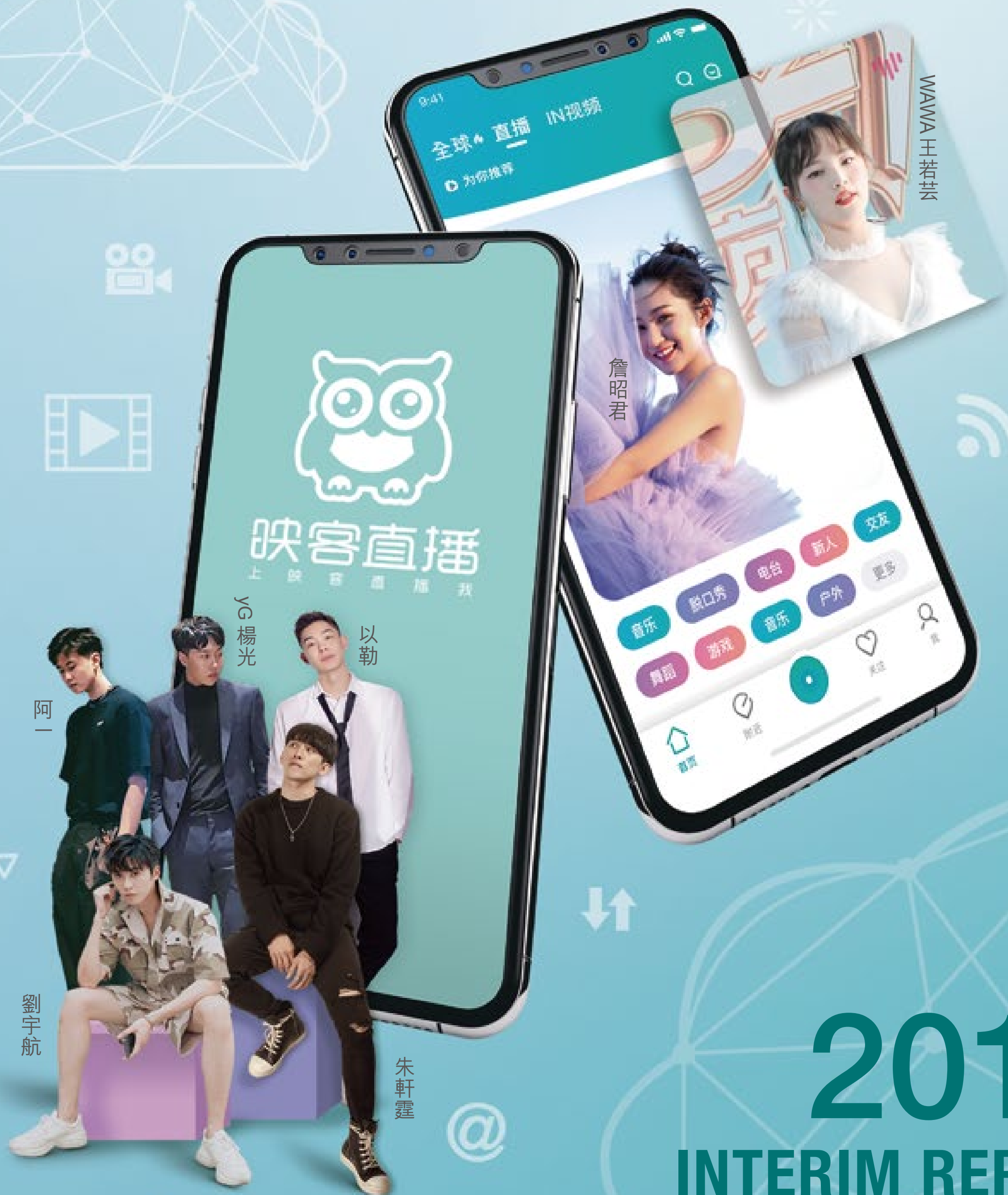
Inke Limited
映客互娛有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code：3700 HK



2019
INTERIM REPORT

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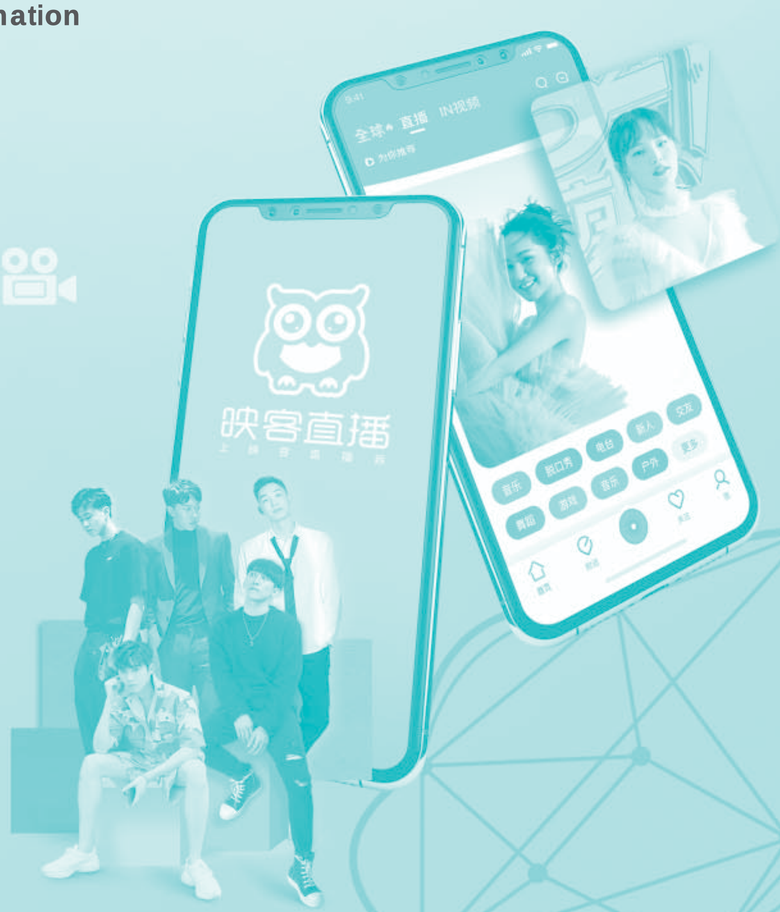

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. FENG Yousheng *(Chairman and Chief Executive Officer)*
Ms. LIAO Jieming
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

Mr. WONG Yu Kit
Mr. XIAO Liming

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

AUTHORISED REPRESENTATIVES

Ms. LIAO Jieming
Mr. WONG Yu Kit

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

COMPLIANCE ADVISOR

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

https://www.inke.cn/

STOCK CODE

3700

HEADQUARTERS IN THE PRC

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Chaoyang District
Beijing, 100102
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
Hong Kong

PRINCIPAL BANKS

China Merchants Bank, Shouti Branch
China Merchants Bank, Wanda Branch

Management Discussion and Analysis

The board of directors (the "**Board**") of Inke Limited (the "**Company**") is pleased to present the unaudited condensed consolidated results (the "**Interim Results**") of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (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**").

