for the Group's principal revenue sources

(a) Live streaming

The Group operates and maintains mobile platforms whereby users can enjoy live stream performances provided by the live streamers (the "**streamers**") and interact with the streamers on a real-time basis for free. The Group operates a virtual item system, under which viewers can purchase virtual items and present them as gifts to streamers to show their support and appreciation. The Group generates revenues from the sales of virtual items on the platform, and viewers are the Group's customers. The virtual items are produced and delivered by the Group. Sales of virtual items are recognized as revenues when the virtual items are gifted by viewers to streamers as the Group has no further obligations related to virtual items once they are gifted to streamers. The proceeds received from the sales of virtual items before they are gifted by viewers to streamers are recorded as advances from customers.

In order to attract streamers to the platforms, the Group shares revenues with the streamers in accordance with the agreements between the Group and streamers.

The Group has evaluated and concluded that it is the principal for the sales of the virtual items on the platforms. The Group produces and controls virtual items before they are transferred to customers. The prices of virtual items are set by the Group. Therefore, revenue from the sales of virtual items is recorded on a gross basis and the revenue sharing paid to streamers based on the predetermined percentage in the agreements is recognised as "cost of revenues" in the consolidated income statements.

(b) Online marketing services

The Group offers diversified online marketing solutions including advertising services, Kuaishou fans headline services and other marketing services to customers. The Group provides rebates to customers including advertising agencies based on contracted rebate rates and estimated revenue volume, which are accounted for as variable consideration and are estimated by applying the most likely amount method. Revenue is recognised based on the price charged to customers, net of rebates provided to customers.

To fulfill contracts with certain customers, the Group enters into cooperation agreements with third party platforms and places the advertisements of the Group's customers displayed on third party platforms. For below services mentioned, the Group is the principal for fulfilling these marketing service contracts as it has obtained controls over third party platform services through cooperation contracts and, in some cases, integrated with other services before they are transferred to the Group's customers. The Group is also primarily responsible for fulfilling these marketing services as it is the only party that the Group's customers entered agreements with. As such, the Group recognises revenues from contracts with customers on a gross basis and records charges from third party platforms as cost of revenues.

Advertising services

(i) Performance-based advertising services

The Group provides performance-based advertising services which allow advertising customers to place links on the Group's mobile platforms and third parties' internet properties. Performance-based advertising services are primarily presented and delivered in the way of short video with clickable thumbnails together with other recommended short videos or displayed between other short videos at varying frequency. The Group charges fees to advertising customers based on active clicks. The Group has determined that each click represents one performance obligation. In this model, revenue is recognized when the user clicks on the customer-sponsored links.

(ii) Display-based advertising services

Displayed advertisements appear in the form of opening-page splash advertisements traditional banner ads, logos and sponsored filters, etc. on various interfaces of the platform. The revenue is recognised ratably over the period that the advertising is displayed. Generally, the terms of these display-based advertisements are short term.

Kuaishou fans headline services

The Group also provides Kuaishou fans headline services where the customers pay for exposure of their short video or live show to a targeted number of viewers for a specified period of time on Kuaishou's App. The Group has determined that each exposure to a target viewer for a specified period of time represents one performance obligation. Revenue from each exposure performance obligation is recognised over the contracted exposure time which is generally very short.

(c) Other services

Other services revenues primarily include revenues from E-commerce business, online games and other value-added services. For the E-commerce business, the Group allows merchants to promote and sell goods on its platform and charges commissions on the sales of goods completed through its platform based on agreed commission rates. The Group does not take controls of goods sold through its platform. Commission revenues related to E-commerce business are recognised at a point in time when sale transaction of goods is completed. For online games and other value-added services, revenues are recognized when the Group satisfied the performance obligations under the service contracts.

2.20.2 Incentives and coupons

In order to promote its platform and attract more users, the Group at its own discretion provides various types of incentives offered to users in the form of cash incentives, red packets, coupons, etc.. Evaluations of the varying features of different incentive programs are made to determine whether incentives offered represent consideration payable to customers. Such evaluations include the consideration of whether the users would be considered as customers of the Group.

The incentives are awarded to users upon their completion of certain tasks. The incentives are recorded as reduction of revenue if there is no distinct service identified or such distinct service is related to past, current or future revenues, such as reward to customers, and coupons to be used in future transactions, etc.. Incentives for distinct services received from the users and not related to past, current or future revenue transactions, such as inviting friends to download or log into Kuaishou's platforms, publishing or watching short videos which have advertising contents, etc., are recorded as selling and marketing expenses.

2.20.3 Contract balances

When either party to a customer contract has performed, the Group presents the contract in the balance sheets as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Contract balances include trade receivables and advances from customers.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

Payment terms and conditions vary by contract and service type. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

2.20.4 Practical expedients and exemptions

The Group has elected to use the practical expedient to not disclose the remaining performance obligations for contracts that have durations of one year or less, as substantially all of the Group's contracts have duration of one year or less.

The revenue standard requires the Group to recognise an asset for the incremental costs of obtaining a contract with a customer if the benefit of those costs is expected to be longer than one year. The Group has determined that sales commission for sales personnel meet the definition of incremental costs of obtaining a contract. However, the Group applies a practical expedient to expense the costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year or less.

2.20.5 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group has applied the practical expedient of not to adjust any of the transaction prices for the time value of money.

2.21 Loss per share

Basic loss per share is calculated by dividing:

(a) the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares; and

(b) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

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

(a) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

(b) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.22 Leases

The Group, as a lessee, leases internet data centers and office buildings. Lease contracts are typically made for fixed periods of several months to five years. Lease is recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. The Group uses the incremental borrowing rate, for the implicit rate cannot be readily determined, which is the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use assets is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise of lease of certain office spaces.

2.23 Government grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.24 Finance income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 8 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 below.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognised assets and liabilities denominated in a currency other than the functional currency of the Group's subsidiaries. The Group manages its foreign exchange risk by minimizing non-functional currency transactions.

The Group operates mainly in the PRC with most of the transactions settled in RMB. Management considers that the business is not exposed to significant foreign exchange risk as there are no significant assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

(ii) Interest rate risk

The Group's interest rate risk primarily arises from borrowings, loan receivables, time deposits and cash and cash equivalents. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

If the interest rate of cash and cash equivalents, short-term and long-term time deposits had been 50 basis points higher/lower, the loss before income tax for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 would have been lower/higher RMB13.4 million, RMB26.9 million, RMB26.9 million, RMB15.9 million and RMB94.7 million, respectively. The impact of interest rate change on borrowings and loan receivables is not material.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

(iii) Price risk

The Group is exposed to price risk in respect of the financial assets measured at fair value through profit or loss, including investments in listed and unlisted entities, and wealth management products. The Group is generally not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, time deposits, restricted cash, trade receivables and other receivables. The carrying amount of these financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

Trade and other receivables are managed on a group basis. The finance team is responsible for managing and analysing the credit risk for each new customer/debtor before standard credit payment terms are offered. The Group assesses the credit quality of its customers and other debtors by taking into account various factors including their financial position, past operational and financial performance and other factors.

Cash and cash equivalents, time deposits and restricted cash are mainly placed with reputable financial institutions in the PRC and international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. The expected credit loss is not material.

(ii) Impairment of financial assets

Before adoption of IFRS 9

Before adoption of IFRS 9, impairment of financial assets were assessed on a group basis. The credit period granted to the customers was usually not more than 90 days and the credit quality of these customers were assessed, taking into account their financial position, past performance and other factors. Provisions were made for past due balances when management considers the loss from the customers is likely. Please refer to Notes 21 and 22 for more details.

After adoption of IFRS 9

Trade receivables

Starting from January 1, 2018, the Group applies the IFRS 9 simplified approach to measuring expected credit losses under which the lifetime expected credit losses for all trade receivables are estimated. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and credit rating.

The expected loss rates are based on the historical payment profiles, historical loss rates and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Products ("**GDP**") of the PRC to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowances of trade receivables as at January 1, 2018, December 31, 2018, 2019 and September 30, 2019 and 2020 were determined as follows:

	As of January 1,	**As of December 31,**		**As of September 30,**	
	2018	**2018**	**2019**	**2019**	**2020**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(Unaudited)	
	in thousands, except for percentages				
Expected loss rate	—	0.06%	0.43%	0.25%	1.24%
Gross carrying amount	136,641	129,120	1,112,214	494,361	1,835,477
Loss allowance provision	—	75	4,774	1,257	22,829

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and indicators of severe financial difficulty.

Impairment losses on trade receivables are presented as "administrative expenses" within operating profit/(loss). Subsequent recoveries of amounts previously written off are credited against the same line item.

Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

On that basis, the loss allowances of other receivables as at January 1, 2018, December 31, 2018, 2019 and September 30, 2019 and 2020 were determined as follows:

	As of January 1,	As of December 31,		As of September 30,	
	2018	2018	2019	2019	2020
	RMB	*RMB*	*RMB*	*RMB* (Unaudited)	*RMB*
	in thousands, except for percentages				
Expected loss rate	—	0.64%	9.38%	4.00%	7.37%
Gross carrying amount	48,678	150,197	198,008	348,176	248,669
Loss allowance provision	—	965	18,564	13,943	18,326

Others

While cash and cash equivalents, restricted cash and time deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(c) Liquidity risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents, short-term time deposits and investments in wealth management products or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For the modification of Preferred Shares' redemption commencement date, please refer to Note 2.1.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2017					
Accounts payables	1,802,517	—	—	—	1,802,517
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	10,439	—	—	—	10,439
Lease liabilities	212,711	314,013	419,288	—	946,012
Convertible redeemable preferred shares	—	—	26,652,555	—	26,652,555
Total	2,025,667	314,013	27,071,843	—	29,411,523
As at December 31, 2018					
Accounts payables	2,025,563	—	—	—	2,025,563
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	47,527	—	—	—	47,527
Lease liabilities	553,756	589,619	307,858	—	1,451,233
Convertible redeemable preferred shares	—	—	47,211,431	—	47,211,431
Total	2,626,846	589,619	47,519,289	—	50,735,754
As at December 31, 2019					
Accounts payables	9,055,133	—	—	—	9,055,133
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	1,401,217	—	—	—	1,401,217
Lease liabilities	1,525,740	1,348,793	2,021,534	16,721	4,912,788
Convertible redeemable preferred shares	—	59,330,942	10,113,221	—	69,444,163
Total	11,982,090	60,679,735	12,134,755	16,721	84,813,301

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at September 30, 2020					
Accounts payables	10,913,350	—	—	—	10,913,350
Other payables and accruals (excluding employee benefit payables, and other taxes payable)	2,355,280	—	—	—	2,355,280
Lease liabilities	2,106,778	1,976,113	2,184,586	32,075	6,299,552
Borrowings *(Note a)*	300,000	—	—	—	300,000
Convertible redeemable preferred shares	122,847,844	14,908,265	37,481,722	—	175,237,831
Total	138,523,252	16,884,378	39,666,308	32,075	195,106,013

Note a: As of September 30, 2020, borrowings represent unsecured bank borrowings repayable within three months and the effective annual interest rates range from 2.25% to 2.55%. Borrowing costs are expensed in the periods when they are incurred.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital, other reserves and Preferred Shares on an as-if-converted basis) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as of each balance sheet date, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

(3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2017:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity securities	—	—	49,200	49,200
— Wealth management products . . .	—	—	2,472,037	2,472,037
	—	—	2,521,237	2,521,237
Liabilities				
Convertible redeemable preferred shares	—	—	26,652,555	26,652,555

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

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
— Unlisted equity securities	—	—	677,919	677,919
— Wealth management products	—	—	4,273,517	4,273,517
	—	—	4,951,436	4,951,436
Liabilities				
Convertible redeemable preferred shares	—	—	47,211,431	47,211,431

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2019:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	77,202	—	—	77,202
— Unlisted equity securities	—	—	2,258,272	2,258,272
— Wealth management products	—	—	8,825,068	8,825,068
	77,202	—	11,083,340	11,160,542
Liabilities				
Convertible redeemable preferred shares	—	—	69,444,163	69,444,163

The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2020:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	95,737	—	—	95,737
— Unlisted equity securities	—	—	3,998,760	3,998,760
— Wealth management products	—	—	8,450,308	8,450,308
	95,737	—	12,449,068	12,544,805
Liabilities				
Convertible redeemable preferred shares	—	—	175,237,831	175,237,831

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

Level 3 instruments of the Group's assets and liabilities include long-term investments in unlisted entities measured at fair value through profit or loss, short-term investments in wealth management products measured at fair value through profit or loss and convertible redeemable preferred shares.

