

inkeverse



2022
INTERIM REPORT

Inkeverse Group Limited
映宇宙集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3700.HK)

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-Executive Director

Mr. LIU Xiaosong

Independent Non-Executive Directors

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

AUDIT COMMITTEE

Mr. David CUI (*Chairman*)
Mr. LIU Xiaosong
Dr. LI Hui

NOMINATION COMMITTEE

Mr. FENG Yousheng (*Chairman*)
Mr. DU Yongbo
Dr. LI Hui

REMUNERATION COMMITTEE

Mr. DU Yongbo (*Chairman*)
Mr. LIU Xiaosong
Mr. David CUI

JOINT COMPANY SECRETARIES

Ms. SZETO Kar Yee Cynthia
Mr. XIAO Liming

AUTHORIZED REPRESENTATIVES

Mr. FENG Yousheng
Ms. SZETO Kar Yee Cynthia

AUDITOR

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

LEGAL ADVISOR

Paul Hastings
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STOCK CODE

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PRINCIPAL BANKS

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China Merchants Bank, Wanda Branch

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

The board of directors (the “**Board**”) of Inkeverse Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Reporting Period**”). The Interim Results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Period-to-Period Change*	For the year ended 31 December
	2022 (unaudited)	2021 (unaudited)	%	2021 (audited)
	(RMB in thousands, except for percentages)			
Revenue	4,061,114	4,032,211	0.7	9,175,595
Cost of sales	(2,333,104)	(2,625,505)	(11.1)	(5,870,496)
Gross profit	1,728,010	1,406,706	22.8	3,305,099
Operating profit	27,245	125,858	(78.4)	457,010
(Loss)/profit for the period/year	(111,068)	142,311	(178.0)	433,009
Non-IFRS				
Adjusted net profit**	402,187	160,347	150.8	482,456

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

** Non-IFRS adjusted net profit was calculated using (loss)/profit for the period/year eliminates the effects of non-cash share-based compensation expenses and impairment loss of goodwill.

OPERATIONAL HIGHLIGHTS

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

	For the six months ended 30 June		Period-to-Period Change*	For the year ended 31 December
	2022	2021	%	2021
Average monthly active users (“ MAUs ”)** (in thousands)	29,799	46,428	(35.8)	42,802
Average monthly revenue per user (“ ARPU ”)** (in RMB)	22.7	15.7	44.6	17.9

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

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

BUSINESS OVERVIEW AND OUTLOOK

In the first half of 2022, the Group continued to develop in the interactive entertainment and social networking sector and enrich business scenarios to boost operating efficiency. Despite the impact of macroeconomic environment and pandemic resurgence in the short term, the Group refined its technologies through innovation. Through its strategy of profiting from diversified matrix, in the first half of 2022, the Group's total revenue amounted to approximately RMB4,061.1 million. The Group's net loss for the six months ended 30 June 2022 was approximately RMB111.1 million primarily due to impairment loss of goodwill. Excluding the impact of non-cash share-based compensation expenses and impairment loss of goodwill, the Group's adjusted net profit reached approximately RMB402.2 million, achieving a period-to-period growth of 150.8%. The stable and sound cash flow strongly supported further business expansion of the Group.

In the age of Web2.0, the Group has successfully developed various social networking products targeting different scenarios. Since the launch of social networking platform covering comprehensive scenarios in 2019, the Group has been devoting to connecting the online and offline platforms, social networking and entertainment platforms as well as the virtual and reality platforms. Entering the new age of Web3.0, leveraging on its extensive operating experiences and social networks, the Group continuously acquired new technologies. In June 2022, the Group upgraded its brand and renamed as Inkeverse Group Limited (映宇宙集团有限公司), announcing its entry to the metaverse market.

In the second half of 2022, the Group will focus on overseas pan-entertainment development with interactive entertainment and social networking sectors as its core. We will duplicate our operating experiences in other countries and regions to capture local needs and tap into more markets over the world. In addition, the Group will grasp the opportunities from diversified development and continue to enrich and upgrade metaverse elements in its products, rapidly adapt to the emerging field of Web3.0 and attempt to integrate frontier elements with social networking experience.

BUSINESS REVIEW

1. Continuous development in live streaming

So far, the development of live broadcasting ecology is no longer a tool in a single scenario, but a solid foundation for other business segments. As the most mature product of the Group, "Inke" APP continuously supports the verification and output of the core middle platform mechanism, and continues to expand more business opportunities. In the first half of 2022, the revenue from live streaming products accounted for 22.2% of the total revenue. At the same time, "Inke" APP also innovates the traditional live broadcast mode. In May 2022, it launched the immersive KTV function "Panoramic K Song", integrating cool 3D space and virtual image to create diversified new scenes of live broadcast.

2. Refined operation in social networking

The Group continuously refined its management of existing products and constantly polished its business model. We are actively exploring more sub-segments to quickly grasp the new market trend. On one hand, the Group continues to take social networking as the core, and build a multi-track and full-scene integration product matrix for groups of different circles, different ages, different regional cultures and different interests, and lay a solid foundation for the development of the Group with continuous product innovation and iteration. On the other hand, the Group has been proactively exploring the new ecology of social networking under metaverse and launched Yuanyuan World, a 3D virtual social networking product, in June 2022. In the first half of 2022, the revenue from social networking products accounted for 69.6% of the total revenue. The Company's profitability has been further improved.

Management Discussion and Analysis

3. Increased dating match efficiency

The Group continues to maintain market acuity, innovate dating model, constantly optimize the user matching strategy. With the rapid penetration of “cloud dating” model, we have fully improved the dating information asymmetry problem, and expanded the dating circle for single men and women. “Matchmaker” provides professional emotional guidance, creates tens of thousands of jobs for the lower market, and promotes more than 25 million matching datings. In May 2022, the Group launched the exclusive couple interaction metaverse product “Love Planet”, creating a new love social ecology. In the first half of 2022, the revenue of the dating products accounted for 5.5% of the total revenue. By reaching the male and female users of all regions and ages, and making both online and offline efforts, the satisfaction and influence of the dating brands were further enhanced.

4. Rapid growth of middle platform value

The value of the Group’s middle platform system is also being released at an accelerated pace. In addition to increasing investment in the metaverse, Web3.0 and other cutting-edge technologies, the Group set up the efficient intelligent data delivery system for overseas market, upgraded overseas cloudy architecture, improved the service quality of major countries and regions globally by combining the use of HTTP3 technology, which provided a strong support for the group to expand overseas business, and build metaverse ecology. In addition, the middle platform system has further improved process standardization, fluency of application, and system flexibility, to maximize profit margin and provide underlying support for the Group’s efficient profitability.

BUSINESS OUTLOOK

1. Focus on the expansion of overseas market

The Group has currently launched its reading product in Europe and the United States and the social networking product in Southeast Asia, which have initially proven the performance of its close-looped business model. In the second half of 2022, the Group will put more efforts in overseas expansion and focus on investing in more overseas countries and regions. Duplicating on its product matrix model, the Group will expand its user base in interactive entertainment and social networking markets including reading, social networking and live streaming, enrich the vertical application scenarios and develop localized operations to further increase its commercial value.

2. Proactively explore the metaverse ecology

Technologies and infrastructures relating to metaverse are still in their initial stage. The Group has always been eager to try newly-emerged things. In the second half of 2022, the Group will continue to explore in the field of Web3.0, construct more immersive interactive entertainment scenarios to break through the wall between virtual and reality and develop a whole new social networking ecology.

3. Pay attention to upstream and downstream sectors

The Group will pay attention to upstream and downstream sectors to explore potential fields of expansion that can create business synergy and fit the Group’s characteristics. The Group will develop and analyze new growth opportunities over the world to create new growth momentum.

