



## Kuaishou Technology

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

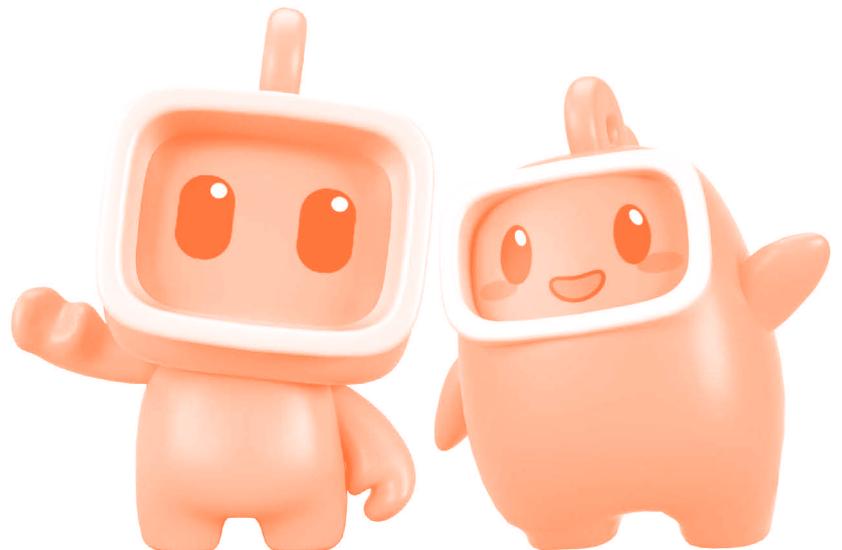
Stock code : 1024

# INTERIM REPORT 2021



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. SU Hua (宿華) (*Chairman of the Board*)  
Mr. CHENG Yixiao (程一笑)

### Non-executive Directors

Mr. LI Zhaohui (李朝暉)  
Mr. ZHANG Fei (張斐)  
Dr. SHEN Dou (沈抖)  
Mr. LIN Frank (林欣禾) (*alias LIN Frank Hurst*)

### Independent Non-executive Directors

Mr. WANG Huiwen (王慧文)  
Mr. HUANG Sidney Xuande (黃宣德)  
Mr. MA Yin (馬寅)

## AUDIT COMMITTEE

Mr. HUANG Sidney Xuande (黃宣德) (*Chairman*)  
Mr. WANG Huiwen (王慧文)  
Mr. MA Yin (馬寅)

## REMUNERATION COMMITTEE

Mr. HUANG Sidney Xuande (黃宣德) (*Chairman*)  
Mr. SU Hua (宿華)  
Mr. LI Zhaohui (李朝暉)  
Mr. WANG Huiwen (王慧文)  
Mr. MA Yin (馬寅)

## NOMINATION COMMITTEE

Mr. WANG Huiwen (王慧文) (*Chairman*)  
Mr. CHENG Yixiao (程一笑)  
Mr. ZHANG Fei (張斐)  
Mr. HUANG Sidney Xuande (黃宣德)  
Mr. MA Yin (馬寅)

## CORPORATE GOVERNANCE COMMITTEE

Mr. WANG Huiwen (王慧文) (*Chairman*)  
Mr. HUANG Sidney Xuande (黃宣德)  
Mr. MA Yin (馬寅)

## JOINT COMPANY SECRETARIES

Mr. JIA Hongyi (賈弘毅)  
Ms. SO Ka Man (蘇嘉敏)

## AUTHORIZED REPRESENTATIVES

Mr. SU Hua (宿華)  
Ms. SO Ka Man (蘇嘉敏)

## AUDITOR

**PricewaterhouseCoopers**  
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*Registered Public Interest Entity Auditor*  
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## COMPLIANCE ADVISOR

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## HONG KONG SHARE REGISTRAR

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## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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96 Taipingqiao Street  
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Beijing  
the PRC

## STOCK CODE

1024

## COMPANY'S WEBSITE

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

# Key Highlights

## FINANCIAL SUMMARY

### Unaudited Three Months Ended June 30,

	2021		2020		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB thousands, except for percentages)</i>				
Revenues	19,138,826	100.0	12,862,774	100.0	48.8%
Gross profit	8,384,747	43.8	4,436,010	34.5	89.0%
Operating loss	(7,215,379)	(37.7)	(2,540,095)	(19.7)	184.1%
Loss before income tax	(7,228,282)	(37.7)	(37,892,117)	(294.6)	(80.9%)
Loss for the period	(7,036,411)	(36.7)	(37,599,258)	(292.3)	(81.3%)
<b>Non-IFRS Measures:</b>					
Adjusted net loss <sup>(1)</sup>	(4,770,467)	(24.9)	(1,937,724)	(15.1)	146.2%
Adjusted EBITDA <sup>(2)</sup>	(3,314,173)	(17.3)	(1,150,794)	(8.9)	188.0%

### Unaudited Six Months Ended June 30,

	2021		2020		Year-over-year change
	Amount	As a percentage of revenues	Amount	As a percentage of revenues	
	<i>(RMB thousands, except for percentages)</i>				
Revenues	36,158,276	100.0	25,320,906	100.0	42.8%
Gross profit	15,372,542	42.5	8,694,459	34.3	76.8%
Operating loss	(14,507,521)	(40.1)	(7,565,893)	(29.9)	91.7%
Loss before income tax	(65,813,436)	(182.0)	(68,810,174)	(271.8)	(4.4%)
Loss for the period	(64,787,462)	(179.2)	(68,091,207)	(268.9)	(4.9%)
<b>Non-IFRS Measures:</b>					
Adjusted net loss <sup>(1)</sup>	(9,688,509)	(26.8)	(6,282,527)	(24.8)	54.2%
Adjusted EBITDA <sup>(2)</sup>	(7,510,798)	(20.8)	(4,869,205)	(19.2)	54.3%

Notes:

- (1) We define "adjusted net loss" as loss for the period adjusted by adding back share-based compensation expenses and fair value changes of convertible redeemable preferred shares.
- (2) We define "adjusted EBITDA" as adjusted net loss for the period adjusted by adding back income tax (benefits)/expenses, depreciation of property and equipment, depreciation of right-of-use assets, amortization of intangible assets, and finance (income)/expense, net.



## OPERATING METRICS

Unless otherwise specified, the following table sets forth certain of our key operating data on Kuaishou App for the periods indicated:

	Three Months Ended June 30,	
	2021	2020
Average DAUs ( <i>in millions</i> )	293.2	262.1
Average MAUs ( <i>in millions</i> )	506.2	474.3
Average daily time spent per DAU ( <i>in minutes</i> )	106.9	85.4
Average online marketing services revenue per DAU ( <i>in RMB</i> )	34.0	14.8
Total e-commerce GMV <sup>(1)</sup> ( <i>in RMB millions</i> )	145,397.8	72,524.2

	Six Months Ended June 30,	
	2021	2020
Average DAUs ( <i>in millions</i> )	294.3	257.7
Average MAUs ( <i>in millions</i> )	513.0	484.6
Average daily time spent per DAU ( <i>in minutes</i> )	103.1	85.3
Average online marketing services revenue per DAU ( <i>in RMB</i> )	62.9	27.8
Total e-commerce GMV <sup>(1)</sup> ( <i>in RMB millions</i> )	263,957.2	109,601.7

Note:

<sup>(1)</sup> Placed on or directed to our partners through our platform.

# Chairman's Statement

## Dear Shareholders,

On June 6, 2021, we celebrated our 10th birthday. Over the past decade, we have always adhered to a philosophy emphasizing on both equality and efficiency. This philosophy has underpinned our development over the past 10 years and will further motivate us in the coming decade and beyond. For the twelve months ended June 30, 2021, over 20 million people earned an income on our platform, over 100 million shared their lives with the rest of the world and more than 500 million found their unique brand of happiness on Kuaishou. We hope that Kuaishou's future development and growth will continue to inspire our users and create new opportunities for more people.

## BUSINESS REVIEW AND OUTLOOK

As a leading content community and social platform with hundreds of millions of daily active users, we, Kuaishou, are well-positioned to continue cultivating a vibrant, trust-based ecosystem, while bolstering our monetization capabilities through better management of our massive traffic, and further strengthening our value proposition for our users and customers.

Amid consistent improvements to the experience for users as well as service capability of advertisers and merchants, and efforts to empower them with our unique content and ecosystem, we achieved total revenues of RMB19.1 billion in the second quarter of 2021, representing a year-over-year increase of 48.8% which outpaced the 36.6% year-over-year increase in the first quarter of 2021. Revenues from online marketing services grew by 156.2% year-over-year to RMB10.0 billion in the second quarter of 2021, contributing over 50% of our total revenues once again. Revenues from other services including e-commerce increased by 212.9% year-over-year to RMB2.0 billion in the second quarter of 2021.

## Ecosystem

Driven by our investments to continuously iterate traffic distribution algorithms and to enhance social trust and enrich content ecosystem, we further increased user engagement and user activeness on our platform. This helped propel the average daily time spent per DAU on Kuaishou App to reach 106.9 minutes in the second quarter of 2021, increasing by 7.7% quarter-over-quarter and 25.2% year-over-year. Leveraging the growing public domain traffic on our platform, we have continuously optimized our algorithms by deepening our insights and understanding of user behaviors and preferences in content consumption as well as the evolving user needs, which allows us to continuously improve our distribution algorithms, leading to further optimized user experience.

Besides improvements in user engagement, we also achieved solid results in promoting user activeness. Through the improved efficiency of traditional user acquisition channels and retention measures as well as organic growth driven by strong social trust and diversified content, our DAUs to MAUs ratio reached 57.9% in the second quarter of 2021 on Kuaishou App, expanding by 1.1 percentage points quarter-over-quarter. Our average DAUs on Kuaishou App increased by 11.9% year-over-year to 293.2 million in the second quarter of 2021, while the year-over-year growth rate accelerated every month during the quarter, showing a healthy momentum. The growing user activeness was also driven by our improved user retention rate resulted from our efforts to facilitate full-cycle user management which spans user acquisition, user retention and monetization, as well as providing optimized content recommendation and personalized services. This synergistic user management also allows us to continuously improve our products and address user needs more promptly and effectively.





The strong social trust is the backbone of our ecosystem and differentiates us from other industry players. In the second quarter of 2021, social trust was further strengthened on our platform, as demonstrated by the increasing number of pairs of mutual followers on Kuaishou App, which reached 12.6 billion pairs on a cumulative basis by the end of the second quarter of 2021, increasing by 60% year-over-year.

Continuous expansion in our leading content categories and the scale and diversity of our content ecosystem also contributed to our increasing user engagement and growing user activeness. We have continually strived for differentiated and refined content offerings that cater to diverse user needs. Our featured **Kuaishou Playlet** (快手短劇) delivered excellent results, contributing over 800 series of short plays, each of which received more than 100 million video views accumulatively by June 30, 2021, and including 40 exclusive series produced by our own **Project Astral** (星芒計劃). On new content verticals side, we are proud to have become an industry benchmark in the sports category. In addition to our colorful professionally generated and user generated sports content library, we have recently become the official broadcaster of the Tokyo 2020 Summer Olympics and the Beijing 2022 Winter Olympics, bringing our users a more innovative sports viewing experience and an even more interactive experience in sports content creation through short videos and live streams.

To encourage content creation and optimize content distribution, we have distributed not only short videos, but an increasing amount of premium live streaming and e-commerce content to users through refined algorithms for public domain traffic. By doing so, we have enabled our users to discover a broader variety of more interesting, meaningful and useful content that serve their new needs. This has also allowed our platform to become increasingly attractive and friendly to content creators, as evidenced by the number of high quality content creators growing continuously and healthily on a monthly basis during the second quarter of 2021. These factors further reinforced our strong flywheel effects in content creation and content consumption.

### Online marketing services

We achieved strong online marketing services growth in the second quarter of 2021, with revenues increasing 156.2% year-over-year to RMB10.0 billion. In particular, revenues from brand advertisements maintained its high growth, outpacing the year-over-year growth rate of revenues from online marketing services once again, while the number of brand advertisers on our platform increased by nearly four times compared with the same period of last year. These results were driven by our continuous efforts to improve our brand image, marketing efficiency as well as service capabilities, helping brands attract and grow user base, increase popularities and further enhance user stickiness and loyalty through private domain operations.

Brand advertisement has become one of the strategic focuses for us. As we continue to invest in infrastructure and tools to unlock the value of our massive traffic and improve efficiency for advertisers, we endeavor to establish a closed-loop solution offering end-to-end online marketing services to brand advertisers. These marketing services include production of customized short video ads, live streaming marketing support, follower base and private traffic management, as well as e-commerce monetization. From this services tool box, our brand partners can execute their strategies in brand discovery, promotion and product sales all within our platform. This in turn enhances the environment for our content creators to reap rewards from their talents and establishes an all-in-one destination where our users can discover trusted brands and sources and even socialize and make purchases from them.

## Chairman's Statement

To bring our solutions and platform-wide benefits to more brands, we have also expanded our sales teams for brand advertisements to cover more industries together with brand advertising agencies that further bolster our market reach. The main industries we focus on include fast moving consumer goods, beauty and cosmetics, and electronics. For each industry, we offer a customized traffic conversion model based on the industry's characteristics, which we continually refine and upgrade.

On feeds advertisement, in order to boost our value proposition and drive strong return on investment for our advertising partners, we have been investing in infrastructure, which includes an iterative intelligent bidding system with improved advertising effectiveness and efficiency across the board. This system is underpinned by optimized algorithms to provide better matching between ad content and target audiences. With AI-based tools, we were able to assess the effectiveness of different ad content and assist in the production of creative content to not only generate higher returns for advertisers, but also maintain the user experience hence growing room for ad loads. These efforts helped drive our online marketing services with better effectiveness and stronger pricing power in the second quarter of 2021.

On the product side, we launched the **Magnetic Taurus** (磁力金牛) platform in the second quarter of 2021, which provides comprehensive closed-loop e-commerce marketing solutions connecting public and private domain traffic. This platform offers multiple options for customization, as well as data visualization and data monitoring, which allows more precise marketing services for merchants. The introduction of Magnetic Taurus has helped improve the efficiency of our algorithms and traffic monetization capabilities and broaden the diversity of advertisers on our platform as well as enhance their engagement. Following the launch of Magnetic Taurus, the number of advertisers served by Magnetic Taurus has continuously increased.

### Live streaming

Our live streaming ecosystem remained active and healthy, anchoring a thriving platform for us. The engagement level of our live streaming users improved to a higher level as evidenced by a DAUs penetration rate of over 70% in the second quarter of 2021 on Kuaishou App.

With respect to content creation, we maintained our leadership in terms of number of active streamers and depth and breadth of content offering in various categories catering to different users' interests, setting us apart from other platforms. The number of daily active streamers on our platform stayed elevated at about 1.9 million during the second quarter of 2021, attracting diverse user cohorts and contributing to a rich and healthy live streaming ecosystem.





We have started undertaking initiatives to deepen monetization of live streaming in the public domain. Through extensive cooperation with talent agencies for live streaming, we have provided enhanced exposure to high-quality content in the public domain and had more systematic operations. In the second quarter of 2021, we launched **Project Blue Ocean** (藍海計劃) with the intention to cultivate long-term partnerships with talent agencies nationwide, to collaboratively facilitate healthy development of our live streaming ecosystem and promote high-quality live streaming content leveraging our massive public domain traffic. The drive to cooperate with more talent agencies has brought notable results. By June 30, 2021, the number of talent agencies on our collaboration roster increased by nearly 400% year-over-year comparing with that by June 30, 2020, helping us achieve a 16.9% quarter-over-quarter growth and an 18.2% year-over-year growth in monthly ARPPU for live streaming services on Kuaishou App.

Besides leveraging public domain traffic to promote live streaming, we have also worked on enhancing the governance of live streaming in the private domain, which can inspire more trust and interaction from our users. We believe it will help us create more opportunities for superior content creators. With constant improvements in governance capabilities, traffic efficiency and content offering, we are committed to sustaining the healthy growth and vibrancy of our live streaming ecosystem. This allows content creators with a stickier follower base to further develop, which in turn improves our overall user stickiness and monetization potential of our platform.

### Other services including e-commerce

Our other services maintained strong growth momentum in the second quarter of 2021 with revenue increasing by 212.9% year-over-year to RMB2.0 billion, primarily driven by e-commerce, which generated GMV of RMB145.4 billion, doubling from the GMV in the same period of last year. With respect to **Kwai Shop** (快手小店), the closed-loop mode of our e-commerce business, its contribution to the total e-commerce GMV for the second quarter of 2021 increased to 90.7%, compared with 66.4% in the same period of 2020. We have continued to enhance the e-commerce infrastructure, including the introduction of tools to make the account opening and management procedures easier for merchants, operate their stores and utilize multi-dimensional data to analyze product performance and user behavior, facilitating and optimizing their product selection. Our closed-loop e-commerce ecosystem has also been further expanded and reinforced continuously.

We further upgraded our e-commerce strategy, strengthening our advantageous trust-based e-commerce model through private domain, which is more suitable for promoting longtail or non-standardized products, while introducing more products from established brands through public domain. To be specific, we have adopted a two-pronged e-commerce strategy: first, solidify our competitive edge in trust-based e-commerce by leveraging the immersive nature of our content and the trust our merchants and streamers fostered through their private domain operations; second, work to fully unlock the value of the public domain in e-commerce by adding more branded products and gradually building users' trust and confidence in our products and our platform.

## Chairman's Statement

Private domain is the bread and butter of our platform. It contributed the majority of our total e-commerce GMV in the second quarter of 2021. As we continually refine our unique business model with content and trust at its core, this will further drive the average repeat purchase rate as well as the conversion rate to e-commerce buyers.