The changes in level 3 instruments of Preferred Shares for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 are presented in the Note 32.

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020.

	Financial assets at fair value through profit or loss
	RMB'000
At January 1, 2017	2,000
Additions	5,897,411
Disposal	(3,376,458)
Change in fair value through profit or loss*	49,745
Currency translation differences	(51,461)
At December 31, 2017	2,521,237
*Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the year	12,612
At January 1, 2018	2,521,237
Additions	18,057,645
Disposal	(15,789,767)
Change in fair value through profit or loss*	137,457
Deemed disposal due to business combination	(46,432)
Currency translation differences	71,296
At December 31, 2018	4,951,436
*Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the year	77,648
At January 1, 2019	4,951,436
Additions	57,223,449
Disposal	(51,112,055)
Change in fair value through profit or loss*	(21,479)
Currency translation differences	41,989
At December 31, 2019	11,083,340
*Includes unrealised losses recognised in profit or loss attributable to balances held at the end of the year	(272,063)
(Unaudited)	
At January 1, 2019	4,951,436
Additions	39,507,618
Disposal	(32,086,139)
Change in fair value through profit or loss*	220,576
Currency translation differences	70,806
At September 30, 2019	12,664,297
*Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	96,919
At January 1, 2020	11,083,340
Additions	46,019,145
Disposal	(44,868,047)
Change in fair value through profit or loss*	400,127
Currency translation differences	(185,497)
At September 30, 2020	12,449,068
*Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period	158,613

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation of the investments on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments mainly included Preferred Shares (Note 32), long-term investments measured at fair value through profit or loss in unlisted companies (Note 20) and investment in wealth management products (Note 20). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including discounted cash flows and market approach etc.. Major assumptions used in the valuation for Preferred Shares are presented in Note 32.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair Values					Significant unobservable inputs	Range of inputs					Relationship of unobservable inputs to fair values
	As of December 31,			As of September 30,			As of December 31,			As of September 30,		
	2017	2018	2019	2019	2020		2017	2018	2019	2019	2020	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Unlisted equity securities . .	49,200	677,919	2,258,272	2,597,143	3,998,760	Expected volatility	N/A*	35%-71%	34%-62%	34%-66%	46%-72%	The higher the expected volatility, the lower the fair value
						Discount for lack of marketability ("**DLOM**")	N/A*	8%-14%	7%-14%	7%-15%	9%-30%	The higher the DLOM, the lower the fair value
						Risk-free rate	N/A*	3%	2%-3%	2%-3%	0%-3%	The higher the risk-free rate, the lower the fair value
Wealth management products . .	2,472,037	4,273,517	8,825,068	10,067,154	8,450,308	Expected rate of return	2%-5%	3%-4%	3%-4%	3%-4%	2%-4%	The higher the expected rate of return, the higher the fair value

Note:* The investments in unlisted equity securities were not subject to valuation as they were purchased near the end of the year and the directors of the Company were of the view that the fair value was not materially different with the purchase consideration.

Short-term investments in wealth management products were mainly the investment products purchased from reputable financial institutions in the PRC and international financial institutions outside of the PRC with floating rates. The returns on all of these wealth management products are not guaranteed, hence their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, they are measured at fair value through profit or loss. None of these investments are past due. The fair values are determined based on the expected cash flows and discounted by using the expected return (based on management judgment) and are within level 3 of the fair value hierarchy. From the perspective of cash management and risk control, the Group diversifies its investment portfolios and mainly purchases low-risk products from reputable financial institutions and prefers those products with high-liquidity.

The following table presents the lower/(higher) of the loss before income tax for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 if the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower.

	Year ended December 31,			Nine months ended September 30,	
% changes of fair values of financial assets at fair value through profit or loss	**2017**	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
10% higher.	252,124	495,144	1,116,054	1,266,430	1,254,481
10% lower	(252,124)	(495,144)	(1,116,054)	(1,266,430)	(1,254,481)

The following table presents the (higher)/lower of the loss before income tax for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 if the Company's equity value had increased/decreased by 10% which leads to the fair value changes of Preferred Shares.

	Year ended December 31,			Nine months ended September 30,	
% changes of the Company's equity value	**2017**	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Increased by 10%.	(2,207,630)	(1,791,243)	(2,138,497)	(447,993)	(11,088,386)
Decreased by 10%	2,201,931	1,793,600	2,163,626	447,033	11,058,599

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020.

The carrying amounts of the Group's other financial assets measured at amortized costs including cash and cash equivalents, restricted cash, short-term time deposits, trade receivables, other receivables and other current assets and the Group's financial liabilities, including accounts payables, other payables and accruals and borrowings, approximate their fair values due to their short maturities.

4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which will seldom equal the actual results. Management needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

4.1 Recognition of share-based compensation expenses

The Group set up the Pre-IPO ESOP Plan and granted options to employees and other qualifying participants. The fair value of the options are determined by the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant estimates and assumptions, including forfeiture rate, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors and third-party valuer (Note 27).

4.2 Estimation of the fair value of financial assets and financial liabilities

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions including credit risk, volatility and liquidity risks associated with the instruments at the end of each reporting period, which are subject to uncertainty and might materially differ from the actual results. Changes in these assumptions and estimates could materially affect the respective fair value of these financial assets (Note 3.3).

The convertible redeemable preferred shares issued by the Company are not traded in an active market, and the respective fair value is determined by using valuation techniques. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions such as the discount rate, risk-free interest rate, lack of marketability discount and volatility, as well as the probability weight among the timing of the liquidation, redemption or IPO event scenarios based on the Group's best estimates, which is disclosed in Note 32.

4.3 Credit loss allowances for trade receivables, other receivables and other assets

Upon the adoption of IFRS 9, the expected credit loss of trade receivables, other receivables and other assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(b).

4.4 Recoverability of non-financial assets

The Group tests whether goodwill has suffered any impairment on an annual basis, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including property and equipment, right-of-use assets and intangible assets other than the goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount of CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management with an estimation of terminal value. Details of key assumptions and estimates used are disclosed in Note 17.

4.5 Business combinations

Business combinations are accounted for under acquisition method. The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. The Group determines discount rates to be used based on the risk inherent in the related activity's current business model and industry comparisons. Terminal values are based on the expected lives of assets, the forecasted life cycles and forecasted cash flows over that period. Although the Group believes that the assumptions applied in the determination are reasonable based on information available at the date of acquisition, actual results may differ from the forecasted amounts and the difference could be material.

4.6 Current and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences or tax losses are recognised when management considers that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. As of September 30, 2020, the Group did not recognise deferred tax assets of RMB716.4 million in respect of cumulative tax losses, that can be carried forward against future taxable income (Note 31). The outcome of their actual utilisation may be different from management's estimation.

4.7 Revenue recognition

Determining whether the Group is acting as a principal or as an agent when third-party is involved in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or service before it is transferred to the customer include, but are not limited to the following: (a) is primarily responsible for fulfilling the contract, (b) is subject to inventory risk, and (c) has discretion in establishing prices. Refer to Note 2.20 for details.

4.8 Useful lives and depreciation of property and equipment

The Group's management determines the estimated useful lives and related depreciation for the Group's property and equipment based on the asset's expected utility to the Group, the asset management policy of the Group may involve the disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits embodied in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimation of the useful life of the asset is a matter of judgement based on the experience of the Group with similar assets.

4.9 Useful lives and amortization of intangible assets

The Group's management determines the estimated useful lives and related amortization for the Group's intangible assets with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the amortization charges where useful lives are different from that of previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore amortization expense in future periods.

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM which are the chief executive officer of the Group. As a result of this evaluation, the CODM considers 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 December 31, 2017, 2018 and 2019 and September 30, 2020, substantially all of the non-current assets of the Group were located in the PRC.

6 Revenues

The breakdown of revenues during the Track Record Period is as follows:

	Year ended December 31,			**Nine months ended September 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Live streaming	7,948,997	18,615,130	31,442,341	22,922,116	25,309,312
Online marketing services	390,581	1,665,095	7,418,502	4,267,512	13,343,194
Other services	—	20,420	259,505	78,340	2,024,935
	8,339,578	20,300,645	39,120,348	27,267,968	40,677,441

Timing of revenue recognition is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue recognized at a point in time	8,108,638	19,711,155	37,436,029	26,174,728	37,388,968
Revenue recognized over time	230,940	589,490	1,684,319	1,093,240	3,288,473
	8,339,578	20,300,645	39,120,348	27,267,968	40,677,441

There is no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the years ended December 31, 2017, 2018 and 2019, and the nine months ended September 30, 2019 and 2020.

7 Other income

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grants and value-added tax subsidies	19,290	107,575	292,631	183,139	396,151

8 Other gains/(losses), net

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net gains/(losses) on disposal of property, equipment and intangible assets	—	49	(60)	(60)	(568)
Net fair value gains/(losses) on financial assets at fair value through profit or loss					
— Investments in listed and unlisted entities	—	36,835	(289,930)	24,941	160,228
— Wealth management products	49,745	96,622	275,889	195,635	305,484
Net foreign exchange gains/(losses)	(6,061)	1,161	10	(378)	45,551
Donations*	(2,640)	(2,769)	(5,435)	(1,206)	(131,684)
Others	997	(2,621)	(13,317)	(7,752)	4,130
	42,041	129,277	(32,843)	211,180	383,141

Note *: Out of the donations for the period of nine months ended September 30, 2020, RMB100.0 million was the charitable donations in responses to the COVID-19 outbreak.

9 Expenses by nature

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue sharing to streamers and related taxes	4,395,623	10,396,086	18,149,248	13,290,820	14,302,621
Employee benefit expenses	740,539	2,399,656	4,364,197	2,982,873	6,178,926
Promotion and advertising expenses	1,264,725	4,077,084	9,422,745	5,293,916	19,103,231
Outsourcing and other labor costs	40,592	173,620	274,733	159,888	340,272
Depreciation of property and equipment	84,186	828,980	1,405,313	906,771	2,174,192
Depreciation of right-of-use assets	24,085	325,831	692,228	418,679	1,157,218
Amortization of intangible assets	7,229	24,774	62,842	41,997	90,569
Bandwidth expenses and server custody costs	807,902	1,830,875	2,650,623	1,824,369	3,920,498
Payment processing cost	269,338	488,770	642,155	480,527	687,335
Listing expenses (excluding those included in auditor's remuneration)	—	—	—	—	15,510
Auditor's remuneration					
— Audit services	2,146	1,938	4,371	854	7,111
— Non-audit services	79	3,411	289	165	2,484
Other professional fees	27,857	51,176	58,700	41,968	76,379
Tax surcharges	42,343	141,916	326,337	197,244	287,866
Credit loss allowances on financial assets	—	1,040	22,298	14,160	17,817
Others	86,314	313,053	615,373	344,752	2,037,132
	7,792,958	21,058,210	38,691,452	25,998,983	50,399,161

10 Employee benefit expenses

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, salaries and bonuses	369,412	1,374,735	2,951,829	1,958,282	4,426,692
Share-based compensation expenses	296,535	701,601	742,303	564,039	977,087
Other social security costs, housing benefits and other employee benefits	74,592	323,320	670,065	460,552	775,147
	740,539	2,399,656	4,364,197	2,982,873	6,178,926

(a) Five highest paid individuals

None of the five individuals whose emoluments were the highest in the Group for each of the Track Record Period were directors of the Group. The emoluments payable to these individuals for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, salaries and bonuses	11,573	19,383	33,142	24,814	24,498
Share-based compensation expenses	141,462	162,089	70,040	56,477	100,570
Other social security costs, housing benefits and other employee benefits	453	609	632	477	453
	153,488	182,081	103,814	81,768	125,521

