



iDreamSky Technology Holdings Limited  
创梦天地科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1119

2024

INTERIM  
REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Chen Xiangyu (*Chairman of the Board and Chief Executive Officer*)  
Mr. Guan Song  
Mr. Jeffrey Lyndon Ko  
Mr. Yang Jialiang

### Non-executive Directors

Mr. Zhang Han  
Mr. Yang Ming

### Independent Non-executive Directors

Ms. Yu Bin  
Mr. Li Xintian  
Mr. Zhang Weining  
Mr. Mao Rui

## AUDIT COMMITTEE

Mr. Zhang Weining (*Chairman*)  
Mr. Zhang Han  
Ms. Yu Bin  
Mr. Li Xintian

## STRATEGY COMMITTEE

Mr. Chen Xiangyu (*Chairman*)  
Mr. Guan Song  
Mr. Jeffrey Lyndon Ko  
Mr. Yang Ming  
Mr. Zhang Weining  
Mr. Mao Rui

## NOMINATION COMMITTEE

Mr. Chen Xiangyu (*Chairman*)  
Mr. Guan Song  
Ms. Yu Bin  
Mr. Li Xintian  
Mr. Zhang Weining

## REMUNERATION AND APPRAISAL COMMITTEE

Ms. Yu Bin (*Chairman*)  
Mr. Jeffrey Lyndon Ko  
Mr. Yang Jialiang  
Mr. Li Xintian  
Mr. Zhang Weining

## AUTHORIZED REPRESENTATIVES

Mr. Guan Song  
Ms. Ng Ka Man (*ACG, HKACG*)

## JOINT COMPANY SECRETARIES

Ms. Tang Xu  
Ms. Ng Ka Man (*ACG, HKACG*)

## LEGAL ADVISOR

As to Hong Kong law:  
Clifford Chance  
27/F, Jardine House  
1 Connaught Place  
Central, Hong Kong

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
22/F, Prince's Building  
10 Chater Road  
Central, Hong Kong

## REGISTERED OFFICE

The offices of Maples Corporate Services Limited  
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Grand Cayman KY1-1104  
Cayman Islands

## HEADQUARTER

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Kexing Science Park  
15 Ke Yuan Road  
Nanshan District  
Shenzhen  
Guangdong Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## PRINCIPAL SHARE REGISTRAR

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

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKERS

Shanghai Pudong Development Bank  
Shenzhen Zhongxinqu Sub-branch  
1/F and 2/F, Block B  
International Chamber of Commerce Building  
138 Fuhua Yi Road  
Futian District  
Shenzhen  
Guangdong Province  
PRC

Bank of China Zhongxing Sub-branch  
West Side, 1/F, ZTE R&D Building  
13 Gaoxin South Road Four  
Nanshan District  
Shenzhen  
Guangdong Province  
PRC

## COMPANY'S WEBSITE

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

## STOCK CODE

1119

## DATE OF LISTING

6 December 2018

# Financial Highlights

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenues	845,223	1,109,811
Gross profit	291,786	502,066
(Loss)/profit before income tax	(107,393)	53,061
(Loss)/profit for the period from continuing operations	(109,279)	52,576
Adjusted profit for the period*	3,297	199,150

- \* To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets, impairment losses on prepayments and exchange gains/losses. The data in 2023 interim period was restated and adjusted to remain comparable to the disclosures in 2024 interim period.

Dear investors and friends who may concern about iDreamSky,

It is a great honor to present our 2024 Interim Financial Report to you.

The game industry grew steadily in the first half of 2024, reaching new peaks in user base. We currently focus on our core gaming business and promote stable performance growth. Long-operating games and continuously introducing high-quality overseas games lay a solid foundation for our performance. On top of that, we continue to launch high-quality self-developed games, showing a solid growth momentum, especially as Strinova (卡拉彼丘) has reached an essential phase of global launch on PC and domestic launch on mobile. By fully utilizing AI technology, we have enhanced development and operational efficiencies, as well as the quality of user services. Furthermore, the commercial value of our Fanbook community has also continued to increase, achieving steady growth in performance.

We would like to summarize the interim results around the following points:

## **Leveraging source code development and operation, we persistently update product content, ensuring the enduring success of high-quality games and fostering robust expansion of our core business**

**For classic games featuring large user bases and long lifecycles such as Subway Surfers (地鐵跑酷), Gardenscapes (夢幻花園) and Homescapes (夢幻家園), we adhere to continuous content updating, IP crossovers and community operations, which lays the foundation for our solid performance with a stable cash flow.**

Subway Surfers has been a hit game for 11 years since its launch and ranked in the top 10 of the Hot Lists on multiple channels. In 2024, we successfully launched 8 brand new versions of Subway Surfers, and collaborated with IPs such as GG Bond (豬豬俠) and Snake Off (貪吃蛇大作戰). By setting up an event center in the Fanbook community, we have successfully organized many exciting competitive events, with 100,000 registrations and over 200 million exposures on all platforms. For the moment, we are working on a brand new global version that will present diversified gameplay experiences and delights to our global users.

Gardenscapes and Homescapes (collectively the "Scapes series") have seen steady growth in user base and continuous increases in per-user value contribution. Gardenscapes achieved a 14% year-on-year increase in revenue. Despite being online for 7 years, the Scapes series remains popular among players, with cumulative registered users in China exceeding 200 million. In 2024, we have launched 10 brand new versions of Gardenscapes and crossovers with IPs such as Snake Off and Dunhuang (敦煌). Thanks to event promotion and refined operations, the user scale of the Scapes series in the Fanbook community has increased by over 30% as compared with the end of 2023, the scale of high-quality creators has increased by 6 folds, and the market exposure has increased by over 200%, effectively nurturing the games.

**By leveraging deep customized cooperation based on source code, we have won wide recognition from overseas developers. Continuous introduction of high-quality games such as War Robots (機甲戰隊) enhances performances and improves operating cash flow.**

War Robots was released in China in January 2024, filling the gap in the realistic mech real-time combat game in the Chinese market. Half a year after its launch, it has ranked in the top 6 in the shooting genre on the main channels of Android and has been featured as a high-quality game more than 20 times on iOS. It was even featured on the homepage of the App Store in February.

We successfully launched 10 brand new versions of War Robots, initiated 5 content solicitations and 3 competition recruitments. Its top players have organized a number of unofficial competitions on their own initiative, and the content exposure brought by the creators has reached nearly 200 million times. Recently, it has been co-branded with “MacArthur (麥克阿瑟)” and “Liu Peiqie (劉培茄)” played by influencers, which has made waves on social platforms. We take creators and competitive events as a means to improve the quality and scale of users at different levels, and combine them with event versions to achieve the closed loop of “output → exposure → consumption” of content. The rich content of the version and the operation method that cater to the preferences of Chinese players have enabled War Robots to achieve excellent results and show a continuous growth trend, bringing the Company a substantial profit return.

### **We launch high-quality self-developed games, create products with global influence, and steadily introduce games represented by Strinova to the global market**

**As the world's first multi-platform anime competitive shooting game, Strinova continues to release high-quality content through “season+competitive events” operations, and will soon be launched on multiple platforms worldwide, entering a broader market.**

Since its launch on PC in China, Strinova has been recognized and loved by users, especially young users with great potential, thanks to its unique “Paper Mode” mechanic and anime-style themes. Strinova adopts season operation mode, and as of the season 6, it has successfully delivered 17 characters, 16 maps, and 7 modes. With the constant updating of new characters, maps and gameplay, the game performance shows a strong growth trend. During this summer vacation, the number of average DAUs increased by nearly 40%, with the daily average online time per person around 120 minutes. In July 2024, the number of paying user and the average revenue per paying user (ARPPU) increased by more than 30% and nearly 40% month-on-month respectively.

At the same time, we put competitive event operations high on the list of priorities of our product development. Since 2024, we have held branded competitions such as campus competitions and the Starlight Cup (星輝杯), which have attracted the attention and participation of new users and deepened the brand's influence among young generations, injecting vitality into acquiring new users. Notably, thanks to its unique innovation and product strength, Strinova has officially joined the 2024 Saudi Arabian Esports World Cup, which has greatly enhanced the product's global popularity and empowered its overseas market expansion.

The PC version of Strinova is scheduled to be launched globally in the fourth quarter of 2024, covering countries and regions such as North America, Japan, South Korea, Europe, Southeast Asia, and South America. The first round of closed beta testing (CBT-1) overseas received positive feedback, and during the test period, it topped Steam's Upcoming Releases list. On the first day of broadcasting on Twitch, it ranked in the top 9 on the whole platform and in the top 4 in the shooting genre, and was hotly pursued by multiple top streamers in the overseas eSports communities and Vtuber communities.

We have also made progress in mobile and console versions. At present, the mobile version in China has entered a stage of small-scale testing, and is expected to be launched in the first quarter of 2025. The console version has been adapted with Sony and received wide attention from players at Sony's booth of 2024 ChinaJoy, and is expected to be launched in 2025. We're confident that Strinova will reach new heights with its launch in the global market and on multiple platforms.

**Glory All Stars (榮耀全明星) has been online for 3 years, continuously generating great revenue.** It is firmly at the forefront of side-scrolling action fighting RPG mobile games and has long been the best-selling recommendation in the action game genre on iOS. In the first half of 2024, we continued to introduce new gameplays to Glory All Stars by launching 10 content versions such as the “Level 80 Version (80級版本)”, bringing users a richer and more diversified gaming experience.

**Delta Force (三角洲行動), the cross-platform tactical shooting game co-developed by us and Tencent, is scheduled for launch in September 2024, with wishlists exceeding 30 million.** This game embeds the most cutting-edge development technology to give users a tense, exciting, and realistic shooting experience.

## Fanbook users' service quality and commercial value continue to improve, and applications of AI+ community are gradually being implemented

Fanbook serves as our main base for connecting and serving users, making efficient interaction and synergy between the supply and demand, and solidly underpinning the long-term lifecycle operation of the game. Furthermore, as the Company's core self-owned channel, Fanbook not only effectively reduces the marketing costs of the gaming business, but also opens up a new source of income for the gaming business by building an online store and launching game peripheral products, and contributing to the Company's strong profitability and cash flows.

At the same time, Fanbook is dedicated to the user service community ecosystem, continuously deepening its cooperation with domestic and international Large Language Model (LLM) developer companies. The AI upgrades and transformations carried out in user scenarios have begun to bear fruit. For example, we have joined hands with the Scapes series community to implement "Humanize (真人化)" AI capabilities in group chats and circles to shape multiple Agents, achieving high information density, and increase the duration of consumption. In the first half of 2024, the Scapes series community grew further in user base, with revenue within Fanbook rising more than 60% as compared to the second half of 2023. The fast-growing token consumption also reflects the high-level user recognition. We firmly believe in the power of advancing AI technology, as well as the ability of AI services to reduce the cost of user access and services, and to provide valuable information and services to community users, increasing user stickiness and lifetime value (LTV). We are committed to the widespread application of AI in community services, empowering users to develop personalized AI characters and involving everyone in the innovation and practice of AI services.

## AI enhances development and operational efficiency, driving cost-effectiveness and experience upgrades

We apply AI technology to games like Strinova to enhance character interaction and provide a more challenging and engaging experience. For example, we offer assistance to new players to help them quickly grasp the essentials of the game and accustom them to the gaming ecosystem.

We have also integrated AI into all aspects of game development to make the game production process more efficient and smarter. These include the use of AI code assistants to optimize the coding process for better development efficiency; the application of smart skinning and other design AI tools to quickly achieve desired results through the application of intelligent algorithms and reduce manpower; and the Company's internal AI translation platform, which is designed to conduct conversational translation or batch translation through the LLM, significantly improving the translation efficiency of the multilingual version of the game and reducing the translation cost of the localization of the game language. Currently, English, Japanese, Korean and other translations have been applied to the game's announcements, dialogues, and other scenarios, and we are planning to release another 8 languages such as Vietnamese and Turkish soon.

Thanks to AI technology, we have not only improved the quality of the games and the players' experience, and brought them a richer and more diversified game world, but also improved the efficiency and lowered the costs.

## We incorporate the concept of public welfare into our product design, actively fulfilling our social responsibility, and being a caring technology enterprise

The "New Year of the year of the Loong (龍年新春)" and "crossover with Dunhuang (敦煌聯動)" versions Gardenscapes, developed by ourselves, integrate traditional Chinese festivals, cultural relics and historical stories into the adventure gameplay, conveying the beauty of the traditional Chinese culture in a new form while bringing more surprises to users.

Subway Surfers, integrating urban culture and China-Chic, has launched several versions themed Guilin, Shenzhen and so on, constantly lighting up Chinese cities in the game map, so that players can deeply sample and explore China's urban culture while enjoying parkour. In the character design, we skillfully integrate the elements of China-Chic, allowing the game character to be a vivid carrier to convey the charm of the Chinese culture.





## Chairman's Statement

We have participated in various public welfare activities, and joined by the China Audio-video and Digital Publishing Association, we helped promote the “Pomegranate Seed Program (石榴籽計劃)” to provide support and assistance for the learning and growth of young people in border and ethnic areas. We have also participated in the “Green and Beautiful Guangdong Ecological Construction Program (綠美廣東生態建設)” and other thematic activities to promote green development and empower the construction of digital villages.