BUSINESS OVERVIEW AND OUTLOOK

Competition in the live streaming industry has intensified since 2019. The Group actively coped with the situation and strived to develop its interactive entertainment and social networking product matrix so as to establish an organic traffic system. In particular, for the interactive entertainment product matrix, the Group has, based on its mature product, business and operation models and in-depth understanding of market and users accumulated since its establishment, gradually launched video and audio products with refined operation targeting niche market and vertical user base, including Yinpao, an audio interactive entertainment product, and Laoyou, a video interactive entertainment product for the middle-aged and the elderly. Through market exploration and continuous product optimisation, the Group has accumulated extensive experience in interactive entertainment product innovation and formed a relatively mature model of continuous research and development and expansion. For social networking product matrix, the Group conducted product verification and actively sought market opportunities. In July 2019, the Group announced its acquisition of the entire interest in the parent company of Jimu App. The Group believes that, Jimu App, as a social networking product which is rapidly growing and has obtained a sizeable user base, will effectively assist the implementation of the Group's social networking product development strategy upon completion of the acquisition. In addition, the Group will continue to research social networking products in various areas and conduct prudent verification.

In the second half of 2019, the Group will continue to implement the following growth strategies and strive to build an industry-leading interactive entertainment platform:

- Consolidate core competitiveness and establish an interactive entertainment product matrix. In the second half of 2019, based on its mature industrial and business model and its experience gradually gained in innovative product research and development, the Group will continue to develop innovative products in video and audio interactive entertainment areas to cover more niche markets and vertical user bases. The Group expects that the product matrix will enable the Group to quickly expand market coverage and penetration and to more effectively focus on and meet the needs of various markets and user bases for interactive entertainment, which will bring new opportunities for the growth of the Group.

- Develop a social networking product matrix and establish an organic traffic system. As an important part of its strategies, the Group will strengthen its effort into the establishment of a social networking product matrix in the second half of 2019. The Group announced in July 2019 the acquisition of the parent company of Jimu App. The Group believes that with Jimu App's established large-scale young user base, strong development trend and quality brand image, the Group will be able to facilitate the further rapid development and quickly establish an effective commercialisation model for Jimu App through the Group's existing research and development capabilities, marketing resources and commercialisation experience, so that Jimu App will become an important part of the social networking product matrix and traffic system of the Group. Furthermore, leveraging Jimu App's product and operation experience, the Group will continue to optimise the existing social networking products within the Group and more focus on vertical market opportunities.

- Continue steady technical investment and improve user experience. As 5G technologies gradually mature and with the rapid development of cutting-edge technologies such as artificial intelligence, the Group will maintain its investment in technical and product research and development, make preparation for the next generation of interactive entertainment scenes, further explore user behaviours and needs, and enrich diversified interaction functions, so as to provide interactive entertainment and social networking experience with higher quality for users.

- Identify opportunities for investment and acquisitions meeting the Group's development and operational strategies. The Group will continue to keep an eye on domestic and overseas pan-entertainment industry, especially the opportunities for cooperation, investment and acquisition which meet the development and operational strategies of the Group, have the potential of fast turnover and can generate strong synergies with its existing product matrix, and will effectively implement its strategies for interactive entertainment and social networking.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2019 amounted to approximately RMB1,485.6 million, representing a decrease of 34.9% from approximately RMB2,281.2 million recorded in the corresponding period in 2018. Online advertising increased by 47.1% to approximately RMB70.4 million in the six months ended 30 June 2019 from approximately RMB47.8 million in the corresponding period in 2018. The decrease in revenue was primarily caused by the live streaming business. The revenue generated from live streaming decreased, which was in line with the impact of slower industry growth. The Company is dedicated to cultivate spending habits of long-tail users and spending ecosystem to generate more growth potential in the future.

Cost of sales

The Group's cost of sales decreased by 29.7% to approximately RMB1,054.8 million in the six months ended 30 June 2019 from approximately RMB1,500.8 million in the corresponding period in 2018, mainly affected by the decrease in the revenue. The Group's cost of sales percentage of revenue increased to 71.0% in the six months ended 30 June 2019 from 65.8% for the corresponding period in 2018, primarily due to a decrease in revenue and cost of sales.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 44.8% to approximately RMB430.8 million for the six months ended 30 June 2019 from approximately RMB780.4 million for the corresponding period in 2018, and the Group's gross profit margin decreased to 29.0% for the six months ended 30 June 2019 from 34.2% for the corresponding period in 2018, primarily due to a decrease in revenue and cost of sales.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 23.6% to approximately RMB320.6 million for the six months ended 30 June 2019 from approximately RMB259.3 million for the corresponding period in 2018, which was mainly attributable to an increase in investment of innovative product matrix enrichment, user coverage expansion and marketing campaign.

Administrative expenses

Administrative expenses for the first half year of 2019 were approximately RMB94.4 million, which represented an increase of 22.5% from approximately RMB77.1 million in the first half year of 2018, primarily attributable to an increase of approximately RMB23.1 million in impairment loss.

Research and development expenses

The Group's research and development expenses increased by 79.6% to approximately RMB153.0 million for the six months ended 30 June 2019 from approximately RMB85.2 million for the corresponding period in 2018. The increase was in line with the rapid development of cutting-edge technologies such as 5G and artificial intelligence. The Company increased its research and development investment in technologies and products and developed the next generation of interactive entertainment scenarios in advance to provide enriched interactive entertainment experiences for its users.

Other gains — net

The Group recorded net other gains of approximately RMB33.5 million for the six months ended 30 June 2019, which primarily consisted of income from investment in wealth management products and investment in non-current financial assets at fair value through profit or loss. In the corresponding period in 2018, the Group recorded net other gains of approximately RMB23.5 million.

Finance income — net

The Group recorded net finance income of approximately RMB22.9 million for the six months ended 30 June 2019. The Group recorded net finance income of approximately RMB5.4 million for the corresponding period in 2018.

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

The Group's share of profit of investments accounted for using the equity method increased to approximately RMB14.4 million for the six months ended 30 June 2019 primarily due to the profit from the investment in an associate and a joint venture. The Group recorded approximately losses of approximately RMB9.3 million for the corresponding period in 2018.

Fair value gains of financial instruments with preferred rights

The Group did not have any fair value gain on financial instruments with preferred rights for the six months ended 30 June 2019, as compared with the fair value gains on financial instruments with preferred rights of approximately RMB549.1 million the Group recorded for the corresponding period in 2018, primarily due to no preferred share was issued in 2019 after the listing of the Company in 2018.

Income tax credit/(expense)

The Group recorded income tax credit of approximately RMB1.6 million for the six months ended 30 June 2019 and income tax expense of approximately RMB54.2 million for the corresponding period in 2018, primarily due to the decrease of the profit before income tax for the six months ended 30 June 2019.

(Loss)/profit for the period

As a result of the foregoing, the Group's loss for the period was approximately RMB27.5 million for the six months ended 30 June 2019. In comparison, the Group recorded approximately RMB958.4 million profit for the corresponding period in 2018.

Non-IFRS Measure — Adjusted net Loss/profit

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

	Unaudited For the six months ended 30 June	
	2019	2018
	(RMB'000)	
(Loss)/profit for the period	**(27,547)**	958,392
Add: non-cash fair value gain of financial instruments with preferred rights	**—**	(549,072)
Add: non-cash share based compensation expenses	**16,630**	—
Adjusted net (loss)/profit	**(10,917)**	409,320

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2019, 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 organic and sustainable growth. As at 30 June 2019, the current ratio (the current assets to current liabilities ratio) of the Group was 3.63 and the gearing ratio (total debt to total equity ratio) was 0.26, as compared with 4.28 and 0.21 respectively as at 31 December 2018.