The emoluments fell within the following bands:

	Number of individuals				
	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
				(Unaudited)	
HK$10,000,001 to HK$20,000,000.	2	—	—	4	—
HK$20,000,001 to HK$30,000,000.	—	2	5	1	4
HK$30,000,001 to HK$40,000,000.	1	2	—	—	1
HK$40,000,001 to HK$50,000,000.	1	—	—	—	—
HK$60,000,001 to HK$70,000,000.	1	—	—	—	—
HK$100,000,001 to HK$150,000,000. . . .	—	1	—	—	—
	5	5	5	5	5

(b) Benefits and interests of directors

The remuneration of every director and the chief executive is set out below:

For the year ended December 31, 2017:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chairman				
Su Hua	2,231	6,075	111	8,417
Executive director				
Cheng Yixiao	1,914	4,860	114	6,888
Total.	4,145	10,935	225	15,305

For the year ended December 31, 2018:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chairman				
Su Hua	2,796	1,622	125	4,543
Executive director				
Cheng Yixiao	3,031	1,298	125	4,454
Total	5,827	2,920	250	8,997

For the year ended December 31, 2019:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chairman				
Su Hua	3,859	—	126	3,985
Executive director				
Cheng Yixiao	3,510	—	126	3,636
Total	7,369	—	252	7,621

For the nine months ended September 30, 2019 (Unaudited):

Name	Wages, salaries and bonuses	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chairman				
Su Hua	2,890	—	95	2,985
Executive director				
Cheng Yixiao	2,629	—	95	2,724
Total	5,519	—	190	5,709

For the nine months ended September 30, 2020:

Name	Wages, salaries and bonuses	Share-based compensation expenses	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Chairman				
Su Hua	2,844	—	81	2,925
Executive director				
Cheng Yixiao	2,660	—	81	2,741
Total	5,504	—	162	5,666

(i) Benefits and interests of directors

Except for directors disclosed above, there is no other benefits and interests offered to the other directors.

(ii) Directors' termination benefits

No director's termination benefit subsisted at the end of the period or at any time during the Track Record Period.

(iii) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of the period or at any time during the Track Record Period.

(iv) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors was subsisted at the end of the period or at any time during the Track Record Period.

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the period or at any time during the Track Record Period.

11 Finance (expense)/income, net

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Finance income:					
Interest income from bank deposits	16,829	106,135	92,441	68,869	155,507
Finance expense:					
Interest expense from lease liabilities	(6,581)	(53,145)	(103,302)	(62,585)	(161,899)
Others	(36,324)	(826)	(176)	—	(20,179)
	(42,905)	(53,971)	(103,478)	(62,585)	(182,078)
Finance (expense)/income, net	(26,076)	52,164	(11,037)	6,284	(26,571)

12 Subsidiaries

The Company's major subsidiaries (including controlled and structured entities) during the Track Record Period are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of incorporation/ establishment and kind of legal entity	Date of incorporation/ establishment	Particulars of issued/ paid-in capital	Effective interest held: As of December 31, 2017	2018	2019	As of September 30, 2020	Principal activities
Subsidiaries								
Directly held:								
Fortune Ever Global Limited	Hong Kong, limited liability company	March 25, 2014	HKD10,000	100%	100%	100%	100%	Investment holding and investment
Cosmic Blue Investments Limited	British Virgin Islands, limited liability company	March 16, 2017	—	100%	100%	100%	100%	Investment holding and investment
Indirectly held:								
Joyo Technology PTE. LTD.	Singapore, limited liability company	August 3, 2016	USD1	100%	100%	100%	100%	Development of software, provision of programming and advertising services
Beijing Dajia Internet Information Technology Co., Ltd.	Beijing, China, limited liability company	July 2, 2014	RMB8,941,454,241	100%	100%	100%	100%	Development of software, hardware and network technology
Structured entities *(Note a)*								
Beijing Kuaishou Technology Co., Ltd.	Beijing, China, limited liability company	March 20, 2015	RMB10,000,000	100%	100%	100%	100%	Provision of live-streaming and online marketing services
Yooeee Xingji (Beijing) Technology Co., Ltd.	Beijing, China, limited liability company	November 3, 2006	RMB25,600,000	100%	100%	100%	100%	Provision of technology development, promotion and other services
Huai'an Kangxiangfu Culture Communication Co., Ltd.	Jiangsu, China, limited liability company	January 9, 2017	—	100%	100%	100%	100%	Provision of internet information services
Beijing Chenzhong Technology Co., Ltd.	Beijing, China, limited liability company	July 6, 2017	RMB2,015,000	100%	100%	100%	100%	Provision of online marketing and other services
Guizhou Fankuai Culture Communication Co., Ltd.	Guizhou, China, limited liability company	March 5, 2019	—	N/A	N/A	100%	100%	Provision of multimedia information technology services
Beijing Kuaishou Ads Co., Ltd.	Beijing, China, limited liability company	September 23, 2016	RMB60,000	100%	100%	100%	100%	Provision of online marketing and other services
Beijing Yunche Technology Co., Ltd.	Beijing, China, limited liability company	September 19, 2018	—	N/A	100%	100%	100%	Provision of online marketing and other services
Chengdu Kuaigou Technology Co., Ltd	Sichuan, China, limited liability company	October 31, 2019	—	N/A	N/A	100%	100%	Provision of online marketing and other services
Huai'an Xingyi Culture Communication Co., Ltd	Jiangsu, China, limited liability company	August 1, 2017	RMB2,000	100%	100%	100%	100%	Provision of online marketing and other services

Note a:

As described in Note 2.2, the Company does not have direct or indirect legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain Contractual Arrangements entered into with these structured entities and their registered owners, the Company and its other legally owned subsidiaries have rights to exercise power over these structured entities, receive variable returns from its involvement in these structured entities, and have the ability to affect those returns through its power over these structured entities. As a result, they are presented as structured entities of the Company.

13 Income tax (expenses)/benefits

(a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to tax on income or capital gains. Additionally, the Cayman Islands do not impose a withholding tax on payments of dividends to shareholders. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

(b) British Virgin Islands ("BVI")

The Group's entities established under the International Business Companies Acts of BVI are exempted from BVI income tax.

(c) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

(d) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2020 based on the existing legislation, interpretation and practices in respect thereof.

Beijing Dajia became accredited as High and New Technology Enterprises ("**HNTEs**") enabling it to enjoy a preferential tax rate of 15% commencing from 2017. In addition, Beijing Dajia was granted as "Software Enterprise", which entitled it to an income tax exemption for two years beginning with its first profitable year and a 50% reduction to a rate of 12.5% for the subsequent three years. The tax exemption under "Software Enterprise" for Beijing Dajia was obtained in May 2018 with retroactive application since 2017. Accordingly, Beijing Dajia preliminary used the tax rate of 15% on its estimated assessable profits for the year ended December 31, 2017, and then reversed that amount in 2018. In 2020, Beijing Dajia also obtained the qualification of "Key National Software Enterprise" ("**KNSE**") which entitled it to a further reduced preferential income tax rate of 10%, starting from 2019 contingent upon annual assessment by relevant authorities. Due to the uncertainty of obtaining the qualification, Beijing Dajia accrued the income tax expenses by applying the preferential tax rate of 12.5% in 2019 and a reversal was made in the second quarter of 2020 for the change in enacted tax rate as the uncertainty was eliminated then.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expense so incurred as tax deductible expense when determining their assessable profit for that year ("**Super Deduction**"). The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses as Super Deduction from January 1, 2018. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

(e) Withholding tax in mainland China ("WHT")

According to the New Corporate Income Tax Law ("**New EIT Law**"), beginning January 1, 2008, distribution of profits earned by companies in mainland China since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group does not have any plan in the foreseeable future to require its subsidiaries in mainland China to distribute their retained earnings and intends to retain them to operate and expand its business in mainland China. Accordingly, no deferred income tax liability related to WHT on undistributed earnings was accrued as of the end of each reporting period.

The income tax (expenses)/benefits of the Group during the Track Record Period are analysed as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current income tax	(112,260)	(184,568)	(1,088,560)	(774,621)	(547,954)
Deferred income tax	7,811	156,347	702,493	377,678	1,295,547
Income tax (expenses)/benefits	(104,449)	(28,221)	(386,067)	(396,943)	747,593

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in mainland China, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(19,940,501)	(12,401,064)	(19,265,467)	(1,220,502)	(98,119,055)
Tax calculated at statutory income tax rate of 25% in mainland China	4,985,125	3,100,266	4,816,367	305,126	24,529,764
Tax effects of:					
— Effect of different tax rates in other jurisdictions	(5,129,310)	(2,975,079)	(5,023,641)	(705,843)	(22,341,209)
— Effect of preferential income tax rates of certain subsidiary	45,084	17,489	113,910	175,925	(973,597)
— Tax losses and temporary deductible timing differences for which no deferred tax assets was recognised	(16,826)	(85,899)	(181,838)	(83,098)	(495,044)
— Expenses not deductible for income tax purposes	(84,475)	(167,367)	(198,996)	(149,702)	(204,239)
— Utilization of previously unrecognised deductible tax losses and temporary differences	90,118	11	336	—	35,354
— Super Deduction for research and development expenses	5,835	11,848	85,491	59,970	62,858
— Income not subject to tax	—	—	2,304	679	27,573
— Reversal of income tax expenses of prior year *(Note a)*	—	70,510	—	—	106,133
	(104,449)	(28,221)	(386,067)	(396,943)	747,593

Note a: Due to the changes in the applicable tax rate for Beijing Dajia as mentioned in Note 13(d), a reversal was made in 2018 for the current income tax expense of RMB71.1 million and deferred income tax credit of RMB0.6 million recognised in 2017, and a reversal was made in the second quarter of 2020 for the current income tax expense of RMB106.1 million recognised in 2019 (refer to Note 13(d) for details).

14 Loss per share

Following the Share Split as detailed in Note 24, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 has been retrospectively adjusted.

(a) Basic loss per share

Basic loss per share for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020 are calculated by dividing the loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year/period.

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Net loss attributable to equity holders of the Company.	(20,044,950)	(12,429,285)	(19,651,534)	(1,617,445)	(97,371,462)
Weighted average number of ordinary shares in issue (thousand shares).	934,111	934,111	934,111	934,111	931,436
Basic loss per share (expressed in RMB per share).	(21.46)	(13.31)	(21.04)	(1.73)	(104.54)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

During the Track Record Period, the Company had two categories of potential ordinary shares: Preferred Shares and share options granted under Pre-IPO ESOP Plan. As the Company incurred losses for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilution. Accordingly, the amounts of diluted loss per share for the years ended December 31, 2017, 2018, and 2019 and the nine months ended September 30, 2019 and 2020 were the same as basic loss per share of the respective year/period.