We will continue to enhance our core competitiveness by optimizing our existing game products and working on the launch of games such as Strinova on multi-platform globally, so as to make it a popular competitive game favored by young people. In addition, we are actively seeking and seizing new market opportunities, continuously introducing high-quality games in subdivided category to bring users better experience.

To conclude, I, on behalf of the Board of Directors, would like to extend my heartfelt gratitude to all employees and the management team of iDreamSky for their great contributions and dedication. Also, I would like to thank all users and Shareholders for their long-term support and trust. Adhering to our mission of bringing happiness to users, we will remain very focused on the enhancement in the Company's intrinsic value, continue to create high-quality products, and create greater value for shareholders and society.

**Chen Xiangyu**

*Chairman*

Shenzhen, the PRC, 29 August 2024

# Management Discussion and Analysis

The following table sets forth the comparative figures for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenues	845,223	1,109,811
Cost of revenues	(553,437)	(607,745)
<b>Gross profit</b>	<b>291,786</b>	502,066
Selling and marketing expenses	(77,766)	(101,545)
General and administrative expenses	(50,381)	(41,998)
Research and development expenses	(153,286)	(141,071)
Impairment losses on intangible assets	—	(920)
Net impairment losses on financial assets and contract assets	(82,162)	(68,518)
Other income	7,659	20,180
Other gains/(losses), net	7,552	(3,991)
Fair value gains on financial assets at fair value through profit or loss	1,974	1,067
<b>Operating (loss)/profit</b>	<b>(54,624)</b>	165,270
Finance income	1,664	2,884
Finance costs	(51,405)	(112,908)
Finance costs, net	(49,741)	(110,024)
Share of results of investments accounted for using the equity method	(3,028)	(2,185)
<b>(Loss)/profit before income tax</b>	<b>(107,393)</b>	53,061
Income tax expense	(1,886)	(485)
<b>(Loss)/profit for the period</b>	<b>(109,279)</b>	52,576
<b>Adjusted profit for the period</b>	<b>3,297</b>	199,150

## REVENUES

Revenue for the six months ended 30 June 2024 decreased by 23.8% to approximately RMB845.2 million (for the six months ended 30 June 2023: approximately RMB1,109.8 million). Revenue from games, information services and others accounted for 97.3%, 2.1% and 0.6% (for the six months ended 30 June 2023: 96.0%, 3.7% and 0.3%) of the Group's total revenue, respectively.

	Six months ended 30 June			
	2024		2023	
	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Game revenue	822,238	97.3	1,065,088	96.0
Information service revenue	17,618	2.1	40,516	3.7
Other revenue	5,367	0.6	4,207	0.3
	<b>845,223</b>	<b>100.0</b>	<b>1,109,811</b>	<b>100.0</b>

### Game revenue

We derive a substantial portion of our revenue from our games. The gaming business contributed 97.3% and 96.0% of our revenue for the six months ended 30 June 2024 and 2023, respectively. Game revenue decreased from RMB1,065.1 million for the six months ended 30 June 2023 to RMB822.2 million for the six months ended 30 June 2024. The game revenue in the first half of 2024 decreased by 22.8% year on year, and increased by 5% compared with that in the second half of 2023. The year-on-year decline in game revenue is primarily attributed to a significant shift in our revenue structure. In our game portfolio, we have experienced a decrease in the proportion of self-operated games and a corresponding increase in the proportion of licensed games operated by third parties and jointly operated games. The domestic PC version of our self-developed game Strinova is licensed to be published by our major shareholder Tencent, and revenue from this game is recognized on a net basis, meaning only our share of the revenue is recognized. Secondly, we focused on core high-quality games, further reducing the operation of non-core games in the first half of 2023, which still contributed to 2023 interim revenue. Furthermore, our game Subway Surfers, which has been online for over 11 years, saw over 10 folds growth in various operational metrics in the first half of 2023, leading to a natural decline in revenue in 2024.

Although the overall revenue has declined, our core online games still achieved commendable results. The self-developed game Glory All Stars has been online for 3 years, continuously introducing new gameplay and maintaining stable revenue; as the world's first multi-platform anime competitive shooting game, Strinova continuously delivers premium content through "season+competitive events" operations. Since the launch of the domestic PC version, it has gained user recognition and affection with its unique "Paper Mode" mechanic and anime-style themes, resulting in a steady growth in various operational metrics. The Scapes series, which has been online for more than 7 years, remains popular among players, with a steady growth in user base. The revenue of Gardenscapes increased by 14% year-on-year. The Subway Surfers, which has been online for more than 11 years, remains popular and consistently ranks in the top 10 of the Hot Lists on multiple channels. We are currently developing a new version for global release, which will bring diverse gameplay and surprises to users worldwide. The domestic version of War Robots, which was launched in January 2024, is the only realistic mech real-time combat game in the Chinese market, showing impressive operational metrics.

### Information service revenue

Our information service revenue is mainly derived from our advertising business. Revenue from information services decreased from RMB40.5 million for the six months ended 30 June 2023 to RMB17.6 million for the six months ended 30 June 2024. The decrease was mainly due to the Company's proactive adjustment of strategies to reduce in-app advertising to improve user experience.

## COST OF REVENUES

Our cost of revenues decreased by 8.9% from RMB607.7 million for the six months ended 30 June 2023 to RMB553.4 million for the six months ended 30 June 2024.

As a percentage of revenues, our cost of revenues increased to 65.5% for the six months ended 30 June 2024 from 54.8% for the six months ended 30 June 2023. The increase was primarily due to the substantial growth in revenue from our products such as War Robots and Gardenscapes, leading to changes in the cost-to-revenue ratio of the product portfolio.

## SELLING AND MARKETING EXPENSES

Our selling and marketing expenses decreased by 23.4% from RMB101.5 million for the six months ended 30 June 2023 to RMB77.8 million for the six months ended 30 June 2024. For the six months ended 30 June 2024, our selling and marketing expenses as a percentage of revenues were 9.2%, remaining stable compared with 9.1% for the six months ended 30 June 2023, primarily due to our continuous improvement in customer acquisition efficiency and refined operation since 2023, which kept the marketing expenses at a relatively low level.

## GENERAL AND ADMINISTRATIVE EXPENSES

Our general and administrative expenses increased by 20.0% from RMB42.0 million for the six months ended 30 June 2023 to RMB50.4 million for the six months ended 30 June 2024. As a percentage of revenues, our general and administrative expenses increased from 3.8% for the six months ended 30 June 2023 to 6.0% for the six months ended 30 June 2024. The increase was mainly due to the decrease in the Group's total revenue for the period ended 30 June 2024, resulting in a decrease in the scale effect of the management level.

## RESEARCH AND DEVELOPMENT EXPENSES

Our research and development expenses increased by 8.7% from RMB141.1 million for the six months ended 30 June 2023 to RMB153.3 million for the six months ended 30 June 2024. As a percentage of revenues, our research and development expenses increased from 12.7% for the six months ended 30 June 2023 to 18.1% for the six months ended 30 June 2024. The increase in research and development expenses was mainly due to the increase in investment in multi-terminal research and development of our self-developed game Strinova.

## NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

We recorded net impairment losses on financial assets of RMB82.2 million and RMB68.5 million for the six months ended 30 June 2024 and 2023, respectively.

## FINANCE COSTS, NET

Our net finance costs decreased by 54.8% from RMB110.0 million for the six months ended 30 June 2023 to RMB49.7 million for the six months ended 30 June 2024. The decrease in net finance costs was mainly due to our further reduction in the scale of liabilities, particularly the decrease in the scale of convertible bonds, which led to a reduction in interest expenses and the impact of exchange gains or losses. We incurred a foreign exchange income of RMB3.2 million for the six months ended 30 June 2024, as compared to a foreign exchange loss of RMB33.9 million for the six months ended 30 June 2023.

## INCOME TAX EXPENSES

We recorded an income tax expense of RMB1.9 million for the six months ended 30 June 2024, compared to an income tax expense of RMB0.5 million for the six months ended 30 June 2023.

## PROFIT/LOSS FOR THE PERIOD

We recorded the loss for the period of RMB109.3 million and the profit for the period of RMB40.6 million for the six months ended 30 June 2024 and 2023, respectively.

## OTHER FINANCIAL INFORMATION

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Adjusted profit for the period <sup>(1)</sup>	3,297	199,150
EBITDA <sup>(2)</sup>	11,719	150,553
Adjusted EBITDA <sup>(3)</sup>	100,087	268,439

### Notes:

- (1) To supplement our unaudited consolidated financial statements which are presented in accordance with IFRS, we also use adjusted profit for the period as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted profit/loss for the period was derived from our profit/loss for the period excluding share-based compensation expenses, fair value gains or losses on financial assets, interest expenses on convertible bonds, impairment losses on intangible assets, net impairment losses on financial assets, impairment losses on prepayments and exchange gains/losses. The data in the 2023 interim period was restated and adjusted to remain comparable to the disclosures in the 2024 interim period.
- (2) EBITDA is profit or loss before interest expense, income tax expense/credit, depreciation and amortization.
- (3) Adjusted EBITDA is calculated using profit/loss for the period, adding back depreciation of property, plant and equipment, investment properties and right-of-use assets, amortization of intangible assets, income tax expense and interest expense.

## Non-International Financial Reporting Standards Financial Measures

To supplement the consolidated financial statements of the Group prepared in accordance with IFRS, three non-IFRS measures, namely adjusted profit for the period, EBITDA and adjusted EBITDA, have been presented in this report as additional financial measures. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies.

We present non-IFRS financial measures because they are used by our management to evaluate our operating performance and formulate business plans. By excluding certain expenses, gains/(losses) and other items that are not expected to result in future cash payments or that are non-recurring in nature or may not be indicative of our core operating results and business outlook, we believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information regarding the Group's financial performance to investors and Shareholders of the Company. The Company's management also believes that the non-IFRS measures are appropriate for evaluating the Group's operating results and the relevant trends relating to its financial position. From time to time in the future, there may be other items that the Company may exclude in reviewing its financial results.

The following tables set forth the reconciliations of the Group's non-IFRS financial measures for the six months ended 30 June 2024 and 2023 to the nearest measures prepared in accordance with IFRS:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>Reconciliation of (loss)/profit for the period to adjusted (loss)/profit for the period:</b>		
<b>(Loss)/profit for the period</b>	<b>(109,279)</b>	40,590
Add: Interest expenses on convertible bonds	<b>24,208</b>	40,674
Add: Fair value (gains) on financial assets at fair value through profit or loss	<b>(1,974)</b>	(1,067)
Add: Share-based compensation expenses	<b>4,005</b>	2,395
Add: Exchange (gains)/losses	<b>(3,246)</b>	33,919
Less: Impairment loss on intangible assets	<b>—</b>	920
Less: Net impairment losses on financial assets	<b>82,162</b>	68,518
Less: Loss from discontinued operations	<b>—</b>	11,986
Less: Impairment loss on prepayments	<b>7,421</b>	1,215
<b>Adjusted profit for the period</b>	<b>3,297</b>	199,150
<b>Reconciliation of (loss)/profit for the period to EBITDA and adjusted EBITDA:</b>		
<b>(Loss)/profit for the period</b>	<b>(109,279)</b>	40,590
Add: Depreciation of property, plant and equipment, investment properties and right-of-use assets	<b>6,848</b>	6,305
Add: Amortization of intangible assets	<b>56,340</b>	21,986
Add: Income tax expense	<b>1,886</b>	485
Add: Interest expense	<b>55,924</b>	81,187
<b>EBITDA</b>	<b>11,719</b>	150,553
Add: Fair value gains on financial assets at fair value through profit or loss	<b>(1,974)</b>	(1,067)
Add: Share-based compensation expenses	<b>4,005</b>	2,395
Add: Exchange (gains)/losses	<b>(3,246)</b>	33,919
Less: Impairment loss on intangible assets	<b>—</b>	920
Less: Net impairment losses on financial assets	<b>82,162</b>	68,518
Less: Loss from discontinued operation	<b>—</b>	11,986
Less: Impairment loss on prepayments	<b>7,421</b>	1,215
<b>Adjusted EBITDA</b>	<b>100,087</b>	268,439

## LIQUIDITY AND FINANCIAL RESOURCES

We adopt a prudent treasury management policy to ensure that our Group maintains a healthy financial position.

As of 30 June 2024, the Group's total cash and cash equivalents increased by 42.9% to approximately RMB272.2 million from approximately RMB190.4 million as of 31 December 2023. Our cash and cash equivalents were primarily denominated in RMB, HKD, EUR and USD.

As of 30 June 2024, the Group's total borrowings amounted to approximately RMB1,240.7 million (31 December 2023: RMB966.4 million). The nature of the Group's borrowings is summarized as follows:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Secured bank borrowings	1,220,710	876,424
Secured other borrowings	20,000	90,000
	<b>1,240,710</b>	<b>966,424</b>

The carrying amount of the Group's borrowings are denominated in the following currencies:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
RMB	980,519	699,526
EUR	260,191	266,898
	<b>1,240,710</b>	<b>966,424</b>

As of 30 June 2024, the current assets of the Group amounted to approximately RMB1,757.7 million, and the current liabilities of the Group amounted to approximately RMB1,776.4 million. As of 30 June 2024, the current ratio (calculated by dividing the current assets by the current liabilities) of the Group was 0.99 as compared with 1.07 as of 31 December 2023.