Financial Review

Revenue

The Group's revenue for the six months ended 30 June 2022 amounted to approximately RMB4,061.1 million, representing an increase of 0.7% from approximately RMB4,032.2 million recorded for the corresponding period in 2021. Revenue from value-added services decreased by 0.2% to approximately RMB3,912.3 million for the six months ended 30 June 2022 from approximately RMB3,921.2 million for the corresponding period in 2021. The revenue remained basically stable.

Cost of sales

The Group's cost of sales decreased by 11.1% to approximately RMB2,333.1 million for the six months ended 30 June 2022 from approximately RMB2,625.5 million for the corresponding period in 2021. The Group's cost of sales as a percentage of revenue decreased to 57.4% for the six months ended 30 June 2022 from 65.1% for the corresponding period in 2021, primarily due to the optimization of the revenue-sharing structure and policies of products by the Group.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by 22.8% to approximately RMB1,728.0 million for the six months ended 30 June 2022 from approximately RMB1,406.7 million for the corresponding period in 2021, and the Group's gross profit margin increased to 42.6% for the six months ended 30 June 2022 from 34.9% for the corresponding period in 2021, primarily due to the optimization of the revenue-sharing structure and increase in revenue contributed by high margin products under revenue-sharing business model, resulting in higher gross profit margin.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by 14.6% to approximately RMB864.5 million for the six months ended 30 June 2022 from approximately RMB1,012.2 million for the corresponding period in 2021, which was mainly due to the strategy of the Company to reduce costs and enhance efficiency in response to the impact caused by macro market condition.

Administrative expenses

The Group's administrative expenses increased by 561.0% to approximately RMB616.7 million for the six months ended 30 June 2022 from approximately RMB93.3 million for the corresponding period in 2021, which was mainly due to the provision of goodwill impairment. The goodwill impairment of RMB486.0 million was arose in the Social Network Technology Co., Ltd. because the management of the Company resolved to adjust the monetization strategy and to enhance the user experiences, resulting in an overall slowdown in future revenue and cashflow forecast.

Research and development expenses

The Group's research and development expenses decreased by 7.3% to approximately RMB188.2 million for the six months ended 30 June 2022 from approximately RMB202.9 million for the corresponding period in 2021. The decrease was primarily due to the decreases in labour cost of the research team and outsourced research and development fees.

Other losses — net

The Group recorded net other losses of approximately RMB37.9 million for the six months ended 30 June 2022, which was primarily loss incurred by current financial assets at fair value through profit or loss. In the corresponding period in 2021, the Group recorded net other losses of approximately RMB7.1 million. Please refer to sub-section headed "Financial assets at fair value through profit or loss" below for details.

Finance income — net

The Group recorded net finance income of approximately RMB5.2 million for the six months ended 30 June 2022, which was mainly due to interest from term deposits. In the corresponding period in 2021, the Group recorded net finance income of approximately RMB10.4 million.

Management Discussion and Analysis

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

The Group's share of loss of investments accounted for using the equity method was approximately RMB53.8 million for the six months ended 30 June 2022, primarily due to the loss from the investments in the associates and the joint ventures. The Group recorded share of profit of approximately RMB21.4 million for the corresponding period in 2021.

Income tax expense

The Group recorded income tax expense of approximately RMB89.7 million for the six months ended 30 June 2022 and income tax expense of approximately RMB15.3 million for the corresponding period in 2021. The increase of income tax expense was primarily due to the increase of taxable profits after considering non-deductible expenses which included mainly share-based compensation expenses and impairment loss of goodwill for the six months ended 30 June 2022.

(Loss)/profit for the period

As a result of the foregoing, the Group's loss for the period was approximately RMB111.1 million for the six months ended 30 June 2022. In comparison, the Group recorded an approximately RMB142.3 million profit for the corresponding period in 2021.

Non-IFRS Measure – Adjusted net profit

To supplement the Group's unaudited interim condensed consolidated financial information which is presented in accordance with the International Accounting Standard 34 ("IAS"), "Interim financial reporting", the Group also uses adjusted net profit as an additional financial measure. The Group's adjusted net profit eliminates the effect of non-cash share-based compensation expenses and impairment loss of goodwill. The table below sets forth the reconciliation of adjusted net profit for the periods indicated:

	Unaudited For the six months ended 30 June	
	2022 (RMB'000)	2021 (RMB'000)
(Loss)/profit for the period	(111,068)	142,311
Add: non-cash share-based compensation expenses ⁽¹⁾	27,278	11,120
Add: impairment loss of goodwill	485,977	6,916
Adjusted net profit ⁽²⁾	402,187	160,347

Notes:

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

⁽²⁾ To supplement our unaudited interim condensed consolidated financial information which are presented in accordance with IFRS, we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our operating performance. We also believe that this non-IFRS measure provides useful data to investors and others in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. Adjusted net profit is calculated using (loss)/profit for the period, and add back non-cash share-based compensation expenses and impairment loss of goodwill. The term of adjusted net profit is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our net (loss)/profit for the period.

Liquidity and Capital Resources

For the six months ended 30 June 2022, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through its sustainable growth. As at 30 June 2022, the current ratio (the current assets and current liabilities ratio) of the Group was 4.0 and the gearing ratio (total debt to total equity ratio) was 0.3, as compared with 3.1 and 0.3 respectively as at 31 December 2021.

Cash and cash equivalents and restricted cash

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB2,163.2 million (31 December 2021: approximately RMB1,993.3 million), which primarily consisted of cash at banks. Out of the RMB2,163.2 million, approximately RMB1,748.5 million is denominated in Renminbi and approximately RMB414.7 million is denominated in other currencies (primarily US dollars). The Group currently does not hedge transactions undertaken in foreign currencies.

As of 30 June 2022, the restricted cash balance was approximately RMB56.1 million (31 December 2021: approximately RMB0.6 million), which was mainly cash frozen by local authorities in connection with their investigations of certain users' behaviours of the Group's online platform. Subsequently, approximately RMB46.5 million was frozen by another local authority. Please refer to the section "Contingent liabilities and guarantees" in this report for details.

Financial assets at fair value through profit or loss

As of 30 June 2022, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,160.5 million (31 December 2021: approximately RMB972.8 million), mainly comprised (a) investments in wealth management products of approximately RMB1,063.8 million in aggregate (31 December 2021: approximately RMB891.3 million); (b) investments in financial instruments with preferred rights of approximately RMB96.7 million (31 December 2021: approximately RMB81.5 million).

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Financial Assets		
Current		
Investment in wealth management products ⁽¹⁾		
– Equity	123,772	155,431
– Fund	637,698	615,586
– Others	30,261	60,107
Subtotal	791,731	831,124
Non-Current		
Investment in equity interests with preferred rights of certain private companies	96,730	81,507
Investment in wealth management products ⁽¹⁾		
– Fund	201,974	30,074
– Others	70,094	30,137
Subtotal	368,798	141,718
Total	1,160,529	972,842

Note:

⁽¹⁾ For the six months ended 30 June 2022, no single wealth management product of the Group accounted for more than 5% of total assets of the Group.

Management Discussion and Analysis

Subscriptions of wealth management products were made for treasury management purposes to maximize the return on the unutilized funds of the Company after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company had in the past selected financial products issued by commercial banks and other financial institutions. Prior to making an investment, the Company had also ensured that it would remain sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments in such financial products. The associated risk of these financial products were considered acceptable by the Group and are also in line with the internal risk management, cash management and investment policies of the Group. In accordance with the relevant accounting standards, these financial products were accounted for as financial assets at fair value through profit or loss.