15 Property and equipment

The detail information of property and equipment during the Track Record Period is as below:

	Servers, computers and equipment	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017					
Cost	114,223	894	982	—	116,099
Accumulated depreciation	(26,119)	(101)	(355)	—	(26,575)
Net book amount	88,104	793	627	—	89,524
Year ended December 31, 2017					
Opening net book amount	88,104	793	627	—	89,524
Additions	1,039,247	2,546	10,403	—	1,052,196
Disposal	—	(256)	—	—	(256)
Depreciation charge	(80,966)	(406)	(2,814)	—	(84,186)
Closing net book amount	1,046,385	2,677	8,216	—	1,057,278
At December 31, 2017					
Cost	1,153,470	3,167	11,385	—	1,168,022
Accumulated depreciation	(107,085)	(490)	(3,169)	—	(110,744)
Net book amount	1,046,385	2,677	8,216	—	1,057,278
Year ended December 31, 2018					
Opening net book amount	1,046,385	2,677	8,216	—	1,057,278
Currency translation differences	1	—	—	—	1
Additions	2,144,679	4,693	27,734	14,308	2,191,414
Business combination *(Note 33)*	1,213	—	—	—	1,213
Disposal	(120)	(36)	—	—	(156)
Depreciation charge	(824,904)	(934)	(3,142)	—	(828,980)
Closing net book amount	2,367,254	6,400	32,808	14,308	2,420,770
At December 31, 2018					
Cost	3,298,439	7,817	39,119	14,308	3,359,683
Accumulated depreciation	(931,185)	(1,417)	(6,311)	—	(938,913)
Net book amount	2,367,254	6,400	32,808	14,308	2,420,770

	Servers, computers and equipment	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2019					
Opening net book amount	2,367,254	6,400	32,808	14,308	2,420,770
Currency translation differences	8	—	—	—	8
Additions	5,105,300	8,543	64,554	38,782	5,217,179
Transfer upon construction in progress to leasehold improvements	—	—	19,061	(19,061)	—
Disposal	(239)	(100)	—	—	(339)
Depreciation charge	(1,382,922)	(3,870)	(18,521)	—	(1,405,313)
Closing net book amount	6,089,401	10,973	97,902	34,029	6,232,305
At December 31, 2019					
Cost	8,401,480	15,945	122,734	34,029	8,574,188
Accumulated depreciation	(2,312,079)	(4,972)	(24,832)	—	(2,341,883)
Net book amount	6,089,401	10,973	97,902	34,029	6,232,305
(Unaudited)					
Nine months ended September 30, 2019					
Opening net book amount	2,367,254	6,400	32,808	14,308	2,420,770
Currency translation differences	1	—	—	—	1
Additions	2,250,032	5,521	49,791	4,753	2,310,097
Transfer upon construction in progress to leasehold improvements	—	—	19,061	(19,061)	—
Disposal	(215)	(39)	—	—	(254)
Depreciation charge	(887,479)	(2,567)	(16,725)	—	(906,771)
Closing net book amount	3,729,593	9,315	84,935	—	3,823,843
At September 30, 2019					
Cost	5,547,541	13,235	107,971	—	5,668,747
Accumulated depreciation	(1,817,948)	(3,920)	(23,036)	—	(1,844,904)
Net book amount	3,729,593	9,315	84,935	—	3,823,843
Nine months ended September 30, 2020					
Opening net book amount	6,089,401	10,973	97,902	34,029	6,232,305
Currency translation differences	3	—	2	—	5
Additions	2,883,446	7,652	22,183	50,526	2,963,807
Transfer upon construction in progress to leasehold improvements	—	—	61,038	(61,038)	—
Disposal	(339)	(204)	—	—	(543)
Depreciation charge	(2,122,953)	(3,916)	(47,323)	—	(2,174,192)
Closing net book amount	6,849,558	14,505	133,802	23,517	7,021,382
At September 30, 2020					
Cost	11,283,780	22,970	205,957	23,517	11,536,224
Accumulated depreciation	(4,434,222)	(8,465)	(72,155)	—	(4,514,842)
Net book amount	6,849,558	14,505	133,802	23,517	7,021,382

Depreciation expenses have been charged to the consolidated income statements as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of revenues	81,332	818,866	1,359,471	876,441	2,109,432
Selling and marketing expenses	285	598	2,539	1,571	4,878
Administrative expenses	1,392	3,706	21,755	15,024	27,865
Research and development expenses	1,177	5,810	21,548	13,735	32,017
	84,186	828,980	1,405,313	906,771	2,174,192

16 Lease

The Group has applied IFRS 16 retrospectively without using the simplified transitional approach permitted under IFRS 16.

(a) Items recognised in the consolidated balance sheets

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets				
Internet data centers	822,078	790,429	3,823,058	4,705,048
Office buildings	43,545	481,789	529,580	689,434
	865,623	1,272,218	4,352,638	5,394,482

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities				
Current	175,201	498,541	1,337,048	1,871,490
Non-current	695,784	892,257	3,287,984	3,945,201
	870,985	1,390,798	4,625,032	5,816,691

Additions to the right-of-use assets for the years ended December 31, 2017, 2018 and 2019, and the nine months ended September 30, 2019 and 2020 were RMB889.7 million, RMB732.4 million, RMB3.8 billion, RMB1.7 billion and RMB2.2 billion, respectively.

(b) Items recognised in the consolidated income statements:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Depreciation charge of right-of-use assets					
— Internet data centers	4,668	244,555	561,515	325,502	1,013,664
— Office buildings	19,417	81,276	130,713	93,177	143,554
Interest expense (included in finance (expense)/income, net)	6,581	53,145	103,302	62,585	161,899
Expense relating to short-term leases not included in lease liabilities (included in cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses)	53,613	64,966	32,417	20,850	38,034
	84,279	443,942	827,947	502,114	1,357,151

The total cash outflows in financing activities for leases during the years ended December 31, 2017, 2018, 2019 and the nine months ended September 30, 2019 and 2020 are as below:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Principal elements of lease payments	18,723	212,613	538,414	343,512	1,007,403
Related interest paid	6,581	53,145	103,302	62,585	161,899
	25,304	265,758	641,716	406,097	1,169,302

The weighted average incremental borrowing rate applied to the lease liabilities was 4.75% per annum during the Track Record Period.

17 Intangible assets

The detail information of intangible assets during the Track Record Period is as below:

	Goodwill	Licenses and copyrights	Trademarks and domain name	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017						
Cost	—	34,655	1,135	4,285	—	40,075
Accumulated amortization	—	(4,332)	(28)	(230)	—	(4,590)
Net book amount	—	30,323	1,107	4,055	—	35,485
Year ended December 31, 2017						
Opening net book amount	—	30,323	1,107	4,055	—	35,485
Additions	—	—	—	6,619	—	6,619
Amortization charge	—	(3,465)	(114)	(3,650)	—	(7,229)
Closing net book amount	—	26,858	993	7,024	—	34,875
At December 31, 2017						
Cost	—	34,655	1,135	10,904	—	46,694
Accumulated amortization	—	(7,797)	(142)	(3,880)	—	(11,819)
Net book amount	—	26,858	993	7,024	—	34,875
Year ended December 31, 2018						
Opening net book amount	—	26,858	993	7,024	—	34,875
Additions	—	42,357	1,432	6,115	—	49,904
Business combination *(Note 33)*	816,062	149,269	—	13,290	7,300	985,921
Disposals	—	—	—	(110)	—	(110)
Amortization charge	—	(16,377)	(346)	(6,834)	(1,217)	(24,774)
Closing net book amount	816,062	202,107	2,079	19,485	6,083	1,045,816
At December 31, 2018						
Cost	816,062	226,281	2,567	30,195	7,300	1,082,405
Accumulated amortization	—	(24,174)	(488)	(10,710)	(1,217)	(36,589)
Net book amount	816,062	202,107	2,079	19,485	6,083	1,045,816
Year ended December 31, 2019						
Opening net book amount	816,062	202,107	2,079	19,485	6,083	1,045,816
Additions	—	76,160	976	24,378	30	101,544
Business combination *(Note 33)*	20,910	—	—	14,000	1,340	36,250
Disposals	—	(460)	—	—	—	(460)
Amortization charge	—	(47,063)	(1,183)	(12,077)	(2,519)	(62,842)
Closing net book amount	836,972	230,744	1,872	45,786	4,934	1,120,308
At December 31, 2019						
Cost	836,972	301,966	3,543	68,573	8,670	1,219,724
Accumulated amortization	—	(71,222)	(1,671)	(22,787)	(3,736)	(99,416)
Net book amount	836,972	230,744	1,872	45,786	4,934	1,120,308

	Goodwill	Licenses and copyrights	Trademarks and domain name	Software	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
Nine months ended September 30, 2019						
Opening net book amount	816,062	202,107	2,079	19,485	6,083	1,045,816
Additions	—	38,326	976	4,087	—	43,389
Amortization charge	—	(31,590)	(854)	(7,728)	(1,825)	(41,997)
Closing net book amount	816,062	208,843	2,201	15,844	4,258	1,047,208
At September 30, 2019						
Cost	816,062	264,607	3,543	34,282	7,300	1,125,794
Accumulated amortization	—	(55,764)	(1,342)	(18,438)	(3,042)	(78,586)
Net book amount	816,062	208,843	2,201	15,844	4,258	1,047,208
Nine months ended September 30, 2020						
Opening net book amount	836,972	230,744	1,872	45,786	4,934	1,120,308
Additions	—	203,403	2,933	17,919	—	224,255
Disposals	—	(300)	—	—	—	(300)
Amortization charge	—	(75,014)	(1,170)	(12,303)	(2,082)	(90,569)
Closing net book amount	836,972	358,833	3,635	51,402	2,852	1,253,694
At September 30, 2020						
Cost	836,972	504,860	6,476	86,492	8,670	1,443,470
Accumulated amortization	—	(146,027)	(2,841)	(35,090)	(5,818)	(189,776)
Net book amount	836,972	358,833	3,635	51,402	2,852	1,253,694

Other intangible assets mainly represented customer relationships and non-compete agreements acquired through business acquisition transactions (see Note 33 for details).

For the purpose of impairment test of goodwill, goodwill is allocated to groups of CGUs. Such groups of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purpose. The recoverable amount of a cash generated-unit was determined based on value-in-use calculations. These calculations used pre-tax cash flow projections based on financial budgets approved by management for recent years with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below. The Group believes that it is appropriate to cover six years in its cash flow projection according to the budget approved, because it captures the development stage of the Group's businesses during which the Group expects to experience a high growth rate. The accuracy and reliability of the information is reasonably assured by the appropriate budgeting, forecast and control process established by the Group. The management leveraged their extensive experiences in the industries and provided forecast based on past performance and their expectation of future business plans and market developments.

The Group only has one CGU according to its business operation during the Track Record Period. Impairment review on the goodwill of the Group has been conducted by the management as of December 31, 2018 and 2019 according to IAS 36 "Impairment of assets". Management forecasted the average annual revenue growth rate for six-years ranging from 17% to 21%, and the cash flows beyond the period aforementioned were extrapolated using the estimated annual growth rate of 3%. Pre-tax discount rate from 22% to 26% was used to reflect market assessment of time value and the specific risks relating to the CGU.

Based on the result of the goodwill impairment testing, the estimated headroom was approximately RMB70.2 billion and RMB96.8 billion as of December 31, 2018 and 2019, respectively. For the nine months ended September 30, 2020, the Group also performed impairment testing, the estimated headroom was approximately RMB248.0 billion as of September 30, 2020. As the recoverable amount was significantly above the carrying amount, no impairment was identified in respect of the goodwill as of December 31, 2018, 2019 and September 30, 2020, respectively. Management forecasted the average annual revenue growth rate for six-years was 34% and the cash flows beyond the period aforementioned were extrapolated using the estimated annual growth rate of 3%. Pre-tax discount rate of 20% was used to reflect market assessment of time value and the specific risks relating to the CGU.

The Group performs the sensitivity analysis based on the assumptions that revenue growth rate or terminal value or the discount rate have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	As of December 31,		**As of September 30,**
	2018	**2019**	**2020**
	In billions of RMB	*In billions of RMB*	*In billions of RMB*
Revenue growth rate decreases by 10% . . .	36.9	55.4	96.4
Terminal value decreases by 10%	65.7	90.2	228.8
Discount rate increases by 10%	59.6	82.1	211.7

Reasonable possible changes in key assumptions would not lead to impairment as of December 31, 2018, 2019 and as of September 30, 2020, respectively.

Amortization expenses have been charged to the consolidated income statements as follow:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of revenues	—	6,270	30,943	19,401	64,085
Administrative expenses	5,172	14,694	25,854	19,430	19,293
Research and development expenses	2,057	3,810	6,045	3,166	7,191
	7,229	24,774	62,842	41,997	90,569

18 Investments in subsidiaries-Company

The detail information of investments in subsidiaries for the Company during the Track Record Period is as below:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in subsidiaries *(Note a)*	8	8	8	8
Deemed investments arising from share-based compensation *(Note b)*	467,159	1,168,760	1,911,063	2,844,165
	467,167	1,168,768	1,911,071	2,844,173

Notes:

(a) As at December 31, 2017, 2018 and 2019 and September 30, 2020, the Company's investments in subsidiaries amounted to HKD10,000 (equivalent to approximately RMB8,000).