In the public domain, we have strived for a full spectrum of business solutions to support brand self-operated e-commerce live streaming, which include elite distribution, public traffic support, private traffic conversion and operation as well as other brand supporting policies. These efforts have not only broadened our merchants base and merchandise supply, but also expanded users' circle of trust from streamers to products and to our platform itself, which helps incentivize more e-commerce transactions and reinforce our position as a highly trusted one-stop e-commerce platform.

In addition to supporting merchants, during the second quarter of 2021, we also spared no effort to enrich merchandise supply, strengthen platform governance for consumers, and enhance user experience, all aiming at further optimizing our e-commerce ecosystem.

Our efforts on branded products have also effectively contributed to improvements on merchandise supply, as well as e-commerce DAUs penetration rate and average order value for e-commerce on Kuaishou App. In the second quarter of 2021, we have expanded our merchandise offerings beyond the top-selling categories of women's apparel, jewelry and jade, beauty and cosmetics. Some emerging product categories such as men's apparel and sportswear, home appliances and digital products, as well as household goods all achieved high growths in terms of e-commerce GMV during the second quarter of 2021, contributing to an increasing percentage of total e-commerce GMV on a quarter-over-quarter basis. Going forward, we will continue to explore more categories with sufficient scale and high e-commerce compatibility to further fuel our e-commerce GMV growth.

Becoming a safe and trusted platform for users has always been our core value proposition. As such, we have continued to focus on quality control and ecosystem governance to safeguard a vibrant and healthy ecosystem. In the second quarter of 2021, we continued the reinforcement of ***Kuaishou Selection*** (好物聯盟), our official platform of e-commerce product selection, which has improved the e-commerce experience for our users as well as the efficiency of influencers and merchants. First, we introduced more branded products to Kuaishou Selection in the second quarter of 2021. By providing and promoting officially selected branded items, we have enhanced the overall product quality on our marketplace, making the shopping experience more carefree for consumers. In addition, by deepening collaborative partnerships with brands, we have significantly broadened our selection of products for customers. Kuaishou Selection has also lowered the entry barriers for e-commerce streamers to promote merchandise on our platform and improved their activeness and engagement levels. Driven by these factors, total e-commerce GMV of Kuaishou Selection increased by nearly 90% on a quarter-over-quarter basis in the second quarter of 2021.

We also proactively enhanced our ecosystem governance and consumer rights protection. In the second quarter of 2021, we launched a "Trust Card" that offers a series of guarantees provided by merchants to consumers, such as refund without return, compensation for fake goods, 7-day unconditional return, etc. We will continue to strengthen our platform governance to better protect the rights of our users and business partners, and improve overall customer experience.





## Overseas

Overseas expansion has become one of our key strategic efforts given the time window and high growth potential in the overseas markets. The overseas short video and live streaming industry is much less mature and still at an earlier stage of development and commercialization. It has low user penetration and is full of opportunities for future growth and development with user needs yet to be fully met, representing significant and diverse monetization potential.

Underpinned by our experience as the pioneer and a leader of the short video and live streaming industry, with deep insights, mature products and strong technological capabilities accumulated through more than a decade's rich experience entrenched in the industry, and outstanding advantages in establishing and improving content ecosystems, we are ready to seize the current window of opportunity in the overseas markets by building interactive content communities and social platforms to encourage more people to create value through creation, communication and interaction.

We strategically focus our overseas development efforts in countries and regions that have high population density, strong cultural acceptance for short videos and good upside monetization potential. In the first half of 2021, we primarily focused on markets in South America, Southeast Asia, and the Middle East. We have been actively investing in user acquisition and user activeness improvement. Simultaneously, we have been working to enrich and deepen our content ecosystem, encouraging localized content creation and growing content in different categories, which improve user engagement and retention, as well as rapidly establish an ecosystem that builds a self-reinforcing virtuous cycle between content community and user community. Besides encouraging user generated content, we have also proactively explored premium localized professionally generated content. In June 2021, we became an official sponsor and the official social media platform of the CONMEBOL Copa America 2021 held in Brazil, with rights to short video production of this event. Our successful operation of CONMEBOL Copa America 2021 events effectively improved the user engagement and activeness in the South America market.

During our initial exploration of overseas markets, we achieved encouraging results that well exceeded our original expectations, further solidifying our resolve to grow our overseas business. In June 2021, we achieved MAUs of more than 180 million in the overseas markets. The growing user base in overseas markets helps us to gain better insights into our users by leveraging our technology and data analysis capabilities, enabling us to provide optimized recommendation algorithms, and continuously refine our products and user experience. All these investments, efforts and accumulated experience will be invaluable assets for our longer-term development in the broad overseas markets.

**Mr. SU Hua**  
*Chairman*

# Management Discussion and Analysis

## SECOND QUARTER OF 2021 COMPARED TO SECOND QUARTER OF 2020

The following table sets forth the comparative figures for the second quarter of 2021 and 2020, respectively:

	Unaudited Three Months Ended June 30,			
	2021		2020	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
<b>Revenues</b>	<b>19,138,826</b>	<b>100.0</b>	12,862,774	100.0
Cost of revenues <sup>(1)</sup>	<b>(10,754,079)</b>	<b>(56.2)</b>	(8,426,764)	(65.5)
<b>Gross profit</b>	<b>8,384,747</b>	<b>43.8</b>	4,436,010	34.5
Selling and marketing expenses <sup>(1)</sup>	<b>(11,269,803)</b>	<b>(58.9)</b>	(5,612,802)	(43.6)
Administrative expenses <sup>(1)</sup>	<b>(864,159)</b>	<b>(4.5)</b>	(346,468)	(2.7)
Research and development expenses <sup>(1)</sup>	<b>(3,911,339)</b>	<b>(20.4)</b>	(1,312,268)	(10.2)
Other income	<b>175,348</b>	<b>0.9</b>	131,288	1.0
Other gains, net	<b>269,827</b>	<b>1.4</b>	164,145	1.3
<b>Operating loss</b>	<b>(7,215,379)</b>	<b>(37.7)</b>	(2,540,095)	(19.7)
Finance income, net	<b>11,989</b>	<b>0.1</b>	5,629	0.0
Fair value changes of convertible redeemable preferred shares	—	—	(35,357,651)	(274.9)
Share of losses of investments accounted for using the equity method	<b>(24,892)</b>	<b>(0.1)</b>	—	—
<b>Loss before income tax</b>	<b>(7,228,282)</b>	<b>(37.7)</b>	(37,892,117)	(294.6)
Income tax benefits	<b>191,871</b>	<b>1.0</b>	292,859	2.3
<b>Loss for the period</b>	<b>(7,036,411)</b>	<b>(36.7)</b>	(37,599,258)	(292.3)
<b>Non-IFRS Measures:</b>				
Adjusted net loss	<b>(4,770,467)</b>	<b>(24.9)</b>	(1,937,724)	(15.1)
Adjusted EBITDA	<b>(3,314,173)</b>	<b>(17.3)</b>	(1,150,794)	(8.9)





Note:

(1) Included share-based compensation expenses as follows:

	2021		2020	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Cost of revenues	(286,245)	(1.5)	(27,485)	(0.2)
Selling and marketing expenses	(184,734)	(1.0)	(20,811)	(0.2)
Administrative expenses	(291,771)	(1.5)	(49,026)	(0.4)
Research and development expenses	(1,503,194)	(7.9)	(206,561)	(1.6)
<b>Total</b>	<b>(2,265,944)</b>	<b>(11.9)</b>	<b>(303,883)</b>	<b>(2.4)</b>

If the impact from share-based compensation expenses had been excluded, cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses as a percentage of revenues would have been 54.7%, 57.9%, 3.0% and 12.5%, respectively, for the second quarter of 2021, and 65.3%, 43.4%, 2.3% and 8.6%, respectively, for the second quarter of 2020.

## Revenues

Our revenues increased by 48.8% to RMB19.1 billion for the second quarter of 2021 from RMB12.9 billion for the same period of 2020. The increase was primarily attributable to our online marketing services and other services including e-commerce business.

## Management Discussion and Analysis

The following table sets forth our revenues by business lines in absolute amounts and as percentages of our total revenues for the second quarter of 2021 and 2020, respectively:

	Unaudited			
	Three Months Ended June 30,			
	2021		2020	
	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>				
Online marketing services	9,962,297	52.1	3,889,201	30.2
Live streaming	7,193,430	37.6	8,339,795	64.8
Other services	1,983,099	10.3	633,778	5.0
<b>Total</b>	<b>19,138,826</b>	<b>100.0</b>	<b>12,862,774</b>	<b>100.0</b>

### Online marketing services

Revenue from our online marketing services increased by 156.2% to RMB10.0 billion for the second quarter of 2021 from RMB3.9 billion for the same period of 2020, primarily attributable to the growing traffic in public domain and optimized algorithms, which further attracted more advertising customers, driven by our strong AI and big data analytics capabilities.

### Live streaming

Revenue from our live streaming business decreased by 13.7% to RMB7.2 billion for the second quarter of 2021 from RMB8.3 billion for the same period of 2020, primarily attributable to (i) increasing time spent by our users on the content in the public domain due to content optimization of short videos in public domain; and (ii) strict quarantine during the COVID-19 outbreak and more users turning to online social and entertainment activities in second quarter of 2020 compared to the second quarter of 2021 with people returning to their normal routines.

### Other services

Revenue from our other services increased by 212.9% to RMB2.0 billion for the second quarter of 2021 from RMB633.8 million for the same period of 2020, primarily due to the growth of our e-commerce business.





## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the second quarter of 2021 and 2020, respectively:

	<b>Unaudited</b>			
	<b>Three Months Ended June 30,</b>			
	<b>2021</b>		<b>2020</b>	
	<i><b>RMB</b></i>	<i><b>%</b></i>	<i><b>RMB</b></i>	<i><b>%</b></i>
<i><b>(in thousands, except for percentages)</b></i>				
Revenue sharing costs and related taxes <sup>(1)</sup>	<b>5,371,242</b>	<b>28.1</b>	5,161,944	40.1
Bandwidth expenses and server custody costs <sup>(2)</sup>	<b>1,950,529</b>	<b>10.2</b>	1,250,554	9.7
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(2)</sup>	<b>1,524,142</b>	<b>8.0</b>	1,029,239	8.0
Employee benefit expenses	<b>898,574</b>	<b>4.7</b>	359,551	2.8
Payment processing costs	<b>372,272</b>	<b>1.9</b>	241,909	1.9
Other cost of revenues	<b>637,320</b>	<b>3.3</b>	383,567	3.0
<b>Total</b>	<b><u>10,754,079</u></b>	<b><u>56.2</u></b>	<b><u>8,426,764</u></b>	<b><u>65.5</u></b>

Notes:

- (1) Revenue sharing costs and related taxes included related costs from live streaming, online marketing services and other services.
- (2) Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under the new standard of IFRS 16 — Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues increased by 27.6% to RMB10.8 billion for the second quarter of 2021, from RMB8.4 billion for the same period of 2020, primarily attributable to (i) increases in bandwidth expenses and server custody costs, depreciation of property and equipment and right-of-use assets, and amortization of intangible assets in line with an increase in user traffic attributable to the enlarged user base and the growth of our business including overseas; and (ii) an increase in employee benefit expenses as a result of an increase in the headcount of employees to support our business growth and the related share-based compensation expenses.

# Management Discussion and Analysis

## Gross Profit and Gross Profit Margin

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the second quarter of 2021 and 2020, respectively:

	Unaudited Three Months Ended June 30,			
	2021		2020	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Gross profit	8,384,747	43.8	4,436,010	34.5

As a result of the foregoing, our gross profit increased by 89.0% to RMB8.4 billion for the second quarter of 2021, from RMB4.4 billion for the same period of 2020. Our gross profit margin increased to 43.8% for the second quarter of 2021, from 34.5% in the same period of 2020, mainly due to the expansion and growth of online marketing services and e-commerce business, which further led to the decrease in cost of revenues as a percentage of our total revenues.

## Selling and Marketing Expenses

Our selling and marketing expenses increased by 100.8% to RMB11.3 billion for the second quarter of 2021, from RMB5.6 billion for the same period of 2020, and increased to 58.9% from 43.6% as a percentage of our total revenues. The increase was primarily attributable to an increase in promotion and advertising expenses. The increase in promotion and advertising expenses in the second quarter of 2021 was primarily attributable to increased spending for overseas market business development, promotion of our products and our brand marketing campaign expenses.

## Administrative Expenses

Our administrative expenses increased by 149.4% to RMB864.2 million for the second quarter of 2021, from RMB346.5 million for the same period of 2020, and increased to 4.5% from 2.7% as a percentage of our total revenues primarily due to an increase in employee benefits expenses as a result of an increase in the headcount of administrative personnel to support our business growth and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, administrative expenses as a percentage of revenues would have been 3.0% and 2.3% respectively for the second quarter of 2021 and 2020.





## Research and Development Expenses

Our research and development expenses increased by 198.1% to RMB3.9 billion for the second quarter of 2021, from RMB1.3 billion for the same period of 2020, and increased to 20.4% from 10.2% as a percentage of our total revenues primarily due to an increase in employee benefit expenses attributable to a significant increase in the number of research and development personnel as we continue to invest in big data and other advanced technologies, and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, research and development expenses as a percentage of revenues would have been 12.5% and 8.6% respectively for the second quarter of 2021 and 2020.

## Other Income

Our other income increased by 33.6% to RMB175.3 million for the second quarter of 2021, from RMB131.3 million for the same period of 2020, primarily due to more value-added tax subsidies and government grants for the second quarter of 2021 as compared to the same period of 2020.

## Other Gains, Net

We had other gains, net of RMB269.8 million in the second quarter of 2021, compared to other gains, net of RMB164.1 million in the same period of 2020. The increase was primarily due to increases in the net fair value gains on financial assets at fair value through profit or loss of investments in listed and unlisted entities.

## Operating Loss

As a result of the foregoing, we had an operating loss of RMB7.2 billion and a negative operating margin of 37.7% for the second quarter of 2021, compared to an operating loss of RMB2.5 billion and a negative operating margin of 19.7% for the same period of 2020.

## Finance Income, Net

Our finance income, net was RMB12.0 million and RMB5.6 million for the second quarter of 2021 and 2020, respectively, primarily attributable to the increase in interest income from bank deposits, partially offset by interest expense from lease liabilities.

# Management Discussion and Analysis

## Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares were nil for the second quarter of 2021, as a result of the completion of our initial public offering in February 2021, compared to a loss of RMB35.4 billion in the same period of 2020.

## Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method was RMB24.9 million for the second quarter of 2021, compared to nil for the same period of 2020, primarily due to the conversion of the Group's investment in certain investee from financial assets at fair value through profit or loss to investment accounted for using the equity method at the end of March 2021.

## Loss before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB7.2 billion and RMB37.9 billion for the second quarter of 2021 and 2020, respectively.

## Income Tax Benefits

Our income tax benefits were RMB191.9 million and RMB292.9 million for the second quarter of 2021 and 2020, respectively, primarily due to the recognition of deferred tax assets attributable to the net losses incurred by certain subsidiaries.

## Loss for the Period

As a result of the foregoing, our loss was RMB7.0 billion and RMB37.6 billion for the second quarter of 2021 and 2020, respectively.





## SECOND QUARTER OF 2021 COMPARED TO FIRST QUARTER OF 2021

The following table sets forth the comparative figures for the second quarter and the first quarter of 2021, respectively:

	Unaudited Three Months Ended			
	June 30, 2021		March 31, 2021	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
<b>Revenues</b>	<b>19,138,826</b>	<b>100.0</b>	17,019,450	100.0
Cost of revenues <sup>(1)</sup>	<b>(10,754,079)</b>	<b>(56.2)</b>	(10,031,655)	(58.9)
<b>Gross profit</b>	<b>8,384,747</b>	<b>43.8</b>	6,987,795	41.1
Selling and marketing expenses <sup>(1)</sup>	<b>(11,269,803)</b>	<b>(58.9)</b>	(11,659,592)	(68.5)
Administrative expenses <sup>(1)</sup>	<b>(864,159)</b>	<b>(4.5)</b>	(703,351)	(4.1)
Research and development expenses <sup>(1)</sup>	<b>(3,911,339)</b>	<b>(20.4)</b>	(2,811,146)	(16.5)
Other income	<b>175,348</b>	<b>0.9</b>	203,344	1.1
Other gains, net	<b>269,827</b>	<b>1.4</b>	690,808	4.1
<b>Operating loss</b>	<b>(7,215,379)</b>	<b>(37.7)</b>	(7,292,142)	(42.8)
Finance income/(expense), net	<b>11,989</b>	<b>0.1</b>	(17,215)	(0.1)
Fair value changes of convertible redeemable preferred shares	—	—	(51,275,797)	(301.3)
Share of losses of investments accounted for using the equity method	<b>(24,892)</b>	<b>(0.1)</b>	—	—
<b>Loss before income tax</b>	<b>(7,228,282)</b>	<b>(37.7)</b>	(58,585,154)	(344.2)
Income tax benefits	<b>191,871</b>	<b>1.0</b>	834,103	4.9
<b>Loss for the period</b>	<b>(7,036,411)</b>	<b>(36.7)</b>	(57,751,051)	(339.3)
<b>Non-IFRS Measures:</b>				
Adjusted net loss	<b>(4,770,467)</b>	<b>(24.9)</b>	(4,918,042)	(28.9)
Adjusted EBITDA	<b>(3,314,173)</b>	<b>(17.3)</b>	(4,196,625)	(24.7)

# Management Discussion and Analysis

Note:

(1) Included share-based compensation expenses as follows:

	Unaudited Three Months Ended			
	June 30, 2021		March 31, 2021	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Cost of revenues	(286,245)	(1.5)	(202,165)	(1.1)
Selling and marketing expenses	(184,734)	(1.0)	(131,555)	(0.8)
Administrative expenses	(291,771)	(1.5)	(248,917)	(1.4)
Research and development expenses	(1,503,194)	(7.9)	(974,575)	(5.7)
<b>Total</b>	<b>(2,265,944)</b>	<b>(11.9)</b>	<b>(1,557,212)</b>	<b>(9.0)</b>

If the impact from share-based compensation expenses had been excluded, cost of revenues, selling and marketing expenses, administrative expenses and research and development expenses as a percentage of revenues would have been 54.7%, 57.9%, 3.0% and 12.5%, respectively, for the second quarter of 2021, and 57.8%, 67.7%, 2.7% and 10.8%, respectively, for the first quarter of 2021.