In view of an upside of earning a more attractive return than current saving or fixed deposit rate under the low interest rate trend, as well as the manageable risk level and the flexible redemption terms or a relatively short term of maturity of the wealth management products, the directors of the Company (the "Directors") are of the view that the risk exposure of these financial products to the Group is controllable and the terms and conditions of each of the subscriptions are fair and reasonable and are in the interests of the Company and its shareholders as a whole. The Company believes that the above investment strategies and directions would continue to generate stable income to the Group.

Capital expenditures

For the six months ended 30 June 2022, the Group's capital expenditures amounted to approximately RMB7.6 million (six months ended 30 June 2021: approximately RMB218.6 million), which was mainly used for the acquisition of equipment and intangible assets. The Group funded its capital expenditure by using the cash flow generated from its operations.

Contingent liabilities and guarantees

In connection with investigations initiated by local authorities on certain users' behaviours through online platforms operated by the Group, certain of the Group's bank balances of RMB50.5 million and RMB46.5 million were restricted in June 2022 and July 2022 respectively.

The management of the Company is of the view that the Group's business operations are in compliance with applicable rules and regulations in China, however, conclusion of the aforesaid investigations could take a long period of time. The Company, taking into consideration of opinions received from its legal counsel, is of view that as the investigations are still in early stage with related details not being accessible by the Group, it is not practicable to assess or estimate related possible financial effects. The Group has not recorded any provision as of 30 June 2022.

Pledge of Assets

As at 30 June 2022, the Group did not have any pledge or charge on assets.

Foreign exchange risk management

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

Future Plan for Material Acquisition and Major Investment

During the six months ended 30 June 2022, the Group did not carry out any material acquisition or disposal. Save as disclosed otherwise, the Group currently does not have any specific plan for material investment or acquisition of major assets or other businesses. The Group will continue to seek new opportunity for business development.

Employees and Remuneration Policy

As at 30 June 2022, the Group had a total of 2,465 full-time employees, mainly located in mainland China. In particular, 900 for technology, research and development.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share-based payment and other employee benefits, and is determined with reference to their experience, qualification and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. The Group believes that we maintain a good working relationship with our employees, and we have not experienced any material labour disputes during the six months ended 30 June 2022.

Training Scheme

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

Dividends

The Board does not declare any payment of interim dividend for the six months ended 30 June 2022.

Interim Condensed Consolidated Statement of Comprehensive (Loss)/Income

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Revenue	7	4,061,114	4,032,211
Cost of sales	8	(2,333,104)	(2,625,505)
Gross profit		1,728,010	1,406,706
Selling and marketing expenses	8	(864,475)	(1,012,195)
Administrative expenses	8	(616,671)	(93,290)
Research and development expenses	8	(188,199)	(202,914)
Net impairment (loss)/gain on financial assets	8	(25,170)	239
Other income	10	31,629	34,446
Other losses — net	9	(37,879)	(7,134)
Operating profit		27,245	125,858
Finance income		9,817	15,342
Finance costs		(4,644)	(4,991)
Finance income — net		5,173	10,351
Share of (loss)/profit of investments accounted for using the equity method	17	(53,793)	21,404
(Loss)/profit before income tax		(21,375)	157,613
Income tax expense	11	(89,693)	(15,302)
(Loss)/profit for the half-year		(111,068)	142,311
(Loss)/profit attributable to:			
— The owners of the Company		(109,915)	123,076
— Non-controlling interests		(1,153)	19,235
		(111,068)	142,311

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

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Currency translation differences		(64)	5,733
Items that will not be reclassified to profit or loss			
Currency translation differences		41,847	(9,237)
Other comprehensive income/(loss) for the half-year, net of tax		41,783	(3,504)
Total comprehensive (loss)/income for the half-year, net of tax		(69,285)	138,807
Total comprehensive (loss)/income attributable to:			
– The owners of the Company		(68,132)	119,572
– Non-controlling interests		(1,153)	19,235
		(69,285)	138,807
(Loss)/earnings per share attributable to the shareholders of the Company (expressed in RMB per share)			
– Basic (loss)/earnings per share	12	(0.06)	0.07
– Diluted (loss)/earnings per share	12	(0.06)	0.07

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

Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	25,939	26,818
Investment properties	16	204,050	193,606
Intangible assets	15	92,107	590,402
Investments accounted for using the equity method	17	461,858	500,717
Financial assets at fair value through profit or loss	18	368,798	141,718
Deferred tax assets		80,667	71,063
Right-of-use assets	24	157,851	175,157
Loans, other receivables, prepayments, deposits and other assets	20	24,313	19,623
Total non-current assets		1,415,583	1,719,104
Current assets			
Inventories		12,092	12,314
Trade receivables	19	35,898	63,499
Loans, other receivables, prepayments, deposits and other assets	20	388,580	548,433
Financial assets at fair value through profit or loss	18	791,731	831,124
Cash and cash equivalents	21	2,163,185	1,993,306
Term deposits		20,000	70,000
Restricted cash		56,105	612
Total current assets		3,467,591	3,519,288
Total assets		4,883,174	5,238,392
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		12,803	13,262
Other reserves		3,959,414	3,905,672
Accumulated (deficits)/profit		(99,039)	10,876
		3,873,178	3,929,810
Non-controlling interests		(5)	1,338
Total equity		3,873,173	3,931,148

Interim Condensed Consolidated Balance Sheet (continued)

	Notes	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	24	132,998	150,784
Deferred tax liabilities		19,606	21,864
Total non-current liabilities		152,604	172,648
Current liabilities			
Trade payables	22	497,326	669,342
Other payables and accruals		163,173	283,190
Current income tax liabilities		41,983	16,479
Contract liabilities		117,573	128,281
Lease liabilities	24	32,242	32,040
Provisions		5,100	5,264
Total current liabilities		857,397	1,134,596
Total liabilities		1,010,001	1,307,244
Total equity and liabilities		4,883,174	5,238,392

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

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to the owner of the Company				Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Other reserves RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000		
Balance at 1 January 2021	13,262	3,906,228	(404,505)	3,514,985	28,568	3,543,553
Profit and other comprehensive income						
Total profit and other comprehensive income	—	(3,504)	123,076	119,572	19,235	138,807
Transactions with owners in their capacity as owners						
Share-based compensation expense	—	11,120	—	11,120	—	11,120
Shares repurchased	—	(3,627)	—	(3,627)	—	(3,627)
Deconsolidation of a subsidiary	—	—	—	—	(30,597)	(30,597)
Dividend paid to non-controlling interests in subsidiaries	—	—	—	—	(15,273)	(15,273)
Acquisition of non-controlling interests in subsidiaries	—	77	—	77	(485)	(408)
Non-controlling interests on acquisition of subsidiaries	—	—	—	—	1,300	1,300
Total transactions with owners in their capacity as owners	—	7,570	—	7,570	(45,055)	(37,485)
Balance at 30 June 2021 (Unaudited)	13,262	3,910,294	(281,429)	3,642,127	2,748	3,644,875
Balance at 1 January 2022	13,262	3,905,672	10,876	3,929,810	1,338	3,931,148
Profit and other comprehensive income						
Total (loss) and other comprehensive income	—	41,783	(109,915)	(68,132)	(1,153)	(69,285)
Transactions with owners in their capacity as owners						
Share-based compensation expense	—	27,278	—	27,278	—	27,278
Shares repurchased	—	(15,778)	—	(15,778)	—	(15,778)
Shares cancelled	(459)	459	—	—	—	—
Acquisition of non-controlling interests in a subsidiary	—	—	—	—	(190)	(190)
Total transactions with owners in their capacity as owners	(459)	11,959	—	11,500	(190)	11,310
Balance at 30 June 2022 (Unaudited)	12,803	3,959,414	(99,039)	3,873,178	(5)	3,873,173