(b) The amount represents share-based compensation expenses arising from the grant of share options of the Company to employees of the subsidiaries (Note 27) in exchange for their services provided to certain subsidiaries now comprising the Group, which were deemed to be investments made by the Company into these subsidiaries.

19 Financial instruments by category

The detail information of financial instruments by category during the Track Record Period is as below:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets as per balance sheets				
Financial assets measured at fair value through profit or loss:				
— Listed equity securities	—	—	77,202	95,737
— Unlisted equity securities	49,200	677,919	2,258,272	3,998,760
— Wealth management products	2,472,037	4,273,517	8,825,068	8,450,308
Financial assets measured at amortized costs:				
— Trade receivables	136,641	129,045	1,107,440	1,812,648
— Prepayments, other receivables and other current assets (excluding prepaid promotion and advertising fees, recoverable VAT and other tax prepayments, rental prepayments, prepaid bandwidth fee and other prepayments)	35,036	98,403	134,817	143,895
— Other non-current assets	13,642	50,829	44,627	86,448
— Time deposits	—	—	1,380,994	11,244,150
— Restricted cash	251,893	285,274	1,386	5,253
— Cash and cash equivalents	2,688,512	5,370,332	3,996,236	7,703,012
Total	5,646,961	10,885,319	17,826,042	33,540,211

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities as per balance sheets				
Financial liabilities measured at fair value through profit or loss:				
— Convertible redeemable preferred shares	26,652,555	47,211,431	69,444,163	175,237,831
Financial liabilities measured at amortized cost:				
— Accounts payables	1,802,517	2,025,563	9,055,133	10,913,350
— Other payables and accruals (excluding employee benefit payables, and other taxes payable)	10,439	47,527	1,401,217	2,355,280
— Lease liabilities	870,985	1,390,798	4,625,032	5,816,691
— Borrowings	—	—	—	300,000
Total	29,336,496	50,675,319	84,525,545	194,623,152

20 Financial assets at fair value through profit or loss

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Investments in unlisted entities	49,200	677,919	2,258,272	3,998,760
Current assets				
Investments in listed entities				
— Hong Kong listed	—	—	77,202	95,737
Wealth management products	2,472,037	4,273,517	8,825,068	8,450,308
	2,472,037	4,273,517	8,902,270	8,546,045
Total	2,521,237	4,951,436	11,160,542	12,544,805

The Group has invested in several unlisted companies during Track Record Period, the major investments are as following: the Group invested in Zhihu Technology Limited in August 2019 in the form of convertible redeemable preferred shares, invested in Leading Smart Holdings Limited and SHAREit Technology Holdings Inc. in March 2020 and April 2020, respectively, in the form of convertible redeemable preferred shares.

Movements in financial assets at fair value through profit or loss are as below:

	Year ended December 31,			**Nine months ended September 30,**	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At the beginning of the year/period	2,000	2,521,237	4,951,436	4,951,436	11,160,542
Additions	5,897,411	18,057,645	57,292,418	39,507,618	46,068,073
Disposal	(3,376,458)	(15,789,767)	(51,112,055)	(32,086,139)	(44,961,282)
Change in fair value through profit or loss	49,745	137,457	(14,041)	220,576	465,712
Deemed disposal due to business combination *(Note 33)*	—	(46,432)	—	—	—
Currency translation differences	(51,461)	71,296	42,784	70,806	(188,240)
At the end of the year/period	2,521,237	4,951,436	11,160,542	12,664,297	12,544,805

21 Trade receivables

The detail information of trade receivables during the Track Record Period is as below:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers	136,641	129,120	1,112,214	1,835,477
Less: credit loss allowances	—	(75)	(4,774)	(22,829)
	136,641	129,045	1,107,440	1,812,648

The Group generally allows a credit period of 90 days to its customers. Aging analysis of trade receivables based on invoice date is as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	136,641	129,120	1,104,662	1,624,531
3 to 6 months	—	—	7,552	210,946
	136,641	129,120	1,112,214	1,835,477

Movements on the Group's allowance for credit loss of trade receivables are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At the beginning of the year/period	—	—	(75)	(75)	(4,774)
Additional provision	—	(75)	(4,699)	(1,182)	(18,055)
At the end of the year/period	—	(75)	(4,774)	(1,257)	(22,829)

22 Prepayments, other receivables and other current assets

The detail information of prepayments, other receivables and other current assets during the Track Record Period is as below:

Group

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid promotion and advertising fees	32,248	130,023	1,354,825	391,108
Recoverable VAT and other tax prepayments	16,433	405,595	505,219	1,561,430
Deposit	3,469	48,500	66,381	77,335
Loan receivables	—	34,316	34,881	34,051
Interest receivable	561	6,169	13,111	24,815
Rental prepayments	318	5,671	7,986	17,655
Prepaid bandwidth fee	1,641	61,656	2,083	—
Others	37,887	33,985	66,832	90,979
	92,557	725,915	2,051,318	2,197,373
Less: credit loss allowances	—	(965)	(18,564)	(18,326)
	92,557	724,950	2,032,754	2,179,047

Company

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from subsidiaries	1,104,003	5,618,358	9,184,929	23,806,448
Others	3,028	5,725	7,064	20,246
	1,107,031	5,624,083	9,191,993	23,826,694

23 Cash and bank balances

(a) Cash and cash equivalents

Group

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	2,638,512	3,311,372	2,402,816	7,564,012
Time deposits with initial terms within three months	50,000	2,058,960	1,593,420	139,000
	2,688,512	5,370,332	3,996,236	7,703,012

Cash and cash equivalents are denominated in the following currencies:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	922,976	1,240,197	1,240,372	3,740,784
USD	1,765,536	4,118,078	2,745,018	3,938,066
HKD	—	—	620	7
SGD	—	9,578	7,919	7,083
Others	—	2,479	2,307	17,072
	2,688,512	5,370,332	3,996,236	7,703,012

The weighted average effective interest rates on time deposits of the Group with initial terms within three months as of December 31, 2017, 2018 and 2019 and September 30, 2020 were 1.82%, 3.52%, 2.28% and 2.03%, per annum, respectively.

Company

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	1,672,129	1,624,045	1,080,936	3,533,397
Time deposits with initial terms within three months	—	2,058,960	859,538	—
	1,672,129	3,683,005	1,940,474	3,533,397

Cash and cash equivalents are denominated in the following currencies.

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	1,672,129	3,682,999	1,940,468	3,533,391
RMB	—	6	6	6
	1,672,129	3,683,005	1,940,474	3,533,397

The weighted average effective interest rates on time deposits of the Company with initial terms within three months as of December 31, 2018 and 2019 were 3.52% and 2.25%, per annum, respectively.

(b) Restricted cash

Restricted cash are denominated in the following currencies:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	—	20,011	479	706
USD	251,893	265,263	907	4,547
	251,893	285,274	1,386	5,253

As of December 31, 2017, USD30.0 million (approximately equivalent to RMB196.0 million) and USD8.6 million (approximately equivalent to RMB55.9 million) were deposited at Silicon Valley Bank into escrow accounts with other parties related to financing activities for certain terms. The security deposit of USD38.6 million (approximately equivalent to RMB264.6 million) which was restricted during the year ended December 31, 2017 was not released as of December 31, 2018. As of December 31, 2019, the restricted cash in escrow accounts at Silicon Valley Bank amounting to USD38.6 million was released as the restriction terms were achieved in the year of 2019.

As of December 31, 2018, RMB20.0 million restricted security deposit were held at bank for issuance of letter of guarantee.

As of September 30, 2020, USD0.7 million (approximately equivalent to RMB4.5 million) was held at bank as a restricted deposit.

(c) Time deposits

Group

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits denominated in RMB . .	—	—	110,000	610,000
Time deposits denominated in USD. . .	—	—	1,270,994	10,634,150
	—	—	1,380,994	11,244,150

The interest rates on time deposits of the Group with initial terms over three months as of December 31, 2019 and September 30, 2020 were in the range of 2.30% to 4.18% and 0.57% to 4.18%, per annum, respectively.

Company

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time deposits denominated in USD. . .	—	—	1,270,994	3,541,252

The interest rates on time deposits of the Company with initial terms over three months as of December 31, 2019 and September 30, 2020 were in the range of 2.30% to 2.40% and 0.70% to 2.15%, per annum, respectively.

24 Share capital

Authorized:

	Number of ordinary shares	Nominal value of ordinary shares	Number of Preferred Shares	Nominal value of Preferred Shares
	'000	*USD'000*	*'000*	*USD'000*
At January 1, 2017	7,866,374	42	1,348,754	7
Issuance of Series D-1 Preferred Shares	(407,237)	(2)	407,237	2
Ordinary shares	190,142	1	—	—
At December 31, 2017	7,649,279	41	1,755,991	9
Issuance of Series E Preferred Shares	(200,121)	(1)	200,121	1
Ordinary shares	28,692	—	—	—
At December 31, 2018	7,477,850	40	1,956,112	10
Issuance of Series E-1 Preferred Shares	(34,306)	—	34,306	—
At December 31, 2019	7,443,544	40	1,990,418	10
Issuance of Series F-1 and F-2 Preferred Shares	(455,300)	(2)	455,300	2
Re-designation of ordinary shares to Preferred Shares	(3,439)	—	3,439	—
At September 30, 2020	6,984,805	38	2,449,157	12

Issued:

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
	'000	*USD'000*	*RMB'000*
At January 1, 2017 and December 31, 2017, 2018 and 2019	934,111	5	30
Re-designation of ordinary shares to Preferred Shares	(3,439)	—	—
At September 30, 2020	930,672	5	30

On February 6, 2018, the Company has obtained all approvals and consents necessary for the split of every one share of the Company, par value of US$0.0005 per share, to 94.0527 shares, par value of US$0.0000053 per share ("**Share Split**"). The foregoing Share Split has been carried out in compliance with all applicable Laws in all respects and has been retroactively reflected through in the Track Record Period.

Under the Secondary Shares Purchase Agreement dated January 18, 2020 (the "**Agreement**"), certain ordinary shareholders of the Company, shall sell a total of 3,438,466 ordinary shares to certain Series F-2 preferred shareholders of the Company. Subject to the terms and conditions of Agreement, each ordinary share to be purchased and sold shall, concurrently with the Closing, be reclassified and designated into one (1) Series F-2 Preferred Shares. The re-designation of ordinary shares to Preferred Shares was accounted for as deemed repurchase of ordinary shares and deemed issuance of Series F-2 Preferred Shares. The fair value difference between ordinary shares and Preferred Shares mentioned above was recognized as expenses.

Key terms of the issued Preferred Shares have been set out in Note 32.

25 Other reserves

The following table shows a breakdown of the balance sheet line item 'other reserves' and the movements in these reserves during the year/period. A description of the nature and purpose of each reserve is provided below the table.