Cash and cash equivalents and restricted cash

As at 30 June 2019, the Group had cash and cash equivalents of approximately RMB826.2 million (31 December 2018: approximately RMB849.6 million), which primarily consisted of cash at banks. Out of approximately RMB826.2 million, approximately RMB173.6 million is denominated in Renminbi and approximately RMB652.6 million is denominated in other currencies (primarily US dollars).The Group currently does not hedge transactions undertaken in foreign currencies.

As at 30 June 2019, the restricted cash balance was approximately RMB39.4 million (31 December 2018: approximately RMB28.4 million), of which approximately RMB26.0 million was restricted due to the cooperation with local authorities in relation to investigation of certain end consumers of the Group's platform. The Group, based on the external lawyer's legal opinion, believed that the Company is a bona fide third party and it is not probable that an outflow of resources embodying economic benefits will be required to settle any obligations, as such no provisions have been made by the Group as at 30 June 2019. In respect of the remaining balance of approximately RMB13.4 million, a provision of approximately RMB13.1 million has been recognised as at 30 June 2019.

Financial assets at fair value through profit or loss

As of 30 June 2019, the Group had current and non-current financial assets at fair value through profit or loss of approximately RMB1,468.1 million, mainly comprised (a) investments in wealth management products and structured deposits of approximately RMB1,397.1 million in aggregate (31 December 2018: approximately RMB1,137.5 million), which mainly represented approximately RMB603.2 million in short-term and approximately RMB351.4 million in long-term non-principal guaranteed wealth management products and approximately RMB442.5 million in principal guaranteed structured deposits with a floating interest rate, and (b) investments in financial instruments with preferred rights of approximately RMB70.9 million.

Financial Assets	Balance as at 30 June 2019 (RMB'000)	Balance as at 31 December 2018 (RMB'000)
Current		
Investments in structured deposits with floating interest rates[1]	**442,532**	763,020
Investments in wealth management products[2]	**603,181**	163,270
Convertible bond	**—**	10,750
Subtotal	**1,045,713**	937,040
Non-current		
Investments in equity interests with preferred rights of certain private companies	**70,932**	56,506
Investments in wealth management products	**351,425**	200,482
Subtotal	**422,357**	256,988
Total	**1,468,070**	1,194,028

Notes:

(1) As at 30 June 2019, the investments in structured deposits with floating interest rates amounted to approximately RMB442.5 million. In particular, on 27 May 2019 and 28 May 2019, Beijing Meelive Network Technology Co., Ltd.* (北京蜜萊塢網絡科技有限公司) ("**Beijing Meelive**"), a variable interest entity of the Company subscribed for two financial products with an aggregate principal amount of RMB400 million from China Merchants Bank Co., Ltd., (招商銀行股份有限公司) ("**China Merchants Bank**"). As at 30 June 2019, the structured deposits invested by the Group with floating interest rates had not matured and therefore such investments had not collected any investment income as at 30 June 2019. Please refer to the Company's announcements dated 27 May 2019 and 28 May 2019 for further details.

(2) As at 30 June 2019, the investment in wealth management products amounted to approximately RMB603.2 million. In particular, on 27 May 2019 and 28 May 2019, Beijing Meelive subscribed for four financial products with an aggregate principal amount of RMB300 million from China Merchants Bank Co., Ltd., Please refer to the Company's announcements dated 27 May 2019 and 28 May 2019 for further details.

Subscriptions of structured deposits with floating interest rates and wealth management products were made for treasury management purposes to maximise the return on the unutilised funds of the Company after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company had in the past selected short-term financial products issued by reputable commercial banks that had relatively low associated risk. 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. These financial products were considered to have relatively low risk and are also in line with the internal risk management, cash management and investment policies of the Group. The Company had, in the past, entirely recovered the principal and received the expected returns upon the redemption or maturity of similar financial products. In addition, these financial products were with flexible redemption terms or a relatively short term of maturity. In accordance with the relevant accounting standards, these financial products are 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 low risk nature and the flexible redemption terms or a relatively short term of maturity of the structured deposit with floating interest rates and the wealth management products, the directors of the Company (the "**Directors**") are of the view that these financial products pose little risk to the Group 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 2019, the Group's capital expenditure amounted to approximately RMB3.5 million (six months ended 30 June 2018: approximately RMB2.9 million), which was mainly used for the acquisition of property, plant, equipment and intangible assets. The Group funded its capital expenditure by using the cash flow generated from its operations.

Contingent liabilities and guarantees

As at 30 June 2019, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group except for that disclosed in the cash and cash equivalents and restricted cash section.

Pledge of Assets

As at 30 June 2019, the Group did not pledge any assets.

Foreign exchange risk management

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

Material acquisitions and future plans for major investment

During the six months ended 30 June 2019, the Group has not conducted any material acquisitions or disposals. The Company entered into a share purchase agreement dated 14 July 2019 and other documents to acquire (i) the entire issued share capital of Social Network Technology Co.,Ltd. and (ii) all rights in the equity interest of 北京藍莓時節科技有限公司 (Beijing Blueberry Technology Co., Ltd.) for a total consideration of US$85,000,000. Please refer to the Company's announcements dated 15 July 2019 and 22 August 2019, respectively, for further details. Save as otherwise disclosed, the Group currently has no specific plan for major investment or acquisition for major capital assets or other business. However, the Group will continue to identify new opportunities for business development.

EMPLOYEES AND STAFF COSTS

As at 30 June 2019, the Group had a total of 975 full time employees, mainly located in the PRC. In particular, 187 employees are responsible for the Group's business operations, 39 employees are responsible for the Group's sales and marketing, 144 employees are responsible for the Group's content monitoring, 21 employees are responsible for the Group's customer service, 495 employees are responsible for the Group's technology, research and development, and 89 employees are responsible for the Group's general and administrative functions.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications 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 2019.

CONTRACTUAL ARRANGEMENTS

Please refer to the section headed "Contractual Arrangements" in the prospectus of the Company dated 28 June 2018 (the "**Prospectus**") for details. For the six months ended 30 June 2019, the Board has reviewed the overall performance of the contractual arrangements and believed that the Group has complied with the contractual arrangements in all material respects.

On 15 March 2019, the National People's Congress approved the Foreign Investment Law, which will come into effect on 1 January 2020 and replace the trio of existing laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to unify the corporate legal requirements for both foreign and domestic investments and by way of having a Negative List.

The Negative List, which will be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in PRC. A foreign investor shall not invest in any field prohibited from foreign investment under the Negative List. A foreign investor shall meet the investment conditions stipulated under the Negative List for any restricted fields under the Negative List.

A foreign investor who invests in a foreign-invested value-added telecommunications enterprise operating value-added telecommunications businesses in the PRC must demonstrate a good track record and experience in operating value-added telecommunications businesses (the "**Qualification Requirement**"). Moreover, foreign investors that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the People's Republic of China and the Ministry of Commerce of People's Republic of China, or their authorised local counterparts, which retain considerable discretion in granting approvals, for the commencement of that investor of value-added telecommunications businesses in the PRC.

There have been no updates to the Foreign Investment Law and the Group's compliance with the Foreign Investment Law and the implementation rules in relation to the Qualification Requirement since the listing date of the Company and up to the date of this interim report.

Please also refer to the section headed "Contractual Arrangements" in the Prospectus for the Group's efforts and actions undertaken to comply with the Qualification Requirement.

DIVIDENDS

No dividends have been paid or declared by the Company during each of the periods ended 30 June 2019 and 2018.