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		435,339	22,753
Interest received		13,597	5,857
Income tax paid		(68,225)	(21,060)
Net cash inflow from operating activities		380,711	7,550
Cash flows from investing activities			
Payments for intangible assets	15	(1,014)	(1,333)
Payments for property, plant and equipment	14	(5,843)	(13,644)
Payments for investment property	16	(724)	(203,594)
Payments for investments in associates and joint ventures		(14,336)	(59,000)
Payments for long-term deposits		—	(50,000)
Payments for investments in non-current financial assets at fair value through profit or loss		(298,807)	(61,000)
Payments for investments in current financial assets at fair value through profit or loss		(1,144,289)	(695,417)
Proceeds from disposal of investments in current financial assets at fair value through profit or loss		1,175,615	927,076
Proceeds from disposal of short-term deposits		50,000	—
Proceeds from disposal of non-current financial assets at fair value through profit or loss		50,761	—
Proceeds from disposal of property, plant and equipment and intangible assets		1,340	223
Loans to third parties		(1,807)	(7,284)
Loans to related parties		(32,039)	(157,733)
Repayment of loans from third parties		1,255	—
Repayment of loans from related parties		31,000	109,000
Net cash outflow due to disposal of subsidiaries		(2,069)	(21,530)
Dividends received		—	841
Net cash outflow from investing activities		(190,957)	(233,395)

Interim Condensed Consolidated Statement of Cash Flows (continued)

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Cash flows from financing activities			
Acquisition of treasury shares	23	(15,778)	(3,627)
Capital contribution from non-controlling interests		—	1,300
Acquisition of non-controlling interests		—	(408)
Proceeds from borrowings		250	8,571
Repayments of borrowings		(3,680)	—
Dividends paid to non-controlling interests in subsidiaries		—	(15,273)
Payment of lease liabilities		(22,066)	(28,121)
Net cash outflow from financing activities		(41,274)	(37,558)
Net increase/(decrease) in cash and cash equivalents		148,480	(263,403)
Effects of exchange rate changes on cash and cash equivalents		21,399	(3,323)
Cash and cash equivalents at beginning of period		1,993,306	1,360,333
Cash and cash equivalents at end of the period		2,163,185	1,093,607

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

Notes to the Condensed Consolidated Interim Financial Information

1. General information

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

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

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands.

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

2. Basis of preparation of Interim Financial Information

This condensed consolidated interim financial information for the half-year reporting period ended 30 June 2022 has been prepared in accordance with International Accounting Standard 34 (“IAS”), “Interim Financial Reporting”.

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim financial information is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) Income tax

Income tax expense is recognised based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year.

(b) New and amended standards adopted by the group

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statement, and should be read in conjunction with the annual report for the year ended 31 December 2021.

There have been no changes in the risk management policies since 31 December 2021.

5.2 Fair value estimate

(a) Financial assets

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value of an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, wealth management products not traded in active markets nor with quoted net worth.

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(a) Financial assets (continued)

(i) Fair value hierarchy (continued)

The following table presents the Group's level 3 assets and liabilities that are measured at fair value as of 31 December 2021 and 30 June 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 30 June 2022 (Unaudited)				
Non-current:				
Unlisted preference shares	—	—	96,730	96,730
Investment in wealth management products	—	272,068	—	272,068
Current:				
Investment in wealth management products	123,772	637,698	30,261	791,731
Total	123,772	909,766	126,991	1,160,529
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 31 December 2021 (Audited)				
Non-current:				
Unlisted preference shares	—	—	81,507	81,507
Investment in wealth management products	—	30,075	30,136	60,211
Current:				
Investment in wealth management products	155,431	615,586	60,107	831,124
Total	155,431	645,661	171,750	972,842

The investment in wealth management products were mainly issued by banks and financial institutions in the PRC. Changes in fair value (realised and unrealised) of these financial assets had been recorded in "other losses-net" in the condensed consolidated statement of comprehensive (loss)/income. As at 30 June 2022, the Group's financial assets that are measured at fair value and classified in level 1 represent investments in certain wealth management products ("WMPs") invested in shares of listed company. The Group's financial assets that are measured at fair value and classified in level 2 represent investments in certain WMPs with quoted net worth (i.e. the unit return) provided by the respective financial institutions. Although the quoted net worth (i.e. the unit return) of these WMPs are considered observable, they are included in level 2 as such WMPs are not traded in an active market. Those wealth management products not traded in active markets nor with quoted net worth are included in level 3.

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(a) Financial assets (continued)

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- for wealth management products — income approach to use a discounted cash flow analysis with an expected rate of return, and
- for equity interests with preferred rights of certain private companies — market approach.

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

The following table presents the changes in level 3 items of financial instruments with preferred rights and financial assets at fair value through profit or loss (“**FVPL**”) for the 30 June 2022:

	Financial assets at fair value through profit or loss	
	Current RMB'000	Non-current RMB'000
Opening balance 1 January 2022	60,107	111,643
Additions	—	12,600
Disposals	(61,109)	—
Non-current transfer to current	30,137	(30,137)
Change in fair value*	1,126	2,624
Closing balance 30 June 2022 (Unaudited)	30,261	96,730
* Includes unrealised gain recognised in profit or loss attributable to balances held at the end of the reporting period	261	2,624

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(a) Financial assets (continued)

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

i. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	(Unaudited) Fair value at 30 June 2022 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
-------------	---	------------------------	---	--

Financial assets at fair value through profit or loss – Non-current

Investments in equity interests with preferred rights of certain private companies	96,730	Expected volatility	48.53%-58.19%	A decrease or increase in the expected volatility by 5% for each of the investments would result in an increase or decrease in the total fair value by RMB301 thousand and RMB322 thousand, respectively.
		Discount for lack of marketability ("DLOM")	18.00%-18.06%	A decrease or increase in the DLOM by 5% for each of the investments would result in an increase or decrease in the total fair by RMB2,648 thousand and RMB2,648 thousand, respectively.
		Risk-free rate	2.37%-2.45%	If risk-free rate for each of the investments were 1% higher or lower, the total fair value would decrease or increase by RMB11 thousand and RMB11 thousand, respectively.
Total	96,730			

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(a) Financial assets (continued)

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

i. Valuation inputs and relationships to fair value (continued)

Description	(Unaudited) Fair value at 30 June 2022 RMB'000	Unobservable inputs	Range of inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss – Current				
Investments in wealth management products	30,261	Expected rate of return/ discount rate	4.60%~5.20%	The higher the expected rate of return, the higher the fair value. The lower the discount rate, the higher the fair value. A change in the expected rate of return or the discount rate by 1% for each of the investment would not result in a significant change in the fair values.
Total	30,261			

(iv) Valuation process

The Group manages the valuation exercise of level 3 instruments for financial reporting purpose.

The Group manages the valuation exercise of the investments on a case by case basis. At least once every 6 months in line with the Group's half-yearly reporting periods, the Group would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(b) Non-financial assets

(i) Fair value hierarchy

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 30 June 2022 (Unaudited)				
— Investment properties	—	—	204,050	204,050
As of 31 December 2021 (Audited)				
— Investment properties	—	—	193,606	193,606

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

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

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

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

Notes to the Condensed Consolidated Interim Financial Information (continued)

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(b) Non-financial assets (continued)

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

The changes in investment properties are detailed in note 16.

i. Valuation inputs and relationships to fair value

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

Description	(Unaudited) Fair value at 30 June 2022 RMB'000	Valuation technique	Unobservable inputs	Range of inputs RMB'000
Investment properties				
Geographic HK	159,066	direct comparison	price per square metre	810-880
Geographic GZ	44,984	direct comparison	price per square metre	80-110

6. Segment information

The Group's business activities are mainly in value-added service business, for which financial statements are available, and are regularly reviewed and evaluated by the chief operating decision maker ("CODM") which are the chief executive officers and the vice presidents of the Group. As a result of this evaluation, the CODM considered that the Group's operations are operated and managed as a single segment. Accordingly, no segment information is presented.