Group

	Capital reserve	Share-based compensation	Currency translation differences *(Note a)*	Statutory surplus reserve *(Note b)*	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2017	(7,247)	170,624	(302,039)	416	(24,463)	(162,709)
Share-based compensation	—	296,535	—	—	—	296,535
Currency translation differences	—	—	881,907	—	—	881,907
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	—	(58,351)	(58,351)
Appropriations to statutory reserves	—	—	—	59,438	—	59,438

	Capital reserve	Share-based compensation	Currency translation differences *(Note a)*	Statutory surplus reserve *(Note b)*	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2017	(7,247)	467,159	579,868	59,854	(82,814)	1,016,820
Share-based compensation	—	701,601	—	—	—	701,601
Currency translation differences	—	—	(1,796,151)	—	—	(1,796,151)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	—	4,838	4,838
Appropriations to statutory reserves	—	—	—	44,495	—	44,495
As of December 31, 2018	(7,247)	1,168,760	(1,216,283)	104,349	(77,976)	(28,397)
Share-based compensation	—	742,303	—	—	—	742,303
Currency translation differences	—	—	(910,997)	—	—	(910,997)
Net exercise of share options *(Note c)*	(186,988)	—	—	—	—	(186,988)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	—	(17,338)	(17,338)
Appropriations to statutory reserves	—	—	—	80,136	—	80,136
As of December 31, 2019	(194,235)	1,911,063	(2,127,280)	184,485	(95,314)	(321,281)

	Capital reserve	Share-based compensation	Currency translation differences *(Note a)*	Statutory surplus reserve *(Note b)*	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)						
As of January 1, 2019	(7,247)	1,168,760	(1,216,283)	104,349	(77,976)	(28,397)
Share-based compensation	—	564,039	—	—	—	564,039
Currency translation differences	—	—	(1,348,464)	—	—	(1,348,464)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	—	(10,186)	(10,186)
As of September 30, 2019	(7,247)	1,732,799	(2,564,747)	104,349	(88,162)	(823,008)
As of January 1, 2020	(194,235)	1,911,063	(2,127,280)	184,485	(95,314)	(321,281)
Share-based compensation	—	933,102	—	—	—	933,102
Currency translation differences	—	—	3,948,658	—	—	3,948,658
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	—	(903)	(903)
Re-designation of ordinary shares to Preferred Shares *(Note 24)*	(121,731)	—	—	—	—	(121,731)
As of September 30, 2020	(315,966)	2,844,165	1,821,378	184,485	(96,217)	4,437,845

Note a: Currency translation difference represents the difference arising from the translation of the financial statements of companies within the Group that have a functional currency different from the reporting currency of RMB for the financial statements of the Company and the Group.

Note b: In accordance with the Companies Laws of the PRC and the stipulated provisions of the articles of association of subsidiaries with limited liabilities in the PRC, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserve fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly foreign-owned subsidiaries in the PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve fund. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, no need to make such transfer further. With approvals obtained from respective boards of directors of these companies, the reserve fund can be used to offset accumulated deficit or to increase capital.

Company

	Capital reserve	Share-based compensation	Currency translation differences	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2017	(7,247)	170,624	(587,500)	(24,463)	(448,586)
Share-based compensation	—	296,535	—	—	296,535
Currency translation differences	—	—	1,322,633	—	1,322,633
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	(58,351)	(58,351)
As of December 31, 2017	(7,247)	467,159	735,133	(82,814)	1,112,231
Share-based compensation	—	701,601	—	—	701,601
Currency translation differences	—	—	(1,708,857)	—	(1,708,857)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	4,838	4,838
As of December 31, 2018	(7,247)	1,168,760	(973,724)	(77,976)	109,813
Share-based compensation	—	742,303	—	—	742,303
Currency translation differences	—	—	(828,082)	—	(828,082)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	(17,338)	(17,338)
Net exercise of share options *(Note c)*	(186,988)	—	—	—	(186,988)
As of December 31, 2019	(194,235)	1,911,063	(1,801,806)	(95,314)	(180,292)

	Capital reserve	Share-based compensation	Currency translation differences	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)					
As of January 1, 2019	(7,247)	1,168,760	(973,724)	(77,976)	109,813
Share-based compensation	—	564,039	—	—	564,039
Currency translation differences	—	—	(1,185,842)	—	(1,185,842)
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	(10,186)	(10,186)
As of September 30, 2019	(7,247)	1,732,799	(2,159,566)	(88,162)	(522,176)
As of January 1, 2020	(194,235)	1,911,063	(1,801,806)	(95,314)	(180,292)
Share-based compensation	—	933,102	—	—	933,102
Currency translation differences	—	—	3,642,134	—	3,642,134
Fair value change on convertible redeemable preferred shares due to own credit risk	—	—	—	(903)	(903)
Re-designation of ordinary shares to Preferred Shares *(Note 24)*	(121,731)	—	—	—	(121,731)
As of September 30, 2020	(315,966)	2,844,165	1,840,328	(96,217)	4,272,310

Note c: 273,955,853 shares issuable upon listing were issued from such net exercise of options, which allowed employees to use shares issuable to settle exercise price and individual income tax liabilities.

26 Dividends

No dividends have been paid or declared by the Company during each of the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020.

27 Share-based compensation

On December 22, 2014, the board of directors of the Company approved the establishment of Pre-IPO ESOP Plan with the purpose of attracting, motivating, retaining and rewarding certain employees, directors and other eligible persons. Pre-IPO ESOP Plan is valid and effective for 10 years from the approval of the board of directors. The maximum number of shares that may be issued under Pre-IPO ESOP Plan shall be 312,661,648 of ordinary shares. In February 2015, the shareholders of the Company authorized the increase of ordinary shares reserved for issuance under Pre-IPO ESOP Plan to 509,616,655 ordinary shares. In February 2018, the shareholders of the Company authorized the increase of ordinary shares reserved for issuance under Pre-IPO ESOP Plan to 711,946,697 ordinary shares. Pre-IPO ESOP Plan permits the awards of options.

Share options granted to employee

The majority of share options have graded vesting terms, and will be vested from the grant date over 4 years on the condition that employees remain in service without any performance requirements. For granted share options with vesting schedule as 4 years, 25% of the aggregate number of granted share options are vested on the first anniversary of the grant date, and remaining granted share options are vested in equal tranches every month over the next thirty-six months.

The options may be exercised at any time after the Initial Public Offering (the "**IPO**") of the Company provided the options have vested and subject to the terms of the award agreement. The options are exercisable for a maximum period of 10 years after the date of grant.

Movements in the number of share options granted and their related weighted average exercise prices (taking into account the effect of Share Split as described above) are as follows (all share options are presented as after Share Split):

	Number of share options	Weighted average exercise price per share option
		USD
Outstanding as of January 1, 2017	242,250,665	0.02
Granted during the year	169,443,079	0.04
Forfeited during the year	(312,045)	0.04
Outstanding as of December 31, 2017	411,381,699	0.03
Exercisable as of December 31, 2017	—	—
Outstanding as of January 1, 2018	411,381,699	0.03
Granted during the year	64,604,067	0.04
Forfeited during the year	(23,967,262)	0.04
Outstanding as of December 31, 2018	452,018,504	0.03
Exercisable as of December 31, 2018	—	—
Outstanding as of January 1, 2019	452,018,504	0.03
Granted during the year	38,633,407	0.71
Forfeited during the year	(9,206,519)	0.04
Net exercise of share options*	(279,082,616)	0.03
Outstanding as of December 31, 2019	202,362,776	0.16
Exercisable as of December 31, 2019	—	—
(Unaudited)		
Outstanding as of January 1, 2019	452,018,504	0.03
Granted during the period	28,492,880	0.88
Forfeited during the period	(6,900,971)	0.04
Outstanding as of September 30, 2019	473,610,413	0.08
Exercisable as of September 30, 2019	—	—
Outstanding as of January 1, 2020	202,362,776	0.16
Granted during the period	59,505,605	0.17
Forfeited during the period	(12,833,104)	0.54
Outstanding as of September 30, 2020	249,035,277	0.14
Exercisable as of September 30, 2020	—	—

* *For details of net exercise of share options, please refer to Note 25.*

The weighted-average remaining contract life for outstanding share options was 8.27 years, 7.50 years, 7.82 years, 6.91 years and 7.64 years as of December 31, 2017, 2018 and 2019 and September 30, 2019 and 2020, respectively.

Fair value of share options

The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares. Key assumptions, such as the discount rate and projections of future performance, are determined by the Group with best estimate.

Based on fair value of the underlying ordinary shares, the Group has used Binomial model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
				(Unaudited)	
Fair value per share (USD)	0.37–1.98	1.98–2.88	2.88–4.52	2.88–3.20	4.52–9.68
Exercise price (USD)	0.04	0.04	0.04–4.97	0.04–3.72	0.04–4.97
Risk-free interest rates	2.31%–2.51%	2.40%–3.05%	1.68%–2.69%	1.68%–2.69%	0.65%–1.92%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	55.14%–57.59%	54.95%–56.63%	55.20%–57.83%	55.20%–57.83%	57.05%–58.77%
Expected terms	10 years	10 years	10 years	10 years	10 years

The weighted-average fair value of granted share options was US$0.85, US$2.72, US$3.02, US$2.67 and US$7.79 per share for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020, respectively.

28 Accounts payables

Accounts payables and their aging analysis based on invoice date are as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Up to 3 months	1,536,489	1,509,058	7,014,917	7,979,085
3 to 6 months	120,277	175,436	803,711	2,139,156
6 months to 1 year	103,968	121,899	717,250	676,903
Over 1 year	41,783	219,170	519,255	118,206
	1,802,517	2,025,563	9,055,133	10,913,350

29 Other payables and accruals

The breakdown of other payables and accruals are as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Employee benefit payables	150,914	540,525	1,066,601	1,270,519
Refundable deposits from customers	3,100	6,403	495,611	1,375,732
Collection on behalf of others	—	1,356	847,064	917,916
Other taxes payable	109,971	256,567	559,750	466,940
Others	7,339	39,768	58,542	61,632
	271,324	844,619	3,027,568	4,092,739

30 Advances from customers

The breakdown of advances from customers are as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from live streaming customers	132,498	318,783	1,009,519	1,622,722
Advances from online marketing services customers	57,441	151,560	499,093	1,394,859
Others	135	5,210	20,996	13,577
	190,074	475,553	1,529,608	3,031,158

The above mentioned advances from customers represented the contract liability in connection with the advances for the purchase of virtual items and advanced cash receipt for services including online marketing services and others. Revenue recognized from the advances from customers balance as of January 1, 2017, 2018, 2019 and 2020 in each year of 2017, 2018, 2019 and the nine months of 2019 and 2020 was RMB29.9 million, RMB176.8 million, RMB410.8 million, RMB410.8 million and RMB1.4 billion, respectively.

31 Deferred income tax

The analysis of deferred tax assets and liabilities before offsetting, the offsetting amount, as well as the deferred tax assets and liabilities after offsetting are as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets:				
To be recovered after 12 months	942	3,840	56,111	452,213
To be recovered within 12 months	6,869	161,709	821,120	1,729,702
	7,811	165,549	877,231	2,181,915
Deferred tax liabilities:				
To be recovered after 12 months	—	36,854	48,619	58,530
To be recovered within 12 months	—	4,660	5,927	5,153
	—	41,514	54,546	63,683
Offsetting amounts	—	3,629	17,046	30,094
Deferred tax assets after offsetting	7,811	161,920	860,185	2,151,821
Deferred tax liabilities after offsetting	—	37,885	37,500	33,589

The amounts of the deferred tax assets before offsetting the taxes are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At the beginning of the year/period	—	7,811	165,549	165,549	877,231
Credited to the consolidated income statements	7,811	157,738	711,682	380,191	1,304,684
At the end of the year/period	7,811	165,549	877,231	545,740	2,181,915

The amounts of the deferred tax liabilities before offsetting the taxes are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
At the beginning of the year/period	—	—	41,514	41,514	54,546
Business combination	—	40,123	3,843	—	—
Debited to the consolidated income statements	—	1,391	9,189	2,513	9,137
At the end of the year/period	—	41,514	54,546	44,027	63,683

Deferred tax assets:

	Provisions	Tax losses	Fair value changes of financial assets	Credit loss allowance	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	—	—	—	—	—	—
Credited to consolidated income statements	6,869	—	—	—	942	7,811
At December 31, 2017	6,869	—	—	—	942	7,811
Credited to consolidated income statements	154,823	—	—	17	2,898	157,738
At December 31, 2018	161,692	—	—	17	3,840	165,549
Credited to consolidated income statements	656,404	—	44,222	3,007	8,049	711,682
At December 31, 2019	818,096	—	44,222	3,024	11,889	877,231
(Unaudited)						
At January 1, 2019	161,692	—	—	17	3,840	165,549
Credited to consolidated income statements	372,804	—	1,117	568	5,702	380,191
At September 30, 2019	534,496	—	1,117	585	9,542	545,740
At January 1, 2020	818,096	—	44,222	3,024	11,889	877,231
Credited to consolidated income statements	904,268	380,197	5,466	4,612	10,141	1,304,684
At September 30, 2020	1,722,364	380,197	49,688	7,636	22,030	2,181,915

The unrecognized deferred tax assets for tax losses as of December 31, 2017, 2018, 2019 and September 30, 2020 are as the table below:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deductible cumulative tax losses				
— To be carried forward indefinitely	62,882	424,695	818,025	2,738,292
— To be expired within following years*	8,229	402,725	558,200	885,073
	71,111	827,420	1,376,225	3,623,365
Unrecognized deferred tax assets:	12,747	173,219	335,362	716,430

*Note**: As of December 31, 2017, 2018, 2019 and September 30, 2020, the deductible cumulative tax losses will expire within 5 years, 10 years, 10 years and 10 years, respectively.