Debt ratio is calculated based on our total liabilities as at the respective date divided by our total assets as at the same date. As of 30 June 2024, the debt ratio of the Group was 56.8% as compared with 53.0% as of 31 December 2023.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, convertible bonds, interest payable and lease liabilities less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statement of financial position. As of 30 June 2024 and 31 December 2023, the Group's gearing ratio was 67.6% and 57.3%, respectively.

### PLEDGE OF ASSETS

Among the total borrowings of the Group as of 30 June 2024 approximately RMB922.4 million (31 December 2023: RMB601.4 million) was secured by the Group's part of right-of-use assets (land use rights), construction in progress, certain trade receivables, certain game intellectual properties and certain deposits, which accounted for approximately 74.3% (31 December 2023: 62.2%) of the Group's total borrowings.

### CONTINGENT LIABILITIES

As of 30 June 2024, the Group did not have any unrecorded significant contingent liabilities or guarantees made by us (31 December 2023: nil).

### CAPITAL EXPENDITURE

For the six months ended 30 June 2024, our total capital expenditure was approximately RMB58.7 million, as compared to RMB80.6 million for the six months ended 30 June 2023. Our capital expenditure primarily included expenditures for license fees paid to game developers, construction in progress and purchase of property, plant and equipment, etc. We plan to fund our capital expenditure through our operating cash flow, debt financing and equity financing. We may adjust our capital expenditures according to our future development plans or in light of market conditions and other factors that we consider appropriate.

### MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

For the six months ended 30 June 2024, the Group did not have any material acquisitions, disposals and significant investments.

### FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates internationally and is exposed to the foreign exchange risk arising from various currency exposures, primarily RMB, HKD, EUR and USD. Therefore, the foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. Our Group manages the foreign exchange risk by performing regular reviews of its 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.

We did not hedge against any fluctuations in foreign currency during the six months ended 30 June 2024 and 2023.

### EMPLOYEES AND THEIR REMUNERATION POLICIES, RETIREMENT PLANS AND TRAINING PROGRAMS

As of 30 June 2024 and 31 December 2023, we had 760 and 797 full-time employees, respectively. Substantially all of our employees are from mainland China, and a small number of employees are from France, Canada, Thailand, Hong Kong, the PRC and Macau, the PRC.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide employees with competitive remuneration packages to achieve the Group's talent strategic objectives. In addition to basic salary, we also provide employees with diversified remuneration policies such as performance bonuses and share awards. We also purchase commercial health and accident insurance for our employees. We have granted, and plan to continue to grant in the future, share award schemes to our employees to incentivize their contributions to our development.



The Group and its employees in the PRC participate in various social security plans and housing funds in accordance with the laws and regulations of the PRC and the requirements of the relevant authorities where the PRC employees are located. Among them, post-employment benefit plans are basic pension insurance organized and implemented by the Ministry of Human Resources and Social Security of the PRC (the “**Social Security Department**”), which belong to the category of defined contribution plans. These insurance plans shall be calculated as a percentage of the employees’ basic salaries and make monthly contributions, which are charged to profit or loss on an accrual basis. The Social Security Department is responsible for the payment of the basic social pension to the retired employees upon their retirement in the PRC. We also make contributions for our Hong Kong employees at the statutory mandatory contribution rates jointly borne by the Company and the employees within the statutory limits prescribed by the Mandatory Provident Fund Schemes Ordinance.

During the six months ended 30 June 2024 and the year ended 31 December 2023, no forfeited contributions were used to offset employers’ contributions and forfeited contributions were available to reduce the contributions payable in the future years.

We provide talent management training programs for our senior management to help them enhance their strategic vision and leadership skills. We also provide employees with job-specific trainings, such as customer service training and compliance management training, as well as various theme-specific trainings such as Tech-talk activities, induction training for fresh graduates and employee sharing activities. Through these trainings, we help employees improve their professional skills and comprehensive qualities.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance for the six months ended 30 June 2024.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separate, and shall not be performed by the same individual.

Mr. Chen Xiangyu is concurrently the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company. However, due to Mr. Chen Xiangyu’s background, qualifications and experience in the Company, he is considered the most suitable person to take both roles. The Board is of the view that it is appropriate and in the best interests of the Company that Mr. Chen Xiangyu holds both positions, as it helps to maintain the continuity of the policies and the efficiency and stability of the operations of the Company.

Besides, all major decisions of the Company have been made in consultation with members of the Board and appropriate committees, as well as the senior management team. In addition, Directors participated actively in all Board meetings and appropriate committee meetings. The Chairman ensures that all issues are properly briefed at the Board meetings, and the Chairman works with the senior management team to provide adequate, accurate, clear, complete and reliable information to all members of the Board on a regular manner. Further, the Board meets with Mr. Chen Xiangyu regularly to discuss issues relating to the operations of the Group.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Mr. Chen Xiangyu holding both the positions of Chairman and Chief Executive Officer of the Company will not have influence on the balance of power and authority between the Board and the Company’s senior management team. Despite the above, the Board will continue to regularly monitor and review the Company’s current structure and to make necessary changes when appropriate.

Save as disclosed above, the Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2024.

## INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited consolidated financial statements and this interim report for the six months ended 30 June 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed and reviewed the risk management, internal control and financial reporting matters.

## CHANGES TO DIRECTORS' INFORMATION

During the six months ended 30 June 2024, there was not any change to Directors' information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of the Rule 13.51(2) of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2024, the total number of shares repurchased by the Company on the Stock Exchange were 3,444,800, at a total consideration (before deduction of expenses) of HKD5,963,668.

During the six months ended 30 June 2024, the Company's monthly report on share repurchase is set out as below:

Month	Number of Shares repurchased	Highest purchase price per Share <i>HKD</i>	Lowest purchase price per Share <i>HKD</i>	Total consideration (before deduction of expenses) <i>HKD</i>
January 2024	3,444,800	1.85	1.60	5,963,668.00
	3,444,800			5,963,668.00

Save as disclosed above, the Group had not purchased, sold or redeemed any of the Company's listed securities (including the treasury shares (if any)) during the six months ended 30 June 2024. As at the end of the Reporting Period, the Group did not hold treasury shares.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (a) Interest in Shares and Underlying Shares

Name of Directors	Capacity/Nature of Interest	Number of Shares Held <sup>(6)</sup>	Approximate Percentage of Interest in the Company <sup>(1)(5)</sup>
Mr. Chen Xiangyu ("Mr. Chen") <sup>(2)</sup>	Interest of controlled corporation	238,743,922 (L)	15.21%
	Beneficial owner	26,720,800 (L)	1.70%
Mr. Guan Song ("Mr. Guan") <sup>(3)</sup>	Interest of controlled corporation	19,016,020 (L)	1.21%
	Beneficial owner	15,378,000 (L)	0.98%
Mr. Jeffrey Lyndon Ko ("Mr. Ko") <sup>(4)</sup>	Interest of controlled corporation	13,965,000 (L)	0.89%
	Beneficial owner	400,000 (L)	0.03%
Mr. Yang Jialiang ("Mr. Yang")	Beneficial owner	1,412,000 (L)	0.09%

*Notes:*

- (1) The percentages are calculated on the basis of 1,569,999,945 Shares in issue as of 30 June 2024.
- (2) Brilliant Seed Limited is wholly owned by Mr. Chen, who is therefore deemed to be interested in the Shares held by Brilliant Seed Limited.
- (3) Bubble Sky Limited is wholly owned by Mr. Guan, who is therefore deemed to be interested in the Shares held by Bubble Sky Limited.
- (4) Shipshape Holdings Limited is wholly owned by Mr. Ko, who is therefore deemed to be interested in the Shares held by Shipshape Holdings Limited.
- (5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (6) The letter "L" denotes the person's long position in such Shares.

**(b) Interest in Associated Corporation**

<b>Name of Director</b>	<b>Associated Corporation</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of Shares Held</b>	<b>Approximate Percentage of Interest in the Associated Corporation</b>
Mr. Chen	Shenzhen Mengyu Technology Co., Ltd.	Beneficial owner	500,000 (L)	5.00%

Save as disclosed above, as at 30 June 2024, none of the Directors or the chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2024 was the Group a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS**

As at 30 June 2024, to the best knowledge of 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 fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

<b>Name of Shareholders</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Shares Held<sup>(6)</sup></b>	<b>Approximate Percentage of Interest in the Company<sup>(1)(5)</sup></b>
Brilliant Seed Limited <sup>(2)</sup>	Beneficial owner	238,743,922 (L)	15.21%
Mr. Chen <sup>(2)</sup>	Beneficial owner	26,720,800 (L)	1.70%
	Interest of controlled corporation	238,743,922 (L)	15.21%
Tencent Mobility Limited <sup>(3)</sup>	Beneficial owner	249,141,192 (L)	15.87%
Tencent Holdings Limited <sup>(3)</sup>	Interest of controlled corporation	249,141,192 (L)	15.87%
iDreamSky Technology Limited <sup>(4)</sup>	Beneficial owner	120,842,927 (L)	7.70%
Dream Investment Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	120,842,927 (L)	7.70%
Dream Technology Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	120,842,927 (L)	7.70%

*Notes:*

- (1) The percentages are calculated on the basis of 1,569,999,945 Shares in issue as at 30 June 2024.
- (2) Brilliant Seed Limited is wholly owned by Mr. Chen. Under the SFO, Mr. Chen is deemed to be interested in the Shares held by Brilliant Seed Limited.
- (3) Tencent Mobility Limited is a wholly owned subsidiary of Tencent Holdings Limited. Under the SFO, Tencent Holdings Limited is deemed to be interested in the Shares held by Tencent Mobility Limited.
- (4) iDreamSky Technology Limited is wholly owned by Dream Investment Holdings Limited, which is an exempted company incorporated with limited liabilities in the Cayman Islands and is in turn wholly owned by Dream Technology Holdings Limited. None of the shareholders of Dream Technology Holdings Limited hold one-third or more of the equity interest of Dream Technology Holdings Limited. Under the SFO, Dream Investment Holdings Limited and Dream Technology Holdings Limited are deemed to be interested in the Shares held by iDreamSky Technology Limited.
- (5) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (6) The letter "L" denotes the person's long position in such Shares.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## SHARE SCHEME

### Pre-IPO RSU Scheme

As approved by the Board, the Company adopted a restricted share unit (the "**RSU(s)**") scheme (the "**Pre-IPO RSU Scheme**") on 18 May 2018, according to which, the Board may, at its discretion, grant RSU to any eligible participants. For a summary of the principal terms of the Pre-IPO RSU Scheme, please refer to the Prospectus of the Company dated 26 November 2018.

As at the effective date of the Pre-IPO RSU Scheme, the total number of RSUs available for issue shall not exceed 8,627,045 (the "**Total Number of RSUs**"), representing a total of 8,627,045 Shares. On 18 May 2018, the Board resolved to allot an aggregate of 8,627,045 Shares to the RSU holding entities, which hold the Shares of the Company on trust. On the Listing Date, the share capital of the Company was increased from 500,000,000 Shares to 5,000,000,000 Shares and the authorized share capital was also increased by ten times. As a result, the Total Number of RSUs shall be changed to 86,270,450 RSUs accordingly, representing a total of 86,270,450 Shares.

During the six months ended 30 June 2024, no RSUs were granted under the Pre-IPO RSU Scheme.

### 2023 Share Incentive Scheme

As approved by the Board, the Company has adopted a 10-year share incentive scheme on 18 May 2023 (the “**2023 Share Incentive Scheme**”) which is solely satisfied by existing shares.

The Board may accordingly make an offer of options and/or grant RSUs to any employee (whether full-time or part-time), executive or officer, director and consultant of any member of the Group, under the 2023 Share Incentive Scheme. Please refer to the announcement of the Company dated 18 May 2023 for a summary of the principal terms of the 2023 Share Incentive Scheme.

The total number of Shares which involved upon exercise of all options and/or RSUs granted under the 2023 Share Incentive Scheme shall not in aggregate exceed 28,207,966 Shares (excluding the relevant award Shares that have lapsed or been canceled in accordance with the 2023 Share Incentive Scheme), representing 2% of the issued share capital of the Company as at the adoption date. As of 30 June 2024, no RSUs or options had been granted by the Company under the 2023 Share Incentive Scheme.

### 2023 New Share Option Scheme

The Company adopted a 10-year share option scheme (the “**2023 New Share Option Scheme**”) by an ordinary resolution at the annual general meeting of the Company dated 30 June 2023.

The Board may accordingly grant a total of up to 56,415,933 Share Options (each Share Option shall entitle the Grantee thereof to subscribe for one Share) to any employee (whether full-time or part-time), executive or officer and director of any member of the Group under the 2023 New Share Option Scheme. Please refer to the circular of the Company dated 8 June 2023 for a summary of the principal terms of the 2023 New Share Option Scheme.