Interim Condensed Consolidated Statements of Comprehensive Income

	Note	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Revenue	7	**1,485,571**	2,281,186
Cost of sales	8	**(1,054,794)**	(1,500,768)
Gross profit		**430,777**	780,418
Selling and marketing expenses	8	**(320,585)**	(259,292)
Administrative expenses	8	**(94,400)**	(77,066)
Research and development expenses	8	**(153,033)**	(85,224)
Other gains-net	9	**33,546**	23,528
Other income	10	**37,210**	85,055
Operating profit		**(66,485)**	467,419
Finance income — net	11	**22,874**	5,434
Share of profit/(loss) of investments accounted for using the equity method	17	**14,420**	(9,333)
Fair value gains of financial instruments with preferred rights		**—**	549,072
(Loss)/profit before income tax		**(29,191)**	1,012,592
Income tax credit/(expense)	12	**1,644**	(54,200)
(Loss)/profit for the half-year		**(27,547)**	958,392
(Loss)/profit attributable to:			
— The owners of the Company		**(26,344)**	959,125
— Non-controlling interests		**(1,203)**	(733)
(Loss)/profit for the half-year		**(27,547)**	958,392
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translation differences		**1,687**	—
Total comprehensive (loss)/income for the half-year, net of tax		**(25,860)**	958,392

	Note	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Total comprehensive (loss)/income attributable to:			
— The owners of the Company		**(24,657)**	959,125
— Non-controlling interests		**(1,203)**	(733)
		(25,860)	958,392
(Loss)/earnings per share attributable to the equity holders of the Company (expressed in RMB per share)			
— Basic (loss)/earnings per share	13	**(0.01)**	1.14
— Diluted (loss)/earnings per share	13	**(0.01)**	0.24

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

Interim Condensed Consolidated Balance Sheets

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**21,515**	27,876
Intangible assets	16	**37,428**	67,544
Investments accounted for using the equity method	17	**264,938**	197,488
Financial assets at fair value through profit or loss	18	**422,357**	256,988
Deferred tax assets		**60,335**	4,121
Term deposits		**547,000**	500,000
Right-of-use assets	3, 25	**158,877**	—
Loans, other receivables, prepayments, deposits and other assets	21	**26,021**	5,435
Total non-current assets		**1,538,471**	1,059,452
Current assets			
Inventories		**1,571**	1,496
Accounts receivables	19	**33,635**	53,007
Loans, other receivables, prepayments, deposits and other assets	21	**442,591**	449,503
Financial assets at fair value through profit or loss	18	**1,045,713**	937,040
Cash and cash equivalents		**826,156**	849,629
Term deposits		**378,891**	836,320
Restricted cash	20	**39,418**	28,386
Total current assets		**2,767,975**	3,155,381
Total assets		**4,306,446**	4,214,833
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital		**13,623**	13,623
Other reserves		**4,073,620**	4,113,873
Accumulated deficits		**(679,687)**	(653,343)
		3,407,556	3,474,153
Non-controlling interests		**(2,502)**	(1,299)
Total equity		**3,405,054**	3,472,854

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	3, 25	**135,183**	—
Deferred tax liabilities		**3,514**	5,509
Total non-current liabilities		**138,697**	5,509
Current liabilities			
Accounts payables	22	**498,930**	513,933
Other payables and accruals		**66,304**	67,513
Current income tax liabilities		**34,682**	958
Contract liabilities		**123,555**	143,710
Lease liabilities	3, 25	**25,309**	—
Provisions	23	**13,359**	8,800
Other current liabilities		**556**	1,556
Total current liabilities		**762,695**	736,470
Total liabilities		**901,392**	741,979
Total equity and liabilities		**4,306,446**	4,214,833

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

Interim Condensed Consolidated Statements of Changes in Equity

		Attributable to the owner of the Company					
	Note	Share capital RMB'000	Other reserves RMB'000	Accumulated deficits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2018 (Audited)		—	166,424	(1,755,954)	(1,589,530)	366	(1,589,164)
Profit and other comprehensive income							
Total profit and other comprehensive income		—	—	959,125	959,125	(733)	958,392
Transactions with owners in their capacity as owners							
Issuance of ordinary shares		6	—	—	6	—	6
Balance at 30 June 2018 (Unaudited)		6	166,424	(796,829)	(630,399)	(367)	(630,766)
Balance at 1 January 2019 (Audited)		**13,623**	**4,113,873**	**(653,343)**	**3,474,153**	**(1,299)**	**3,472,854**
Loss and other comprehensive income							
Total loss and other comprehensive income		**—**	**1,687**	**(26,344)**	**(24,657)**	**(1,203)**	**(25,860)**
Transactions with owners in their capacity as owners							
Share-based compensation expense	24	**—**	**16,630**	**—**	**16,630**	**—**	**16,630**
Shares repurchased		**—**	**(58,570)**	**—**	**(58,570)**	**—**	**(58,570)**
Total transactions with owners in their capacity as owners		**—**	**(41,940)**	**—**	**(41,940)**	**—**	**(41,940)**
Balance at 30 June 2019 (Unaudited)		**13,623**	**4,073,620**	**(679,687)**	**3,407,556**	**(2,502)**	**3,405,054**

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

Interim Condensed Consolidated Statements of Cash Flows

	Note	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		**(9,115)**	432,168
Interests paid		**—**	(1,480)
Interests received		**24,817**	5,434
Income tax paid		**(9,633)**	(54,460)
Net cash (used in)/generated from operating activities		**6,069**	381,662
Cash flows from investing activities			
Payments for intangible assets		**(713)**	(739)
Payments for property, plant and equipment		**(2,753)**	(2,166)
Proceeds for acquisition of subsidiary, net of cash acquired		**31**	—
Payments for investments in associates and joint ventures		**(53,030)**	—
Payments for long-term deposits		**(247,000)**	—
Payments for short-term deposits		**(1,253,017)**	—
Payments for investments in non-current financial assets at fair value through profit or loss		**(164,971)**	(28,000)
Payments for investments in current financial assets at fair value through profit or loss		**(1,157,910)**	(2,951,680)
Proceeds from disposal of investments in current financial assets at fair value through profit or loss		**1,066,300**	1,221,152
Proceeds from disposal of long-term deposits		**200,000**	—
Proceeds from disposal of short-term deposits		**1,710,446**	—
Proceeds from disposal of non-current financial assets at fair value through profit or loss		**14,045**	12,420
Proceeds from disposal of property, plant and equipment and intangible assets		**163**	—
Loans to third parties		**(25,392)**	(22,000)
Proceeds from third parties		**6,000**	16,000
Loans to related parties		**(27,617)**	(5,000)
Proceeds from related parties		**5,000**	—
Cash disposal due to disposal of a subsidiary, net of consideration received		**(25,839)**	—
Net cash generated from/(used) in investing activities		**43,743**	(1,760,013)

	Note	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Cash flows from financing activities			
Acquisition of shares*		**(58,570)**	—
Payment of lease liabilities		**(16,323)**	—
Repayment to third parties		**—**	(14,090)
Net cash used in financing activities		**(74,893)**	(14,090)
Net decrease in cash and cash equivalents		**(25,081)**	(1,392,441)
Effects of exchange rate changes on cash and cash equivalents		**1,608**	—
Cash and cash equivalents at beginning of period		**849,629**	2,182,777
Cash and cash equivalents at end of period		**826,156**	790,336

* During the six months ended 30 June 2019, the Group repurchased 15,772,000 shares and the restricted share unit scheme purchased 20,060,000 shares from the market. The total cost is RMB58,570,000.