Deferred tax liabilities:

	Fair value changes of financial assets	Business combination	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2017	—	—	—	—
Debited to consolidated income statements	—	—	—	—
At December 31, 2017	—	—	—	—
Business combination	—	40,123	—	40,123
Debited/(credited) to consolidated income statements	3,629	(2,238)	—	1,391
At December 31, 2018	3,629	37,885	—	41,514
Business combination	—	3,843	—	3,843
Debited/(credited) to consolidated income statements	13,389	(4,821)	621	9,189
At December 31, 2019	17,018	36,907	621	54,546
(Unaudited)				
At January 1, 2019	3,629	37,885	—	41,514
Debited/(credited) to consolidated income statements	5,993	(3,495)	15	2,513
At September 30, 2019	9,622	34,390	15	44,027
At January 1, 2020	17,018	36,907	621	54,546
Debited/(credited) to consolidated income statements	12,952	(3,979)	164	9,137
At September 30, 2020	29,970	32,928	785	63,683

32 Convertible redeemable preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing Preferred Shares to investors, namely, series A Preferred Shares, series B Preferred Shares, series B-1 Preferred Shares, series C Preferred Shares, series C-1 Preferred Shares, series D Preferred Shares, series D-1 Preferred Shares, series E Preferred Shares, series E-1 Preferred Shares, series F-1 Preferred Shares and series F-2 Preferred Shares.

The details of the issuance are set out in the table below (after taking into consideration of Share Split):

	Date of Issuance	Purchase Price (US$/Share)	Number of Shares	Total consideration	
				USD'000	*RMB'000*
Series A Preferred Shares	June 20, 2014	0.00370	356,224,601	1,318	8,209
Series B Preferred Shares	July 22, 2014	0.04210	474,997,455	19,750	122,633
Series B-1 Preferred Shares	April 1, 2015	0.31170	6,416,275	2,000	12,395
Series C Preferred Shares	February 13, 2015	0.38963	282,319,024	110,000	688,238
Series C-1 Preferred Shares	July 9, 2015	0.46808	42,728,141	20,000	124,184
Series D Preferred Shares	January 21, 2016	0.69061	186,068,877	128,500	846,085
Series D-1 Preferred Shares	March 15, 2017	0.85945	407,236,905	350,000	2,419,863
Series E Preferred Shares	March 29, 2018	4.99699	200,120,473	1,000,000	6,300,116
Series E-1 Preferred Shares	September 30, 2019	5.24684	34,306,363	180,000	1,273,032
Series F-1 Preferred Shares	February 11, 2020	5.73742	104,576,622	600,000	4,191,055
Series F-2 Preferred Shares	February 11, 2020	6.84299	354,162,343	2,400,000	16,765,487
			2,449,157,079	4,811,568	32,751,297

The key terms of the Preferred Shares are summarised as follows:

(a) Dividends rights

Prior to Series D Preferred Shares, each holder of Preferred Shares shall be entitled to receive from the Company, out of funds legally available, non-cumulative dividends per Preferred Share held by such holder accrued at the rate of six percent (6%), further modified as eight percent (8%) of the applicable original issue price per annum for Series D and other senior series Preferred Shares (as adjusted for any stock dividends, combinations or splits with respect to such shares), when and if declared by the board, prior and in preference to holders of all other current or future class or series of Shares of the Company, including the ordinary shares. The dividends should be paid in the following order: Series F-2 preferred shareholders and Series F-1 preferred shareholders, Series E-1 preferred shareholders, Series E preferred shareholders, Series D-1 preferred shareholders, Series D preferred shareholders, Series C-1 preferred shareholders, Series C preferred shareholders, Series B-1 preferred shareholders, Series B preferred shareholders, Series A preferred shareholders, ordinary shareholders.

(b) Conversion feature

The Preferred Shares shall be converted into ordinary shares at the option of holders at any time after the considerations of each series of Preferred Shares were fully-paid, or automatically converted into ordinary shares at the then effective applicable conversion price upon the closing of the Qualified Initial Public Offering (the "**QIPO**"). In the event of the automatic conversion of the Preferred Shares, the person(s) entitled to receive the ordinary shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such transaction.

QIPO means a firm underwritten public offering of the shares or other securities of the Company pursuant to a registration statement that is filed with and declared effective by the competent Governmental Authority in accordance with relevant securities Laws of the United States or Hong Kong or any other jurisdiction on an internationally recognised stock exchange in (i) the United States or Hong Kong or (ii) any other jurisdiction as approved by the board of directors, with the total pre-money market capitalization of the Company not less than certain amount and gross proceeds to the Company in excess of certain amount (prior to underwriting discounts, commissions and expenses).

(c) Redemption feature

For Series F-1 and F-2 preferred shareholders , at any time and from time to time after the earliest of (i) forty-eight months from the Series F-1 and Series F-2 Preferred Shares (collectively as "**Series F Preferred Shares**") issuance date, (ii) any restructuring of the Company, (iii) the Company or founders of the Group breach the agreements made with preferred shareholders, (iv) main business of the Group conducted in the PRC being indefinitely shut down by any PRC Governmental Authority, or material license, permit or government approvals of the Group have been revoked (v) any holder of any other class of shares elects to exercise its redemption right, each holder of the Series F Preferred Shares issued and then outstanding may require the Company to redeem all, or any, of the issued and then outstanding Series F Preferred Shares held by such requesting holder(s). The redemption commencement date for Series F-1 and F-2 Preferred Shares is February 11, 2024.

For other series of Preferred Shares, the redemption terms are similar, except for the respective redemption commerce dates as set out below:

	Redemption Commencement date	
Series C-1, C, B-1, B, A Preference Shares	Seventy-two months from the Series C Preferred Shares issuance date	February 13, 2021
Series D Preference Shares	Sixty months from the Series D Preferred Shares issuance date	January 21, 2021
Series D-1 Preference Shares	Forty-eight months from the Series D-1 Preferred Shares issuance date	March 15, 2021
Series E Preference Shares	Forty-eight months from the Series E Preferred Shares issuance date	March 29, 2022
Series E-1 Preference Shares	Forty-eight months from the Series E-1 Preferred Shares issuance date	September 30, 2023

The redemption price shall be paid by the Company to the preferred shareholders in amount equal to the greater of (i) and (ii) below: (i) one hundred percent (100%) of the original issue price on each Preferred Share, plus a simple eight percent (8%) per annum interest of the original issue price on each Preferred Share accrued during the period from the issuance date of each Preferred Share until the date on which the redemption price is paid in full, and any accrued but unpaid dividends thereon; (ii) the fair market value of such Preferred Share, the valuation of which shall be determined through an independent appraisal performed by an appraiser approved by the board of directors. In October 2020, all preferred shareholders agreed to modify the redemption commencement date to April 30, 2022.

(d) Liquidation preferences

Upon the occurrence of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the assets of the Company legally available for distribution shall be distributed among the holders of the issued and outstanding shares (on an as-converted basis) in the following order and manner:

Each holder of Preferred Shares shall be entitled to receive for each Preferred Share held, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of previous Preferred Shares and ordinary shares or any other class or series of shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the applicable preferred issue price, plus all accrued or declared but unpaid dividends on such

Preferred Share. If the assets and funds available for distribution shall be insufficient to permit the payment to such holders of the full preferred preference amount, the liquidation preference amount will be paid to the preferred shareholders in the following order: first to holders of Series F-1 and Series F-2 Preferred Shares, second to holders of Series E-1 Preferred Shares, third to holders of Series E Preferred Shares, fourth to Series D-1 Preferred Shares, fifth to Series D Preferred Shares, sixth to Series C-1 Preferred Shares, seventh to Series C Preferred Shares, eighth to Series B-1 Preferred Shares, ninth to Series B Preferred Shares and lastly to holders of series A Preferred Shares.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated income statements.

The movements of the convertible redeemable preferred shares are set out as below:

	RMB'000
At January 1, 2017	4,724,587
Issuance of Series D-1 Preferred Shares	2,419,863
Change in fair value	20,580,727
Includes: change in fair value due to own credit risk	58,351
Currency translation differences	(1,072,622)
At December 31, 2017	26,652,555
Total unrealized gains and change in fair value for the year included in "Fair value changes of convertible redeemable preferred shares"	20,522,376
At January 1, 2018	26,652,555
Issuance of Series E Preferred Shares	6,300,116
Change in fair value	11,927,677
Includes: change in fair value due to own credit risk	(4,838)
Currency translation differences	2,331,083
At December 31, 2018	47,211,431
Total unrealized gains and change in fair value for the year included in "Fair value changes of convertible redeemable preferred shares"	11,932,515
At January 1, 2019	47,211,431
Issuance of Series E-1 Preferred Shares	1,273,032
Change in fair value	19,960,452
Includes: change in fair value due to own credit risk	17,338
Currency translation differences	999,248
At December 31, 2019	69,444,163
Total unrealized gains and change in fair value for the year included in "Fair value changes of convertible redeemable preferred shares"	19,943,114

	RMB'000
(Unaudited)	
At January 1, 2019	47,211,431
Issuance of Series E-1 Preferred Shares	1,273,032
Change in fair value	2,900,276
Includes: change in fair value due to own credit risk	10,186
Currency translation differences	1,535,472
At September 30, 2019	52,920,211
Total unrealized gains and change in fair value for the period included in "Fair value changes of convertible redeemable preferred shares"	2,890,090
At January 1, 2020	69,444,163
Issuance of Series F-1 & F-2 Preferred Shares	20,956,542
Re-designation of Series F Preferred Shares from ordinary shares *(Note 24)*	163,809
Change in fair value	89,150,959
Includes: change in fair value due to own credit risk	903
Currency translation differences	(4,477,642)
At September 30, 2020	175,237,831
Total unrealized gains and change in fair value for the period included in "Fair value changes of convertible redeemable preferred shares"	89,150,056

As of September 30, 2020, the balance of Series A, B, B-1, C, C-1, D, D-1 Preference Shares amounting to RMB122.8 billion were reclassified as current liability in view of their redemption commencement date were within one year from September 30, 2020.

The Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set as below:

	As of December 31,			As of September 30,	
	2017	2018	2019	2019	2020
				(Unaudited)	
Discount rate	24.00%	22.00%	19.00%	20.00%	17.00%
Risk-free interest rate	1.90%	2.48%	1.59%	1.71%	0.10%
DLOM	10.00%	10.00%	5.00%	7.50%	5.00%
Volatility	49.92%	50.97%	48.69%	55.88%	54.79%

Discount rate (post-tax) was estimated by weighted average cost of capital as at each valuation date. The directors estimated the risk-free interest rate based on the yield of US Government Bond with maturity life close to the QIPO timing as of valuation date. The DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. Probability weight among redemption, liquidation and IPO scenarios was based on the Company's best estimates. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of Preferred Shares on each valuation date.

Changes in fair value of Preferred Shares were recorded in "fair value changes of convertible redeemable preferred shares" in the consolidated income statements, and the fair value changes in the Preferred Shares that are attributable to changes of credit risk of this liability are recorded in other comprehensive loss.

33 Business combination

(a) Acquisition of Company X

Company X is a company that develops and provides web-based technologies that allows multi person creating, editing and storing documents online.