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns substantially all of the revenues from external customers attributed to the PRC.

As at 30 June 2022 and 31 December 2021, substantially all of the non-current assets of the Group were located in the PRC.

Notes to the Condensed Consolidated Interim Financial Information
(continued)

7. Revenue

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Value-added service	3,912,337	3,921,204
Others	148,777	111,007
	4,061,114	4,032,211

	Unaudited Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue recognised at a point in time	4,007,621	3,948,567
Revenue recognised over time	53,493	83,644
	4,061,114	4,032,211

Notes to the Condensed Consolidated Interim Financial Information (continued)

8. Expenses by nature

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue sharing to streamers	2,072,599	2,362,312
Promotion and advertising expenses	836,394	989,957
Impairment of goodwill (Note 15)	485,977	6,916
Employee benefit expenses	388,240	324,245
Bandwidth and server custody costs	63,941	68,036
Payment handling costs	38,806	71,754
Technical support and professional service fees	25,614	19,949
Expected credit loss allowance	25,170	(239)
Travelling, entertainment and general office expenses	24,427	21,963
Depreciation of right-of-use assets (Note 24)	17,881	17,994
Outsourced development costs	12,065	10,318
Amortization of intangible assets (Note 15)	7,416	18,586
Taxes and surcharges	6,813	10,546
Impairment of intangible assets (Note 15)	5,902	—
Depreciation of property, plant and equipment (Note 14)	5,848	4,791
Expenses relating to short-term lease not included in lease liabilities (Note 24)	3,197	713
Content and copyright costs	3,020	232
Other expenses	4,309	5,592
	4,027,619	3,933,665

Notes to the Condensed Consolidated Interim Financial Information (continued)

9. Other losses – net

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Fair value (losses)/gains of financial assets at fair value through profit or loss		
– Investments in current financial assets at fair value through profit or loss	(47,907)	(6,354)
– Investments in non-current financial assets at fair value through profit or loss	4,971	1,337
Fair value gain of investment properties	3,895	–
Net foreign exchange losses	(494)	(1,297)
Loss for claims and legal proceedings	(43)	(378)
Donations	(1,013)	(15)
Gain on disposal of investment in subsidiaries	1,046	–
Others	1,666	(427)
	(37,879)	(7,134)

10. Other income

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Government grants		
– Subsidies based on certain amount of tax paid	22,299	26,988
– Subsidies granted by various local governments to encourage the Group to operate where these governments are located	9,330	7,458
	31,629	34,446

11. Income tax expense

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current income tax expense	(101,765)	(23,180)
Deferred income tax credit	12,072	7,878
Income tax expense	(89,693)	(15,302)

Notes to the Condensed Consolidated Interim Financial Information (continued)

12. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

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

	Unaudited Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	(109,915)	123,076
Weighted average number of ordinary shares in issue (thousand shares)	1,857,624	1,869,020
Basic (loss)/earnings per share attributable to the shareholders of the Company (expressed in RMB per share)	(0.06)	0.07

(b) Diluted (loss)/earnings per share

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

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

As the Group incurred losses for the period ended 30 June 2022, the potential ordinary shares were not included in the calculation of diluted loss per share, as the inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the period ended 30 June 2022 is the same as basic loss per share.

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(Loss)/profit attributable to owners of the Company (RMB'000)	(109,915)	123,076
Weighted average number of ordinary shares in issue (thousand shares)	1,857,624	1,869,020
Add: Adjustment for RSUs granted to employees (thousand shares)	—	18,824
Weighted average number of ordinary shares for calculation of diluted (loss)/earnings per share (thousand shares)	1,857,624	1,887,844
Diluted (loss)/earnings per share (expressed in RMB per share)	(0.06)	0.07

Notes to the Condensed Consolidated Interim Financial Information (continued)

13.Dividends

No dividends have been paid or declared by the Company for each of the period ended 30 June 2022 and 2021.

14.Property, plant and equipment

	Computer equipment RMB'000	Office equipment and furniture fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 31 December 2021 (Audited)					
Cost	47,020	1,435	1,616	35,897	85,968
Accumulated depreciation	(31,327)	(696)	(220)	(26,907)	(59,150)
Net book amount	15,693	739	1,396	8,990	26,818
Six months ended 30 June 2022 (Unaudited)					
Opening net book amount	15,693	739	1,396	8,990	26,818
Additions	4,645	252	2	944	5,843
Disposals	(826)	(48)	—	—	(874)
Depreciation charge (Note 8)	(3,823)	(136)	(180)	(1,709)	(5,848)
Closing net book amount	15,689	807	1,218	8,225	25,939
At 30 June 2022 (Unaudited)					
Cost	50,839	1,639	1,618	36,841	90,937
Accumulated depreciation	(35,150)	(832)	(400)	(28,616)	(64,998)
Net book amount	15,689	807	1,218	8,225	25,939

Notes to the Condensed Consolidated Interim Financial Information (continued)

15. Intangible assets

	Goodwill RMB'000	Software RMB'000	Copyright RMB'000	User base RMB'000	Trademark RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021 (Audited)							
Cost	514,028	15,763	50,382	25,500	74,107	7,226	687,006
Accumulated amortization and impairment	—	(13,166)	(48,381)	(16,700)	(16,673)	(1,684)	(96,604)
Net book amount	514,028	2,597	2,001	8,800	57,434	5,542	590,402
Six months ended 30 June 2022 (Unaudited)							
Opening net book amount	514,028	2,597	2,001	8,800	57,434	5,542	590,402
Deconsolidation of a subsidiary	—	(14)	—	—	—	—	(14)
Impairment charge	(485,977)	—	(944)	—	—	(4,958)	(491,879)
Additions	—	53	459	—	502	—	1,014
Amortization charge (Note 8)	—	(596)	(636)	(1,600)	(4,000)	(584)	(7,416)
Closing net book amount	28,051	2,040	880	7,200	53,936	—	92,107
At 30 June 2022 (Unaudited)							
Cost	514,028	15,802	50,841	25,500	74,609	7,226	688,006
Accumulated amortization and impairment	(485,977)	(13,762)	(49,961)	(18,300)	(20,673)	(7,226)	(595,899)
Net book amount	28,051	2,040	880	7,200	53,936	—	92,107

15. Intangible assets (continued)

(a) Goodwill impairment

(i) Impairment test for goodwill of Blueberry

Goodwill of RMB512,758,000 arose from the acquisition of Social Network Technology Co., Ltd. (“Blueberry”) on 19 September 2019. Blueberry is principally engaged in social network product and social network community. Management consider Blueberry is a stand-alone cash generating unit (the “CGU”) since management allocate resources and assess the performance obligations to Blueberry as a whole business unit. Therefore, management allocate the goodwill to the CGU of Blueberry.

The recoverable amount of the CGU of Blueberry is determined based on the higher of value-in-use and fair value less costs of disposal calculations. These calculations use cash flow projections based on financial forecasts covering the period through 31 December 2026, which has been approved by management. The key assumptions used by management for VIU calculation include:

- i. the compound annual growth rate of revenue over the forecast period through 31 December 2026, which was a combined consideration of continuous growth as Blueberry’s monetization strategy has been adjusted based on management’s comprehensive review of Blueberry’s operations and the online social platform’s average growth rate will be relatively stable in subsequent years;
- ii. the estimated perpetual growth rate used in the VIU calculation for period beyond the projected period, after making reference to long term inflation rate of the PRC;
- iii. pre-tax discount rate for Blueberry, which was estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of Blueberry.