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

Inke Limited (the "**Company**") was incorporated in the Cayman Islands on 24 November 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as to the "**Group**") are principally engaged in operating live streaming platforms and provision of advertising services in the People's Republic of China (the "**PRC**" or "**China**").

The condensed consolidated interim financial information comprises the condensed consolidated balance sheets as at 30 June 2019, the condensed consolidated comprehensive income for the six months ended 30 June 2019, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months ended 30 June 2019, 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.

2. Basis of preparation of Interim Financial Information

This condensed consolidated Interim Financial Information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard ("**IAS**") 34, "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 2018 and any public announcements made by the Company during the Reporting Period.

3. Changes in accounting policies

The accounting policies, methods of computation and presentation used in the preparation of the Interim Financial Information are consistent with those of the previous financial year and corresponding interim period, except for adoption of new and amended standards as set out below.

The income taxes for the interim period are accrued using the tax rates would be applicable to the expected total annual assessable profits.

3. Changes in accounting policies (continued)

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current Reporting Period. And the Group had to change its accounting policies as a result of adopting IFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies.

The Group has adopted IFRS 16 from 1 January 2019, but has not restated comparative amounts for the 2018 reporting period, as applied the simplified transition approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019, ranging from 5.23% to 5.39%.

The reconciliation between the operating lease commitments disclosed as at 31 December 2018 and the lease liability recognised as at 1 January 2019 is as follows:

	Unaudited RMB'000
Operating lease commitments disclosed as at 31 December 2018	37,516
Discounted using the Group's incremental borrowing rate	32,339
Less: short-term leases recognised on a straight-line basis as expense	(2,379)
Less: low-value leases recognised on a straight-line basis as expense	(739)
Lease liability recognised as at 1 January 2019	29,221
Of which are:	
Current lease liabilities — current	22,524
Non-current lease liabilities — non-current	6,697

3. Changes in accounting policies (continued)

(a) Adjustments recognised on adoption of IFRS 16 (continued)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease.*

The right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	Unaudited	
	30 June 2019	1 January 2019
	RMB'000	RMB'000
Properties	**158,877**	27,089

(b) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

3. Changes in accounting policies (continued)

(b) The Group's leasing activities and how these are accounted for (continued)

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets mainly comprise a small warehouse used for storing computer.

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 amount 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 2018.

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 do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual report for the year ended 31 December 2018.

There have been no changes in the risk management policies since 31 December 2018.

5.2 Fair value estimate

(a) 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. An explanation of each level follows.

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 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.

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

(a) Fair value hierarchy (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2019 and 31 December 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2019 (Unaudited)				
Assets —				
Financial assets at fair value through profit or loss	**—**	**—**	**1,468,070**	**1,468,070**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2018 (Audited)				
Assets —				
Financial assets at fair value through profit or loss	—	—	1,194,028	1,194,028

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

The following table presents the changes in level 3 instruments for the half-year ended 30 June 2019:

	Assets Financial assets at fair value through profit or loss — Current RMB'000	 Financial assets at fair value through profit or loss — Non-current RMB'000
Opening balance 1 January 2019 (Audited)	**937,040**	**256,988**
Additions	**1,157,910**	**164,971**
Disposals	**(1,066,300)**	**(14,045)**
Change in fair value	**17,063**	**14,443**
Closing balance 30 June 2019 (Unaudited)	**1,045,713**	**422,357**

5. Financial risk management (continued)

5.2 Fair value estimate (continued)

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

	Assets	
	Financial assets at fair value through profit or loss — Current	Financial assets at fair value through profit or loss — Non-current
	RMB'000	RMB'000
Includes unrealised gain or (loss) recognised in profit or loss attributable to balances held at the end of the Reporting Period 2019	**3,665**	**5,880**

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purpose.

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

The valuation of the level 3 instruments mainly included investments in private companies, investments in structured deposits and wealth management products issued by banks and financial institutions. As at 30 June 2019, as these instruments are not traded in an active market, their fair value have been determined using various applicable valuation techniques, including market approach, backsolve method, etc.

6. Segment information

The Group's business activities are mainly in live streaming business, for which discrete 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 2019 and 2018, substantially all of the non-current assets of the Group were located in the PRC.

7. Revenue

	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Live streaming	**1,410,184**	2,227,798
Online advertising	**70,350**	47,840
Others	**5,037**	5,548
	1,485,571	2,281,186

8. Expenses by nature

	Unaudited Six months ended 30 June 2019 RMB'000	 2018 RMB'000
Streamer costs	**909,399**	1,365,197
Promotion and advertising expenses	**308,807**	242,511
Employee benefit expenses	**203,159**	124,488
Bandwidth and server custody costs	**49,038**	49,820
Payment handling costs	**25,150**	29,801
Outsourced development costs	**20,212**	12,054
Travelling, entertainment and general office expenses	**18,655**	10,156
Technical support and professional service fees	**15,202**	9,822
Impairment of intangible assets (Note 16)	**12,730**	—
Depreciation of right-of-use assets (Note 25)	**12,052**	—
Impairment of goodwill (Note 16)	**10,334**	—
Content and copyright costs	**9,597**	9,706
Depreciation of property, plant and equipment (Note 15)	**8,636**	7,438
Amortisation of intangible assets (Note 16)	**7,269**	7,856
Taxes and surcharges	**6,917**	16,939
Operating lease rentals	**2,024**	8,379
Listing expenses	**—**	24,049
Auditor's remuneration		
— Audit services	**1,500**	1,500
— Non-audit services	**630**	—
Other expenses	**1,501**	2,634
	1,622,812	1,922,350

9. Other gains — net

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Fair value gain/(loss) of financial assets at fair value through profit or loss		
— Investments in current financial assets at fair value through profit or loss	**17,063**	29,825
— Investments in non-current financial assets at fair value through profit or loss	**14,443**	(3,753)
Gain on disposal of investment in a joint venture	**5,716**	—
Provisions for claims and legal proceedings (Note 23)	**(4,559)**	—
Donations	**(1,019)**	(2,830)
Net foreign exchange (loss)/gain	**(79)**	299
Others	**1,981**	(13)
	33,546	23,528

10. Other income

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Government grants		
— Subsidies based on certain amount of tax paid	**13,372**	45,494
— Subsidies granted by various local governments to encourage the Group to operate where these governments are located	**22,838**	30,824
— Deferred government grant	**1,000**	8,737
	37,210	85,055

11. Finance income — net

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Finance costs		
— Interest costs	**(3,780)**	—
Finance income		
— Interest income	**26,654**	5,434
Finance income — net	**22,874**	5,434

12. Income tax credit/(expense)

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current tax	**(56,649)**	(56,340)
Deferred income tax	**58,293**	2,140
Income tax credit/(expense)	**1,644**	(54,200)

13. (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	
	2019	2018
(Loss)/profit attributable to owners of the Company (RMB'000)	**(26,344)**	959,125
Weighted average number of ordinary shares in issue (thousands)	**2,048,650**	839,914
Basic (loss)/earnings per share attributable to the ordinary equity holders of the Company (expressed in RMB per share)	**(0.01)**	1.14

(b) Diluted earnings per share

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

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

As the Group incurred losses for the period ended 30 June 2019, the potential ordinary shares were not included in the calculation of diluted loss per share, as the inclusion would be anti-dilutive. Accordingly, dilutive losses per share for the period ended 30 June 2019 is the same as basic loss per share.