Details of the share options granted, exercised, cancelled and lapsed by the Group to the eligible participants under the 2023 New Share Option Scheme during the six months ended 30 June 2024 are as follows:

	<b>Options</b>
<b>As of 1 January 2024</b>	<b>8,880,000</b>
Granted	24,859,900
Exercised	—
Cancelled	—
Lapsed	1,050,000
<b>As of 30 June 2024</b>	<b>32,689,900</b>

As at 1 January 2024, the Group had 8,880,000 unexercised share options granted under the 2023 New Share Option Scheme, with details as follows:

<b>Date of grant</b>	<b>Number of options granted</b>	<b>Vesting period<sup>(1)</sup></b>	<b>Exercise period<sup>(1)</sup></b>	<b>Exercise price</b> <i>HKD</i>
28 July 2023	1,830,000 <sup>(2)</sup>	One year	Ten years	3.78
	1,550,000	One year	Ten years	4.92
	1,800,000	Three years	Ten years	3.58
	3,700,000	Four years	Ten years	3.58

## Notes:

- (1) Both the vesting period and the exercise period is counted from the date of grant.
- (2) The grantee of which comprises 212,000 share options is Mr. Yang Jialiang, who was not yet appointed as an executive Director of the Company as at the date of grant.
- (3) Save as disclosed above, the grantees of the share options granted at 28 July 2023 were all other employee participants, (i) no options were granted under the 2023 New Share Option Scheme to any Directors, chief executives or substantial shareholders or their associates; (ii) none of the grantees has been granted options and awards under the 2023 New Share Option Scheme beyond the 1% individual limit; and (iii) no options were granted to related entity participants and service providers under the 2023 New Share Option Scheme.

Details of the share options granted by the Group to Directors under the 2023 New Share Option Scheme during the six months ended 30 June 2024 are as follows:

Director	Number of options granted	Date of grant <sup>(1)</sup>	Vesting period	Exercise period	Exercise price HKD	Performance targets <sup>(2)</sup> Yes/No
Mr. Jeffrey Lyndon Ko	400,000	25 January 2024	15 April 2025	24 January 2034	1.592	Yes
Mr. Guan Song	400,000	25 January 2024	15 April 2025	24 January 2034	1.592	Yes
Mr. Yang Jialiang	500,000	25 January 2024	15 April 2025	24 January 2034	1.592	Yes

## Notes:

- (1) The closing price of the Shares immediately before the date of such grant was HKD1.59 and the closing price of the Shares on the date of grant was HKD1.57.
- (2) The performance appraisal is mainly based on the growth rate of the Group's revenue and profit in 2024, and comprehensively considers the level of contribution to overseas business expansion. The vesting percentage of the grantee's share options is adjusted based on his/her consolidated performance score.

Details of the share options granted by the Group to other employee participants under the 2023 New Share Option Scheme during the six months ended 30 June 2024 are as follows:

Date of grant	Number of options granted	Vesting period	Exercise period	Exercise price HKD	Performance targets <sup>(6)</sup> Yes/No
25 January 2024 <sup>(1)</sup>	15,281,400	Indefinite <sup>(3)</sup>	Ten years <sup>(5)</sup>	1.592	Yes
6 June 2024 <sup>(2)</sup>	8,278,500	Indefinite <sup>(4)</sup>	Ten years <sup>(5)</sup>	3.010	Yes

## Notes:

- (1) The closing price of the Shares immediately before the date of such grant was HKD1.59 and the closing price of the Shares on the date of grant was HKD1.57.
- (2) The closing price of the Shares immediately before the date of such grant was HKD2.98 and the closing price of the Shares on the date of grant was HKD2.90.
- (3) Among them, the vesting period of 14,901,400 share options is 15 April 2025, and the vesting period of the remaining 380,000 share options is within 3 years from 2025 to 2027, but shall not be less than 12 months from the date of grant.
- (4) Among them, the vesting period of 4,139,250 share options is 6 June 2025, while the vesting period of the remaining 4,139,250 share options is 6 June 2026.



- (5) The exercise period is counted from the date of grant.
- (6) Each year is an assessment period. Two performance appraisals will be conducted during each assessment period and the results of each performance appraisal will be included in the annual consolidated performance score. The percentage of vesting of the grantee's share options in each assessment period is adjusted based on his/her annual consolidated performance score.

Save as disclosed above, during the six months ended 30 June 2024, (i) no options were granted under the 2023 New Share Option Scheme to any Directors, chief executives or substantial shareholders or their associates; (ii) none of the grantees has been granted options and awards under the 2023 New Share Option Scheme beyond the 1% individual limit; and (iii) no options were granted to related entity participants and service providers under the 2023 New Share Option Scheme.

As of 1 January 2024 and 30 June 2024, the number of share options available for future grants under the 2023 New Share Option Scheme were 47,535,933 and 23,726,033, respectively, and no share options were granted under the sub-limit for service providers. During the six months ended 30 June 2024, the total number of shares that may be issued upon the exercise of all share options granted under the 2023 New Share Option Scheme was 24,859,900 shares, dividing by the weighted average number of the Company's total issued share capital (excluding treasury shares, if any) is 0.85%.

For details of the accounting standards policies adopted and the fair value of the options and awards at the date of grant under the 2023 New Share Option Scheme, please refer to Note 22 to the consolidated financial statements.

### SUBSEQUENT EVENTS

On 23 July 2024, the Company entered into a placing agreement (the "**Placing Agreement**") with the placing agent, pursuant to which the Company has agreed to appoint the placing agent, and the placing agent has agreed to act as the agent of the Company to procure, on a best effort basis, placees for the placing shares at the placing price of HKD2.15 per placing share (the "**Placing**"). On 31 July 2024, all the conditions to the placing as set out in the Placing Agreement were satisfied, and the Company completed the allotment and issue of an aggregate of 119,850,400 ordinary Shares with a par value of USD0.0001 each under general mandate with an aggregate nominal value of USD11,985.04 to not less than six independent placees. The gross proceeds from the Placing will be approximately HKD257.68 million, of which the estimated net proceeds (after deduction of commissions and other estimated expenses payable) amount to approximately HKD254.13 million. The net price per ordinary Share was HKD2.12. The Company intends to use the proceeds from the Placing for the research and development and overseas launches of key products, as well as for general working capital. For details, please refer to the announcements of the Company dated 23 July 2024 and 31 July 2024.

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Continuing operations</b>			
Revenues	7	845,223	1,109,811
Cost of revenues	8	(553,437)	(607,745)
<b>Gross profit</b>			
Selling and marketing expenses	8	(77,766)	(101,545)
General and administrative expenses	8	(50,381)	(41,998)
Research and development expenses	8	(153,286)	(141,071)
Impairment losses on intangible assets	8	—	(920)
Net impairment losses on financial assets	18, 19	(82,162)	(68,518)
Other income	9	7,659	20,180
Other gains/(losses), net	9	7,552	(3,991)
Fair value gains on financial assets at fair value through profit or loss	17	1,974	1,067
<b>Operating (loss)/profit</b>		<b>(54,624)</b>	<b>165,270</b>
Finance income	10	1,664	2,884
Finance costs	10	(51,405)	(112,908)
Finance costs, net	10	(49,741)	(110,024)
Share of results of investments accounted for using the equity method	16	(3,028)	(2,185)
<b>(Loss)/profit before income tax</b>		<b>(107,393)</b>	<b>53,061</b>
Income tax expense	11	(1,886)	(485)
<b>(Loss)/profit for the period from continuing operations</b>		<b>(109,279)</b>	<b>52,576</b>
<b>Discontinued operations</b>			
Loss for the period from discontinued operations after income tax		—	(11,986)
<b>(Loss)/profit for the period</b>		<b>(109,279)</b>	<b>40,590</b>
<b>Other comprehensive (loss)/income</b>			
Items that will not be reclassified to profit or loss			
— Currency translation differences		12,840	129,242
Items that may be reclassified to profit or loss			
— Currency translation differences		(7,799)	(110,170)
<b>Total comprehensive (loss)/income for the period</b>		<b>(104,238)</b>	<b>59,662</b>

## Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company			
— from continuing operations		(109,817)	52,698
— from discontinued operations		—	(11,986)
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(109,817)</b>	<b>40,712</b>
Profit/(loss) for the period attributable to non-controlling interests			
— from continuing operations		538	(122)
— from discontinued operations		—	—
<b>Profit/(loss) for the period attributable to non-controlling interests</b>		<b>538</b>	<b>(122)</b>
		<b>(109,279)</b>	<b>40,590</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
— Equity holders of the Company		(104,776)	59,784
— Non-controlling interests		538	(122)
		<b>(104,238)</b>	<b>59,662</b>
<b>(Losses)/earnings per share</b>			
From continuing operations			
— Basic (losses)/earnings per share ( <i>in RMB</i> )	12	(0.07)	0.04
— Diluted (losses)/earnings per share ( <i>in RMB</i> )	12	(0.07)	0.03
From discontinuing operations			
— Basic (losses)/earnings per share ( <i>in RMB</i> )	12	—	(0.01)
— Diluted (losses)/earnings per share ( <i>in RMB</i> )	12	—	(0.01)
From continuing and discontinued operations			
— Basic (losses)/earnings per share ( <i>in RMB</i> )	12	(0.07)	0.03
— Diluted (losses)/earnings per share ( <i>in RMB</i> )	12	(0.07)	0.03

The accompanying notes on pages 31 to 62 form an integral part of this interim financial information.

# Interim Condensed Consolidated Statement of Financial Position

As of 30 June 2024

	Note	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	109,361	98,354
Intangible assets	13	957,225	965,535
Investment properties	14	6,295	6,515
Right-of-use assets	15	85,512	96,236
Investments accounted for using the equity method	16	322,032	330,033
Financial assets at fair value through profit or loss	17	331,273	325,743
Prepayments and other receivables	19	113,434	72,620
Deferred tax assets		108,699	110,539
		<b>2,033,831</b>	<b>2,005,575</b>
<b>Current assets</b>			
Trade receivables	18	257,775	369,260
Prepayments and other receivables	19	987,132	983,871
Contract costs		34,980	47,288
Financial assets at fair value through profit or loss	17	75,580	73,145
Restricted cash		130,050	38,105
Cash and cash equivalents		272,178	190,429
		<b>1,757,695</b>	<b>1,702,098</b>
<b>Total assets</b>		<b>3,791,526</b>	<b>3,707,673</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital, share premium and treasury shares	20	3,740,159	3,745,616
Reserves	21	946,459	936,373
Accumulated losses		(3,147,109)	(3,036,252)
		<b>1,539,509</b>	<b>1,645,737</b>
<b>Non-controlling interests</b>		<b>98,028</b>	<b>97,490</b>
<b>Total equity</b>		<b>1,637,537</b>	<b>1,743,227</b>

## Interim Condensed Consolidated Statement of Financial Position

As of 30 June 2024

	Note	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	121,329	123,526
Lease liabilities	15	1,911	9,539
Convertible bonds	24	254,310	237,297
		<b>377,550</b>	<b>370,362</b>
<b>Current liabilities</b>			
Borrowings	23	1,119,381	842,898
Lease liabilities	15	11,812	13,269
Trade payables	25	295,132	273,415
Other payables and accruals	26	120,058	152,117
Financial liabilities at fair value through profit or loss		99,633	99,633
Contract liabilities		88,394	170,751
Current income tax liabilities		42,029	42,001
		<b>1,776,439</b>	<b>1,594,084</b>
<b>Total liabilities</b>		<b>2,153,989</b>	<b>1,964,446</b>
<b>Total equity and liabilities</b>		<b>3,791,526</b>	<b>3,707,673</b>

The accompanying notes on pages 31 to 62 form an integral part of this interim financial information.