## Revenues

Our revenues were RMB19.1 billion for the second quarter of 2021, compared to RMB17.0 billion for the first quarter of 2021.

The following table sets forth our revenues by business lines in absolute amounts and as percentages of our total revenues for the second quarter of 2021 and first quarter of 2021, respectively:

	Unaudited Three Months Ended			
	June 30, 2021		March 31, 2021	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Online marketing services	9,962,297	52.1	8,557,676	50.3
Live streaming	7,193,430	37.6	7,250,399	42.6
Other services	1,983,099	10.3	1,211,375	7.1
<b>Total</b>	<b>19,138,826</b>	<b>100.0</b>	<b>17,019,450</b>	<b>100.0</b>



## Online marketing services

Revenue from our online marketing services increased to RMB10.0 billion for the second quarter of 2021, from RMB8.6 billion for the first quarter of 2021, primarily attributable to the growing traffic in public domain and optimized algorithms, which further attracted more advertising customers, driven by our strong AI and big data analytics capabilities.

## Live streaming

Revenue from our live streaming business slightly decreased to RMB7.2 billion for the second quarter of 2021, from RMB7.3 billion for the first quarter of 2021, primarily attributable to the increasing time spent by our users on the content in the public domain due to content optimization of short videos in public domain.

## Other services

Revenue from our other services increased by 63.7% to RMB2.0 billion for the second quarter of 2021, from RMB1.2 billion for the first quarter of 2021, primarily due to the increase of revenue from e-commerce business.

## Cost of Revenues

The following table sets forth our cost of revenues in absolute amounts and as percentages of our total revenues for the second quarter of 2021 and first quarter of 2021, respectively:

	Unaudited			
	Three Months Ended			
	June 30, 2021		March 31, 2021	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
Revenue sharing costs and related taxes <sup>(1)</sup>	5,371,242	28.1	5,125,171	30.1
Bandwidth expenses and server custody costs <sup>(2)</sup>	1,950,529	10.2	1,933,174	11.4
Depreciation of property and equipment and right-of-use assets, and amortization of intangible assets <sup>(2)</sup>	1,524,142	8.0	1,415,140	8.3
Employee benefit expenses	898,574	4.7	733,294	4.3
Payment processing costs	372,272	1.9	304,582	1.8
Other cost of revenues	637,320	3.3	520,294	3.0
<b>Total</b>	<b>10,754,079</b>	<b>56.2</b>	<b>10,031,655</b>	<b>58.9</b>

# Management Discussion and Analysis

## Notes:

- (1) Revenue sharing costs and related taxes included related costs from live streaming, online marketing services and other services.
- (2) Server custody costs included the custody fee of internet data centers with a lease term of one year or less which is exempted under the new standard of IFRS 16 — Leases. Leases of internet data centers with a term of over one year were recorded as right-of-use assets, and recorded as depreciation charge in cost of revenues.

Our cost of revenues increased by 7.2% to RMB10.8 billion for the second quarter of 2021, from RMB10.0 billion for the first quarter of 2021, primarily attributable to (i) an increase in revenue sharing costs and related taxes in line with our revenue growth; and (ii) an increase in employee benefit expenses as a result of an increase in the headcount of employees to support our business growth and the related share-based compensation expenses.

## Gross Profit and Gross Profit Margin

The following table sets forth our gross profit both in absolute amounts and as percentages of our total revenues, or gross profit margin, for the second quarter of 2021 and first quarter of 2021, respectively:

	Unaudited Three Months Ended			
	June 30, 2021		March 31, 2021	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>			
Gross profit	<b>8,384,747</b>	<b>43.8</b>	6,987,795	41.1

As a result of the foregoing, our gross profit increased by 20.0% to RMB8.4 billion for the second quarter of 2021, from RMB7.0 billion for the first quarter of 2021. Our gross profit margin increased to 43.8% for the second quarter of 2021, from 41.1% for the first quarter of 2021, mainly due to the expansion and growth of online marketing services and e-commerce business, which further led to the decrease in cost of revenues as a percentage of our total revenues.

## Selling and Marketing Expenses

Our selling and marketing expenses slightly decreased to RMB11.3 billion for the second quarter of 2021, from RMB11.7 billion for the first quarter of 2021, and decreased to 58.9% from 68.5% as a percentage of our total revenues. The fluctuation was mainly attributable to the marketing campaign during the Chinese New Year for the first quarter of 2021, which was partially offset by the increased spending for overseas market business development for the second quarter of 2021.





## Administrative Expenses

Our administrative expenses increased by 22.9% to RMB864.2 million for the second quarter of 2021, from RMB703.4 million for the first quarter of 2021, and increased to 4.5% from 4.1% as a percentage of our total revenues, primarily due to an increase in employee benefits expenses as a result of an increase in the headcount of administrative personnel to support our business growth and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, administrative expenses as a percentage of revenues would have been 3.0% for the second quarter of 2021 and 2.7% for the first quarter of 2021, respectively.

## Research and Development Expenses

Our research and development expenses increased by 39.1% to RMB3.9 billion for the second quarter of 2021, from RMB2.8 billion for the first quarter of 2021, and increased to 20.4% from 16.5% as a percentage of our total revenues, primarily due to an increase in employee benefit expenses attributable to an increase in the number of research and development personnel as we continue to invest in big data and other advanced technologies, and the related share-based compensation expenses. If the impact from share-based compensation expenses had been excluded, research and development expenses as a percentage of revenues would have been 12.5% for the second quarter of 2021 and 10.8% for the first quarter of 2021.

## Other Income

Our other income was RMB175.3 million for the second quarter of 2021, compared to RMB203.3 million for the first quarter of 2021.

## Other Gains, Net

We recorded other gains, net of RMB269.8 million for the second quarter of 2021, compared to other gains, net of RMB690.8 million for the first quarter of 2021, primarily due to decreases in the net fair value gains on financial assets at fair value through profit or loss of investments in listed and unlisted entities.

## Operating Loss

As a result of the foregoing, we had operating loss of RMB7.2 billion for the second quarter of 2021 and operating loss of RMB7.3 billion for the first quarter of 2021, and our operating margin was negative 37.7% for the second quarter of 2021, compared to negative 42.8% for the first quarter of 2021.

## Finance Income/(Expense), Net

We had finance income, net of RMB12.0 million in the second quarter of 2021, compared to finance expense, net of RMB17.2 million in the first quarter of 2021. The change from expense to income was primarily due to increases in interest income from bank deposits.

# Management Discussion and Analysis

## Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares were nil for the second quarter of 2021, as a result of the completion of our initial public offering in February 2021, compared to a loss of RMB51.3 billion in the first quarter of 2021.

## Share of Losses of Investments Accounted for Using the Equity Method

Our share of losses of investments accounted for using the equity method were RMB24.9 million for the second quarter of 2021, compared to nil for the first quarter of 2021, primarily due to the conversion of the Group's investment in certain investee from financial assets at fair value through profit or loss to investment accounted for using the equity method at the end of March 2021.

## Loss before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB7.2 billion for the second quarter of 2021, compared to a loss before income tax of RMB58.6 billion for the first quarter of 2021.

## Income Tax Benefits

We had income tax benefits of RMB191.9 million for the second quarter of 2021, compared to income tax benefits of RMB834.1 million for the first quarter of 2021. The income tax benefits were primarily due to the recognition of deferred tax assets attributable to the net losses incurred by certain subsidiaries.

## Loss for the Period

As a result of the foregoing, our loss was RMB7.0 billion for the second quarter of 2021, compared to RMB57.8 billion for the first quarter of 2021.





## RECONCILIATION OF NON-IFRS MEASURES TO THE NEAREST IFRS MEASURES

We believe that the presentation of non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under IFRS. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-IFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table sets forth the reconciliations of our non-IFRS financial measures for the second quarter of 2021, first quarter of 2021 and the second quarter of 2020, as well as the first half of 2021 and 2020, respectively, to the nearest measures prepared in accordance with IFRS:

	<b>Unaudited</b>		
	<b>Three Months Ended</b>		
	<b>June 30, 2021</b>	March 31, 2021	June 30, 2020
	<i>(in RMB thousands)</i>		
<b>Loss for the period</b>	<b>(7,036,411)</b>	(57,751,051)	(37,599,258)
Add:			
Share-based compensation expenses	<b>2,265,944</b>	1,557,212	303,883
Fair value changes of convertible redeemable preferred shares	<b>—</b>	51,275,797	35,357,651
<b>Adjusted net loss</b>	<b><u>(4,770,467)</u></b>	<u>(4,918,042)</u>	<u>(1,937,724)</u>
<b>Adjusted net loss</b>	<b>(4,770,467)</b>	(4,918,042)	(1,937,724)
Add:			
Income tax benefits	<b>(191,871)</b>	(834,103)	(292,859)
Depreciation of property and equipment	<b>961,892</b>	916,074	699,373
Depreciation of right-of-use assets	<b>656,199</b>	580,536	358,833
Amortization of intangible assets	<b>42,063</b>	41,695	27,212
Finance (income)/expense, net	<b>(11,989)</b>	17,215	(5,629)
<b>Adjusted EBITDA</b>	<b><u>(3,314,173)</u></b>	<u>(4,196,625)</u>	<u>(1,150,794)</u>

## Management Discussion and Analysis

	Unaudited Six Months Ended June 30,	
	2021	2020
	<i>(in RMB thousands)</i>	
<b>Loss for the period</b>	<b>(64,787,462)</b>	(68,091,207)
Add:		
Share-based compensation expenses	<b>3,823,156</b>	565,167
Fair value changes of convertible redeemable preferred shares	<b>51,275,797</b>	61,243,513
<b>Adjusted net loss</b>	<b>(9,688,509)</b>	(6,282,527)
<b>Adjusted net loss</b>	<b>(9,688,509)</b>	(6,282,527)
Add:		
Income tax benefits	<b>(1,025,974)</b>	(718,967)
Depreciation of property and equipment	<b>1,877,966</b>	1,375,582
Depreciation of right-of-use assets	<b>1,236,735</b>	704,900
Amortization of intangible assets	<b>83,758</b>	51,039
Finance expense, net	<b>5,226</b>	768
<b>Adjusted EBITDA</b>	<b>(7,510,798)</b>	(4,869,205)

### LIQUIDITY AND CAPITAL RESOURCES

Other than the funds raised through our Global Offering in February 2021, we historically met our working capital and other capital requirements primarily through capital contributions from Shareholders, cash generated from issuance of convertible redeemable preferred shares and cash generated from our operating activities. We had cash and cash equivalents of RMB46.8 billion as of June 30, 2021.





The following table sets forth a summary of our cash flows for the periods indicated:

	<b>Unaudited Three Months Ended June 30, 2021</b> <i>(in RMB thousands)</i>	<b>Unaudited Six Months Ended June 30, 2021</b> <i>(in RMB thousands)</i>
Net cash used in operating activities	(2,740,756)	(4,172,893)
Net cash used in investing activities	(6,313,531)	(7,333,442)
Net cash (used in)/generated from financing activities	(614,536)	38,040,232
Net (decrease)/increase in cash and cash equivalents	(9,668,823)	26,533,897
Cash and cash equivalents at the beginning of the period	57,133,185	20,391,545
Effects of exchange rate changes on cash and cash equivalents	(690,931)	(152,011)
Cash and cash equivalents at the end of the period	<u>46,773,431</u>	<u>46,773,431</u>

## Net Cash Used in Operating Activities

Net cash used in operating activities primarily consists of our loss before income tax and non-cash items, such as share-based compensation expenses, depreciation of property and equipment, depreciation of right-of-use assets and fair value gains on financial assets at fair value through profit or loss, adjusted by changes in working capital.

For the second quarter of 2021, our net cash used in operating activities was RMB2.7 billion, which was primarily attributable to our loss before income tax of RMB7.2 billion, adjusted by non-cash items, primarily comprising share-based compensation expenses of RMB2.3 billion, depreciation of property and equipment of RMB961.9 million and depreciation of right-of-use assets of RMB656.2 million, partially offset by fair value gains on financial assets at fair value through profit or loss of RMB292.4 million. The amount was further adjusted by changes in working capital, which primarily comprised an increase in accounts payables of RMB3.6 billion, partially offset by an increase in prepayments, other receivables and other current assets of RMB800.9 million and a decrease in other payables and accruals of RMB712.5 million. We also paid income tax of RMB668.2 million.

# Management Discussion and Analysis

## Net Cash Used in Investing Activities

For the second quarter of 2021, our net cash used in investing activities was RMB6.3 billion, which was primarily attributable to purchase of investments in financial assets at fair value through profit or loss of RMB7.8 billion, purchase of time deposits with initial terms over three months of RMB2.5 billion, purchase of property, equipment and intangible assets of RMB2.2 billion, partially offset by proceeds from disposal of investments in financial assets at fair value through profit or loss of RMB4.7 billion and proceeds from maturity of time deposits with initial terms over three months of RMB750.3 million.

## Net Cash Used in Financing Activities

For the second quarter of 2021, our net cash used in financing activities was RMB614.5 million, which was primarily attributable to payments for principal elements of lease and related interest of RMB577.5 million.

## BORROWINGS

We did not have any borrowings as of June 30, 2021.

## GEARING RATIO

As of June 30, 2021, our gearing ratio, calculated as total borrowings divided by total equity attributable to equity holders of the Company, was zero.

## CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of June 30, 2021.

## SIGNIFICANT INVESTMENTS HELD

As of June 30, 2021, we did not hold any significant investments in the equity interests of any other companies.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the six months ended June 30, 2021, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## PLEDGE OF ASSETS

As of June 30, 2021, we had not pledged any assets of the Group.





## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of June 30, 2021, we have no other specific plans for material investments or acquisition of capital assets. However, we will continue to identify new opportunities for business development and investments.

## FOREIGN EXCHANGE RISK

For the six months ended June 30, 2021, most of the transactions of the Group were settled in RMB and USD. Our business is not exposed to any significant foreign exchange risk as our Group has no significant financial assets or liabilities denominated in the currencies other than the respective functional currencies of the entities within our Group.

The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

## EMPLOYEE AND REMUNERATION POLICY

The Group had 27,125 full-time employees as of June 30, 2021. The Group also used some third-party labor outsourcing and labor dispatch services, though most of our employees were directly employed by us. Substantially all of the Group's employees are based in China, primarily at our headquarters in Beijing as well as in Chengdu, Wuhan, Wuxi, Tianjin and other cities.

The Group's success depends on its ability to attract, retain and motivate qualified personnel. The Group adopts high standards in recruitment with strict procedures to ensure the quality of new hires. The Group uses various methods for our recruitment, including campus recruitment, online recruitment, internal recommendation and recruitment through headhunter firms or agents, to satisfy its demand for different types of talents, and pay competitive market salaries.

The Group provides robust training programs for its employees, which it believes are effective in equipping them with the necessary skillset and work ethics. As required by PRC laws, it participates in mandatory employee social security schemes that are organized by municipal and provincial governments, including pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident funds. The Group and its employees are required to bear the costs of the social security schemes in proportion to a specified percentage. The Group is required under PRC law to make contributions to employee social security plans directly at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

In accordance with the archiving notice submitted through the Disclosure of Interests Online (DION) System, as far as the Directors are aware and as of June 30, 2021, the interests or short positions of the Director and the chief executive in any Shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which shall be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which have been taken or deemed to have been taken under such provisions of the SFO) or which is required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which is required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, is set forth below:

#### (a) Interest in Shares of the Company

Name	Capacity/Nature of Interest	Number and class of shares held <sup>(1)</sup>	Approximate percentage of shareholding of each class of shares in the Company <sup>(1)</sup>	Approximate percentage of shareholding in the issued and outstanding share capital of the Company <sup>(1)</sup>
<b>Class A Shares — Mr. SU Hua</b>				
Reach Best <sup>(2)</sup>	Beneficial interest	427,469,521 Class A Shares	55.79%	10.28%
Vistra Trust (Singapore) Pte. Limited	Trustee <sup>(2)</sup>	427,469,521 Class A Shares	55.79%	10.28%
Mr. SU Hua	Beneficiary of a trust <sup>(2)</sup> Founder of a trust <sup>(2)</sup>	427,469,521 Class A Shares	55.79%	10.28%
<b>Class A Shares — Mr. CHENG Yixiao</b>				
Ke Yong <sup>(3)</sup>	Beneficial interest	338,767,480 Class A Shares	44.21%	8.15%
Vistra Trust (Singapore) Pte. Limited	Trustee <sup>(3)</sup>	338,767,480 Class A Shares	44.21%	8.15%
Mr. CHENG Yixiao	Beneficiary of a trust <sup>(3)</sup> Founder of a trust <sup>(3)</sup>	338,767,480 Class A Shares	44.21%	8.15%





Name	Capacity/Nature of Interest	Number and class of shares held <sup>(1)</sup>	Approximate percentage of shareholding of each class of shares in the Company <sup>(1)</sup>	Approximate percentage of shareholding in the issued and outstanding share capital of the Company <sup>(1)</sup>
<b>Class B Shares — Mr. SU Hua</b>				
Reach Best <sup>(2)</sup>	Beneficial interest	54,713,783 Class B Shares	1.61%	1.32%
Vistra Trust (Singapore) Pte. Limited	Trustee <sup>(2)</sup>	54,713,783 Class B Shares	1.61%	1.32%
Mr. SU Hua	Beneficiary of a trust <sup>(2)</sup> Founder of a trust and other <sup>(2)</sup>	60,412,886 Class B Shares	1.78%	1.45%
<b>Class B Shares — Mr. CHENG Yixiao</b>				
Ke Yong <sup>(3)</sup>	Beneficial interest	43,770,873 Class B Shares	1.29%	1.05%
Vistra Trust (Singapore) Pte. Limited	Trustee <sup>(3)</sup>	43,770,873 Class B Shares	1.29%	1.05%
Mr. CHENG Yixiao	Beneficiary of a trust <sup>(3)</sup> Founder of a trust <sup>(3)</sup>	43,770,873 Class B Shares	1.29%	1.05%

## Notes:

(1) As of June 30, 2021, the Company had 4,158,932,037 issued and outstanding share capital in total, comprising 766,237,001 Class A Shares and 3,392,695,036 Class B Shares.