The following table sets out the key assumptions and recoverable amounts of value-in-use for CGU of Blueberry as at 30 June 2022 and 31 December 2021:

	Unaudited 30 June 2022	Audited 31 December 2021
Revenue (% compound annual growth rate)	14.0	26.0
Perpetual growth rate (%)	2.5	3.0
Pre-tax discount rate (%)	30.0	30.0
Recoverable amount (RMB’000)	99,000	737,000

(ii) Impairment charge

The impairment charge of RMB485,977,000 was arose in the CGU of Blueberry as a result of a decline in the revenue and earnings projection due to an overall reduced future growth expectation. Combined with the economic downturn during the first half of 2022 and continuing increased operating costs, management undertook a comprehensive review of Blueberry’s operations and determined to adjust its monetization strategy which led a lowered revenue.

Notes to the Condensed Consolidated Interim Financial Information (continued)

15. Intangible assets (continued)

(a) Goodwill impairment (continued)

(iii) Impact of possible changes in key assumptions

The directors and management have considered and assessed the impact of reasonably possible changes in key assumptions for goodwill of Blueberry.

If the compound annual revenue growth rate used in value-in-use calculation for CGU of Blueberry had been 1% lower than management's estimate as 30 June 2022 (13% instead of 14%), the Group would have had to recognise an impairment against the carrying amount of Blueberry of RMB489,977,000.

If the perpetual growth rate used in value-in-use calculation for CGU of Blueberry had been 1% lower than management's estimate as 30 June 2022 (1.5% instead of 2.5%), the Group would have had to recognise an impairment against the carrying amount of Blueberry of RMB488,977,000.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 1% higher than management's estimate (31% instead of 30%), the Group would have had to recognise an impairment against the carrying amount of Blueberry of RMB489,977,000.

Management's above impairment assessment is based on valuation by an independent external valuer.

16. Investment properties

	Unaudited Six months ended 30 June 2022 RMB'000
At the beginning of the period	193,606
Capitalised subsequent expenditure	724
Exchange gains	5,825
Net gain from fair value adjustment	3,895
At the end of the period	204,050

Notes to the Condensed Consolidated Interim Financial Information (continued)

17. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Associates (a)	270,905	272,626
Joint ventures (b)	190,953	228,091
	461,858	500,717

(a) Associates

	Unaudited Six months ended 30 June 2022 RMB'000
At the beginning of the period	272,626
Additions	3,889
Share of net (loss)/profit of associates	(5,319)
Impairment	(291)
At the end of the period	270,905

(b) Joint ventures

	Unaudited Six months ended 30 June 2022 RMB'000
At the beginning of the period	228,091
Additions	11,336
Share of net (loss) of joint ventures	(48,474)
At the end of the period	190,953

Notes to the Condensed Consolidated Interim Financial Information
(continued)

18. Financial assets at fair value through profit or loss

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

(i) Non-current

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Unlisted preference shares	96,730	81,507
Investment in wealth management products		
— Fund	201,974	30,074
— Others	70,094	30,137
	368,798	141,718

(ii) Current

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Investment in wealth management products		
— Listed equity	123,772	155,431
— Fund	637,698	615,586
— Others	30,261	60,107
	791,731	831,124

(b) Amounts recognised in profit or loss

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Fair value gains at FVPL recognised in other losses-net (Note 9)		
— Unlisted preference shares	2,623	6,050
— Listed equity	(34,905)	(12,648)
— Fund	(12,635)	(9,961)
— Others	1,981	11,542
	(42,936)	(5,017)

Notes to the Condensed Consolidated Interim Financial Information (continued)

19. Trade receivables

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Trade receivables		
– Up to 3 months	36,018	63,833
– 3 to 6 months	510	1,081
– 6 months to 1 year	1,179	451
– Over 1 year	407	892
Less: allowance for impairment of trade receivables	(2,216)	(2,758)
	35,898	63,499

As at 30 June 2022 and 31 December 2021, the carrying amount of trade receivables are primarily denominated in RMB and approximate to their fair values at each of the balance sheet dates.

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

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Non-current:		
Loans to related parties	2,000	–
Loans to third parties	325	3,284
Rental and other deposits	6,156	6,193
Amounts arising from disposal of a joint venture	5,716	5,716
Prepayment for investment property	10,082	10,082
Others	164	330
Less: Loss allowance	(130)	(5,982)
	24,313	19,623
Current:		
Loans to related parties	84,290	84,751
Loans to third parties	27,162	23,495
Prepayment to suppliers	147,783	258,653
Prepayments for promotion and advertising	34,500	58,857
Deductible input VAT	98,171	91,831
Prepaid income tax	3,138	11,174
Interest receivable	8,032	11,812
Other deposits	21,491	16,660
Others	8,558	5,066
Less: Loss allowance	(44,545)	(13,866)
	388,580	548,433

Notes to the Condensed Consolidated Interim Financial Information (continued)

21. Cash and cash equivalents

(a) Cash and cash equivalents

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Cash and cash equivalents at banks and held at third party payment platforms	2,163,185	1,993,306
	2,163,185	1,993,306

(b) Restricted Cash

As at 30 June 2022, bank balance of RMB50,493,000 was frozen by the local regulators subject to further investigation of certain users of the Group's online platform. Please refer to note 25 Contingencies for details.

22. Trade payables

At 30 June 2022, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date was as follow:

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
— Up to 3 months	306,651	499,141
— 3 to 6 months	23,255	24,902
— 6 months to 1 year	33,344	9,984
— Over 1 year	134,076	135,315
	497,326	669,342

Notes to the Condensed Consolidated Interim Financial Information
(continued)

23. Movements in treasury shares

	Six months ended 30 June, 2022 Shares '000	Six months ended 30 June, 2021 Shares '000	Six months ended 30 June, 2022 RMB'000	Six months ended 30 June, 2021 RMB'000
Movements in treasury shares during the half-year				
Acquisition of shares by the Company				
Employee Share Trust	(13,105)	(2,518)	(15,778)	(3,627)
Employee share scheme issued	5,082	2,664	6,152	4,307
Net movement	(8,023)	146	(9,626)	680

24. Lease

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Right-of-use assets		
– Buildings	157,851	175,157
Lease liabilities		
– Current	32,242	32,040
– Non-current	132,998	150,784
	165,240	182,824

	Unaudited Six months ended 30 June 2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets (Note 8)	17,881	17,994
Interest expense	4,370	4,337
Expense relating to short-term leases (Note 8)	3,197	713
Total	25,448	23,044

Notes to the Condensed Consolidated Interim Financial Information (continued)

25. Contingencies

In connection with investigations initiated by local authorities on certain users' behaviours through online platforms operated by the Group, certain of the Group's bank balances of RMB50,493,000 and RMB46,494,000 were restricted in June 2022 and July 2022 respectively.

Management is of the view that the Group's business operations are in compliance with applicable rules and regulations in China, however, conclusion of the aforesaid investigations could take a long period of time. The Group, taking into consideration of opinions received from its legal counsel, is of view that as the investigations are still in early stage with related details not being accessible by the Group, it is not practicable to assess or estimate related possible financial effects. The Group has not recorded any provision as of 30 June 2022.

26. Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are under common control or joint control in the controlling shareholders' families. Members of key management and their close family members of the Group are also considered as related parties.

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of the business and terms negotiated between the Group and the respective related parties.