On behalf of the Board

\_\_\_\_\_  
**Chen Xiangyu**  
*Director*

\_\_\_\_\_  
**Guan Song**  
*Director*

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

(Unaudited)	Note	Attributable to equity holders of the Company							Non-controlling interests	Total equity
		Share capital, share premium and treasury shares	Capital reserves	Statutory reserves	Translation differences	Other reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>		3,745,616	261,455	103,444	75,057	496,417	(3,036,252)	1,645,737	97,490	1,743,227
Profit for the period		—	—	—	—	—	(109,817)	(109,817)	538	(109,279)
Other comprehensive income		—	—	—	—	—	—	—	—	—
— Currency translation differences		—	—	—	5,041	—	—	5,041	—	5,041
<b>Total comprehensive income for the period</b>		—	—	—	5,041	—	(109,817)	(104,776)	538	(104,238)
<b>Transactions with owners</b>										
Share-based compensation expenses	21	—	—	—	—	4,005	—	4,005	—	4,005
Profit appropriation to statutory reserves		—	—	1,040	—	—	(1,040)	—	—	—
Acquisition of treasury shares	20	(5,457)	—	—	—	—	—	(5,457)	—	(5,457)
<b>Total transactions with owners recognized directly in equity for the period</b>		(5,457)	—	1,040	—	4,005	(1,040)	(1,452)	—	(1,452)
<b>Balance at 30 June 2024</b>		3,740,159	261,455	104,484	80,098	500,422	(3,147,109)	1,539,509	98,028	1,637,537
<b>Balance at 1 January 2023</b>		3,291,884	16,100	96,062	66,996	621,827	(2,472,523)	1,620,346	174,196	1,794,542
Profit for the period		—	—	—	—	—	40,712	40,712	(122)	40,590
Other comprehensive income		—	—	—	—	—	—	—	—	—
— Currency translation differences		—	—	—	19,072	—	—	19,072	—	19,072
<b>Total comprehensive income for the period</b>		—	—	—	19,072	—	40,712	59,784	(122)	59,662
<b>Transactions with owners</b>										
Share-based compensation expenses	21, 22	—	—	—	—	2,395	—	2,395	—	2,395
Profit appropriation to statutory reserves		—	—	23,251	—	—	(23,251)	—	—	—
Disposal of a subsidiary		—	—	—	—	—	—	—	10,039	10,039
<b>Total transactions with owners recognized directly in equity for the period</b>		—	—	23,251	—	2,395	(23,251)	2,395	10,039	12,434
<b>Balance at 30 June 2023</b>		3,291,884	16,100	119,313	86,068	624,222	(2,455,062)	1,682,525	184,113	1,866,638

The accompanying notes on pages 31 to 62 form an integral part of this interim financial information.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		33,864	245,540
Income taxes paid		(64)	154
<b>Net cash generated from operating activities</b>		<b>33,800</b>	<b>245,694</b>
<b>Cash flows from investing activities</b>			
Dividends received		—	3,317
Purchase of property, plant and equipment	13	(636)	(2,476)
Proceeds from disposal of financial assets at fair value through profit or loss		—	30,821
Purchase of intangible assets		(44,653)	(52,924)
Payment for construction in progress		(13,409)	(25,165)
Proceeds from disposal of investments in associates and joint ventures	16	10,089	3,159
Loans to third parties		(68,785)	(11,683)
Repayment of loans due from third parties		60,921	10,000
Loans to shareholders		(27,592)	(5,299)
Repayment of loans due from shareholders		188	1,458
Proceeds from disposals of property, plant and equipment		—	11
Advances provided to related parties	28(b)(v)	(1,816)	(19,192)
Repayment received from related parties	28(b)(v)	1,485	3,152
Investments in financial assets at fair value through profit or loss		(3,000)	—
<b>Net cash used in investing activities</b>		<b>(87,208)</b>	<b>(64,821)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(281,700)	(699,665)
Proceeds from borrowings		562,693	688,266
Interest expenses paid		(41,456)	(49,641)
Principal elements of lease payments	15	(6,342)	(10,315)
Changes in restricted cash		(92,554)	(9,996)
Payments for share repurchase		(5,457)	—
<b>Net cash used in financing activities</b>		<b>135,184</b>	<b>(81,351)</b>
<b>Net increase in cash and cash equivalents</b>		<b>81,776</b>	<b>99,522</b>
Cash and cash equivalents at the beginning of the period		190,429	90,527
Effects of exchange rate changes on cash and cash equivalents		(27)	162
<b>Cash and cash equivalents at the end of the period</b>		<b>272,178</b>	<b>190,211</b>

The accompanying notes on pages 31 to 62 form an integral part of this interim financial information.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 1 GENERAL INFORMATION

iDreamSky Technology Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 January 2018 as an exempted company with limited liability. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “**Group**”) are principally engaged in game development and operating in the People’s Republic of China (the “**PRC**” or “**China**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**HKEX**”) since 6 December 2018.

This interim condensed consolidated financial information for the six months ended 30 June 2024 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated. This Interim Financial Information was approved for issue by the Board of Directors on 29 August 2024.

## 2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard 34 (“**IAS 34**”), “Interim financial reporting”. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023 (the “**2023 Financial Statements**”), which have been prepared in accordance with IFRS Accounting Standards, as set out in the 2023 annual report of the Company dated 28 March 2024.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the 2023 Financial Statements and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

### (a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2024. The adoption of these new and revised standards does not have any significant impact on the interim condensed consolidated financial information.

### (b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after 1 January 2025 and have not been early adopted by the Group.

		<b>Effective for annual periods beginning on or after</b>
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group’s financial position and results of operations upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.



# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 4 FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the 2023 Financial Statements.

There were no significant changes in any material risk management policies during the six months ended 30 June 2024.

### (b) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalent. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyzes the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Above 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
<b>(Unaudited)</b>						
<b>As of 30 June 2024</b>						
<b>Non-derivative</b>						
Borrowings	1,141,546	43,667	74,192	12,612	1,272,017	1,240,710
Trade payables	295,132	—	—	—	295,132	295,132
Convertible bonds (Note 24)	17,640	17,640	361,624	—	396,904	254,310
Lease liabilities	12,284	1,927	—	—	14,211	13,723
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	60,350	—	—	—	60,350	60,350
Financial liabilities at fair value through profit or loss (i)	82,775	—	—	—	82,775	59,070
<b>Derivative</b>						
Financial liabilities at fair value through profit or loss	52,737	—	—	—	52,737	40,563
<b>Total</b>	<b>1,662,464</b>	<b>63,234</b>	<b>435,816</b>	<b>12,612</b>	<b>2,174,126</b>	<b>1,963,858</b>
<b>(Audited)</b>						
<b>As of 31 December 2023</b>						
<b>Non-derivative</b>						
Borrowings	863,623	64,482	59,243	6,285	993,633	966,424
Trade payables	273,415	—	—	—	273,415	273,415
Convertible bonds (Note 24)	17,490	17,490	370,294	—	405,274	237,297
Lease liabilities	14,097	9,714	—	—	23,811	22,808
Other payables and accruals (excluding payroll and welfare payables and other tax payables)	66,581	—	—	—	66,581	66,581
Financial liabilities at fair value through profit or loss (i)	82,775	—	—	—	82,775	59,070
<b>Derivative</b>						
Financial liabilities at fair value through profit or loss	52,737	—	—	—	52,737	40,563
<b>Total</b>	<b>1,370,718</b>	<b>91,686</b>	<b>429,537</b>	<b>6,285</b>	<b>1,898,226</b>	<b>1,666,158</b>

For the six months ended 30 June 2024

**4 FINANCIAL RISK MANAGEMENT** (continued)**(b) Liquidity risk** (continued)

(i): The maximum amount of the guarantee or liability to settle the contingent put arrangement is allocated to the earliest period in which the guarantee could be called or the put option could be exercised.

**(c) Capital managements**

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities, interest payable, and convertible bonds less cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position. As of 30 June 2024, and 31 December 2023, the gearing ratio of the Group is 67.59% and 57.34% respectively.

**(d) Fair value estimation**

The table below analyzes the Group's financial instruments carried at fair value as of 30 June 2024, and 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value as of 30 June 2024, and 31 December 2023.

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Unaudited)</b>					
<b>As of 30 June 2024</b>					
<b>Financial assets at fair value through profit or loss</b>					
Investments in unlisted entities and private investment funds	17	—	—	331,273	331,273
Investments in listed entities	17	75,580	—	—	75,580
<b>Total financial assets</b>		<b>75,580</b>	<b>—</b>	<b>331,273</b>	<b>406,853</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Total financial liabilities		—	—	99,633	99,633
		<b>75,580</b>	<b>—</b>	<b>430,906</b>	<b>506,486</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 4 FINANCIAL RISK MANAGEMENT (continued)

#### (d) Fair value estimation (continued)

	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>(Audited)</b>					
<b>As of 31 December 2023</b>					
<b>Financial assets at fair value through profit or loss</b>					
Investments in unlisted entities and private investment funds	17	—	—	325,743	325,743
Investments in listed entities	17	73,145	—	—	73,145
<b>Total financial assets</b>		<b>73,145</b>	<b>—</b>	<b>325,743</b>	<b>398,888</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Total financial liabilities		—	—	99,633	99,633
		<b>73,145</b>	<b>—</b>	<b>425,376</b>	<b>498,521</b>

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The net asset value of the investments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value; and

Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

For the six months ended 30 June 2024

**4 FINANCIAL RISK MANAGEMENT** (continued)**(d) Fair value estimation** (continued)

The following table presents the movement in level 3 financial instruments during the six months ended 30 June 2024 and 2023:

	<b>Financial assets</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>325,743</b>	348,897
Additions	<b>4,850</b>	—
Disposals	—	(1,120)
Changes in fair value recognized in profit or loss	—	(5,742)
Currency translation differences	<b>680</b>	4,588
<b>At the end of the period</b>	<b>331,273</b>	346,623

The following table presents the changes in level 3 financial liabilities for the six months ended 30 June 2024 and 2023:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>At the beginning of the period</b>	<b>99,633</b>	—
Additions	—	88,647
Disposals	—	—
Changes in fair value recognized in profit or loss	—	—
Transfers from level 3 to level 1	—	—
Currency translation differences	—	—
<b>At the end of the period</b>	<b>99,633</b>	88,647
Changes in unrealized losses for the period included in profit or loss at the end of the period	—	—

**Valuation processes of the Group (Level 3)**

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team performs valuation, or necessary updates, at least once every six months. On an annual basis, the team adopts various techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

The components of the level 3 instruments mainly include investments in private investment funds and unlisted companies, financial guarantee contracts and derivative liabilities, etc. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows approach, comparable transactions approach, net asset value of the investments and other option pricing models, etc. Major assumptions used in the valuation include historical financial results, assumptions about terminal growth rate, estimates of weighted average cost of capital ("WACC"), price-to-sale ratio, and other exposure, etc.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2023 Financial Statements.

## 6 SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The Group's CODM has been identified as the CEO, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group. As a result of this evaluation, the CEO of the Group consider that the Group's operations are operated and managed as a single segment; accordingly no segment information is presented.

The Company is domiciled in Cayman Island while the Group's non-current assets and revenues are substantially located in and derived from the PRC; therefore, no geographical segments are presented.

## 7 REVENUES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Continuing operations</b>		
Game revenue	822,238	1,065,088
Information service revenue	17,618	40,516
Others	5,367	4,207
	<b>845,223</b>	<b>1,109,811</b>

The timing of revenues recognition by category is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Continuing operations</b>		
At a point in time	438,444	674,421
Over time	406,779	435,390
	<b>845,223</b>	<b>1,109,811</b>

There are two kinds of unsatisfied performance obligations as of 30 June 2024 and 2023.

One is the sales of game tokens and virtual items where there is still an implied obligation to be provided by the Group. The Group has determined that it is obligated to provide on-going services to the game players over an average playing period of the paying players. The amount of such unsatisfied performance obligations had been reflected in contract liabilities as of the end of the reporting period.

For the six months ended 30 June 2024

**7 REVENUES** (continued)

The other one is mainly the game development service and game cooperation services including on-going updates of new contents and maintenance service under variable price contracts, such as based on the pre-agreed percentage of the net billing of the game. The amount can not be estimated under such variable price contracts.

Contract liabilities will be recognized as revenues rateably over the Player Relationship Period of these paying players, starting from the point in time when virtual items are delivered to the players' accounts, and all other revenues recognition criteria are met.

**8 EXPENSES BY NATURE**

Expenses included in cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets are analyzed below:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Channel costs	277,059	388,063
Revenue share to content providers	217,079	164,077
Employee benefits expenses	147,361	107,169
Promotion and advertising expenses	70,191	98,388
Technical and development services fee in relation to game development and others	37,416	54,790
Amortization of intangible assets (Note 13)	30,129	21,986
Cloud computing, bandwidth and server custody fees	18,948	23,690
Impairment provisions for prepayments (Note 19)	7,421	1,215
Travelling and entertainment expenses	6,375	4,543
Professional service fees	6,148	9,519
Depreciation of right-of-use assets (Note 15(b))	6,021	5,468
Short-term rental and utilities expenses	2,539	1,713
Depreciation of property, plant and equipment (Note 13)	607	617
Other tax expenses	445	905
Depreciation of investment properties (Note 14)	220	220
Impairment provisions for intangible assets (Note 13)	—	920
Others	6,911	9,996
<b>Total cost of revenues, selling and marketing expenses, general and administrative expenses, research and development expenses and impairment losses on intangible assets</b>	<b>834,870</b>	<b>893,279</b>

During the six months ended 30 June 2024, the impairment loss of prepayments that revenue sharing to content providers have been disclosed in cost of revenues under IFRS 15.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 9 OTHER INCOME AND OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other income</b>		
Government grants	6,543	13,110
Additional deduction of value-added tax	—	3,767
Others	1,116	3,303
	<b>7,659</b>	<b>20,180</b>
<b>Other gains/(losses), net</b>		
Gains on disposal of investments in associates and joint ventures (Note 16)	5,073	640
Gains/(losses) on disposal of financial assets	1,850	(2,297)
Others	629	(2,334)
	<b>7,552</b>	<b>(3,991)</b>

### 10 FINANCE COSTS, NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Finance costs:</b>		
Interest expense on convertible bonds (Note 24)	24,208	40,674
Interest expenses on bank borrowings	31,256	39,790
Exchange (gains)/losses, net	(3,246)	33,919
Interest expense on lease liabilities (Note 15(b))	460	723
Interest capitalized	(1,273)	(2,198)
	<b>51,405</b>	<b>112,908</b>
<b>Finance income:</b>		
Interest income on bank deposits	(1,664)	(2,884)
	<b>(1,664)</b>	<b>(2,884)</b>
Finance costs, net	<b>49,741</b>	<b>110,024</b>

For the six months ended 30 June 2024

## 11 INCOME TAX EXPENSE

The income tax expense of the Group for the six months ended 30 June 2024 and 2023 is analyzed as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax	46	235
Deferred income tax	1,840	250
<b>Income tax expense</b>	<b>1,886</b>	<b>485</b>

## 12 (LOSSES)/EARNINGS PER SHARE AND DIVIDENDS

### (a) (Losses)/earnings per share

#### (i) Basic

	Six months ended 30 June					
	2024			2023		
	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(109,817)	—	(109,817)	52,698	(11,986)	40,712
Weighted average number of shares in issue (thousands)	1,570,305	—	1,570,305	1,392,595	1,392,595	1,392,595
Basic (losses)/earnings per share (in RMB)	(0.07)	—	(0.07)	0.04	(0.01)	0.03

Basic (losses)/earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the respective period, excluding ordinary shares purchased by the Group and held as treasury shares (Note 20).