(2) The entire interest in Reach Best is held by an entity wholly owned by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. SU Hua (as settlor) for the benefit of Mr. SU Hua and his family. Mr. SU Hua is deemed to be interested in the 427,469,521 Class A Shares and 54,713,783 Class B Shares held by Reach Best under the SFO.

As of June 30, 2021, Mr. SU Hua is also deemed to be interested in the 5,699,103 outstanding and unexercised options underlying Class B Shares pursuant to the Pre-IPO ESOP of the Company.

(3) The entire interest in Ke Yong is held by an entity wholly owned by Vistra Trust (Singapore) Pte. Limited as trustee for a trust established by Mr. CHENG Yixiao (as settlor) for the benefit of Mr. CHENG Yixiao and his family. Mr. CHENG Yixiao is deemed to be interested in the 338,767,480 Class A Shares and 43,770,873 Class B Shares held by Ke Yong under the SFO.

## Other Information

### (b) Interest in associated corporations

Name of director or chief executive	Nature of interest <sup>(1)</sup>	Associated corporations	Amount of registered capital (RMB)	Percentage of shareholding in the associated corporation <sup>(4)</sup>
Mr. SU Hua	Beneficial interest	Hangzhou Youqu <sup>(2)</sup>	10,000,000	90.00%
		Beijing One Smile <sup>(3)</sup>	10,000,000	32.32%
Mr. CHENG Yixiao	Beneficial interest	Beijing One Smile <sup>(3)</sup>	10,000,000	25.86%

Notes:

- (1) All interests stated are long position.
- (2) Hangzhou Youqu is a Consolidated Affiliated Entity and is owned as to 90% and 10% by Mr. SU Hua and Ms. PENG Xiaochun, respectively.
- (3) Beijing One Smile is a Consolidated Affiliated Entity and is owned as to (i) 32.32% by Mr. SU Hua, (ii) 29.24% by Mr. YANG Yuanxi, (iii) 25.86% by Mr. CHENG Yixiao, (iv) 7.40% by Mr. YIN Xin, and (v) 5.18% by Ms. HU Changjuan.
- (4) The calculation is based on the registered capital of Beijing One Smile and Hangzhou Youqu, respectively.

Save as disclosed above, as far as the Directors are aware and as of June 30, 2021, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.





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

In accordance with the archiving notice submitted through the Disclosure of Interests Online (DION) System, as far as the Directors are aware and as of June 30, 2021, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be maintained by the Company pursuant to section 336 of the SFO:

Name of substantial shareholder	Capacity/Nature of Interest	Number and class of shares held <sup>(1)</sup>	Approximate percentage of shareholding of each class of shares in the Company <sup>(1)</sup>	Approximate percentage of shareholding in the issued and outstanding share capital of the Company <sup>(1)</sup>
<b><i>Class B Shares — Tencent Shareholders</i></b>				
Tencent Mobility Limited <sup>(2)</sup>	Beneficial interest	506,143,854 Class B Shares	14.92%	12.17%
Morespark Limited <sup>(2)</sup>	Beneficial interest	53,619,657 Class B Shares	1.58%	1.29%
Parallel Nebula Investment Limited <sup>(2)</sup>	Beneficial interest	83,127,760 Class B Shares	2.45%	2.00%
Image Frame Investment (HK) Limited <sup>(2)</sup>	Beneficial interest	80,048,189 Class B Shares	2.36%	1.92%
TPP Follow-on I Holding F Limited <sup>(2)</sup>	Beneficial interest	6,003,614 Class B Shares	0.18%	0.14%
<b><i>Class B Shares — 5Y Capital Shareholders</i></b>				
Morningside China TMT Fund II, L.P. <sup>(3)</sup>	Beneficial interest	496,055,854 Class B Shares	14.62%	11.93%
Morningside China TMT Special Opportunity Fund, L.P. <sup>(3)</sup>	Beneficial interest	31,803,262 Class B Shares	0.94%	0.76%
Morningside China TMT Fund III Co-investment, L.P. <sup>(3)</sup>	Beneficial interest	3,102,799 Class B Shares	0.09%	0.07%
MSVC SPF II, L.P. <sup>(3)</sup>	Beneficial interest	32,019,276 Class B Shares	0.94%	0.77%

## Other Information

Name of substantial shareholder	Capacity/Nature of Interest	Number and class of shares held <sup>(1)</sup>	Approximate percentage of shareholding of each class of shares in the Company <sup>(1)</sup>	Approximate percentage of shareholding in the issued and outstanding share capital of the Company <sup>(1)</sup>
<b>Class B Shares — DCM Shareholders</b>				
DCM Ventures China Fund (DCM VII), L.P. <sup>(4)</sup>	Beneficial interest	267,122,492 Class B Shares	7.87%	6.42%
DCM Ventures China Turbo Fund, L.P. <sup>(4)</sup>	Beneficial interest	15,936,122 Class B Shares	0.47%	0.38%
DCM Ventures China Turbo Affiliates Fund, L.P. <sup>(4)</sup>	Beneficial interest	937,376 Class B Shares	0.03%	0.02%
DCM VII, L.P. <sup>(4)</sup>	Beneficial interest	25,736,077 Class B Shares	0.76%	0.62%
A-Fund, L.P. <sup>(4)</sup>	Beneficial interest	2,326,187 Class B Shares	0.07%	0.06%
<b>Class B Shares — DST Shareholders</b>				
DST Asia IV <sup>(5)</sup>	Beneficial interest	205,322,875 Class B Shares	6.05%	4.94%
DST Global V, L.P. <sup>(5)</sup>	Beneficial interest	12,007,228 Class B Shares	0.35%	0.29%

Notes:

- (1) As of June 30, 2021, the Company had 4,158,932,037 issued and outstanding share capital in total, comprising 766,237,001 Class A Shares and 3,392,695,036 Class B Shares.
- (2) Tencent Mobility Limited, Morespark Limited, Image Frame Investment (HK) Limited, Parallel Nebula Investment Limited and TPP Follow-on I Holding F Limited are ultimately controlled by Tencent Holdings Ltd, a company listed on the Stock Exchange (stock code: 700).





- (3) Morningside China TMT Fund II, L.P. is controlled by Morningside China TMT GP II, L.P., its general partner, which is in turn controlled by TMT General Partner Ltd. and Morningside Venture (VIII) Investments Limited. Morningside China TMT Special Opportunity Fund, L.P. and Morningside China TMT Fund III Co-investment, L.P. are controlled by Morningside China TMT GP III, L.P., their general partner, which is in turn controlled by TMT General Partner Ltd. MSVC SPF II, L.P. is controlled by MSVC SPF II GP, L.P., its general partner, which is in turn controlled by TMT General Partner Ltd. Consequently, TMT General Partner Ltd. is deemed to be interested in the Shares in which 5Y Capital Shareholders have an interest. Each of LIU Qin, SHI Jianming and Morningside Venture (VII) Investments Limited is entitled to exercise or control the exercise of one-third of the voting power at general meeting of TMT General Partner Ltd., and is therefore also deemed to be interested in the Shares in which TMT General Partner Ltd. is interested. NI Yuanyuan is the spouse of LIU Qin, and LOU Yiting is the spouse of SHI Jianming. Each of NI Yuanyuan and LOU Yiting is therefore also deemed to be interested in the Shares in which TMT General Partner Ltd. is interested through the interest of their respective spouse. Morningside Venture (VII) Investments Limited is indirectly 100% held through a series of 100% owned holding companies (including Morningside Ventures Limited, Morningside Group International Limited and Morningside-Springfield Group Limited) by the Landmark Trust Switzerland SA as trustee of a discretionary trust established by Mdm. CHAN TAN Ching Fen for the benefit of certain members of her family and other charitable objects. Morningside Venture (VIII) Investments Limited is wholly controlled by Bosma Limited, which is in turn wholly controlled by Indigo Enterprises Holdings (PTC) Limited.
- (4) DCM Investment Management VII, L.P. is the general partner of each of DCM Ventures China Fund (DCM VII), L.P. and DCM VII, L.P. and DCM International VII, Ltd. is the general partner of DCM Investment Management VII, L.P. DCM Turbo Fund Investment Management, L.P. is the general partner of each of DCM Ventures China Turbo Fund, L.P. and DCM Ventures China Turbo Affiliates Fund, L.P. and DCM Turbo Fund International, Ltd. is the general partner of DCM Turbo Fund Investment Management, L.P., A-Fund Investment Management, L.P. is the general partner of A-Fund, L.P. and A-Fund International, Ltd. is the general partner of A-Fund Investment Management, L.P.
- (5) DST Asia IV is wholly owned by DST Global IV, L.P., a Cayman Islands exempted limited partnership, which is controlled by DST Managers Limited, its general partner. DST Global V, L.P. is controlled by DST Managers V Limited, its general partner. DST Managers Limited and DST Managers V Limited, through a series of 100% owned holding companies (including DST Global Advisors Limited and Cardew Services Limited), are ultimately controlled by Galileo (PTC) Limited, as the trustee of The Cassiopeia Trust.

Save as disclosed above, as of June 30, 2021, the Directors were not aware of any person (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

## PRE-IPO AND POST-IPO SHARE INCENTIVE PLANS

### Pre-IPO ESOP

Pre-IPO ESOP was approved and adopted pursuant to the written resolutions of all Shareholders of the Company dated February 6, 2018 as amended from time to time. The terms of the Pre-IPO ESOP are not subject to the provisions of Chapter 17 of the Listing Rules. The purpose of the Pre-IPO ESOP is to promote the success of the Company and the interests of its Shareholders by providing a means through which the Company may grant equity-based incentives in the form of options (“**Options**”) and restricted share awards to attract, motivate, retain and reward certain officers, employees, Directors and other eligible persons and to further link the interests of award recipients under the Pre-IPO ESOP with those of the Company’s Shareholders generally.

## Other Information

### Outstanding Share Options Granted under the Pre-IPO ESOP

Up to the Listing Date, the Company has granted share options under the Pre-IPO ESOP to 7,020 grantees (including Directors, officer and other employees of the Company) to subscribe for an aggregate of 626,184,514 Shares, a portion of which corresponding to 363,146,799 Shares has been exercised. All these 363,146,799 Shares have been issued as Class B Shares upon the Listing. No consideration has been paid by the grantees for the grant of Options under the Pre-IPO ESOP.

Up to the Listing Date, the Company has not issued any restricted shares under the Pre-IPO ESOP.

The Company had not granted further share options or restricted shares under the Pre-IPO ESOP after the Listing Date. The table below shows the details of movements of share options granted to the Directors and other employees under the Pre-IPO ESOP:

Name	Date of Grant	Vesting period	Exercise Price (US\$)	Number of Shares underlying options outstanding as of the Listing Date	Number of options exercised during the Reporting Period	Number of options lapsed/ cancelled during the Reporting Period	Number of Shares underlying options outstanding as of June 30, 2021
SU Hua	June 30, 2017 to April 1, 2020	4 years	0.0422	5,699,103	0	0	5,699,103
Other grantees	December 22, 2014 to January 7, 2021	0 to 4 years	0.0422–16.66	256,488,748	0	(4,551,091)	251,937,657
<b>Total</b>				<u>262,187,851</u>	<u>0</u>	<u>(4,551,091)</u>	<u>257,636,760</u>

### Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021. The Post-IPO Share Option Scheme commenced on the Listing Date and will expire on the tenth anniversary of the commencement date. The terms of the Post-IPO Share Option Scheme are governed by Chapter 17 of the Listing Rules. The purpose of the Post-IPO Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.





### *No Options Granted under the Post-IPO Share Option Scheme*

Between the Listing Date and June 30, 2021, no share options had been granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and there is no outstanding share option under the Post-IPO Share Option Scheme.

### **Post-IPO RSU Scheme**

The Post-IPO RSU Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021. The Post-IPO RSU Scheme commenced on the Listing Date. Subject to any early termination as may be determined by the Board and Shareholders pursuant to the Post-IPO RSU Scheme, the Post-IPO RSU Scheme shall be valid and effective for the period of ten years commencing on the date of adoption.

The terms of the Post-IPO RSU Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as the Post-IPO RSU Scheme does not involve the grant of options by our Company to subscribe for new Shares. The Company may appoint a trustee to administer the Post-IPO RSU Scheme with respect to the grant of an award of restricted share units under the Post-IPO RSU Scheme by the Board or its delegate(s) (including a committee of the Board, the chief executive officer of the Company or person(s) to which the Board has delegated its authority) which may vest in the form of Class B Shares (the “**Award Shares**”) or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme.

The purposes of the Post-IPO RSU Scheme are to recognize and reward individuals, being employees, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) (an “**Eligible Person**” and, collectively “**Eligible Persons**”) for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them so as to align the interests of the Eligible Persons with those of the Group and to further promote the long-term success of the Group’s business.

### *RSUs Granted under the Post-IPO RSU Scheme*

Between the Listing Date and June 30, 2021, 34,780,249 RSUs had been granted to an aggregate of 14,300 employees (who are not our Directors) of the Group, among which no RSUs had been vested and 667,405 RSUs had been lapsed or cancelled in accordance with the terms of the Post-IPO RSU Scheme. No RSUs had been granted to our Directors under the Post-IPO RSU Scheme as of June 30, 2021.

As such, the total number of Class B Shares available for grant under the Post-IPO RSU Scheme is 171,296,892 Class B Shares, representing approximately 4.12% of the issued share capital of the Company as of June 30, 2021.

## Other Information

### WEIGHTED VOTING RIGHTS

The Company is controlled through weighted voting rights. Each Class A Share has 10 votes per share and each Class B Share has one vote per share except with respect to resolutions regarding a limited number of Reserved Matters, where each Share has one vote. The Company's weighted voting rights structure will enable the WVR Beneficiaries to exercise voting control over the Company notwithstanding the WVR Beneficiaries do not hold a majority economic interest in the share capital of the Company. This allows the Company to benefit from the continuing vision and leadership of the WVR Beneficiaries who will control the Company with a view to its long-term prospects and strategy.

Shareholders and prospective investors are advised to be aware of the potential risks of investing in companies with weighted voting rights structures, in particular that interests of the WVR Beneficiaries may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiaries will be in a position to exert significant influence over the affairs of the Company and the outcome of shareholders' resolutions, irrespective of how other shareholders vote. Prospective investors should make the decision to invest in the Company only after due and careful consideration.

As of the Latest Practicable Date, the WVR Beneficiaries are Mr. SU Hua and Mr. CHENG Yixiao.

- (a) Mr. SU Hua is interested in and controls, through Reach Best, 427,469,521 Class A Shares and 54,713,783 Class B Shares, representing approximately 11.54% of the Company's total issued share capital, approximately 11.54% of the voting rights in the Company with respect to shareholder resolutions in relation to the Reserved Matters, and approximately 39.09% with respect to matters other than the Reserved Matters.
- (b) Mr. CHENG Yixiao is interested and controls, through Ke Yong, 338,767,480 Class A Shares and 43,770,873 Class B Shares, representing approximately 9.15% of the Company's total issued share capital, approximately 9.15% of the voting rights in the Company with respect to shareholder resolutions in relation to the Reserved Matters, and approximately 30.98% with respect to matters other than the Reserved Matters.

Class A Shares may be converted into Class B Shares on a one to one ratio. As of the Latest Practicable Date, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 766,237,001 Class B Shares, representing approximately 22.45% of the total number of issued and outstanding Class B Shares as of the Latest Practicable Date.





The weighted voting rights attached to Class A Shares will cease when none of the WVR Beneficiaries have beneficial ownership of any of the Class A Shares, in accordance with Rule 8A.22 of the Listing Rules. This may occur:

- (a) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where both WVR Beneficiaries are: (1) deceased; (2) no longer members of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as directors; or (4) deemed by the Stock Exchange to no longer meet the requirements of directors set out in the Listing Rules;
- (b) when the holders of Class A Shares have transferred to other persons the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;
- (c) where the vehicles holding Class A Shares on behalf of both WVR Beneficiaries no longer comply with Rule 8A.18(2) of the Listing Rules; or
- (d) when all of the Class A Shares have been converted to Class B Shares.

## BIOGRAPHICAL DETAILS AND OTHER INFORMATION OF DIRECTORS

At the annual general meeting of the Company held on Friday, May 28, 2021, Mr. SU Hua and Mr. CHENG Yixiao were re-elected as executive Directors and Mr. ZHANG Fei was re-elected as a non-executive Director.

We set forth below the updated biographical details and other information of the Directors.

### *Executive Directors*

#### **Mr. SU Hua (宿華先生)**

**Mr. SU Hua**, aged 38, is our co-founder, executive Director, chairman of the Board and Chief Executive Officer. He is also a member of the Remuneration Committee. Mr. SU currently holds directorship in certain subsidiaries of the Group. Mr. SU is primarily responsible for making strategic and pivotal decisions of the Group, including strategic direction, business management, innovation, technology, research and development, corporate culture, publicity, governmental affairs, finance, legal, commercialization, talent acquisition, and overseas development. He has been actively involved in the Group's products and services, the maintenance and development of the Group's ecosystem and new business incubation. Mr. SU has also been responsible for strategic investments and acquisitions and actively involved in the Group's investment strategies, allowing the Group to forge close relationships with investee companies to create synergies across our ecosystem.