In May 2017, the Group signed an agreement to invest USD3.2 million into Company X, to acquire 20% of the equity interest of Company X with certain preferential rights. It was recorded as financial assets at fair value through profit or loss. In April 2018, the Group made a loan of USD23.3 million to the founders of Company X, who were obligated to use the loans to repurchase the equity interests from other shareholders of Company X. In September 2018, the Group signed a share purchase agreement to acquire all equity interests held by founders of Company X with cash consideration of USD3.9 million and waive repayment of the USD23.3 million loan to the founders. Upon the completion of transaction, the Group obtained 100% equity interests and has controlled over Company X since then. The fair value of the previously held equity interest immediately before the acquisition date was remeasured and a remeasurement gain of approximately RMB24.3 million was presented in the "Other gains/(losses), net" of the consolidated income statements.

The following table summarizes the total purchase consideration for acquiring Company X, the fair value of assets acquired, liabilities assumed at the acquisition date:

	September 1, 2018
	RMB'000
Consideration	
Purchase consideration	185,380
Fair value of the acquirer's previously held equity interest	46,432
Total purchase consideration	231,812
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	33,890
Prepayments, other receivables and other current assets	5,710
Intangible assets	13,290
Other payables and accruals	(7)
Deferred tax liabilities	(3,323)
Total identifiable net assets	49,560
Goodwill	182,252
	231,812

	September 1, 2018
	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	185,380
Less: Cash and cash equivalents acquired	(33,890)
Net outflow of cash — investing activities	151,490

(b) Acquisition of Company Y

Company Y provides high-quality anime and comics contents for users through its website and mobile application.

In May 2018, the Group entered into a series of agreements with Company Y and its shareholders to purchase 100% of the equity interests of Company Y, with total consideration of RMB342.3 million.

The following table summarizes the consideration paid for Company Y, the fair value of assets acquired, liabilities assumed at the acquisition date:

	June 1, 2018
	RMB'000
Consideration	
Purchase consideration settled in cash	342,345
Total consideration paid by the Company	342,345
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	8,735
Prepayments, other receivables and other current assets	15,157
Property and equipment	1,213
Intangible assets *(Note a)*	156,569
Accounts payables	(21,992)
Other payables and accruals	(411,431)
Advances from customers	(2,916)
Deferred tax liabilities	(36,800)
Total identifiable net assets	(291,465)
Goodwill	633,810
	342,345

Note a: The intangible assets acquired mainly contains licences, copyrights, customer relationships and non-compete agreements. For the method of valuation of purchase price allocation, refer to Note 4.5.

Goodwill arising from this acquisition was attributable to the synergies expected from incorporated operations of Company Y and its young generation users.

	June 1, 2018
	RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	342,345
Less: Cash and cash equivalents acquired	(8,735)
Net outflow of cash — investing activities	333,610

(c) Other acquisition

In October 2019, the Group completed another business acquisition of a company which develops 3D video technologies with total consideration of RMB32.4 million, acquired 100% interest in the company with net assets of RMB11.5 million, recognized goodwill and intangible assets of RMB20.9 million and RMB15.3 million, respectively.

(d) Other information

The acquisition-related costs were not significant and had been charged to administrative expenses in the consolidated income statements for the years ended December 31, 2018 and 2019.

The post-acquisition revenue and net loss contributed by the acquired businesses above were not material to the Group during the Track Record Period.

34 Cash flow information

(a) Cash generated from/(used in) operations

	Year ended December 31,			Nine months ended September 30,	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Loss before income tax	(19,940,501)	(12,401,064)	(19,265,467)	(1,220,502)	(98,119,055)
Adjustments for:					
Depreciation of property and equipment	84,186	828,980	1,405,313	906,771	2,174,192
Depreciation of right-of-use assets	24,085	325,831	692,228	418,679	1,157,218
Amortization of intangible assets	7,229	24,774	62,842	41,997	90,569
Credit loss allowances on financial assets	—	1,040	22,298	14,160	17,817
Share-based compensation expenses	296,535	701,601	742,303	564,039	977,087
(Gains)/losses on disposal of property, equipment and intangible assets	—	(49)	60	60	568
Fair value change of convertible redeemable preferred shares	20,522,376	11,932,515	19,943,114	2,890,090	89,150,056

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Fair value (gains)/losses on financial assets at fair value through profit or loss	(49,745)	(133,457)	14,041	(220,576)	(465,712)
Finance (expense)/income, net	42,905	53,971	97,720	57,905	120,826
Net foreign exchange losses/(gains)	6,061	(1,161)	(10)	378	(45,551)
Changes in working capital:					
(Increase)/decrease in trade receivables	(118,741)	7,521	(983,094)	(365,240)	(723,263)
(Increase)/decrease in prepayments, other receivables and other current assets	(44,147)	(612,497)	(1,312,600)	(209,758)	1,809
(Increase)/decrease in restricted cash	—	(20,698)	19,312	19,541	(3,867)
Increase in accounts payables	1,019,407	745,886	4,207,304	1,791,540	3,007,203
Increase in advances from customers	155,071	282,563	1,054,055	897,976	1,501,550
Increase in other payables and accruals	71,034	161,857	2,182,949	923,943	1,065,171
Cash generated from/(used in) operations	2,075,755	1,897,613	8,882,368	6,511,003	(93,382)

(b) Non-cash investing and financing activities

Non-cash transactions are about the changes in accounts payable related to property and equipment and intangible assets addition described in Note 15 and Note 17, the addition of right-of-use assets and lease liabilities described in Note 16 and the re-designation of ordinary shares to Preferred Shares and issuance of Series E-1 Preferred Shares described in Note 24. Excluding these, there were no other material non-cash investing and financing transactions for the years ended December 31, 2017, 2018 and 2019 and the nine months ended September 30, 2019 and 2020.

(c) Reconciliation of liabilities generated from financing activities

	Liabilities from financing activities			
	Convertible redeemable preferred shares	**Lease liabilities**	**Borrowings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as of January 1, 2017	4,724,587	—	—	4,724,587
Cash flows	2,419,863	(25,304)	—	2,394,559
Fair value changes of convertible redeemable preferred shares	20,580,727	—	—	20,580,727
Foreign exchange adjustments	(1,072,622)	—	—	(1,072,622)
Leases	—	896,289	—	896,289
Liabilities from financing activities as of December 31, 2017	26,652,555	870,985	—	27,523,540
Cash flows	6,300,116	(265,758)	—	6,034,358
Fair value changes of convertible redeemable preferred shares	11,927,677	—	—	11,927,677
Foreign exchange adjustments	2,331,083	—	—	2,331,083
Leases	—	785,571	—	785,571
Liabilities from financing activities as of December 31, 2018	47,211,431	1,390,798	—	48,602,229
Cash flows	1,273,032	(641,716)	—	631,316
Fair value changes of convertible redeemable preferred shares	19,960,452	—	—	19,960,452
Foreign exchange adjustments	999,248	—	—	999,248
Leases	—	3,875,950	—	3,875,950
Liabilities from financing activities as of December 31, 2019	69,444,163	4,625,032	—	74,069,195
(Unaudited)				
Liabilities from financing activities as of December 31, 2018	47,211,431	1,390,798	—	48,602,229
Cash flows	—	(406,097)	—	(406,097)
Issuance of Series E-1 Preferred Shares	1,273,032	—	—	1,273,032
Fair value changes of convertible redeemable preferred shares	2,900,276	—	—	2,900,276
Foreign exchange adjustments	1,535,472	—	—	1,535,472
Leases	—	1,739,689	—	1,739,689
Liabilities from financing activities as of September 30, 2019	52,920,211	2,724,390	—	55,644,601

	Liabilities from financing activities			
	Convertible redeemable preferred shares	Lease liabilities	Borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities from financing activities as of December 31, 2019	69,444,163	4,625,032	—	74,069,195
Cash flows	20,956,542	(1,169,302)	300,000	20,087,240
Re-designation of Series F Preferred Shares from ordinary shares	163,809	—	—	163,809
Fair value changes of convertible redeemable preferred shares	89,150,959	—	—	89,150,959
Foreign exchange adjustments	(4,477,642)	—	—	(4,477,642)
Leases	—	2,360,961	—	2,360,961
Liabilities from financing activities as of September 30, 2020	175,237,831	5,816,691	300,000	181,354,522

35 Commitments

(a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Intangible assets	—	—	15,057	7,747
Property and equipment	95,376	25,553	12,571	314,751
Investment	—	—	—	55,456
	95,376	25,553	27,628	377,954

(b) Short-term lease commitments

The Group's future aggregate minimum lease payments under non-cancellable short-term leases are as follows, all leases with contract terms over one year have been recorded in lease liabilities and right-of-use assets:

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	40,264	23,180	34,137	36,045

36 Related party transactions

Parties are considered to be 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 operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Company	Relationship
Tencent Holdings Limited and its subsidiaries (the "**Tencent Group**")	One of the Company's shareholders
Hangzhou Mockuai Technology Co., Ltd	Investee of the Group
Zhihu Technology Limited	Investee of the Group

(b) Significant transactions with related parties

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(i) Sales of services					
Investee of the Group	—	—	113,528	35,017	177,316
One of the Company's shareholders	—	—	178,523	21,586	303,662
	—	—	292,051	56,603	480,978

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(ii) Purchases of services					
Investees of the Group	—	103	64	64	369
One of the Company's shareholders	278,672	821,556	1,072,869	742,471	1,596,128
	278,672	821,659	1,072,933	742,535	1,596,497

(c) Balances with related parties

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(i) Prepayments and other receivables from related parties				
One of the Company's shareholders	502	5,043	9,971	7,833

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(ii) Trade receivables from related parties				
Investee of the Group	—	—	59,536	40,588
One of the Company's shareholders	—	—	137,352	44,138
	—	—	196,888	84,726

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(iii) Other payables to related parties				
Investee of the Group	—	128	424	4,328

	As of December 31,			As of September 30,
	2017	2018	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(iv) Accounts payables to related parties				
One of the Company's shareholders	155,384	147,006	338,829	618,630

All the balances with related parties above were business operation related and were considered as trade in nature during Track Record Period. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

(d) Key management personnel compensation

	Year ended December 31,			Nine months ended September 30,	
	2017	2018	2019	2019	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Wages, Salaries and bonuses	10,292	13,934	17,118	12,824	13,475
Share-based compensation expenses	95,724	39,371	16,711	13,983	30,488
Other social security costs, housing benefits and other employee benefits	427	468	468	352	290
	106,443	53,773	34,297	27,159	44,253

37 Contingencies

As of December 31, 2017, 2018, 2019 and September 30, 2020, the Group did not have any material contingent liabilities.

38 Subsequent events

In August 2020, the Group entered into a share purchase agreement to acquire 100% equity interests in a company at a preliminary consideration of RMB850 million in cash. The company to be acquired is engaged in online payment service in the PRC. As of the date of this report, the acquisition has not yet been completed.

In October 2020, the Company and preferred shareholders entered into agreements to modify the redemption commencement date to April 30, 2022. According to the modification, all convertible redeemable preferred shares would be presented as non-current liabilities after October 2020. The fair value changes attributable to the modification would be recognized in profit or loss.

In the fourth quarter of 2020, 46,535,418 underlying shares represented by share options have been granted to certain employees of the Group under Pre-IPO ESOP Plan, the related terms of these share options are similar to the existing share options, share-based compensation expenses in respect of the employee services received is to be recognized as an expense over the vesting period. The total amount to be expensed is determined by the fair value of the share options granted at the grant date and taking into account the number of share options that are expected to be vested.

The Group entered into a framework agreement with Beijing Shounong Information Industrial Investment Co., Ltd. ("**Beijing Shounong**") on January 15, 2021, pursuant to which the Group, through Beijing Kuaishou, agreed to purchase certain properties with a total gross floor area of approximately 114.2 thousand square meters at a total consideration (tax inclusive) of approximately RMB2.8 billion and to lease certain properties with a total gross floor area of approximately 119.5 thousand square meters and relevant parking spaces for a total rental fee of approximately RMB22.8 million per month for the first three years, subject to certain conditions and the final terms in the property purchase contract and lease agreement to be entered into. These properties will mainly be used as offices.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2020 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to September 30, 2020.