#### (ii) Diluted

	Six months ended 30 June					
	2024			2023		
	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)	Continuing Operations (Unaudited)	Discontinued Operations (Unaudited)	Total (Unaudited)
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(109,817)	—	(109,817)	52,698	(11,986)	40,712
Weighted average number of shares in issue (thousands)	1,570,305	1,570,305	1,570,305	1,392,595	1,392,595	1,392,595
Adjustments for employee incentive plan and convertible bonds (thousands)	—	—	—	170,715	170,715	170,715
Weighted average number of shares for calculating diluted earnings/(losses) per share (thousands)	1,570,305	1,570,305	1,570,305	1,563,310	1,563,310	1,563,310
Diluted (losses)/earnings per share (in RMB)*	(0.07)	—	(0.07)	0.03	(0.01)	0.03



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 12 (LOSSES)/EARNINGS PER SHARE AND DIVIDENDS (continued)

#### (a) (Losses)/Earnings per share (continued)

##### (ii) Diluted (continued)

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume all dilutive potential ordinary shares.

\* The share incentive plan and convertible bonds were found to have an anti-dilutive effect during the six months ended 30 June 2024, therefore, the actual diluted earnings per share should equal to the basic earnings per share, which amounts to -0.09 per share in RMB.

#### (b) Dividends

The Board resolved that no interim dividend shall be declared for the six months ended 30 June 2024 (during the six months ended 30 June 2023: nil).

### 13 PROPERTY, PLANT AND EQUIPMENT (PP&E), CONSTRUCTION IN PROGRESS, INTANGIBLE ASSETS

	PP&E RMB'000	Construction in progress RMB'000 (Note a)	Intangible assets RMB'000
<b>(Unaudited)</b>			
<b>Six months ended 30 June 2024</b>			
Opening net book amount	4,091	94,263	965,535
Additions	636	10,981	21,022
Disposals	(3)	—	—
Depreciation/amortization charge	(607)	—	(30,129)
Impairment	—	—	—
Currency translation differences	—	—	797
Closing net book amount	<u>4,117</u>	<u>105,244</u>	<u>957,225</u>
<b>(Unaudited)</b>			
<b>Six months ended 30 June 2023</b>			
Opening net book amount	35,779	72,164	1,004,718
Additions	2,476	9,994	11,845
Disposals	(33,381)	—	(296)
Depreciation/amortization charge	(617)	—	(21,986)
Impairment	—	—	(920)
Currency translation differences	—	—	4,759
Closing net book amount	<u>4,257</u>	<u>82,158</u>	<u>998,120</u>

As of 30 June 2024 and 31 December 2023, the Group's certain game intellectual properties and licenses with net book amounts of both nil were pledged to a bank to secure certain bank borrowings of the Group respectively (Note 23).

The amortization charge for the six months ended 30 June 2024 significantly increased by about 37% as compared to the six months ended 30 June 2023 is primarily attributable to the increase in upgrading expenditures for certain launched games.

For the six months ended 30 June 2024

### 13 PROPERTY, PLANT AND EQUIPMENT (PP&E), CONSTRUCTION IN PROGRESS, INTANGIBLE ASSETS (continued)

The range of remaining licenses period for amortization is 3 to 5 years, and the licenses are either amortized on a straight-line basis over the expected economic life or over the remaining license period from commercial launch of the related games. The intangible assets not yet commenced to amortize as of 30 June 2024 were RMB1,114,525,000 (31 December 2023: RMB1,263,888,000).

The net book amount of the games which already launched and operated as of 30 June 2024 was RMB19,181,000 (31 December 2023: RMB9,072,000), the net book amount of the games for which the development is yet to be completed as of 30 June 2024 was RMB937,098,000 (31 December 2023: RMB955,548,000).

Non-financial assets that have an indefinite life are not subject to amortization, but are tested for impairment whenever there is any indication of impairment or annually at year-end (31 December). Non-financial assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Except for below, there was no indication of impairment for property, plant and equipment, construction in progress and other intangible assets.

#### (a) Impairment for intangible assets

The impairment for intangible assets mainly represents impairment of game intellectual properties and licenses and is the excess amount of the carrying amount of the game intellectual properties and licenses fees to the game developers over the cash flow projections to be generated in the remaining contractual period.

During the six months ended 30 June 2024, no game intellectual properties and licenses were fully or partly impaired (during the six months ended 30 June 2023: RMB920,000) was charged to the consolidated statement of comprehensive income, as the Group has terminated its contract with content providers or further developing and launching these games would not generate sufficient profit to cover operation cost.

### 14 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Opening net book amount</b>	<b>6,515</b>	6,955
Depreciation charge	(220)	(220)
<b>Closing net book amount</b>	<b>6,295</b>	6,735

The investment property as of 30 June 2024 is the buildings located in Changsha Xincheng Science Park for offices, held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sales and rental.

The fair value of the investment properties as of 30 June 2024 was RMB15,060,000 (31 December 2023: RMB11,980,000).

As of 30 June 2024, there were no investment properties of the Group were pledged to a bank to secure certain bank borrowings of the Group (31 December 2023: nil) (Note 23).

## Notes to the Interim Condensed Consolidated Financial Information

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### 15 LEASES

#### (a) Amounts recognized in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Buildings	11,937	21,165
Land use rights	73,575	75,071
	<b>85,512</b>	<b>96,236</b>
<b>Lease liabilities</b>		
Non-current	1,911	9,539
Current	11,812	13,269
	<b>13,723</b>	<b>22,808</b>

Additions to the right-of-use assets during the six months ended 30 June 2024 were RMB767,000 (for the six months ended 30 June 2023: RMB804,000).

No disposal of the right-of-use assets during the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB77,292,000).

#### (b) Amounts recognized in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Buildings	6,021	5,468
Land use rights	1,496	1,496
	<b>7,517</b>	<b>6,964</b>
Interest expense (included in finance costs)	460	723
Expense relating to short-term leases (included in cost of revenues and general and administrative expenses)	5	208

During the six months ended 30 June 2024 and 2023, the depreciation of RMB6,021,000 and RMB5,468,000 from buildings was charged as profit or loss respectively, while the depreciation of RMB1,496,000 and RMB1,496,000 from land use rights was recognized in construction in progress respectively.

For the six months ended 30 June 2024

**15 LEASES** (continued)**(b) Amounts recognized in the statement of comprehensive income** (continued)

During the six months ended 30 June 2024, the cash outflow about the principal element and interest element of lease payments was RMB6,342,000 and RMB460,000 respectively (for the six months ended 30 June 2023: RMB10,315,000 and RMB723,000), the cash outflow about payment for short-term and low-value lease was RMB5,000 (for the six months ended 30 June 2023: RMB208,000).

**16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Associates (a)	272,317	275,405
Joint ventures (b)	49,715	54,628
	<b>322,032</b>	<b>330,033</b>

**(a) Investments in associates**

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>275,405</b>	268,401
Additions	—	—
Disposals (i)	(16)	(154)
Share of results of the associates	(3,115)	(4,121)
Currency translation differences	43	361
<b>At the end of the period</b>	<b>272,317</b>	264,487

- (i) During the six months ended 30 June 2024, the Group disposed of a certain investment from existing associates at considerations of RMB21,000 recognizing disposal gains of RMB5,000. Moreover, a gain amounting to RMB5,000,000 was recognized in relation to previous disposal of associate as a result of settlement of dispute.

**(b) Investments in joint ventures**

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>54,628</b>	79,060
Additions	—	—
Disposal (i)	(5,000)	(2,365)
Share of results of the joint ventures	87	1,936
Currency translation differences	—	501
<b>At the end of the period</b>	<b>49,715</b>	79,132

- (i) The Group disposed partial shares of a joint venture with the consideration of RMB5,068,000 and recognized gains on disposal of a joint venture of RMB68,000.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets mandatorily measured at FVPL include the following:

Valuation techniques	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
<b>Non-current assets</b>		
Investments in unlisted entities	176,622	172,954
Investments in private investment funds	154,651	152,789
	<b>331,273</b>	<b>325,743</b>
<b>Current assets</b>		
Investments in listed entities	75,580	73,145
	<b>406,853</b>	<b>398,888</b>

Movement of FVPL is analysed as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Included in non-current assets</b>		
<b>At the beginning of the period</b>	325,743	348,897
Additions	4,850	—
Changes in fair value	—	(5,742)
Disposal	—	(1,120)
Currency translation differences	680	4,588
<b>At the end of the period</b>	<b>331,273</b>	<b>346,623</b>
<b>Included in current assets</b>		
<b>At the beginning of the period</b>	73,145	125,857
Additions	—	—
Changes in fair value	1,974	6,809
Disposal	—	(31,998)
Currency translation differences	461	2,537
<b>At the end of the period</b>	<b>75,580</b>	<b>103,205</b>

The investments in listed entities included in current assets comprised shares traded on the listed market.

For the six months ended 30 June 2024

**17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

The investments in unlisted entities included in non-current assets comprised private investment funds and some investments in private entities mainly operated in the PRC, USA and Korea in form of ordinary shares and convertible redeemable preferred shares. The preferred shares are convertible into ordinary shares anytime at the option of the holder, or automatically in the event of an initial public offering (“IPO”) of the investees. The preferred shares are redeemable at the option of the Group if there is no IPO of investees after several years from the dates of investment, and therefore are accounted for the investment in those investees as financial assets at fair value through profit or loss. For other minority interests in private companies, the Group elected the fair value method at the date of initial recognition and carried these investments subsequently at fair value. Changes in fair value are reflected in the consolidated statement of comprehensive income. These companies are engaged in technology, game developing and other internet-related services.

- (a) The analysis about the aggregate fair values of the investments by valuation techniques used in level 3 measurements was provided as below:

Valuation techniques	Fair value at 30 June 2024 RMB'000 (Unaudited)	Fair value at 31 December 2023 RMB'000 (Audited)
Discounted cash flows approach	165,961	162,293
Comparable transactions approach	10,661	10,661
Net asset value of the investments provided by fund managers or their issuers	<u>154,651</u>	<u>152,789</u>
Fair value of investments in unlisted entities and private investment funds as at period-end date	<u>331,273</u>	<u>325,743</u>

**18 TRADE RECEIVABLES**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Third parties	395,582	534,759
Related parties (Note 28(c)(ii))	<u>6,806</u>	<u>11,642</u>
	402,388	546,401
Less: provision for impairment	<u>(144,613)</u>	<u>(177,141)</u>
	<u>257,775</u>	<u>369,260</u>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 18 TRADE RECEIVABLES (continued)

- (a) The credit terms of trade receivables granted by the Group are generally 3 months. Aging analysis based on recognition date of the gross trade receivables at the respective reporting dates are as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Within 3 months	113,412	139,876
3 months to 1 year	33,331	55,411
1 to 2 years	123,199	196,511
2 to 3 years	107,462	132,152
Over 3 years	24,984	22,451
	<b>402,388</b>	<b>546,401</b>

- (b) Movements in the provision for impairment of trade receivables as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>177,141</b>	149,993
Provision for impairment	81,972	68,102
Receivables written off during the period as uncollectible	(114,500)	(44,494)
<b>At the end of the period</b>	<b>144,613</b>	173,601

- (i) Including impairment provided individually of RMB40,309,000 and impairment on collective basis of RMB41,663,000. The provisions for impaired receivables have been included in "net impairment losses on financial assets" in the consolidated statement of comprehensive income.
- (ii) The Group wrote off trade receivables of RMB114,500,000 as there was no reasonable expectation of recovery due to the insufficient solvency among some customers and business partners impacted by macroeconomic deterioration and adverse changes in the industry ecosystem. The Group continues to engage in enforcement activity to recover the due receivable.

The majority of the Group's trade receivables was denominated in RMB.

As of 30 June 2024, the carrying amounts of the accounts receivable were approximate to their fair values.

- (c) As of 30 June 2024, and 31 December 2023, trade receivables of RMB80,694,000 and RMB111,893,000 respectively were pledged to secure certain bank facilities granted to the Group (Note 23).