Prior to joining our Group, Mr. SU worked as an engineer at Google China from December 2006 to October 2008, and Baidu, Inc. (a company listed on Nasdaq with stock symbol of BIDU with its secondary listing on the Stock Exchange with stock code of 9888) from January 2010 to May 2011. In November 2013, Mr. SU joined our Group and has been serving as the Chief Executive Officer since then.

Mr. SU received his bachelor's degree in computer software from the School of Software, Tsinghua University in Beijing, the PRC, in July 2005.

## Other Information

### Mr. CHENG Yixiao (程一笑先生)

**Mr. CHENG Yixiao**, aged 37, is our co-founder, executive Director and Chief Product Officer. He is also a member of the Nomination Committee. Mr. CHENG currently holds directorship in certain subsidiaries of the Group. Mr. CHENG has been responsible for all product-related matters of the Group, including developing new apps, product iterations, creating new app features, and optimizing user interface. He has been leading the Group's new business incubation (such as e-commerce and online games) and maintenance and development of the Group's ecosystem and responsible for strategic investments and acquisitions. Mr. CHENG has also participated in formulating our strategic direction and business innovation, and introducing principles of sociology and economics to the design of our content recommendation algorithms.

Prior to founding our Group, Mr. CHENG was a software engineer and developer at Hewlett-Packard from August 2007 to July 2009, and worked at Renren Inc. (a company listed on the New York Stock Exchange with stock symbol of RENN) from September 2009 to February 2011. "GIF Kuaishou", our original mobile app for users to create and share animated images, was launched by Mr. CHENG in 2011.

Mr. CHENG received his bachelor's degree in software engineering from the Software College of Northeastern University in Liaoning Province, the PRC, in July 2007.

### Non-executive Directors

### Mr. LI Zhaohui (李朝暉先生)

**Mr. LI Zhaohui**, aged 45, is a non-executive Director. He is also a member of the Remuneration Committee. As a non-executive Director, Mr. LI is primarily responsible for providing professional advice to the Board.

Mr. LI joined Tencent Holdings Ltd (a company listed on the Stock Exchange with stock code of 700) in 2011, and currently serves as the managing partner of Tencent Investment and the vice president of Tencent. He was an investment principal at Bertelsmann Asia Investment Fund from September 2008 to May 2010.

Mr. LI also holds directorships at various other companies. He has served as a director of Howbuy Wealth Management Co., Ltd. (a company whose shares are quoted on the National Equities Exchange and Quotations with stock code of 834418) since December 2013. He has been a director of KE Holdings Inc. (a company listed on the New York Stock Exchange with stock symbol of BEKE) since December 2018. He has also been a director of Amer Sports Holding (Cayman) Limited (previously named Mascot JVCo (Cayman) Limited, which was delisted from Nasdaq Helsinki Stock Exchange on September 4, 2019) since April 2019. He has been a director of Zhihu Inc. (a company listed on the New York Stock Exchange since March 26, 2021 with stock symbol of ZH) since September 2015. He also served as a director of Missfresh Limited (a company listed on Nasdaq since June 25, 2021 with stock symbol of MF) since June 2017.

Mr. LI received his bachelor's degree in economics (majoring in enterprise management) from Peking University in Beijing, the PRC, in July 1998 and his MBA degree from Duke University Fuqua School of Business in North Carolina, the United States, in May 2004.





The Company was recently notified by Mr. LI that he was named as one of the defendants in his capacity as a former director of NIO Inc. (a company listed on the New York Stock Exchange with stock symbol of NIO) (“NIO”) in ongoing securities class action lawsuits (the “Lawsuit”) against NIO in the United States, alleging its registration statement and prospectus contained misrepresentation. Mr. LI resigned from the board of NIO with effective from September 11, 2018. The Board has been informed by Mr. LI that NIO, Mr. LI and the other defendants will defend the Lawsuit vigorously.

Securities class action lawsuit is not uncommon among companies listed in the United States. The Lawsuit does not involve the Group and the Board does not consider that the Lawsuit will have any material adverse impact on the business and/or operations of any member of the Group.

#### **Mr. ZHANG Fei (張斐先生)**

**Mr. ZHANG Fei**, aged 48, is a non-executive Director. He is also a member of the Nomination Committee. As a non-executive Director, Mr. ZHANG, together with other members of the Board, provides oversight in respect of the formulation of business plans and strategic and major decisions of the Group.

Mr. ZHANG has over 20 years of venture capital experience, with a focus in the areas of AI/cloud computing, social/digital media and entertainment, and electric vehicle/autonomous driving. He was a partner at Ceyuan Ventures (策源創投) in Beijing from 2004 to 2007, where he set up and managed a venture fund and led investments in multiple portfolios. Since January 2011, Mr. ZHANG was a partner of 5Y Capital (formerly known as Morningside Venture Capital). Around 2016, he founded and has been a fund manager and the Responsible Officer of Neumann Advisory Hong Kong Limited, a SFC Type 9 licensed corporation.

Mr. ZHANG received his bachelor’s degree of engineering in automation and control from the Shanghai Jiao Tong University in Shanghai, the PRC, in July 1994, and his MBA degree from the China Europe International Business School in Shanghai, the PRC, in May 1999.

#### **Dr. SHEN Dou (沈抖博士)**

**Dr. SHEN Dou**, aged 41, is a non-executive Director. As a non-executive Director, Dr. SHEN is primarily responsible for participating in the formulation of business plans and strategic and major decisions of the Group as a member of the Board.

Dr. SHEN has served as an executive vice president of Baidu, Inc. (a company listed on Nasdaq with stock symbol of BIDU with its secondary listing on the Stock Exchange with stock code of 9888) since May 2019. Dr. Shen has also been a director of Beijing Xiaodu Interactive Entertainment Technology Co., Ltd. (北京小度互娛科技有限公司) since January 2018, and the chairman of Beijing Xiaodu Interactive Entertainment Technology Co., Ltd. (北京小度互娛科技有限公司) since September 2020. Previously, Dr. SHEN served as senior vice president of Baidu, Inc., overseeing the businesses related to Baidu App, Haokan short video app and Smart Mini Program. Dr. SHEN joined Baidu in 2012 and has served in management roles in business lines, including web search, advertising display and the financial services group. Prior to joining Baidu, Dr. SHEN worked in the adCenter group at Microsoft and co-founded BuzzLabs, Inc., a company engaged in social media monitoring and analysis, which was subsequently acquired by CityGrid Media.

## Other Information

Dr. SHEN holds directorships at various other companies. Dr. SHEN has been a director of Trip.com (a company listed on Nasdaq with stock symbol of TCOM with its secondary listing on the Stock Exchange with stock code of 9961) since October 2019 and a director of iQIYI, Inc. (a company listed on Nasdaq with stock symbol of IQ) since September 2019. He was previously a director of Uxin Limited (a company listed on Nasdaq with stock symbol of UXIN) from May 2018 to November 2019.

Dr. SHEN received his bachelor's degree in information engineering (computer technology) from North China Electric Power University in Beijing, the PRC, in June 2001, a master's degree in computer science and technology from Tsinghua University in Beijing, the PRC, in July 2004, and a Ph.D. degree in computer science from the Hong Kong University of Science and Technology in Hong Kong in November 2007. Dr. SHEN was awarded by Beijing Overseas Talent Service Joint Council (北京市海外學人工作聯席會) as "Beijing High-Caliber Talent from Overseas (北京市海外高層次人才)" and "Beijing Distinguished Expert (北京市特聘專家)" in July 2014. Dr. SHEN was also acknowledged by Beijing Senior Specialized Technique Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) as a senior engineer (正高級工程師) in computer technology in May 2018.

### **Mr. LIN Frank (林欣禾先生) (alias LIN Frank Hurst)**

**Mr. LIN Frank**, aged 56, is a non-executive Director. As a non-executive Director, Mr. LIN is primarily responsible for participating in the formulation of business plans and strategic and major decisions of the Group as a member of the Board.

Mr. LIN has been a co-founder and general partner of DCM China, a technology venture capital firm, since 2006. He co-founded and was the chief operations officer of SINA Corporation (a company listed on Nasdaq with stock symbol SINA), helping to guide it to become the first Chinese internet company to list in the United States.

Mr. LIN also holds directorships at various listed companies, including China Online Education Group (a company listed on the New York Stock Exchange with stock symbol COE) since June 2013, Vipshop Holdings Limited (a company listed on the New York Stock Exchange with stock symbol VIPS) since January 2011, and Tuniu Corporation (a company listed on Nasdaq with stock symbol TOUR) since December 2009. He was previously a director of 58.com Inc. (a company listed on the New York Stock Exchange with stock symbol WUBA and delisted on September 18, 2020) from March 2010 to April 2020.

Mr. LIN received his bachelor's degree in engineering from Dartmouth College in New Hampshire, the United States in June 1988, and his MBA degree from Stanford University in California, the United States, in June 1993.





### *Independent Non-executive Directors*

#### **Mr. WANG Huiwen (王慧文先生)**

**Mr. WANG Huiwen**, aged 42, is an independent non-executive Director. He is also the chairman of both Nomination Committee and Corporate Governance Committee, and a member of the Audit Committee and the Remuneration Committee. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. WANG has over 10 years of managerial and operational experience in the internet industry. In December 2005, he co-founded xiaonei.com. xiaonei.com was sold to China InterActive Corp in October 2006, which was later renamed as Renren Inc. (a company listed on the New York Stock Exchange with stock symbol of RENN). In January 2009, he co-founded taofang.com and worked there from June 2008 to October 2010. In 2010, Mr. WANG co-founded Meituan (a company listed on the Stock Exchange with stock code of 3690) and has been serving as its executive director since October 2015.

Mr. WANG received his bachelor's degree in electronic engineering from Tsinghua University in Beijing, the PRC, in July 2001.

#### **Mr. HUANG Sidney Xuande (黃宣德先生)**

**Mr. HUANG Sidney Xuande**, aged 55, is an independent non-executive Director. He is also the chairman of both Audit Committee and Remuneration Committee, and a member of the Nomination Committee and Corporate Governance Committee. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. HUANG has over 15 years of experience in the technology and internet industry. He is currently a senior advisor of JD.com, Inc. (a company listed on Nasdaq with stock symbol of JD with its secondary listing on the Stock Exchange with stock code of 9618) and was its chief financial officer from September 2013 until his retirement in September 2020, including the last three months as an executive coach to his successor. He has been an independent director of Yatsen Holding Limited (a company listed on the New York Stock Exchange with stock symbol of YSG) since November 2020. Mr. HUANG was a director of Bitauto Holdings Limited (a company which was listed on the New York Stock Exchange and privatized in November 2020) from November 2010 to August 2020.

Mr. HUANG previously served as chief financial officer of VancelInfo Technologies Inc. and its successor company, Pacter Technology International Ltd., from July 2006 to September 2013. He was also the chief operating officer of VancelInfo Technologies Inc. from 2008 to 2010 and the co-president from 2011 to 2012. He also served as chief financial officer at two China-based companies in the technology and internet sectors between August 2004 and March 2006. He was an investment banker at Citigroup Global Markets Inc. in New York from August 2002 to July 2004. He held various positions including audit manager at KPMG LLP from January 1997 to August 2000 and qualified as a Certified Public Accountant in the State of New York in October 1999.

## Other Information

Mr. HUANG received his bachelor's degree in accounting from Bernard M. Baruch College of The City University of New York in the United States, in February 1997, and his MBA degree from the J.L. Kellogg School of Management at Northwestern University in Illinois, the United States, in June 2002.

### **Mr. MA Yin (馬寅先生)**

**Mr. MA Yin**, aged 47, is an independent non-executive Director. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. MA founded Tianxing Jiuzhou Holdings Co., Ltd. (天行九州控股有限公司, subsequently renamed Aranya (阿那亞控股集團有限公司)) in January 1999, and has been the general manager since February 2014. From April 2006 to September 2013, Mr. MA served various managerial roles at Yeland Group Co, Ltd. (億城集團股份有限公司, subsequently renamed HNA Investment Group Co., Ltd. (海航投資集團股份有限公司) in 2015, and is a company listed on the Shenzhen Stock Exchange with stock code of 000616), including assistant to the general manager, vice president, and executive vice president. He was a director of HNA Investment Group Co., Ltd. (海航投資集團股份有限公司) from April 2007 to September 2013 and the president from October 2011 to September 2013.

Mr. MA received his executive MBA degree from Peking University in Beijing, the PRC, in July 2009.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting high standard of corporate governance which is crucial to the Group's development and safeguard the interests of the Shareholders. The Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices since the Listing Date.

Save for the deviation from code provision A.2.1, which is explained in the following paragraph, the Company has complied with all applicable code provisions as set out in the Corporate Governance Code during the Reporting Period.

Pursuant to code provision A.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive officer and Mr. SU Hua currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enabling more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman and the chief executive officer at a time when it is appropriate by taking into account the circumstances of the Group as a whole.





## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the Reporting Period.

The Company has also established written guidelines for securities transactions by employees who are likely to be in possession of inside information of the Company (the "**Guidelines for Securities Dealings by Relevant Employees**") on terms no less exacting than the Model Code. No incident of non-compliance with the Guidelines for Securities Dealings by Relevant Employees by the employees has been noted by the Company.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## USE OF PROCEEDS

### Use of Proceeds from 2020 Issuance of Convertible Redeemable Preferred Shares

The Company raised net proceeds of approximately RMB20,956.5 million from issuance of convertible redeemable series F-1 & F-2 preferred shares during the year ended December 31, 2020 (the "**2020 Issuance of Convertible Redeemable Preferred Shares**"). The convertible redeemable series F-1 & F-2 preferred shares were automatically converted into Class B Shares upon the Listing.

There has been no change in the intended use of net proceeds. The Group has utilized the net proceeds from the 2020 Issuance of Convertible Redeemable Preferred Shares as set out in the table below:

Net proceeds raised (RMB million)	Proposed use of net proceeds	Amount of net proceeds utilized as of December 31, 2020 (RMB million)	Amount of net proceeds utilized as of June 30, 2021 (RMB million)	Balance of net proceeds as of June 30, 2021 (RMB million)	Expected timeline for balance of net proceeds
	Business operations and other general corporate purposes	565.0	1,638.8		Before December 31, 2024
20,956.5				18,510.5	
	Capital expenditure	—	807.2		Before December 31, 2024

## Other Information

### Use of Proceeds from the Global Offering

The Class B Shares were listed on the Main Board of the Stock Exchange on the Listing Date. Based on the offer price of HK\$115.00 per offer share, the net proceeds from the Global Offering received by the Company, after deduction of the underwriting commission and other expenses payable by the Company in connection with the Global Offering, are approximately HK\$41,218.0 million.

On February 7, 2021, the underwriters of the Global Offering fully exercised the over-allotment option in respect of an aggregate of 54,782,700 Class B Shares, among which 50,737,300 Class B Shares were newly allotted and issued by the Company. The additional net proceeds of approximately HK\$5,746.4 million were received by the Company from the allotment and issue of such 50,737,300 new Class B Shares, after deducting the underwriting commission and related expenses payable by the Company relating to the exercise of the over-allotment option.

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus. Please refer to "Future Plans and Use of Proceeds" in the Prospectus for details.

As of June 30, 2021, the Group has utilized the net proceeds as set out in the table below:

	Allocation of net proceeds from the Global Offering (HK\$ million)	Amount of net proceeds utilized as of June 30, 2021 (HK\$ million)	Balance of net proceeds as of June 30, 2021 (HK\$ million)	Expected timeline for balance of net proceeds
Approximately 35% to enhance and grow the ecosystem	16,437.5	6,900.8	9,536.7	Before December 31, 2023
Approximately 30% to strengthen research and development and technological capabilities	14,089.3	4,240.3	9,849.0	Before December 31, 2023
Approximately 25% to selectively acquire or invest in products, services and businesses	11,741.1	—	11,741.1	Before December 31, 2023
Approximately 10% for working capital and general corporate purposes	4,696.5	1,771.6	2,924.9	Before December 31, 2023
<b>Total</b>	<b>46,964.4</b>	<b>12,912.7</b>	<b>34,051.7</b>	





Since the Company is an offshore holding company, it will need to make capital contributions and loans to its PRC subsidiaries or through loans to the Consolidated Affiliated Entities such that the net proceeds received from 2020 Issuance of Convertible Redeemable Preferred Shares and the Global Offering can be used in the manner described above. Such capital contributions and loans are subject to a number of limitations and approval processes under PRC laws and regulations. There are no costs associated with registering loans or capital contributions with relevant PRC authorities, other than nominal processing charges. The Company cannot assure you that it can obtain the approvals from the relevant governmental authorities, or complete the registration and filing procedures required to use the net proceeds as described above, in each case on a timely basis, or at all. This is because PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent the Company from using the net proceeds to make loans or additional capital contributions to its PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect its liquidity and its ability to fund and expand its business.

### **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the six months ended June 30, 2021.

### **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, the risk management and internal controls systems of the Group, to review connected transactions and to advise the Board. The Audit Committee comprises three independent non-executive Directors, namely, Mr. HUANG Sidney Xuande, Mr. WANG Huiwen and Mr. MA Yin. The chairman of the Audit Committee is Mr. HUANG Sidney Xuande, who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee, after the discussion with the Auditor, has reviewed the Company's unaudited interim financial statements for the three and six months ended June 30, 2021. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters in respect of risk management and internal control of the Company. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

The Company's unaudited interim financial statements for the three and six months ended June 30, 2021 have been prepared in accordance with IFRS.