13. (Loss)/earnings per share (continued)

(b) Diluted earnings per share (continued)

	Unaudited Six months ended 30 June 2019	2018
(Loss)/earnings (RMB'000) —		
(Loss)/profit for the period	**(26,344)**	959,125
Adjustment for fair value gain of financial instruments with preferred rights	**—**	(549,072)
(Loss)/profit used to determine diluted (loss)/earnings per share	**(26,344)**	410,053
Weighted average number of ordinary shares (thousands) —		
Weighted average number of ordinary shares in issue for basic earnings per share	**2,048,650**	839,914
Adjustments for:		
Assumed conversion of financial instruments with preferred rights and after the capitalisation issue	**—**	873,310
Weighted average number of ordinary shares for diluted earnings per share	**2,048,650**	1,713,224
Diluted (loss)/earnings per share (expressed in RMB per share)	**(0.01)**	0.24

14. Dividends

No dividends have been paid or declared by the Company during each of the period ended 30 June 2019 and 2018.

15. 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 2018 (Audited)					
Cost	29,423	848	269	22,922	53,462
Accumulated depreciation	(13,641)	(163)	(138)	(11,644)	(25,586)
Net book amount	15,782	685	131	11,278	27,876
Six months ended 30 June 2019 (Unaudited)					
Opening net book amount	**15,782**	**685**	**131**	**11,278**	**27,876**
Additions	**2,626**	**21**	**–**	**106**	**2,753**
Disposals	**(416)**	**(62)**	**–**	**–**	**(478)**
Depreciation charge	**(4,651)**	**(37)**	**(22)**	**(3,926)**	**(8,636)**
Closing net book amount	**13,341**	**607**	**109**	**7,458**	**21,515**
At 30 June 2019 (Unaudited)					
Cost	**31,633**	**807**	**269**	**23,028**	**55,737**
Accumulated depreciation	**(18,292)**	**(200)**	**(160)**	**(15,570)**	**(34,222)**
Net book amount	**13,341**	**607**	**109**	**7,458**	**21,515**

16. Intangible assets

	Goodwill RMB'000	Softwares RMB'000	Domain names RMB'000	Licences and copyrights RMB'000	Total RMB'000
At 31 December 2018 (Audited)					
Cost	24,481	9,549	226	59,899	94,155
Accumulated amortisation and impairment	—	(6,019)	(226)	(20,366)	(26,611)
Net book amount	24,481	3,530	—	39,533	67,544
Six months ended 30 June 2019 (Unaudited)					
Opening net book amount	**24,481**	**3,530**	**—**	**39,533**	**67,544**
Additions	**—**	**713**	**—**	**335**	**1,048**
Impairment loss (a)	**(10,334)**	**—**	**—**	**(12,730)**	**(23,064)**
Disposals	**—**	**(826)**	**—**	**(5)**	**(831)**
Amortisation charge	**—**	**(436)**	**—**	**(6,833)**	**(7,269)**
Closing net book amount	**14,147**	**2,981**	**—**	**20,300**	**37,428**
At 30 June 2019 (Unaudited)					
Cost	**14,147**	**9,436**	**226**	**47,499**	**71,308**
Accumulated amortisation and impairment	**—**	**(6,455)**	**(226)**	**(27,199)**	**(33,880)**
Net book amount	**14,147**	**2,981**	**—**	**20,300**	**37,428**

16. Intangible assets (continued)

(a) Impairment loss

The impairment loss was mainly resulted from the impairment of goodwill and intangible assets of Beijing Laixia Technology Co., Ltd. ("**Laixia**") due to the termination of current business as a result of the changes of business strategy and the impairment of intangible assets of Haomei Information Technology Co., Ltd. ("**Haomei**") in the first half of 2019. The impairment amount as at 30 June 2019 is as follows:

	Unaudited Six months ended 30 June 2019 RMB'000
Impairment loss	
— Laixia	**18,544**
— Haomei	**4,520**
	23,064

17. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Associates (a)	**62,582**	25,675
Joint ventures (b)	**202,356**	171,813
	264,938	197,488

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

(a) Associates

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
At the beginning of the period/year	**25,675**	128
Additions	**28,030**	25,500
Share of profit of associates	**8,877**	47
At the end of the period/year	**62,582**	25,675

(b) Joint ventures

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
At the beginning of the period/year	**171,813**	174,943
Additions	**25,000**	—
Share of profit/(loss) of the joint ventures	**5,543**	(3,130)
At the end of the period/year	**202,356**	171,813

18. Financial assets at fair value through profit or loss

(a) Non-current

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
At the beginning of the period/year	**256,988**	40,430
Additions	**164,971**	231,000
Disposals	**(14,045)**	(11,766)
Changes in fair value	**14,443**	(2,676)
At the end of the period/year	**422,357**	256,988

The non-current financial assets at fair value through profit or loss of RMB422,357,000 comprises wealth management products of RMB351,425,000, and the investments in equity interests with preferred rights of certain private companies of RMB70,932,000.

(b) Current

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Structured deposits	**442,532**	763,020
Investment in wealth management products	**603,181**	163,270
Others	**—**	10,750
	1,045,713	937,040

The investment in wealth management products were mainly issued by reputable banks and financial institutions in the PRC. The fair values are based on cash flow discounted using the expected return based on management judgement and are within level 3 of the fair value hierarchy. Changes in fair value (realised and unrealised) of these financial assets had been recorded in "Other gains-net" in the condensed consolidated statements of comprehensive income.

The maximum exposure to credit risk at the reporting date is the carrying value of these investments. None of these investments are either past due or impaired.

19. Accounts receivables

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Accounts receivables		
— Up to 3 months	**31,169**	52,610
— 3 to 6 months	**409**	130
— 6 months to 1 year	**1,790**	267
— 1 to 2 years	**267**	—
	33,635	53,007

As at 30 June 2019 and 31 December 2018, the carrying amount of accounts receivables are primarily denominated in RMB and approximate to their fair values at each of the reporting dates.

(b) As at 30 June 2019, trade receivables of RMB1,592,000 were past due but not impaired (31 December 2018: RMB1,455,000). These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, management believes the overdue amounts can be recovered.

20. Restricted cash

	Unaudited Six months ended 30 June 30 June 2019 RMB'000	 31 December 2018 RMB'000
Restricted cash	**39,418**	28,386

As at 30 June 2019, bank balance of RMB8,800,000 were restricted as security for a legal proceeding outcome, the remaining restricted cash balance of RMB30,618,000 was resulted from ongoing investigations by regulators or the courts on spending made by certain users of the Group's online platform. As at 30 June 2019, except for the restricted cash of RMB8,800,000 mentioned above,

20. Restricted cash (continued)

(a) in relation to restricted cash of RMB4,600,000, a court in the PRC (the "Court") has ruled that the user had been using funds obtained from her misconducts to consume on the Group's online platform, and the Court has demanded the Group to return the funds amounting to RMB4,259,000. The Group has filed an appeal to the Court's decision and a provision of RMB4,259,000 has been made as at 30 June 2019.

(b) in relation to the remaining restricted cash balances of RMB26,018,000, the Group has not received any decisions or rulings from any courts in the PRC nor as defendant in any legal cases. The Group, based on the external lawyer's legal opinion, believed that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, as such no provisions have been made by the Group as at 30 June 2019.