Names of the major related parties	Nature of relationship
Mr. FENG Yousheng ("Mr. FENG")	Founder of the Group
Mr. HOU Guangling ("Mr. HOU")	Founder of the Group
Beijing Duomi Online Technology Co., Ltd. (北京多米在線科技股份有限公司) (previously known as Beijing Caiyun Zaixian Technology Development Co., Ltd. 北京彩雲在線技術開發有限公司) ("Duomi Online")	Significant influence over Beijing Meelive (Note)
Beijing Yingtianxia Network Technology Co., Ltd. (北京映天下網絡科技有限公司) ("Beijing Yingtianxia")	An associate of the Group
Hunan Inke Property Limited (湖南映客置業有限公司) ("Hunan Inke Property")	An associate of the Group
Beijing Laoyou Duozhi Internet Information Service Co., Ltd. (北京老柚多汁互聯網信息服務有限公司) ("Beijing Laoyou Duozhi")	An associate of the Group
Changsha Zhuohua Senior High School (長沙卓華高級中學有限公司) ("Changsha Zhuohua")	An associate of the Group
Shenzhen Qianhai Aisi Information Consulting Co., Ltd. (深圳前海愛思信息諮詢有限公司) ("Shenzhen Qianhai Aisi")	Significant influence over Shenzhen Qianhai Aisi
Changsha Zhihe Restaurant Management Co., Ltd. (長沙只禾餐飲管理有限公司) ("Changsha Zhihe")	An associate of the Group
Beijing Weilaixuqu Cultural Media Co., Ltd. (北京未來序曲文化傳播有限公司) ("Beijing Weilaixuqu")	An associate of the Group
Guangzhou Meiguangshengshi Technology Co., Ltd. (廣州美光盛世科技有限公司) ("Meiguang")	An associate of the Group
MiDo International Holding Ltd. ("MiDo")	An associate of the Group
Qingdao Mida Catering Management Co., Ltd. (青島蜜搭餐飲管理有限公司) ("Mida")	Significant influence over Mida
Hunan Meizhi Education Technology Co., Ltd. (湖南美知教育科技有限公司) ("Hunan Meizhi")	An associate of the Group

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

26. Related party transactions (continued)

The following transactions were carried out with related parties:

(a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(i) Sales of services Associates of the Group	3,312	149
Total	3,312	149
(ii) Purchases of services Associates of the Group	125	1,321
Total	125	1,321

Notes to the Condensed Consolidated Interim Financial Information
(continued)

26. Related party transactions (continued)

(b) Balances with related parties

	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
(i) Trade receivables from related parties		
Associates of the Group	1,773	26
Total	1,773	26
(ii) Other receivables from related parties		
Associates of the Group	70,747	73,943
Other related parties	10,173	9,931
Total	80,920	83,874
(iii) Trade payables due to related parties		
Associates of the Group	19	—
Other related parties	157	—
Total	176	—
(iv) Other payables due to related parties		
Associates of the Group	32,629	35,911
Other related parties	15	15
Total	32,644	35,926

Notes to the Condensed Consolidated Interim Financial Information
(continued)

26. Related party transactions (continued)

(c) Loans to/from related parties

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Loans to related parties		
At the Beginning of the period	89,944	54,902
Loans advanced	32,540	157,733
Loan repayment received	(31,000)	(109,000)
Loan converted to equity investment	—	(32,314)
Interest charged	2,517	2,065
Interest received	(1,676)	—
Loss allowance	(11,405)	(316)
At the end of the period	80,920	73,070

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Loans from related parties		
At the Beginning of the period	35,904	—
Loans advanced	250	8,571
Loan repayments made	(3,680)	—
Interest charged	127	106
At the end of the period	32,601	8,677

Notes to the Condensed Consolidated Interim Financial Information (continued)

26. Related party transactions (continued)

(d) Key management personnel compensations

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Salaries, other social security costs and housing benefits	4,012	4,225
Bonus	510	704
	4,522	4,929

27. Subsequent Events

In July 2022, bank balance of RMB46,494,000 was frozen by the local regulators subject to further investigation of certain users of the Group's online platform. Please refer to note 25 Contingencies for details.

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

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

(a) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding interest
Mr. FENG Yousheng ("Mr. FENG")	Founder of a discretionary trust	358,798,000 ⁽²⁾	18.51%
Mr. LIU Xiaosong ("Mr. LIU")	Interest in controlled corporation	250,000,000 ⁽³⁾	12.90%
Mr. HOU Guangling ("Mr. HOU")	Interest in controlled corporation	80,409,000 ⁽⁴⁾	4.15%

Notes

- (1) All interests stated are long positions.
- (2) Mr. FENG is the founder of a discretionary trust which through its trustee TMF (Cayman) Ltd., holds the entire issued share capital of Fairy Story Holdings Limited. Fairy Story Holdings Limited holds 99.9% issued share capital of Fantastic Live Holdings Limited. Fantastic Live Holdings Limited in turn holds 358,798,000 shares of the Company (the "Shares"). Accordingly, Mr. FENG is deemed to be interested in the 358,798,000 Shares held by Fantastic Live Holdings Limited. Mr. FENG is also interested in 30,000,000 share options (the "Share Options") granted by the Company under the Share Option Scheme. As of the date of this report, the Share Options have not yet been exercised.
- (3) Mr. LIU indirectly holds 65.69% of the capital stock of Shenzhen Kuaitonglian Technology Co., LTD. ("Kuaitonglian"), a subsidiary of A8 New Media Group, which in turn holds 22.51% of the total capital stock of Beijing Duomi Online Technology Co., Ltd. ("Duomi Online"). In addition, Mr. LIU directly holds 28.71% of Duomi Online's total capital stock. Duomi Online directly holds the entire share capital of Feiyang Hong Kong Limited and Feiyang Hong Kong Limited in turn directly holds 250,000,000 Shares.
- (4) Mr. HOU holds the entire share capital of Horizon Live Holdings Limited, which in turn directly holds 80,409,000 Shares. Mr. HOU is also interested in 20,000,000 Share Options granted by the Company under the Share Option Scheme. As of the date of this report, the Share Options have not yet been exercised.

Other Information

(b) Interests in other members of the Group

So far as the Directors were aware, as at 30 June 2022, the following persons (excluding the Company) were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Total share capital held by the shareholder	Approximate percentage of interest
Beijing Meelive Network Technology Co., Ltd.	Mr. FENG	RMB358,798	20.94%
Beijing Meelive Network Technology Co., Ltd.	Duomi Online	RMB250,000	14.59%

Save as disclosed above, as at 30 June 2022, none of the Directors or the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as was known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding interest
Fantastic Live Holdings Limited	Beneficial owner	358,798,000 ⁽²⁾	18.51%
Fairy Story Holdings Limited	Interest in controlled corporation	358,798,000 ⁽²⁾	18.51%
TMF (Cayman) Ltd.	Trustee	358,798,000 ⁽²⁾	18.51%
Duomi Online	Interest in controlled corporation	250,000,000 ⁽³⁾	12.90%
Feiyang Hong Kong Limited	Beneficial owner	250,000,000 ⁽³⁾	12.90%
Ms. WANG Meilin	Interest of spouse	80,409,000 ⁽⁴⁾	4.15%
Mr. CHEN Yingyi	Interest of spouse	167,155,000 ⁽⁵⁾	8.62%
Luckystar Live Holdings limited	Beneficial owner; Interest in controlled corporation	167,155,000 ⁽⁶⁾	8.62%
Ms. LIAO Jieming ("Ms. LIAO")	Interest in controlled corporation; Founder of a discretionary trust	167,155,000 ⁽⁶⁾	8.62%

Notes:

- (1) All interests stated are long positions.
- (2) Mr. FENG is the founder of a discretionary trust which through its trustee TMF (Cayman) Ltd., holds the entire issued share capital of Fairy Story Holdings Limited. Fairy Story Holdings Limited Ltd holds 99.9% issued share capital of Fantastic Live Holdings Limited. Fantastic Live Holdings Limited in turn holds 358,798,000 Shares.
- (3) Mr. LIU indirectly holds 65.69% of the capital stock of Kuaitonglian, a subsidiary of A8 New Media Group, which in turn holds 22.51% of the total capital stock of Duomi Online. In addition, Mr. LIU directly holds 28.71% of Duomi Online's total capital stock. Duomi Online directly holds the entire share capital of Feiyang Hong Kong Limited and Feiyang Hong Kong Limited in turn directly holds 250,000,000 Shares.
- (4) Ms. WANG Meilin is the spouse of Mr. HOU.
- (5) Mr. CHEN Yingyi is the spouse of Ms. LIAO.
- (6) Ms. LIAO holds the entire share capital of Luckystar Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Ms. LIAO, is the founder of a discretionary trust which through its trustee TMF Trust (HK) Limited holds the total share capital in Generous Live LIMITED, which in turn directly holds 86,746,000 Shares.