### **OTHER BOARD COMMITTEES**

In addition to the Audit Committee, the Company has also established a Corporate Governance Committee, a Nomination Committee and a Remuneration Committee.

## Other Information

### CORPORATE GOVERNANCE COMMITTEE

The Company has established the Corporate Governance Committee with written terms of reference in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code. The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting rights structure of the Company. The Corporate Governance Committee comprises three independent non-executive Directors, namely, Mr. WANG Huiwen, Mr. HUANG Sidney Xuande and Mr. MA Yin. Mr. WANG Huiwen is the chairman of the Corporate Governance Committee.

During the Reporting Period, the Corporate Governance Committee had held one meeting, in which the Corporate Governance Committee has performed the following major tasks:

- Reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.
- Reviewed the written confirmation provided by the WVR Beneficiaries that they have been members of the Company's Board of Directors throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the period from the Listing Date and up to the date of the committee meeting; and they have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules during the period from the Listing Date and up to the date of the committee meeting.
- Reviewed and monitored the management of conflicts of interests between the Company, its subsidiary or Consolidated Affiliated Entity (defined in the Prospectus) and/or Shareholder on one hand and any WVR Beneficiaries on the other.
- Reviewed and monitored all risks related to the weighted voting rights structure.
- Reviewed and monitored the training and continuous professional development of Directors and senior management.
- Made a recommendation to the Board as to the appointment or removal of the compliance advisor.

In particular, the Corporate Governance Committee has confirmed to the Board that it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the WVR Beneficiaries in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole. These measures include the Corporate Governance Committee ensuring that (i) any connected transactions are disclosed and dealt with in accordance with the requirements of the Listing Rules, (ii) any Directors who have a conflict of interest abstain from voting on the relevant board resolution, and (iii) the compliance advisor is consulted on any matters related to transactions involving the WVR Beneficiaries or a potential conflict of interest between the Group and the WVR Beneficiaries. The Corporate Governance Committee recommended the Board to continue the implementation of these measures and to periodically review their efficacy towards these objectives.

Having reviewed the remuneration and terms of engagement of the compliance advisor, the Corporate Governance Committee confirmed to the Board that it was not aware of any factors that would require it to consider either the removal of the current compliance advisor or the appointment of a new compliance advisor. As a result, the Corporate Governance Committee recommended that the Board retain the services of the compliance advisor of the Company.





## CONTINUING CONNECTED TRANSACTION — GAME CO-OPERATION FRAMEWORK AGREEMENT

On January 18, 2021, Beijing Dajia (for itself and on behalf of other members of our Group) entered into a game co-operation framework agreement (the “**Game Co-operation Framework Agreement**”) with Shenzhen Tencent Computer Systems Company Limited (深圳市騰訊計算機系統有限公司) (“**Tencent Computer**”) (for itself and on behalf of group members of Tencent, but excluding China Literature Limited and TME Group and their respective subsidiaries, the “**Represented Tencent Group**”). Under the Game Co-operation Framework Agreement, we will display and recommend designated mobile and computer games developed or distributed by the Represented Tencent Group. Our users interested in such games appearing on our platform (the “**Interested Users**”) will be re-directed to downloading pages to download such games. The initial term of the Game Co-operation Framework Agreement commenced on the Listing Date and end on December 31, 2023, subject to renewal upon the mutual agreement of both parties and in compliance with the Listing Rules. The collaboration outlined under the Game Co-operation Framework Agreement and the revenue sharing arrangement are in line with industry practice.

As disclosed in the Prospectus, we consider that it would be unsuitable to adopt monetary annual caps for the Game Co-operation Framework Agreement.

The revenue arising out of the Game Co-operation Framework Agreement shall be split between us and the Represented Tencent Group and shall be determined in accordance with the following formula:

### *Net proceeds x revenue sharing percentage*

Net proceeds refers to the aggregate amount of revenue received by the Represented Tencent Group from such Interested Users through purchasing virtual items connected with the relevant games after deduction of the payment platform commissions charged by payment channels. The amount to be shared by us shall be separately determined for each designated game. The exact prescribed revenue sharing percentage for individual game shall be determined after arm’s length negotiation between the relevant parties. The basis for determining the revenue sharing percentage includes (a) the revenue sharing percentage in respect of the game co-operation between our Group and business partners who are independent third parties of the Group; (b) the revenue sharing percentage in respect of the game co-operation between the Represented Tencent Group and its business partners; and (c) the general industry practice of revenue sharing in respect of game co-operation.

For the six months ended June 30, 2021, our game cooperation with the Represented Tencent Group under the Game Co-operation Framework Agreement involved 69 games and the actual transaction amounts thereunder were approximately RMB9.2 million.

## SIGNIFICANT EVENTS AFTER JUNE 30, 2021

Save as disclosed in this report, there have been no other significant events that might affect the Group after June 30, 2021 and up to the date of this report.

# Report on Review of Interim Financial Information

**To the Board of Directors of Kuaishou Technology**  
*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 51 to 89, which comprises the condensed consolidated balance sheet of Kuaishou Technology (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at June 30, 2021 and the condensed consolidated income statement and the condensed consolidated statement of comprehensive loss for the three-month and six-month periods then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF 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”. A review of interim financial information 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.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

## OTHER MATTER

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at December 31, 2020. The comparative information for the condensed consolidated income statement and the condensed consolidated statement of comprehensive loss for the three-month period ended June 30, 2021, and related explanatory notes, has not been audited or reviewed.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, August 25, 2021



# Condensed Consolidated Income Statement



	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Revenues</b>	7	<b>19,138,826</b>	12,862,774	<b>36,158,276</b>	25,320,906
Cost of revenues	8	<b>(10,754,079)</b>	(8,426,764)	<b>(20,785,734)</b>	(16,626,447)
<b>Gross profit</b>		<b>8,384,747</b>	4,436,010	<b>15,372,542</b>	8,694,459
Selling and marketing expenses	8	<b>(11,269,803)</b>	(5,612,802)	<b>(22,929,395)</b>	(13,709,068)
Administrative expenses	8	<b>(864,159)</b>	(346,468)	<b>(1,567,510)</b>	(654,636)
Research and development expenses	8	<b>(3,911,339)</b>	(1,312,268)	<b>(6,722,485)</b>	(2,251,725)
Other income		<b>175,348</b>	131,288	<b>378,692</b>	191,768
Other gains, net	9	<b>269,827</b>	164,145	<b>960,635</b>	163,309
<b>Operating loss</b>		<b>(7,215,379)</b>	(2,540,095)	<b>(14,507,521)</b>	(7,565,893)
Finance income/(expense), net		<b>11,989</b>	5,629	<b>(5,226)</b>	(768)
Fair value changes of convertible redeemable preferred shares	24	<b>—</b>	(35,357,651)	<b>(51,275,797)</b>	(61,243,513)
Share of losses of investments accounted for using the equity method		<b>(24,892)</b>	—	<b>(24,892)</b>	—
<b>Loss before income tax</b>		<b>(7,228,282)</b>	(37,892,117)	<b>(65,813,436)</b>	(68,810,174)
Income tax benefits	10	<b>191,871</b>	292,859	<b>1,025,974</b>	718,967
<b>Loss for the period</b>		<b>(7,036,411)</b>	(37,599,258)	<b>(64,787,462)</b>	(68,091,207)
<b>Attributable to :</b>					
— Equity holders of the Company		<b>(7,035,217)</b>	(37,599,258)	<b>(64,785,560)</b>	(68,091,207)
— Non-controlling interests		<b>(1,194)</b>	—	<b>(1,902)</b>	—
		<b>(7,036,411)</b>	(37,599,258)	<b>(64,787,462)</b>	(68,091,207)
<b>Loss per share for the loss attributable to the equity holders of the Company (expressed in RMB per share)</b>	11				
Basic loss per share		<b>(1.71)</b>	(40.40)	<b>(18.58)</b>	(73.07)
Diluted loss per share		<b>(1.71)</b>	(40.40)	<b>(18.58)</b>	(73.07)

The accompanying notes on pages 58 to 89 form an integral part of this interim financial information.

## Condensed Consolidated Statement of Comprehensive Loss

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
<b>Loss for the period</b>		<b>(7,036,411)</b>	(37,599,258)	<b>(64,787,462)</b>	(68,091,207)
<b>Other comprehensive (loss)/income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Fair value change on convertible redeemable preferred shares due to own credit risk	24	—	(2,125)	—	(783)
Currency translation differences		<b>(1,213,382)</b>	26,816	<b>1,207,079</b>	(1,213,269)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Currency translation differences		<b>438,258</b>	6,035	<b>198,437</b>	(103,367)
<b>Other comprehensive (loss)/income for the period, net of taxes</b>		<b>(775,124)</b>	30,726	<b>1,405,516</b>	(1,317,419)
<b>Total comprehensive loss for the period</b>		<b>(7,811,535)</b>	(37,568,532)	<b>(63,381,946)</b>	(69,408,626)
<b>Attributable to:</b>					
— Equity holders of the Company		<b>(7,810,341)</b>	(37,568,532)	<b>(63,380,044)</b>	(69,408,626)
— Non-controlling interests		<b>(1,194)</b>	—	<b>(1,902)</b>	—
		<b>(7,811,535)</b>	(37,568,532)	<b>(63,381,946)</b>	(69,408,626)

The accompanying notes on pages 58 to 89 form an integral part of this interim financial information.

# Condensed Consolidated Balance Sheet



	Note	Unaudited As of June 30, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	12	8,510,177	7,206,100
Right-of-use assets	13	12,123,750	5,199,712
Intangible assets		1,241,014	1,247,788
Investments accounted for using the equity method	14	2,426,821	—
Financial assets at fair value through profit or loss	15	2,891,698	3,843,315
Deferred tax assets	23	4,149,356	2,313,301
Long-term time deposits		4,500,000	500,000
Other non-current assets		1,180,796	308,982
		<u>37,023,612</u>	<u>20,619,198</u>
<b>Current assets</b>			
Trade receivables	16	3,006,919	2,428,039
Prepayments, other receivables and other current assets	17	2,926,275	2,285,420
Financial assets at fair value through profit or loss	15	5,854,086	3,690,448
Short-term time deposits		110,000	2,729,095
Restricted cash		3,257	3,698
Cash and cash equivalents		46,773,431	20,391,545
		<u>58,673,968</u>	<u>31,528,245</u>
<b>Total assets</b>		<u><u>95,697,580</u></u>	<u><u>52,147,443</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	18	139	30
Share premium	18	274,367,829	—
Other reserves		17,194,691	12,011,644
Accumulated losses		(236,847,073)	(172,061,513)
		<u>54,715,586</u>	<u>(160,049,839)</u>
<b>Non-controlling interests</b>		<u>5,148</u>	—
<b>Total equity</b>		<u><u>54,720,734</u></u>	<u><u>(160,049,839)</u></u>

## Condensed Consolidated Balance Sheet

	Note	Unaudited As of June 30, 2021 RMB'000	Audited As of December 31, 2020 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	13	9,710,527	3,608,041
Deferred tax liabilities	23	31,043	31,601
Convertible redeemable preferred shares	24	—	185,372,816
Other non-current liabilities		70,654	—
		<u>9,812,224</u>	<u>189,012,458</u>
<b>Current liabilities</b>			
Accounts payables	21	18,475,206	11,544,297
Other payables and accruals	22	5,695,287	5,763,226
Advances from customers		3,324,250	3,290,098
Income tax liabilities		443,769	487,843
Lease liabilities	13	3,226,110	2,099,360
		<u>31,164,622</u>	<u>23,184,824</u>
<b>Total liabilities</b>		<u>40,976,846</u>	<u>212,197,282</u>
<b>Total equity and liabilities</b>		<u>95,697,580</u>	<u>52,147,443</u>

The accompanying notes on pages 58 to 89 form an integral part of this interim financial information.



# Condensed Consolidated Statement of Changes in Equity



	Unaudited							
	Attributable to owners of the Company						Non-	Total
Note	Share capital	Share premium	Other reserves	Accumulated losses	Subtotal	controlling interests		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at January 1, 2021</b>	30	—	12,011,644	(172,061,513)	(160,049,839)	—	(160,049,839)	
Loss for the period	—	—	—	(64,785,560)	(64,785,560)	(1,902)	(64,787,462)	
<b>Other comprehensive income</b>								
Currency translation differences	—	—	1,405,516	—	1,405,516	—	1,405,516	
<b>Total comprehensive loss for the period</b>	—	—	1,405,516	(64,785,560)	(63,380,044)	(1,902)	(63,381,946)	
<b>Transactions with owners in their capacity as owners</b>								
Share-based compensation	—	—	3,823,156	—	3,823,156	—	3,823,156	
Issuance of ordinary shares relating to initial public offering, net of underwriting commissions and other issuance costs	18	14	39,220,652	—	39,220,666	—	39,220,666	
Shares issued upon listing from Share Incentive Plan	18	11	62,715	(45,625)	17,101	—	17,101	
Conversion of convertible redeemable preferred shares to ordinary shares	18	84	235,084,462	—	235,084,546	—	235,084,546	
Non-controlling interests arising from business combination		—	—	—	—	7,050	7,050	
<b>Total transactions with owners in their capacity as owners</b>		109	274,367,829	3,777,531	278,145,469	7,050	278,152,519	
<b>Balance at June 30, 2021</b>		139	274,367,829	17,194,691	(236,847,073)	54,715,586	5,148	54,720,734

## Condensed Consolidated Statement of Changes in Equity

	Note	Unaudited			Total RMB'000
		Attributable to owners of the Company			
		Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	
<b>Balance at January 1, 2020</b>		30	(321,281)	(55,407,785)	(55,729,036)
Loss for the period		—	—	(68,091,207)	(68,091,207)
<b>Other comprehensive loss</b>					
Fair value change on convertible redeemable preferred shares due to own credit risk	24	—	(783)	—	(783)
Currency translation differences		—	(1,316,636)	—	(1,316,636)
<b>Total comprehensive loss for the period</b>		—	(1,317,419)	(68,091,207)	(69,408,626)
<b>Transactions with owners in their capacity as owners</b>					
Share-based compensation		—	520,820	—	520,820
Re-designation of ordinary shares to convertible redeemable preferred shares		—	(121,731)	—	(121,731)
<b>Total transactions with owners in their capacity as owners</b>		—	399,089	—	399,089
<b>Balance at June 30, 2020</b>		<u>30</u>	<u>(1,239,611)</u>	<u>(123,498,992)</u>	<u>(124,738,573)</u>

The accompanying notes on pages 58 to 89 form an integral part of this interim financial information.



# Condensed Consolidated Statement of Cash Flows



	Unaudited Six months ended June 30,	
	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(3,315,455)	(1,284,321)
Income tax paid	(857,438)	(457,615)
<b>Net cash used in operating activities</b>	<b>(4,172,893)</b>	<b>(1,741,936)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, equipment and intangible assets	(3,449,377)	(3,166,514)
Proceeds from disposal of property, equipment and intangible assets	1,716	2,330
Purchase of investments in non-current financial assets at fair value through profit or loss	(422,219)	(1,549,842)
Proceeds from disposal of investments in non-current financial assets at fair value through profit or loss	20,734	—
Purchase of investments in current financial assets at fair value through profit or loss	(10,437,016)	(34,851,693)
Proceeds from disposal of investments in current financial assets at fair value through profit or loss	8,293,267	23,791,723
Loan to a third party	(16,933)	—
Repayment of loans by other parties	32,355	—
Purchase of time deposits with initial terms over three months	(4,500,000)	(1,560,806)
Proceeds from maturity of time deposits with initial terms over three months	3,099,575	—
Interest income received	44,195	2,337
Acquisition of subsidiaries, net of cash acquired	261	—
<b>Net cash used in investing activities</b>	<b>(7,333,442)</b>	<b>(17,332,465)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of convertible redeemable preferred shares	—	20,956,542
Proceeds from borrowings	—	300,000
Net proceeds from issuance of ordinary shares relating to the initial public offering	39,222,601	—
Payments for principal elements of lease and related interest	(1,182,369)	(711,515)
Finance expenses paid	—	(20,176)
<b>Net cash generated from financing activities</b>	<b>38,040,232</b>	<b>20,524,851</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,533,897</b>	<b>1,450,450</b>
Cash and cash equivalents at the beginning of the period	20,391,545	3,996,236
Effects of exchange rate changes on cash and cash equivalents	(152,011)	221,104
<b>Cash and cash equivalents at the end of the period</b>	<b>46,773,431</b>	<b>5,667,790</b>

The accompanying notes on pages 58 to 89 form an integral part of this interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information

## 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, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company completed the listing on the Main Board of The Stock Exchange of Hong Kong Limited on February 5, 2021 (“**IPO**”).

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

Mr. Su Hua and Mr. Cheng Yixiao are the ultimate controlling shareholders of the Company as of the date of approval of the condensed consolidated interim financial information.

The condensed consolidated interim financial information comprises the condensed consolidated balance sheet as of June 30, 2021, the condensed consolidated income statement, the condensed consolidated statement of comprehensive loss for the three-month and six-month periods then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “**Interim Financial Information**”).

The Interim Financial Information is presented in renminbi (“**RMB**”), unless otherwise stated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

## 2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”, issued by the International Accounting Standards Board (“**IASB**”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. The Interim Financial Information should be read in conjunction with the annual audited financial statements of the Group for the year ended December 31, 2020 which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) by the Group as set out in the 2020 annual report of the Company dated March 23, 2021 (the “**2020 Financial Statements**”) and any public announcements made by the Group during the interim reporting period.





### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the Interim Financial Information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2020, as described in the 2020 Financial Statements, except for the adoption of certain new and amended standards which has had no significant impact on the results and the financial position of the Group.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2020 Financial Statements.