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Non-current:		
Loans to a third party	**10,392**	—
Prepayment for investment	**10,000**	—
Rental and other deposits	**5,435**	5,435
Others	**194**	—
	26,021	5,435
Current:		
Loans to related parties	**278,428**	255,811
Amounts due from third parties		
— Arising from disposal of financial assets at fair value through profit or loss	**—**	140
— Loans to third parties	**29,000**	20,000
— Arising from disposal of equity interests in one joint venture	**5,716**	—
Prepayments for promotion and advertising	**57,974**	105,985
Prepayment to suppliers	**38,436**	14,441
Interests receivables	**9,244**	7,407
Other deposits	**5,939**	5,995
Prepaid income tax	**—**	13,292
Deductible input VAT	**14,844**	25,514
Others	**3,010**	918
	442,591	449,503

22. Accounts payables

Ageing analysis of the accounts payables at the end of each reporting period are as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
— Up to 3 months	**254,823**	266,773
— 3 to 6 months	**10,598**	11,075
— 6 months to 1 year	**11,145**	13,976
— Over 1 year	**222,364**	222,109
	498,930	513,933

23. Provisions

	Legal claim RMB'000
Balance at 31 December 2018	8,800
Additional provisions	4,559
Closing amount at 30 June 2019	**13,359**

24. Share-based payments

Restricted Share Units ("**RSUs**")

Pursuant to a resolution passed by the Board of Directors of the Company on 18 November 2018, the Company set up a restricted share unit scheme ("**RSU Scheme**") with the objective to incentivise 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.

(a) Grant of the RSUs in 2018

On 18 November 2018, 27,469,214 RSUs under the RSU Scheme were granted to employees, which was disclosed in the annual report for the year ended 31 December 2018.

(b) Grant of the RSUs in 2019

On 3 June 2019, 4,000,000 RSUs under the RSU Scheme were granted to employees. The RSUs are fully vested on 11 June 2019.

24. Share-based payments (continued)

(c) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board of Directors of the Company on 18 November 2018, the Company entered into a trust deed (the "**Trust Deed**") with Computershare Hong Kong Trustees Limited (the "**RSU Trustee**") to assist with the administration of the RSU Scheme. For the six months ended 30 June 2019, the RSU scheme purchased 20,060,000 ordinary shares at the cost of approximately RMB34,010,000. The RSU Trustee held these shares for the benefit of eligible participants pursuant to the RSU Scheme and the Trust Deed.

(d) Fair value of RSUs

(i) The fair value of RSUs granted on 18 November 2018 was assessed to approximate to the market price of the grant date at the amount of HKD2.19 each (equivalent to RMB53,287,583 in total).

(ii) The fair value of RSUs granted on 3 June 2019 was assessed to approximate to the market price of the grant date at the amount of HKD1.64 each (equivalent to RMB5,758,858 in total).

A summary of RSUs activities for the six months ended 30 June 2019 is presented below:

	Unaudited Six months ended 30 June 2019	
Restricted Share Units	Number of shares	Weighted average fair value (per share) RMB
Opening balance	**27,469,214**	**1.94**
Granted	**4,000,000**	**1.44**
Vested	**(11,196,346)**	**1.76**
Forfeited	**(3,709,741)**	**1.94**
Closing balance	**16,563,127**	**1.94**

24. Share-based payments (continued)

(d) Fair value of RSUs (continued)

Share-based compensation was recognised in costs and expenses for the six months ended 30 June 2019 are as follows:

	Unaudited Six months ended 30 June 2019 RMB'000
Cost of sales	1,752
Administrative expenses	8,560
Selling and marketing expenses	751
Research and development expenses	5,567
Total	**16,630**

25. Lease

	Unaudited	
	30 June 2019 RMB'000	1 January 2019 RMB'000
Right-of-use assets	158,877	27,089
Lease liabilities		
— Current	25,309	22,524
— Non-current	135,183	6,697
	160,492	29,221

	Unaudited Six months ended 30 June 2019 RMB'000
Depreciation charge of right-of-use assets (Note 8)	12,052
Interest expense	3,776
Expense relating to short-term leases (Note 8)	2,024
	17,852

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 operating decisions. Parties are also considered to be related if they are under common control or joint control in the controlling shareholder's 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
Ms. LIAO Jieming ("**Ms. Liao**")	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
Guangying Shidai Beijing Technology Limited (光映時代(北京)科技有限公司) ("**Guangying Shidai**")	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
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 (湖南置業有限公司) ("**Hunan Inke Property**")	An associate of the Group

The following transactions were carried out with related parties:

(a) Significant transactions with related parties

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Loans to related parties		
— Hunan Inke Property	**22,436**	—
— Beijing Yingtianxia	**5,000**	—
— Laixia[i]	**—**	5,000
	27,436	5,000

26. Related party transactions (continued)

(a) Significant transactions with related parties (continued)

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Proceeds from related parties		
— Beijing Yingtianxia	**5,000**	—

	Unaudited Six months ended 30 June 2019 RMB'000	2018 RMB'000
Advertisement revenue generated from related parties		
— Beijing Yingtianxia	**10,608**	—
— Beijing Laoyou Duozhi	**65**	—
	10,673	—

(i) Laixia has become a wholly owned subsidiary of the Group since 7 September 2018.

(b) Balances with related parties

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Other receivables from related parties		
— Hunan Inke Property[i]	**272,428**	249,992
— Beijing Yingtianxia[ii]	**6,113**	5,819
— Duomi Online	**1,373**	1,373
	279,914	257,184

(i) The balance represents an interest-free loan lent to Hunan Inke Property, and repayable within one year.

(ii) The balance represents a loan lent to Beijing Yingtianxia, repayable within one year and bears an interest rate at 8% per annum.

26. Related party transactions (continued)

(b) Balances with related parties (continued)

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Accounts receivables from related parties		
— Guangying Shidai	**410**	910
— Beijing Yingtianxia	**10,608**	—
	11,018	910
Other payables to related party		
— Duomi Online	**15**	15

(c) 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 2019 RMB'000	2018 RMB'000
Salaries, other social security costs, housing benefits and other employee benefits	**4,390**	3,858

27. Subsequent Events

The Company entered into a share purchase agreement dated 14 July 2019 and other documents to acquire (i) the entire issued share capital of Social Network Technology Co., Ltd. and (ii) all rights in the equity interest of 北京藍莓時節科技有限公司 (Beijing Blueberry Technology Co., Ltd.) for a total consideration of US$85,000,000. Please refer to the Company's announcements dated 15 July 2019 and 22 August 2019, respectively, for further details.

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

As at the date of this interim report, the interests and short positions of the Directors or 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 set forth in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Model Code**") were as follows:

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

Name of Director/ Chief Executive	Nature of interest	Number of underlying shares[1]	Approximate percentage of shareholding interest
Mr. Feng	Interest in controlled corporation	358,798,000[2]	17.52%
Mr. LIU Xiaosong ("**Mr. Liu**")	Interest in controlled corporation	250,000,000[3]	12.21%
Ms. Liao	Interest in controlled corporation	167,155,000[4]	8.16%
Mr. Hou	Interest in controlled corporation	167,155,000[5]	8.16%

Notes:

(1) All interests stated are long positions.

(2) Mr. Feng holds the entire share capital of Fantastic Live Holdings Limited, which in turn directly holds 358,798,000 shares of the Company (the "**Shares**").