For the six months ended 30 June 2024

**19 PREPAYMENTS AND OTHER RECEIVABLES**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>Prepayments</b>		
Prepaid revenue sharing to content providers (a)	561,876	663,824
Prepaid advertising expenses (b)	343,641	342,923
Recoverable value-added tax	12,119	11,569
Prepayment to related parties	6,637	6,604
Others	13,492	14,403
	<b>937,765</b>	1,039,323
Less: provision for impairment (e)	<b>(98,443)</b>	(199,656)
	<b>839,322</b>	839,667
Less: non-current Prepayment	—	—
	<b>839,322</b>	839,667
<b>Other receivables</b>		
Loans to third parties (c)	212,165	202,107
Loans to shareholders	104,623	74,126
Amounts due from related parties (Note 28(c)(i))	11,192	10,820
Rental and other deposits	3,681	3,644
Loans to employees (d)	952	969
Others	22,346	24,052
	<b>354,959</b>	315,718
Less: provision for impairment (f)	<b>(93,715)</b>	(98,894)
	<b>261,244</b>	216,824
Less: non-current other receivables	<b>(113,434)</b>	(72,620)
	<b>147,810</b>	144,204

As of 30 June 2024, there were no significant balances that are past due.

- (a) The Group licenses online games from game developers and pays sharing of proceeds earned from selling in-game virtual items to game developers. Those prepaid revenue sharing are expensed and recorded into “cost of revenues” on incurred basis.
- (b) The Group engaged various online advertising suppliers and made prepayments in exchange for better advertising opportunities and resources in some arrangements. Such amounts are recognized as “selling and marketing expenses” when the advertising services are rendered.
- (c) Loans to third parties represented the loans provided to a number of third parties, which were mainly unsecured and interest free.
- (d) Loans to employees mainly represent advances to employees for various expenses to be incurred in the ordinary course of business and housing loans to certain employees. These loans are unsecured, interest-free and to be repaid in 1 to 5 years from the grant dates.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 19 PREPAYMENTS AND OTHER RECEIVABLES (continued)

(e) The movements in the provision for impairment of prepayments as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>199,656</b>	380,628
Provision for impairment	7,421	1,215
Written off during the period	<b>(108,634)</b>	(33,480)
<b>At the end of the period</b>	<b>98,443</b>	348,363

The impairment provision mainly represents impairment of prepaid revenue sharing to game developers, which is primarily related to certain games licensed by the Group which did not operate well or align with the Group's future strategy. The provision is the excess amount of the carrying amount of the unearned pre-paid revenue sharing to game developers over the cash flow projections to be generated in the remaining contractual period.

During the six months ended 30 June 2024, certain game intellectual properties and licenses which belong to the segment of game and information services were fully or partly impaired and impairment losses of RMB7,421,000 was charged to cost of revenues in the consolidated statement of comprehensive income (during the six months ended 30 June 2023: RMB1,215,000), as the Group has terminated its contract with content providers or further developing and launching these games would not generate sufficient profit to cover related operation cost.

The Group's core strategy focuses on the publishing and self-development of exquisite games. Therefore, the Group has continuously adjusted and optimized its product layout in the future and gradually terminated products that are no longer in line with the Group's gaming business strategy in the future.

(f) The movements in the provision for impairment of other receivables as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>At the beginning of the period</b>	<b>98,894</b>	203,843
Provision for impairment	190	416
Written off during the period	<b>(5,978)</b>	(98,155)
Disposal of a subsidiary	—	(1,209)
Foreign currency translation difference	<b>609</b>	3,811
<b>At the end of the period</b>	<b>93,715</b>	108,706

(g) As of 30 June 2024 and 2023, the carrying amount of other receivables were primarily denominated in RMB and USD and approximated their fair value at each of the reporting date.

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**20 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES**

	Number of shares	Nominal value of shares USD'000	Equivalent nominal value of shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Group total RMB'000
<b>(Unaudited)</b>						
Authorized:						
<b>As of 30 June 2024 and 31 December 2023</b>	<b>5,000,000,000</b>	<b>500</b>				
Issued and fully paid:						
As of 31 December 2023	1,574,575,545	157	1,024	3,747,776	(3,184)	3,745,616
Shares vested for share incentive scheme	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	—	(5,457)	(5,457)
Cancellation of shares	(4,575,600)	—	(3)	(8,595)	8,598	—
<b>As of 30 June 2024</b>	<b>1,569,999,945</b>	<b>157</b>	<b>1,021</b>	<b>3,739,181</b>	<b>(43)</b>	<b>3,740,159</b>
<b>(Unaudited)</b>						
Authorized:						
<b>As of 30 June 2023 and 31 December 2022</b>	<b>5,000,000,000</b>	<b>500</b>				
Issued and fully paid:						
<b>As of 31 December 2022</b>	1,411,335,945	141	907	3,294,553	(3,576)	3,291,884
Shares vested for share incentive scheme	—	—	—	(1)	1	—
Issuance of ordinary shares to the investors	—	—	—	—	—	—
Acquisition of treasury shares	(937,600)	—	—	(3,561)	3,561	—
<b>As of 30 June 2023</b>	<b>1,410,398,345</b>	<b>141</b>	<b>907</b>	<b>3,290,991</b>	<b>(14)</b>	<b>3,291,884</b>

**21 RESERVES**

	Capital reserves RMB'000	Statutory reserves RMB'000	Translation differences RMB'000	Other reserves RMB'000	Total reserves RMB'000
<b>(Unaudited)</b>					
<b>As of 31 December 2023</b>	<b>261,455</b>	<b>103,444</b>	<b>75,057</b>	<b>496,417</b>	<b>936,373</b>
Share-based compensation expenses	—	—	—	4,005	4,005
Profit appropriation to statutory reserves	—	1,040	—	—	1,040
Currency translation differences	—	—	5,041	—	5,041
<b>As of 30 June 2024</b>	<b>261,455</b>	<b>104,484</b>	<b>80,098</b>	<b>500,422</b>	<b>946,459</b>
<b>(Unaudited)</b>					
<b>As of 31 December 2022</b>	16,100	96,062	66,996	621,827	800,985
Share-based compensation expenses	—	—	—	2,395	2,395
Transaction with non-controlling interests	—	23,251	—	—	23,251
Currency translation differences	—	—	19,072	—	19,072
<b>As of 30 June 2023</b>	<b>16,100</b>	<b>119,313</b>	<b>86,068</b>	<b>624,222</b>	<b>845,703</b>

For the six months ended 30 June 2024

## 22 SHARE-BASED PAYMENTS

### (a) 2018 Share Incentive Plan

On 18 May 2018, the Company issued and allotted an aggregate of 8,627,045 shares (86,270,450 shares after additional share issuance on 6 December 2018) to the RSUs Holding Entities for employee incentive plan purpose.

During the year ended 31 December 2020, RSUs Holding Entities granted aggregate of 18,566,947 shares to employees, among which 3,647,147 shares are without vesting conditions. Out of the remaining 14,919,800 shares, the vesting period for 112,779 shares is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 24,000 shares is 2 years, and the vesting schedule is 50% after 12 months from original grant date and the remaining 50% will vest after 24 months from original grant date; the vesting period for 8,373,322 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 6,409,699 shares is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next years. The Group recorded RMB89,460,000 share-based compensation expense accordingly during the year ended 31 December 2020.

During the year ended 31 December 2021, RSU Holding Entities granted aggregate of 8,085,721 shares to employees, among which 4,465,700 shares are without vesting conditions. Out of the remaining 3,620,021 shares, the vesting period for 800,000 shares is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 2,484,021 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 336,000 shares is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next 3 years.

During the year ended 31 December 2022, RSU Holding Entities granted aggregate of 1,470,180 shares to employees, among which 90,180 shares are without vesting conditions. Out of the remaining 1,380,000 shares, the vesting period for 1,300,000 shares is 2 year and the vesting schedule is 50% after 12 months from original grant date and the remaining 50% will vest after 24 months from original grant date; the vesting period for 80,000 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years.

During the year ended 31 December 2023, RSU Holding Entities granted aggregate of 700,000 shares to employees, the vesting period for 700,000 shares is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years.

The total amount to be expensed is determined by reference to the market price of the Company's shares at the grant date. The Group recorded RMB6,108,000 share-based compensation expense accordingly during the year ended 31 December 2023 (2022: RMB13,637,000).

Movement in the number of awarded shares for the six months ended 30 June 2024 and the year ended 31 December 2023 is as follows:

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>At the beginning of the period</b>	<b>6,062,191</b>	8,635,436
Granted	—	700,000
Vested	—	(3,169,912)
Forfeited	<b>(11,325)</b>	(103,333)
<b>At the end of the period</b>	<b>6,050,866</b>	6,062,191

For the six months ended 30 June 2024

**22 SHARE-BASED PAYMENTS** (continued)**(b) 2023 New Share Option Plan**

On 30 June 2023 (the “**Adoption Date**”), the Company adopted a new share option scheme (the “**2023 New Share Option Scheme**”), which shall be valid and effective for a period of ten years commencing on the Adoption Date.

On 28 July 2023, the Company granted 8,880,000 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 3,380,000 share options is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 1,800,000 share options is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years; the vesting period for 3,700,000 share option is 4 years, and the vesting schedule is 25% after 12 months from original grant date and remaining 75% will vest in 3 equal installments over the next 3 years.

On 25 January 2024, the Company granted 16,581,400 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 16,201,400 share options is 1 year and the vesting schedule is 100% after 12 months from original grant date; the vesting period for 380,000 share options is 3 years, and the vesting schedule is 1/3 after 12 months from original grant date and remaining 2/3 will vest in 2 equal installments over the next 2 years. The closing price immediately before the date on which the options were granted on 25 January 2024 was HKD1.59 per Share.

On 6 June 2024, the Company granted 8,278,500 share options to certain employees and directors under the 2023 New Share Option Scheme. The vesting period for 8,278,500 share options is 2 years, and the vesting schedule is 1/2 after 12 months from original grant date and remaining 1/2 will vest in the next year. The closing price immediately before the date on which the options were granted on 6 June 2024 was HKD2.98 per Share.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price	Number of share options
<b>At 1 January 2024</b>	<b>HKD3.86</b>	<b>8,880,000</b>
Granted	HKD2.07	24,859,900
Vested	—	—
Forfeited	HKD3.86	(1,050,000)
<b>At 30 June 2024</b>	<b>HKD3.62</b>	<b>32,689,900</b>
<b>Exercisable as 30 June 2024</b>	—	—
<b>At 1 January 2023</b>	—	—
Granted	HKD3.86	8,880,000
Vested	—	—
Forfeited	—	—
<b>At 31 December 2023</b>	HKD3.86	8,880,000
<b>Exercisable as 31 December 2023</b>	—	—

No options expired during the periods covered by the above tables.

For the six months ended 30 June 2024

## 22 SHARE-BASED PAYMENTS (continued)

### (b) 2023 New Share Option Plan (continued)

#### **Outstanding share options**

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2024 are as follows:

Expiry Date	Exercise price	Number of share options Six months ended 30 June 2024
1 years commencing from the date of grant of options	HKD1.592	16,201,400
2 years commencing from the date of grant of options	HKD1.592	8,278,500
3 years commencing from the date of grant of options	HKD3.010	380,000
		<u>24,859,900</u>

Details of the expiry dates, exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2023 are as follows:

Expiry Date	Range of exercise price	Number of share options Year ended 31 December 2023
1 years commencing from the date of grant of options	HKD3.78~HKD4.92	3,380,000
3 years commencing from the date of grant of options	HKD3.58	1,800,000
4 years commencing from the date of grant of options	HKD3.58	3,700,000
		<u>8,880,000</u>

#### **Fair value of options**

The total amount to be expensed is determined by reference to the fair value of the options granted by using option-pricing model, “Enhanced FAS 123” binomial model (the “**Binomial Model**”), which includes the impact of market performance conditions (such as the Company’s share price) but excludes the impact of service condition and non-market performance conditions.

The weighted average fair value of options granted during the six months ended 30 June 2024 was HKD0.87 per share (equivalent to approximately RMB0.79 per share). The weighted average fair value of options granted during the year ended 31 December 2023 was HKD1.53 per share (equivalent to approximately RMB1.38 per share).

The total amount to be expensed is determined by the fair value of options. The Group recorded RMB5,811,000 (31 December 2023: RMB4,400,000) share-based compensation expense accordingly during the six months ended 30 June 2024.

For the six months ended 30 June 2024

**22 SHARE-BASED PAYMENTS** (continued)**(b) 2023 New Share Option Plan** (continued)**Fair value of options** (continued)

The Group also adopts valuation and actuarial techniques to assess the fair value of other equity instruments of the Group granted under the share-based compensation plans as appropriate. Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Binomial Model, which are summarised as below:

	Six months ended 30 June 2024
Weighted average share price at the grant date	HKD3.01
Risk free rate	3.59%
Dividend yield	0.00%
Expected volatility (i)	46.44%

(i): The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the average daily trading price volatility of the shares of the Company.

**Expected retention rate**

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of the vesting periods of the share options (the “**Expected Retention Rate**”) in order to determine the amount of share-based compensation expenses charged to the consolidated statement of comprehensive income. As at 30 June 2024, the Expected Retention Rate was assessed to be 91%.