### 5. FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's policies on financial risk management were set out in the 2020 Financial Statements and there have been no significant changes in the financial risk management policies for the three months and six months ended June 30, 2021.

#### 5.2 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).

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at June 30, 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Listed equity securities	430,484	—	—	430,484
— Unlisted equity securities	—	—	2,518,954	2,518,954
— Wealth management products	—	—	5,796,346	5,796,346
	<u>430,484</u>	<u>—</u>	<u>8,315,300</u>	<u>8,745,784</u>

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2020:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Audited)</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
— Listed equity securities	82,646	—	—	82,646
— Unlisted equity securities	—	—	3,843,315	3,843,315
— Wealth management products	—	—	3,607,802	3,607,802
	<u>82,646</u>	<u>—</u>	<u>7,451,117</u>	<u>7,533,763</u>
<b>Liabilities</b>				
Convertible redeemable preferred shares	<u>—</u>	<u>—</u>	<u>185,372,816</u>	<u>185,372,816</u>



## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

#### (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 ("**Preferred Shares**").

The changes in level 3 instruments of Preferred Shares for the six months ended June 30, 2021 and 2020 are presented in the Note 24.

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 items of financial assets at fair value through profit or loss for the six months ended June 30, 2021 and 2020.

	Financial assets at fair value through profit or loss RMB'000
<b>(Unaudited)</b>	
<b>At January 1, 2021</b>	<b>7,451,117</b>
Additions	<b>11,001,357</b>
Disposal	<b>(8,314,001)</b>
Change in fair value through profit or loss*	<b>1,040,695</b>
Transfer to investments accounted for using the equity method (Note 14)	<b>(2,470,647)</b>
Deemed disposal due to business combination	<b>(6,959)</b>
Transfer from level 3 to level 1	<b>(349,714)</b>
Currency translation differences	<b>(36,548)</b>
<b>At June 30, 2021</b>	<b>8,315,300</b>
* Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the period	<b>245,765</b>



## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

	Financial assets at fair value through profit or loss RMB'000
<b>(Unaudited)</b>	
<b>At January 1, 2020</b>	11,083,340
Additions	36,401,535
Disposal	(23,752,510)
Change in fair value through profit or loss*	249,147
Currency translation differences	154,673
	<hr/>
<b>At June 30, 2020</b>	<b>24,136,185</b>
	<hr/>
* Includes unrealised gains recognised in profit or loss attributable to balances held at the end of the period	91,009

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.

# Notes to the Condensed Consolidated Interim Financial Information

## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

The valuation of the level 3 instruments mainly included Preferred Shares (Note 24), long-term investments measured at fair value through profit or loss in unlisted companies (Note 15) and investments in wealth management products (Note 15). 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.

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 June 30, 2021 RMB'000 (Unaudited)	As of December 31, 2020 RMB'000 (Audited)		As of June 30, 2021 (Unaudited)	As of December 31, 2020 (Audited)	
Unlisted equity securities	2,518,954	3,843,315	Expected volatility	40%-77%	46%-72%	The higher the expected volatility, the lower the fair value
			Discount for lack of marketability ("DLOM")	5%-25%	9%-32%	The higher the DLOM, the lower the fair value
			Risk-free rate	0%-3%	0%-3%	The higher the risk-free rate, the lower the fair value
Wealth management products	5,796,346	3,607,802	Expected rate of return	2%-4%	2%-4%	The higher the expected rate of return, the higher the fair value



## 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

### 5.2 Fair value estimation (Continued)

#### (c) Financial instruments in level 3 (Continued)

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.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended June 30, 2021 and 2020, except that one investment was transferred out of level 3 of fair value hierarchy to level 1 classification due to the conversion to ordinary shares upon the initial public offering of the investee company in 2021.

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, approximate their fair values due to their short maturities.

## 6. SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by 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. 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 June 30, 2021 and December 31, 2020, substantially all of the non-current assets other than financial instruments and deferred tax assets of the Group were located in the PRC.

## Notes to the Condensed Consolidated Interim Financial Information

### 7. REVENUES

The breakdown of revenues during the three months and six months ended June 30, 2021 and 2020 is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Online marketing services	9,962,297	3,889,201	18,519,973	7,162,218
Live streaming	7,193,430	8,339,795	14,443,829	17,349,107
Other services	1,983,099	633,778	3,194,474	809,581
	<b>19,138,826</b>	<b>12,862,774</b>	<b>36,158,276</b>	<b>25,320,906</b>

The breakdown of revenues for timing of revenue recognition is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue recognized at a point in time	16,302,136	11,746,331	31,158,489	23,346,392
Revenue recognized over time	2,836,690	1,116,443	4,999,787	1,974,514
	<b>19,138,826</b>	<b>12,862,774</b>	<b>36,158,276</b>	<b>25,320,906</b>

There is no concentration risk as no revenue from a single customer was more than 10% of the Group's total revenues for the three months and six months ended June 30, 2021 and 2020.



## 8. EXPENSES BY NATURE

	Three months ended June 30,		Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue sharing costs and related taxes	5,371,242	5,161,944	10,496,413	10,333,524
Employee benefit expenses	5,703,159	1,965,670	9,917,115	3,501,104
Promotion and advertising expenses	10,554,098	5,367,999	21,711,796	13,284,834
Bandwidth expenses and server custody costs	1,950,529	1,250,554	3,883,703	2,519,088
Depreciation of property and equipment	961,892	699,373	1,877,966	1,375,582
Depreciation of right-of-use assets	656,199	358,833	1,236,735	704,900
Amortization of intangible assets	42,063	27,212	83,758	51,039
Outsourcing and other labor costs	339,097	106,378	613,692	205,600
Payment processing cost	372,272	241,909	676,854	434,807
Professional fees	77,737	27,796	130,911	42,826
Tax surcharges	75,480	121,566	156,115	224,612
Credit loss allowances on financial assets	8,731	5,413	11,757	7,922
Others	686,881	363,655	1,208,309	556,038
	<u>26,799,380</u>	<u>15,698,302</u>	<u>52,005,124</u>	<u>33,241,876</u>

## Notes to the Condensed Consolidated Interim Financial Information

### 9. OTHER GAINS, NET

	Three months ended June 30,		Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net (losses)/gains on disposal of property, equipment and intangible assets	(1,528)	5	(1,526)	(250)
Net fair value gains on financial assets at fair value through profit or loss				
— Investments in listed and unlisted entities	245,585	51,227	978,230	77,835
— Wealth management products	46,851	105,984	61,797	185,400
Net foreign exchange (losses)/gains	(16,826)	9,157	(70,188)	7,644
Donations (Note a)	(1,027)	(11,907)	(2,872)	(114,083)
Others	(3,228)	9,679	(4,806)	6,763
	<u>269,827</u>	<u>164,145</u>	<u>960,635</u>	<u>163,309</u>

Note a: Out of the donations for the six months ended June 30, 2020, RMB100.0 million was the charitable donations in response to the COVID-19 outbreak.

### 10. INCOME TAX BENEFITS

#### (a) Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Law 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 the BVI are exempted from BVI income tax.



## 10. INCOME TAX BENEFITS (CONTINUED)

### (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 three months and six months ended June 30, 2021 and 2020.

### (d) PRC Enterprise Income Tax (“EIT”)

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2021 and 2020 based on the existing legislation, interpretation and practices in respect thereof.

Beijing Dajia Internet Information Technology Co., Ltd. (“**Beijing Dajia**”) was accredited as High and New Technology Enterprise enabling it to enjoy a preferential tax rate of 15% from 2020 to 2022. 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 from 2017 to 2021. In 2020, Beijing Dajia also obtained the qualification of “Key National Software Enterprise” which entitled it to a further reduced preferential income tax rate of 10% for the year of 2019.

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 PRC 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 period.

# Notes to the Condensed Consolidated Interim Financial Information

## 10. INCOME TAX BENEFITS (CONTINUED)

### (e) Withholding tax in mainland China (“WHT”)

According to the new corporate income tax 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 benefits of the Group during the three months and six months ended June 30, 2021 and 2020 are analyzed as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	(460,246)	(254,625)	(812,914)	(378,436)
Deferred income tax (Note 23)	652,117	547,484	1,838,888	1,097,403
Income tax benefits	<u>191,871</u>	<u>292,859</u>	<u>1,025,974</u>	<u>718,967</u>



## 11. LOSS PER SHARE

### (a) Basic loss per share

Basic loss per share for the period 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 period.

	Three months ended June 30,		Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net loss attributable to equity holders of the Company	(7,035,217)	(37,599,258)	(64,785,560)	(68,091,207)
Weighted average number of ordinary shares in issue (thousand shares)	4,122,613	930,672	3,486,332	931,818
Basic loss per share (expressed in RMB per share)	(1.71)	(40.40)	(18.58)	(73.07)

### (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 three months and six months ended June 30, 2021 and 2020, the Company had two categories of potential ordinary shares: Preferred Shares and share options and restricted share units granted under share incentive plan. As the Company incurred losses for the three months and six months ended June 30, 2021 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 three months and six months ended June 30, 2021 and 2020 were the same as basic loss per share of the respective periods.

## Notes to the Condensed Consolidated Interim Financial Information

### 12. PROPERTY AND EQUIPMENT

	Property and equipment RMB'000 (Unaudited)
<b>At January 1, 2021</b>	<b>7,206,100</b>
Additions	3,183,636
Disposal	(1,279)
Depreciation charge	(1,877,966)
Currency translation differences	(438)
Business combination	124
	<hr/>
<b>At June 30, 2021</b>	<b>8,510,177</b>
	<hr/>
<b>At January 1, 2020</b>	6,232,305
Additions	1,221,417
Disposal	(1,714)
Depreciation charge	(1,375,582)
Currency translation differences	4
	<hr/>
<b>At June 30, 2020</b>	<b>6,076,430</b>
	<hr/> <hr/>





## Notes to the Condensed Consolidated Interim Financial Information

### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	<b>As of December 31, 2020 RMB'000 (Audited)</b>
<b>Investments in an associate accounted for using the equity method</b>		
— Listed entity (Note a)	<b>2,426,821</b>	—
		<b>Six months ended June 30, 2021 RMB'000 (Unaudited)</b>
<b>At the beginning of the period</b>		—
Addition (Note a)		<b>2,470,647</b>
Share of loss		<b>(24,892)</b>
Exchange loss		<b>(18,934)</b>
<b>At the end of the period</b>		<b>2,426,821</b>

Note a: At the end of March 2021, an investment for which was previously accounted as financial assets at fair value though profit or loss underwent initial public offering on the New York Stock Exchange, following which the investment was converted into investments accounted for using the equity method due to the conversion of the Group's investment in its preferred shares into ordinary shares upon its initial public offering.



## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
<b>Non-current assets</b>		
Investments in unlisted entities	2,518,954	3,843,315
Investments in listed entity	372,744	—
	<u>2,891,698</u>	<u>3,843,315</u>
<b>Current assets</b>		
Investments in listed entity	57,740	82,646
Wealth management products	5,796,346	3,607,802
	<u>5,854,086</u>	<u>3,690,448</u>
<b>Total</b>	<u><b>8,745,784</b></u>	<u><b>7,533,763</b></u>

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

	<b>Six months ended June 30, 2021 RMB'000 (Unaudited)</b>	2020 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>7,533,763</b>	11,160,542
Additions	11,001,357	36,401,535
Disposal	(8,314,001)	(23,791,723)
Transfer to investments accounted for using the equity method	(2,470,647)	—
Change in fair value through profit or loss	1,040,027	263,235
Deemed disposal due to business combination	(6,959)	—
Currency translation differences	(37,756)	155,443
<b>At the end of the period</b>	<u><b>8,745,784</b></u>	<u><b>24,189,032</b></u>

## Notes to the Condensed Consolidated Interim Financial Information

### 16. TRADE RECEIVABLES

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Trade receivables from contracts with customers	<b>3,033,590</b>	2,444,121
Less: credit loss allowances	<b>(26,671)</b>	(16,082)
	<b>3,006,919</b>	2,428,039

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:

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Up to 3 months	<b>2,886,358</b>	2,339,276
3 to 6 months	<b>147,232</b>	104,845
	<b>3,033,590</b>	2,444,121

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

	<b>Six months ended June 30, 2021 RMB'000 (Unaudited)</b>	2020 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>(16,082)</b>	(4,774)
Additional provision	<b>(10,589)</b>	(7,529)
<b>At the end of the period</b>	<b>(26,671)</b>	(12,303)



## 17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The detail information of prepayments, other receivables and other current assets is as below:

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Recoverable VAT and other tax prepayments	<b>1,724,020</b>	1,574,753
Prepaid content cost and license fee	<b>544,799</b>	50,028
Prepaid promotion and advertising fees	<b>330,751</b>	416,436
Deposit	<b>123,943</b>	82,060
Interest receivable	<b>42,288</b>	34,253
Rental prepayments	<b>25,556</b>	24,192
Loan receivables	<b>16,933</b>	32,625
Others	<b>136,307</b>	90,753
	<b>2,944,597</b>	2,305,100
Less: credit loss allowances	<b>(18,322)</b>	(19,680)
	<b>2,926,275</b>	2,285,420

# Notes to the Condensed Consolidated Interim Financial Information

## 18. SHARE CAPITAL

Issued:

(Unaudited)	Number of ordinary shares '000	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000
<b>At December 31, 2020</b>	930,672	5	30	—
Issuance relating to initial public offering (Note a)	415,956	2	14	39,220,652
Shares issued upon listing from Share Incentive Plan	332,158	2	11	62,715
Conversion of Preferred Shares to ordinary shares (Note 24)	2,449,157	13	84	235,084,462
<b>At June 30, 2021</b>	<b>4,127,943</b>	<b>22</b>	<b>139</b>	<b>274,367,829</b>

Note a: In February 2021, the Company completed its IPO of 365,218,600 shares at HK\$115 per share on the Main Board of The Stock Exchange of Hong Kong Limited and the underwriters of the Global Offering fully exercised the over-allotment option of an aggregate of 54,782,700 shares, among which 50,737,300 shares were newly allotted and issued by the Company. The issuance of ordinary shares relating to IPO, net of underwriting commissions and other issuance costs, led to an increase of share capital and share premium by RMB14.0 thousand and RMB39,220.7 million, respectively.

## 19. DIVIDENDS

No dividends have been paid or declared by the Company during each of the six months ended June 30, 2021 and 2020.



## 20. 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 further 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.

The Post-IPO Share Option Scheme and RSU Scheme was approved and adopted by all the then Shareholders of the Company on January 18, 2021 to recognize and reward eligible persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them. The Post-IPO Share Option Scheme and RSU Scheme commenced on February 5, 2021 (the “**Listing Date**”). Post-IPO Share Option Scheme will be expired on the tenth anniversary of the commencement date. Subject to any early termination as may be determined by the Board and Shareholders pursuant to the Post-IPO RSU Scheme, the Post-IPO RSU Scheme shall be valid and effective for the period of ten years commencing on the date of adoption.

### Pre-IPO ESOP Plan

#### *Share options granted to employees*

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 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.

# Notes to the Condensed Consolidated Interim Financial Information

## 20. SHARE-BASED COMPENSATION (CONTINUED)

### Pre-IPO ESOP Plan (Continued)

#### Share options granted to employees (Continued)

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

<b>(Unaudited)</b>	<b>Number of share options</b>	<b>Weighted average exercise price per share option USD</b>
Outstanding as of January 1, 2021	204,769,081	0.16
Granted during the period	58,271,509	8.34
Forfeited during the period	(5,246,542)	1.66
	<u>257,794,048</u>	<u>1.98</u>
Outstanding as of June 30, 2021		
Exercisable as of June 30, 2021	—	—

<b>(Unaudited)</b>	<b>Number of share options</b>	<b>Weighted average exercise price per share option USD</b>
Outstanding as of January 1, 2020	202,362,776	0.16
Granted during the period	31,317,925	0.28
Forfeited during the period	(4,044,547)	0.04
	<u>229,636,154</u>	<u>0.18</u>
Outstanding as of June 30, 2020		
Exercisable as of June 30, 2020	—	—

The weighted-average remaining contract life for outstanding share options was 7.91 years and 7.99 years as of June 30, 2021 and December 31, 2020, respectively.





## 20. SHARE-BASED COMPENSATION (CONTINUED)

### Pre-IPO ESOP Plan (Continued)

#### *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:

	<b>Six months ended June 30,</b>	
	<b>2021</b> <b>(Unaudited)</b>	2020 (Unaudited)
Fair value per share (USD)	<b>14.83</b>	4.52-8.05
Exercise price (USD)	<b>0.04-16.66</b>	0.04-4.97
Risk-free interest rates	<b>0.81%-0.82%</b>	0.65%-1.92%
Dividend yield	<b>0.00%</b>	0.00%
Expected volatility	<b>58.10%-58.20%</b>	57.05%-58.77%
Expected terms	<b>10 years</b>	10 years

The weighted-average fair value of granted share options was US\$10.81 and US\$6.61 per share for the six months ended June 30, 2021 and 2020, respectively.

### Post-IPO Share Option Scheme

Between the Listing Date and June 30, 2021, no share options had been granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and there is no outstanding share option under the Post-IPO Share Option Scheme.

# Notes to the Condensed Consolidated Interim Financial Information

## 20. SHARE-BASED COMPENSATION (CONTINUED)

### Post-IPO RSU Scheme

#### RSUs granted to employees

Movements in the number of RSUs granted to the Company's employees under the Post-IPO RSU Scheme and the respective weighted-average grant date fair value are as below:

<b>(Unaudited)</b>	<b>Number of RSUs</b>	<b>Weighted average grant date fair value per RSU USD</b>
Outstanding as of January 1, 2021	—	—
Granted during the period	34,780,249	33.37
Forfeited during the period	(667,405)	33.70
<b>Outstanding as of June 30, 2021</b>	<b>34,112,844</b>	<b>33.36</b>

The fair value of each RSU was determined by reference to the market price of the Company's shares at the respective grant date.