(3) Mr. Liu holds 54.85% of the total share capital in Shenzhen Kuai Tong Lian Technology Co., Ltd, which holds 22.08% of the total share capital in Duomi Online. In addition, Mr. Liu directly holds another 22.8% of the total share capital in Duomi Online. Moreover, Duomi Online, through Hunan Feiyang Network Information Services Co., Ltd., holds the entire share capital of Feiyang Hong Kong Limited, which in turn directly holds 250,000,000 Shares.

(4) 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, through Luckystar Live Holdings Limited, holds 89.99% of the total share capital in Generous Live LIMITED, which in turn directly holds 86,746,000 Shares.

(5) Mr. Hou holds the entire share capital of Horizon Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Mr. Hou through Horizon Live Holdings Limited, holds 97.99% of the total issued share capital in Evergreen live LIMITED, which in turn directly holds 86,746,000 Shares.

(b) Interests in other members of the Group

So far as the Directors are aware, as at the date of this interim report, the following person (excluding the Company) is 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	Registered capital	Approximate percentage of interest
Beijing Meelive	Mr. Feng	RMB358,798	20.94%
Beijing Meelive	Duomi Online	RMB250,000	14.59%
Beijing Meelive	Xi Zang Kunnuo	RMB175,293	10.23%
Haomei	Guo Hui	RMB2,000,000	20.00%

Save as disclosed above, as at the date of this interim report, none of the Directors nor 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 the date of this interim report, so far as is 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 of the Company 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 under Section 336 of the SFO:

Name	Nature of interest	Number of underlying shares[1]	Approximate percentage of shareholding interest
Fantastic Live Holdings Limited	Beneficial owner	358,798,000[2]	17.52%
Duomi Online	Interest in controlled corporation	250,000,000[3]	12.21%
Hunan FeiYang Network Information Services Co., Ltd.	Interest in controlled corporation	250,000,000[3]	12.21%
FeiYang Hong Kong Limited	Beneficial owner	250,000,000[3]	12.21%
Luckystar Live Holdings limited	Interest in controlled corporation	167,155,000[4]	8.16%
Horizon Live Holdings Limited	Interest in controlled corporation	167,155,000[5]	8.16%
Chen Yingyi	Interest of spouse	167,155,000[6]	8.16%
Wang Meilin	Interest of spouse	167,155,000[7]	8.16%

Notes:

(1) All interests stated are long positions.

(2) Mr. Feng holds the entire share capital of Fantastic Live Holdings Limited, which in turn directly holds 358,798,000 Shares.

(3) Mr. Liu holds 54.85% of the total share capital in Shenzhen Kuai Tong Lian Technology Co., Ltd, which holds 22.08% of the total share capital in Duomi Online. In addition, Mr. Liu directly holds another 22.8% of the total share capital in Duomi Online. Moreover, Duomi Online, through Hunan Feiyang Network Information Services Co., Ltd., holds the entire share capital of Feiyang Hong Kong Limited, which in turn directly holds 250,000,000 Shares.

(4) 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, through Luckystar Live Holdings Limited, holds 89.99% of the total share capital in Generous Live LIMITED, which in turn directly holds 86,746,000 Shares.

(5) Mr. Hou holds the entire share capital of Horizon Live Holdings Limited, which in turn directly holds 80,409,000 Shares. In addition, Mr. Hou through Horizon Live Holdings Limited, holds 97.99% of the total issued share capital in Evergreen live LIMITED, which in turn directly holds 86,746,000 Shares.

(6) Mr. Chen Yingyi is the spouse of Ms. Liao.

(7) Ms. Wang Meilin is the spouse of Mr. Hou.

Save as disclosed above, as at the date of this interim report, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company 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 under Section 336 of the SFO.

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 of the Company. The purpose of the Share Option Scheme is to incentivise and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (the "**Eligible Person(s)**") for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant 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. As at 30 June 2019, no option has been granted or agreed to be granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Restricted Share Unit Scheme

On 23 June 2018, the RSU Scheme of the Company was approved and adopted by the Board. The purpose of the RSU Scheme is to incentivise 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.

Persons eligible to receive 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.

Details of the RSUs granted and outstanding under the RSU Scheme

The Board has authorised (i) the Company to direct and procure the appointed RSU trustee to purchase up to 27,469,214 ordinary shares of the Company on market (accounting for approximately 1.33% of the Company's ordinary shares on market) from time to time during the period from 12 November 2018 to 1 August 2022 and (ii) Mr. Feng 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 authorised the Company to grant RSUs in respect of the shares of the Company to 432 selected participants in the RSU Scheme (the "**Grantees**"), none of which 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.

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

During the six months ended 30 June 2019, the Company has repurchased a total of 15,772,000 shares on the Stock Exchange at an aggregate consideration of HK$28,126,400 (of which 13,254,000 repurchased shares have been cancelled on 19 July 2019). The highest price paid per share is HK$2.06, and the lowest price paid per share is HK$1.46.

Except as disclosed above, during the six months ended 30 June 2019, neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities.

COMPETING INTERESTS

During the six months ended 30 June 2019, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as at 30 June 2019 had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2019.

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 and the Corporate Governance Report (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 2019, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein, except for a deviation from the code provision A.2.1 which requires that the roles of chairman and chief executive should be separated 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 2004. 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 three 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 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 2019.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the 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 of the Company, Mr. David CUI and Dr. LI Hui, and one non-executive Director of the Company, Mr. LIU Xiaosong. Mr. David CUI is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed unaudited condensed consolidated interim 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 is unaudited, but has 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 further change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

USE OF PROCEEDS FROM LISTING

With the shares of the Company listed on the Stock Exchange on 12 July 2018, the net proceeds from the Global Offering (following full exercise of the Over-allotment Option) was approximately HK$1,229 million (the "**IPO Proceeds**").

As of 30 June 2019, the Company had accumulatively used approximately HK$75.6 million to develop its new products, approximately HK$262.1 million to market and promote new products and approximately HK$114.9 million to develop technology, research and development capabilities. All usages are consistent with the intended purpose of the IPO Proceeds.

The Company does not intend to change the purpose of the IPO proceeds as set out in the Prospectus and will gradually utilise the residual amount of the IPO proceeds in accordance with their intended purpose.

Intended use of the Net Proceeds	Amount of the Net Proceeds for each intended usage HK$' million	Amount of the utilised Net Proceeds as at 30 June 2019 HK$' million	Amount of the remaining Net Proceeds as at 30 June 2019 HK$' million	Expected timeline for the remaining Net Proceeds to be utilised[1] for the year ending 31 December 2019 HK$' million	for the year ending 31 December 2020 HK$' million
Diversify our product and content offerings	245.8	75.6	170.2	66.5	103.7
Marketing initiatives	368.7	262.1	106.6	70.6	36.0
Technology, research and development capabilities	245.8	114.9	130.9	87.1	43.8
strategic investment and acquisition opportunities	245.8	—	245.8	157.0[2]	88.8
General working capital	122.9	—	122.9	—	122.9
Total	1,229.0	452.6	776.4	381.2	395.2

Notes:

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

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

EVENTS AFTER THE REPORTING PERIOD

The Company entered into a share purchase agreement dated 14 July 2019 and other documents to acquire (i) the entire issued share capital of Social Network Technology Co., Ltd. and (ii) all rights in the equity interest of 北京藍莓時節科技有限公司 (Beijing Blueberry Technology Co., Ltd.) for a total consideration of US$85,000,000. Please refer to the Company's announcements dated 15 July 2019 and 22 August 2019, respectively, for further details.