**23 BORROWINGS**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
<b>Included in non-current liabilities</b>		
Secured bank borrowings (a)	121,329	123,526
	<b>121,329</b>	123,526
<b>Included in current liabilities</b>		
Secured bank borrowings (a)	1,059,381	712,898
Current portion of long-term bank borrowings, secured (a)	40,000	40,000
Secured other borrowings	20,000	90,000
	<b>1,119,381</b>	842,898
	<b>1,240,710</b>	966,424

The Group's long-term bank borrowings bear weighted average interest rate of 4.2% (2023: 4.8%) per annum, and the short-term bank borrowings bear weighted average interest rate of 6.0% (2023: 6.2%) per annum.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 23 BORROWINGS (continued)

(a) The pledge and guarantee related to bank borrowings is as follows:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Secured by deposits and the shares of subsidiaries of the Company	<b>260,191</b>	266,898
Guaranteed by the Company, and/or certain subsidiaries of the Company	<b>298,300</b>	275,000
Secured by the pledge of assets of the Group (including trade receivables, intellectual properties and licenses, term deposits, right-of-use assets (land use rights) or construction in progress), and/or guaranteed by the Company and/or its subsidiaries	<b>662,219</b>	334,526
	<b>1,220,710</b>	876,424

Restricted cash of RMB130,012,000 is pledged deposit for this aforesaid loan.

(b) The maturity of the Group's borrowings is as follows:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Within 1 year	<b>1,119,381</b>	842,898
Between 1 and 2 years	<b>40,000</b>	60,000
Between 2 and 5 years	<b>69,000</b>	57,500
Above 5 years	<b>12,329</b>	6,026
	<b>1,240,710</b>	966,424

For the six months ended 30 June 2024

## 24 CONVERTIBLE BONDS

On 24 July 2023, the Group entered into a subscription agreement for HKD-settled convertible bonds (“**2028 Convertible Bonds**”) in an aggregate principal amount of HKD386,000,000 (equivalent to approximately RMB352,804,000) due 24 July 2028, with an initial conversion price of HKD3.64 per share. The 2028 Convertible Bonds bear interest rate of 5% per annum, payable semi-annually, with maturity of 5 years from the issuance date and can be converted into shares of the Company at the holder’s option at any time on or after the date which is 41 days after the issuance date up to the close of business on the date falling seven days prior to the maturity date at an initial conversion price of HKD3.64 per share. On 24 July 2023, the 2028 Convertible Bonds were issued. The holder of each 2028 Convertible Bonds will have the right at holder’s option, to require the Group to redeem all or some only of such holder’s bonds on 24 July 2026.

The 2028 Convertible Bonds was recognized as liability component and equity component as follows:

- The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Group. Embedded financial derivatives, comprised the fair value of the option of the holders of the 2028 Convertible Bonds to require the Company to redeem the 2028 Convertible Bonds; and the fair value of the option of the Company to redeem the 2028 Convertible Bonds. These embedded redemption options are closely related to the host debt as the redemption amount is principal amount together with accrued but unpaid interest, therefore they are not able to be accounted for separately. The initial value of the liability component and the fair value of the embedded redemption options were recognized as a single liability component, and it subsequently carried at amortized cost.
- Equity component, being the conversion option of the 2028 Convertible Bonds, initially recognized at the residual amount after deducting the value of the aforesaid single liability component from the net proceeds at the initial recognition.

Movement of the 2028 Convertible Bonds is set out as follows:

	<b>Liability</b> <i>RMB'000</i> (Unaudited)	<b>Other reserves</b> <i>RMB'000</i> (Unaudited)	<b>Total</b> <i>RMB'000</i> (Unaudited)
<b>As of 1 January 2024</b>	<b>237,297</b>	<b>126,702</b>	<b>363,999</b>
Interest expenses	24,208	—	24,208
Coupon interests paid	(8,887)	—	(8,887)
Currency translation differences	1,692	—	1,692
<b>As of 30 June 2024</b>	<b>254,310</b>	<b>126,702</b>	<b>381,012</b>

Interest expense is calculated by applying the effective interest rate of 20.2% per annum to the liability component.

As of 30 June 2023, there has been no conversion of the 2028 Convertible Bonds.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 25 TRADE PAYABLES

Trade payables are primarily related to the purchase of services for server custody, game licenses, and the revenues collected by the Group which is to be shared to cooperated game developers according to respective cooperation agreements. The credit terms of trade payables granted to the Group are usually 3 months. The aging analysis of trade payable based on recognition date is as follows:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Within 3 months	79,000	82,235
3 months to 1 year	212,286	134,639
1 to 2 years	1,518	44,167
2 to 5 years	2,328	12,374
	<b>295,132</b>	<b>273,415</b>

### 26 OTHER PAYABLES AND ACCRUALS

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Payroll and welfare payables	32,954	58,635
Other tax payables	26,754	26,901
Other payables due to related parties (Note 28(c)(v))	28,695	25,858
Other payables to construction in progress	7,370	11,191
Professional service fee payable	23	5,029
Advance from business partners	12,504	11,794
Interest payable	318	1,631
Others	11,440	11,078
	<b>120,058</b>	<b>152,117</b>

### 27 COMMITMENTS

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	<b>As of 30 June 2024 RMB'000 (Unaudited)</b>	As of 31 December 2023 RMB'000 (Audited)
Intangible assets	70,388	70,388
Construction in progress	111,447	120,432
	<b>181,835</b>	<b>190,820</b>

For the six months ended 30 June 2024

**28 SIGNIFICANT RELATED PARTY TRANSACTIONS****(a) Names and relationships with related parties**

The following companies are related parties of the Group that had balances and/or transactions with the Group

Names of major related parties	Nature of relationship
Tencent and its subsidiaries (collectively “ <b>Tencent Group</b> ”)	Shareholder of the Company
Shenzhen iDreamSky Entertainment	Subsidiary of the Company
Hengqin Chuangmeng Qida Equity Investment Enterprise (Limited Partnership) (“ <b>Hengqin Chuangmeng Qida</b> ”)	Associate of the Group
Shenzhen Xingfei Culture Co., Ltd. (“ <b>Shenzhen Xingfei</b> ”)	Associate of the Group
iDream Legu (Nanjing) Cultural Industry Development Co., Ltd. (“ <b>iDream Legu</b> ”)	Associate of the Group
Shenzhen Mengzuofang Technology Co., Ltd. (“ <b>Shenzhen Mengzuofang</b> ”)	Joint venture of the Group
Tianjin Lewei Shida	Joint venture of the Group
IDS Partnership01 L.P.	Joint venture of the Group
Mr. Jeffrey Lyndon Ko	Director of the Company
Mr. Lei Junwen	Senior management of the Company
Mr. Chen Xiangyu	Director of the Company
Mr. Guan Song	Director of the Company
Shenzhen Zero One Zhihe Technology Co., LTD (“ <b>Zero One Zhihe</b> ”)	Associate of the Group
Shipshape Holdings Limited (“ <b>Shipshape</b> ”)	Related party of a director
Zuhai Hengqin Zhumeng Space Investment Co., Ltd. (“ <b>Hengqin Zhumeng</b> ”)	Company controlled by a senior management of the Company

**(b) Significant transactions with related parties**

In addition to those disclosed elsewhere in these consolidated financial statements, the following transactions were carried out with related parties.

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

**(i) Provide of services**

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Tencent Group	25,866	57,313
Shenzhen Mengzuofang	541	3,621
Zero One Zhihe	358	398
	<b>26,765</b>	<b>61,332</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (b) Significant transactions with related parties (continued)

##### (ii) Purchases of services

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Tencent Group	13,520	19,667

##### (iii) Revenue share to content providers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Tencent Group	5,101	21,499

##### (iv) Licence fees

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Tencent Group	—	157

For the six months ended 30 June 2024

**28 SIGNIFICANT RELATED PARTY TRANSACTIONS** (continued)**(b) Significant transactions with related parties** (continued)**(v) Advances to related parties**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
Advances provided to related parties:		
iDream Legu	1,011	19,140
Mr. Guan Song	600	—
Mr. Chen Xiangyu	200	—
Shipshape	5	—
Mr. Jeffrey Lyndon Ko	—	50
Mr. Lei Junwen	—	2
	<b>1,816</b>	<b>19,192</b>
Repayment received from a related party:		
Mr. Guan Song	600	—
Shenzhen Mengzuofang	420	—
Mr. Jeffrey Lyndon Ko	252	2
Mr. Chen Xiangyu	200	—
iDream Legu	10	50
Shipshape	3	—
iDreamSky Entertainment Group	—	3,100
	<b>1,485</b>	<b>3,152</b>

**(vi) Financial guarantee provided to a related party**

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>
Hengqin Zhumeng	37,861	—

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (c) Balances with related parties

##### (i) Amounts due from related parties

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
iDream Legu	4,684	3,682
Mr. Lei Junwen	2,726	2,709
Shipshape	2,282	2,266
Mr. Jeffrey Lyndon Ko	1,181	1,425
IDS Partnership01 L.P.	249	248
Hengqin Chuangmeng Qida	70	70
Shenzhen Mengzuofang	—	420
	<b>11,192</b>	10,820
Less: provision for impairment	<b>(74)</b>	(72)
	<b>11,118</b>	10,748

The above amount due from related parties were unsecured, interest-free and repayable on demand.

##### (ii) Trade receivables due from related parties

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Tencent Group	6,663	7,362
Shenzhen iDreamSky Entertainment	73	73
Shenzhen Mengzuofang	70	—
Zero One Zhihe	—	4,207
	<b>6,806</b>	11,642

For the six months ended 30 June 2024

**28 SIGNIFICANT RELATED PARTY TRANSACTIONS** (continued)**(c) Balances with related parties** (continued)**(iii) Trade payables due to related parties**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Tencent Group	11,779	18,803
Shenzhen Mengzuofang	359	5,405
Shenzhen iDreamSky Entertainment	181	181
Shenzhen Xingfei	—	15,590
	<u>12,319</u>	<u>39,979</u>

**(iv) Prepayments to related parties**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Tencent Group	<u>6,637</u>	<u>6,604</u>

**(v) Other payables due to related parties**

	As of 30 June 2024 RMB'000 (Unaudited)	As of 31 December 2023 RMB'000 (Audited)
Zero One Zhihe	18,795	9,958
Hengqin Chuangmeng Qida	5,000	5,000
Tianjin Lewei Shidai	4,900	4,900
Tencent Group	—	6,000
	<u>28,695</u>	<u>25,858</u>

\* These balances are the unpaid consideration to the sellers for the acquisition of Tianjin Huohun.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2024

### 28 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

#### (d) Key management personnel compensations

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and bonuses	5,131	2,972
Share-based compensation expenses	2,771	—
Pension costs-defined contribution plan, other social security costs, housing benefits, and other employee benefits	427	88
	<b>8,329</b>	<b>3,060</b>

### 29 CONTINGENCIES

The Group did not have any material contingent liabilities as of 30 June 2024, and 31 December 2023.

### 30 SUBSEQUENT EVENTS

On 31 July 2024, an aggregate 119,850,400 placing shares to no less than six independent investors at the placing price of HKD2.15 per placing share pursuant to the terms and conditions of the placing agreement dated 23 July 2024. The proceeds from the placing were intended to be used for the research and development and overseas publishing of key products, as well as for general working capital.

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“Agent(s)”	artificial intelligence agent, which is an intelligent entity that can perceive the environment, make decisions and perform actions. Different from traditional artificial intelligence, AI Agent has the ability to gradually complete a given goal through independent thinking and calling tools
“Audit Committee”	the audit committee of the Company
“Auditor”	PricewaterhouseCoopers, the independent auditor of the Company
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” or “our Company” or “iDreamSky”	iDreamSky Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 1119
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the legal currency of the member states of the European Union
“Group” or “our Group” or “we” or “us”	the Company, its subsidiaries and its PRC Consolidated Affiliated Entities from time to time
“HKD”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards
“IFRS(s)”	International Financial Reporting Standards
“IP(s)”	intellectual property(ies)
“Listing Date”	6 December 2018, being the date on which the shares of the Company became listed and commenced trading on the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“LTV”	the life time value of a game, i.e. the sum of the value that each user has created for the game during the period from the first landing of the game to the last landing of the game
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this report only, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Shenzhen iDreamSky and its subsidiaries
“Prospectus”	the prospectus of the Company dated 26 November 2018



## Definitions

“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the legal currency of the PRC
“RPG(s)”	games in which users assume the roles of characters in a fictional setting
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with a nominal value of USD0.0001 each in the share capital of the Company
“Shenzhen iDreamSky”	Shenzhen iDreamSky Technology Co., Ltd. (深圳市創夢天地科技有限公司), a company established in the PRC and a PRC Consolidated Affiliated Entity of our Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Tencent”	Tencent Holdings Limited, one of the Company’s substantial shareholders, a limited liability company incorporated under the laws of the Cayman Islands and the shares of which are listed on the Stock Exchange under stock code 700
“treasury shares”	has the meaning ascribed thereto under the Listing Rules
“USD”	U.S. dollars, the legal currency of the United States of America
“%”	percent