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

SHARE OPTION SCHEME AND RESTRICTED SHARE UNIT SCHEME

Share Option Scheme

On 23 June 2018, a share option scheme (the “**Share Option Scheme**”) of the Company was approved and adopted by the shareholders. The purpose of the Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (the “**Eligible Persons**”) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company as the Board may determine to an Eligible Person.

Further details of the principal terms of the Share Option Scheme are set forth in the section headed “Statutory and General Information — D. Share Incentive Schemes — 1. Share Option Scheme” in Appendix IV to the prospectus of the Company dated 28 June 2018 (the “**Prospectus**”).

On 29 June 2021, the Company has conditionally granted 30 million and 20 million Share Options under the Share Option Scheme to Mr. FENG and Mr. HOU, respectively. On 28 May 2021 (the “**Date of Grant**”), the Company offered to grant an aggregate of 10 million Share Options under the Share Option Scheme to other eligible employees who are entitled to be conditionally granted with Share Options. For details of the grant of Share Options, please refer to the announcement of the Company dated 30 May 2021.

Other Information

Exercise price of the Share Options:	HK\$3.9 per Share
Closing price of the Shares on the Date of Grant:	HK\$2.26 per Share
Validity period of the Share Options:	From 28 May 2021 to 11 July 2028 (both dates inclusive), save and except for the Share Options granted to Mr. FENG and Mr. HOU.

In respect of the Share Options granted to Mr. FENG and Mr. HOU, from the date upon obtaining independent shareholders' approval at the extraordinary general meeting of the Company which was held on 29 June 2021 to 11 July 2028.

Vesting schedule:	Vesting Date	Accumulated percentage of Share Options vested
	28 May 2022	25%
	28 May 2023	50%
	28 May 2024	75%
	28 May 2025	100%

As at 30 June 2022, a total of 60 million Share Options have been granted by the Company under the Share Option Scheme, all of which were not exercised, cancelled or lapsed. The remaining life of the Share Option Scheme is around 5 years and 10 months.

Restricted Share Unit Scheme

On 23 June 2018, a restricted share unit scheme of the Company (the “**RSU Scheme**”) was approved and adopted by the Board. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The RSU Scheme will be valid and effective for a period of 10 years, commencing from 12 July 2018 (unless it is terminated earlier in accordance with its terms).

Persons eligible to receive restricted share units (the “**RSUs**”) under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive Directors) or officers of the Company or any of its subsidiaries (“**RSU Eligible Persons**”). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

Further details of the RSU Scheme are set forth in the section headed “Statutory and General Information — D. Share Incentive Schemes — 2. RSU Scheme” in Appendix IV to the Prospectus.

During the six months ended 30 June 2022, the trustee of the RSU Scheme has repurchased a total of 12,512,000 Shares on the Stock Exchange.

Details of the RSUs granted and outstanding under the RSU Scheme

The Board has authorized (i) the Company to direct and procure the appointed RSU trustee to purchase up to 115,882,916 ordinary Shares on market (accounting for approximately 5.77% of the issued ordinary Shares on market as at the date on which the Shares have been listed on the Stock Exchange) from time to time during the period from 12 November 2018 to 1 August 2022 and (ii) Mr. FENG Yousheng to determine the price at which the RSU trustee may purchase the Shares on market and to determine the maximum amount of cash to be provided to the RSU trustee for the purchase of the Shares on market.

In addition, the Board has authorized the Company to grant RSUs in respect of the Shares to 654 selected participants under the RSU Scheme (the “**Grantees**”), none of the Grantees is a Director, chief executive or substantial shareholder of the Company, nor an associate of any of them. The Grantees are not required to pay for the grant of any RSUs.

The 2022 RSU Scheme

A restricted share unit scheme (the “**2022 RSU Scheme**”) was adopted by the Board on 12 May 2022, the principle terms of which are set out in the announcement of the Company dated 12 May 2022. The 2022 RSU Scheme will be in parallel with other share incentive schemes which have been or may be adopted by the Company. The 2022 RSU Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

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

The purpose of the 2022 RSU Scheme is to incentivize eligible persons who are existing Directors (whether executive or non-executive, but excluding independent non-executive Directors), senior management or officers of the Company or any subsidiaries of the Company for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

During the six months ended 30 June 2022, no restricted share units were granted under the 2022 RSU Scheme.

Other Information

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

During the six months ended 30 June 2022, the Company has repurchased a total of 863,000 Shares on the Stock Exchange at an aggregate consideration of HK\$1,312,130. The highest price paid per Share is HK\$1.56, and the lowest price paid per Share is HK\$1.50. Details of the Shares repurchased during the six months ended 30 June 2022 are as follows:

Date of repurchase	Number of Shares repurchased	Price of repurchase (HK\$)		Total payment (HK\$)
		Highest price	Lowest price	
28 March 2022	563,000	HKD1.52	HKD1.50	847,490
29 March 2022	300,000	HKD1.56	HKD1.54	464,640

Except as disclosed above, during the six months ended 30 June 2022, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

During the six months ended 30 June 2022, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Listing Rules) had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2022, the Company has complied with all the applicable code provisions of the CG Code and adopted most of the best practices set out therein, except for a deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. FENG is the chairman and chief executive officer of the Company. With extensive experience in the internet industry, Mr. FENG is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company's growth and business expansion since its establishment in 2015. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. FENG), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independent element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the unaudited interim condensed consolidated results and the interim report of the Company for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Interim Results for the Reporting Period are unaudited, but have been reviewed by the Auditor in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board.

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

There has been no change in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Change of Company name

Pursuant to a resolution passed on 30 June 2022, the English name of the Company has been changed from “Inke Limited” to “Inkeverse Group Limited” and the Chinese name “映宇宙集团有限公司” has been adopted as dual foreign name in place of the former Chinese name “映客互娱有限公司” which was used for identification purpose only. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 5 July 2022. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 July 2022.

Change of stock short names

The English stock short name of the Company has been changed from “INKE” to “INKEVERSE” and the Chinese stock short name has been changed from “映客” to “映宇宙” for trading in the Shares on the Stock Exchange, with effect from 9:00 a.m. on 12 August 2022. The Company’s stock code on the Stock Exchange remains as “3700.HK”.

Change of Company website and adoption of new Company logo

The website of the Company has been changed from “www.inke.com” to “www.inkeverse.com” and the new logo of the Company, as shown on the cover of this report, has been adopted with effect from 15 June 2022.

Local investigations

In July 2022, bank balance of approximately RMB46,494,000 was frozen by a local authority in connection with their investigations of certain users’ behaviours of the Group’s online platforms. Please refer to the section “Contingent liabilities and guarantees” in this report for details.