The share-based compensation expenses of RMB2,265.9 million, RMB3,823.2 million, RMB303.9 million and RMB565.2 million were recognised in the condensed consolidated income statements for the three months and six months ended June 30, 2021 and 2020, respectively.





## 21. ACCOUNTS PAYABLES

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

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Up to 3 months	14,731,554	8,745,012
3 to 6 months	2,958,970	1,816,541
6 months to 1 year	675,987	898,262
Over 1 year	108,695	84,482
	<b>18,475,206</b>	<b>11,544,297</b>

## 22. OTHER PAYABLES AND ACCRUALS

The breakdown of other payables and accruals are as follows:

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Refundable deposits from customers	2,326,618	1,638,586
Collection on behalf of others	1,501,531	1,671,334
Employee benefit payables	1,303,932	1,916,142
Other taxes payable	466,942	450,098
Others	96,264	87,066
	<b>5,695,287</b>	<b>5,763,226</b>

## Notes to the Condensed Consolidated Interim Financial Information

### 23. DEFERRED INCOME TAX

The amount of offsetting deferred income tax assets and liabilities is RMB29.2 million and RMB19.6 million as of June 30, 2021 and June 30, 2020, respectively.

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

	<b>Six months ended June 30,</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>2,342,071</b>	877,231
Credited to the consolidated income statement	<b>1,836,525</b>	1,097,186
<b>At the end of the period</b>	<b>4,178,596</b>	1,974,417
	<b>As of</b>	As of
	<b>June 30,</b>	December 31,
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>The gross amount of deferred income tax attributable to:</b>		
— Provisions	<b>3,176,718</b>	1,926,170
— Tax losses ( <i>Note a</i> )	<b>890,247</b>	334,951
— Fair value changes of financial assets	<b>45,549</b>	48,413
— Credit loss allowances	<b>10,324</b>	6,462
— Others	<b>55,758</b>	26,075
<b>Total gross deferred tax assets</b>	<b>4,178,596</b>	2,342,071

*Note a:* The deductible cumulative tax losses will expire within 10 years. The Group only recognizes deferred tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses.



### 23. DEFERRED INCOME TAX (CONTINUED)

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

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	60,371	54,546
Business combination	2,275	—
Credited to the consolidated income statement	(2,363)	(217)
<b>At the end of the period</b>	<b>60,283</b>	<b>54,329</b>

### 24. CONVERTIBLE REDEEMABLE PREFERRED SHARES

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

	RMB'000 (Unaudited)
<b>At January 1, 2021</b>	<b>185,372,816</b>
Changes in fair value	51,275,797
— Includes: change in fair value due to own credit risk	—
Currency translation differences	(1,564,067)
Conversion into ordinary shares	(235,084,546)
<b>At June 30, 2021</b>	<b>—</b>
<b>At January 1, 2020</b>	69,444,163
Issuance of Series F-1 & F-2 Preferred Shares	20,956,542
Re-designation of Series F-1 & F-2 Preferred Shares from ordinary shares	163,809
Changes in fair value	61,244,296
— Includes: change in fair value due to own credit risk	783
Currency translation differences	1,688,708
<b>At June 30, 2020</b>	<b>153,497,518</b>

In February 2021, the Company completed IPO of its shares on the Main Board of the Stock Exchange of Hong Kong Limited. Upon listing, all the 2,449,157,079 Preferred Shares were automatically converted into 2,449,157,079 ordinary shares and were reclassified from liabilities to equity accordingly. This has led to an increase of share capital and share premium of RMB84.0 thousand and RMB235,084.5 million, respectively. Prior to the conversion of Preferred Shares above, the fair value loss recognized of Preferred Shares amounted to RMB51,275.8 million for the six months ended June 30, 2021.

# Notes to the Condensed Consolidated Interim Financial Information

## 25. COMMITMENTS

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

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
Property and equipment	446,434	345,618
Intangible assets	14,203	8,220
Investments	41,301	53,887
	<b>501,938</b>	<b>407,725</b>

## 26. 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 with the Group during the six months ended June 30, 2021 and 2020, and/or balances with the Group as of June 30, 2021 and December 31, 2020, respectively.

<b>Company</b>	<b>Relationship</b>
Tencent Holdings Limited and its subsidiaries	One of the Company's shareholders
Hangzhou Mockuai Technology Co., Ltd. and its subsidiaries	Investee of the Group
Zhihu Technology Limited and its subsidiaries	Investee of the Group
SHAREit Technology Holdings Inc. and its subsidiaries	Investee of the Group



## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (b) Significant transactions with related parties

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
(i) <b>Sales of services</b>		
Investee of the Group	151,183	115,349
One of the Company's shareholders	58,753	234,931
	<u>209,936</u>	<u>350,280</u>

	Six months ended June 30,	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
(ii) <b>Purchases of services</b>		
Investees of the Group	14,458	—
One of the Company's shareholders	2,625,792	960,164
	<u>2,640,250</u>	<u>960,164</u>

## Notes to the Condensed Consolidated Interim Financial Information

### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Balances with related parties

	As of June 30, 2021 RMB'000 (Unaudited)	As of December 31, 2020 RMB'000 (Audited)
<b>(i) Prepayments and other receivables from related parties</b>		
One of the Company's shareholders	10,901	100,694
	<u>10,901</u>	<u>100,694</u>
<b>(ii) Trade receivables from related parties</b>		
Investee of the Group	19,014	36,574
One of the Company's shareholders	10,544	16,465
	<u>29,558</u>	<u>53,039</u>
<b>(iii) Accounts payables to related parties</b>		
Investees of the Group	7,708	3,339
One of the Company's shareholders	1,083,547	592,989
	<u>1,091,255</u>	<u>596,328</u>



## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Balances with related parties (Continued)

	<b>As of June 30, 2021 RMB'000 (Unaudited)</b>	As of December 31, 2020 RMB'000 (Audited)
(iv) <b>Advances from related parties</b>		
Investee of the Group	<u>10,185</u>	<u>34,464</u>
	<u><b>10,185</b></u>	<u><b>34,464</b></u>

All the balances with related parties above were business operation related and were considered as trade in nature as of June 30, 2021 and December 31, 2020. All the balances with the related parties above were unsecured, non-interest bearing and repayable on demand.

## 27. CONTINGENCIES

As of June 30, 2021, the Group did not have any material contingent liabilities.

## Definitions

In this interim report, unless the context otherwise requires, the following expressions have the following meanings.

<b>“AI”</b>	artificial intelligence
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company adopted on January 18, 2021, which has become effective on the Listing Date, as amended from time to time
<b>“associate(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“ARPPU”</b>	average revenue per paying user, calculated as revenue in a given period divided by the number of paying users during that period
<b>“Audit Committee”</b>	the audit committee of the Board
<b>“Auditor”</b>	PricewaterhouseCoopers, the external auditor of the Company
<b>“Beijing Dajia”</b>	Beijing Dajia Internet Information Technology Co., Ltd. (北京達佳互聯信息技術有限公司), a limited liability company incorporated under the laws of the PRC on July 2, 2014 and our indirect wholly-owned subsidiary
<b>“Beijing Hanyu”</b>	Beijing Hanyu Internet Technology Co., Ltd. (北京瀚宇互聯科技有限公 司), a limited liability company incorporated under the laws of the PRC on December 12, 2017 and our Consolidated Affiliated Entity
<b>“Beijing Jiawen”</b>	Beijing Jiawen Technology Co., Ltd. (北京嘉文科技有限公 司), a limited liability company incorporated under the laws of the PRC on May 6, 2020 and our Consolidated Affiliated Entity
<b>“Beijing Mufei”</b>	Beijing Mufei Technology Co., Ltd. (北京慕飛科技有限公 司), a limited liability company incorporated under the laws of the PRC on November 7, 2019 and our Consolidated Affiliated Entity
<b>“Beijing Murong”</b>	Beijing Murong Technology Co., Ltd. (北京沐榕科技有限責任公 司), a limited liability company incorporated under the laws of the PRC on May 8, 2019 and our Consolidated Affiliated Entity
<b>“Beijing One Smile”</b>	Beijing One Smile Technology and Development Co., Ltd. (北京一笑科技發展有限公 司), a limited liability company incorporated under the laws of the PRC on November 29, 2011 and our Consolidated Affiliated Entity
<b>“Beijing Qingque”</b>	Beijing Qingque Technology Co., Ltd. (北京輕雀科技有限公 司), a limited liability company incorporated under the laws of the PRC on August 5, 2020 and our Consolidated Affiliated Entity





<b>“Beijing Zhongbo Keyuan”</b>	Beijing Zhongbo Keyuan Technology Co., Ltd. (北京中博科遠科技有限公司), a limited liability company incorporated under the laws of the PRC on June 20, 2017 and our Consolidated Affiliated Entity
<b>“Board” or “Board of Directors”</b>	our board of Directors
<b>“BVI”</b>	the British Virgin Islands
<b>“Class A Shares”</b>	class A ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to 10 votes per share on any resolution tabled at the Company’s general meeting, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
<b>“Class B Shares”</b>	class B ordinary shares of the share capital of the Company with a par value of US\$0.0000053 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meeting
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
<b>“Company”, “our Company”, “the Company”, “Kuaishou”, “we” or “us”</b>	Kuaishou Technology (快手科技), an exempted company incorporated in the Cayman Islands with limited liability on February 11, 2014
<b>“connected person(s)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“connected transaction(s)”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Consolidated Affiliated Entities”</b>	the entities we control through the Contractual Arrangements, namely the PRC Holdcos and their respective subsidiaries
<b>“Contractual Arrangements”</b>	the series of contractual arrangements entered into between WFOE, PRC Holdcos and the Registered Shareholders (as applicable)
<b>“Corporate Governance Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“Corporate Governance Committee”</b>	the corporate governance committee of the Board
<b>“COVID-19”</b>	coronavirus disease 2019
<b>“DAUs”</b>	refers to daily active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the day

## Definitions

<b>“Director(s)”</b>	the director(s) of our Company
<b>“Global Offering”</b>	the global offering of the Class B Shares
<b>“GMV”</b>	gross merchandise value, the total value of all orders for products and services placed on, or directed to the Group’s partners through, the Group’s platform, regardless of whether the order is settled or returned, excluding single transactions of RMB100,000 or greater and any series of transactions from a single buyer totaling RMB1,000,000 or greater in a single day, unless they are settled
<b>“Group”, “our Group” or “the Group”</b>	our Company and our subsidiaries and our Consolidated Affiliated Entities, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the subsidiaries as if they were the subsidiaries of our Company at the time
<b>“Guizhou Fankuai”</b>	Guizhou Fankuai Culture Communication Co., Ltd. (貴州省梵快文化傳播有限公司), a limited liability company incorporated under the laws of the PRC on March 5, 2019 and our Consolidated Affiliated Entity
<b>“Guizhou Fanxin Lingzhi”</b>	Guizhou Fanxin Lingzhi Information Technology Co., Ltd. (貴州省梵心靈指信息技術有限公司), a limited liability company incorporated under the laws of the PRC on March 5, 2019 and our Consolidated Affiliated Entity
<b>“Hangzhou Youqu”</b>	Hangzhou Youqu Network Co., Ltd. (杭州遊趣網絡有限公司), a limited liability company incorporated under the laws of the PRC on July 7, 2008 and our Consolidated Affiliated Entity
<b>“HK\$” or “Hong Kong dollars”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange” or “Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Huai’an Shuangxin”</b>	Huai’an Shuangxin Culture Communication Co., Ltd. (淮安雙馨文化傳播有限公司), a limited liability company incorporated under the laws of the PRC on August 7, 2020 and our Consolidated Affiliated Entity
<b>“Huankuai Technology”</b>	Beijing Huankuai Technology Co., Ltd. (北京歡快科技有限公司), a limited liability company incorporated under the laws of the PRC on January 17, 2018 and our Consolidated Affiliated Entity
<b>“Huayi Huilong”</b>	Beijing Huayi Huilong Network Technology Co., Ltd. (北京華藝匯龍網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on November 6, 2006 and our Consolidated Affiliated Entity





<b>“IASB”</b>	International Accounting Standards Board
<b>“IFRS”</b>	International Financial Reporting Standards, amendments and interpretations issued by the IASB
<b>“independent third party(ies)”</b>	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Group or our connected persons
<b>“Ke Yong”</b>	Ke Yong Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Mr. CHENG Yixiao
<b>“Kuaishou App”</b>	collectively, Kuaishou Flagship, Kuaishou Express and Kuaishou Concept mobile apps
<b>“Kuaishou Concept”</b>	an app that we launched in November 2018 to explore different user needs and preferences
<b>“Kuaishou Express”</b>	a variant of Kuaishou Flagship that was officially launched in August 2019
<b>“Kuaishou Flagship”</b>	a mobile app that was derived from our original mobile app, <i>GIF Kuaishou</i> (launched in 2011)
<b>“Latest Practicable Date”</b>	September 7, 2021, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information contained in this interim report
<b>“Listing”</b>	the listing of our Class B Shares on the Main Board of the Stock Exchange
<b>“Listing Date”</b>	February 5, 2021, on which the Class B Shares were listed and dealings in the Class B Shares were first permitted to take place on the Main Board of the Stock Exchange
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
<b>“Main Board”</b>	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
<b>“MAUs”</b>	refers to monthly active users, which are calculated as the number of unique user accounts, excluding spam accounts, that access an app at least once during the calendar month

## Definitions

<b>“Memorandum”</b>	the memorandum of association of our Company (as amended from time to time), adopted on January 18, 2021, which has become effective on the Listing Date
<b>“Model Code”</b>	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“Nomination Committee”</b>	the nomination committee of the Board
<b>“paying user”</b>	a user account that purchases a particular service at least once during a given period
<b>“Post-IPO RSU Scheme”</b>	the post-IPO restricted share unit scheme adopted by our Company on January 18, 2021
<b>“Post-IPO Share Option Scheme”</b>	the post-IPO share option scheme adopted by our Company on January 18, 2021
<b>“PRC” or “China”</b>	the People’s Republic of China, but for the purposes of this interim report only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region and Taiwan
<b>“PRC Holdcos”</b>	(i) Hangzhou Youqu, (ii) Huayi Huilong, (iii) Beijing One Smile, (iv) Beijing Mufei, (v) Beijing Jiawen, (vi) Beijing Hanyu, (vii) Beijing Murong, (viii) Guizhou Fankuai, (ix) Beijing Zhongbo Keyuan, (x) Sichuan Fuyuan Chun (this company was deregistered on July 16, 2021), (xi) Huankuai Technology, (xii) Guizhou Fanxin Lingzhi, (xiii) Huai’an Shuangxin and (xiv) Beijing Qingque
<b>“Pre-IPO ESOP”</b>	the pre-IPO employee incentive scheme adopted by the Company dated February 6, 2018 as amended from time to time
<b>“Prospectus”</b>	the prospectus of the Company dated January 26, 2021
<b>“Reach Best”</b>	Reach Best Developments Limited, a limited liability company incorporated under the laws of the BVI which is controlled by Mr. SU Hua
<b>“Remuneration Committee”</b>	the remuneration committee of the Board
<b>“repeat purchase rate”</b>	the percentage of purchasing users in a given month that also make a purchase in the following month
<b>“Reporting Period”</b>	the period from the Listing Date up till June 30, 2021





<b>“Reserved Matters”</b>	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of our Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles, including the variation of the rights attached to any class of shares, (ii) the appointment, election or removal of any independent non-executive Director, (iii) the appointment or removal of our auditors, and (iv) the voluntary liquidation or winding-up of our Company
<b>“RMB” or “Renminbi”</b>	the lawful currency of the PRC
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“SFO” or “Securities and Futures Ordinance”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
<b>“Shareholder(s)”</b>	holder(s) of our Shares
<b>“Share(s)”</b>	the Class A Shares and Class B Shares in the capital of our Company, as the context so requires
<b>“Sichuan Fuyuan Chun”</b>	Sichuan Fuyuan Chun Culture Communication Co., Ltd. (四川福源春文化傳播有限公司), a limited liability company incorporated under the laws of the PRC on October 17, 2018 and our Consolidated Affiliated Entity. Sichuan Fuyuan Chun was deregistered on July 16, 2021
<b>“subsidiary” or “subsidiaries”</b>	has the meaning ascribed to it under the Companies Ordinance
<b>“substantial shareholder”</b>	has the meaning ascribed to it in the Listing Rules
<b>“Tencent”</b>	Tencent Holdings Limited (a company listed on the Stock Exchange with stock code of 700), or Tencent Holdings Limited and/or its subsidiaries, as the case may be
<b>“United States” or “U.S.”</b>	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
<b>“US\$”, “USD” or “U.S. dollars”</b>	United States dollars, the lawful currency for the time being of the United States
<b>“WVR” or “weighted voting right”</b>	has the meaning ascribed to it in the Listing Rules
<b>“WVR Beneficiaries”</b>	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. SU Hua and Mr. CHENG Yixiao, being the holders of the Class A Shares, entitling each to weighted voting rights
<b>“%”</b>	per cent

## Definitions

### Notes:

1. In this interim report, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.
2. Certain amounts and percentage figures included in this interim report have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.
3. Unless otherwise indicated, DAUs and MAUs refer to Kuaishou App’s DAUs and MAUs respectively.
4. This interim report is printed in both Chinese and English languages. Should there be any discrepancy between the English language and the Chinese language, the English language shall prevail.
5. Certain statements included in this interim report, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “might”, “can”, “could”, “will”, “would”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “seek”, or “timetable”. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include our business outlook, estimates of financial performance, forecast business plans, growth strategies and projections of anticipated trends in our industry. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this interim report. They are based on certain expectations, assumptions and premises, many of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this interim report should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this interim report or those that might reflect the occurrence of unanticipated events.





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